**Challenges Businesses Face in Germany**

Germany’s society is very diverse and open-minded when it comes to dealing with other cultures. Despite how great it is to do business in Germany, ambitious entrepreneurs may find it difficult to adjust to the hassles of running a business. For starters, it is difficult to start a business in Germany. The World Bank and International Finance Corporation (IFC) rank Germany in 106th in the world for ease of starting a business, largely down to the several procedures companies are required to navigate. (TMF Group, 2019) Businesses have to follow very strict procedures and deadlines, also the time it takes to start up a business may be between six months to several years before everything is approved. Businesses must also register with the Local Chamber of Industry and Commerce, the Local Commercial Register, the Local Office of Business and Standards, and the Professional Association of the Relevant Trade. (TMF, 2019) All of these establishments have varied times of completing your paperwork. Although in the US, based on how complex a business is, it may take as little as six months to a year. (Murray, 2019) There are not any lengthy wait times and multiple entities that you’ll have to deal with when conducting business in the US. Enforcing contracts is another challenge that us faced when doing business in Germany. Contracts are handles by Germany’s legal system. It usually takes almost two years for the contract to be enforced and nearly another two years to resolve liquidation. (TMF, 2019) Germans excel in making plans, paying attention to details, and striving for perfection. Because of this Germans make sure there is no flaws or loop holes in business contracts. Also, disregard any thought of an oral contract because they are by the book kind of people. You would more than likely be spending many days trying to get a perfect contract to be approved on. German’s always come to the meetings with substantial research and preparation. This helps them to put across their views convincingly. (Alliance) When forming a contact, you will have to put everyone’s mind at ease and show and prove to your German counterparts that your plan(s) works. Another challenge business may face is registering for property. Registering property takes an average of 95 days to complete all procedures to register your property. (John-Taylor) Tax is due about four weeks after the deed has been signed by the buyer and seller. (John-Taylor) Companies have to obtain a solution from the Land Registry and legalize the agreement before acquiring a waiver of preemption rights with Germany’s government. Getting electricity for your property is another challenge you may face. You can’t run a business with out power, the same way you can’t use a flashlight without batteries. It requires three procedures to be completed and nearly takes 17 days compared to OECD average of 98 days to get electricity. (TMF, 2019) However, it takes you only 7 days to get electricity service after your first deposit. (CPL, 2019) The process of getting electricity in Germany is slower compared to the US, but faster than other European countries. Finally, the biggest challenge business will face in Germany is culture. Culture is something Germans take very seriously. Germany, having a diverse society, are very culturally aware and tolerable of other people’s cultures and they are open to everyone’s views. Doing Business in Germany without adequate cross-cultural awareness is a risky proposition, and businesses should ensure they carry with them an appreciation of both the business landscape and the culture. (TMF, 2019) You rarely see German companies making any mistakes, because they have a perfectionistic business culture; however, when a company do make a mistake, they act very quick to fix the problem. . If you miss them or incorrectly interpret subtle cultural cues, you could unintentionally damage your business prospects. (Globig, 2019) Germany treats business as a personal friendship. They see it as something that’s long term. In business meetings with Germans, there will be a lot of communication and engagement. Control is disliked and leadership is challenged to show expertise and best accepted when it’s based on it. (Hofstede, 2019) Unlike in American meetings, there is no I in team. When you think of American leaders than Donald Trump should come to mind. He definitely demonstrates his leadership with persuasion and control by the way he uses social media and his directness towards people and the way he engages situations. The Germans truly believe that, “honest, even if it hurts” (Hofstede, 2019), so if you say something, that is disagreeable; then be prepared for them to tell you and learn from your mistakes. Culture awareness is very important for doing business, it can either make or break your company. These challenges you may come across when doing business may be cumbersome when they arise, however, if you have the patience to wait out the long processing periods then you would definitely reap the rewards.

# References

*Country Comparison*. (2019). Retrieved from Hofstede: https://www.hofstede-insights.com/country-comparison/germany/

*How long does it take to get electricity service?* (2019). Retrieved from CPL: https://www.cplretailenergy.com/faqs/texas/signing-up/new-customer-and-moving/how-long-does-it-take-to-get-electricity

John Taylor. (2017, June). *How to Buy in Germany.* Retrieved from John-Taylor: http://www.john-taylor.com/pdf/How\_to\_buy\_DE\_uk.pdf

Murray, J. (2019, Feburary 04). *How Long Does It Take to Start a Business? .* Retrieved from The Balance Small Business: https://www.thebalancesmb.com/how-long-does-it-take-to-start-a-business-3974594

*Top 10 challenges of doing business in Germany* . (2019). Retrieved from TMF Group: https://www.tmf-group.com/en/news-insights/business-culture/top-challenges-germany/