

point when the alliance would be ended, the agreement includes provisions for renegotiation if specific sales or profit targets have not been met within a certain period of time.

Risks to investors can be minimized by distributing capital in increments, each of which is contingent on the achievement of technological or other milestones by specific dates.

It is also possible to stipulate fines a partner must pay if it breaks an alliance unilaterally.

Matters of this complexity need to be dealt with by lawyers who are familiar with the legal system in both Canada and Mexico. Keep in mind, though, that complex legal detail is often needed by creditors, but over-zealous attention to minute detail can kill an alliance before it gets off the ground.

SUMMING UP

In determining whether or not a partnership will help your dealings in Mexico, it is useful to draw on the experience of Canadian firms that are already established there. A survey of their opinions suggests the importance of these issues.

- Know the market and do your research.
- Adopt a clear set of market objectives and a well-defined corporate strategy suited to the Mexican market.
- Choose complementary partners to avoid feelings of perceived competition later on.
- Be prepared for major delays and costs due to bureaucratic procedures that are different from those encountered in Canada.
- Assign a world-class manager who is flexible and knowledgeable in English and Spanish as well as in the Mexican business culture.
- Be sure you are providing something that the Mexicans need and that your niche is well-identified.
- Ensure that your contribution of capital and/or technology are duly recognized in the joint-venture agreement.
- Aim to have the Mexican operation become self-sustaining.
- Negotiate, wherever possible, the appointment of a Canadian manager to the project in Mexico for the first few years of operation. This will ease the adjustment, and facilitate both communication and problem-solving.

According to a trade official at the Department of Foreign Affairs and International Trade (DFAIT), a well-defined state of mind, a long-term perspective, deep pockets, a resilient constitution and the appropriate human resources dedicated to the project will make the venture work.