

Negotiating International Business - Switzerland

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.

Swiss businesspeople are usually very experienced in interacting with other cultures. The country's population consists of a German Swiss majority, French Swiss and Italian Swiss minorities, the small group of Romansch living in the Engadin valley, and others. The German, French, and Italian parts of the population all show influences from and share traits with these respective cultures. In spite of this mix, all of the Swiss share many cultural values and are very proud of their country. Although the culture is heterogeneous, the Swiss can be somewhat ethnocentric and its members treat outside influences with caution. This is especially true outside of international business centers such as Zurich or Geneva.

Relationships and Respect

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. Until business interactions that have met their approval have been conducted, the Swiss tend to be very cautious, appearing quite reserved and proceeding slowly. Once the necessary trust has been established, though, 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. Most Swiss businesspeople expect their partners to make a long-term commitment to the engagement.

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 Swiss do not care about who they are dealing with. Personal integrity and dependability are important if you want to win their trust.

The Swiss view it as very important to keep business and private life separate. It takes a long time to build rapport and establish personal relationships. Attempts to accelerate this process may only raise suspicion.

In Switzerland's business culture, the respect a person enjoys depends primarily on his or her rank, education, and achievements. Admired personal traits include integrity, discipline, modesty, team spirit, and experience.

Communication

The country's official languages are German, French, Italian, and Romansch. However, pronunciation and vocabulary of the German variant are significantly different and may complicate the communication for someone who learned it as a foreign language. Most Swiss businesspeople speak English well. Nevertheless, an interpreter may occasionally be useful to have. 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.

Businesspeople usually speak in quiet, gentle tones. Interrupting others is considered rude. Speaking slowly and clearly is a sign of authority, and loud or boisterous behavior is perceived as a lack of self-control. At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Conversations may include extended periods of silence, which do not necessarily convey a negative message. Emotions are not shown openly, especially in the German Swiss part of the country. People generally converse standing about three to four feet apart, closer than that in case of French and Italian Swiss.

Communication in the German part of the country is usually direct, though not as in-your-face as in Germany. German Swiss dislike vague statements and may openly share opinions and concerns with others. When communicating with them via letters or e-mail, do not waste time looking for messages 'between the lines.' There may not be any. However, most Swiss businesspeople also know how to express themselves in a more indirect and diplomatic fashion. French and Italian Swiss usually prefer this style and are considerably higher-context than the German Swiss.

The extent to which the Swiss use body language again varies. German Swiss use it sparingly and generally do not use a lot of non-verbal communication. They also make little physical contact. All of these are more extensive with French or Italian Swiss, although they may still appear more reserved than their French and Italian neighbors. The American OK sign, with thumb and index finger forming a circle, can be read as an obscene gesture in Switzerland. The thumbs-up gesture is positive as it signals approval. 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 Switzerland. Negotiations can be conducted by individuals or teams of negotiators. It is vital that teams be well aligned, with roles clearly assigned to each member. The Swiss are good at exploiting disagreements between members of the other team to their advantage.

If possible, schedule meetings at least one to two weeks in advance, and do not cancel one on short notice since that can be viewed as rude. The Swiss may want to know whom they will be meeting, so provide details on titles, positions, and responsibilities of attendees ahead of time. The rank of visitors does not matter as long as they are knowledgeable and have sufficient decision authority. Agreeing on an agenda upfront is common practice. That agenda is usually strictly followed. At any meeting, whether business or social, it is strongly advisable to be very punctual. This is especially true in the German Swiss part of the country. The German term for being late, 'zu spät,' translates into 'too late' in English. Being more than 10 to 15 minutes late without having a valid and plausible excuse can be a serious offense. Arriving ahead of the agreed time may be noted favorably.

Names are usually given in the order of first name, family name. Use *Mr./Ms.* or *Herr/Frau* (German), *Monsieur/Madame* (French), or *Signor/Signora* (Italian), plus the family name. If a person has an academic title, you may use it instead, followed by the family name. However, this could be considered conservative and old-fashioned. Except for people working in a multinational environment, only close friends call each other by their first names. You may never get to that point in a business relationship. Introduce high-ranking and senior people first. Introductions are accompanied by handshakes.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. Most businesspeople in Switzerland read English, so there is no need to have your card translated. However, it is appreciated if you do. 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. If any facts about your company are particularly noteworthy, for instance if it is very old or the largest in your country or industry, mention this on your card since the Swiss view it favorably. When presenting your card, smile and keep eye contact, then take a few moments to look at the card you received. Next, place it on the table in front of you.

Meetings with German Swiss tend to get straight down to business with little small talk, if any. It is likely more extensive when meeting with French or Italian Swiss. Humor and one's private life have no place in meetings, especially in early interactions. Business is a serious matter in Switzerland, and meetings can be quite formal. While the primary purpose of the first meeting is to become acquainted, the discussion will quickly focus on business topics. It is vital to come well prepared, as the Swiss, especially those in the German part, hate wasting time.

Presentation materials should be attractive, with good and clear visuals. Keep your presentation clear and concise. The Swiss are generally suspicious of hype and exaggerations and may respond negatively to an aggressive sales approach that might be effective in the United States. Know your topic well, and use logical arguments and concrete examples to back up your proposals.

