

Negotiating International Business - Italy

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.

Italian businesspeople, especially those among younger generations, are often experienced in interacting and doing business with visitors from other cultures. However, this does not always mean that they are open-minded. When negotiating business here, realize that people may expect things to be done 'their way.'

Though the country's culture is relatively homogeneous, business cultures are considerably different between the North and the South. People in the North tend to be more business-focused, serious, and somewhat reserved. South of Bologna, and much more so south of Rome, business and negotiation styles get much more relaxed and people are often more personable. These variances affect many aspects of negotiations in Italy.

Relationships and Respect

Building lasting and trusting relationships is important to most people in this country. However, such relationships are not a necessary precondition for initial business interactions, at least in the northern parts of the country. Southern Italians may expect to establish strong bonds prior to closing any deals. Generally, Italians tend to follow their feelings and intuition. Many of them prefer to do business only with people they know and like. Consequently, proceed with serious business discussions only after your counterparts have become very comfortable with you. Italians 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 both at the individual and company level. 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. Again, this may take longer in the South.

Establishing personal relationships with others in Italy can create powerful networks and may help you a lot to achieve your business objectives. Who you know could determine whether people want to get to know you. Similarly, whether people think you are worth knowing may weigh more strongly than what proposals you have to make. 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.

When dealing with Italians, especially in the South, nothing matters more than a concept known as *bella figura* (beautiful posture). It means maintaining the right sense of civility and formality at all times. This includes a person's sense of honor, the ability to be assertive without appearing arrogant, how well he or she presents and expresses himself or herself, and many other actions and behaviors that are expected to contribute to the beauty and sense of order in the world. Personal pride is very critical. It can be catastrophic to your business relationship should you ever insult the honor or personal pride of your Italian counterparts or their families and friends, even if done inadvertently. Never show disrespect to the country as a whole, to your counterparts' friends and family, or to their personal accomplishments and possessions.

In Italy's business culture, the respect a person enjoys depends primarily on his or her status, rank, and age. It is important to treat elderly people with the greatest respect. Admired personal traits include assertiveness and poise, but also personal warmth and sociability.

Communication

The country's official language is Italian. There are also German-, French-, and Slovene-speaking minorities in the country. Many Italians, especially in the South, do not speak English well, so you may sometimes need a translator. 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 key points, and pause frequently to allow for interpretation. Italians will rarely admit it if they do not understand parts of the conversation. Even when the main meeting language is English, your counterparts will frequently speak Italian among themselves, not necessarily to shut you out from the discussion but to reduce their discomfort and ensure a common understanding among them.

Southern Italians often speak loudly and passionately. They enjoy eloquent and elaborate discussions, which may sometimes become heated and emotional debates. In addition, they may interrupt each other frequently. People may show their emotions very openly. However, it is crucial never to lose your temper or appear impatient, as there is always a risk of hurting someone's pride. Italians in the South generally converse in close proximity, standing only two feet or less apart. Never back away, even if this is much closer than your personal comfort zone allows. Doing so could be read as a sign that you are uncomfortable around them.

While Northern Italians also appreciate animated discussions, business meetings are usually quieter affairs here. They are mostly conducted in a controlled atmosphere, and the person with the highest authority rarely has to raise his or her voice. Emotions may still be shown, though, and silence likely delivers a negative message. In conversations, Northern Italians may stand a little further apart than their compatriots in the South, but this may still be closer than what people from North America or Northern Europe may be comfortable with.

Communication in Italy is usually not overly direct. People may not get straight to the point when trying to get a message across, and you may have to read between the lines to understand what is being conveyed. Especially in the South, they may tell you what they think you want to hear rather than what they really think. However, Italians will not find it difficult to say 'no' if they dislike a request or proposal. They will appreciate constructive criticism if made in a respectful and not overly blunt manner. Silence is again rare and usually signals that there is a problem.

Gestures and body language can be extensive. It is rarely a good idea to imitate them. Italians tend to gesticulate a lot. Do not read too much into it. There can be frequent physical contact with others of the same gender. 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 important, since having a contact is advantageous for doing business in this country. This person will help bridge the gap between cultures, allowing you to conduct business with greater effectiveness.

Negotiations in Italy may be conducted by individuals or teams of negotiators. The most senior executive on your side should have the necessary authority and clearly act as the leader of your team. Similarly, the highest-ranking person on the Italian side will likely attend and will be the decision maker.

If possible, schedule meetings at least two to three weeks in advance. Since Italians want to know who they will be meeting, provide details on titles, positions, and responsibilities of attendees ahead of time. They will expect to do business with the most important person in your organization. An agenda may be set upfront, but this is only a formality. It will likely not be followed. While meetings may start considerably late, Italians generally expect foreign visitors to be punctual. Avoid being more than 10 to 15 minutes late, and call ahead if you will be. This is less critical in the South of the country. Displaying anger if you have to wait only reflects poorly on you.

Names are usually given in the order of first name, family name. However, some Italians may do it the other way around. Use *Mr./Ms.* or *Signor/Signora* followed by the family name. If a person has a title, such as *Doctor (Dottore/Dottoressa*, frequently used for people with any advanced degree) or *Professor (Professore/Professoressa)*, use it instead, followed by the family name. Many other professional titles may be used. Only close friends call each other by their first names. Introduce or greet the most senior person first. Thereafter, greet everyone else individually. Introductions are accompanied by handshakes. Men should wait for women to initiate handshakes.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. There is no need to have them translated to Italian, but it will be preferably noted if you do. Show advanced 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, 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 can be quite formal, but this usually gets more relaxed as the relationship develops. Humor will be appreciated as long as it is not sarcastic or cynical. Meetings in Italy 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 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.

