

# Managing Face-To-Face International Negotiations

JOHN L. GRAHAM

WILLIAM HERNÁNDEZ REQUEJO

The most difficult aspect of an international business negotiation is the actual conduct of the face-to-face meeting. Assuming that the appropriate people have been chosen to represent a firm, and that those representatives are well prepared, and that the process has been designed to maximize knowledge flows, things can still go wrong at the negotiation table. Obviously, if these other preliminaries haven't been managed properly, then things will go wrong during the meetings.

## NON-TASK SOUNDING

Trust and connections can make a big difference in the United States. They're often great to have, but not essential. In all relationship-oriented cultures around the world (e.g., Japan, China, Brazil, or Spain), they are essential. Getting started in the States means: (1) sending a letter explaining your business purpose and dropping a name or two if possible; (2) a follow-up call for an appointment; (3) five minutes of small talk across her desk (this is the non-task sounding); and (4) you're talking business. There are a few more steps to the dance in Asia, Latin America, Southern Europe, India, Africa, and Middle East.

Most business professionals are loath to use their legal system (attorneys and courts) to clean things up if the business goes sour. They depend on strong and trusting relationships between the people on both sides to mitigate conflicts down the road. And, time and money are *invested* in building those relationships *before* getting down to business. Five minutes of non-task sounding in the United States can translate into five days, weeks, or even months of non-task sounding in Shanghai, Lagos, Rio de Janeiro, or Jeddah. There is no other way because in such countries real business cannot be conducted until a good interpersonal relationship has been established.

In the United States people tend to trust until given reason not to. In the relationship-oriented cultures of Asia, Africa, Latin America, and Southern Europe suspicion and distrust characterize all meetings with strangers. In such places it is difficult to earn trust because business will not even begin without it. Instead, trust must be transmitted via personal connections or intermediaries. That is, a trusted business associate of yours

must pass you along to one of his trusted business associates and so on. So the key first step in non-task sounding in many countries is finding the personal links to your intended target organization and/or executive.

## Role of Intermediaries

Those links can be hometown, family, school, or previous business ties. In some places they can be institutional – as in Japan where your banker can do the introductions. In China or India, the links must be based on personal experience. For example, you call your former classmate and ask him to set up a dinner meeting with his friend. Expensive meals at nice places are key to demonstrating that you understand the value of strategic personal relationships. If things go well and his friend accepts the role of your intermediary, he will set up a meeting with your potential client or business partner whom he knows quite well.

Often, your intermediary will then arrange a lunch or dinner the night before a visit to the client's offices. We have found this to be particularly true when dealing with international financial institutions such as Banco Santander, BBVA, or Deutsche Bank. The intermediary will attend both. Your intermediary will insist that you spend big bucks on the meal. This is important. Your sincerity will be gauged by the size of the check for this ritual sharing of food. For someone who grabs a sandwich at his desk for lunch this will seem inefficient. However, a \$500 meal may in fact be a great investment in many places around the world such as Hong Kong or Milan.

The talk at these initial meetings may range widely, even inanely from the American perspective. Even though your intermediary has "blessed" the relationship, your foreign partner will still endeavor to sound you out in the broadest senses – trustworthiness, sincerity, integrity, competence, and so on. S/he will be looking for feelings of interpersonal harmony and connection. There is no rushing this process. Rick Lynch, chief executive officer (CEO) of Heineken in China, notes that while this "empty questioning" may test your own patience, even your endurance, you should take it as a sign of progress – they're interested.

At some point when you have “passed” the total-you test, the client or the intermediary will bring up business. This signals the end to non-task sounding in relationship-cultures. Only the client or intermediary can give this signal. We repeat, only the client or intermediary can give this signal. NOT YOU! And even then, after brief discussion of business, your foreign client may lapse back into more non-task sounding. The management implications are clear. In foreign countries, actually even in the United States, always, ALWAYS, let the client or intermediary bring up business.

Sam Su, President of YUM! Brands in China feels that most Americans can make it through the dinner, but at the client’s offices the next day they can’t keep from making proposals. This is often incredibly rude from the Chinese perspective. Even when they’ve been told by their own experienced staff to continue the small talk until the client broaches business, most high-powered Americans can’t stand the “delays.”

We talked with a group of American executives representing MicroAge International, a computer hardware manufacturing company, trying to develop a business relationship with a Spanish distributor. Their complaint was that every time they went to Madrid the trip was exhausting because the Spaniards insisting on continuous late night eating and drinking. That combined with jet lag made the discussions during the days literally physically demanding. We recommended they invite the Spaniards to Arizona to visit their offices to continue the work. Our clients responded, “We’ve tried that, but it’s still party late into the night there as well, and here we have to contend with our families!”

Other minor considerations: Business cards will be required and small gifts (exchanged before leaving the offices) will be appropriate in many countries such as Japan, China, and Malaysia. For meetings in the United States, setting and formality will be marginally less important for operational level executives, but not much less. Particularly when the foreign firm is the one courted, long periods of non-task sounding, including dinner at a very good restaurant or at your home, are advised.

