

Negotiating International Business - Poland

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.

Owing to the country's history within the former Eastern Bloc until the early 1990's, businesspeople and officials in Poland may have only limited exposure to other cultures except for neighboring countries. However, many Poles, especially among younger generations, have gained greater international experience since then and are open-minded.

Culturally quite homogeneous, Poland shows an interesting mix of influences from West and East. Having been seized and occupied by foreign powers many times, it always re-emerged with an even stronger sense of national pride. Poles may be less individualistic than other Eastern Europeans, leaving the entrepreneurial spirit in the country somewhat underdeveloped.

Relationships and Respect

Poland's culture expects its members to have a sense of belonging to and conforming with their group. At the same time, it leaves some room for individual preferences. Building lasting and trusting relationships is important and can be vital for the success of your business interactions. Generally, it is best to give your counterparts time to become comfortable with you. This may include asking and answering many personal questions. You may also have to prove yourself through diligent follow-up in order to gain your counterparts trust, which can be a very slow process. Patience is important in this country.

Business relationships in Poland exist both at the individual and company level. Poles usually want to do business only with those they like and trust. However, 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.

In Poland's business culture, the respect a person enjoys depends primarily on his or her rank and achievements. Admired personal traits include persistence and resourcefulness.

Communication

The country's official language, Polish, is closely related with Czech. Many people also speak Russian. Younger businesspeople often speak English at a conversational level. With others, including older people and most high-ranking managers, it may be useful to engage an interpreter. To avoid offending the other side, ask beforehand whether an interpreter should be present at a meeting. When communicating in English, speak in short, simple sentences and avoid using slang and jargon. It will help people with a limited command of English if you speak slowly, summarize your key points often, and pause frequently to allow for interpretation.

People in this country usually speak softly. While they may occasionally raise their voices to make a point, they dislike loud and boisterous behavior. At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Poles generally converse while standing around three feet apart.

While the communication may initially be rather indirect, it will likely become much more direct, to the point of bluntness, once a Pole knows and trusts you. At that point, people may show emotions openly and do not find it difficult to say 'no' if they dislike a request or proposal.

Physical contact between people is infrequent. Avoid touching others. Eye contact should be frequent, as this conveys sincerity and helps build trust. However, do not stare at people.

Initial Contacts and Meetings

Choosing a local intermediary who can leverage existing relationships to make the initial contact is useful. This person will help bridge the gap between cultures, allowing you to conduct business with greater effectiveness. In addition, the person's help in getting things organized can be very important in Poland's sometimes-chaotic business environment. If you cannot find an intermediary, at least get a letter of introduction from someone who is well connected to your targeted business partners. Negotiations in Poland can be conducted by individuals or teams of negotiators.

Scheduling meetings in advance is required. However, you can sometimes do this on short notice if the parties had previous business interactions. Confirm your meeting several times, and be prepared for your counterparts to cancel or postpone meetings with little or no notice. While meetings may not always start on time, Poles expect foreign visitors to be punctual. Avoid being more than 5 to 10 minutes late.

Names are usually given in the order of first name, family name. Use *Mr./Ms.* plus the family name. If a person has an academic or professional title, it is best, though not always required, to use it instead, followed by the family name. Only close friends call each other by their first names. Introductions are accompanied by handshakes. If you did not catch the name of a person who introduced himself or herself, do not hesitate to ask for repetition. Getting the pronunciation right is important, and the effort will be appreciated.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. You may not always get one in return, though. Most businesspeople in Poland 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. Next, place the card on the table in front of you or into your card case.

Meetings usually start with some small talk intended to establish personal rapport. People appreciate a sense of humor, but keep it light and friendly, and be careful not to overdo it. Business is a serious matter in Poland. The first meeting may be very formal, but this usually gets more relaxed down the road. Its primary purpose is to become acquainted and build relationships. Business may be discussed, but do not try to hurry along with your agenda. It is unrealistic to expect initial meetings to lead to straight decisions.

Presentation materials can be simple without colorful backgrounds and fancy graphs. However, good and easy-to-understand visuals are important. Use diagrams and pictures wherever feasible, cut down on words, and avoid complicated expressions. Having your handout materials translated to Polish is not a must, but it helps in getting your messages across.

Negotiation

Attitudes and Styles – To the Poles, negotiating is usually a joint problem-solving process. While the buyer is in a superior position, both sides in a business deal own the responsibility to reach

agreement. They may focus equally on near-term and long-term benefits. Although the primary negotiation style is somewhat competitive, Poles nevertheless value long-term relationships and look for win-win solutions. Polish negotiators may at times appear highly competitive and somewhat adversarial. However, even when negotiating in a fairly direct and aggressive fashion, they will ultimately be interested in finding a solution both sides can accept. It is best to remain calm, friendly, patient, and persistent, never taking anything personally.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by focusing on logical arguments and facts. In extreme situations, use a mediator, ideally the party who initially introduced you.

Sharing of Information – Polish negotiators usually play their cards close to the chest, although some may share information as a way to build trust.

