

Negotiating International Business - United States

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.

There is probably a greater diversity of business cultures and styles in the United States than in any other country in the world. This makes preparing for specific business interactions difficult. Because of the wide spectrum of heterogeneous cultural influences, however, Americans are usually tolerant of unconventional negotiation styles and habits as long as they do not conflict with their own values. On the other hand, many share a strong belief that the country's culture and value system are superior to all others, which members of other cultures sometimes interpret as arrogant. People in the country may be convinced that the American way is the only morally acceptable one, insisting that everyone play by a common set of 'ground rules.' While we strive to explain critical beliefs throughout this section, business practices may deviate from the general guidelines provided in the following. Always expect the unexpected when doing business in this country.

Experienced American businesspeople usually have had at least some exposure to people from other countries. However, a majority of Americans have never left their country except for short vacation trips. Even senior negotiators may arrive at foreign locations with very little knowledge about other countries and cultures. On top of that, some can be surprisingly close-minded, insisting that things be done 'their way.'

The primary aspects that may influence how your American counterparts do business are worth analyzing prior to negotiating with them. The most relevant factors are as follows:

Regional Influences – Historically, there was significant variance in business practices between the country's geographic regions. Style differences across the U.S. can still be pronounced in smaller cities and rural areas. For instance, competitiveness and aggressiveness in business can be even stronger in the Northeast and at the West Coast than they are in the rest of the country. Californians are usually open to doing business with people from many different countries and cultures, while people in the northeastern states can appear regionally focused and somewhat closed-minded. Business is often conducted at a more leisurely pace in the South than elsewhere in the United States. Levels of directness also vary greatly (see *Communication*). Partly owing to the high mobility of the U.S. workforce, these differences are much less pronounced in the country's many large urban centers, where businesspeople tend to be more open-minded and tolerant of style differences.

Cultural Heritage – About 65 percent of the population is Whites (*Caucasians*), 15 percent Hispanics, 13 percent Blacks (properly referred to as *African-Americans*), and 4 percent Asians. Business styles and practices vary between these groups, which in themselves are also far from homogeneous. An estimated 10 percent of the population is foreign-born, often bringing in their own experiences of how business is conducted. However, the country's dominant culture represents a powerful integrative force and may be quickly adopted and internalized by immigrants. It is crucially important to treat everyone the same, since even unintentional behaviors that may be read as discrimination can have huge negative consequences.

Specific Industries and Company Cultures – As in all countries, matters of etiquette are influenced by the type of business a person or company engages in. For instance, people in banking, personal

finance, or many consulting roles dress and act more formally than others might. Personal relationships also play a greater role in these industries. However, U.S. company cultures may show substantial differences even within the same industry. Traditional, formal, and somewhat risk-averse companies may be competing directly with others in their industry whose culture may be better described as action-oriented, youthful, and unorthodox. Stereotypes about industries or about the age or structure of companies can be misleading and may therefore not be helpful. It will be highly beneficial to familiarize yourself with the specific culture of a company you are about to engage with, for instance by talking with insiders or others who dealt with the company before.

Relationships and Respect

U.S. culture strongly encourages individualism and personal initiative. Generally, 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. As long as they think the other side plays fair and does not waste their time, Americans tend to be friendly and collaborative. Otherwise, they can quickly become aggressive and somewhat hostile. In any case, most people in this country think it acceptable for partners in a productive business relationship to cooperate and compete at the same time, a view that others from strongly relationship-oriented cultures rarely share.

Even when the business relationship has become close, there will not necessarily be a strong sense of loyalty. American businesspeople tend to focus on the near-term benefits of their business engagements and may drop even a long-term partner if they believe they will get 'a better deal' elsewhere, focusing much more on the near future than on the past. Business relationships may play a greater role outside of the hectic large cities, though.

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 is usually 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 is likely to be accepted as a valid business partner soon. This does not mean that Americans do not care about who they are dealing with.

In the United States, money is a key priority and monetary aspects tend to dominate most arguments. Financial success may be admired more than anything else, especially if it is hard earned rather than based on inheritance. Status and personal honor play a smaller role. 'Saving face' and many of the social formalities that can be vitally important to other cultures carry little significance here.

In the country's business culture, the respect a person enjoys depends primarily on his or her achievements and to a lesser degree, education. Since age and rank play a smaller role, you may find relatively young people in American negotiation teams or in positions with decision-making authority. Admired personal traits include honesty, perseverance, and expertise, as well as good communication skills.

