

Negotiating International Business - Australia

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.

In spite of its geographic location, businesspeople and officials in Australia are usually experienced in interacting and doing business with visitors from other cultures. Though their business focus is mostly on Asia, Australians share more of their values and practices with Americans, Canadians, or the British than they do with any Asian group. The country's culture is quite homogeneous.

Relationships and Respect

While trust matters, business relationships are often only moderately important in this country. Their existence may not be a necessary precondition for initial interactions. Your counterparts' expectation may be to get to know you better as you do business together. *Mateship* is an important concept in Australia. Being called *mate* is a term of endearment among friends and can extend to business relationships as well. However, business can also be conducted on a continuous basis between parties who have never established such a personal relationship. In any case, it is helpful to let people see your personal side, as Australians often mistrust people who are 'all business.'

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 will usually not be difficult 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 Australians do not care about who they are dealing with. Personal integrity and dependability are important if you want to win their trust.

Australia is a very egalitarian society. While personal achievements enjoy respect, status and rank usually play only a small role. Australians tend to be distrustful of authority and may get very cynical with people who seem elitist or snobbish. There is usually much greater respect for the 'average person' than for those with great wealth or power. Refrain from praising or rewarding anyone in public. Unlike in many other cultures, it may raise suspicion about your motives. Admired personal traits include modesty, casualness, authenticity, and a sense of friendly humor.

Communication

Australian English is usually easy to understand for native English speakers, though it may represent a bit more of a challenge for others, especially since Australians tend to speak quickly and may use many colloquialisms. Brevity is often considered a virtue, so avoid using complicated or flowery language.

In discussions, Australians may use different styles and there are few rules. When someone is teasing you, this may be a sign that the relationship is going well, so try not to be offended. If you feel compelled to tease back, do so in an affable manner. Some people may show both positive and negative emotions openly, while others may believe that they have no place in business. Though conversations are usually animated, they may include moments of silence, which may not mean much. Australians generally converse standing around two to three feet apart.

Communication may be extremely direct. Australians do not find it difficult to say 'no.' Without any bad intentions, they may be frank to the point of bluntness, which sometimes feels rude to people from other cultures. At the same time, Australians respect people who have strong opinions, no matter whether they agree with them or not. However, be careful not to appear condescending when expressing such opinions. Australians rarely communicate 'between the lines,' so it is usually best to take what they say quite literally. Try to be equally clear in your own communication. Lastly, keep in mind that in spite of their preference for directness, most Australians are also trying to be polite and friendly. For that reason, a clear expectation may sometimes come disguised as a nice request.

Gestures and body language can be lively, but not overly so. Australians 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 sign can be taken as a rude gesture in Australia if combined with an upward movement of the arm. Eye contact should be somewhat infrequent. While looking the other in the eye may convey sincerity, do not stare at people as this will likely make them uncomfortable.

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 country can be conducted by individuals or teams of negotiators. Owing to the high degree of individualism that characterizes the culture, Australian teams are not always well aligned, which sometimes makes it easy to play one member against the other.

If possible, schedule meetings at least one week in advance. Though status is generally not important, bringing a top executive to the initial meeting underlines the importance you are assigning to the negotiation. Australians generally expect foreign visitors to be punctual. Being late by more than 10 to 15 minutes without having a valid and plausible excuse can be an offense. Call ahead if you are going to be more than 5 minutes late.

Names are usually given in the order of first name, family name. At least initially, use *Mr./Ms.* plus the family name. Titles are rarely used. Before calling Australians by their first name, wait until they offer it. This may happen quickly. Introductions are accompanied by handshakes. The standard greetings are 'pleased to meet you' or 'how do you do?' The latter is rhetorical and it is best to respond with 'pleased to meet you, too' or 'well, thank you, how are you?' Don't use 'G'day,' even if the locals do. They will likely think it superficial.

The exchange of business cards is not an essential step, but it is best to bring a sufficient supply. Offer your card to everyone present. You may not always get one in return. When presenting your card, smile and keep eye contact, then take a few moments to look at the card you received.

Meetings usually start with some small talk intended to establish personal rapport. People appreciate a sense of humor, but be careful not to overdo it. On the other hand, Australian humor can be ironic and sarcastic. They may use it to register disagreement or to ridicule an adversary. It is crucial not to take this style personally, even if some of it may feel like you are being attacked. One's private life is not a subject for discussion around meetings. The overall meeting atmosphere is usually very informal, though. While one purpose of the initial meeting is to get to know each other, its primary focus will be on business topics.

