

How to Achieve Robust Negotiations with Latin Americans

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We believe that the Latin-American Style of negotiators is the prototype of a creative negotiator.

Let us take a closer look at Mexico as the leading country of Latin America to see if we can discover what is going on.

A very interesting negotiation phenomenon has taken place in Mexico during this past decade. The Mexican people are shifting from a zero-sum mindset to a global vision negotiation mindset. The open market in Mexico and in the rest of the world is forcing the old-style zero-sum negotiation to be more focused on a win-win negotiation outcome.

People start thinking win/win scenarios when coming into a day-to-day negotiation process. Mexico's new negotiation style is the result of striving for business independence and intellectual freedom. The trend to better educate and empower people to negotiate will mitigate corruption in the future.

Mexican and Latin American's overall negotiation style has the characteristic of a continuous fight for survival, showing many persuasive and manipulative skills.

Not only have great changes happened in Mexico with the open market economy, but also in the political arena. The ruling political party (PRI), after more than 70 years in power, lost the administration to their opposition party (PAN). This change took place without a revolution or

insurrection. This is also an indication that Mexicans are tired of "business as usual" and that a forward-thinking and better-prepared society is arising. This change in behavior of voting versus being indifferent to the vote is seen as an indicator that Mexicans are not only fighting for their political rights, but also doing so in an orderly manner. This is also reflected in the negotiation tendencies as well. Mexican people in the past either were simply too afraid to ask or were thought unreasonable for what they were asking. Now the tendency is to ask when there is a basis for their case. The successful Mexican businessperson is now preparing himself with plans and strategies and the understanding of other cultures, in order to get better global deals.

One should picture the Mexican and Latin-American negotiation style as a very creative negotiation style, including the invention of options. The pitfall is that people don't show the interest behind the negotiation position very easily, and those who do show their interest, are at risk of being taken advantage of. Another pitfall is that, even though time sensitivity is not very high according to the research, Mexican people tend to go through the negotiation quickly and look for a very high return on investment. In doing so, a lot of value is left on the negotiating table and both parties lose in the long term.

Among the questions that come to mind are:

- Is the Latin-American negotiation style a unique one?

- What are the unique characteristics of negotiating with Latin Americans?
- Is there a culture of negotiation in Latin America?

Some of the typical negotiation behaviors and tendencies observed in our sample of more than 600 professionals, from different gender, professions and occupations are:

- A tendency of urgency or rushing to close a deal
- The “Mexican Standoff” approach to a non-negotiating agreement. (After many conversations and sales calls, the client disappears for a while without saying anything.)
- Some people prefer to lose the deal, so long as the other party doesn’t win either.
- A tendency to change the negotiation style according to the culture they are negotiating with
- A tendency to be polite that leads to not saying NO, but not saying YES either.
- Some people show that they are afraid to make requests or ask questions.

In the past, to do business in Mexico, you didn’t need to have a well-organized plan. You only needed to identify the opportunity and chase after it. Today, not only do you need to identify a business opportunity, but you also need to have a complete understanding and knowledge of competitors, customer needs, aspirations, desires, and the market. You also need to understand your strengths and weaknesses as perceived by your Mexican client before you sit down at the negotiating table.

The good news is that the differences in doing business between Mexico and the USA are becoming smaller as time goes by. Nevertheless, there is still a need for a sponsor or partner in Mexico or Latin America. It is just as important to have the right match (“the person”) as it is the right business (“the opportunity”).

That would be ideal. However, we need to do as the “Romans in Rome”, but with the caveat “without compromising our values”. One has to remember that values are the most difficult to negotiate among cultures, behaviors and attitudes are the least difficult, and in the middle between these two extremes, are norms and laws.

Understanding what behaviors and attitudes are negotiable is important as you begin the negotiati



more of our homework. If for instance, we are having lunch for the first time with a Mexico City client, in a nice restaurant with a relaxed atmosphere, let the relationship develop. Don't get your yellow notebook out and write your business notes and facts at the table. It is considered inappropriate business behavior in Mexico, under the given circumstances. A more appropriate business behavior will be to develop a relationship, break the ice, and then go into business at a different location or at the end of the meal.

