

# **Project Management South of the Border**

## **Perspective on Cultural Differences Affecting Projects in Mexico**

**David C. Fleming**

As business involvement between the United States and Mexico continues to increase, so does the need for project managers who understand and can successfully navigate the cultural differences between the two nations. While the U.S. and Mexico are geographically connected and experience heavy cultural crossover, the culture of Mexico still remains very different. If you are given an opportunity to manage a project in Mexico, you will face unique cultural challenges that your experiences in the U.S. will not have prepared you for. A project manager, who does not understand and embrace the cultural differences between the two nations and apply this understanding to the execution of the project management processes, will find it almost impossible to achieve project success.

While nothing beats first hand experience, if you are considering taking on your first project in Mexico, you must have at minimum a basic grasp of the cultural environment that you will be plunging yourself into when you step off the plane. If you are willing to take the challenge, there are several key cultural differences that you must prepare for when you are planning, conducting, and overseeing project tasks. A basic but solid comprehension of the main cultural challenges you will meet and some ideas on how to address them can provide invaluable knowledge that every project manager must have in order to have any chance of achieving project success south of the border.

Since the North American Free Trade Agreement (NAFTA) went into effect on January 1, 1994, trade between Mexico, the United States, and Canada has more than tripled. Mexico continues to be an emerging free market economy, a result of leadership that increasingly supports business friendly legislation. This recent legislation has opened the door for increased competition in Mexico and has also provided for the privatization of many markets that have historically been under the tight control of the Mexican government. This decrease in restrictions has resulted in an enlargement of international business activity, especially between Mexico and the U.S. The growth of cross-border business activity has generated a boost in need for U.S based project managers who can go abroad and successfully manage projects. This provides an open opportunity for you who are up to the challenge of navigating the unique culture, economy, and business environment that is Mexico.

I have often heard the observation made – an observation I strongly agree with – that in order to find a country more different from the U.S. than Mexico you would have to jump on a plane and travel half way around the world. Geographically, the two countries are located in each other's backyards and share approximately 3,150 kilometers of common border. However, they remain divided by their separate and distinctive societies. Since the human component is one that affects nearly every project management activity, task, and process, the culture of the hosting country must be understood and navigated by the visiting project manager. It is important to point out for perspective that even among the Latin American countries Mexico stands out as having its own nation with its own culture. Every Latin American country is culturally different and a unique environment

for project managers to operate in. It is unhelpful to the profession of project management to attempt to group them together in any way except geographically.

Only with a grasp of the cultural landscape that will be navigated while working in Mexico can you be prepared to get your feet wet with firsthand experience that will further build your management skills. With that addressed we can start discussing the issues and obstacles that you must become aware of before taking on a project. It is important to highlight that since every project and project manager is different the solutions offered by this article should be used and combined according to your experience, best judgment, and discretion.

### **Relationships of Trust**

While Mexico's legal system is based on many of the same principles as that of the U.S. legal system, it remains profoundly different in scope. Contracts and formal agreements are not as commonplace among businesses in Mexico. This partially stems from the fact that the present legal system offers limited recourse against a party who violates an agreement and has limited capacity to enforce such legal remedies. As a result, the need for dependable agreements among Mexican businesses heavily relies on the establishment and cultivation of personal relationships of trust.

These relationships are built between business representatives over a period of "getting to know each other." Because of this, you must be prepared to invest more time and energy into building rapport with business representatives that you will be dealing with and relying on. This can be a challenge for some project managers because it is more an exercise of good trust fostering skills instead of traditional management skills. It is important to point out that this characteristic of the business culture of Mexico is slowly shifting to resemble that of the U.S.; however it is still alive and well. As one can imagine, this cultural difference can require a significant investment of your time and attention. This can be a major obstacle for a project at or during any process or phase of a project because without trust, productive and dependable business interactions will be severely hampered. You have two main options available to address and reduce the affect of this cultural variable:

- a) You can factor in additional time to establish and build the necessary personal relationships to successfully negotiate reliable, timely, and accurate agreements. This approach requires a significant investment of time and energy but can establish you as a trustworthy and viable business partner and facilitate the efficiency of future projects.
- b) This involves locating and hiring a regional business professional familiar with the businesses that you will be working with. Finding a regional professional will require some investigation and the additional expense of hiring them, but it can be well worth it. This professional will bring to the table the required connections and relationships of trust needed to enter into reliable agreements that ensure project tasks are completed timely and correctly. Choosing this option isn't as good as a manager taking the time to build the required relationships of trust firsthand because it still places a buffer between the two parties preventing a truly solid relationship from forming. A hired representative will not guarantee the same level of trust that you can with personal contact, but if a

project is complex and requires involvement by many regional stakeholders, then hiring a connected professional can significantly reduce the amount of time required to complete project tasks and can also help ensure deliverables meet specifications.