### **Role for C-level Executives**

The role of C-level executives in negotiations internationally is often ceremonial. By ceremonial, we do not mean unimportant! Ordinarily they are brought into negotiations only to sign the agreement, after all issues have been settled by lower level executives. On occasion, top executives are included earlier in the talks to communicate commitment and importance. In either case, their main activity is non-task sounding. Only vague statements should be made about the potential for a strong, long-lasting

business relationship. Specifics must be left up to managers and staff.

Getting top American executives to understand the importance of non-task sounding and to make these adjustments in their behavior may be difficult. One successful way has been to supply them with a list of appropriate questions to ask during the initial meetings with their high-level counterparts. Soccer’s a good topic almost everywhere, but a little knowledge about cricket will go a long way in Sydney. Ask your local representatives or intermediaries what topics are appropriate and do a little studying ahead of time.

The American executives should be prepared with business cards in the local language and should exchange them if the other side offers. However, when presidents of companies meet, business cards often are not required. Of course, American presidents should be well briefed about their foreign counterparts in advance.

Finally, when high-level meetings are held in the United States, we recommend a similar approach. Top-level foreign executives, particularly from East Asian cultures, will not be prepared to bargain and will not be persuaded, even when in the United States. It’s simply not their role. When American hosts wish to demonstrate the importance of the visit and the deal, we advise sending a limousine to pick up the foreign party at their hotel. The initial meeting between top executives should not be held across a boardroom table, and certainly not across the American executive’s desk. Rather, a more comfortable, living room or a private room in a high-class restaurant type of atmosphere is preferable. Remember, the extra expense is an investment!

### **TASK-RELATED EXCHANGE OF INFORMATION**

A task-related exchange of information implies a two-way communication process. However, when Americans meet foreigners across the negotiation table, the information flow is very often unidirectional – from the American side to the other. In the paragraphs that follow we will recommend actions for American bargainers that will help them to manage efficiently the give-and-take of information.

#### **Giving Information**

The most obvious problem associated with providing information to international clients will be the language. It is true that many more foreign executives can speak and understand English than Americans can use any second language. English is, after all, the international language of business and technology. However, Americans should be careful of misunderstandings arising from the other side’s limited knowledge of English. Confusion can result when foreign

executives, because of politeness, indicate they understand when in fact they do not. When any doubt exists, Americans should use visual media (PowerPoint and brochures) and provide copious written support materials and an interpreter if the other side hasn't. Even when an international partner does provide an interpreter, there may be critical stages of the negotiations when your own interpreter should be included on your negotiation team. Be sure to talk to and listen to the executive on the other side of the table even when she or he speaks in the local language. The interpreter should not be the sole focus of your attention.

Regarding written materials, imagine for a moment that you are a Vietnamese executive trying to choose between two competitive offerings. One is written in your native language, and the other is written in a foreign language. Which proposal will you "like" better? Which company will you choose as a vendor? Perhaps you can get by with technical or engineering details in English, but the sections of the proposal that will be reviewed and evaluated by upper Vietnamese management, particularly Party officials, must be written in their native language. We've heard more than once that translation of documents is expensive and takes time. In fact, several of our clients have been reluctant to authorize the expenditures for high quality translation. These have usually been executives at small and medium size firms that just have not experienced or noticed the lack of understanding during their presentations to foreign customers and partners. But would you rather have your client spending his time reading your proposal in his second language? And how expensive is losing your next deal?

Once managers are comfortable with the language situation, they can turn their attention to more subtle aspects of giving information to their foreign counterparts. The first of these has to do with the order of presentation. In the United States managers tend to say what they want and explain the reasons behind their requests only if necessary. That's why the task-related exchange of information goes so quickly. This isn't the ritual in many countries. For example, in Japan they are used to long descriptions of background and context before specific proposals are made, because there, the time invested in detailed discussions obviates heavy-handed persuasive tactics and yields seemingly obvious answers to negotiation problems. Given this mode of operation, it is not surprising to hear the American executive's complaint about the thousands of questions the Japanese ask.

Clearly then, communicating your bargaining interests, your company's needs and preferences, will take longer in almost all foreign countries. Language problems and lengthy explanations will require more meetings, involving more of your people (technical experts) and more of theirs. We strongly recommend patience with this process and anticipation of

increased time and money spent at this stage. But at some point American bargainers will have to terminate such questioning. While answering "a thousand" questions may be tedious but necessary, answering two thousand questions may not be productive. Instead of answering a repetitious question about delivery again, a variety of responses may work better:

1. "Apparently delivery is key issue for you. Can you remind me again why?"

2. Summarize your previous answer after something like: "I already gave that information to Mr. Park yesterday, but to reiterate. . ."

3. Offer to write down the requested information so that it may be shared with all concerned foreign executives.

4. Generally, a repeated question should be answered the second time in about three minutes. The third time it's asked, the answer should be a one-minute summary. If the same question is asked a fourth time, it's probably a persuasive tactic and not information gathering. The appropriate response is then silence or a change of subject.

Managers should recognize one other thing about foreign questions. The other side often understands, and even expects, that some questions cannot be answered. But they will go ahead and ask them anyway. This is in sharp contrast to the American practice of only asking questions that will be answered. That is, if an American manager asks a question and doesn't get an answer, he often gets upset. This is not necessarily the case with the executives in many other countries such as Israel, for example. Israeli directness often leads to questions uncomfortable for Americans. But, a response of, "I just can't answer that one," will not necessarily bother an inquisitive Israeli executive.

