

# Negotiating International Business - United Kingdom

*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.*

The United Kingdom includes four constituent parts: England, Wales, Scotland, and Northern Ireland. The term *Great Britain and Northern Ireland* also refers to the U.K. People belonging to any of the four groups, the English, Welsh, Scottish, and Northern Irish, usually prefer to be called that rather than being called *British* or *Brits*. Generally, members of all four groups may emphasize that they are distinctly different from each other. People from outside of England might be highly offended if you referred to them as English. In addition, many in the U.K. do not consider themselves Europeans.

Businesspeople in the U.K., especially those among younger generations, are usually very experienced in interacting with other cultures. The reforms of the 1980s and the trend towards globalization have shaken up traditional beliefs and business attitudes. However, that does not always mean that the British are open-minded. When negotiating business here, realize that people may often expect things to be done 'their way.'

## *Relationships and Respect*

Building lasting and trusting relationships is important to most people in this country. However, they are not a necessary precondition for initial business interactions. The British are characteristically pragmatic and may engage on a trial basis, expecting to get to know you better as you do business together. Although people in the country may emphasize near-term results over long-range objectives, they are generally more interested in building long-term relationships than in making quick deals.

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 may be easy for your replacement to take things over from where you left them. Likewise, if you introduce someone else from your company into an existing business relationship, that person may quickly be accepted as a valid business partner. This does not mean that the British do not care about who they are dealing with. Personal integrity and dependability are important if you want to win their trust.

In Britain's business culture, the respect a person enjoys depends primarily on his or her rank, status, education, and knowledge. Age and seniority are also respected. Admired personal traits include poise and politeness.

## *Communication*

British English is different from American English to the point where misunderstandings may happen easily. If necessary, familiarize yourself with the differences upfront.

Businesspeople in this country usually speak in a controlled fashion, only occasionally raising their voices to make a point. At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Being loud may be regarded as bad manners. Emotions are not shown openly as the British prefer keeping the proverbial *stiff upper lip*, so do not assume that something is not deeply felt because it is understated. People generally converse standing around three feet apart.

Levels of directness may vary greatly. This depends primarily on the strength of relationships but is also influenced by education, status, and other factors. The British tend to make vague statements that may be hard to read. Rather than responding to a direct question, they may instead tell a story, the meaning of which is left to your interpretation. While you may occasionally get a direct 'no,' evasive responses like 'I'll get back to you' could indicate a lack of interest in what you have to offer. The British are masters of understatement and often use subtle irony. It is important to listen carefully both to the tone of voice and the message that is being conveyed. In addition, pay attention to what is *not* being said. Once they have decided that they want to do business with you, the British can become much more direct, even blunt, and may openly speak their minds as long as there is no risk of direct confrontation. Silence is often a way to communicate a negative message.

Gestures are usually subtle in the U.K. It is advisable to restrict your body language. Facial expressions can be very hard to read, making it difficult figure out what your counterparts may be thinking. Physical contact is rare and best avoided. It will not be taken as a friendly gesture if you touch other people. Do not use your fingers to point at others. Instead, point with your head. Eye contact should be somewhat infrequent. While looking the other in the eye may convey sincerity, do not stare at people.

### *Initial Contacts and Meetings*

Having a local contact who can make introductions can be a significant advantage but is not a necessary precondition to doing business. A letter of introduction from a reference in the country may also help.

It is often better to conduct negotiations in the U.K. with a team of negotiators rather than to rely on a single individual. This signals importance, facilitates stronger relationship building, and may speed up the overall process. The British side will take it as a sign that you are seriously interested in doing business with them. However, sending a team that seems too large for the task at hand will likely raise suspicions. Select older and more senior executives to represent your company. Traditional British managers may be distrustful of younger businesspeople, even if they have excellent credentials.

If possible, schedule meetings at least one to two weeks in advance. Punctuality is generally expected. Avoid being more than 5 to 10 minutes late, and call ahead if you will be.

