

MOORE CORPORATION

For the Moore Corporation of Toronto, Mexico represents nothing new. The company has been doing business there for more than 40 years. Headquartered in the state of Mexico, the company's subsidiary designs and manufactures business forms as well as mass-mailing materials and aids for electronic printers. The company originally entered Mexico because it believed in the country's capabilities and potential for growth. That confidence has been justified and Moore continues to invest.

Moore operates in Mexico with a minimal management structure because it found that success in a highly competitive market requires a flatter organization. Most hiring is done locally and the company gives its Mexican staff considerable leeway to manage local operations. Often the company will bring foreign specialists into Mexico to provide technical assistance. But they make sure to pass on the expertise to the local staff whenever possible. The firm also believes in rotating international staff to give them exposure to a variety of markets. Any Canadians sent to work in Mexico are first taught Spanish and sensitized to local business practices.

Moore's emphasis on local expertise also extends to its marketing efforts. It hires a professional Mexican firm to conduct its market research and integrates the findings in its planning. Moore's sales representatives are also hired locally so that it is easy for them to gain the confidence of the firm's 5,000 to 10,000 clients.

Moore recognizes that it takes longer to finalize deals in Mexico and that Canadian business people must adjust to a different way of doing things. Personal relationships are important. In addition, some Mexicans often need to be prodded into paying their debts. Thus, when it is time to get paid, sending an invoice will be less effective than making a personal visit.

On the other hand, Moore has also found that some areas of the country are becoming more like the rest of North America in their business practices. Monterrey is a case in point. Overall, the economy is speeding up, except for a sharp correction in 1995 stemming from the December 1994 devaluation of the peso. Albert Taylor, Moore's managing director in Mexico, says, "The Mexicans are set on increasing their buying power and are willing to work hard to do so. There seems to be a real interest in making things work to bring prosperity." As a company, Moore is convinced that Mexico is taking the kind of longer-term view that is needed to bring real and lasting change.

Inland freight (bring to international carrier)	<input type="checkbox"/> Loading <input type="checkbox"/> Inland transport <input type="checkbox"/> Tailgating <input type="checkbox"/> Unloading
Lading	<input type="checkbox"/> Demurrage (for delays) <input type="checkbox"/> Storage (may involve refrigeration) <input type="checkbox"/> Wharfage <input type="checkbox"/> Special charges (long and/or heavy loads, congestion) <input type="checkbox"/> Lading charges
Transportation	<input type="checkbox"/> Freight
Landing	<input type="checkbox"/> Unloading <input type="checkbox"/> Storage (may involve refrigeration) <input type="checkbox"/> Customs clearance <input type="checkbox"/> Duties <input type="checkbox"/> Customs brokers' fees
Delivery	<input type="checkbox"/> Reloading charges <input type="checkbox"/> Transport to final destination <input type="checkbox"/> Unloading charges

The result of this calculation should be compared with the prices of competing goods or services in Mexico. If the costs do not seem competitive with what is known of the Mexican market, the costing sheet can be used to identify expenses that can be reduced or eliminated. The company can then develop a pricing strategy and a sense of its bottom line for use in negotiations with Mexican partners, agents, distributors, retailers or buyers.

Costing estimates should factor in the effect of different rates of inflation in the two countries, as well as differing interest rates, fluctuating exchange rates, taxation and changes to tariffs that are part of the North American Free Trade Agreement (NAFTA) implementation process over the next few years.

Some financing items are comparable to expenses that might be incurred in domestic transactions. However, the costs associated with exchange rate fluctuations are unique to international transactions and need to be accounted for. Other costs may involve specialized services such as the sale of receivables at a discount, the posting of performance guarantees, or the purchase of export credit insurance. There are also costs associated with verifying the creditworthiness of foreign buyers or partners. Though crucial to minimizing risk, such information may not be readily available or may incur significant additional expense, which needs to be factored into cost calculations.