

Negotiating in Russia

'a riddle,
wrapped in a mystery, surrounded by an enigma.'
W. Churchill



Seminar:
"Russia beyond the
natural resources:
New era of foreign
investments"

The committee of
Russia-, and
GOS-table of the
Industrieele Groote
Club

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• **NEGOTIATING**

2

• **WHAT IS SO DIFFERENT IN RUSSIA?**

3

• **NEGOTIATING IN RUSSIA**

4

• **TIPS & TRICKS IN NEGOTIATIONS**

- Setting the meeting & introduction
- The first meeting & presentation
- Hierarchy
- Women at the negotiation table
- The negotiation process and style of negotiation
- Bargaining
- Vodka & Banya
- Agreements and contract

5

• **CONCLUSIONS**

1. NEGOTIATING

2.

3.

Negotiating is the process by which two or more parties with different needs and goals interact to find a mutually acceptable solution to an issue.

- Inter-personal process;
- Each situation is unique and influenced by each party's skills, attitudes, style;
- Differences between western and Russian cultures manifest themselves more acutely during negotiations than during other business processes.



1. NEGOTIATING

2.



1.

2. WHAT IS SO
DIFFERENT IN RUSSIA?

3.

Self doubt ↔ pride

Hot ↔ cold

Rich ↔ Poor

Beauty ↔ Ugliness

Weak ↔ Strong

Love ↔ Hate

Humane ↔ Brutal

Honest ↔ Fraudulent

RUSSIA
THE
LAND OF
ANTONYMS

Extravagant ↔
Grey

Emotional ↔ Stoical
impassiveness

Generous ↔
Grudging

Predictable ↔
Unpredictable

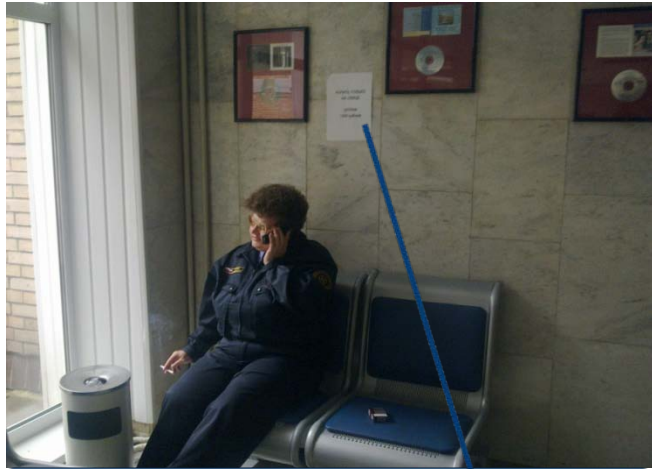
Erudite ↔
Superficial

Boundless ↔
Limited

1.

2. UNIQUE
RUSSIA

3.



No smoking

**No smoking
indoors!
Fine 1000
Rubles.**



No walking on ice



No swimming



Problems you may face, while negotiating in Russia:

1. Not knowing the position/mandate/function/role of your interlocutor.
2. Not understanding the interests of the other party.
3. Being charmed by the Russian business partner.
4. Not being prepared and not having the right information.
5. Not having a game plan.
6. Too many assumptions.
7. Feeling insecure.



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4. TIPS & TRICKS

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1. Setting the meeting and first contact.
2. Hierarchy.
3. Women at the negotiation table.
4. The introduction and presentation.
5. The negotiations process.
6. The style of negotiation.
7. Bargaining.
8. Sharing of information.
9. Vodka & Banya.
10. Agreements and contracts.
11. Conclusion.



3.

4.1 SETTING THE
MEETING &
INTRODUCTION

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1. The external appearance is very important, including how you get to the meeting.
2. The first meeting will often be formal but Russians prefer to get to a warm and friendly contact.



