

CULTURAL ASPECTS OF DOING BUSINESS IN KOREA



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Korean Buying Power in 2006

- 50 million citizens in 2006
- Equivalent of \$1.2 Trillion U.S. Dollars in purchases in 2006
- Major American Retailer who withdrew from the country due to lackluster sales.



8 Reasons Why Wal-Mart Failed

1. They didn't create attractive looking stores.
2. They didn't understand consumer needs.
3. Poor people management
4. Location. Location. Location.



8 Reasons Why Wal-Mart Failed

5. Wrong products
6. Poor store's design
7. Koreans prefer quality merchandise
8. Lack of open communication



Key to Success - Understanding Korean Customs

- Understand the language and customs
- Understand Contract negotiations



Two Things U.S. Businesses Need to Know

1. Understand Cultural Protocol
2. Understand Business Protocol



Cultural Protocol Begins With *HAN*

- *Han* = Passion
- Ambition a national trait
- *Gilsoon's Han* story



Understanding Korean Customs

- Mr. Smith and the language barrier



Negotiating Tips

- Start out with small talk
- Be personalized
- Be polite
- Bring Korean representative



Korean Customs

5. Deal effectively with cultural differences
6. Don't criticize - Be positive
7. Give Koreans credit
8. Koreans are passionate and loud at times



Business Protocol

- Celebrate with your Korean business people
- HP with Carly Fiorina & IBM sales techniques
- Have fun and accept Korean culture
- Drinking, Korean style, means acceptance
- You don't have to speak Korean, but have a good time with them.



Business Negotiation Tips

1. Bring lots of business cards
2. Bring a brief Bio in English and Korean
3. Pay attention to rank
 - Koreans sensitive to rank
 - Size of desks and chairs = rank
 - Desk nearest entrance = lowest rank
4. Korean Hospitality
 - Rolling out the Red Carpet
 - Pleasure before business



Business Protocol Tips

5. Management Korean Style
 - Chain of Command
 - “Don’t make waves”
 - Disagreements handled by executives
 - Serious minded employees - no humor
 - Quality is important
 - No attorneys in the office



Business Protocol Tips

6. Contracts in Korea

- Verbal vs. Written Contracts
- Personalize all business relationships
- Korean business people are good negotiators
- Have Korean “friendly” contracts



Business Protocol Tips

7. Business drinking in Korea
 - Relaxing
 - More vocal
 - Bonding together
 - Wine is acceptable drink



Business Protocol Tips

8. Korean Negotiating

- Senior executives make the decisions
- Lower-ranking staff work out details
- Senior executives sign agreement
- Koreans avoid the word “NO”



Business Protocol Tips

9. Korean Negotiating (cont'd)
 - Build good personal relationships.
 - Market share has more emphasis than quarterly and annual profits
 - Be a good listener and understand the offer
 - Honor and understand their business customs



Know Korean Culture and You Will Succeed

- Be prepared
- Understand the culture behind the negotiations
- Koreans will be delighted as to how much you know about Korea
- It is the “Foot in the door” to your business success

Jinsoo says...

“By seeing how people live in societies
all over the world,

You become a global person.

One who can comfortably work and
play anywhere.”





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