



## 503:International Negotiation: A Comparison of Styles

**Riccardo Bianchini Riccardi**

*Managing Partner*  
Eversheds

**Sally J. March**

*Head of Legal*  
BBC Technology Holdings Ltd.

**Richard C. Mosher**

*Director and Legal Counsel*  
Absolute Business, Inc.

**James E. Nelson**

*Vice President & General Counsel*  
The Gates Corporation

## Faculty Biographies

### Riccardo Bianchini Riccardi

Riccardo Bianchini Riccardi is the managing partner of Piergrossi Villa Bianchini Riccardi, an Eversheds associated firm in Italy, with offices in Milan and Rome. Mr. Riccardi is a corporate lawyer, with wide experience in mergers and acquisitions, both domestic and cross border, and corporate and structured finance.

Prior to joining his current firm, he had been general counsel of an Italian investment group and prior to that he was counsel at IBM. He started his carrier as an associate in an Italian law firm.

Mr. Riccardi graduated from the University of Rome La Sapienza, and has taken a masters degree (MCJ) at New York University, School of Law.

### Sally J. March

Sally J. March is head of legal for the BBC Technology Group, wholly-owned subsidiaries of the British Broadcasting Corporation. She is responsible for providing legal counsel to the businesses, protecting intellectual property, and advising on competition and public law issues affecting these commercial subsidiaries of a publicly funded organization.

Prior to joining BBC Technology, Ms. March was European counsel for a California media technology company. She spent 10 years advising western investors in Eastern Europe and the former Soviet Union. She also managed the Moscow and St. Petersburg offices of Pepper, Hamilton and was also a member of the team advising the government of Kazakhstan on major privatizations. While in private practice, she led projects for the European Bank for Reconstruction and Development, one of the major lenders in the region, as well as the Securities Commission for the Russian Federation and the St. Petersburg Mayor's Office.

During her time in the Russian practice, she was selected as a "lawyers' lawyer" for Russian intellectual property law by *Global Law and Business* magazine. She is a member of the Law Society for England and Wales, as well as the California and Wisconsin bars.

Ms. March received her BA from Lawrence University, her JD from University of California, Hastings College of Law, and her LLM from London University.

### Richard C. Mosher

Richard C. Mosher is director and legal counsel of Absolute Business, Inc. in Seattle, WA.. Prior to joining Absolute Business, he was associate general counsel and assistant secretary at Maytag and Hoover Co., assistant general counsel at Ball Corporation, Ball Aerospace, and associate at Fujiyama, Duffy & Fujiyama. He has 30 years of experience in international cross-cultural negotiations. He helped coordinate Maytag-Hoover's response to Hoover's Free Flights European marketing promotion crises, and has managed and advised companies on negotiations throughout the world.

Mr. Mosher is chair of ACCA's International Legal Affairs Committee, director of the Tacoma (WA.) Chamber of Commerce Entrepreneurial Network, and advisor to U.S. Postal Service in litigation and claims. He is also a member of the faculty at the University of Phoenix, teaching business law and A.D.R.

Mr. Mosher received his BA from Augustana College in Rock Island, Illinois and his JD from Northwestern University Law School in Chicago. He is also a graduate of the Center for Creative Leadership in Colorado Springs.

### **James E. Nelson**

James E. Nelson is vice president and general counsel of The Gates Corporation, a global manufacturer of engineered rubber products and related automotive and industrial components. The Gates legal department consists of ten lawyers, including one in Europe and one in Chicago.

Prior to joining The Gates Corporation, Mr. Nelson was in private practice emphasizing international business transactions, worked as a lawyer and general manager for Ball Corporation in its Colorado office, as a general manager in Ball's London and Singapore operations, and as an engineer for Lockheed Martin Corporation. In the area of international business transactions, he has worked extensively on joint ventures, transfers of technology, mergers and acquisitions, and sales and distribution.

Mr. Nelson is a U.S. Delegate to the NAFTA advisory committee on private commercial disputes, a past chair of ACCA's International Legal Affairs Committee and a past director of ACCA, a director of the North American Trade Dispute Resolution Center, a director of the Colorado Judicial Institute, chair of the Rocky Mountain World Trade Center, and a member of a number of international legal and business organizations. He is a frequent speaker at legal and business conferences.

Mr. Nelson graduated with a BS from the University of Notre Dame and an MS in Mechanical Engineering and JD from the University of Denver.

## **BRAZILIAN NEGOTIATION STYLE**

By Riccardo Bianchini Riccardi

### **1. Introduction**

Negotiation practices differ from country to country, since culture may have a strong impact on the way people conduct themselves in a negotiating process. In other words, culture can influence “negotiating style”. Thus, culture can be seen as a silent language that shall be taking into consideration during a negotiating process so as to reach true understanding.

