

Doing Business in Germany -

Hair combed? Tie straightened? Shoe shine impeccable? Carrying a notebook made of recycled materials? You're ready to do business in Germany!

The way Germans go about conducting business today reflects a strange mix of traditional and modern influences. Although most German businesspeople are experienced in interacting with visitors from

other cultures, they aren't necessarily open-minded and tend to expect things to be done "their way." Proper manners matter, and etiquette rules remain rather formal. At the same time, many Germans think of themselves as cosmopolitan and view their country's strong focus on conservation and environmental protection as setting an example for the rest of the world.

Dealing with German counterparts and winning their trust can be

a delicate balancing act. You may find the following hints useful when getting ready to do business in the country.

Stand Up Straight

Business relationships are often only moderately important in this country and 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. Unless past business interactions have found their approval, most Germans will be cautious, appear quite reserved, and proceed 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 German businesspeople expect their partners to make a long-term commitment to the engagement.

Knowledge, analytical thinking, and education are admirable traits to Germans.

Eye contact should be frequent, almost to the point of staring.

Come well-prepared to meetings. Germans hate to waste time.

Germans can be overly sensitive to criticism. Phrase your inputs subtly.

Stand up straight and don't be overly informal.



Business relationships in this country exist between companies as well as between individuals. If your company replaces you with someone else, 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 Germans don't care about whom they're dealing with. Personal integrity and dependability are important if you want to win their trust.

Although they prefer to keep business and private life separate, it is possible to build strong personal relationships with your German business partners. This will take time, usually months or even years. Attempts to accelerate this process may only raise suspicion. Honesty is a key factor and trust is much more easily lost than gained in this country. Paradoxically, if your German counterparts tell you some unpleasant truths, that may actually indicate that they feel good about the relationship with you. They may expect you to be equally candid once close ties have been established. Nevertheless, Germans can be very sensitive to criticism. Be careful not to embarrass them publicly. If in doubt, it is usually better to phrase your inputs more subtly than your German counterparts themselves might do. For example, people may be quick to blame others when problems occur, but they may take it very negatively if a foreigner does the same with them.

In Germany's business culture, the respect a person enjoys depends primarily on his or her achievements, status and rank, and education. Admired personal traits include dependability, analytical thinking, knowledge, and experience. Also bear in mind that posture is important in this country. An overly laid-back attitude may be viewed as impolite or even disrespectful.

Most Germans believe that their country's workers are more effective than others. This is a matter of great pride, so even if you have evidence to the contrary, it's best not to challenge this belief.



**Since Germans value directness,
be straightforward about both the positive
and the negative aspects of your proposal.**

The thumbs-up gesture is positive as it signals approval, but since it is also used to signal the number one, there is a possibility of causing confusion.



Don't Beat Around the Bush

The country's official language is German. However, pronunciation and vocabulary vary greatly across different regions, which may complicate the communication for someone who has learned German as a foreign language.

Many businesspeople speak English, often well, and interpreters are rarely needed. Many Germans prefer and are more familiar with British English. Since it is different from American English to the point where misunderstandings may happen, familiarize yourself with the differences upfront if necessary. Speaking in short, simple sentences and avoiding jargon and slang are helpful. Speaking slowly and clearly is a sign of authority.

At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Being loud may be regarded as bad manners. This is different in social settings, where things may get much more lively.

Germans are usually very direct. Most of them dislike vague statements and openly share their opinions, concerns, and feelings with others. In fact, too much diplomacy may confuse and irritate Germans and can give the impression of insincerity. They may ask for clarifications and won't find it difficult to say "*Nein*" 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 or reject the proposition without explanation. They may view this as a simple statement of fact, not understanding that someone else could consider this directness insensitive. When communicating via letters or e-mail, don't waste time looking for messages "between the lines." Since the communication is mostly straightforward, there may not be any.

At times, people may appear overly blunt and confrontational. Discussions among Germans may appear heated or even combative to the outsider. Don't read too much into this – they might actually be close friends. However, while they are generally quite formal and controlled, people can become highly emotional and show little restraint if their sense of order is challenged.

The American habit of first highlighting the positives before addressing issues may confuse Germans. In this culture, each has to stand on its own, so when raising a concern, it is often better to do so without "softening" the message.

Germans use body language sparingly, although facial expressions and other clues can be quite telling, especially when they dislike an idea or proposal. They may make some physical contact, such as a backslap as a sign of friendship, but this is rare. The American "OK" sign, with thumb and index finger forming a circle, is an obscene gesture in Germany, as is putting the thumb between index and middle finger in a fist. The thumbs-up gesture is positive as it signals approval, but since it is also used to signal the number one, there is a possibility of causing confusion. Eye contact should be frequent, almost to the point of staring, as this conveys sincerity and helps build trust.

Skip the Small Talk

If possible, schedule meetings at least one to two weeks in advance, and don't cancel one on short notice, since that can be viewed as rude. Germans want to know whom they will be meeting, so provide details on titles, positions, and responsibilities of attendees ahead of time. It is common practice to agree on an agenda upfront. As that agenda is usually strictly followed, it is advisable to put the most important subject at the top. Germans may remind others of the agreed-upon agenda and may interrupt if they feel someone is getting off topic or addressing secondary points they do not consider important.

If you're unsure about company style and procedures when preparing for a meeting, don't hesitate to ask your German counterpart in private what to expect. Doing so

doesn't place your counterpart in an uncomfortable position. If anything, this person may take your question as a sign that you're making a serious effort to respect German habits and won't hesitate to give you advice.

At any meeting, whether business or social, it is strongly advisable to be punctual. 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.