### **Acquiring Authorization**

In recent years, the Mexican government has become more open to foreign businesses operating on its soil. However, it continues to require a maze of authorizing documents that include combinations of permits, licenses, agreements, or letters of approval that often require a variety of seals, stamps, or signatures from multiple governmental agencies at the local, state or federal levels. Unlike in the U.S., the avenues and means for acquiring them won't always be logical and uniform. To complicate the situation further, what authorizing documents are required and whom they are obtained from can vary greatly depending upon what geographical or political region the project or its component is located in.

For example, if your project has multiple components operating in different locations, it is likely that each component will require a unique set of authorizing documents. If you operate without the required official documents you run the risk of being fined, shutdown, or of having project assets seized with little or no recourse available. Needless to say, the investment required to ensure that the necessary authorization is obtained is well worth it, especially since foreign-based business entities often receive additional government scrutiny. Before initiating a project you must be prepared to face a government system that embraces tradition over efficiency.

As a project manager faced with this system you have two options available:

- a) Take the required time to learn the system first hand. While this may at first seem like a very difficult and time consuming task, it is not impossible to accomplish. The government systems in place at the local, state, and federal levels are unique and often needlessly complex but are not beyond mapping and mastery.
- b) Hire a regional professional who can assist with determining what official authorization a particular project will require and knows how to get it. These individuals are commonly known in Mexico as "Gestores." Gestores are individuals who serve as representatives between businesses, individuals, and various levels of the government. They are very knowledgeable of the present bureaucratic system and often have inroads and fostered connections that facilitate the successful and timely acquirement of the required authorizing documents. In addition to Gestores there are other professionals in Mexico such as accountants and attorneys who can be very useful at advising what legal documents a project will require and how to acquire them. Any of these professionals can be an invaluable asset for avoiding possible legal entanglement with The Mexico government.

You must evaluate which option best suits the project's needs and your willingness to learn a patience testing bureaucratic system. The complexity of the project and the professionals available to you should also be considered in your decision. It is always advisable to consult with one of the above mentioned professionals before beginning a project to verify that you have the required approval, even if you acquired authorization yourself. By consulting with a locally connected third party, that person can serve as a

deterrent for any government representative who might want to cause the project official complications for unofficial gain. Finally, if you decide to employ a professional to assist with seeking official approval, be sure that the individual is experienced with the region that the project or its component will be located in.

### **Value of Time**

Another cultural difference likely to affect you is the difference in value placed on punctuality by the Mexican people. Every culture has a different perception of time and Mexico is no exception. Over the past decade, the laid-back business culture of Mexico has shifted to increasingly resemble that of the U.S., but a discrepancy still persists. While managing a project in Mexico, you will experience a very different perception of time. A meeting scheduled for 2pm begins at 4pm, a conference call scheduled Tuesday morning comes in that afternoon, and a delivery scheduled for Monday arrives Friday with no real causation.

These are just a few examples of how the relaxed perception of time in Mexico will increase the time it takes to complete day-to-day project tasks. This has the potential to affect just about every aspect of a project and can drive a project manager without patience into early retirement.

While this cultural variance can be frustrating, there are options available to minimize its affect on your project and sanity. These options include:

- a) Expect and accept that delays will frequently occur that are out of your control. While this may not help the project's timeline stay on track, it will keep save your patience and temper for when it is really needed.
- b) Factor additional float time into project schedules and deadlines. This will help counteract the affect that frequent delays will have on task or resource dependency chains. This will also help you work with a more accurate estimation of time required to complete specific project tasks or deliverables. If you use "just in time" planning in Mexico, you will constantly be encountering complications, delays, and setbacks.
- c) The use of incentives to improve the meeting of deadlines and to keep a project on schedule can be a very effective tool. While incorporating an incentive structure into a project can add an additional system to manage, it can significantly increase productivity where it is needed most.

Remember that deadlines will often be missed regardless of how generous they are as they are often seen as flexible in Mexico. This perception can be compared to that of the "student syndrome" as no matter how much time is given to complete a task it will always begin at the last possible point that allows for its completion by the deadline. While deadlines may often be missed, they still serve an important purpose of instigating work and maintaining project progress.

### **Yes Culture**

In Mexico there is an underlying culture of not wanting to disappoint someone or say "no." This is why Mexico is referred to as having a "yes culture." This element of society is a result of the Mexican culture being one of great politeness and of people's

strong desire to avoid conflict. The yes culture in Mexico can be observed at just about every level of society but is more predominate in lesser educated and empowered workers. As one can imagine, this nuance can lead to a great deal of miscommunication between you, regional managers, and local workers. This problem can be additionally complicated by project managers who aggressively push unrealistic demands and don't provide an open and receptive channel for feedback that can help provide for more accurate project task estimations.

You will encounter this obstacle to clear communication frequently as you deal with local contractors and must manage it to prevent it from fully disrupting a vital component of project management: good and accurate communication. Workers at the bottom of the labor force are the most eager to appear to meet the demands of their superiors and as a result often stretch the truth with wishful thinking. They often agree to specifications or deadlines that they know aren't possible except under perfect conditions and with a great deal of luck. It isn't that they wish to deceive you; they just want to appease your requests and receive your approval.