Finally, we recommend that American bargainers guard against the tendency of making concessions during this exchange of information. We have found that often American negotiators, impatient with the process, will actually make concessions during this second stage of negotiations, before they have even determined the foreign negotiator's position, needs, and interests. For example, it is common for Americans to focus on land prices in international real estate transactions, making concessions on that issue before hearing about access, water rights, and other potentially crucial issues. It will take great patience indeed to avoid the natural urge to get to the third stage, persuasion, by making concessions in the hopes that they will reciprocate.

### **Getting Information**

Of course, getting information *before* negotiations begin is hugely important. James Sebenius advocates "mapping the players and the process" in international

negotiations. We agree, and your intermediary or local advisors will be essential in this activity. Key information will be issues related to the larger context of your business – government or party involvement and the larger economic plans of local, provincial, and/or even national authorities – things not considered or uncovered during your own environmental scanning. Also, crucial will be knowledge of the key decision makers. In family businesses in Hispanic cultures or Saudi Arabia it's almost always the patriarch, in state owned enterprises in Vietnam or China it's the top Party official.

Hopefully, your foreign clients will be courting your business like the Chinese government did with 7-Eleven Inc. prior to the 2008 Olympic Games. In such a situation they will be the ones making proposals and supplying you with more information than you probably want. But should your firm be initiating the contact or trying to make the sale, expect great difficulties getting feedback to your proposals. If you ask a group of Thai executives what they think of your price quote and proposal, they will invariably say, something like, "Let us take a look or let us study (or do some research on) it." They may even respond in such a manner even if they think it stinks.

Let's review the reasons behind this "strange" behavior. First, executives in many relationship-oriented cultures (e.g., the Philippines or Thailand) want to maintain your face and interpersonal harmony. From his point of view a negative, albeit honest, answer at the negotiation would disrupt the harmony established. American executives are often unable to read the subtle, nonverbal, negative cues that accompany the "Let us study it." Another local executive would read the nonverbal message that "it stinks," but even the most experienced Americans are sometimes unable to process this subtle message.

In the United States, another key source of information regarding your client's reaction to your proposals is his or her facial expression. Most of us process such information unconsciously, but we all do pay attention to this channel. Indeed, many American executives report great frustration because of the Japanese negotiator's "poker face." Indeed, some Japanese managers report increasing their eye contact when dealing with Americans to demonstrate interest, but controlling their facial expressions to hide negative reactions.

Indeed, the most efficient way to get feedback from a foreign client may be through the indispensable intermediary. Having talked about all the difficulties in getting honest feedback from many of your foreign partners, you should also understand that some cultures are on the other end of the scale. For example, both German and Israeli negotiators are famous for their sometimes brutal honesty. If a German executive thinks your proposal stinks, she'll very directly tell you so. An Israeli might take it a step further and tell you

it's insulting. Israelis highly value what they call *doo-gri*, that is, expressing their feelings directly and accurately. Israelis complain they can't get a straight answer from Americans! The problem then for Americans is to not take offense at their pushy use of English and their apparently aggressive manner. It's their cultural mores.

## PERSUASION

From the American perspective persuasion is the heart of a negotiation. In America, managers have a wide range of persuasive tactics that can be and often are employed to change clients' minds. Among them are promises, recommendations, appeals to industry norms, providing more information, asking questions, and the more aggressive threats and warnings. We have observed Americans using all such persuasive tactics. However, the appropriateness and effectiveness of these approaches varies in other countries. Things are a bit more complicated in many places.

For example, Honeywell Bull had won negotiation rights for an order of 100 ATMs from the Bank of China. Toward the end of the negotiations, the Bank of China buyer asked for deeper price cuts. But to him it wasn't just a matter of thrift. He appealed, "If the price isn't reduced further I will lose face." This is Chinese for "the deal will be off and we'll talk to your competitor." The Honeywell Bull executive responded that he had some room to move in the bid, but the lower price would not allow for training in the U.S. for the Chinese managers. The Chinese side then asked for a break and came back smiling in 10 minutes agreeing to all the terms. Some might conclude that for Chinese executives, seeing New York, Hollywood, and Las Vegas is more important than a face-saving price reduction. However, the clever negotiator will understand that his staff's travel to the States gave much more face to the Chinese executive than any mere price break.

When the persuasion starts in your negotiations in many countries you can expect to hear about your competitors and threats to do business elsewhere. Of course, Americans do the same thing, but with more finesse perhaps. Korean managers at companies such as Samsung Electronics Co. and LG seem to use this tactic with little compunction. Because American negotiators tend to be in a hurry and tend to focus on "one thing at a time," the development of a symmetrical set of alternatives begins only when troubles crop up with the focal business deal. So most Americans feel like they're being "two timed" when the "there's-more-than-one-game-in-town" threat is delivered. Americans get mad when the Koreans are just blandly pointing out what they believe should be obvious to everyone.

