

# Five tips for doing business in India

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With an economic partnership agreement expected later this year, it's important to understand how to do business on the subcontinent.

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India has long fought for the attention of Australians obsessed with China. But now Australian business people are increasingly linking up with their Indian counterparts, and trade between the two nations reached almost \$15 billion in the 2013-2014 financial year, according to National Australia Bank.

This figure is likely to increase if the Australia-India Comprehensive Economic Cooperation Agreement is concluded this year, as is expected. Here are five things to heed to avoid getting burnt on the subcontinent.

## There are differences in the way business is done

It's easy for Australian business people, especially those who've had uncomplicated dealings with Indian-Australians in Australia, to underestimate just how different the Indian mindset is.

"Australians come from an 'absolutist' belief system, which presumes once things are agreed on and written down they are settled forever," says Stephen Manallack, author and director of advisory firm the EastWest Academy.

"Indians have a 'relativist' approach, which sees everything as transient and subject to change, so they're likely to view a contract as a draft document subject to later amendment. This is often a source of major frustration to Western business people but it's unavoidable so the best way to manage things is to leave lots of time for negotiation and to be responsive to making changes, even after documents are signed."



Sunil K. Jha recommends deferring to your superior in India. *Photo: Supplied*

## You'll save money but lose time

Wages in India, even for highly qualified workers, are low but that doesn't mean outsourcing is always a smart move. "Before getting too excited about the cheap labour you need to consider how valuable your own time is," says Roohbir Singh, the Indian-Australian owner of digital marketing firm the Orange Bicycle Company. "A four-hour job in Australia is going to take 8-12 hours in India and the person doing it will demand a lot more of your time than a local employee.

"If you are going to outsource to India, seek out businesses with good references, give them small jobs to try them out before committing to anything major, and realise you'll need to be very prescriptive and detailed when outlining the project's requirements."

Mark McDonald, co-founder and co-CEO of mobile app and product development company Appster, has had a similar experience. "We opened our Indian office in 2013 and now have 175 staff working there. If I've learnt anything from the last couple of years it's that you can't just hire a bunch of people remotely and expect great results immediately. You've got to spend the time building trust and putting processes in place and, if it's feasible, have both Indian and Australian managers on site to make sure your company culture remains strong while still being respectful of the local culture."

## Respect authority and hierarchy

"Indians are taught to respect authority and operate within hierarchical structures," notes Sunil K. Jha, the Indian-Australian owner of cross-cultural business consultancy firm Akiko Business Consultants. "If someone is above you in the hierarchy it's assumed they deserve to be as a result of them having more experience, intelligence or qualifications, therefore deference is expected."

Given this corporate caste system, Australian business people need to identify and deal with decision-makers rather than their subordinates. "You can certainly gather information from more junior staff but it's pointless asking them to sign off anything significant," says Jha. "Decisions are only ever taken at the top level at Indian businesses so you need to be dealing with the owner or senior management if you're, for example, negotiating a contract."

## Yes doesn't necessarily mean yes

"Indian culture encourages providing the polite rather than accurate answer, so your Indian contractors are probably going to keep saying 'yes' even if

they don't understand what you're asking," says Ambika Malvia, the Indian-Australian founder of Indian foodkit-maker Curry Delights. "You need to actively encourage your Indian contractors to ask you lots of questions in order to make sure they understand your specifications and are getting the work completed in the agreed time frame."

## Chaos is part of the deal

"India is still a developing nation with poor infrastructure. Many of the roads are poor, traffic, especially in crowded cities, can be nightmarish, and internet and mobile phone coverage is patchy," warns Peter Horsfield, a certified financial planner who works with Australians wanting to invest in India. "Then there's the diversity of religions – each with their own holidays – regions and classes. If you're going to head to India you've got to be prepared to accommodate all that."

"Business people who can deal with uncertainty will do well in India, those who want everything to be black and white will struggle," says Malvia. "You've just got to learn to go with the flow. Even if you were born and brought up there, as I was, it's impossible to ever understand India."

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