

NAFTA opens market for consultants in Mexico

By Angela Bianchi

For The Financial Post

THE NORTH American free trade agreement's promise of new business opportunities has management consultants polishing up their Spanish and absorbing Mexican business customs to establish their credibility in Mexico and with Canadian business clients.

"The average management consultant doesn't speak French, let alone Spanish," says Dave Fraser, senior consultant with **Braxton Associates**, the strategy consulting division of **Deloitte & Touche** management consultants in Toronto.

"Language problems make it necessary to develop alliances in Mexico. If you want to work for a significant client, you need to develop a permanent presence in Mexico and hire locally."

Mexican clients seeking Canadian management consultants work in mining, high technology, financial services, steel and engineering.

"Mexican companies need foreign partners, and it often falls on the management consultant to promote joint ventures," Fraser says.

A significant amount of consulting work is involved. It includes researching investment opportunities for clients in both countries and advising them on how to protect their existing U.S. markets.

Alliances can bridge language, cultural gaps

"Auto parts will become a real area of competition between Canada and Mexico under NAFTA," Fraser says, "and it will be hard to remain competitive. It's important for consultants to educate their clients on the legalities and the threats to present markets posed by NAFTA."

Nationalism is not an issue with consultants, but many agree flexibility is important when discussing fees with Mexican clients.

Benchmarking, a process that measures a company's performance or product against the competition's, is becoming a popular consulting tool with Mexican companies interested in improved productivity, says John Campbell, Mexican liaison partner with **Coopers & Lybrand** management consultants.

Japan's Nippon Steel is used as a benchmark by Mexican steel producers, and Canadian and Australian companies are used as benchmarks for mining.

Bob Bell, a business policy practice partner with **Ernst & Young** management consultants in Toronto, says the promise of a NAFTA pact hasn't opened the floodgate for consultants — but it has created a few opportunities.

"The biggest role for a management consultant is to help inform [Canadian] clients

on how to do business in Mexico," Bell says. "Information is needed on setup costs, location, negotiating agreements, details on the labor force, and market expectations."

Extracting information on Mexico's business climate is the consultant's most difficult task, especially if not familiar with the language and general business practices.

Published material is not readily available, and Mexican companies are reluctant to divulge information about their operations.

In Canada, the demand is growing for consultants to educate business on Mexico's economic potential and its possible threat to Canada's existing U.S. markets.

NAFTA has also sparked interest with offshore clients, such as the Japanese, who hope free trade will lead to greater access for their Canadian subsidiaries.

Parent companies in Japan are hiring consultants to study their market positioning in a free-trade arena, while the South Koreans are especially concerned with Mexico's potential takeover as a cheap production centre, says Bell.

Once approved, NAFTA may provide even greater opportunities for management consultants, but, warns Fraser, beware of weekend adventurers trying to pass them-

selves off as consultants.

"These people have nothing more to sell than connections and contracts; they don't provide analytical skills or business expertise," Fraser says. "A good consultant should have the business experience and be knowledgeable about Mexico. The average consultant is rarely strong in both areas, but both are important."

Fraser recommends asking consultants for a client list.

Magda de la Torre, director of **Matiz Communications** in Toronto, says consultants with a Latin background or a Mexican partner stand a better chance in picking up clients not only in Mexico but in Canada as well.

She says alliances are especially important for smaller consulting firms because, "approaching people as Smith and Lopez consultants opens doors both in Canada and Mexico."

De la Torre's advice to consultants entering the Mexican market is to advertise heavily in the local English press and on radio. Holding seminars in key industrial cities will promote services to a larger client base.

"You might be a good consultant in Canada, but that doesn't mean you'll be a good consultant in Mexico," de la Torre says. "Consultants that specialize in one sector stand a better chance in winning clients."