Pace of Negotiation – Although the pace of business is increasing, expect negotiations to be slow and protracted. Be patient, control your emotions, and accept that delays may occur.

If your counterparts appear to be stalling the negotiation, assess carefully whether their slowing down the process indicates that they are evaluating alternatives or that they are not interested in doing business with you. More often than not, though, this behavior indicates an attempt to create time pressure or ‘wear you down’ in order to obtain concessions.

Bargaining – While businesspeople in the country may have learned the ground rules of international negotiations, their experience is usually limited. Most of them are not fond of bargaining and dislike haggling. However, Poles may be patient and persistent negotiators, and it can be difficult to obtain concessions from them. The bargaining stage of a negotiation can be extensive. Concessions never come easily, and prices rarely move by more than 20 to 30 percent between initial offers and final agreement.

Poles often prefer a straightforward negotiation style. They use deceptive techniques only infrequently, such as telling lies and 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 take such tactics personally and refrain from lying at or grossly misleading your counterparts, as doing so might damage business relationships. ‘Good cop, bad cop’ may be used on either side of the negotiation table. Poles may also claim limited authority, stating that they have to ask for their manager’s approval. This could be a tactic or the truth.

Negotiators in the country may use pressure techniques that include intransigence, making final or expiring offers, or nibbling. When using similar tactics yourself, clearly explain your offer and avoid being overly aggressive. Final offers may come more than once and may or may not be final. Silence can be an effective way to signal rejection of a proposal. Be careful when using pressure tactics such as applying time pressure or making expiring offers. 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.

Though they may appear aggressive, Polish negotiators are rarely openly adversarial. Threats and warnings may be used, but Poles rarely openly display anger or walk out of the room. Extreme openings may be viewed as unfriendly. 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, grimacing, or appealing to personal relationships, may occasionally be

employed. It is best to remain calm. At times, Poles may also employ defensive tactics such as blocking or changing the subject, asking probing or very direct questions, making promises, or keeping an inflexible position.

Introducing written terms and conditions may be effective as this approach could lend credibility to your position.

As the country is moving from a socialist country to a free-market economy, corruption and bribery have become quite common in Poland's public and private sectors. However, people may draw the line differently, viewing minor payments as rewards for getting a job done rather than as bribes. Also, keep in mind that there is a fine line between giving gifts and bribing. What you may consider a bribe, a Pole may view as only a nice gift. It may help if you introduce and explain your company's policies early on, but be careful not to moralize or appear to imply that local customs are unethical.

Decision Making – Companies are often very hierarchical, and people expect to work within clearly established lines of authority. Openly disagreeing with or criticizing superiors is unacceptable. Decision makers are primarily senior managers who consider the best interest of the group or organization. They may sometimes delegate their authority to lower levels in the hierarchy. Others are often consulted in a committee-style process in order to reach greater consensus over and support of the decision. This process can take a long time and requires patience. Although the most senior manager involved may not be the sole decision maker, it is strongly advisable to make contact with him, seeking to get his support.

When making decisions, businesspeople usually consider not only universal principles, but also the specific situation. Empirical evidence and other objective facts weigh more strongly than personal feelings and experiences do, but they will consider all aspects. Poles 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 Poles usually keep interim agreements, do not consider these final. Only a 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 important not only from a legal perspective, but also as a strong confirmation of your Polish 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 as it may be viewed as a sign of mistrust.

Signed contracts may not always be honored. This depends to no small degree on the strength of the continuing relationship between the contract partners. It is strongly advisable to continue staying in touch and maintaining the trust of your Polish business partner. Business partners usually expect the other side to remain somewhat flexible if conditions change, which may include agreeing to modify contract terms.

Women in Business

While women enjoy the same rights as men, few Polish women have made it into senior management positions and most are still struggling to attain positions of similar income and authority as

men. As a visiting businesswoman, emphasize your company's importance and your role in it. A personal introduction or at least a letter of support from a senior executive within your company may also help.

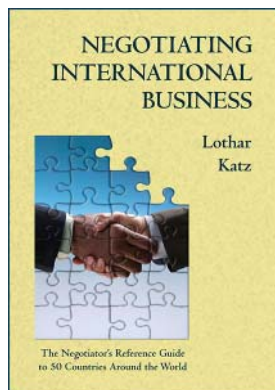
Female business travelers should exercise caution and act professionally in business and social situations. Male chivalry is a sign of good manners and should be graciously accepted. For instance, the hand-kiss is an old Polish custom which some men still follow; it should never be refused. Displaying confidence and some degree of assertiveness can be effective, but it is very important not to appear overly bold and aggressive.

Other Important Things to Know

Conservative attire is important when doing business here. Male business visitors should wear suits on most occasions. While you do not want to appear 'over-dressed,' make sure shoes and suit are in good condition.

Punctuality is also valued in most social settings. It is best to be right on time for dinners, and to arrive at parties within 5 to 10 minutes of the agreed time.

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.



Negotiating International Business (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.

Please recommend this Country Section and others to colleagues who might find them useful. Country Sections are available individually at

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