Another important factor in relationship-oriented cultures is the context in which specific tactics are used. Aggressive influence tactics such as threats or

warnings, which can only be used by negotiators in higher power positions (usually buyers), should be communicated through intermediaries and informally. And even then, only subtle and indirect threats, commands, and so on, are appropriate. Getting mad ruins relationships. Loud voices and angry tones destroy even longstanding interpersonal harmony. So the intermediary or local representative can be doubly important from the American perspective. First, s/he provides a method of more accurately reading foreign clients, and, second, it makes available to American bargainers persuasive tactics that would be completely inappropriate during the formal talks.

To sum up, if an impasse is reached with foreign clients, rather than trying to persuade in the usual American manner, we recommend use of the following eight persuasive tactics, in the following order and in the following circumstances:

1. Ask more questions. We feel that the single most important advice we can give is to use questions as a persuasive tactic. This is true in not only relationship-oriented cultures, but anywhere in the world, including the United States. One prominent negotiations expert suggests that sometimes it's "smart to be a little bit dumb" in business negotiations. Ask the same questions more than once – "I didn't completely understand what you meant. Can you please explain that again?" If your clients or potential business partners have good answers, then it's perhaps best if you compromise on the issue. But often, under close scrutiny, their answers aren't very good. And with such a weak position exposed they will be obligated to concede. Also, questions often put more information on the table providing leads toward more creative solutions. For all these reasons questions can elicit key information and can be powerful persuasive devices.

2. Educate. Condescension will kill this approach, so be careful. But, re-explain your company's situation, needs, and preferences. You might also make oblique reference to the "internationally recognized business practices" about which most managers in fast developing countries (e.g., India and China) are becoming more interested. Some executives supply foreign customers with information about their own competitors, again with the intent of education about the overall marketplace.

3. Silence. If you are still not satisfied with their response, try silence. Let them think about it and give them an opportunity to change their position. However, you should recognize that foreign executives are often much better at the use of this tactic than you. If silence is a tactic you find difficult to use, you should at least be aware that some of your foreign partners will use it frequently and naturally.

4. If tactics 1 through 3 produce no concessions, it will be time to change the subject or call a recess and put

to work the intermediary. But rather than going directly to the more aggressive tactics (warnings and threats) we recommend repeating the first three tactics using that important communication channel – the intermediary or local representative. The questions and explanations may expose new information or objections that couldn't be broached at the negotiation table.

5. Aggressive influence tactics (warnings and threats, particularly those emphasized with expressions of emotions) may be used in negotiations with most East Asians, for example, only at great risk and in special circumstances. First, they should only be used via the intermediary or your local representative, and even then they should be used in the most indirect manner possible. Second, they should be used only when the American company is clearly in the stronger position. Even in these two circumstances, use of such aggressive persuasive tactics will damage the interpersonal harmony, which may in the long run be to your company's disadvantage. If power relations ever shift (and they always do), the other side will be quick to exploit the change in events. However, if the American side exercises restraint and maintains the interpersonal harmony, then if and when power relations shift, often the other side will consider the American company's interests.

This latter point is difficult for most Americans to believe. But we have witnessed Chinese executives behave in this way several times. For example, a corporate vice president at Honeywell Bull threatened a senior executive at China Post with a lawsuit, demanding final acceptance of a signed contract. The China Post executive responded, "Go ahead. You may win the case. But, you will be finished in the China market." At a subsequent meeting the Honeywell Bull country manager, schooled in the Chinese style of business negotiations and possessing a good relationship with the China Post executive, was able to smooth things over by appealing to the interests of the long term. The customer responded, "This is the right attitude, I will see what I can do to expedite the final acceptance."

6. If tactics 1 through 5 have not produced concessions on their part, we suggest the use of time to enable them to consider new information and to reach a decision satisfying almost everyone involved on their side, from technical experts to government officials. Bargainers in many countries (e.g., Japan, Malaysia, or Thailand) don't make concessions immediately following persuasive appeals without broader consultation. Indeed, the combination of collective decision-making and social hierarchy can make things quite complicated with clients from relationship-cultures. Unfortunately, time is perhaps the most difficult tactic for American bargainers to use. Americans are in a hurry to solve the problem and settle the deal. "Letting things hang" goes against their nature. But it may be necessary. And hopefully, they will run into their

time limits before you run into yours. Also, use of this tactic will require the cooperation and understanding of your home office.

It should be remembered that executives from most other cultures are skilled in the use of time as a persuasive tactic. Often, group decision-making and the long-term approach to business deals seem to enhance the effectiveness of tactical delays for foreign bargaining with Americans. Richard Solomon, President of the U.S. Institute for Peace, explains in his excellent book on the Chinese negotiation style: "Do not expect quick or easy agreement. A Chinese negotiator will have trouble convincing his superiors that he has fully tested the limits of his counterpart's position if he has not protracted the discussions."

7. The next persuasive tactic to use is asking the intermediary to arbitrate your differences. Let them call your clients and meet with them separately as a go-between. We have seen intermediaries often successfully settle otherwise irreconcilable differences.

8. Finally, if all else fails, it may be necessary to bring together the top executives of the two companies in the hope of stimulating more cooperation. A refusal at this stage means the business is finished.

