

Negotiating International Business - Finland

This section is an excerpt from the book "Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World" by Lothar Katz.

Finnish businesspeople, especially those among younger generations, are usually experienced in interacting and doing business with visitors from other cultures. Culturally and ethnically, the country is quite homogenous, though there is a Swedish minority of around six percent of the population.

The Finns tend to be proud people who may not be very open to information or assistance from outside. Though relations are generally good across all Nordic countries, the Finnish culture is quite different from those of Sweden, Norway, or Denmark. Be careful not to appear to be lumping them all into the same category. In fact, it is a popular misperception that Finland is a Scandinavian country, which it is not.

Relationships and Respect

The Finnish culture is not one of strong individualists, at least not in the workplace. There are few elements of competition across business teams, and people may not want to stand out in the group. Building lasting and trusting relationships is important to most people in this country. However, they are usually not a necessary precondition for initial business interactions. Your counterparts' expectation may be to get to know you better as you do business together. Over time, such relationships can become very strong and may be crucial should a difficult situation arise, but this takes a long time. Until then, Finns may be cautious, appearing reserved and proceeding very slowly.

Business relationships in this country exist between companies as well as between individuals. If your company replaces you with someone else over the course of a negotiation, it may be easy for your replacement to take things over from where you left them. Likewise, if you introduce someone else from your company into an existing business relationship, that person may quickly be accepted as a valid business partner. However, building closer relationships will again require a long time. Personal integrity and dependability along the way are very important.

Finland is an egalitarian society. Treating someone preferentially is generally discouraged. Although Finnish companies tend to be somewhat hierarchical, superiors are not necessarily considered superior. Bosses are usually easily accessible and are expected to be team members and leaders at the same time. Autocratic behavior may meet with strong disapproval. In the country's business culture, the respect a person enjoys depends primarily on his or her achievements. Admired personal traits include sincerity and seriousness, humility, knowledge, and expertise.

Communication

Finland has two official languages, Finnish and Swedish. Finnish is fundamentally different from the other Nordic languages. Most businesspeople speak English well. However, avoid using jargon and slang.

Conversations among Finns may seem less animated than in most other cultures around the world. People in this country usually speak softly. Never be loud and forceful – to the contrary, remaining reserved and appearing somewhat shy may leave a favorable impression. Silence is almost a form of communication for the Finns, and they may pause in the middle of a conversation for a much

longer time than a foreigner may find comfortable. Do not rush to fill in these pauses since your counterparts may only be taking time to think or formulate their thoughts. Never assume that extensive silence conveys a negative message – in Finland, this is rarely the case. Interrupting others is considered rude. Emotions are rarely shown in public, and the lively exuberance Americans often display can make Finns very uncomfortable. People generally converse standing about three to four feet apart.

Since confrontation is mostly avoided, Finnish communication is usually quite indirect. When rejecting an offer or proposal, they may resort to polite phrases that may not always clearly convey the message, trying to preserve the harmony instead. On the other hand, Finns strive to keep business conversations focused on facts and objectives. By listening carefully, you will be able to pick out the key messages. Once your counterparts have become very comfortable with you, the communication often becomes more direct.

Finns use body language sparingly, and their facial expressions may be hard to read. Avoid talking with your hands or making physical contact. Do not fold your arms since this may be interpreted as arrogant. Eye contact should be frequent, especially when you are talking, as this conveys sincerity and helps build trust.

Initial Contacts and Meetings

Having a local contact can be an advantage but is usually not a necessary precondition to doing business in Finland. Negotiations in Finland can be conducted by individuals or teams of negotiators. It is beneficial to make sure that your team is well aligned in order to avoid confusing and irritating your counterparts.

Scheduling meetings in advance is required. However, you can sometimes do this on short notice, especially if the parties have had previous business interactions. Avoid rescheduling meetings if you can. Finns value punctuality. At any meeting, whether business or social, it is therefore best to be right on time. Arriving late, and also being early, may be taken as a sign of disrespect. Expect meetings to end on or close to the scheduled time.

Names are usually given in the order of first name, family name. Using *Mr./Mrs./Miss* plus the family name is acceptable, but people are also commonly addressed only with their professional title, especially if they hold a senior position. Academic titles are less important and do not need to be used unless someone introduces themselves with one. Before calling Finns by their first name, wait until they offer it. Introductions are accompanied by firm handshakes.

