



Trading With Key European Markets: Germany



Introduction to the Country - A Brief History

- In 1547, relations between the Roman Catholic Church and the German state were changed by the Reformation, which began with Martin Luther's translation of the bible.
- From 1618 to 1648 Germany was devastated and divided by the 30 year war.
- In 1866 Frederick the Great took control of Germany following the 7 weeks war against Austria and in 1871 King Wilhelm I of Prussia was proclaimed German emperor.
- In 1867, the North German Confederation was abolished and the Second German Reich, lead by Chancellor Otto Von Bismarck was created.
- Wilhelm II dismissed Bismarck in 1890 and embarked upon a "New Course". His chaotic foreign policy led to the diplomatic isolation of Germany and defeat in the First World War, causing the collapse of the second German empire.
- Adolf Hitler became the Chancellor of Germany on 30th January, 1933 and his invasion of Poland on 1st September 1939 led to the Second World War.
- Germany surrendered unconditionally to Allied and Soviet military commanders on 8th May 1945 and on 5th June, the four-nation Allied Control Council became the de facto government of Germany.
- For the purposes of control, Germany was divided into four national occupation zones. The Federal Republic of Germany was created on 23rd May 1949, with Bonn as its capital.
- The division between West Germany and East Germany was intensified when the Communists erected the Berlin Wall in 1961.
- On 3rd October 1990, the German Democratic Republic acceded to the Federal Republic and Germany became a united and sovereign state for the first time since 1945.

Language

- Over 95% of the population speaks German as their first language.
- The German language is one of the top ten most spoken languages in the world.

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- Minority languages in Germany include Serbian (0.09%), Danish (0.06%) and Romani (0.08%).
- Immigrant languages include Turkish (1.8%) and Kurdish (0.3%).

Population

- Germany has a population of 82,422,299 (July 2006 estimate).
- More than 90% of the population is designated as ethnic German.
- Germany has 7 million (2006 estimate) foreign residents, including asylum seekers, guest workers and their dependents.
- Germany's ethnic make-up is German 91.5%, Turkish 2.4%, other 6.1% (made up of Greeks, Italians, Poles, Russians, Serbo-Croats, Spaniards).

Business Activity in Germany

Key Sectors

- The most important branch of economic activity in Germany is industry.
- Germany is among the world's largest and most technologically advanced producers of iron, steel, cement, chemicals, machinery, motor vehicles, machine tools and electronics, as well as a world leader in the shipping business.
- Car-making is one of the most important sectors in German industry.
- Machine and plant construction is also key for Germany's economy.

Joint Ventures & Partnerships

- In Germany, joint venture legislation falls into the responsibility of the Bundeskartellamt (Federal Cartel Office).
- A joint venture must exercise "genuine entrepreneurial" activities.

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- Organisations which carry out functions such as purchasing or distribution on behalf of their parent companies are not considered joint ventures.
- Joint Ventures must have sufficient assets and personnel to carry out their activities.
- Mergers are prohibited by the Bundeskartellamt if they are "expected to create or strengthen a dominant position".

Trading with Germany

Business Relationships

- Germans value order, privacy and punctuality.
- There is a strict separation between private life and work in Germany, so it takes time to forge more personal relationships.
- Close adherence to targets and time schedules is considered to be vital for business in Germany.
- As a rule, Germans are suspicious of hyperbole, promises that sound too good to be true and displays of emotion.
- German business culture has well-defined and strictly observed hierarchy.
- Germans tend to be averse to risk in their management style.
- Professional rank, status, academic titles and background are important to convey an individual's expertise in their area of work.
- Written communication is used a lot in German business to back up decisions and to maintain a record of discussions.
- The customary way to answer a phone at a German company is to state the name of the company, the name of the person and a greeting.

Attitudes

- Germans have a strong sense of individualism.

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- This is coupled with a keen sense of responsibility for "the good of the community".
- German culture prizes planning and forward thinking.
- In business, Germans do not like surprises.
- Business is viewed as being very serious, so Germans do not generally appreciate humour in a business context.

Taboos

- Germans are very direct and honest people.
- Germans speak in a curt manner - this is not meant as an act of rudeness.
- When making or answering a phone call, introduce yourself by saying your name.
- It is seen as impolite to cross your arm over people who are shaking hands.
- It is rude to chew chewing gum in public, particularly in meetings.
- Technically it is against the law in Germany to insult others, so avoid swearing at someone in public.
- Be tactful regarding the subject of the Second World War.
- Do not under any circumstances show any symbols or make any references to Nazis - it is the ultimate insult in Germany!
- Talking with your hands in your pockets is also considered impolite.

Time Keeping

- Germans manage time carefully, so calendars, schedules and agendas must be respected.
- Do not turn up late for an appointment.
- Be 5 - 10 minutes early for important meetings.