To conclude our discussion of persuasive tactics, we want to emphasize the importance of these recommendations. A mistake at this stage, even a minor one, can have major consequences for your international business relationships. American managers will have to be doubly conscientious to avoid blunders here because often the foreigners' style of persuasion is so different and apparently ambiguous. Remember that the managers from relationship-oriented cultures in particular are looking to establish a long-term business relationship of mutual benefit. Threats and the like don't fit into their understanding of how such a relationship should work. You should also recognize that we are recommending adoption of a Japanese approach to persuasion when bargaining with almost all foreign clients and business partners. We realize our approach takes longer, but in the end you and your company will benefit by such an approach. Finally, smart American negotiators will anticipate the foreigner's use of the persuasive tactics just described.

## CONCESSIONS AND AGREEMENT

The final stage of business negotiations involves concessions, building toward agreement. Negotiation requires compromise, or as the Chinese say, "Finding *the way*." Usually, both sides give up something to get even more. But the approach used for compromise can vary substantially around the world, particularly East to West.

American and European managers often report great difficulties in measuring progress in their nego-

tiations in Asia. After all, in America managers are half done when half the issues are settled. But in Japan or Malaysia nothing seems to get settled. Then, surprise, you're done. Often, Americans make unnecessary concessions right before agreements are announced by the other side. American bargainers in Asia should expect this holistic approach and be prepared to discuss all issues simultaneously and in an apparently haphazard order. Progress in the talks should not be measured by how many issues have been settled. Rather, Americans must try to gauge the quality of the business relationship. Important signals of progress will be:

1. Higher level foreign executives being included in the discussions;
2. Their questions beginning to focus on specific areas of the deal;
3. A softening of their attitudes and position on some of the issues;
4. At the negotiation table, increased talk among themselves in their native tongue, which may often mean they're trying to decide something;
5. Calls for additional meetings, increased bargaining, and use of the intermediary; and
6. They ask about things potential benefits such as overseas training or even future business.

As part of your team's preparations, it will be important to document concession strategies. When they're agreed to and written down before negotiations begin, it's easier for everyone on your side to stick to the "concession schedule." Americans need to follow such schedules with care. Trading concessions with foreign bargainers will not work because they view nothing to be settled until everything is settled. We advise making no concession until all issues and interests have been exposed and fully discussed. Then concessions should be made, on minor issues first, to help establish the relationship.

Finally, concessions should not be decided upon at the negotiation table. Rather, Americans are advised to reconsider each concession away from the social pressure of the formal negotiations. This again is a Japanese practice that Americans will do well emulating. Having strategically limited authority can be an important check on runaway concession making.

## Minor Distractions

Before closing our discussion of the process of business negotiations, it is important to mention briefly three foreign behaviors that will seem rude to American bargainers but are nothing more than common habits for executives in many other countries. First, Iranian clients will often break into side conversations – in Farsi. Ordinarily, the purpose of these side conversations is clarification of something

the Americans have said, that is, they are getting the translation straightened out among themselves. Second, Chinese executives will often enter or leave negotiations in the middle of your comments. This reflects their busy schedule and a different view of “meeting etiquette.” Finally, it can be particularly disturbing to be talking to a group of Saudi or Japanese and discover that one, perhaps even the senior executive, is “listening while doing other things” or “listening with his eyes shut.” Usually this shouldn’t be taken personally; it simply reflects a different view of appropriate behavior at meetings. Further, busy foreign executives may also be signaling that they are comfortable with how things are going – if they are not comfortable, they will remain quite attentive.

## THE NEW CREATIVITY

### Getting to “yes” isn’t good enough

Perhaps the most famous negotiation parable involves an argument over an orange. The most obvious approach was to simply cut it in half, each person getting a fair share. But, when the negotiators began talking to each other, exchanging information about their interests, a better solution to the problem became obvious. The person wanting the orange for juice for breakfast took that part and the person wanting the rind for making marmalade took that part. Both sides ended up with more. Neither agreement is particularly creative. The parable of the orange becomes a story about creativity when both parties decide to cooperate in planting an orange tree. In a similar way, Boeing Co. buys composite plastic wings for its new 787 Dreamliner, designed and manufactured by Japanese suppliers, and then sells the completed 787s back to Japanese airlines, all with a nice subsidy from the Japanese government. This is what we mean by creativity in negotiations.

At business schools these days we are beginning to learn a lot about creative processes. Courses are being offered and dissertations being proffered with “innovation” the key buzz word at academic conferences and in corporate boardrooms. The more we hear about innovation and creative processes the more we are beginning to appreciate that the Japanese approach to international business negotiations, by nature, uses many of the techniques commonly emphasized in any discussion of creative processes. Indeed, there appears to be a deeply fundamental explanation why the Japanese have been able to build such a successful society, despite their lack of natural resources and relative isolation. While Japanese society does have its own obstacles to creativity – hierarchy and collectivism are two – they have developed a negotiation style that in many ways obviates such disadvantages.

We also must give credit to the luminaries in field who have long advocated creativity in negotiations. Howard Raiffa and his colleagues recommend:

...the teams should think and plan together informally and do some joint brainstorming, which can be thought of as “dialoguing” or “pre-negotiating.” The two sides make no tradeoffs, commitments, or arguments about how to divide the pie at this early stage.