With particular regard to Brazilian negotiation process, it shall be remarked that even though political and economical “aperture” process, which has been intensified in the last years, has accelerated the integration of Brazilians into the global market, negotiating with foreign counterparties is not a habit for all yet.

It is not possible to draft a complete and precise frame of Brazilian negotiators as negotiation might be influenced by numerous factors such as personality, bureaucracy, nature of the transactions under negotiation and business experience. However, a few cultural characteristics of Brazilian negotiation style that often arise during negotiations can be identified.

### **2. Brazilian negotiation style predominant characteristics**

#### **Bureaucracy**

Bureaucracy is rather heavy in Brazil and might delay transactions.

#### **Emphasis to hierarchy**

Hierarchies are important in Brazil. Participants to the negotiation might not be the ones who will make final decisions.

#### **Risk aversion**

Brazilians tend to play safe and thus avoid risks.

#### **Poor listening**

Brazilians generally do not listen for a long time and have a rather short span of attention. Such erratic listening skills often give rise to false assumptions and misunderstandings.

Brazilians tend also to interrupt their counterpart quite often, but with no intention to be impolite or arrogant. Such “impatience” is rather a way for demonstrating they promptly understand what the counterpart intends to communicate.

#### **Little space for concessions**

Brazilians deal with narrow margins for negotiation and allow little room for concessions. As a result, impasse and deadlocks come out often. A trick used by Brazilians quite often is to initially claim high price in order to have enough room for concessions.

### Tendency to attempt to always take advantage of everything

#### Defensive behavior

Brazilians tend to adopt a defensive behavior during negotiation, which creates limits to interaction and parties' synergy.

#### Negotiators preparation

Brazilians negotiators often have good knowledge of foreign languages. They are usually informed on the issues and well prepared for a meeting, and know well their objectives from the beginning. They consistently strike for their goals and communicate and react quickly.

Negotiation team usually is composed of few members. Negotiation might be also conducted by one single person.

#### Communication/interpersonal relations

Communication is friendly in Brazil. Brazilians are very hospitable. They generally welcome their foreign partners in an amicable manner and like to entertain them during breaks.

Brazilian negotiators give considerable importance to the personal aspects of business and generally tend to spend time developing relationships. In fact, Brazilians generally prefer to conduct business negotiations face to face and not only by phone or by fax.

Brazilians negotiators often use an extroverted rhetoric and are skilful in "breaking the ice" at the beginning of a conversation as well as in difficult negotiation situations. However they tend to circumscribe difficult issues.

Brazilians frequently address their counterparties formally with surnames and titles. However, this does not prevent them from creating a very friendly atmosphere and developing a friendly relationship with their counterparties.

#### Time/Schedules

Brazilians are very flexible and do not focus on sticking to agendas and timetables. Planning and following through action steps is not very usual. Time is looked in more relaxed way.

#### Untrustworthiness

Untrustworthiness prevails during and after negotiations. Great promises are made to so as to make good impression, but often are not subsequently kept.

#### Inductive negotiating process

Negotiation starts from agreement on general principles and proceed to specific terms.

### **3. A few hints to negotiate with Brazilians**

- Show integrity and professional sympathy;
- use social occasions Brazilians often create to establish a good and close relationship with them;
- if you wish to establish a long term relationship with your Brazilian business partner, avoid to appear keen for quick results and do not overstate short term-profits;
- you may use a thorough and consistent negotiation style as long as you keep personal climate pleasant and amicable;
- use relaxed humor to facilitate flow communication;
- give emphasis to safety/securities issues;
- identify whom you are conducting business and who will be making decisions;
- attempt to understand how decisions are made;
- make reversible proposals so that you can change your offers and concessions;
- when scheduling meetings allow some degree of tardiness.

**ACCA ANNUAL MEETING**  
**San Francisco, California – October 8-10, 2003**

INTERNATIONAL NEGOTIATION: A COMPARISON OF STYLES  
SESSION 503

**Negotiating Styles in Russia**

**Sally J. March**

As Russian businesses become more sophisticated and "westernized", it is easy to underestimate the cultural gap that needs to be bridged before, during and after negotiation. Know your Russian partner. This is essential. Be patient and allow enough time to get to know his/her background, attitudes and authority and to find a common language before negotiating.