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Business Ethics

Giving Gifts

- In Germany, it is uncommon for business associates to present each other with gifts.
- However, for more social occasions, it is customary to give gifts.
- If presenting a gift to a German business associate, choose one that is small and of good quality, but not overly expensive.
- Acceptable gifts at business meetings are items of office equipment, good quality pens with your company's logo or non-German liquor.
- If invited to a German home, it is appropriate to bring a gift of flowers, wine, chocolates or a small gift that represents your home or region.
- Flowers should be given in uneven numbers and should be unwrapped.
- Avoid presenting 13 of any kind of flower and do not present red roses.
- If you bring wine, this should be imported, preferably French or Italian.

Business Practice

Cross-cultural Communication with Germany

- In general, Germans are typically conservative as far as physical gesturing is concerned.
- Germans value larger personal space around them than other European countries.
- Common courtesy such as handshakes and politeness go a long way in Germany.
- Germans tend to make eye contact often, so try to maintain this.
- Expressive use of the hands is minimal in most conversations.

Verbal Communication

- Do not expect to be able to reach German business associates at the office after 5pm from Monday to Thursday or after 4pm on Fridays.
- When answering the telephone to German business associates, it is common to identify yourself with your last name.
- Welcome topics of conversation include sports such as football, cycling, skiing, tennis and hiking, travel, current events and beer.
- Avoid intrusive questions about personal matters.

Non-verbal Communication

- Allow German business associates a good amount of personal space.
- Maintaining eye contact demonstrates attention and interest in a conversation.
- Direct eye contact is expected during a toast.
- Waving or shouting at a person who is far away may attract negative attention.
- In Germany, men walk and sit to the left of women and other men senior to themselves.
- Germans show their appreciation of a presentation at the end of a business meeting by rapping their knuckles on the table.

Dress

- Appearance and presentation is very important to Germans, particularly in business.
- German business dress is generally understated, formal and conservative.
- Formal dress is observed even in warm weather, so do not remove your jacket or tie before your German colleague does so.
- Women are recommended to refrain from wearing heavy make-up or large jewellery or accessories.

Business Dinners

- Business entertainment is mostly conducted in restaurants.
- When dining with potential German business partners, wait for the host to bring up the subject of business.
- The most honoured seat is at the head of the table with important individuals seated first to the left and then to the right of the head of the table.
- Germans do not tend to stay long after dinner and guests are expected to make the first move to leave.

Restaurant Etiquette

- Remain standing until invited to sit down - you may be shown to a particular seat.
- Do not begin eating until the host / hostess begins or until someone says "guten appétit".
- Say "das schmeckt" to indicate that you are enjoying your food.
- Try to keep your hands visible throughout the meal.
- Cut as much of your food with your fork as possible, especially potatoes.
- It is seen as polite to finish everything on your plate.
- The host makes the first toast and the guest should return the toast later in the meal.

Business Meetings

- Business meetings are taken very seriously in Germany and may go into considerable detail.
- Precise and detailed agendas are produced for business meetings and are followed rigorously.
- Meetings always aim for decisive outcomes and results.
- It is important to provide solid facts and examples to back up proposals.

Setting up a Meeting

- Appointments in Germany are mandatory and meetings are generally scheduled well in advance.
- Never set up a meeting between a lower ranked company employee and a higher ranked German business associate.
- Be aware that the process of setting up a meeting can take time, but once the planning is over, the project will most likely move quickly.
- If you write to schedule a meeting, the letter should be written in German. The letter should be addressed to the top person in the function area, including their proper business title.
- Try to avoid business meetings in the months of July and August or around the times of national holidays.

Negotiations

- Germans are competitive, ambitious and hard bargainers.
- In German business, a person's word is their bond - verbal agreements are generally considered binding.
- Business negotiations tend to be analytical and factual.
- Decision-making is held at the top of the company and is often a slow and detailed process.
- Avoid confrontational behaviour, high-pressure tactics or contradictory statements.
- Jokes, anecdotes, a "hard sell" approach or spontaneous presentations are generally not considered appropriate.
- Once a decision is made, it will not be changed.

Meeting Follow-up

- Following a business meeting, Germans generally produce massive written communications.
- To Germans quick action reinforces the importance of the meeting, so always prepare and distribute minutes or information within 24 hours of the meeting.
- A few days after the meeting, make a follow-up telephone call - this effort is important to Germans and will be appreciated.
- Contracts are followed very strictly in Germany.
- Business will continue to be very formal until a firm working relationship has been established.

Hints and Tips

- Lower your voice a little and behave graciously and you will enjoy a warm response from German business people.
- Always greet women first in Germany.
- Do not be offended if someone corrects your behaviour.
- Be careful when giving compliments - don't do this too often.
- Do not lose your temper publicly.
- Stand when an elder or higher ranked person enters the room.
- Women must establish their position and ability immediately to conduct business successfully in Germany.

Sources: www.businessculture.org

Business Etikette in Deutschland: Mind Your Manners (2006) by Gretchen Schaupp and Joachim Graff