Names are usually given in the order of first name, family name. Use *Mr./Mrs./Miss* plus the family name. If a person has an academic title, such as *Doctor* or *Professor*, use it instead, followed by the family name. Before calling people from Britain by their first name, wait until they offer it. 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 the same phrase.

The exchange of business cards is not an essential step, but it is best to bring a sufficient supply. They may sometimes be exchanged at the end rather than the beginning of the meeting. 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. 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. Next, place it on the table in front of you.

Meetings usually start with some polite small talk, which can be brief. People appreciate a sense of humor. British humor can be ironic or even 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. Be careful when attempting to show your own humorous side since the British may view it as improper if you try to imitate their style. One's private life is not a subject for discus-

sion around meetings. The overall meeting atmosphere is usually quite formal. However, meetings may appear unstructured and badly run, which often reflects the tradition of giving everyone opportunities to speak up. It is best to remain polite and cordial, listening more than speaking. While one purpose of the initial meeting is to get to know each other, its primary focus will be on business topics. A first meeting will rarely lead to a straight decision.

The highest-ranking person in a British group may be difficult to pick out. It could be the one who says the least.

Presentation materials should be attractive, with good and clear visuals. Prepare thoroughly and make sure your key messages come across clearly. Keep them straightforward, though; a presentation full of excitement and hype will make your British audience suspicious and may become an object of ridicule. Throughout your presentation, remain guarded and professional even when things appear to become more informal. Be prepared to leave copies of the material you presented as well as other collateral for further study.

## *Negotiation*

**Attitudes and Styles** –To the British, negotiating is usually a joint problem-solving process. While the buyer is in a superior position, both sides in a business deal own the responsibility to reach agreement. They may focus mostly on the near-term benefits of the business deal. The primary negotiation style is cooperative and people may be open to compromising if viewed helpful in order to move the negotiation forward. Since the British believe in the concept of win-win, they expect you to reciprocate their respect and trust. It is strongly advisable to avoid any open confrontation and to remain calm, somewhat formal, patient, and persistent.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution through give-and-take compromising and appeals to your counterparts' fairness.

**Sharing of Information** – British negotiators may spend considerable time gathering information and discussing details before the bargaining stage of a negotiation can begin. They usually share at least some information as a way of building trust, and rarely take it negatively if you ask about sensitive details, even if they may not want to answer. It would be a mistake to give your British counterparts any misleading information or to use surprise tactics since they may view that as inappropriate or unfair. Their willingness to make concessions may otherwise deteriorate considerably.

**Pace of Negotiation** – How long your negotiation in the U.K. may take can be hard to predict. Traditional British companies may still be very slow, spending considerable time gathering information, bargaining, and making decisions. With them, attempts to accelerate the process may be counterproductive, so allow plenty of time. On the other hand, younger or revitalized enterprises may be interested in finishing the negotiation in a short time span, moving at sometimes-surprising speeds.

The British generally prefer a monochronic work style. They are used to pursuing actions and goals systematically, and they dislike interruptions or digressions. When negotiating, they often work their way down a list of objectives in sequential order, bargaining for each item separately, and may be unwilling to revisit aspects that have already been agreed upon. They may show little tolerance if a more polychronic counterpart challenges this approach, which they view as systematic and effective. This rigid style may be difficult to tolerate for negotiators from highly polychronic cultures, such as most Asians, Arabs, some Southern Europeans, or most Latin Americans, who may view it as closed-minded and overly restrictive. In any case, do not show irritation or anger when encoun-

tering this behavior. Instead, be willing to bargain over some items individually. Otherwise, clearly indicate that your agreement is conditional and contingent on other items. Reopening the discussion over items that had already been agreed upon will make you seem untrustworthy.

Do not make efforts to stall the negotiation to win the time needed to evaluate alternatives or to create time pressure down the road in order to obtain concessions. Worst case, your counterparts may lose interest in the deal if you do.

