

Better Business With The British

By Martin Williams of EBS

Introduction

I have set out here a few thoughts from my experience of working exclusively with foreign - owned business setting up in Britain since 1991, although I first started to help Swedish companies in 1975.

During my childhood in the 1950s and 1960s my parents were intrepid and confident travellers and I was very fortunate to have visited many European countries, from north of the Arctic Circle in Sweden and Finland to Naples, Italy in the south. I have spent most of my working life dealing with foreign owned businesses and now have experience of many different countries and cultures, but it was from these early travels in particular that I learnt that each country is different, and each nationality has their own way of doing things.

No particular method was right or wrong, but experience had taught the inhabitants of each country the most efficient way to achieve their objectives. If you wanted to do something in any country I quickly learnt that first you watch to see how the locals do it, and then you do the same.

Eventually you can learn the history of events that have driven the development of each country, and you will then not only know what they do, but have an understanding of why they do things in a particular way.

I cannot give you a complete history of Britain and its business practices in the space available here, but I hope to be able to point you in the right direction, and to give you some understanding of how to achieve your business objectives efficiently in the UK.



History and Geography

Britain is an island containing England, Scotland and Wales. If you add Northern Ireland, which is

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on the north of the island of Ireland you get the United Kingdom. What is now the Republic of Ireland gained

its independence from Britain in 1922.

Britain has not been invaded by a foreign army since 1066. With the exception of changes in the status of Scotland and Wales, its borders have remained unchanged for a very long time.

Of course Britain has been damaged and suffered deaths, economic and property losses in recent wars, but not as much as Germany or Spain for example. It has not had to sacrifice large areas of territory, and relocate half a million of its population just to survive, as Finland did. It has not had two opposing armies fighting on its territory, as Poland has.

The British knew about the invasion of Czechoslovakia from their televisions and newspapers, the rise and fall of the Austro-Hungarian Empire from their history books, and the complete absorption into another system as was suffered by the Baltic States, but these events, and many others, did not affect the British directly. Their physical location on an island has in the past protected them from harm in a way that no

country with land borders can ever be protected. The European Union as it now is has achieved much in

creating a situation in which physical

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A lot has happened since the Treaty of Rome in 1957. But somehow Britain does not seem to be fully engaged with the EU, even now. Perhaps the location on an island, which has protected the British so well in the past, is now separating them from the realities of European politics which are so important to their future.

If you ask British people if they want to keep the principles of the internal market, that is the free movement of goods, services (not yet achieved even after more than 50 years) persons and capital, the vast majority would say "yes". If you



asked them if they wanted closer political integration with the European Parliament and bureaucracy having an increased influence in how Britain and their lives are run, the majority I believe would say "no".

This is the dilemma. Britain cannot afford to be outside the EU, and the EU cannot afford for the British economy to be outside its influence, so we must carry on. The Euro was an example of "a step too far" for the British. Whilst the concept of creating a strong European currency to stand against the USD was attractive, it was just too much for the British to give

"The Euro was... a step too far for the British."

up their independent Pound at the time.

The Germans, the owners of the other really strong currency in Europe, had the courage to give up the D Mark. Would the Euro be stronger

now if the Pound had joined at the same time, and would Britain be in a better economic position, only time will tell. It should be remembered that, at the founding of the Euro, only Germany and Britain were actually net contributors into the EU budget, even after Margaret Thatcher's famous "rebate" was taken into account.

Perhaps the British just thought about it too much. As a generalisation, if for example, the US is considered to be a country of lawyers, and Germany perhaps a country of engineers, and then Britain is a country of accountants and bankers.

In summary, the British are Europeans. They have a large economy, which is an attractive market for many companies, and which gives them a strong position. This, combined with the location on an island means that the British have perhaps been slower to embrace change than other "mainland" European countries. Even with all this Britain is a very attractive market. Approximately 40% of all inward investment into the EU comes to Britain, which makes it also

"... the British are Europeans..."

interesting for EU companies wishing to supply these inward investors.

I hope that this, and the practical pointers which follow will give you some background to the British character so that you can understand them better, and therefore do business with them more efficiently and effectively.