- *Soviet apparatchik or novy biznesmeni?*

Is your Russian partner the general manager of a large factory that he (and it is nearly always a "he") has run since the days of *perestroika*? If so, does he share your view of the opportunity or does he view you simply as a source of finance, intending to continue to rule his factory fiefdom? Does he appreciate concepts that you may take for granted, such as marketing or corporate governance? Very few who haven't worked in a Western business will understand "goodwill", "best endeavors" or many other concepts that Americans take for granted.

"New businessmen" often started their capitalist careers as traders. They understand short-term profit. But if you are negotiating a long-term relationship, you should learn as much as you can about your partner's dealings with others. Do they value loyalty? Are they in and out of deals quickly? Are they willing to invest the time to develop a real relationship with you?

- *Start with the basics.*

Russians like to start with broad principles. Involving lawyers in negotiations is a very recent phenomenon and if you table a lengthy draft agreement as a starting point for negotiations, you will get bogged down with trees and lose sight of the forest. Start with the fundamental principles of the deal. Test the Russian team's understanding and acceptance of each principle. Check that both sides share a common understanding of the context and the objectives of the negotiation before diving into any detail.

- *Finding a common language starts with a good interpreter.*

Don't rely on the Russian side's interpreter. Find a good interpreter who understands your objectives and brief him/her on the concepts as well as the words that you are going to be using. Fluency in social conversation does not mean that you have the right interpreter for a business negotiation. In private practice, we had a Russian partner who had been educated in the U.S. and worked in American law offices for ten years. We also had an American partner who had worked in the Soviet Union for twenty years. Whenever possible, one of them was involved in negotiations so that they could correct the interpreter if a nuance was missed. It is also important that you have someone who will tell you what the Russians say among themselves during break-outs or, better yet, someone who will go to the sauna and drink vodka with them.

- *Russian negotiation is a game of chess.*

Even the most mundane chores of daily living in Russia require great negotiating skill so be prepared that your (perhaps) inexperienced Russian business partner will probably be a shrewd negotiator. They will not show all their cards and may take advantage of American openness if you show all of yours. Lay out the course of your negotiation, starting with the common understanding of general principles, and have a strategy for reaching agreement on the details. Surprises raise suspicion. If you are tabling a new idea or proposal, don't put the Russians on the spot. Try floating a couple of acceptable options and give them a chance to go away and consider them privately.

Russians are skilled at using delay as a negotiating tactic. Americans tend to be more anxious to reach agreement, particularly if they have scheduled a limited time for the face-to-face meetings. If you are not prepared to spend as long as it takes to get the deal you want, Russians may use delay to their advantage.

Have a strategy for concessions. Russians respect reciprocity, but a concession on your part may be taken as a sign of weakness rather than elicit a concession on their part. If you are prepared to concede a point, make sure you have gotten something in return first.

- *"No" has many meanings.*

Do your due diligence and know who has the necessary authority to do the deal. Russians will say "I do not have the authority" as a polite way of saying "no". Sometimes it's true; sometimes, it just means "I don't want to do that". "No" may mean "not now" or it may mean "I need to think about this and see what the next move will be". Russians do not take an American "no" as final. If you can say "no" and mean it, you may gain the Russians' respect.

- *The negotiation really begins when the contract is signed.*



## Richard Mosher, ACCA Annual Meeting, October, 2003

### CROSS-CULTURAL NEGOTIATION CHECKLIST

#### A. LEARN THE NEGOTIATION STYLE AND CULTURE OF THE OPPOSING PARTY

1. STYLE OF NEGOTIATION (friendly, adversarial, compromising, “John Wayne”, Russian”)
2. DECISION MAKING (individual, committee, “at-the table”, role of lawyer?)
3. TIME CONSIDERATIONS (relationship building, internal-external factors)
4. BODY LANGUAGE
5. LEARN THE LANGUAGE OF “YES”, “NO” and “I’M LISTENING”
6. EDUCATE YOUR ENTIRE NEGOTIATION TEAM (customs, negotiation styles, time considerations, business cards etc. - esp. the CEO)
7. LOCAL CUSTOMS (sports, politics, business, local food that a particular city is known for, local customs and, oh yes, drinking protocol)

#### B. LEARN A LITTLE OF THE LOCAL LANGUAGE, POLITICS, SPORTS, FOOD AND DRINKING CUSTOMS

Relationship benefits and negotiation benefits (see Country comments below)

#### C. CAREFULLY CREATE A “MINI-CRISES” TO LEARN ABOUT DISPUTE RESOLUTION STYLES

Manage carefully to confirm negotiating styles and cultures of both sides

#### D. FIND A FRIEND ON THE OTHER SIDE

Best way to find out what the real problems may be; not always the issue discussed  
The “form” government contract or local government approvals could be the problem

E. DO NOT ASSUME THAT ALL COUNTRIES IN A GIVEN AREA HAVE THE SAME CULTURAL OR NEGOTIATION STYLE.

Japanese, Chinese, and Korean cultures share many similarities and some significant differences in negotiation style (and, oh yes, drinking protocols)

F. CONTRACTS VS. RELATIONSHIP

Which do you value more? Importance of building in issues to give up and winning key battles.