Even though, according to our research, Mexico is slowly being transformed from a relationship business society to a contract-oriented one, some places exist in Mexico where a handshake is worth more than a sealed contract. There are places where it is considered offensive to talk about business right away. Northern Mexico is the most direct and business-oriented community, while the central and Southern part is more relationship oriented. Large Mexican cities like Guadalajara, Mexico City and Monterrey are shifting to be more contracts oriented vs. being relationship oriented. However, the relationship is still more important than a signed contract

Watch out for stereotypes. One has to be aware that these findings do not apply to every business situation. We are presenting only tendencies that we have observed throughout Mexico and Latin-American countries. Mexico has 32 states, each of them with a very rich culture and which. Therefore, are very different from each other.

You could be having a 30-minute breakfast meeting in Monterrey and a 3-hour lunch in Mexico City, and be very effective business wise in both cases. If you think you need a long lunch meeting in Monterrey to close a business successfully, you may be surprised. Different people from different Mexican cities have distinct business behaviors and attitudes. If you have to sit for long hours in a client’s office to reach an agreement, be prepared to do so. Not every place has the same sense of urgency. The key in negotiating with other cultures is to understand them, tolerate them respectfully and above all, display patience with the timing differences.

You have to do your homework and understand what drives the Mexican and Latin- American client. For instance, in Monterrey, clients are more interested in having lunch with their families and friends, than with service providers. In Mexico City, distances are so great that a lot of business issues are discussed at long lunches. In Guadalajara, business is discussed on golf

courses and is similar to Mexico City. Generally speaking, in Mexico City and Guadalajara, tradition is more important than business, and in Monterrey, business is more important than tradition.

The moral of this story is that understanding your client's background and his likes and dislikes will make your business ventures in Mexico, or anywhere else in Latin America, more enjoyable and more profitable for all parties.

As a rule of thumb, if you are dealing for the first time with a Mexican or Latin- American client, listen to his needs and wants and try to understand where he is coming from. Before you sell anything, spend some time and resources understanding the culture.

It is important to remember that if you are selling, you have to adapt to the culture you are selling to.

Do as your clients in their country without compromising your values ("When in Rome do as the Romans do" without compromising your values)

Some Suggestions for Non - Latin Americans When Negotiating With Latin Americans

A common tendency for non-Mexican and non-Latin-American people is to assume that negotiating in Mexico and Latin America is the same as in their countries. You will be surprised at the misunderstandings that arise because of the cultural differences.

For example, if a client is requesting more information on your products and services, you may think that he is almost ready to make a buying decision. If you press him and he is not ready to make a final decision, the client will simply say, "NO! Not this time!" And that will be the end of the story.

Doing business in Mexico or Latin America can be a completely different ball game. The Mexican and Latin American client, after requesting information for several months on your products or services, may suddenly stop communicating. This is the famous Mexican Stand Off. The client won't say, "NO! Not interested!" He will simply stop communicating, in order to avoid having to give you a negative response.

This is a common denominator with many Mexican and Latin-American clients. Instead of telling you NO as a straight answer, they avoid it and disappear for a while. What can you do? You have to be honest and direct and help them to tell you what it takes to change the NO! Into a YES!

Closing the communication loop is a common problem for a lot of businesspeople in Mexico and Latin America. If you have a client in Mexico or Latin America and you send them an e-mail, ask them if they got it. An e-mail is not generally the best way to communicate. To establish business communication by telephone is more personal, but nothing replaces a face-to-face meeting.

Closing the cycle could be as simple as requesting that your Mexican or Latin American partner reply to your e-mail. Sometimes Mexicans or Latin Americans wait to develop the best answer to your request on an e-mail, and it may take a long time to do so. If you want to accelerate the business closing, you need to be proactive and persistent.

Decision-makers in Mexico and Latin America are another factor affecting the negotiation style. Perception is everything in the sales and negotiation process. Don't always assume that the male is the one behind the decision. There could be a female that influences the decision process who may not even appear on the organizational chart of the Client Company (or vice-versa).