Do's and Don't's

1. Setting meetings is a challenge in itself → “Kontrolniy zvonok”.
2. Be punctual, but do not expect the same from the Russian partner.
3. Formal dress is recommended.
4. Firm handshake and the first name, father's name and surname.
5. Business cards with titles and functions (RU/EN).
6. It is helpful to be introduced by someone known to both parties.
7. A warm relaxed tone is best.

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4.2 FIRST MEETING & PRESENTATION

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1. Russians can be very direct during the first meeting.
2. Russian businessmen can be imposing.
3. Russian businessmen think, speak and act fast!
4. Only the smartest and toughest have succeeded!
5. But when there is a lot at stake the Russian would use the first meeting to assess you and your company.
6. Russians respect skills and knowledge and want to see you are a qualified authority in your area.



1. Follow the pace.
2. Come well prepared and have a game plan ready.
3. Know the needs of your Russian discussion partner.
4. Present clearly and with a lot of factual/technical material.
5. Don't go too deep into the company history.
6. Don't oversell. Let your USPs speak for you.

3.

4.3 HIERARCHY

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1. Russia is a hierarchical /control minded country and the senior person decides everything.
2. Status and rank are important.



1. If you come with a team, you have to mirror this hierarchy.
2. If you come alone, be sure to have the mandate to make the needed decisions.

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4.4 WOMEN

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1. Still not used to women in high positions.
2. Handshakes are not common.
3. Courteousness does not mean acceptance.



1. It is needed to clarify the position and authority of the female business person.

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**4.5 NEGOTIATION
PROCESS and STYLE**

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1. Russians may go from one item to another without logical order. They have a more holistic approach than most Westerners, who would work down the agenda point by point.
2. Russians are less forthcoming with information than Westerners.
3. The Russian negotiation style may range from extremely direct to extremely evasive.
4. Range from confrontational to formal to friendly (during one meeting).
5. Psychology and emotions play a big role.
6. Establishing a personal relationship is crucial as Russians want to do business with people they know and like.
7. In Russia's culture it is important to belong and conform to a group.



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4.5 NEGOTIATION
PROCESS and STYLE

5.

Do's and Don't's

1. Make sure you reserve enough time for the negotiation process. Doing business in Russia requires time and presence. You may even need to plan several visits to Russia.
2. It is often useful to also have some contact apart from the meeting table, separate from the group.
3. Language: speak in direct short sentences.
4. Do not be all business.
5. Rule number one is to never lose your cool, never get upset and to be patient.
6. Do not be intimidated. Maintain dignity.
7. But don't be too distant.
8. Show that you understand the Russian position.
9. Do not make direct suggestions/recommendations about what can be done better but let the Russian find it out him-/herself.
10. Try to establish common ground and work onwards from that basis.

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4.6 BARGAINING

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1. The bargaining phase can be long and is more of a power-play.
2. Russians do not think in win-wins or give and take.
3. They usually consider that one persons gain is the other persons loss.
4. It is often about personal short term gain and short term objectives.
5. This is where the pride and aversion to weakness comes in.
6. Weakness is not shown and one always negotiates from a position of power.
7. Many misleading tactics may be used and you can be put under pressure.
8. Russians see this as part of the game and do not find that this conflicts with the personal relationship.



1. Have some concessions ready.
2. Don't show weakness and stay in control.
3. Don't take it personal.

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**4.7 VODKA &
BANYA**

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1. Negotiations are almost never done over dinner or while drinking Vodka.
2. These “ceremonies” are more for establishing the personal relationship and trust.
3. If you drink the first 3 vodkas in one go, you are further free to do as you want.
4. There is mostly no aggressive drinking anymore.
5. Everybody is expected to propose a toast. It can be very simple, the gesture is what counts.
6. Banya is another ceremony during which you often get to know more than during the business meeting.

