

Negotiating International Business - Spain

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.

Though the country's culture is quite homogeneous, Spanish businesspeople, especially those among younger generations, are usually experienced in interacting and doing business with visitors from other cultures. However, many may expect things to be done 'their way.' You should strive to understand, and occasionally emulate, their behavior in order to gain acceptance of your Spanish counterparts.

Ways of doing business are gradually changing in Spain. While more and more Spanish companies have received foreign investment and embraced modern management techniques, many industries and enterprises still hold on to the traditional style of doing business. The information given in this section focuses more on the latter and may thus not always apply in full.

Relationships and Respect

Building lasting and trusting personal relationships is very important to most Spaniards, who may expect to establish strong bonds prior to closing any deals. People in this country usually want to do business only with those they know, like, and trust. 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 can be a time-consuming process. Spaniards 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. That makes it very important to keep company interfaces unchanged. Changing a key contact may require the relationship building process to start over.

Establishing personal relationships with others in Spain can create powerful networks and is vital to doing business. Whom you know may determine whether people want to get to know you. Similarly, whether people think you are worth knowing and trusting often weighs much more strongly than what proposals you have to make. Personal networks rely mostly on strong friendships that also represent dependable mutual obligations. They may open doors and solve problems that would otherwise be very difficult to master. Maintaining honest and cordial relations is crucial. Third party introductions can be very helpful as a starting point to building a trusting relationship with a potential partner.

While Spaniards are usually warm and friendly, they are also very proud and may be easily offended by comments that leave room for misunderstandings. 'Saving face' and respecting everyone's honor and personal pride are crucial requirements for doing business in the country. Openly criticizing someone in front of others can have a devastating impact on your negotiation. The importance of diplomatic restraint and tact cannot be overestimated. Keep your cool and never show that you are upset. Avoid open conflict, and know that politeness is crucial.

In Spain's business culture, the respect a person enjoys depends primarily on his or her rank and status. Admired personal traits include confidence, poise, modesty, and sociability.

Communication

The country's official language is Castilian Spanish. There are also Catalan-, Basque-, and Galician-speaking minorities in the country. Though many businesspeople speak at least some English, it may nevertheless be useful to engage an interpreter, especially when meeting with older high-ranking managers. 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 with a limited command of English if you speak slowly, summarize your key points often, and pause frequently to allow for interpretation. Spaniards will rarely admit it if they do not understand parts of the conversation. Even when the main meeting language is English, your counterparts may frequently speak Spanish among themselves, not necessarily to shut you out from the discussion but to reduce their discomfort and ensure a common understanding among them.

While discussions may sometimes get lively, the Spanish dislike loud and boisterous behavior. At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Emotions other than passion are rarely shown in public, and self-control is seen as a virtue. Interrupting others or speaking in parallel is acceptable, though. People generally converse standing around two to three feet apart, which is not as close as in many Latin American cultures.

Communication in Spain is rather indirect. Spaniards prefer to be careful about what they say and how they say it. People may not get straight to the point when trying to get a message across. In addition, they may tell you what they think you want to hear rather than what they really think. They might insist that everything is in perfect order, even when this is not the case. Silence is rare and usually signals that there is a serious problem. You may have to read between the lines or watch for non-verbal clues to understand what is being conveyed. In difficult situations, look for other contacts in your network that may be able to help you find out or interpret what is going on. It is beneficial to use a similarly indirect approach when dealing with Spaniards, as they may perceive you as rude and pushy if you are too direct. The communication may become a little more direct and frank once a strong relationship has been established.

Gestures and body language are often lively, though not as extensive as in Italy. There may be frequent physical contact with others of the same gender. When pointing at people or objects, use your open hand rather than a finger. Eye contact should be frequent, almost to the point of staring. This conveys sincerity and helps build trust. Anger may sometimes be masked with a smile.

Initial Contacts and Meetings

Choosing a local intermediary who can leverage existing relationships to make the initial contact is useful. This person will help bridge the gap between cultures, allowing you to conduct business with greater effectiveness. However, choose your representative carefully. Once you have made your choice, it can be very difficult to switch allegiance to others.

Negotiations in the country can be conducted by individuals or teams of negotiators. It is vital that teams be well aligned, with roles clearly assigned to each member. Changing a team member may require the relationship building process to start over and should therefore be avoided.

Scheduling meetings in advance is required. However, you can sometimes do this on short notice if the parties had previous business interactions. Since Spaniards want to know whom they will be meeting, provide details on titles, positions, and responsibilities of attendees ahead of time. They will expect to do business with the decision-maker in your organization. The most senior executive to attend on the Spanish side will be at a similar level in the hierarchy as your own negotiation leader. An agenda is usually set upfront, but this is only a formality. It will not be strictly followed.

Although meetings may sometimes not start on time, Spaniards generally expect foreign visitors to be punctual. Avoid being more than 10 to 15 minutes late, and call ahead if you will be. Displaying anger if you have to wait reflects very poorly on you.