**NEGOTIATION-CULTURAL STYLES OF CERTAIN COUNTRIES**

*(my apologies for generalizations - these are my personal observations over 25+ years of international negotiations - there are always exceptions – and different experiences; foreign phrases are phonetically spelled))*

**A. JAPAN**

1. “yes” or “hai” usually means “I have heard what you said and I am thinking about it or will take it to the decision maker for consideration. It usually does NOT mean “I agree”.
2. “choto matte kudasai” means “may we please have a minute (to discuss)”, and is a very helpful phrase to use during negotiations.
3. be polite and apologetic during negotiations – a direct and difficult question may actually embarrass the other negotiator. – Do not directly refuse any proposal – be indirect.
4. watch the order in which the Japanese negotiating team enters the room – the more junior people usually enter first, the more senior people last (but note the most senior decision-maker may not actually be present, particularly if his counterpart is not present); show the greatest respect to the older members of the Japanese negotiating team – they are likely the senior management.
5. Japanese companies may not be represented by an attorney in negotiations; it is not unusual for a company to have a young associate who has taken business law courses in school and has a (fairly) good knowledge of English take an active part in negotiations. Do NOT assume that because a member of the negotiating team does not speak English, they CAN NOT speak or understand English!

6. making a “friend” on the Japanese negotiating team (discussed above) may not only help to identify problems during negotiations, but may also be the best way to introduce bad news.

7. Japanese will often use pre-negotiation time to get to know more about you; openly volunteering

some personal information will help to establish a personal bond; nevertheless, it is usually a good idea to wait for your Japanese counterpart to volunteer personal information about himself rather than to ask direct questions. This is also a good time to show that you know about their local sports teams (or Japanese players in the US), or local food specialties or customs). No matter how badly you sing

Karaoke or how much do not want to drink – do not refuse (unless you have a medical condition)

8. contracts may not be viewed as formal agreements, but as the basis for a business relationship,  
subject to change as the relationship changes.

9. Japanese tend to be more subjective than objective, and make decisions in groups. It is often difficult and counterproductive to try to pin down an individual on the Japanese team to a specific  
commitment.

10. although you should speak clearly and slowly, but careful not to speak so slowly that you appear demeaning.

11. bowing-handshakes, business card, gesture, gift-giving and other seemingly minor protocols are  
Very important to learn before negotiations.

## KOREA

1. Korean negotiators are far usually more direct and emotional than Japanese negotiations; whether a cultural difference or a negotiating tactic, discussion of tough issues may range from direct to **very** direct.

2. Korean negotiators are more likely to agree to one-on-one meetings versus the Japanese group meetings; but even if it appears one individual is speaking for the group, consensus is still important.

3. Korean negotiators may appear to be the most westernized of the Asian countries, but be careful – this generalization may only apply to younger businessmen.

4. status is very important – try to find out who will be at the negotiation and their positions so you can bring a matching contingent.
5. silence may be a sign of misunderstanding – rather than asking if the question was understood and risk someone's embarrassment, try re-phrasing the question
6. work and drinking hours can be particularly brutal in Korea if you are not prepared!

## HONG KONG

1. age is highly respected by the Chinese – consider having at least one or more member of your negotiation team is at least 50-55.
2. see paragraph 3 above in the Japan section – it is very important not to embarrass negotiators.
3. both in the PRC and in Hong Kong be very careful to understand who is really making the decisions in the negotiations and which government overseers and form contracts may need to be complied with in the final contract.
4. note the Chinese interest in lucky dates and numbers – it is possible to gain important relationship points by simply being aware of unlucky numbers.
5. celebration of a contract or an important event at a banquet is recommended.
6. business in Hong Kong is often at a frantic pace – best to make appointments weeks or months in advance

## P.R.C.

1. drinking is usually limited to meals, but don't be fooled by the length of time – Chinese liquor and “bottoms up” require a team plan!
2. negotiation style in the P.R.C. depend to some extent on where you are negotiating; some of the interior regions are anxious for business and more likely to cooperate on everything from contract language to approvals; negotiations in Beijing may be much more difficult.
3. in addition to lucky numbers, be careful about the significance of colors in your presentation (better to use black and white)

4. the Chinese are anxious to obtain technology and funding for projects, but it is very important to understand long term goals – look at the companies who made initial investments in the P.R.C. and have pulled out after several years – this is not necessarily the fault of the Chinese or their government; take advantage of the lengthy time it takes to conclude a PRC negotiation by making certain that you understand the medium and long term goals of your partners!
  