The exchange of business cards is common practice. Most businesspeople in Finland read English, so there is no need to have your card translated. Showing academic degrees on your card is not important. When presenting your card, smile and keep eye contact, then take a few moments to look at the card you received.

Meetings usually get right down to business with little or no small talk. Keep in mind that Finns are sincere people who dislike superficiality in conversation. Humor rarely has a place in business discussions, one's private life should not be discussed there at all, and personal comments should also be avoided. Business is a serious matter in Finland, and meetings can be quite formal. While the primary purpose of the first meeting is to become acquainted, the discussion will mostly focus on business topics. It is unrealistic to expect initial meetings to lead to straight decisions.

Presentations should be short, concise, and clearly structured. Include facts and figures wherever appropriate. Your audience may not interrupt you to ask questions, so allow sufficient time for questions and clarifications at the end. Exaggerations and hype are often counterproductive since

people will not believe them and may question your integrity. The appearance of your presentation materials is not very important as long as you include good and easy-to-understand visuals. Having your English-language handout materials translated to Finnish is not required, though it will be appreciated.

Negotiation

Attitudes and Styles – To Finns, negotiating is usually a joint problem-solving process. Buyer and seller in a business deal are equal partners who both own the responsibility to reach agreement. They may focus equally on near-term and long-term benefits. The primary negotiation style is cooperative and people may be open to compromising if viewed helpful in order to move the negotiation forward. Since the Finns believe in the concept of win-win, they expect you to reciprocate their respect and trust. It is strongly advisable to avoid any open confrontation or conflict, and to remain calm, unemotional, patient, and persistent.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by focusing on logical reasoning and facts while remaining open and constructive.

Sharing of Information – Finnish negotiators believe in information sharing as a way to build trust. This does not mean that they will readily reveal everything you might want to know during your negotiation. However, negotiations can become very difficult if one side appears to be hiding information from the other.

Pace of Negotiation – Expect negotiations to be slow. The methodical and carefully planned approach the Finns use in preparing for the negotiation and gathering information takes considerable time, as does the effort needed to work out details of an agreement. Remain patient, control your emotions, and accept the inevitable delays.

The Finns generally prefer a monochronic work style. They are used to pursuing actions and goals systematically, and they dislike interruptions or digressions. When negotiating, they often work their way down a list of objectives in sequential order, bargaining for each item separately, and may be unwilling to revisit aspects that have already been agreed upon. They may show little tolerance if a more polychronic counterpart challenges this approach, which they view as systematic and effective. This rigid style may be difficult to tolerate for negotiators from highly polychronic cultures, such as most Asians, Arabs, some Southern Europeans, or most Latin Americans, who may view it as closed-minded and overly restrictive. In any case, do not show irritation or anger when encountering this behavior. Instead, be willing to bargain over some items individually. Otherwise, clearly indicate that your agreement is conditional and contingent on other items.

Bargaining – Finns are not fond of bargaining and strongly dislike haggling. They also do not appreciate aggressive sales techniques. While the bargaining stage of a negotiation may take time and require several meetings, prices rarely move by more than 15 to 25 percent between initial offers and final agreement. The concept of fairness is very important to the Finns, so while it is not difficult to obtain small concessions, your counterparts expect reciprocity and may take it very negatively if the bargaining exchange is too one-sided.

Finns prefer to negotiate in a straightforward and honest style. They use few deceptive negotiation techniques, such as pretending to be disinterested in the whole deal or in single concessions. Realize that using most other tactics in this category yourself, whether it is telling lies, sending fake non-verbal messages, misrepresenting an item's value, making false demands and concessions, or

claiming 'limited authority,' could jeopardize the trust between the parties and damage the negotiation. 'Good cop, bad cop' is also not advisable as the tactic may lead the Finnish side to question your trustworthiness.

Negotiators in the country use pressure techniques only as long as they can be applied in a non-confrontational fashion. They may open with their best offer, show some intransigence, or make a final offer, but often remain willing to make small compromises. Finnish negotiators may make their final offer quite early in the bargaining process, attempting to speed up the negotiation. Silence is never a negotiation technique in Finland. Be very careful when using pressure tactics such as applying time pressure, making expiring offers, or nibbling. Your counterparts likely consider these inappropriate. While the negotiation will not necessarily be over because of this, the Finnish side may become very reserved and cautious.

