

DOING BUSINESS IN VENEZUELA

The experience for the North Americans entering this market for the first time will prove to be quite a new adventure. Business practices and customs are quite different and must be understood and often handled with a degree of patience and good will. Business is not achieved overnight and personal contacts are of great importance. Many times, it's "who you know and not what you know" which can result in success. Pressure selling is definitely out, and looked down upon by the locals.

Canadian companies considering on doing business in Venezuela should follow some of the following steps:

1. Carry out a serious market analysis, and determine whether or not there is really a potential for selling a particular product or service. This will require some travel time and related expenditures, but only through on the spot visits can success eventually be achieved. A good local consulting firm may be required for a more detailed market survey.
2. Search for good local representative or business partner, whose company is reputable, and one with good contacts, both private as well as government enterprises. The sectors of Telecommunications, Informatics and Electronics are very highly competitive markets where many important foreign companies have had a strong foothold for many years. Therefore without a good local representative, a Canadian company stands little chance of progressing in those markets.
3. Possibly consider a joint venture, depending upon the nature of the company's activities. If the Canadian firm is a manufacturer, it might consider entering into a joint venture with a local firm, on a technology transfer basis, or even as a partner. Labour cost are quite advantageous (average of CDN\$ 250 monthly for a worker). This could be a means of overcoming price competition. As is the case in the local automotive industry, cars are imported and assembled here. In telecommunications, for example, the same situation could apply: disassembled telecom equipment manufactured in Canada, could be imported and assembled locally.
4. Consider Venezuela as a stepping stone to doing business in the rest of South America, in which case establishing a "Latin American Branch" might be a good idea. Costs of operations would be relatively cheaper.
5. Take into consideration the competition involving prices and financing. Japanese and European firms are noted for coming in with a business proposition in one hand, and a financing offer in the other.
6. Look at the possibilities of participating more in local expositions, congresses, and seminars related to advanced technology. Good contacts are made, and end users can become much more familiar with Canadian expertise.