

Negotiating International Business - Iran

This section is an excerpt from the 2017 edition of the book "Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World" by Lothar Katz.

Given the powerful religious influence on everyday life in the country on one hand and a free-spirited, often entrepreneurial youth on the other, Iran's culture covers a surprisingly wide spectrum of individual values. Businesspeople in this country, especially those among the younger generations who live in Tehran, are usually curious and open to doing business with visitors from other cultures. However, this rarely means that they are open-minded in a Western sense, given that this strongly Islamic country's cultural practices are quite homogeneous in many ways. When negotiating business here, realize that people will often expect things to be done 'their way.'

Most Iranians are very patriotic and can be intensely nationalistic. This is a proud nation and its people may strongly reject any critique of its ways. In addition, always keep in mind that showing any kind of disrespect for the religion could have disastrous consequences.

*[Note: Given that international business interactions with Iran were subject to substantial restrictions over much of the past 50 years, the guidelines presented in this section are based on a narrower foundation of experience and research than others in **Negotiating International Business** do.]*

Relationships and Respect

Iran's culture is strongly group-oriented. Asserting individual preferences can be seen as less important than having a sense of belonging to a group, conforming to its norms, and maintaining harmony among its members. Taking care of one's family is of utmost importance and always takes precedence over business. Because of the strong focus on family, nepotism is not viewed negatively here.

Building lasting and trusting personal relationships is very important to most Iranians, who likely expect to establish strong bonds prior to closing any deals. People in this country usually want to do business only with those they know and like. Establishing productive business cooperation requires a long-term perspective and commitment. Consequently, proceed with serious business discussions only after your counterparts have become very comfortable with you. This is usually a slow process. Iranians tend to distrust people who appear unwilling to spend the time or whose motives for relationship building are unclear.

Business relationships in this country exist between people, not necessarily between companies. Even when you have won your local business partners' friendship and trust, they will not necessarily trust others from your company. This makes it highly beneficial to keep company interfaces unchanged. Changing a key contact could require the relationship building process to start over.

Establishing personal relationships with others in Iran can create powerful networks. Who you know is more important than what you know and could determine whether people want to get to know you. Maintaining cordial relations is crucial. Third party introductions can be very helpful as a starting point to building a trusting relationship with a potential partner, especially since Iranians may initially not trust outsiders who are neither part of their family nor their circle of friends.

'Saving face' is important in Iran. Causing embarrassment to another person could cause *loss of face* for all parties involved and can have a strongly adverse impact on business negotiations. Keep your cool and never show openly that you are upset. Avoid open conflict, and know that politeness is crucial. While Iranians are usually very friendly, they tend to be very proud and can be easily offended.

Iranians place a high value on politeness and humility. Remaining modest and doing everything you can to maintain cordial relations is crucial to your success. When receiving praise, contrary to Western practice, it is customary to insist that you are not worthy of it or to belittle your accomplishments. Nevertheless, praise others often.

In Iranian business culture, the respect a person enjoys depends primarily on his or her status and age. It is crucial to treat elderly people with the greatest respect. Admired personal traits include patience, flexibility, and sociability.

Communication

The country's official language is Persian (Farsi). In addition, a wide range of other languages and dialects is in use. While some businesspeople speak English, interpreters are often required. In order to avoid offending the other side, ask beforehand whether an interpreter should be present at a meeting. When communicating in English, speak in short, simple sentences and avoid using jargon and slang. It will help people if you speak slowly, summarize key points, and pause frequently to allow for interpretation.

Communication in Iran may sometimes appear vague, especially early in your business interactions. Your local counterparts could become more direct and frank as the relationship strengthens. However, always watch for subtle messages that may signal issues and concerns. Silence can convey a negative message but may not mean anything, so do not read too much into it.

People in the country generally converse while standing about three feet apart. Across genders, this distance is usually far greater than that.

Positive emotions are often shown openly. Since Muslims consider the left hand unclean, use it only if inevitable. The thumbs-up gesture is considered rude in this country. Eye contact between men should be frequent, almost to the point of staring. This conveys sincerity and helps build trust.

Initial Contacts and Meetings

Before initiating business negotiations in Iran, it is highly advantageous to identify and engage a local intermediary. This person will help bridge the cultural and communications gap, allowing you to conduct business with greater effectiveness.