Names are usually given in the order of first name, family name. Note that Southern Germans may state their names in the opposite order, which can be confusing. Some Germans have two first names, often with a hyphen between them. In any case, use "Mr./Ms." or "Herr/Frau" plus the family name to address someone. If a person has an academic title, such as "Doktor" or "Professor," it is best to use it in addition, followed by the family name, as in "Herr Doktor Meier." Only close friends call each other by their first names. You may never get to that point in a business relationship, although it is becoming more common among young people. Introduce and greet high-ranking and senior people first. If possible, wait to be introduced rather than doing it yourself. Introductions are accompanied by firm handshakes. Men should wait for women to initiate handshakes.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. Show advanced degrees on your card, making 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 it on the table in front of you.

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.

Meetings may start with little or no small talk. Most of the interactions focus on business topics. People appreciate a sense of humor, but be very careful not to overdo it. One's private life is not a subject for discussion around meetings. Business is a serious matter in Germany.



Most meetings are quite formal. While the primary purpose of the first meeting is to become acquainted, the discussion may quickly focus on technical aspects of the business. It is vital to come well prepared, as Germans hate wasting time. They may launch into what could feel like an academic oral examination, with many hard-and-fast questions. While this can be very uncomfortable for the foreign visitor, intense questioning generally signals that the German side is seriously interested. Before they feel they can make any commitments, they seek to understand risks and eliminate uncertainties, so it's in your best interest to play along.

Don't Sugar-Coat Your Message

Presentation materials should be attractive, with good and clear visuals, but not too flashy. Keep your presentation succinct and methodically thought out, but make sure it includes all details that your counterparts may consider important. Since Germans value directness, be straightforward about both the positive and the negative aspects of your proposal. Germans are generally suspicious of hype and exaggerations and may respond negatively to an aggressive sales approach that might be effective in the United States. Throughout the meeting, remain positive, even if your audience seems overly critical. Germans often look for deficiencies in your products or services and may openly draw your attention to them. This doesn't mean that they don't like what you're

presenting. Know your topic well, and use logical arguments and concrete examples to back up your proposals. At the end of a presentation, Germans may signal their approval by rapping their knuckles on the tabletop instead of applauding. Other indicators of sincere interest include in-depth technical discussions and requests for further



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technical information.

Having your English-language handout materials translated is not required, though it will be appreciated. Germans 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 practices in Germany are mostly similar to those in the United States. Since Germans believe in the concept of win-win, they expect you to reciprocate their respect and trust. It is strongly advisable to avoid open confrontation and remain calm, friendly, patient, and persistent. Germans aren't fond of bargaining and strongly dislike haggling. Many of them do not appreciate aggressive sales techniques and view negotiations as a “necessary evil” rather than a process to enjoy. Businesspeople in this country do not make concessions easily. Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by focusing on logical arguments and additional

data. Try to find at least some common ground with your counterparts. At times, apologies may make Germans more conciliatory.

German negotiators may spend considerable time gathering information and discussing details before the bargaining stage of a negotiation can begin. They may ask numerous questions to obtain additional information. They won't take it negatively if you ask about sensitive details, even if they may not want to answer, though they usually share at least some of their information. While it can be counterproductive to appear as if you're hiding facts from your German counterparts, they will be accepting if you state openly that you don't want to share certain information.

Expect negotiations to be slow. The methodical and carefully planned approach that 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 these inevitable delays.

Opening with written offers and introducing written terms and conditions may be effective, as doing so allows for proper preparation and could help shorten the bargaining process. Your German counterparts will likely find both benefits desirable.

Don't Rattle the Chain of Command

German companies are often very hierarchical, even when initially they may not seem that way, and people expect to work within clearly established lines of authority. Nevertheless, Germans do not accept authority as readily as others might assume; in the German view, hierarchies are effective since they help establish order, not because bosses are “better” than those they manage.

Decision makers are usually senior executives who consider the best interest of the group or organization. They may delegate their authority to lower levels, which is often done in a formal process that includes written approvals. Decisions are often made by consensus of a group of senior managers. It is important to find or create opportunities to directly influence the decision makers rather than meeting only with subordinates. Because decision making

is a methodical process that is conducted with great diligence and precision, it takes much time and requires patience. Once a decision has been made, it can be extremely difficult to change.

When making decisions, businesspeople may apply universal principles rather than considering the specific situation. They often dislike “making exceptions,” even when arguments speak in favor of doing so. Personal feelings and experiences are considered irrelevant in business negotiations, so people focus on empirical evidence, logical arguments, and objective facts. Germans are often uneasy with change and 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.

Degrees of Signature Authority

Capturing and exchanging meeting summaries can be an effective way to verify understanding and commitments. Oral agreements and statements of intent may already be legally binding and are usually dependable, though they don't substitute for written contracts. Actions that have been agreed upon are usually implemented immediately, even if a final contract is still pending.

Know that German law makes offers binding unless otherwise noted. It is best to mark your offers with “good until ...” or to add a “subject to change” clause.

Written contracts are serious matters in Germany and tend to be lengthy. They often spell out very 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 partners' commitment. In most German companies, only high-ranking managers have signature authority. They will sign “i.V.” (“*in Vertretung*,” meaning they have full authority to represent their company) or “p.p.” (“*per procura*,” which means that their authority is limited).

It is recommended to consult a local legal expert before signing a

contract. However, don't bring your attorney to the negotiation table, as that may be viewed as a sign of mistrust.

Contracts are usually 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. Failure to meet the terms and conditions of a signed contract may trigger legal action against you. German punctuality does not always extend to deadlines

and delivery commitments, though. Significant delays may happen without explanation or apology. **N**

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