Roger Fisher and William Ury title their Chapter 4 in *Getting to Yes*, “Invent[ing] Options for Mutual Gain.” David Lax and James Sebenius, in their important new book, *3D-Negotiations*, go past getting to yes, and talk about “creative agreements” and “great agreements.” Lawrence Susskind and his associates advocate the use of “parallel informal negotiations” toward building creative negotiation outcomes. Our goal here is to push these ideas to the forefront in thinking about business negotiations. The field generally is still stuck in the past, talking about “making deals” and “solving problems.” Even the use of terms like “win-win” exposes the vestiges of the old competitive thinking. Our point is that a business negotiation is not something that can be won or lost, and the competitive metaphor limits creativity. The problem-solving metaphor does as well. Thus, we urge managers to accept only creative outcomes!

One of the smartest people we know working in the area of creative processes is Lynda Lawrence at IdeaWorks, a Newport Beach consulting firm ([www.ideaworksconsulting.com](http://www.ideaworksconsulting.com)). Lawrence’s expertise combines practice and research – the rich experiences of founding and managing her own advertising agency with a comprehensive study of the topic. She also co-teaches a course in Innovation Processes (Creativity and Diffusion of Innovations) at the Merage School of Business at UC Irvine. She has developed a list of “10 Ways to Generate More Ideas” that we have included here as [Exhibit 1](#). Read down her list and consider how these techniques might be used to stimulate creative thinking in your negotiations.

For the Japanese reader, some things on this list will be quite familiar. That is, based on our careful studies of negotiation styles in more than 20 cultures around the world, it is clear that the Japanese approach to business negotiations is, *by nature*, best at incorporating many tools of creativity. For example, it’s easy to get Japanese in close physical proximity (#3); they’ve been living that way for millennia. In Japanese companies there are not typically marketing specialists as different from engineers as different from finance analysts. Each executive may have worked in several functional areas, limiting the “chimney effect” often associated disparagingly with American firms (#4). Physical movement (#6)

## EXHIBIT 1 10 WAYS TO GENERATE MORE IDEAS

1. Establish *common goals* of what this "collaboration" would create. A more workable deal? Some common long-term goals? A closer partnership?
2. Establish the *rules of engagement*. The purpose of the exercise is to resolve differences in creative ways that work better for both parties. All ideas are possibilities, and research shows that combining ideas from different cultures can result in better outcomes than those from a single culture.
3. *Trust is key*, and difficult to establish in many cultures. Certain techniques might speed that process a little. Being offsite, for example. Establishing physical proximity that unconsciously signals intimacy.
4. *Add diversity* (gender, culture, extroverts, different work specialties, experts, outsiders) to the group.
5. *Use storytelling*. This both helps establish who you are and what point of view you are bringing to this collaboration.
6. Work in *small groups*. Add *physical movement*. Tell the participants to relax, play, sing, have fun, and silence is ok.
7. Work holistically and using visuals. If, for example, there are three sticking points where neither side is happy, agree to work on those points by spending a short time – 10 minutes – on each point where both sides offer "crazy" suggestions. Use techniques of *improvisation*. Neither side should be offended by the *crazy ideas*. No one should criticize. Explain that by exploring crazy ideas that better ideas are often generated.
8. *Sleep on it*. This enables the unconscious to work on the problems, and gives them time to collect opinions before meeting again the next day. Other kinds of breaks, coffee, etc. are also helpful.
9. Doing this process *over several sessions* allows both sides to feel that progress is being made, and actually generates better and more polished ideas that both sides can invest in.
10. It is the process of creating something together, rather than the specific proposals, which creates *bonding* around a shared task and establishes new ways of working together. Each side feels honored and Americans can feel that something is being accomplished.

Source: Lynda Lawrence, Chief Idea Officer, IdeaWorks Consulting ([www.ideaworksconsulting.com](http://www.ideaworksconsulting.com))

– picture the start of the day at your typical Japanese factory. The Japanese also seem to work best in small groups (#6). Silence is definitely okay (part of #6). The Japanese invented *karaoke* (#6 and singing). The Japanese have difficulty criticizing others, especially foreigners (#7). The use of visuals and holistic thinking

are natural for Japanese (#7). Breaks are also a common procedure for Japanese (#8). Japanese will work better with familiar folks (#9).

Perhaps we're stretching to make a few of these connections, and as we've already implied, some of these techniques will seem foreign to Japanese



negotiators. For example, diversity is not a strong suit for Japanese – purposefully adding women and other elements of diversity (#4) to their groups would seem odd. Moreover, the Japanese are working on some of their own creativity disadvantages. For example, in Japanese elementary schools you can find rows and columns of third graders bowing and chanting in unison their school motto that ironically might include “...we will be independent thinkers.”

