

# Cross Cultural Considerations for doing business in Mexico

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# What we will cover today

- Doing business in Mexico – the business case
- Culture – background and impact on business practice
- Business Etiquette

# Quiz

How much do you already know about  
Mexico's culture?

# Business Case: Facts

- Mexico is the largest trading nation in Latin America and the 14<sup>th</sup> largest in the world
- By 2040 Mexico will overtake the UK's economy in size
- Mexico ranks No. 1 in Latin America where it concerns receipts of FDI
- Mexico has free trade agreements with more countries than any other country in the world including one with the EU and NAFTA
- There are no import duties on industrial goods manufactured in the UK entering Mexico
- The UK is one of the largest investors in Mexico
- Demand for UK goods and services extends across the economy from sectors as diverse as education and infrastructure to food and drink
- Mexico offers a huge potential for UK businesses but having the right product or service for the Mexican market doesn't guarantee success.....

# Mexico: rich in history and tradition



# Background

- Mexico: a Spanish colony from 1521- 1821
- Diversity of groups: Indigenous communities, Spaniards and Mestizos
- Largest number of indigenous languages spoken on the continent
- A war with the United States ended with Mexico losing almost half of its territory in 1848
- The nation's name is derived from the Aztec's capital called Mexico-Tenochitlan (founded in the 14<sup>th</sup> century)
- Population 105 million (July 2004 census) (19 mill approx Mexico DF)

# Doing Business in Mexico

Time

Eating out

Building relationships

Dress code

Language

Finance

Communication

Hierarchy

Meetings

# Time

- Time is a flexible concept in Mexico
- '*hora inglesa*' is not very often experienced
- Reconfirm your appointments
- "Mañana, mañana"
- 'Patience' a key business tool
- Social events: at what time to arrive?
- Time can often be used to express power and emphasize a business relationship  
(the buyer wants to feel special)

# Eating out

- Breakfast meetings (7:30 – 11:00) why are they important?
- Lunch (14:00 -16:00) main meal. “Comida”
- Dinner (20:00 hrs onwards) “Cena”
- Some meals are to socialise, others to do business
- Be prepared to eat a diverse cuisine!

# Building relationships

- One needs to allow time for a relationship to develop
- Gaining trust - getting to know you (don't rush)
- People buy a product or service from you as a person, not from your company
- Introductions are important- “who you know versus what you know”- Getting local people to do business for you
- Respecting culture & appreciating values (e.g. family)
- “Malinchismo” effect might sometimes be an advantage but sometimes works against you
- Spin-off from building excellent relationships is introductions into wider networks

# Dress code

- Business meetings: Suit & Tie
- Dress code in hot areas
- Mexicans like fashion and appreciate dress-code
- Dress code is often associated to hierarchy and shows respect
- Social gatherings: smart casual
- Evening events: will specify if black tie is required
- If unsure, ask your host

# Language

- English is not widely spoken (more often found in main cities: Mexico DF, Monterrey & Guadalajara)
- American English versus British English
- Using some basic Spanish is appreciated
- Identifying translators and interpreters before your arrival is important
- Confirm before your meeting if there is someone who speaks English

# Finance

- It is recommendable that payments terms should be
  - cash on order
  - irrevocable letter of credit for the first few orders
- Once your customers prove they can pay in time according to your terms and conditions you can offer/extend credit
- One can expect requests for long credit terms in Mexico (3-4 months)
- A “yes” not necessarily means “yes”. Culturally one finds it often difficult to say “no”
- Don’t assume you have sold until you receive a deposit or a payment
- Be aware of exchange rate fluctuations - do you charge in pesos or dollars? (many companies have dollar accounts)

# Communication

- Email is becoming more common however fax is still widely used
- Telephone: appointments, building relationships and confirmations
- Send important business documents by courier instead of normal post
- Hire a mobile upon arrival or buy a pay as you go phone
- Communication protocol - Greeting people. Don't overdo it but certainly don't be too reserved as it will not help building a personal relationship
- Learn to distinguish between "yes" and "yes"
- One may have to socialise a lot and often before business is done

# Hierarchy

- Titles are very important: ‘Licenciado’ (bachelors degree) ‘Ingeniero’ (engineer) ‘Arquitecto’ (architect)
- Hierarchy needs to be respected and adhered to
- If someone gives you a title in front of an audience, stick to it
- Business cards often give people you meet more information about your role in your organisation
- Meet the “right” people, identify and deal with those that make the decisions. If your customer sends a member of senior management, you will get them to meet your senior management (Director vs Director, Sales Manager vs Purchase Manager, etc. )
- Don’t expect to be able to speak to senior managers unless you are willing to send your senior managers
- Other expressions of hierarchy

# Meetings

- Agendas, minutes, etc. are not often used and don't expect them to stick to your Western meeting model
- Mexicans like creativity and to get to know you before they close the deal
- Conversations tend not to be structured
- Often the deal takes place 10-20 min before a 2 hours breakfast meeting

# Conclusions

- Understanding etiquette and relationship building are key for business success in Mexico
- Having the best product or service alone does not guarantee business success in Mexico
- Be patient, things take their time in Mexico. Be in it for the long haul or not at all!
- Appreciation and understanding of the culture will make the experience more enjoyable and greatly help you meet your organisation's objectives
- Be open-minded, challenge stereotypes!

Muchas gracias!

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