Communication

American English is different from British English to the point where misunderstandings may happen easily. If necessary, familiarize yourself with the differences upfront.

Businesspeople in this country may speak louder than you may be used to. A strong voice is generally associated with authority and leadership qualities. At restaurants, including those used for business lunches and dinners, conversations can get much noisier than in most other countries.

Americans tend to show at least some of their emotions, though not as openly as Latin Americans. People generally converse standing around three to four feet apart.

There is a distinct difference in the level of directness between the North and the South of the country. Northerners, also many Californians, are often quite direct. They dislike vague statements and may openly share their opinions and concerns. Too much diplomacy may confuse and irritate them and can give the impression of insincerity. They may ask for clarifications and rarely find it difficult to say 'no' if they dislike a request or proposal. If something is against company policy or cannot be done for other reasons, your counterpart 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. However, Americans' intentions are almost always friendly, even when they may not appear that way.

Communication with people from the South can be a bit more indirect. They generally highlight the positives of an action or proposal before addressing issues with it in order to 'soften' the message. Rather than giving you a straight 'no,' they may word the message more indirectly to avoid appearing confrontational, for instance by saying 'I'm not sure whether I agree.' In most cases, this still expresses disagreement. 'Let me get back to you' could indicate a lack of interest in what you have to offer. Make sure you are paying attention to what is *not* being said as well. Once they have decided that they want to do business with you, Southerners can become more direct and may openly speak their minds as long as there is no risk of direct confrontation.

Owing to the culture's strong achievement orientation, Americans may perceive raising issues as negativism. As a result, people often phrase concerns very carefully and may become much more indirect when doing so. Silence is very rare in conversations and makes most Americans uncomfortable as it is perceived to convey rejection or other negative messages. When around other people, they may start or continue conversations simply to avoid silence.

Gestures are usually quite expressive, and Americans' body language can be easy to read. They may make some physical contact, such as a backslap as a sign of friendship, but there is usually not a lot of it. The thumbs-up gesture signals approval or encouragement. Thumb and index finger forming a circle means OK. When pointing at people, use your open hand rather than a finger. If a man puts his feet on the table, this signals that he feels he is in control of the situation. However, do not assume that the person intends to insult you. Most Americans are completely unaware that people from other countries may find this highly inappropriate. Some Americans may nod continually while making positive statements. This may be meant to confirm and strengthen the message, but it does not necessarily mean that what they say is true. Eye contact should be frequent, as this conveys sincerity and helps build trust. However, do not stare at people.

Initial Contacts and Meetings

Having a local contact can be an advantage but is usually not a necessary precondition to doing business.

Negotiations in the United States can be conducted by individuals or teams of negotiators. Both approaches have their distinct advantages. Since decisions are often made by individuals, meeting the decision-maker one-on-one may help get results quickly. On the other hand, a well-aligned team with clearly assigned roles can be quite effective when negotiating with a group of Americans. Owing to the high degree of individualism that characterizes the culture, U.S. teams are not always well aligned, which sometimes makes it easy to play one member against the other.

Scheduling meetings in advance is required. However, you can do this on short notice, even in the absence of any previous business interactions, as long as your counterparts are available. Agreeing

on an agenda upfront can be useful. It will usually be followed. Punctuality is generally expected. Being more than 10 to 15 minutes late without having a valid and plausible excuse can be an offense. If you cannot avoid a delay, call ahead and apologize.

Names are usually given in the order of first name, family name. Many people also have a 'middle name,' but it is rarely used in introductions or conversations. Use *Mr./Ms.* plus the family name. Doctorate degrees are often ignored when addressing people in business, except for the first time they meet. If a person is a professor, however, use that title together with the person's family name. Before calling Americans by their first name, wait until they offer it. This may happen almost immediately since the use of first names is not a sign of intimacy. It is often helpful to let your counterpart know how you would like them to call you. Introductions may be accompanied by firm and brief handshakes. However, Americans shake hands less frequently than others do, so a handshake may often be unnecessary. When entering a room full of people, it is ok just to smile and say 'hi, everyone.' The standard greeting is 'how are you?' or, in the South, 'how're you doing?' It is rhetorical, so it is best to respond with the same phrase or to say something like 'fine, thank you,' or 'I'm doing great, and you?'