Indeed, we notice similar changes in the Chinese school systems (imitating the Japanese) as they try to bridge what they also see as a creativity gap vis-à-vis the U.S. Ann Hulbert in the *New York Times Magazine* recently asked the uncomfortable questions: Can China create schools that foster openness, flexibility, and innovations? And what happens to China if it does? She adds, “Even as Americans seek to emulate China’s test-centered and math-focused pedagogy, Chinese educators are trying to promote a Western emphasis on critical thinking at home...Throughout China, middle school exams have been abolished and vacation review classes are widely discouraged... The Chinese government worries that too many students have become the sort of stressed-out, test-acing drone who lacks the skills necessary in the global marketplace.”

However, the key things the Japanese do in international negotiation that Americans can and should learn are the following: (1) The Japanese are the absolute champion information vacuums in global business. They keep their mouths shut and let everyone else do the talking. Thus, they use the diversity of their international colleagues (customers, suppliers, competitors, scientists, etc.) to a greater extent than any other group. We often disparage it as copying and borrowing, but in fact being open to everyone’s ideas has always been the key to creativity and human progress. The Japanese, like everyone else around the world, are ethnocentric. But, at the same time they very much respect foreign ideas. (2) The Japanese will only work with cooperative negotiators when they have a choice. Trust and creativity go hand-in-hand. And, they will work to train other managers to negotiate more creatively for their own good. Witness the highly successful 25-year manufacturing joint venture in Fremont, CA between Toyota Motor Corp. and General Motors Corp. as a prominent example.

We challenge you to employ Lawrence’s list in your own negotiations – in planning, execution, and follow-up. For example, playing golf or hitting a tennis ball with your partners can not only build personal relationships and trust, but also the *physical movement* can actually stimulate creative thinking. Or, give clients a couple of days to consider your tough requests – *sleeping on it* can lead to new ideas about commercial relationships. Indeed, the overnight part of #8 is particularly important. Anthropologist and consumer

expert Clotilde Rapaille suggests that the transitions between wakefulness and sleep can act as a kind of creative “whack on the side of the head” that allows the mind to work differently, “...calming their brainwaves, getting them to that tranquil point just before sleep.” Such tactics and tools should permeate your planning and interactions, both at home and abroad.

Application of principles of creativity will be practically and overtly appropriate in at least three points in your negotiations. Above we noted that Howard Raiffa and others suggest that they be used in pre-negotiation meetings. Second, we advocate their use when impasses are reached. For example, in the negotiations regarding the multi-billion-dollar Camisea natural gas project in Peru, the involved firms and environmentalist groups reached what seemed to be an irreconcilable difference: roads and a huge pipeline through the pristine forest would be an ecological disaster. The creative solution? Think of the remote gas field as an offshore platform, run the pipeline underground, and fly in personnel and equipment to the compression stations as needed.

Second, once you’ve gotten to “yes,” a scheduled review of the agreement may actually get your business relationship past “yes” to truly creative outcomes. Perhaps you schedule such a review three months after implementation of the agreement has begun. But, the point is time must be set aside for a *creative* discussion of how can we improve on our business relationship? The emphasis of such a session should always be putting new ideas on the table – the answers to the question “what haven’t we thought of?”

## CONCLUSIONS

Implementing corporate strategies through business negotiations in other countries, particularly the unfamiliar, but fast-growing ones, will remain one of the most daunting and interesting challenges facing American executives during the next few decades. Actually, executives from around the world are fast learning to work with one another – particularly as new, large market countries join the World Trade Organization and begin to harmonize commercial practices. Indeed, herein we advocate what we see as a world standard for business negotiations. Young people are flooding into M.B.A. programs around the world and learning about concepts like corporate image, brand equity, and the ins and outs of intellectual property. The Internet is also making a huge difference, making efficient communication more available. While currently in many countries engineers and political persons usually lead companies, the future bodes well for the new business class. Herein we aspire to inspire a new approach in international commerce – one that defines the old ways of compe-

titive and problem-solving negotiation styles as interesting relics, and advocates a new process of negotiations that elevates creativity as the first goal.

In relationship-oriented cultures such as Indonesia, Nigeria, and China, there are huge advantages to moving first. Old friendships work their magic only when they are *old*! We recommend investing now in such places, if only in a small venture. This activity will allow executives and organizations to learn "the ropes to skip and the ropes to know." Managers will be able to develop the essential connections and the cross-cultural competence of your own staff toward understanding and growing the business there in these new places. Foreign language skills and cultural knowledge will continue to be crucial. This means selecting, pro-

moting, and *trusting* the advice of your own immigrant-American staff and advisors.

Other than arrogance, condescension, and ethnocentricity, *time* has always been the American bargainer's biggest handicap in international business. Impatience will be your enemy in almost all foreign countries. But, impatience is your friend when it comes to making the decision about whether to go or not. We counsel studied entry, but there is no better time than now to begin your work.