Negotiations in Iran are preferably conducted by teams of negotiators. It is vital that teams be well aligned, with roles clearly assigned to each member. Changing a team member could require the relationship building process to start over and should be avoided.

If possible, schedule meetings at least three to four weeks in advance and reconfirm them a week or so before. Since people want to know who they will be meeting, provide details on titles, positions, and responsibilities of attendees ahead of time. Iranians expect foreign visitors to be punctual. If at all possible, avoid being more than a few minutes late. Call ahead and profusely apologize if you will be.

Greetings can be affectionate here, though handshakes using the right hand usually suffice. A common greeting is *Salaam alaykum* or simply *Salaam*. Iranian names generally follow the same concept as Western ones and are usually given in the order of first name, family name. Using *Mr.* or *Agha*, respectively *Ms.* or *Khanoom*, plus the family name is best. Always use titles, such as *Doctor*, *Professor*, or *Mohandi* (engineer) where appropriate. Do not call Iranians by their first names unless they offered it, which is rare and usually reserved to close friends. Greet the most senior person first, then greet everyone else in the room individually.

After introductions, wait to see whether your Iranian counterparts want to exchange business cards. Many professionals may not have a business card here. Having your cards translated into Persian will be much appreciated. Show doctorate degrees on your card and make sure that it clearly states your

professional title, especially if you have the seniority to make decisions. Present your card with your right hand, with the print facing the recipient. Similarly, accept others' cards using only the right hand. 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.

Meetings start with small talk, which can be extensive. It is important to be patient and let the other side set the pace. Initial meetings are quite stiff and formal. Although this may get more relaxed as the relationship develops, be careful never to appear too casual. Business is a serious matter in Iran.

The primary purpose of the first meeting is to get to know each other. Business may or may not get discussed. Do not try to hurry along with your agenda. It is unrealistic to expect initial meetings to lead to straight decisions. Frequent meeting interruptions are normal and do not signal a lack of interest.

Presentations should be short and concise. Make sure your proposal is clearly structured and presented. Your presentation materials should be attractive, with good and clear visuals. Use diagrams and pictures wherever feasible, and avoid complicated expressions. Having your handout materials translated to Persian will help a great deal in getting your messages across.

Negotiation

Attitudes and Styles - In Iran, the primary approach to negotiating is to employ distributive and contingency bargaining. This may include tough bargaining at many levels. While the buyer is in a superior position, both sides in a business deal own the responsibility to reach agreement. They expect long-term commitments from their business partners and will focus mostly on long-term benefits. Although the primary negotiation style is competitive, Iranians nevertheless value long-term relationships and look for win-win solutions.

While proposals should demonstrate the benefits to both negotiating parties, attempts to win competitive advantages should not be taken negatively. You earn your counterparts' respect by maintaining a positive, persistent attitude. Always consider that negotiating in Iran may be about aspects such as power, influence, or honor as much as it is about financial benefits.

Should a dispute arise at any stage of a negotiation, you may be able to reach resolution through stating your own objections and inquiring about their concerns. Taking them seriously and showing commitment to personal relationships goes a long way even if you continue to avoid weak compromises. However, refrain from using logical reasoning or becoming argumentative since this will only make matters worse.

Sharing of Information - Information is rarely shared freely, since Iranians commonly believe that privileged information creates bargaining advantages. In addition, data and statistics about the country are not always reliable, even when shared with the best of intentions.

Pace of Negotiation – Expect negotiations to be slow and protracted, and be prepared to make several trips if necessary to achieve your objectives. Initial exchanges that precede the bargaining stage of the negotiation can be lengthy. Decisions are usually made between meetings rather than at the table. Throughout the negotiation, be patient, control your emotions, and accept that delays occur. Attempts to rush the process are unlikely to produce better results and could be viewed as offensive.

Iranians generally employ a polychronic work style. They are used to pursuing multiple actions and goals in parallel. When negotiating, they often take a holistic approach and may jump back and forth between topics rather than addressing them in sequential order. Negotiators from strongly monochronic cultures, such as Germany, the United Kingdom, or the United States, could find this style confusing, irritating, even annoying. In any case, do not show irritation or anger when encountering this behavior. Instead, keep track of the bargaining progress at all times, often emphasizing areas where agreement already exists.