Presentation materials should be attractive, with good and clear visuals. Keep your presentation simple and straightforward. When introducing your product or service, it may work to your advantage if you openly talk about strong and weak points. A presentation full of excitement and hype will make your Australian audience suspicious and may become an object of ridicule. Digressing or giving excessive details will not be well-received by an Australian audience.

Negotiation

Attitudes and Styles – In Australia, negotiating often means engaging in a friendly debate aimed at reaching a mutually agreeable solution. Buyer and seller in a business deal are equal partners who both own the responsibility to reach agreement. They may focus equally on near-term and long-term benefits. The primary negotiation style is cooperative and people may be open to compromising if viewed helpful in order to move the negotiation forward. Since Australians believe in the concept of win-win, they expect you to reciprocate their respect and trust. While the negotiation exchange may include conflicts, both sides should keep a positive attitude and show willingness to work with the other in an effort to reach agreement.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by taking the other side's concerns seriously and showing willingness to compromise if needed.

Sharing of Information – Australian negotiators believe in information sharing as a way to build trust. This does not mean that they will readily reveal everything you might want to know during your negotiation. However, negotiations may become difficult if one side appears to be hiding information from the other.

Pace of Negotiation – Negotiations can vary in speed, with larger organizations tending to take longer. Information gathering and bargaining usually move smoothly. Decision making can be rather slow, but it is usually faster than in most Asian countries. Be careful not to appear pushy during the process since this will often work against you.

Bargaining – Although Australians may employ some bargaining and haggling tactics, they are not overly fond of either. Prices rarely move by more than 20 to 30 percent between initial offer and final agreement. Substantial concessions may raise Australians' suspicion of being 'ripped off.' The profitability of a business deal may be valued higher than gains in market share or access to new markets may. Company policy is usually strictly followed, particularly in larger organizations, so be careful not to demand concessions that go against it.

Most Australians prefer to negotiate in a fairly straightforward and honest style. They use deceptive negotiation techniques only occasionally. They use deceptive techniques only infrequently, such as telling lies, sending fake non-verbal messages, pretending to be disinterested in the whole deal or in single concessions, or misrepresenting an item's value. Do not lie at or otherwise grossly mislead your counterparts, as doing so might damage or even destroy business relationships. 'Good cop, bad cop' is not advisable as the tactic may lead the Australian side to question your trustworthiness. Businesspeople may claim limited authority, stating that they have to ask for their manager's approval. More often than not, this will be the truth.

Australians dislike being pressured, so most pressure techniques are not advisable. Opening with your best offer may hurt their pride. Do not make a final offer too early in the bargaining process and avoid making one more than once. Silence may be perceived as cold and unfriendly, or as a sign that you are disinterested. Do not attempt to apply time pressure. Even though a few Australians may try doing this themselves, there is a risk that your counterpart may view it as inappropriate.

Australian negotiators avoid most aggressive or adversarial techniques. While they may make threats and warnings, or show anger, they will be careful not to appear aggressive when doing so. Using extreme openings may be effective, but some may view them as unfriendly, so use the technique with caution. Never walk out or threaten to do so in an aggressive fashion as your counterparts will likely take this as a personal insult and may end all talks.

Emotional negotiation techniques, such as attitudinal bargaining, attempting to make you feel guilty, grimacing, or appealing to personal relationships, may occasionally be employed. It is best to remain calm. Australian negotiators may frequently employ defensive tactics such as blocking or changing the subject, asking probing or very direct questions, or making promises.

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

Decision Making – The decision maker is usually an individual who will consult with others and carefully consider their inputs. Top executives are often involved in the process, even if they do not attend meetings. This slows down the process and makes it important to win the support of top managers as well as influencers in subordinate roles.

When making decisions, businesspeople may apply universal principles rather than considering the specific situation. Empirical evidence and other objective facts weigh more strongly than personal feelings and experiences do, but they usually consider all aspects. Australians may be bold risk takers.

Agreements and Contracts

Capturing and exchanging meeting summaries can be 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 tend to be lengthy. They often spell out detailed terms and conditions for the core agreements as well as for many eventualities. Signing the contract is important not only from a legal perspective, but also as a strong confirmation of your Australian partners' commitment. It is recommended to consult a local legal expert before signing a contract.

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. It is important to maintain on-time deliveries.

Women in Business

Australian women are still struggling to attain positions of similar income and authority as men. However, many have attained influential business roles. Be sure to treat women with the same respect as men. A visiting businesswoman should have few problems in the country.

Other Important Things to Know

While business dinners are common, there may be little or no discussion of actual business aspects. Australians often prefer to keep business and pleasure separate.

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 minutes is acceptable.

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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