The exchange of business cards is not an essential step, but it is best to bring a sufficient supply. They may sometimes be exchanged at the end rather than the beginning of the meeting. Make sure that your card clearly states your professional title, especially if you have the seniority to make decisions. Offer your card to everyone present. You may not always get one in return. This does not necessarily signal that the person does not want to do business with you. 'Can I have one of your business cards?' is an acceptable question to ask. When presenting your card, smile and keep eye contact, then take a few moments to look at the card you received. Recipients of your card may place it on the table, into their wallet, or even into the back pocket of their pants. This means no disrespect.

Meetings usually start with some small talk intended to establish personal rapport. It is normally brief but can be more extensive in the South. Conversations often start with 'what do you do?' or 'tell me more about yourself.' In both cases, the person will expect to hear about your work background. One's private life is not a subject for discussion around meetings. Humor is considered an important way to 'break the ice,' but avoid appearing ironic, cynical, or sarcastic. The opening phase of the meeting is usually short and negotiators get straight to the point. However, the meeting atmosphere is usually casual. People may get up to stretch or leave the room for a while. This does not necessarily indicate a lack of interest.

While one purpose of the initial meeting is to get to know each other, the primary focus will be on business topics. Either the meeting leads to a straight decision or there will be a list of follow-up actions. Smaller deals may be decided and finalized at the first meeting. If the meeting concludes without next steps being defined, this may mean that there is no interest to continue the discussion.

Presentation materials should be attractive, with good and clear visuals. Focus on the 'big picture' without too much detail, and keep your presentation clear and concise. However, 'beating your chest' is not only acceptable, but often expected. It may be beneficial to praise your product or service more than you might be comfortable doing in your home country. Throughout your presentation, remain relaxed and non-confrontational. Be prepared to leave copies of the material you presented.

Negotiation

Attitudes and Styles – To Americans, 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. American negotiators may focus mostly on near-term benefits. The primary negotiation style is competitive, sometimes intensely so. Although people will look for win-win solutions, they

may strive to 'win more' than the other side does. Power factors such as company size and financial strength play a major role and may frequently be emphasized. When negotiating, Americans may appear fiercely competitive or even combative. However, they will ultimately be interested in finding a solution that both sides can accept. It is best to remain calm, firm, and persistent. At the same time, show a positive and constructive attitude without taking things personally.

Most people in the United States are very task-focused. They may not be willing to make concessions only for the sake of a relationship. Instead, they usually expect to get a tangible benefit in return. One of the implicit rules of this culture is that people should not take this result orientation personally.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by analyzing and discussing the problem together with your counterparts. It will be important to emphasize common objectives, work to find mutually acceptable alternatives, and show willingness to compromise if needed. However, compromising is usually only a last resort for American negotiators.

Sharing of Information – American negotiators usually spend some time gathering information and discussing details before the bargaining stage of a negotiation can begin. However, this rarely introduces significant delays. They normally share at least some information and rarely take it negatively if you ask about sensitive details, even if they may not want to answer. Similarly, they may ask many questions themselves. They value information that is straightforward and to the point. While it can be counterproductive to appear as if you are hiding facts from your American counterparts, they will be accepting if you state openly that you do not want to share certain information. Do not provide misleading information as your counterparts will likely consider this very negatively and may try to 'get even.'

American negotiators generally keep their initial questions high-level, without too much attention paid to details. It may indicate serious interest and a willingness to close the deal if their questions get more specific and technical.

Pace of Negotiation – Negotiations in the U.S. may take less time than anywhere else in the world. 'Speed matters' and 'time is money' are beliefs most members of this culture share, and doing is usually valued much more highly than planning and analyzing. Accordingly, your counterparts will generally want to finish the negotiation in a timely manner and implement actions soon. Even complex negotiations may not require more than one trip, as follow-up negotiations are often conducted via phone and e-mail.

Americans 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. Reopening the discussion over items that had already been agreed upon will make you seem untrustworthy.

Stalling a negotiation in an attempt to create time pressure in order to obtain concessions, or to gain the time needed to evaluate alternatives, may turn out to be a big mistake. Americans hate wasting time and have little patience if they feel that the other side may be hiding or holding back something.

Unlike in many other cultures, negotiators may actually become less inclined to make concessions if they feel that the overall bargaining exchange is taking too long. Worst case, your counterparts may lose interest in the deal.

