

Consulting and Latin Transferrals

Industries in Latin America and Caribbean must modernize and consultants can help

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The company consultant must clearly define his function in the integration process in order to achieve a progressive complementarity of the economies of each country of Latin America and the Caribbean. Said definition should include counseling clients in investments — carrying out an exchange of goods and services and locating, selecting and hiring technologies.

In order to carry out the technological development of our countries, we need true vocation and technicians. It is well known that we have a huge deficit of knowledge and technical application, for that there are no incentives for the development of a technology of our own, there is a lack of scientific mentality, the allocation of funds in this field is quite lower than that of the highly industrialized countries, there is little current information available, and the spirit of technological inferiority exists. The above-mentioned problems must be faced objectively, by studying the conditions under which they are found, and thus be able to present positive solutions for the welfare of Latin America and the Caribbean.

Latin American consultants, aware of the very important role they play and their responsibility toward the companies they represent, should participate more actively. Because, according to what we've been able to observe in the integration process, the same vicious circle of discussions, meetings and work tables organized by different organs and sectors has been going on for a long time. What has not been done, due to a lack of technical aid, is to make important decisions and thus be able to coordinate the development plans of the different fields of production.

Resources Inventory

If we can revise these activities, we will take steps toward creating the integration of Latin American consulting and, by drawing up concrete plans for putting them into effect, we can get the most out of factors of production and natural resources that are available and untapped. For example, an inventory of resources of Latin America, — which, if well planned and aimed at the problems, could serve as a foundation for another program — a Program of Impulse — to the process of Latin American

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industrialization. The following are some of the benefits to be obtained from said programs:

a. There would be a knowledge of what we have — deficits and surpluses — in each country and in the region as a whole.

b. There would be an exchange and complementarity of technologies, experiences, processes, systems, products and professional services.

c. There would be promotion and marketing of available productive activity, according to the human and natural resources of each country.

d. Duplication, unproductive capacity, and low production levels would be avoided.

e. There would be specialization according to productive fields.

f. There would be an integration of competitive supplies of finished products for the foreign market.

g. There would be future planning of our needs and availabilities.

h. There would be better knowledge and understanding among countries.

i. It would contribute to Latin American integration.

RESEARCH TO BE DONE BEFORE ACTING

It is recommended that all companies that wish to compete in a foreign market with products, services, technologies or co-investments investigate the market and cover the following points before doing so.

1. Population

Groups according to ages, sex, occupations, births, deaths and activities.

2. Educational System and Health Conditions

Schools, universities, centers of specialized education, type of education, grade of learning, professional studies and percentage of graduates, textbooks.

Social security, diseases, causes of work absenteeism, industrial safety, pollution, retirements, sports, family unity, national conscientiousness, and governmental emphasis on education.

3. Government

Politics, structure, balance of payments, decentralized agencies, unions, gross national product, fiscal incentives, safety and future plans, and relations with other countries.

4. Laws

On investments, patents and brands, transferral of technology, profits and dividends; personal and corporate taxes, and import and export taxes.

5. Market

The product on the market, similar and complementary products; population and growth rate; income level and consumers' tastes, behavior of demand, basic statistical series, estimates of current demand, typology of consumers, projection of demand.

Private competition and that of the local and foreign governments; estimates of current supply, critical inventory of the main competitors, prices, discounts, level of penetration, quality, presentation, service and payment terms; operating time, type of organization and main executives; projection of supply and plans for extending.

6. Advertising and Promotion.

Types, means and reactions of the consumer, as well as pilot tests.

7. Monetary Situation.

Stability, inflationary trends, bank systems, types of interest, and comparisons with other countries.

8. Raw Materials and Machinery.

Suppliers, prices, conditions and local or foreign supply, and future conditions.

9. Labor

General, specialized and availability.

10. Localization

Alternatives with advantages and disadvantages. The use of the final report of the research will serve as a basis for final decisions, as well as the recommendations to be followed.

In export strategy, it is very important to follow proper planning, follow a calendar of activities, and form a structure in order to achieve the proposed objectives.

TRANSFERRAL AND ADAPTATION OF TECHNOLOGY

As developing countries, in matters of know-how, we must assume that something exists and stop thinking about discovering or researching what other countries have done years ago. Thus we will acquire this technology by a prior localization and selection in order to adapt it to the conditions in our countries.

Latin America already has good technology that can be considered its own, in the sectors of infrastructure, agriculture and livestock, and in some industries, such as oil, beer, cement, glass, steel, chemicals and others. But, in general it can be said that it does not have enough centers for the selection, localization and adaptation of imported know-how. This should be based on a flexible and democratic plan in which pure scientific research could be combined with applied science, thus creating better communication, confidence, and integration.

We suggest the following points for technological development in Latin America:

1. Create tax incentives for companies in the creation, development, and adaptation of technologies.

2. Create centers for negotiating applied technological research, by industrial fields, countries, and regions.

3. Relate the activities and plans of the production apparatus to the centers of basic applied research.

4. Support small, and medium-sized companies, so that they adapt and develop technologies within their special field.

5. Increase the allocation of funds for development of technology.

6. Create an information bank as a center of information at the service of Latin America and the Caribbean.

As countries which receive know-how, we should define perfectly what we want and the product we hope to obtain, after carrying out the necessary research and analysis, so as to be able to coldly evaluate the technology that we intend to acquire, using the following as points of reference:

1. Complete information about the selling company, including reputation, experience, number of years established, financial position, main executives, affiliates, branches, technical capacity, future plans, profits, and main competitors.

2. Description of the product or process to be transferred; its present and future use; relation to patents and brands; material needed and the possibility of obtaining it locally or importing it, a list of suppliers and current cost.

3. Financial analysis to determine profitability, including payment of royalties and the impact this will have on the balance of payments.

4. Opportunities that exist for development and innovation on the part of the receiving party.

5. Definition of the amount and the form in which payments will be made, how such payments were calculated, and terms involved.

6. Marketing of the finished product.

7. Information on similar technologies.

8. Points of view of both the receiving and the supplying parties.

9. Definition of exclusive rights, so as to avoid future problems.

10. Behavior of taxes, exemptions, and laws in effect, both in the country supplying the know-how and the receiving country.

As you can see, the process of localization, selection, evaluation, negotiation, contracting, transferral and adaptation of technology is delicate and requires exactness. And since it also requires that strict norms be fulfilled, it should be done by professionals in industry, the corresponding authorities, the consultant in the field, and the party receiving the know-how.

Industries in Latin America and the Caribbean must modernize the technological process in order to be able to negotiate more favorably, thus increasing production to speed up our development.