Presentation materials should be attractive and aesthetically pleasing, with good and clear visuals. Remember to maintain your *bella figura* throughout your presentation. Come to the meeting with a carefully planned and logically organized proposal. Leave additional information that supports your proposal. Having your handout materials translated to Italian is not a must but helps in getting your messages across.

Negotiation

Attitudes and Styles - Leveraging relationships is an important element when negotiating in Italy. Nevertheless, Italians 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, Italians nevertheless value long-term relationships and look for win-win solutions. 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. Demanding that strict rules be followed during the negotiation process conflicts with the Italians' casual attitude and will likely not get you anywhere either. You will earn your counterparts' respect by remaining relaxed while maintaining a positive, persistent attitude.

Should a dispute arise at any stage of a negotiation, you may be able to reach resolution or an acceptable compromise by leveraging personal relationships, assuming that they are strong enough.

Sharing of Information – The level of information sharing depends on the strength of the relationship. During initial negotiations, Italians may play their cards close to the chest. Most of them believe in information sharing as a way to build trust, though.

Pace of Negotiation – Expect negotiations to be slow and protracted, and be prepared to make several trips if necessary to achieve your objectives. Information gathering, bargaining, and decision making may take considerable time. 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.

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 important.

Bargaining – Italians, especially in the South, are used to hard bargaining and haggling. They may expect to do a lot of it during a negotiation. Strong emotions and much drama may accompany the process, with a wide spectrum reaching from flattery to bitter complaints, but never open aggression. Spend time to understand your counterparts’ objectives and prepare for unexpected moves or changes.

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. If needed, show willingness to compromise as a way to preserve the honor of both parties. After making concessions, always ask the other side to reciprocate.

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 Italian counterparts to be good at this game. They may occasionally play stupid or otherwise attempt to mislead you in order to obtain bargaining advantages. Lies will be difficult to detect. It is advisable to verify information received from the local side through other channels. 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. ‘Good cop, bad cop’ may be used on either side of the negotiation table. Italians 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. Italians may also sometimes make surprise demands in a similar ‘take it or leave it’ style. In these cases, they may be testing your limits to see how far you will go. Be careful when using tactics such as opening with your best offer, showing intransigence, applying time pressure, or making decreasing or expiring offers. Italians may consider these inappropriate unless they are strongly interested in your offer and clearly understand the rationale behind the approach. Otherwise, while the negotiation is not necessarily over, it may become less constructive. Silence can be an effective way to signal rejection of a proposal.

Italian negotiators avoid openly aggressive or adversarial techniques. While they may use indirect threats and warnings, or subtly display anger, they will be careful not to appear aggressive when doing so. Although extreme openings are rare, the tactic may be effective for you as a way to start the bargaining process. 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 hurt someone’s personal pride when employing any of these yourself, though. 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.

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 somewhat common in Italy's public and private sectors, especially in the South. 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 Italian could simply view a nice gift.

Decision Making – Most companies are hierarchical, and people expect to work within clearly established lines of authority. Decision makers are primarily senior managers who consider the best interest of the group or organization. Others are often consulted in a committee-style process in order to reach greater consensus over and support of the decision. This process can take a very long time and requires patience. Attempts to rush or put pressure on the decision making process is an affront to Italian business protocol. It may sometimes be difficult to identify the primary decision maker. In family businesses, it is always the head of the family, though. In other companies, it is strongly advisable to make contact with the most senior manager, seeking to get his or her support even if the person may not be the sole decision maker.

When making decisions, businesspeople usually consider the specific situation rather than applying universal principles. Personal feelings and experiences weigh more strongly than empirical evidence and other objective facts do, but all aspects are considered. Italians 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 Italians expect that verbal commitments be honored, although they may not be fully dependable themselves. Do not mistake interim agreements for final ones. 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 very detailed terms and conditions for the core agreements as well as for many eventualities. Nevertheless, writing up and signing the contract is a formality. Italians 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. Italians could read it as a sign of mistrust if you do.

While contracts are usually dependable, their terms are not always strictly met. Business partners usually expect the other side to remain somewhat flexible if conditions change, which may include agreeing to modify contract terms.

Women in Business

While the Italian society is making progress towards gender equality and some women hold important positions, most of them are still struggling to attain positions of similar income and authority as men. As a visiting businesswoman, emphasize your company's importance and your role in it. A personal introduction or a letter of support from a senior executive within your company may also help.

Female business travelers should graciously accept chivalric gestures they receive. Complimenting women on their appearance is common and viewed as perfectly acceptable. Should someone making such a compliment go too far, it is best simply to ignore the person. Generally, displaying confidence and assertiveness can be effective, but it is important not to appear overly bold and aggressive.

Other Important Things to Know

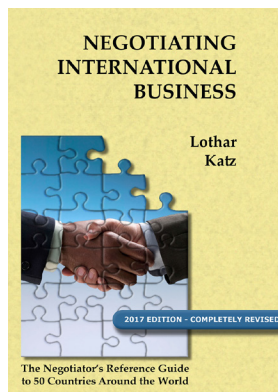
Good and fashionable attire is very important when doing business here. Male business visitors should wear dark suits with neckties on most occasions. First impressions can have a significant impact on how people view you.

Business dinners are common and present great opportunities to strengthen relationships. However, business itself is rarely discussed over meals.

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.

Do not ask people in social settings about 'what they do.' They could view this as inappropriate and may even take your seemingly harmless question as an insult. Who you are is generally more important here than what you do.

Gift giving in business settings is rare, especially in Northern Italy. It is best not to bring a gift to an initial meeting in order to avoid raising suspicions about your motives.



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.

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