Avoid all aggressive tactics when negotiating with Finns. They will not shy away from open confrontation if challenged, but this is almost guaranteed to deteriorate rather than strengthen your bargaining position. Opening with an extreme offer could be viewed as an unfriendly act. It is best to open with one that is already in the ballpark of what you really expect.

All emotional negotiation techniques should be avoided when negotiating in Finland. Appeals to a personal relationship may work only if it is long-standing and very strong. Finns may employ defensive tactics such as asking direct or probing questions, or making promises.

Opening with written offers and introducing written terms and conditions may be effective tactics that could help shorten the bargaining process, which your Finnish counterparts may find desirable.

Corruption and bribery are very rare in Finland. It is strongly advisable to stay away from giving gifts of significant value or making offers that could be read as bribery.

Decision Making – Finnish companies are somewhat more hierarchical than in other Nordic countries. Decision makers are usually individuals, with the size of the deal determining which level in the hierarchy he or she needs to hold. However, there is a strong consensus orientation, so others are usually consulted to reach greater group support. Influencing the decision thus requires winning the support of others involved in the decision process, not only that of the most senior manager. Decision making takes some time but is usually faster than in Sweden or Norway.

When making decisions, businesspeople may apply universal principles rather than considering the specific situation. They dislike 'making exceptions' even when arguments speak in favor of doing so. Personal feelings and experiences are considered irrelevant in business negotiations, so people focus on empirical evidence, logical arguments, and objective facts. The Finns are often reluctant to take risks. If you expect them to support a risky decision, you may need to find ways for them to become comfortable with it first, for instance by explaining contingency plans, outlining areas of additional support, or by offering guarantees and warranties.

Agreements and Contracts

Capturing and exchanging meeting summaries can be an effective way to verify understanding and commitments. Although interim agreements are usually kept, do not consider them final. Only a final contract signed by both parties constitutes a binding agreement.

Written contracts tend to be lengthy. They often spell out detailed terms and conditions for the core agreements as well as for many eventualities. Signing the contract is very important not only from a legal perspective, but also as a strong confirmation of your Finnish partners' commitment.

It is recommended to consult a local legal expert before signing a contract. However, it is better not to bring your attorney to the negotiation table.

Contracts are almost always dependable, and the agreed terms are viewed as binding. Requests to change contract details after signature may meet with strong resistance and may be considered as bad faith unless the environment has changed considerably.

Women in Business

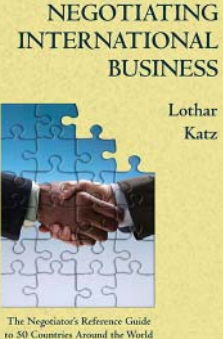
Gender equality is very high in Finland. Most women are working, and many hold leadership positions that are similar in income and authority to those of men. Quite a few Finnish women have made it into top business positions. Visiting businesswomen should have few problems in the country as long as they act professionally in business and social situations.

Other Important Things to Know

Punctuality is also highly valued in all social settings. It is best to be right on time for dinners and parties.

Gift giving in business settings is rare. It is best not to bring a gift to an initial meeting in order to avoid raising suspicions about your motives.

When dealing with smaller companies that have little international experience, be prepared that your counterparts may invite you to continue a business discussion in a sauna, though usually not at the first meeting. If you are unwilling to join them, it is better to claim health reasons than to directly reject the invitation.

 <p>NEGOTIATING INTERNATIONAL BUSINESS</p> <p>Lothar Katz</p> <p>The Negotiator's Reference Guide to 50 Countries Around the World</p>	<p><i>Negotiating International Business</i> (Booksurge Publishing, second edition 2007) is available from Amazon.com and other bookstores for \$29.99. A reference guide covering 50 countries around the world, the 472-page book includes an extensive discussion of the negotiation principles and tactics frequently referred to in this excerpt.</p> <p>Please recommend this Country Section and others to colleagues who might find them useful. Country Sections are available individually at</p> <p>www.NegIntBiz.com</p>
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