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Photos by Ivan Xavier Ramirez

Doing Business in Mexico

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The Rio Grande Valley's proximity to Mexico naturally leads to a confidence that its citizens know Mexico. A vast majority of RGV residents are knowledgeable about Mexican culture through origin, ethnicity, family, friends and frequent visits. Spanish speakers are common in the Valley; Spanish language media delivers the news of Mexico on a daily basis through television, radio and newspapers.

A different culture, customs, language and almost everyone in the RGV is familiar with it. You can be an expert on restaurants in Reynosa, pharmacies in Matamoros or the best times to cross to Progresso. You may have been visiting these cities on a weekly or monthly basis for years; lately to top off your fuel tank. Others often visit their ancestral homes in the interior.

But for all of our knowledge about Mexico would we be able to conduct business in Mexico? What does it take to start, operate, or build a facility in Mexico? You would be hard pressed to find someone, who wouldn't say Mex-

ico has a different culture. "Cultural difference" was prominent in the language of those who have been successful in doing business in Mexico. Whether you're from Mission or Milwaukee there is a lot to learn about conducting commerce in a country that is one of the United States' top three trading partners.

Austin-based TAG International, an architectural design firm, has been overseeing construction projects in Mexico for over a decade. The company's work is well known to those familiar with the Reynosa industrial sector. A few of the TAG projects include the 62-acre Maytag manufacturing facility, the Black and Decker factory, and the building and site for mobile phone component manufacturer Perlos.

Locally, Edinburg's new city hall and the upcoming Boys and Girls Club building are TAG-designed. Their projects aren't limited to the border. The firm has worked in the Mexican cities of Queretaro, Monterrey and Guadalajara.

Bill Dore oversees the firm's Mexico operations. The Dallas native has called Mexico and Monterrey home for 15 years. TAG often gets involved with a client as early as the site selection process. During negotiations, Dore states differences become apparent to the uninitiated U.S. client.

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Pictured is the Maytag manufacturing facility in Reynosa, which was built by Austin-based TAG International.

Nothing is like you might think it might be. Remember the cultures are different, negotiations for contracts are different. Key points in contracts can be misconstrued very easily by language differences,” Dore said. “Companies that are coming to Mexico need to align themselves with a company that has a great deal of experience in Mexico.”

Dore emphasizes TAG has done business all over the country, “You are speaking to someone who has come out of your culture, but has spent enough time in your country to understand the various different ways of doing business.”

Dore feels companies that are coming to build a facility in Mexico should make it their “utmost consideration” to find someone with experience working in Mexico. “We insure at the end of the day the building is built to the client’s specifications. That is our job. We can hand over the keys; they can turn on the lights and go to work,” Dore declared.

Director of Operations Steve Frank for paper and packing material manufacturer Weyerhaeuser sees things from a different perspective. The company has operations in Mexico and on the border in McAllen. Frank feels there are issues business operators need to keep abreast of.

“Mexico can be a very complex place to do business. There are obvious differences such as culture, language and currency. Knowledge of tariff and duties is also needed to properly move product across the border. Other challenges include the Mexico bureaucracy and government, labor laws, infrastructure, security, education, energy and tax,” Frank said. “Although the Calderon administration is working hard to implement reforms and is making progress, they are meeting strong resistance to change

from other political parties in Mexico.”

“Although change may not be as fast as some would like, Mexico is changing in many ways,” Frank said. “You also need to understand that there are geographic and generational differences that must be considered.”

“If you are planning to set up shop, it is quite a bit different than the United States. You have to be cognizant that there are differences and you need to proceed cautiously. What you don’t know, can hurt you. My advice is to seek expert council

to avoid potentially costly mistakes. One of the biggest challenges is the labor laws, ignorance in this area can be very costly,” Frank stated.

There are a multitude of issues, rules and regulations one needs to know when doing business in Mexico. One of



Weyerhaeuser Director of Operations Steve Frank handles business on both sides of the border.



Dinah McDougall, commercial officer for the U.S. Department of Commerce.

the best places to start is the U.S. Department of Commerce.

Dinah McDougall serves as commercial officer at the McAllen office. Information on the services the office provides can be found at www.buyusa.gov/southtexas. McDougall suggests a good starting point for doing business in Mexico would be annual reports produced by the department.

“Our commercial service offices in Mexico produce annual reports that are called Country Commercial Guides,” McDougall said. “We go through a lot of things. As an example palletizing; sometimes people don’t realize that there are specific requirements for pallets. People don’t know what markings they need to go into Mexico. All kind of questions can be answered.”

McDougall related the guides serve as an introductory course for doing business. The reports are online at www.export.gov. On the left side menu click on market research and you will be able to access the 2008 Country Commercial Guide for Mexico.

She explained, “It is an overview of the political and

economic scene. It will list the top 10 sectors for doing business. It will give you outlines on doing business, what to keep in mind. It is like doing Business 101, the basic primer.”

The commercial officer points out differences listed in the executive summary of the Mexico Country Commercial Guide. Under cultural differences McDougall stresses when doing business in Mexico; Mexicans often place more importance on formality in business. If you are too direct potential Mexican customers may see the behavior as undesirable versus Americans who are often open and direct. Mexicans values relationships and liking someone can be essential to doing business.

Patience is a virtue in the business world of Mexico for Americans. Americans like to do the deals quickly, finalize price and details as soon as possible. Mexicans love to negotiate, usually don’t take the first offer, and take their time when making a decision.

Courtesy points American business people need to pay heed to: formal attire should be worn for all business meetings, greet everyone in the room when you arrive and leave, when applicable address a person by their title, keep language differences in mind, try to speak clearly and not fast, use plain language and avoid colloquial expressions.

Sometimes it is the little things that can save you



time, money and misunderstandings. Write out the date on invoices, memos and sales orders. In Mexico, the date comes before the month and then year. In the U.S. it is month, day, year. August 7, 2008 is 07-08-08 in Mexico; in the U.S. 8/7/08. Imagine how easy it would be for the back office clerk at corporate headquarters outside of Boston to mix up the shipping date thinking the day is July 8, 2008.

If you are about to start doing business in Mexico, learn everything you can. Seek out the voices of experience, ask those who are operating in the country. A wealth of information is available through the U.S. Department of Commerce. ■