

The firm must also develop confidence that it knows the true intentions of the partner. How will the proposed venture fit into the partner's long-term strategy? Do they need the venture to fulfill their own tactical and strategic objectives? The prospective partners should share the same time horizons and expectations with respect to pay-back period. Knowing what the prospective partner needs from a relationship, the firm can gauge whether it has sufficient bargaining leverage to secure what it wants from the relationship.

Companies also need to know how to protect themselves in partnering arrangements. The firm should use the services of a top-notch lawyer who can brief managers on the laws dealing with the protection of intellectual property. These rights should be protected against unfair appropriation.

If an acceptable candidate is not found, the firm should reconsider alternatives such as licensing, short-term contracts, mergers, acquisitions, or a greenfield investment. It should not feel pressured into a decision. Better a delay or change of course than to undertake a serious venture with an inappropriate partner.

NEGOTIATING A PARTNERSHIP

Negotiations between prospective partners are the heart of the partnering process. They will set the tone and create the structure of the relationship. Communications should be honest and frank. Cooperation depends on an atmosphere of mutual respect and trust. Trust, however, does not mean ignoring difficult questions or brushing aside serious reservations. Trust allows partners to meet challenges and solve problems together. Nor does trust mean ignoring questions of corporate security. Frank and clear definitions of intent, of the scope of cooperation, and of the terms of confidentiality are important. Clarity builds trust. The avoidance of important and legitimate concerns can only lead to confusion, unease and suspicion.

THE STAGES OF NEGOTIATION

In any type of strategic alliance, there are three key mechanisms that mark the progress of negotiations.

1. A business framework is an agreement which clearly defines the objectives of the partnership and the form it should take to meet those objectives.
2. Once parties have agreed to the terms of the framework, a Memorandum of Understanding (MOU) is drawn up to outline the points of agreement in a clear, concise fashion. The MOU is then used as the basis for the more detailed and formal negotiations of the legal framework.

TIPS ON NEGOTIATING IN MEXICO

Protracted face-to-face negotiations are essential. No one simply arrives on the spur of the moment and is finished by the weekend.

Most deals take longer to negotiate than expected. Negotiations may drag on if 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 marketplace. Knowledgeable professional assistance will be invaluable at this point.

It is unusual for all information to be offered by the prospective partner during the first round of negotiations. Information is most often held back until the right moment, or until it is specifically requested. Knowing what to ask and when 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.

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