5. if you have other Asian partners in your negotiation (e.g. financing) be sensitive to political, historical and cultural sensitivities (it may be difficult to find a lawyer in the P.R.C. to represent you – do not assume a lawyer from Taiwan or Hong Kong will suffice because they are all “Chinese” or that a female lawyer will be treated the same as a male lawyer (with apologies to all the great female lawyers I know).

**ACCA ANNUAL MEETING**  
**San Francisco, California – October 8-10, 2003**

**SESSION 503**  
**INTERNATIONAL NEGOTIATION: A COMPARISON OF STYLES**  
**Thursday, October 9, 2003 -- 11:00 a.m–12:30 p.m.**

**NEGOTIATING IN THE HEAT: FROM MOROCCO TO INDONESIA**  
**James E. Nelson**

My purpose is to outline negotiating characteristics among four major legal/cultural/economic environments: 1) the Arab world; 2) India; 3) the overseas Chinese of Southeast Asia; and 4) the Malay world.

**I. The Arab World**

- A. The Region: North Africa through Iraq
  - 1. Autocratic Regimes
  - 2. Secular to the Sublime
  - 3. Western Influences (the Mandates)
- B. The Economic Environment
  - 1. Oil and Olives
  - 2. The Trading Countries
  - 3. Population Pressures
- C. The Effect of Muslim Law
  - 1. Shari'a
  - 2. Formality and Authentication
  - 3. The Sacred Word
- D. Being an Outsider
  - 1. Can the Infidel be Trusted?

2. Language
  3. The Use of Intermediaries
- E. Negotiating Styles
1. Patience and Waiting Game
  2. Respect
  3. The Art of the Hagggle
  4. The Deal is just the Beginning of the Negotiating Process: It is Never Over

## II. India (Pakistan, Bangladesh and Sri Lanka)

- A. Caste and Rank
1. Importance of Knowing your Party
  2. Understanding Caste and Rank in the Context of the Negotiation
  3. Formality
- B. Economic Structure
1. The Family Powerhouses
  2. The De-Facto Government Intrusion: The Invention of Red Tape
  3. Understanding the Market
- C. The Effect of the British Law
1. A Familiar Legal System
  2. Bar and Bench
  3. Dispute Resolution
- D. Use of English
1. The Art of Drafting

2. Local Languages
3. Future Communications
- E. Negotiating Styles
  1. Authority
  2. Commitment
  3. Time
  4. The Use and Abuse of Government in the Negotiating Process
  5. Stability of the Relationship

### **III. The Overseas Chinese of Southeast Asia**

- A. Families and Clans
  1. Understanding the Structure of Chinese Organizations
  2. Family and Dialect Group
  3. Interrelations Across Borders
- B. Dominance of Local Economies
  1. Control of the Private Sector
  2. Singapore as a Base for Chinese Operations
  3. Relationship with Chinese Groups in Mainland and Hong Kong China (including Taiwan)
  4. Relationships with Chinese Groups in Europe, United States and Africa
- C. Negotiating Styles
  1. Time and Money
  2. The Importance of the Deal
  3. Long Term Relationships



#### IV. The Malay World

##### A. The Geography: Malaysia, The Philippines, Brunei and Indonesia

1. Originally Fishing and Farming Cultures with some Trade.
2. Early Influence by Indian and Chinese Cultures
3. Clash of Cultures (like the Balkans)

##### B. Time and Money

1. The Meaning of Time
2. The Use of Money
3. Establishing Negotiating Targets

##### C. Wayang and Other Obfuscations

1. Wayang: The Shadow Play
2. Nothing is Quite as it Seems
3. Who has the Authority?
4. Will It Ever Be Finished?
5. The Indirectness of Language

##### D. Negotiating Styles

1. Time is Whose Ally?
  2. The Need for Personal Engagement
  3. Personal Relationships
  4. A Smile and Other Evil Weapons
  5. The Necessary Formalities
-

**SUGGESTED BIBLIOGRAPHY**

1. The Dues and Taboos of International Trade by Roger E. Axtell
  2. The Geography of Thought by Richard Nisbett
  3. The Culture Shock Series Published by the Graphics Arts Center Publishing Company (books available in Indonesia, Thailand, Morocco, India, Singapore, Vietnam, and other countries).
-