Names are usually given in the order of first name, family names. Most Spaniards have two family names, the first one from their father, and the second one from their mother. Use *Mr./Mrs./Miss* or *Señor/Señora/Señorita*, plus the father's family name, which is always the first one of the two family names given. If a person has an academic title, use it instead, followed by the family name. You may also hear someone addressed by the titles *Don* or *Dona*. This is a show of great respect. In Northern Spain, only close friends call each other by their first names. This is more relaxed in the South. Introduce or greet the most senior person first. Thereafter, greet everyone else individually. Introductions are accompanied by handshakes.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. It is recommended to use cards with one side in English and the other in Spanish. 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. When presenting your card, ensure that the Spanish side is facing the recipient. Smile and keep eye contact while accepting someone else's card, then take a few moments to look at it. Next, place the card on the table in front of you.

Meetings start with small talk, which can be extensive. This may include personal questions about your background and family, allowing participants to become acquainted. It is important to be patient and let the other side set the pace. Initial meetings may appear somewhat formal, but the atmosphere usually is quite casual in subsequent meetings as the relationship develops. A sense of humor will be appreciated as long as it is not sarcastic or cynical. Meetings in Spain may appear somewhat chaotic, with frequent interruptions and several parallel conversations. Do not take this personally; it also does not indicate a lack of interest.

The primary purpose of the first meeting, and maybe even the second one, is to become acquainted and build relationships. Business may be discussed, but do not try to hurry along with your agenda. The goal should be to establish respect and trust between yourself and your counterparts. It is unrealistic to expect initial meetings to lead to straight decisions. In addition, it is rare to get open opinions at the conference table, so watch for subtle clues and use other opportunities such as one-on-one conversations or business dinners to learn more.

Presentations should be short and concise. Make sure your proposal is clearly structured and presented. Spaniards prefer oral communication to data exchanges, so avoid overburdening your material with many facts and details. Presentation materials should be attractive, with good and clear visuals. Having your handout materials translated to Spanish is not a must, but it helps in getting your messages across.

Negotiation

Attitudes and Styles - Leveraging relationships is an important element when negotiating in Spain. Nevertheless, Spaniards often employ distributive and contingency bargaining. 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, Spaniards nevertheless value long-term relationships. While proposals should demonstrate the benefits to both negotiating parties, neither of them should take attempts to win competitive advantages negatively. It is important to remain non-confrontational throughout the bargaining exchange. Ultimately, the culture promotes a win-win approach. You will earn your counterparts' respect by maintaining a positive, persistent attitude.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by focusing on logical arguments and facts. Ask your counterparts to suggest alternatives if needed. As a last resort, it may be effective to bring in the top managers on both sides and let them work it out.

Sharing of Information – Even when personal relationships are strong, your Spanish counterparts may be reluctant to share information openly. Many believe that privileged information creates bargaining advantages. In addition, figures and numbers can be unreliable in this dialog-driven culture, which could make them misleading.

Pace of Negotiation – Expect negotiations to be very slow and protracted. Spaniards do not hurry and dislike people who do. Be prepared to make several trips if necessary to achieve your objectives. Relationship building, information gathering, bargaining, and decision making may take considerable time. Attempts to rush the process are unlikely to produce better results and may be viewed as offensive. Throughout the negotiation, be patient, control your emotions, and accept that delays occur.

Most Spaniards prefer 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, may find this style confusing, irritating, and 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 tend to underestimate how much time this takes and often make the mistake of trying to ‘speed things up.’ Again, patience and persistence are vitally important.

Bargaining – Most Spaniards enjoy bargaining and haggling. They expect to do a lot of it during a negotiation and may get suspicious if you refuse to play along. Surprisingly strong emotions and many exaggerations may accompany the process. However, Spanish negotiators are more likely to focus on the big picture rather than negotiating point-by-point. Many will concentrate on reaching principal agreement, believing that they can always work out the details later.

The bargaining exchange can be extensive. Prices may move by 40 percent or more between initial offers and final agreement. Leave yourself a lot of room for concessions at different stages. However, concessions may not come easily, and Spaniards sometimes find it difficult to change their position. If they appear argumentative, it is important to remain cool and respectful, avoid confrontation, and frequently reaffirm the relationship. If needed, show willingness to compromise as a way to preserve the honor of both parties. However, it is best not to admit errors as doing so may hurt your credibility. After making concessions, 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 Spanish side reciprocate in areas that had already been agreed upon.