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**4.8 AGREEMENTS
AND CONTRACTS**

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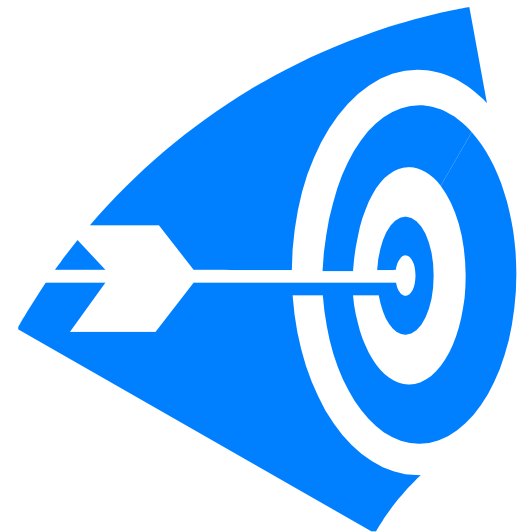
1. Protocol.
2. Contract.
3. Celebration.



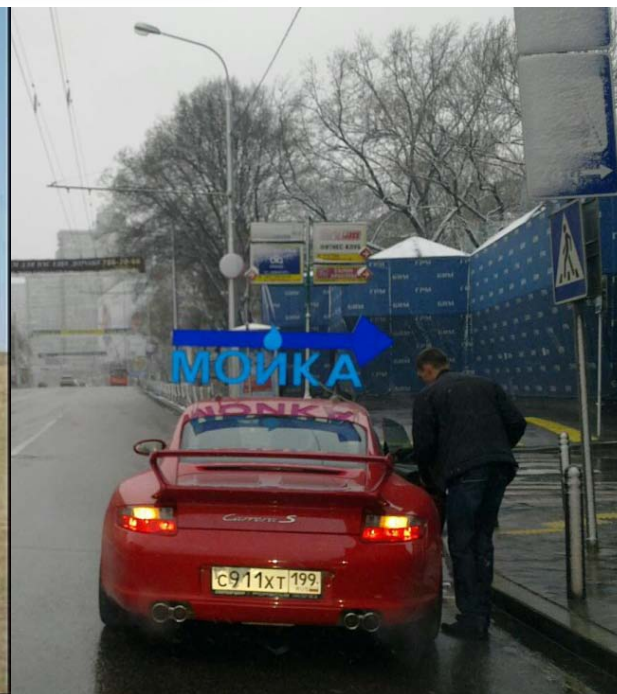
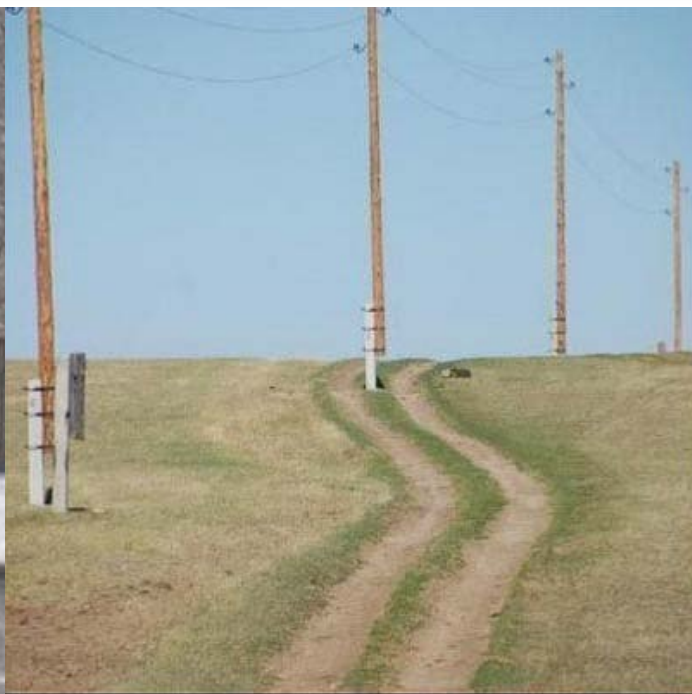
Keep an eye on the business, stay in regular contact and nurture the relationship.

Conclusions

1. Western trading cultures versus Russian clan culture.
2. Win-win versus win-lose.
3. There's no wrong or right. It's just different.



Conclusions



**Think and act
fast**

Be creative

**Don't be
surprised**

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