Persistence is important to close deals, but it has been our experience that repetitively calling a client in Mexico or Latin America could have the opposite effect. Then, the client ignores us and doesn't return our calls or e-mails. Be honest, up front and direct.

Ask probing questions like:
Are you really interested in our services?
Is this only to have an order of magnitude of the cost?
Is it urgent, why?
Are you ready to make a purchasing decision?
What is the buying process?
What are your basic needs?
How do you know that my services fulfill your needs?
What are your expectations?
What are your aspirations?

Filling the sales pipeline or funnel with a Mexican or Latin-American client is not a straight shot like

in the USA, and we need to adjust to cultural behaviors.

Based on the fact that Mexican and Latin American business are heavily depending on a “relationship first” basis, try to avoid the common beginner’s mistakes of forcing fake empathy. Appearing to be friendly to a Mexican or Latin American is worse than being direct and sincere, so be yourself.

While prospecting a new client, it is best to be indirect, and less confrontational while asking a more open type of questions. At the closing stage, it is more effective to be direct, assertive and to the point.

It always works at the closing stage to request of the Mexican or Latin American client, what in his mind it would take to get to a YES! The client, having developed a relationship with you, will be more realistic about his demands to make a deal happen.

Common Frustrations

You may have experienced frustration when negotiating in Mexico or Latin America because of the following:

Your clients:

- Don’t answer e-mails or phone calls
- Give you “tomorrow” as an answer
- Don’t pay you the overdue bills
- Don’t give you NO! as an answer, but a YES! instead and still, nothing is happening
- After a continuum of interactions, all of the sudden, they don’t talk to you
- Are the wrong decision makers

Suggestions to avoid or minimize frustrations

The solution to avoid some of the above mentioned common business practices all over the world are:

- Do your homework and know whom you are dealing with (Decision makers and influencers, track record).
- Use ultimatum tactics after investment of resources from both parties.
- Help the client, step by step, to reach agreement.
- Be honest and ask them straight out why they are requesting all the information.
- Invite the client to visit your office in your country. (If they are willing to invest, that means they are serious.)

- Don’t give more information, until they give something in return
- Set up limits and business rules (Do’s and don’ts)
- Don’t set precedents.
- Insist for a written agreement to better understand what to expect from each other.
- Ask for a down payment and a payment schedule.

The ultimatum is a good tool to deal with a Mexican and Latin American client that is undecided and has spent a lot of your time and resources. It helps force the client to make a decision.

Be straight and to the point with the client.

As a general rule of thumb, you should ask for a down payment or a payment schedule as part of the negotiation items before you deliver any work, to avoid late payments or no payments at all.

Control yourself and your feelings

In an extreme case where a client keeps you waiting three hours on the first visit to their office, be prepared to do other work while waiting. Don’t lose your patience, because you will lose the business AND your patience. Being late to a meeting doesn’t mean they don’t care. Maybe more important things came up at the last minute. If you have a bad reaction, you will lose all the effort that you put in the sales call. Ego is a Cancer for business.

Doing business with another culture starts with understanding our culture and theirs

We have to discover that, in general Mexican and Latin American small and medium businesses don’t have well-established sales and negotiation methodology, a business plan or any formal strategic planning process. They are very creative and apply creativity in doing business. Because of improvements in the global business environment in Mexico during the past decade, Mexican businesspeople have realized the importance of planning and have been dramatically changing from a non- planning society to one of planning with creativity.

A win-win situation for non-Mexicans and non-Latin Americans is the following: As a foreign partner you should help your Mexican or Latin-American partner in becoming more organized and to better plan their business activities and goals. In return, your Mexican and Latin-

American partner will contribute creativity and know-how to your business.

The old stereotype of doing business in Mexico with Mexican businesspeople being late for appointments and not caring is fading away.

Note: This article material is based upon the principles outline in the following books:
Desarrollo de Negocios 3era edición, 2003 Dr. Habib Chamoun-Nicolás, Trato Hecho-Guía para una Negociación sin Fallas, 2da edición, 2004 Dr. Habib Chamoun-Nicolás y DEAL 3rd edition- Guidelines for a flawless negotiation, 2004 by Dr. Habib Chamoun-Nicolás.