

SERVICE DISTRIBUTORS CANADA LANGUAGE CENTRE

continued from page 26

Mr. Emson says that the better distributors know the business thoroughly and negotiate aggressively for expense allowances. Canadian schools must supply marketing materials, and most distributors also want a promotion budget. The top distributors control the market so they can play one customer off against another but this can be resolved through negotiations. For instance, some schools will pay an extra amount for marketing only when a sale is made. Another strategy is to pay for part of advertising costs only on presentation of a receipt showing that it was actually paid for.

A good distributor can also compensate for cultural differences. In the case of language schools, there is a problem that Mexicans tend to do things slowly and some students find themselves without visas or other essential preparation only days before a scheduled flight to Canada. Often, Mr. Emson adds, it is useful to bring distributors to Canada and show them how the service is provided there. In that way, they can provide a better bridge between the Mexican end user and the Canadian service provider.

The agent or distributor must be a registered importer and is responsible for sending a *Registro Federal de Causantes (RFC)*, taxation registration number, in advance to the local Mexican customs officials where the shipment will cross the border. This is checked against an importer database that is maintained at each port of entry. The importer is responsible for the payment of all duties, taxes and fees, and is ultimately accountable for any errors.

On the other hand, seemingly minor mistakes can lead to serious delays and severe penalties. There is no allowance for human error, and any irregularities are automatically assumed to be misrepresentations. Moreover, the regulations are in a constant state of revision and sometimes even the customs officials are not aware of recent changes. These conditions call for the utmost care on the part of the exporter to ensure that all documentation is properly prepared before the shipment leaves Canada. A Canadian logistics company can advise the exporter on the exact requirements. These companies also provide detailed tracking services and have relationships with American brokers to clear the shipment through the United States. Nonetheless, good communications with the agent, distributor (or other importer) are essential to ensure that Mexican regulations are strictly adhered to.

COLLECTION

In the current economic environment, many Mexican buyers are slow to pay. Terms of 120 days or more are not uncommon when dealing with distributors, who themselves are faced with slow-paying customers. Large end-user corporations and government entities typically pay by irrevocable letter of credit, but exporters who demand this method from smaller customers will lose sales. Some distributors use their own employees to handle collections. In this approach, an employee delivers the invoice in person and makes an appointment to return at a later date to receive payment. This is common in Mexico and does not generally create the kind of negative response that it might in Canada.