The Selling Process

As I have mentioned before, Britain is a country of accountants, not engineers. When selling to the British it is important to explain to them how

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they can make or save money by buying your product or service. It is not enough to explain how it works and to expect them to

work it out for themselves, as they are unlikely to do it.

On the other hand many people have said that Britain is a low price market, and that is simply not true. There is price competition, and in such a large market this is to be expected. The British will pay for quality, as can be seen by the number of Jaguar, BMW, Mercedes Benz, Land Rover, Volvo and similar cars on the roads, it is just that the marketing process has to explain the quality and the value to the customer.

Britain is such a large market that it must be segmented to be manageable. Therefore, research and information is vital before actually starting the selling process in Britain for the first time.



The Legal System

The legal system in Britain is often referred to as Anglo Saxon, and is based more on common law, not statute law as is usual in many European countries. This means that agreements tend to be longer than in the rest of Europe as they need to incorporate all the matters relating to them.

Companies from countries which have an Anglo Saxon based system will understand this, but the

statute law countries sometimes find the process difficult to follow.

The reality is that the British will consult their lawyer in the early stages of a negotiation in order to avoid difficulties and misunderstandings later. Please do not be offended by this, as it is the normal way to reach an agreement.

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As examples, a distribution agreement can be 60 or more pages long, and even a simple employment contract can be 10 pages, and there will be additional items such as a Disciplinary procedure which must be also in writing.

When making agreements you will notice that no one mentions UK or British law, and that is because there is none. The system is so old that

“...you should always take professional advice.”

there are still different legal systems for England and Wales as one, with Scotland

and Northern Ireland as separate. This comes from the origins of these countries many years ago, and is just something you should know about. For most practical purposes modern commercial law will be much the same everywhere across the EU, but you should always take professional advice.



Distributors

Many companies have started sales in Britain through distributors, and there comes a time when they wish to move on, either because the distributor is not doing a good job, or more often because the focus of the distributor's business has changed.

However, when appointing a distributor please be cautious. Take out references and make

financial checks. Also really question the potential distributor on how they propose to market your products in Britain.

Consider carefully any potential distributor who claims to be able to cover the whole of the UK or British market, because such organisations are very rare. Set

"Set clear targets for sales and pricing."

clear targets for sales and pricing, and have a clear exit route if they are not achieved. Agree in advance who is going to pay for the marketing costs, and how much they will be.

Always have a good written agreement with any distributor and consult a lawyer in the early stages.

"Always have a good written agreement..."

You should also consider forming a Limited company using your own company name in

order to protect it for the future, and to prevent your distributor from taking it. You may think that your Trade Mark registration will protect you from this, but it will not, as a number of my clients have found out the expensive way.

It is because of these kinds of issues with distributors that most foreign owned business operate in the UK through their own subsidiary.

Business Dress

Britain has become much less formal over the last 10 years, but if you have not met someone before it is still better to overdress than to be too casual. For men this means a suit and tie in London, although a smart jacket and trousers could replace the suit in other cities. For ladies the expression is smart business clothing, which is more difficult to define.



Formalities

First names are used more frequently now, and the British will tend to follow your lead, so if you start using "Mr" or "Mrs", then they will also.

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"Doctor" is usually reserved for medical doctors. Business meetings will usually start and end with polite conversation, known as "small talk". The purpose of this is to find out a little more about you, and I know that some nationalities find this slightly frustrating as they want to get straight into the business discussions. The British will not be happy until they have gone through this stage, and your business will not progress satisfactorily until it has been completed.

Travelling

England is now the most densely populated country in Europe with 395 people per square kilometre. England is also quite small, with 51 million people in just over 130,000 square kilometres. This means that towns and cities are close together. It takes just over 1 hour by train from London to Birmingham, the second largest city in Britain, with

"Over 5 million people live within a 60 kilometre radius of Birmingham."

a population of 1 million. Over 5 million people, more than enough for a small country, live within a 60 kilometre radius Birmingham.

Journey time can sometimes be difficult to predict simply due to number of cars on the roads, and whilst the trains are quite reliable even a small problem at the wrong time of day can cause considerable delay. It is therefore not unusual for people to be late, and whilst you should try not to do this, if it happens to you phone the company you are visiting and explain the situation. They will understand.

I hope that these insights into the market will help you to minimise any costly surprises and improve your chances for successful business relations in Britain.

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