**Bargaining** – Most of the British are comfortable with bargaining but dislike haggling. While they can be tough negotiators, they are usually not out to defeat the other side and will strive to play a 'fair game.' Prices may move by about 20 to 30 percent between initial offer and final agreement. The concept of fairness is very important, so while it is not difficult to obtain small concessions, your counterparts expect reciprocity and may take it very negatively if the bargaining exchange is too one-sided. The British are quite analytical and usually receptive to 'outside' ideas, so most aspects of the deal will be open to discussion. Focus your arguments on concrete facts and information. Exaggerated claims or bragging will not help your position.

Most people in this country prefer to negotiate in a fairly straightforward and honest style. They use deceptive negotiation techniques only occasionally. 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. Do not lie at or otherwise grossly mislead your counterparts, as doing so might damage or even destroy business relationships. Carefully orchestrated, 'good cop, bad cop' may be an effective tactic to use in your own negotiation approach. Businesspeople 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 use pressure techniques only as long as they can be applied in a non-confrontational fashion. They may open with their best offer, show some intransigence, or make a final offer, but often remain willing to make small compromises. Repeatedly making final offers may trigger ridicule and harsh comments. Silence could simply be a part of the conversation, although it may also signal rejection of a proposal. Be very careful when using pressure tactics such as applying time pressure, making expiring offers, or nibbling. Your counterparts likely consider these inappropriate. While the negotiation will not necessarily be over because of this, the British side may become very reserved and cautious.

Avoid all aggressive tactics when negotiating with the British. They will not shy away from open confrontation if challenged, but this is almost guaranteed to deteriorate rather than strengthen your bargaining position. Signs of anger, threats, or warnings usually indicate that the negotiation is not going well. They are rarely used as a tactic. Opening with an extreme offer may be viewed as ungentlemanly or even childish. It should therefore be avoided.

Emotional negotiation techniques, such as attitudinal bargaining, sending dual messages, attempting to make you feel guilty, or grimacing, may occasionally be employed but are generally rare. It is best to remain calm. Appeals to personal relationships are rare. British businesspeople may employ defensive tactics such as changing the subject, blocking, asking probing or direct questions, making promises, or keeping an inflexible position.

Opening with written offers and introducing written terms and conditions may be effective tactics that could help shorten the bargaining process, which some of your British counterparts may find desirable.

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

**Decision Making** – Levels of hierarchy in British companies may vary considerably. Older and more traditional ones are often quite hierarchical, while those working in fast-paced industries often show flat hierarchies and delegate authority to lower ranks. The decision maker is usually an individual who will consult with others and carefully consider their inputs. However, decisions made at lower levels may require top management approval, which can be time-consuming. It is often important to win the support of top managers as well as influencers in subordinate roles. Once a decision has been made, it may be very difficult to change.

When making decisions, businesspeople may apply universal principles rather than considering the specific situation. The British tend to follow established rules and practices. Empirical evidence and other objective facts weigh much more strongly than personal feelings and experiences do. Depending on their company's culture and style, British businesspeople may be low or moderate risk takers.

### *Agreements and Contracts*

Capturing and exchanging meeting summaries can be an effective way to verify understanding and commitments. However, you should confirm that your counterparts indeed do agree with them. Handshakes and verbal agreements are often considered binding. They are normally kept, even though they are not legally binding. Nevertheless, it is best to confirm agreements in writing.

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 British partners' commitment.

It is recommended to consult a local legal expert before signing a contract. The British generally prefer to resolve disputes out of court, but they will not shy away from taking legal action if deemed necessary. However, do not bring the person to the negotiation table until you have reached the final stages of the contract discussions.

Contracts are almost always dependable, and strict adherence to the agreed terms and conditions is expected. Requests to change contract details after signature may be considered as bad faith and will meet with strong resistance.

### *Women in Business*

While women enjoy similar rights as men and many are working, most women in the United Kingdom are still struggling to attain positions of similar income and authority. However, visiting businesswomen should have few problems in the country as long as they act professionally in business and social situations.


### *Other Important Things to Know*

Business lunches and dinners are common. However, avoid bringing up business topics at after-work events.

Punctuality is also valued in most social settings. It is best to be right on time for dinners, and to arrive at parties within 10 to 15 minutes of the agreed time.

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><a href="http://www.NegIntBiz.com">www.NegIntBiz.com</a></p>
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