

Welcome! You have decided to acquire or are considering acquiring a business in Switzerland. Switzerland has the international image as a stable, well-run country with low taxes. However, there are some pitfalls that need to be avoided in order to ensure a successful merger or acquisition:

## Doing business in Switzerland?

*An American multinational acquired a Swiss manufacturing company, which previously belonged to a traditional Swiss manufacturing group. At one of the first management meetings at which the American management were present, the local CEO was asked to present his budget for the forthcoming year. The figures, which were on a flip-chart, showed extremely modest growth. The American CEO took a red pen and crossed the figures out saying "no way, I expect 15% growth". Within a few weeks most of the management team had tendered their resignation. Traditional Swiss businesses often feel threatened by the more aggressive American attitudes to business. The local CEO was confident that he would exceed his budget but always erred on the side of caution. The American CEO would have benefited from being briefed on Swiss corporate culture.*

### Some useful facts

Switzerland has been an independent, democratic country since the first three cantons decided to become independent from the Habsburg emperor in 1291. It has approximately 7 million inhabitants in 26 cantons and four national languages. Swiss citizens are asked for their opinion on various political subjects in referenda several times a year. These subjects range from the local kindergarten budget to the decision whether or not to join the United Nations.

Switzerland is a neutral country and only recently joined the United Nations; the Swiss people have not been involved in any war since the times of Napoleon at the beginning of the nineteenth century.

There is no such thing as a typical Swiss. There are French, German, Italian, and Romansch-speaking Swiss. About 20% of the population are foreigners.

### Swiss shared values

Swiss common values prevalent in daily life are:

- independence and neutrality
- democracy and consensus
- reliability and responsibility, abidance to rules and regulations
- openness and tolerance

**Independence and neutrality** are highly valued by the Swiss: power is highly devolved and they, the people, take decisions, not only the elected representatives. Swiss are proud of their history and identity as well as of their high standard of living. Language and even more so local dialect are important to preserve the distinct identity. However, it is not common in Switzerland to talk about success and wealth very openly but rather to modestly understate your status.

**Democracy and consensus** are very important features in life; all major political parties are represented in government. If a new law is to be introduced, input from all stakeholders is gathered and a compromise is sought to which ideally all parties can agree. The aim for consensus explains the slow decision making process. Swiss are not easily persuaded and only what is thought through thoroughly will be accepted.

In discussions it is important to let everybody save face. Feedback should be given rather informally before or after a discussion.

**Reliability and responsibility, abidance to rules and regulations** rank very high. There are regulations covering all aspects of daily life, written and informal that are geared to support a consensus-oriented community. For example, washing-machine usage is in some apartment buildings restricted to one day per week and apartment. To wash on a Sunday might not be allowed at all if neighbours feel disturbed by the noise.

Swiss might appear rather reserved because the respect of privacy is very important to them – this might lead to the impression that Swiss are uncommunicative and not open to foreigners. But as soon as you are able to establish good contacts, the Swiss become very reliable friends.

In working life courtesy and formality need to be respected: It is important to use the formal "Sie" and Mr./Ms. if you meet someone for the first time, only after some time will you switch to the more informal "Du" and first name (in a defined, formal process).

Working life is usually kept separate from private life: Most people start early, work hard and tend to leave earlier to go and spend the evening with friends and family. During work time there is little chatting. Socializing and networking takes place during lunch breaks or afternoon drinks on special occasions (called "apéros"). Lunches are eaten more in restaurants, not at the desk.

Swiss are renowned for their perfectionism: Accordingly, Swiss feel uncomfortable in an unstructured environment where "quick and dirty" solutions are needed since they are usually rather risk averse.

Since the country is small all persons should contribute their share towards the common good be it as a family member, in the community or the military.

Most Swiss people are very loyal to their employer. Employers treat their employees well and support them with good benefits. Wages are high in Switzerland and there are a number of employee benefits such as insurances and pension plans. Employee turnover is usually very low.

**Openness and tolerance** play an important role. Each canton has distinct features ranging from different languages and dialects to different educational systems, police, and tax systems. There is no "one best way", but many accepted ways of living. "Live and let live" is a prevalent theme as long as you do not disturb others. Respectful acceptance for the diversity and Swiss identity is expected from others.

### Helpful hints for the business environment

1. It is greatly appreciated to make an effort to understand and appreciate the difference between your culture and Switzerland (language, history, political system...).
2. It is also appreciated if one tries to use Swiss expressions like "grüezi" as a greeting or "merci" for thank you and the like.
3. A consensus-oriented, integrative leadership style is expected.
4. Personal communication is preferred to written memos.
5. No hard-selling, aggressive marketing but rather long-term relationships help achieve business goals.
6. Do not make rash decisions and consider ramifications for all stakeholders.
7. Accept the private/business life balance as a sustainable factor for your employees: Do not interfere with vacations and weekends if possible.
8. Learn a different networking style during lunch and apéros rather than after work drinks.
9. Learn formal and informal do's and don'ts in your community.
10. Follow formality rules.

### KPMG Switzerland can help you avoid cultural pitfalls in your cross-border transactions.

#### For further information please contact:

KPMG Fides Peat  
Transaction Services  
Badenerstrasse 170-172  
CH-8026 Zürich

Bryan DeBlanc, Head of Transaction Services  
Peter Huber, Head of M&A Integration  
Michaela Doll, M&A Integration Manager

phone: +41 1 249 32 75  
fax: +41 1 249 21 21  
m\_a@kpmg.ch

We make every effort to use and relay the latest information, but are unable to guarantee that herein contained statements and descriptions are correct and current. Please also take note that the information contained in this brochure is of a general nature. For this reason we recommend that you do not base decisions solely on this publication and without sound prior clarification. Our advisors are available to answer any questions you might have.