To order reprints of this article, please call +1(212)633-3813 or e-mail [reprints@elsevier.com](mailto:reprints@elsevier.com)



## SELECTED BIBLIOGRAPHY

This article is based on *Global Negotiation: The New Rules*, by William Hernández Requejo and John L. Graham (New York: Palgrave Macmillan, 2008). For the most complete information on negotiation styles in 50 different countries see [www.GlobalNegotiation-Resources.com](http://www.GlobalNegotiation-Resources.com). The article is also informed by John L. Graham's other two books: with N. Mark Lam, *China Now: Doing Business in the World's Most Dynamic Market*, (New York: McGraw-Hill Trade, 2007) and with Ambassador James Day Hodgson and Yoshihiro Sano, *Doing Business in the New Japan: America's Richest Foreign Market* (Boulder, CO: Rowman & Littlefield, 2008). David J. Lax and James K. Sebenius have written the key book on preparing for negotiations and designing information flows toward maximizing creative outcomes – *3D Negotiations* (Boston: Harvard Business School Press, 2006). Lawrence Susskind and his colleagues work is most important in establishing what we would call “creative side-bar negotiations” as a viable tool for maximizing the creative output of negotiation teams – see for example Lawrence Susskind, Sarah McKearnan, and Jennifer Thomas-Larmer, *The Consensus-Building Handbook: A Comprehensive Guide to Reaching Agreement* (Thousand Oaks, CA: Sage,

1999). Finally, we highly recommend Lothar Katz's *Negotiating International Business*, 2006, and *Principles of Negotiating International Business*, 2008 (both from Booksurge LLC), Jeanne M. Brett, *Negotiating Globally* (San Francisco: Josey-Bass, 2007), and Michelle Gelfand and Jeanne M. Brett, *The Handbook of Negotiation and Culture* (Stanford: Stanford Business Books, 2000).

Also important in our writing and thinking have been: James K. Sebenius, “The Hidden Challenge of Cross-Border Negotiations,” *Harvard Business Review*, March 2002, 76–82; Richard H. Solomon, *Chinese Negotiating Behavior* (Washington, DC: USIP Press, 1999); Howard Raiffa with John Richardson and David Metcalfe, *Negotiation Analysis* (Cambridge, MA: Belknap, 2002, 196); Roger Fisher and William Ury, *Getting to Yes* (New York: Penguin, 1981); David J. Lax and James K. Sebenius, *3D Negotiations* (Boston: Harvard Business School Press, 2006); Ann Hulbert, “Re-Education,” *New York Times Magazine*, April 1, 2007, 36–43; Clotilde Rapaille, *The Culture Code* (New York: Broadway, 2006).

Finally, we want to thank John W. Slocum, Jr., N. Mark Lam, and Yoshihiro Sano for their valuable insights and examples.

**John L. Graham** is a professor of international business at the Paul Merage School of Business at the University of California, Irvine. He has published more than 75 articles and chapters in management and academic journals such as the *Harvard Business Review*, the *MIT Sloan Management Review*, *Organizational Behavior and Human Decision Processes*, the *Journal of Marketing*, *Marketing Science*, and the *Journal of International Business Studies*. With Philip Cateora and Mary C. Gilly he has written the 10th through 14th editions of *International Marketing* (Irwin/McGraw-Hill 1999–2009). With S.G. Niederhaus he has written *Together Again: A Creative Guide to Successful Multigenerational Living* (Evans, 2007). His 1994 paper in *Management Science* received a citation of excellence from the Lauder Institute at the Wharton School of Business. A portion of his article, “A Hidden Cause of America's Trade Deficit with Japan” (*CJWB*, Fall 1981), was read into the *Congressional Record* by Congressman D.K. Bereuter of Nebraska, May 6, 1982. His research has been the subject of articles published in *Smithsonian* (January 1988), the *Chronicle of Higher Education*, and the *Los Angeles Times*. His email is [jgraham@uci.edu](mailto:jgraham@uci.edu).

**William Hernández Requejo** is president of Requejo Consulting, Inc., an international management-consulting firm. He has worked with such multinational corporations as Boeing, Wal-Mart, DuPont, and McDonnell Douglas on projects ranging from highly sensitive international transactional negotiations to multi-billion dollar energy projects. He teaches at UC Irvine, Chapman University, and Whittier Law School. His email is [William@RequejoConsulting.com](mailto:William@RequejoConsulting.com).

Face-Negotiation Theory is a theory conceived by Stella Ting-Toomey in 1985, to understand how people from different cultures manage rapport and disagreements. The theory posited "face", or self-image when communicating with others, as a universal phenomenon that pervades across cultures. In conflicts, one's face is threatened; and thus the person tends to save or restore his or her face. This set of communicative behaviors, according to the theory, is called "facework". Since people frame the Managing Face-To-Face International Negotiations. Article in Organizational Dynamics 38(2) · April 2009 with 65 Reads. DOI: 10.1016/j.orgdyn.2009.02.001. The most difficult aspect of an international business negotiation is the actual conduct of the face-to-face meeting. Assuming that the appropriate people have been chosen to represent a firm, and that those representatives are well prepared, and that the process has been designed to maximize knowledge flows, things can still go wrong at the negotiation table. Obviously, if these other preliminaries haven't been managed properly, then things will go wrong during the meetings. NON-TASK SOUNDING Trust and connections can make a big difference in the United States. They' The researchers collected data via face-to-face negotiation simulations with undergraduate students in the social sciences and humanities from prestigious universities in three nations selected to serve as exemplars of honor, face, and dignity cultures, respectively Qatar, China, and the USA. The researchers explain that the prototype model that they used in fact enabled them to move away from stereotypes.