On the other hand, if you have not heard back from your U.S. counterparts in a long time, this likely tells you that they are not interested in doing business with you. They may also not return your calls or respond to voicemail. This approach is more frequent in the South, where people may not be as willing to give you a direct 'no.'

Bargaining – While most Americans are comfortable with bargaining, few of them like to haggle. They can be ambitious, tough, and aggressive negotiators, though, often going for the biggest possible slice of the business. Appearing confident and assertive is essential, since facing an apparently insecure counterpart may encourage Americans to negotiate harder. State your position clearly and be willing to push for it as needed. It can be advantageous to emphasize the uniqueness of what you have to offer.

Negotiators in the U.S. often take firm positions at the beginning of the bargaining process. Once you have convinced them that you are intent on holding your own, they may become more willing to make concessions. Prices may move by about 20 to 30 percent between initial offer and final agreement. When bargaining, Americans tend to focus on areas of disagreement, so do not be surprised if there is little time spent to reaffirm consensus and emphasize commonalities.

Most people in this country expect to negotiate 'in good faith.' Nevertheless, they may use deceptive negotiation techniques such as 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. Americans may also use the tactic of telling lies. However, it would be a grave personal insult to state or even hint that your counterpart is lying. Americans may instead refer to the tactic as 'twisting things a little,' 'bending the truth,' 'leaving out a few aspects,' or by some other euphemism. Openly lying is considered unacceptable. Instead, people may frequently use indirect versions of what others might consider as lying, for example by making misleading statements or by omitting crucial facts. Since 'good cop, bad cop' requires strong alignment between the players, only experienced negotiators who have spent time practicing the tactic may be using it. Carefully orchestrated, it may be effective in your own negotiation approach. Businesspeople may claim limited authority, stating that they have to ask for their manager's approval. This could be a tactic or the truth.

American negotiators may use pressure techniques that include opening with their best offer, showing intransigence, making final, decreasing, or expiring offers, or nibbling. When using similar tactics yourself, clearly explain your offer and avoid being aggressive. Silence can be a particularly effective pressure tactic to use against the U.S. side. It often makes people very uncomfortable and may stimulate them to make concessions. Be careful when attempting to create time pressure. Although it can be very effective since the Americans' sense of urgency usually works against them, their level of interest could drop and they might start considering alternatives to the deal at hand. Persistence is important, though, and you will frequently find your counterparts exploring all options to bring the negotiation to a successful close as quickly as they can.

Though negotiators in the U.S. may sometimes appear aggressive or adversarial, you should avoid being overly confrontational. They will not shy away from open confrontation if challenged, but this will rarely help your bargaining position. Using extreme openings may be viewed as unfriendly and should be done with caution. Signs of anger, threats, or warnings indicate that the negotiation is not going well. They are rarely used as a tactic. Americans will use walkouts only to make a final point, almost never as a tactic. If you walked out or threatened to do so without getting the intended reaction from your counterparts, the negotiation will likely be over.

Other emotional negotiation techniques may be more frequent. Americans may employ attitudinal bargaining, send dual messages, or grimace. It is often best simply to ignore these tactics. Attempts to make you feel guilty and appeals to personal relationships are rare since people believe that these have no place in business. However, using these tactics yourself may be surprisingly effective with some negotiators.

American businesspeople may employ defensive tactics such as changing the subject, blocking, asking probing or direct questions, making promises, or keeping an inflexible position. Attempts to change the subject repeatedly in order to confuse your counterparts may meet with resistance, though.

Introducing written terms and conditions may be effective tactics that could help shorten the bargaining process, which most of your American counterparts may find desirable. Similarly, they may frequently attempt to introduce pre-printed clauses. Unless these are based on company policies, which are usually non-negotiable, you should ignore such attempts and insist that all terms and conditions be discussed and agreed upon individually.

Corruption and bribery are rare in the United States, though not completely unheard of. Both legally and ethically, it is strongly advisable to stay away from giving gifts of significant value or making offers that could be read as bribery. If you believe you are being offered a bribe, inspect the situation carefully to make sure that you are not misreading your counterpart's intentions.