Having your English-language handout materials translated is not required, though it will be appreciated. The Swiss are usually not impressed by high-gloss brochures and catchy slogans. Informational brochures should be serious in tone, providing a substantial amount of technical data and other hard facts. Your products are expected to conform exactly to the descriptions given.

Negotiation

Attitudes and Styles – To the Swiss, 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. 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 Swiss 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 and to remain calm, friendly, 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 – Swiss negotiators may share some information since this is viewed as a way to build trust. However, expecting your counterpart to reveal everything you might want to know during your negotiation would be naïve. A good part of the communication may be in writing, which the Swiss generally prefer.

Pace of Negotiation – Expect negotiations to be slow. The methodical and carefully planned approach the Swiss, in particular Swiss Germans, 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 Swiss 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 – The Swiss are not fond of bargaining and strongly dislike haggling. They do not appreciate aggressive sales techniques. Although the bargaining stage of a negotiation can be extensive, prices rarely move by more than 10 to 15 percent between initial offers and final agreement. Businesspeople in this country do not make concessions easily. When selling, they focus on convincing you that their product or service is worth what they are asking. They are very good at making you believe that ‘you get what you pay for.’

The Swiss prefer to negotiate in a straightforward and honest style. They rarely use deceptive negotiation techniques. If they seem disinterested in a deal or in making specific concessions, they likely mean it. Realize that using any such techniques 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. Carefully orchestrated, ‘good cop, bad cop’ may be an effective tactic to use, though.

Negotiators in the country may use pressure techniques that include opening with their best offer, showing intransigence, or making final offers. When using similar tactics yourself, clearly explain your offer and avoid being aggressive. Swiss negotiators may make a final offer quite early in the bargaining process. While this is not common practice, it could actually reflect a serious attempt to speed up the negotiation. Periods of silence in conversations are normal and may not represent an attempt to use it as a negotiation technique. Be very careful when using pressure tactics such as applying time pressure, making expiring offers, or nibbling. Your counterparts likely consider these inappropriate.

Avoid all aggressive tactics when negotiating with the Swiss. They will not shy away from open confrontation if challenged, but this is almost guaranteed to deteriorate rather than strengthen your bargaining position. Extreme openings are viewed as inappropriate and may upset your Swiss 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, attempting to make you feel guilty, or grimacing, may occasionally be employed. It is best to remain calm. Appeals to personal relationships rarely work. The Swiss often employ defensive tactics such as asking probing or very direct questions, making promises, or keeping an inflexible position.

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

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

Decision Making – Companies are often very hierarchical, even though they may initially not seem that way, and people expect to work within clearly established lines of authority. Nevertheless, the Swiss decision making process is unusual compared with most other cultures. On one hand, the

deeply entrenched hierarchies demand that only senior managers make decisions. Once announced, their decisions are not discussed or questioned. On the other hand, decisions are rarely made without the consensus of the whole group they affect, and everyone involved or affected must agree. The Swiss, especially those in the German Swiss part, accomplish collaboration and teamwork within clear and respected hierarchies under the guidance of an accepted leader. This consensus-driven style and the methodical decision process that is conducted with great diligence and precision, takes much time and requires significant patience. French and Italian Swiss follow a similar but less rigid approach. Influencing the decision making requires winning the support of as many of the stakeholders as you possibly can. While this must include the top executive, that person's support alone is not sufficient. Once a decision has been made, it is extremely difficult to change.

When making decisions, businesspeople in the German and French parts of Switzerland may apply universal principles while Italian Swiss will more likely consider the specific situation. German and French Swiss tend to rely on empirical evidence and other objective facts, considering personal feelings and experiences irrelevant in business negotiations, while Italian Swiss may rely more on their subjective feelings. The Swiss are quite risk-averse and it make take extensive discussions supported by data and proven examples before they may become comfortable with a risky decision.

Agreements and Contracts

Capturing and exchanging meeting summaries is standard practice in Switzerland. It is 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 are serious matters in Switzerland and tend to be lengthy. They often spell out detailed terms and conditions for the core agreements as well as for many eventualities. Legal aspects may be reviewed repeatedly. Signing the contract is important not only from a legal perspective, but also as a strong confirmation of your Swiss 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.

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

Women in Business

The Swiss society is making progress towards gender equality and many women can be found in mid-level positions. Overall, few women have managed to attain positions of similar income and authority as men, though. As a visiting businesswoman, emphasize your company's importance and your role in it. A personal introduction or a letter of support from a senior executive within your company may also help.

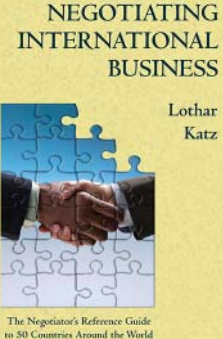
As a female business traveler, displaying confidence and assertiveness can be effective, but it is important not to appear overly bold and aggressive.

Other Important Things to Know

Conservative attire is important when doing business here. While colored shirts are ok, male business visitors should wear dark suits with neckties on most occasions. First impressions can have a significant impact on how people view you.

Business lunches and dinners are common. Business may be discussed over meals.

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.

 <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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