

Negotiating International Business - The Netherlands

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. It has been updated with inputs from readers and others, most recently in March 2008.

Most Dutch businesspeople, especially those among younger generations, are experienced in interacting and doing business with visitors from other cultures. The country's culture is heterogeneous and strongly values tolerance towards others. Its people are usually open-minded rather than forcing their ways upon you.

The Netherlands are a nation that has been doing international business for many centuries, so expect its people to be good at it. Though in close proximity, the Dutch culture is substantially different from the German culture. Do not remark or even assume that they are similar.

Relationships and Respect

While building trust matters, business relationships are only moderately important in this country. 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. Once the necessary trust has been established, which may take some time, there will be a sense of loyalty to you as a respected business partner, which can go a long way should a difficult situation arise.

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. This does not mean that the Dutch do not care about who they are dealing with. Personal integrity and dependability are important if you want to win their trust.

The Netherlands are a very egalitarian and tolerant society. Everyone, no matter what his or her status and influence, is considered valuable and worthy of respect. It can be offensive to criticize a person in public or otherwise embarrass that person. When problems occur, however, people may be quick to blame others. At the same time, the Dutch rarely give compliments. If they do, it will be because they mean it, not so much because they want the other to feel good about it. Since treating someone preferentially is discouraged, individual rewards at work are rare. Bosses are expected to be team leaders rather than solitary decision-makers. Open competition between team members may be frowned upon.

In the country's business culture, the respect a person enjoys depends primarily on his or her achievements and education. Admired personal traits include honesty, forthrightness, discipline, attention to detail, and modesty.

Communication

The country's official language is Dutch. Frisian is also recognized in the northern part of the country; it is spoken by a small part of the population. Most businesspeople in the Netherlands speak English well. However, avoid using jargon and slang.

The Dutch usually speak neither in quiet tones nor particularly loudly. At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Being overly loud may be regarded as bad manners, though. Interrupting others is often considered rude. Periods of silence do not necessarily convey a negative message. Emotions are rarely shown in public, and self-control is seen as a virtue in the Netherlands. People generally converse standing about three feet apart.

Communication can be very direct in the Netherlands. The Dutch value straightforwardness and honesty much more highly than tact or diplomacy. They dislike vague statements and openly share opinions, concerns, and feelings with others. The concept of 'saving face' is not important in this country. While you want to remain respectful, pointing out mistakes is accepted and often appreciated. Being blunt is often much better than appearing evasive or deceptive. Avoid giving ambiguous answers such as 'We will consider it,' 'This will take further investigation,' or 'Perhaps' if your real answer is 'no.' If you do not want to reply with a straight 'no,' it may be best not to give any answer – the message will be clearly understood. If something is against company policy or cannot be done for other reasons, your counterparts will likely say so. They may view this as a simple statement of fact and might not understand that someone else could consider this directness insensitive. Being overly polite is a mistake - people will suspect that you are about to ask a special favor.

The Dutch use body language sparingly, although facial expressions and other clues can be quite telling, especially if they dislike an idea or proposal. They may make some physical contact, such as a backslap as a sign of friendship, but there is usually not a lot of it. Eye contact should be frequent, almost to the point of staring, 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 the Netherlands. However, introductions by reputable institutions such as a local bank or investment house may open doors faster. Having local people who could serve as a reference may also help. Negotiations in the Netherlands can be conducted by individuals or teams of negotiators.

If possible, schedule meetings at least one to two weeks in advance. Agreeing on an agenda upfront is useful. It will be strictly followed. Do not cancel a meeting on short notice since that can be viewed as very rude. At any meeting, whether business or social, it is best to be right on time. Avoid being more than 5 to 10 minutes late, and call ahead if you will be.

Names are usually given in the order of first name, family name. Use *Mr./Ms.* or *Mijnheer/Mevrouw* plus the family name. If a person has a title, such as *Doctor* or *Professor*, use it instead, followed by the family name. Only close friends call each other by their first names. You may never get to that point in a business relationship, although it is becoming more common among younger people. Introductions are accompanied by firm handshakes.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. Almost all businesspeople in the Netherlands read English, so there is no need to have your card translated. Show doctorate degrees on your card and make sure that it clearly states your professional title, especially if you have the seniority to make decisions. When presenting your card, smile and keep eye contact, then take a few moments to look at the card you received.

Meetings either start with a few minutes of 'small talk' or get right down to business. A sense of humor is appreciated, but know that Dutch humor is often dry and earthy. They may not appreciate

witty remarks or complicated analogies. One's private life has no place in meetings, and personal comments should be avoided. Business is a serious matter in the Netherlands, 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 vital to come well prepared as the Dutch hate wasting time.

Presentation materials should be attractive, with good and clear visuals. Keep your presentation succinct and methodically thought out. Since they value directness, be straightforward about both positive and negative aspects. The Dutch are generally suspicious of hype and exaggerations and may respond negatively to an aggressive sales approach that might be effective in the United States. They often look for deficiencies in your products or services and may openly draw your attention to them. Know your topic well, and use logical arguments and concrete examples to back up your proposals. Having your English-language handout materials translated to Dutch is not required, though it will be appreciated.

Negotiation

Attitudes and Styles – To the Dutch, 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, but people may be unwilling to agree with compromises unless it is their only option to keep the negotiation from getting stuck. Since the Dutch believe in the concept of win-win, they expect you to reciprocate their respect and trust. It is strongly advisable to be straightforward while remaining respectful and cooperative.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by focusing on logical reasoning and facts. Depending on the situation, apologizing may also make the Dutch more conciliatory.

