

## TEMPRANO ASSOCIATES

Temprano Associates is an established Ottawa-based firm that has been successfully selling its architectural services in Mexico. It first came in contact with that market when the firm's owner, Eliseo Temprano, was invited to Mexico to discuss the implications of the North American Free Trade Agreement (NAFTA) by virtue of his position on the Canadian Architectural Council.

A key advantage was Temprano's fluent Spanish, which surprised and pleased Mexicans who noted that no American business people ever dealt with them in their own language. This opened the door to a wide network of contacts throughout Mexico. Temprano took the opportunity to give talks on architecture, Canada, and NAFTA. "Leave your attitudes at home and build relationships," says Temprano. He also feels that his knowledge of, and respect for, Mexico's language and culture have been the keys to his success. Also important has been his non-aggressive marketing strategy that relies on personal contact and patience to build a solid long-term business.

The approach is beginning to pay off. Many of his Mexican contacts have been, in effect, marketing Temprano's wood-frame architectural techniques and are now calling with business opportunities. For example, the company is currently designing an office and exhibition facility in Mexico City.

Temprano's experiences in Mexico have led him to conclude that Mexicans are generally unfamiliar with Canadian capabilities. And yet there are great opportunities for partnerships between the two countries in areas such as planning, environmental protection, transfer of appropriate technology, project management, communications (as in public opinion polling or surveys), and approval processes. These are perhaps not traditional areas for architects, but they do represent real needs where there is ample scope to develop a business.

One thing that Temprano does counsel Canadians to do is to look for a "made in Mexico" solution to Mexican needs. Mexicans are a proud people who cherish their independence and who appreciate a cooperative approach that shares benefits. Partnerships between equals offer better opportunities for mutually fruitful business that will extend over the long term. Thus, instead of going to the expense of setting up a Mexican branch office or hiring locally, Temprano is looking for associates and partners in various cities as projects arise that require them.

Forming a joint venture with another firm makes sense if the project requires commitments from the partners that are far more complex and comprehensive than anything that can be spelled out in a simple contract. This is especially true of a longer-term arrangement that requires joint product development as well as ongoing manufacturing and marketing. Mutual trust, and the knowledge of how business is done in Mexico, are essential elements in such arrangements.

## LICENSING AND CROSS-LICENSING

These are arrangements allowing companies to benefit from each other's technologies and processes. While the volume of licensing and cross-licensing arrangements between Canadian and Mexican companies is not as large as between Mexican and American companies, the numbers are growing as more companies use Mexican operations as a base to reach markets in the rest of Latin America.

## CROSS- OR CO-MANUFACTURING AGREEMENTS

These are a form of cross-licensing in which companies agree to manufacture one another's products. Co-manufacturing may be combined with co-marketing or co-promotion agreements, through which companies cooperate to advertise and sell each other's products. A comprehensive cooperative agreement could involve cross-licensing, a shared promotion campaign, or even the formation of a joint venture to market each other's products. Most do not involve licences or royalties, but some rights to the product may be worked into the agreement.

## CO-MARKETING

This is also done on the basis of a fee or percentage of sales. For companies wanting to enter new markets, a co-marketing agreement is an effective way to take advantage of existing distribution networks and an ally's knowledge of local markets. It allows firms with complementary products to fill out a product line while avoiding expensive and time-consuming development.

## JOINT PRODUCTION AGREEMENT

In this type of agreement, companies cooperate to produce goods. These agreements enable firms to optimize the use of their own resources, to share complementary resources and to take advantage of economies of scale. Companies may cooperate to make components or even entire products. Many foreign engineering firms have entered joint-production agreements with domestic firms that have manufacturing expertise. In the auto and telecommunications