If your counterparts appear to be stalling the negotiation, assess carefully whether their slowing down the process indicates that they are evaluating alternatives or that they are not interested in doing business with you. While such behavior could represent attempts to create time pressure in order to obtain concessions, the slow decision process in the country is far more likely causing the lack of progress. People from fast-paced cultures often underestimate how much time this takes and make the mistake of trying to 'speed things up.' Again, patience and persistence are vitally important.

Bargaining – Iranians can be tough negotiators who should not be underestimated. Many enjoy at least some level of bargaining and haggling, and may be offended if you refuse to play along. The bargaining exchange of a negotiation can be extensive. Know your objectives, and work slowly and persistently towards them.

Prices can move substantially between initial offers and final agreement. Leave yourself significant room for concessions at different stages. When conceding, present this as a decision you made because you like and respect your counterpart. Always ask the other side to reciprocate. You can use the fact that aspects can be re-visited to your advantage, for instance by offering further concessions under the condition that the Iranian side reciprocate in areas that had already been agreed upon.

Deceptive techniques are frequently used. This includes tactics such as telling lies and sending fake non-verbal messages, pretending to be disinterested in the whole deal or in single concessions, misrepresenting an item's value, or making false demands and concessions. Expect your Iranian counterparts to be good at this game. They may occasionally play stupid or otherwise attempt to mislead you in order to obtain bargaining advantages. Do not take such tactics personally and realize that overt attempts to lie at or bluff your counterparts could backfire and might damage business relationships. Lies will be difficult to detect. It is advisable to verify information received from the local side through other channels. Similarly, they treat 'outside' information with caution. Even when you can see right through a lie, it would be a grave personal insult to state or even hint that your counterpart might not be telling the truth. Iranians may claim limited authority, stating that they have to ask for their manager's approval. This could be a tactic or the truth.

Negotiators in the country may use pressure techniques that include making final offers or nibbling. Final offers may come more than once and are rarely final. Do not use tactics such as applying opening with your best offer, or making decreasing or expiring offers, since your Iranian counterparts could view these as signs that you are not willing to build a long-term relationship. They may choose to terminate the negotiation. Silence can be an effective way to signal rejection of a proposal. Time pressure is often used against foreign visitors. Trying to use it yourself is rarely effective.

Iranian negotiators avoid openly aggressive or adversarial techniques but may use more subtle versions. Extreme openings are frequently employed as a way to start the bargaining process. In addition, they may make indirect threats and warnings or subtly display anger. Use these tactics with caution yourself since they could adversely affect the relationship if employed too aggressively. Do not walk out or threaten to do so as your counterparts will likely take this as a personal insult and could end all talks.

Emotional negotiation techniques, such as attitudinal bargaining, sending dual messages, attempting to make you feel guilty, grimacing, or appealing to personal relationships, are frequent and can be effective. Be cautious not to cause loss of *face* when employing any of them yourself. Also, know that Iranians tend to exaggerate situations and can become quite emotional during fierce bargaining. It is best to remain calm. At times, defensive tactics such as blocking or changing the subject, asking probing or very direct questions, making promises, or keeping an inflexible position may be used.

Corruption and bribery are quite common in Iran's public and private sectors. However, people may draw the line differently, viewing minor payments as rewards for getting a job done rather than as bribes. Also, keep in mind that there is a fine line between giving gifts and bribing. What you may consider a bribe, an Iranian could simply view a nice gift, and so much as hinting that you view it differently could be a grave insult to the person's honor. Introducing and explaining your company's policies early on might help, but be careful not to moralize or appear to imply that local customs are unethical.

Decision Making – Most companies here are very hierarchical, and people expect to work within clearly established lines of authority. Many of Iran’s businesses are still family-owned. Although the pace of business is accelerating, decision making can be a very slow process. Decision makers are usually senior executives who consider the best interest of the group or organization. They might consult with others before making the call. Subordinates may be reluctant to accept responsibility. Decision makers also rarely delegate their authority, so it is important to deal with senior executives. You may have to ‘work your way up,’ meeting and negotiating with less senior managers or members of a family first. Once they consider you trustworthy, you will move on to meet others who are more senior. Though this process is very time-consuming, it is vital never to lose your patience along the way.

When making decisions, businesspeople may consider the specific situation or follow universal principles. Personal feelings and experiences weigh much more strongly than empirical evidence and other objective facts do. Iranians are often willing to take risks, which are seen as a way to develop self-reliance.