Sharing of Information – Dutch 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 the bargaining phase to be fairly swift, though decisions may take a long time. This assumes that enough time was available for the local side to plan and organize their approach. The Dutch are not very good at improvising. While diligent, Dutch businesspeople are less obsessive over details than Germans are and strive to conclude negotiations quickly if possible. This does not mean that they will readily accept unfavorable terms.

The Dutch 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 – While the Dutch are not overly fond of bargaining and dislike haggling, they can be quite good at both. The bargaining stage of a negotiation may take longer than in the United States, but not excessively so. Prices rarely move by more than 20 to 30 percent between initial offers and final agreement. Leave yourself room enough for concessions and prepare alternative options since your Dutch counterparts may outright refuse some aspects of your proposal. Ask the other side to reciprocate if you make concessions. Focus your arguments on concrete facts and information. Exaggerated claims or bragging will not help your position at all.

The Dutch prefer to negotiate in a very straightforward style. They use deceptive techniques only infrequently, such as telling lies, sending fake non-verbal messages, pretending to be disinterested in the whole deal or in single concessions, misrepresenting an item's value, or making false demands and concessions. Do not lie at or otherwise grossly mislead your counterparts, as doing so might damage or even destroy business relationships. Carefully orchestrated, 'good cop, bad cop' may be an effective tactic to use in your own negotiation approach. Businesspeople rarely claim 'limited authority' since decision making is either a group process or they have the necessary empowerment. Do not use the technique yourself since the Dutch will believe they are 'talking with the wrong person.'

Negotiators in the country may use pressure techniques that include opening with their best offer, showing intransigence, making final offers, or applying time pressure. When using similar tactics yourself, clearly explain your offer and avoid being aggressive. Periods of silence in conversations are normal and may not represent an attempt to use it as a negotiation technique. Be careful when using pressure tactics such as making expiring offers or nibbling. Your counterparts may consider these inappropriate unless they are strongly interested in your offer and clearly understand the rationale behind the approach. Otherwise, while the negotiation is not necessarily over, it may become less constructive.

While Dutch negotiators may occasionally appear aggressive, this usually only reflects their direct and blunt style rather than any tactical behavior. They will not shy away from open confrontation if challenged, though. Attempts to gain advantages by being aggressive with a large Dutch company likely work against you. Threats and warnings, openly displayed anger, or walkouts may be used to some degree, but they are normally based upon calculated negotiation strategies rather than aggressive attitudes. Extreme openings are viewed as inappropriate and may upset your Dutch counterparts. It is best to open with an offer that is already in the ballpark of what you really expect.

Emotional negotiation techniques, such as attitudinal bargaining, sending dual messages, attempting to make you feel guilty, or grimacing, may occasionally be employed. It is best to remain calm. Appeals to personal relationships are very rare. Dutch businesspeople often employ defensive tactics such as changing the subject, blocking, asking probing or very direct questions, making promises, or keeping an inflexible position. When making promises, know that your counterparts will expect you to keep them. If you fail to live up to what you promised, they may lose trust and may even call off the deal.

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

Decision Making – Dutch companies are rarely very hierarchical. Decision making is a group process through which consensus is established and during which all team members involved get opportunities to voice their opinion. The authority to make decisions often resides with managers at lower levels of the organization without requiring further executive approval. The role of senior managers is to dispense information, provide guidance, and coordinate the decision making as

needed. They do not have 'final say.' This can be confusing for negotiators from other western countries who may be looking to identify the 'key decision maker' in an organization, while in reality such a role may not exist at all. Decision making can take a long time and requires a great deal of patience. It is very important to learn about the company structure and win the support of people at all organizational levels who are involved in the negotiation, rather than focusing on upper management only. Once a decision has been made, it may be very difficult to change.

Unlike in most other cultures, there can be huge differences in the decision process depending on whether the Dutch negotiate at home or abroad. Through their tradition as traders in international markets, they have learned that success abroad may require swift decisions. Accordingly, Dutch businesspeople traveling abroad often have sufficient decision-making authority to close deals themselves. It can be advantageous to invite a Dutch counterpart to meet in your home country as a way to speed up the negotiation process.

When making decisions, businesspeople may apply universal principles rather than considering the specific situation. They often 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. Most Dutch are moderate risk takers.

Agreements and Contracts

Capturing and exchanging meeting summaries can be an effective way to verify understanding and commitments. Oral agreements and statements of intent may already be legally binding and are usually dependable, though they do not substitute for written contracts. Actions that have been agreed upon are usually implemented immediately, even if a final contract is still pending. In general, dependability is highly valued and swift follow-up is essential.

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 Dutch partners' commitment.

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

Contracts are usually dependable, and the agreed terms are viewed as binding. Your counterparts will make strong efforts to meet their commitments. Failure to meet the terms of a contract is likely to trigger legal action. However, your counterparts may occasionally ask you to reconsider aspects of the contract if conditions have changed.

Women in Business

While women enjoy similar rights as men, most Dutch women are still struggling to attain positions of similar income and authority. However, visiting businesswomen should have few problems in the country as long as they act professionally in business and social situations.

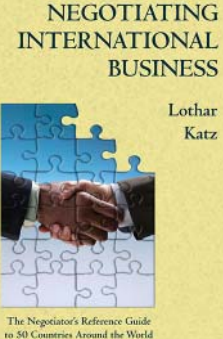
Other Important Things to Know

Formal, conservative attire is important when doing business here. Male business visitors should wear dark suits with neckties on most occasions.

While business lunches are common, dinners are not. During these events, business may or may not be discussed. Wait to see whether your counterparts bring it up.

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

The Dutch are often uncomfortable with secrets. Company employees expect to have access to more information than those in many other countries. Non-disclosure clauses that attempt to limit the distribution of information within a company may therefore not work well.

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