Decision Making – Levels of hierarchy in American companies vary considerably. Older and more traditional ones can be quite hierarchical, while those working in fast-paced industries often show flat hierarchies and value autonomy and self-reliance. Nevertheless, all of them likely have extensive policies and processes that may affect decision-making. They are almost always followed. Decision makers are usually individuals who may or may not consult with others in the group or organization. Establishing consensus is not necessarily required before making a decision. Managers are expected to accept responsibility for their own as well as their employees' actions. Decision-making authority is often delegated to lower levels in the hierarchy and may not require any further approval from others. Generally, the size of a deal determines how high in the organization you need to go. Once the bargaining process has concluded, decisions rarely take much time. American businesspeople are used to making up their minds quickly and decisively. It can be very difficult to get them to change their minds afterwards.

When making decisions, businesspeople may apply universal principles rather than considering the specific situation. Empirical evidence and other objective facts weigh much more strongly than personal feelings and experiences do. Americans are generally risk takers and may not shy away from making bold moves.

Agreements and Contracts

Capturing and exchanging meeting summaries can be an effective way to verify understanding and commitments. Many Americans pride themselves with being consistent, so they will likely keep their commitments, at least if they are sufficiently documented. While you should not consider interim agreements final, avoid the impression that you are not willing to hold up your commitments. Nevertheless, only a contract signed by both parties constitutes a binding agreement. Negotiators sometimes request to document the progress of a negotiation by both parties signing a Letter of Intent (LOI) or Memorandum of Understanding (MOU). While much weaker than signed contracts, these documents may have legal implications.

Written contracts tend to be lengthy and very legalistic. They often spell out detailed terms and conditions for the core agreements as well as for many eventualities. They usually represent irrevocable

commitments to the terms and conditions they define and can only be changed with both partners' consent.

Always consult a legal expert who has sufficient relevant experience before signing a contract. The United States is the most litigious society in the world. There are lawyers specializing in practically every industry and segment of society. Your legal counsel may also attend negotiations to provide legal advice throughout the bargaining process. However, you should let the other side know that you intend to bring a legal expert, in which case they will likely do the same.

Contracts are almost always dependable, and strict adherence to the agreed terms and conditions is expected. Requests to change contract details after signature may be considered as bad faith and will meet with strong resistance. American companies may prefer to resolve disputes in court, which can become very costly. It is highly advisable to fulfill your contractual obligations to the letter.

Women in Business

While women enjoy the same rights in the United States as men, many are still struggling to attain positions of similar income and authority. However, they are generally treated as equals in business situations, and women can be found in senior leadership roles.

Women in the United States expect to be treated very seriously and respectfully. They can be as competitive and even as combative as men. Making improper jokes or otherwise behaving inappropriately will not only trigger sharp reprimands but may have very serious disciplinary and legal implications. It is considered highly inappropriate to ask a woman whether she is married or if she plans to have children. Generally, it is crucial to treat everyone with great respect and dignity.

A visiting businesswoman should have few problems in the country. She may often find a greater degree of freedom and flexibility than she may be used to in her home country.

Other Important Things to Know

Neat and clean attire is important when doing business here. However, dress codes can be somewhat more casual than elsewhere, especially on the West Coast.

Business lunches are more common than business dinners. Americans often discuss business during meals.

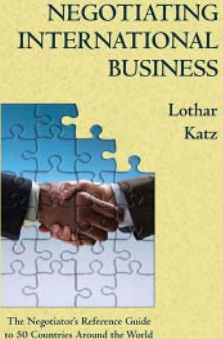
Social events do not require strict punctuality. While it is best to arrive at dinners close to the agreed time, being late to a party by 15 to 30 minutes is perfectly acceptable.

Smoking is prohibited in most offices, also in and around many public places. Since many Americans do not like being around smokers, you should always ask for permission first. You may not necessarily get it.

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.

It is crucially important to use 'politically correct' vocabulary when working with Americans. Otherwise, you risk offending someone without realizing it. Worst case, you might have to face a tedious and costly lawsuit. Refrain from using words like *Negro* or *Oriental*. Instead, use terms such as *African-American* and *Asian-American*. The term *Latino* has also become less common and is often substituted by *Hispanic*. Older people are usually called *elderly*. If it seems that you have inadvertently offended someone, it will be best to quickly apologize to the person. If you are not sure what the offense might have been, ask one of your American counterparts later when you are in a private

setting. They will be glad to help you understand what went wrong and how you might avoid similar issues in future.

 <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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