

ground rules for the rest of the negotiation and sets a time frame within which results are expected. A memorandum of understanding can also protect the confidentiality of any information brought to the negotiating table and it can prevent either company from entering into parallel negotiations with competitors.

As negotiations continue, it is important to anticipate as many challenges as possible, but it is unlikely that all contingencies can be provided for in the initial agreement. After all, one of the purposes of forming a partnership is to accommodate rapidly changing circumstances. Even the most carefully constructed arrangement will need to evolve as conditions change. Flexibility in its structure, however, will be useless unless it is matched by flexibility among the participants. The partners themselves must be open to ongoing modification of their arrangements. In successful partnerships, the negotiation process never really comes to an end.

Finally, as you enter into more detailed negotiations with a prospective partner, keep in mind that the success or failure of any partnership depends on whether or not it successfully meets the objectives of both sides. To develop a stable partnering arrangement, you need to be clear not only about your own company's goals but also about those of your potential partner.

Those goals and objectives may be both explicit and clearly stated or they may be implicit and unstated. Understanding both sets of goals may be essential to success. You can find out the former through the process of negotiating a partnering agreement. The latter, however, may require a careful study of your prospective partners corporate activities even before you get to the negotiating table.

Remember too, that the two sides in a partnering arrangement do not necessarily need to have the same goals. It is enough, and perhaps even preferable, if their goals are complementary and fit easily into a single overall strategy. Just make sure that the goals of both sides are reflected clearly in the partnering agreement. That may go a long way toward reducing the effort required to manage the relationship. It may also avoid a situation in which the partners may be confronted with a choice between opportunities that favour very different goals.

The effort involved in identifying the right partner and negotiating the right agreement will be repaid many times. It will help to avoid delays, misunderstandings or the breakup of the partnership because of unsatisfactory performance. It will go a long way toward creating a viable and balanced relationship. And, if properly constructed, it can prove invaluable in helping your company meet its corporate objectives.

Gathering Information During the Negotiation Stages

Experienced Canadian firms interviewed for this handbook offered the following advice:

- Protracted face-to-face negotiations are essential. No one simply arrives on the spur of the moment and is done with it by the weekend.
- Most deals take longer to negotiate than expected. Negotiations may become protracted where the time has not been taken to form good relationships. A stiff or awkward relationship may be a prime cause for delay and mistrust on the part of the Mexican partner.
- Confirmation of data supplied by the prospective partner will be very difficult to get in the market place. Knowledgeable professional assistance will be invaluable at this point.
- It is unusual for all the information to be offered by the prospective partner during the first round of negotiations. Information is most often held back until the moment is right, or until it is specifically asked for. Knowing the right questions to ask, and when to ask them, is important.
- Mexicans are shrewd negotiators, urbane and experienced. Some Canadians have a tendency to come to their bottom line too quickly. Patience is the watchword. The two sides need time to sound out each other's position and willingness to compromise before the shape of a possible deal becomes visible.

Composition of the Negotiating Team

Who is on the team will depend to some extent on the size of the companies. The smaller the company, the more likely it is that the president will take a personal position in the negotiations. Despite the size of the companies, it is important to match position for position on the respective teams.

In Mexico, the involvement of top management from both companies is seen as important. Their presence signals genuine commitment. In Mexico's traditional and hierarchical decision-making process, it is usually the owner who calls the shots. Therefore, negotiating with the proprietor takes on more importance. Where the owner or a top senior executive is not involved, negotiations can be slow and cumbersome. The Canadian representatives may find themselves giving up too much to too many interveners in order to convince them to send in the top people. The last card should be saved for the final session with the owner — thereby making the final concession only to the owner and thus giving all parties credibility.