Agreements and Contracts

Capturing and exchanging written understandings after meetings and at key negotiation stages is useful since oral statements are not always dependable. It may be helpful to ask your counterparts to initial these write-ups as a way to document consensus. However, do not mistake them for final agreements. Any part of an agreement may still change significantly before both parties sign the contract.

Written contracts tend to be lengthy and often spell out detailed terms and conditions for the core agreements as well as for many eventualities. Contracts may prove difficult to align between the English and Persian versions since intentions could prove hard to translate. It is important to review all different language versions independently. Nevertheless, writing up and signing the contract is a formality. Iranians believe that the primary strength of an agreement lies in the partners’ commitment rather than in its written documentation.

It is strongly advisable to consult a local legal expert before signing a contract. However, do not bring your attorney to the negotiation table. Iranians could read it as a sign of mistrust if you do.

Signed contracts are usually honored. However, this somewhat depends on the strength of the continuing relationship between the contract partners. It is strongly advisable to continue staying in touch and maintaining the trust of your Iranian business partner.

Women in Business

Iran remains a male-dominated society. Although quite a few women work, they still have traditional roles and rarely attain positions of similar income and authority as men. Local men may be uncomfortable in dealing with Western women, who should not expect to be met with the same respect as men. Displaying confidence and assertiveness can be counterproductive. Appearing overly bold and aggressive may create major issues and must be avoided under all circumstances.

As a visiting businesswoman, emphasize your company’s importance and your role in it. A personal introduction or at least a letter of support from a senior executive within your company may also help. Even with these credentials, you may still not find sufficient attention, making it advisable to take a male colleague along for the trip and act ‘behind the scenes.’

Female business travelers should exercise great caution and act professionally in business and social situations. They need to dress in accordance with local customs, which means that collarbones, knees, and your hair need to be covered at all times.

Male visitors should not speak to an Iranian woman unless the situation clearly requires it. In addition, avoid bringing up the subject of women with your male business partners. Do not even inquire about a

wife's or daughter's health. Furthermore, while there may be intensive contact between men, it is vitally important not to stare at any woman you may meet.

Other Important Things to Know

Most Iranians are either deeply devoted to Islam or at least practicing Muslims. Respect the fact that practices such as praying five times a day, celebrating Friday as a sacred day, or fasting from dawn to dusk during Ramadan, could and will affect your business interactions here. During Ramadan, foreigners must not eat, drink, smoke, or chew gum in public.

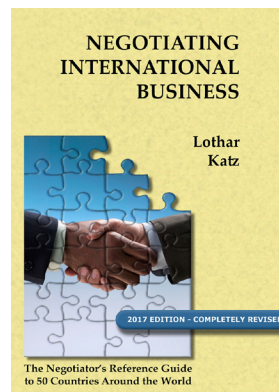
Impeccable appearance is very important when doing business here. Male business visitors should wear conservative suits on most occasions. Make sure shoes and suit are in excellent condition. Iranians do not wear neckties, but wearing one yourself will not be considered offensive. Do not remove your suit jacket unless several others already did.

Business lunches and dinners are common and can be long. They are great opportunities to strengthen your relationships. Business may or may not get discussed. Wait to see whether your counterparts bring it up. Always keep in mind that Muslims eat no pork. Alcohol is taboo in Iran. If you are offered tea or something else, it is customary to politely refuse once while thanking the other for the offer. It will be repeated with greater insistence.

Iranians value punctuality in business and social settings. Arrive at dinners close to or right at the agreed time.

Iranians are usually reserved about private topics. Do not inquire about family matters if your counterpart did not bring up the topic. Other topics to avoid are religious subjects and Iran's relationship with its Gulf neighbors or the United States.

Gift giving is common in social and business settings in Iran. If you received one, it is best to reciprocate with an item of similar value that is typical of your home country. Make sure your gift is elegantly wrapped. Giving a gift after signing a contract is viewed favorably. Do not open gifts in the presence of the giver unless your host did so first.



Negotiating International Business (CreateSpace, 2017 edition) is available from Amazon.com and other bookstores for \$29.99. A reference guide covering 50 countries around the world, the 479-page book includes an extensive discussion of the negotiation principles and tactics frequently referred to in this excerpt.

Please recommend this Country Section and others to colleagues who might find them useful. Country Sections are available individually at

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