
Client-Vendor Relationships

By Lothar Katz

I wasn't sure I'd heard right: Did my Dutch colleague really just tell his customer that he, the customer, had "no right to ask for better service" because our company owed them "nothing, given the low prices" they were paying?

Here we were, in the middle of a meeting at the client's office near Rotterdam, The Netherlands – and I was holding my breath, expecting the guy to blow up any moment. After all, this was no way to deal with a customer, no matter whether you had a point or not.

Eventually, the customer broke the silence. "You're right", he said. "I'm sorry. Let's talk about what I can do to make this a fair deal."

I was baffled. My own business experience, admittedly a very limited one at the time, suggested that "the customer is always right." And if he isn't, well, he's still the customer, so one would need to address disagreements cautiously and diplomatically, even if this means biting one's lip and making tough concessions. Or at least so I thought. The way in which my Dutch colleague spoke to his client seemed completely out of line. That the customer responded in a collaborative spirit, rather than combatively, puzzled me.

What does your own experience say about this? Do you work with customers? How do you interact with your clients and how do they treat you? When you're in the customer role yourself, how do you deal with your vendors and how do they cooperate with you?

In addition to individual styles, a variety of situational factors might influence your answers to these questions. How powerful is your position compared to theirs? How strong are relationships and trust between the two sides? How much history is there between the parties and how well did things go in the past? These and several other aspects shape expectations and commonly determine the style in which business is conducted.

There is another strong factor: Cultural values significantly impact the parties' expectations of the distribution of power in client-vendor relationships. Let's take a look at different attitudes around the world:

- **Cultures where client and vendor are near-equals.** People in these countries and cultures usually expect of fair balance of power between client and vendor: the parties jointly own the responsibility to avoid one-sided deals. Some may communicate more indirectly than the frank and straightforward Dutch often do, but in general, it is ok in these cultures for a supplier to reject a customer request, to bring up the needs of other customers, or to explain to a client that a demand he made is "unfair."
In addition to the Netherlands, members of this group include Australia, Denmark, Finland, New Zealand, Norway, Sweden, and a few others.
- **Cultures where clients are commonly in a substantially stronger position than their vendors.** If you ever experienced a business meeting in Japan that included local company representatives on both sides, you might have observed

levels of deference on the supplier's side and harsh behavior on the client's side than can be oversight shocking for foreigners. Most Japanese consider it an honor for a vendor to be allowed to provide their goods and services. As customers, they expect to receive near-perfect service. In spite of the culture generally being very indirect, Japanese customers let their suppliers know in no uncertain terms when their expectations aren't met. This may include strong displays of anger.

Countries where clients are commonly in a similarly powerful position include South Korea and (to a lesser degree) several other East Asian countries, many in the Arab world, as well as Russia, Ukraine, and a few other former Soviet Republics.

- **Cultures where attitudes are somewhat between these extremes.** Most of the world is in this group. Here, clients are in a clearly advantaged position but are also expected to consider the vendors' needs. They generally communicate more directly than vendors do, expect preferential treatment, and may not see anything wrong with deals being one-sided. On the other hand, it is perfectly ok for vendors in these cultures to point out, albeit tactfully, when things become imbalanced, reminding their clients that both sides must profit from the business.

There is no 'right' or 'wrong' in these expectations and preferences, so be careful: you'll want to control any feelings of betrayal when working with foreign contacts. If you fail to identify and acknowledge the culturally biased attitudes of your foreign clients or vendors, however, watch out – your business interactions could prove rather short-lived!

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