While Spaniards generally prefer a straightforward negotiation style, they also use deceptive techniques, 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. Your Spanish counterparts may make other attempts to mislead you in order to obtain bargaining advantages. Do not take such tactics personally and refrain from lying at or grossly misleading your counterparts, as doing so might damage business relationships. Even when you can see right through a lie, it would be a grave personal insult to state or even hint that your counterpart is not telling the truth. It is advisable to verify information received from the local side through other channels. 'Good cop, bad cop' is a tactic that Spaniards rarely use, though it could be effective on either side of the negotiation table. However, it could be devastating if the other side recognized this as a tactic, and your team will need to exclude any 'bad cop' member from future negotiation rounds. Businesspeople are usually too proud to claim or admit that they have only limited authority, even if it is true.

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. Be careful when using tactics such as opening with your best offer, showing intransigence, applying time pressure, or making decreasing or expiring offers. Spaniards may consider these inappropriate or even insulting. Silence can be an effective way to signal rejection of a proposal.

Spanish negotiators avoid openly aggressive or adversarial techniques. While they may make indirect threats and warnings or subtly display anger, they will be careful not to appear aggressive when doing so. Extreme openings are not frequently used since they may adversely affect the relationship, so be very cautious when using the tactic yourself. Never walk out or threaten to do so in an aggressive fashion as your counterparts will likely take this as a personal insult and may end all talks. However, threatening a 'friendly walkout' while strongly emphasizing the relationship may be very effective.

Emotional negotiation techniques, such as attitudinal bargaining, attempting to make you feel guilty, or appealing to personal relationships, are frequent and can be effective. Be cautious not to hurt someone's personal pride when employing any of these tactics, though. At times, defensive tactics such as blocking or changing the subject, asking probing or very direct questions, or making promises may be used.

Note that opening with written offers and attempting to introduce written terms and conditions as a negotiation tactic is rarely successful. In most cases, businesspeople ignore or tactfully reject them and request that each aspect be negotiated individually.

Corruption and bribery are rare in Spain, though not completely unheard of. Both legally and ethically, it is advisable to stay away from giving gifts of significant value or making offers that could be read as bribery.

Decision Making – Most companies tend to be very hierarchical, and people expect to work within clearly established lines of authority. Communication is expected to take place across similar levels in the hierarchy and it could damage the respect you enjoy if you spent much time and attention on someone you outrank. Decision makers are usually senior executives who are often autocratic but will consider the best interest of the group or organization. They may 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. Gaining access to top managers can be difficult, though. You may have to deal with subordinates who could strongly influence the final decision. Maintaining good relationships with these intermediaries is crucial to your success. Decision making can take a long time and requires patience. Attempts to rush or put pressure on the process is an affront to Spanish business protocol.

When making decisions, businesspeople usually consider the specific situation rather than applying universal principles. Personal feelings and experiences weigh more strongly than empirical evi-

dence and other objective facts do. Spaniards are often uneasy with change and reluctant to take risks. If you expect them to support a risky decision, you may need to find ways for them to become comfortable with it first, for instance by explaining contingency plans, outlining areas of additional support, or by offering guarantees and warranties.

Agreements and Contracts

Capturing and exchanging meeting summaries can be an effective way to verify understanding and commitments. Most Spaniards expect that verbal commitments be honored, although they may not be fully dependable themselves. Do not rely on interim agreements to be final, even if they come in the form of written protocols. Any part of an agreement may still change significantly before both parties sign the final 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. Nevertheless, writing up and signing the contract is a formality. Spaniards believe that the primary strength of an agreement lies in the partners' commitment rather than in its written documentation.

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

Contracts are usually dependable, and the agreed terms are viewed as binding. However, it is important to stay in regular contact and nurture the relationship throughout your business engagement. In addition, business partners may expect the other side to remain somewhat flexible if conditions change, which may include agreeing to modify contract terms.

Women in Business

Machismo attitudes remain strong in this country. Women still have a hard time attaining positions of similar income and authority as men. However, businesswomen traveling to Spain will generally be treated with respect. 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 help a lot.

Female business travelers should graciously accept any chivalric gestures they receive, while exercising caution and acting professionally in business and social situations. Displaying confidence and some degree of assertiveness can be effective, but it is very important not to appear overly bold and aggressive.

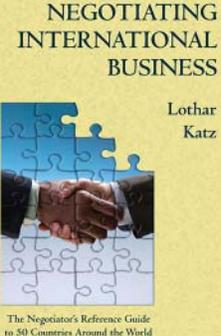
Other Important Things to Know

Impeccable appearance is very important when doing business here. Male business visitors should wear dark suits with neckties on most occasions. First impressions can have a significant impact on how people view you.

Working lunches are popular. Generally, business meals are important opportunities for relationship building. Business may or may not get discussed. Wait to see whether your counterparts bring it up.

Social events do not require strict punctuality. While it is best to arrive at dinners close to the agreed time, being late to a party by 15 to 30 minutes or more is perfectly acceptable.

Gift giving in business settings is rare, especially early in your engagement. It is best not to bring a gift to an initial meeting in order to avoid raising suspicions about your motives. However, partners may exchange small gifts when the contract is signed.

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