There is no easy way for you to overcome this cultural obstacle but some options for managing it include:

- a) The establishment of friendly and open two-way communication. In addition, making it clear to workers that accurate communication is what is desired and will be rewarded can help reduce the unconditional agreement by workers to the demands of superiors.
- b) The use of an incentive program can be a useful tool to counteract the affect that the yes culture has on clear communication. Incentives can be used to reward workers and managers for giving accurate estimations and meeting them. Such a program can go a long ways towards improving communication within a project.
- c) Assimilation of the fact that regional workers and managers will often taint their work estimations with wishful thinking. As a result, additional float time should be factored into project timelines and schedules to keep minor but frequent delays from significantly impacting project dependency chains.

### **Vertical Thinkers**

Historically, the organizational structures of businesses in Mexico have been static and vertical. As a result, the work ethic most predominant in the Mexican culture is one of obedience. Mexican workers are expected to perform their tasks as assigned without deviation. Departure by a worker from the instructions given, regardless of the causation, is often seen as disobedience. This culture of obedience can be observed at nearly all levels of workers but again is more evident among lower level workers. This can affect the execution of project tasks in many ways, but mainly hampers the initiative of workers to be proactive problem solvers while executing their duties. This generates a real hindrance for managers who require workers to remain flexible and use problem solving skills as they execute their assignments.

You will find regional workers will require a greater deal of supervision and instruction than those in the U.S. This isn't because workers in Mexico are less intelligent; it's just simply because they have traditionally been rewarded for obedience over initiative or flexibility. To illustrate my point, let me provide an example. Let's say a project

manager is sent to Mexico City to outfit an exhibition center for showcasing U.S. manufactured construction equipment. The project manager assembles various teams of regional contract workers to execute the various groups of project tasks. One team is in charge of assembling and installing the exhibition's display lighting. The project manager instructs the workers on how the lighting structures are to be assembled and where they are to be installed. After the inspection of a few completed lighting displays, it appears that the lighting team is very capable and on track to complete the assignment within the allotted two weeks.

The project manager goes on to devote his attention to assembling other project teams. At the end of the first week, the project manager checks on the progress of the display lighting team. He expects the team to be 50% complete but instead finds them only 25% complete. Inquiry into the delay reveals that on the third day of work the team's welder used to assemble the lighting structures had run out of compressed CO<sub>2</sub>, a gas used for welding thin metals, and the team lead responsible for refilling the CO<sub>2</sub> tanks hadn't done so because the truck provided to him for such tasks had a dead battery.

None of the team members had thought to ask the other project teams using welding equipment for their reserve CO<sub>2</sub> cylinder because the welder's gas supply was the team lead's responsibility, and the team lead didn't get the battery in the truck replaced so he could get more CO<sub>2</sub> because that was the responsibility of the motor vehicle coordinator. This may seem like an overly simplified example but it serves to highlight my point, that when managing vertically thinking workers you have to be on top of the situation to identify and solve problems as they arise. Otherwise you are asking for frequent delays that could have been avoided with better supervision.

Options available to counteract this include:

- a) You must utilize a more hands-on management style and use immediate managers to oversee and ensure that project tasks are not interrupted by small complications or deviations in job duties. If using regional managers, you will need to provide additional training or instruction to help them function as problem solvers for their workers.
- b) You must build strong quality assurance and quality control systems into your project to guarantee that project deliverables meet specifications. This should be addressed during the planning stages of a project by structuring work, resources, and authority in such a way that allows for the application of the quality management processes.

## **Xenophobia**

Over the past two decades, Mexico's culture of mistrusting foreigners has become the exception instead of the rule. However, it is still possible to encounter individuals, businesses, organizations, or government bodies that may be resistant to cooperating with foreigners or representatives of foreign based organizations. You may experience this occasional challenge when building and establishing trust among the individuals and organizations that you will depend on and work with to successfully bring your project to completion.

You shouldn't resent this occasional mistrust of foreigners, as any understanding of the historical background between the Mexican people and foreigners can easily explain and

justify this residual cultural mistrust. Any mistrust is simply an echo of a culture perception that is quickly dying out. If you do encounter resistance, your best defense is to respond by being open, genuine, friendly, and respectful towards the Mexican people and their culture. This approach combined with a little patience will nearly always break down any mistrust because overwhelmingly the Mexican people are one of openness, friendliness, and acceptance.

Remember that to be an effective project manager and a positive representative of the United States of America you must treat the Mexican people and culture with respect. Never respond to mistrust with negativity or aggression, as it will only alienate you and your project's goals. Whenever possible be sure to make time and opportunities to interact with those you will be working with. This helps show that you are a friendly and trustworthy person. By doing this you will most likely be able to change the hearts and minds of even the most devoted xenophobes that you may encounter while managing your project.

### **Cash Society**

Banks in Mexico are increasingly becoming more uniformed allowing for the forging of partnerships with U.S. banks. This is slowly changing the financial landscape of the Mexican economy and how business is done. Despite this slow but steady change, Mexico continues to operate as a cash society. The types of financial institutes and tools used to conduct project tasks in Mexico will be unique to what U.S. sponsored project managers are used to.

Only recently has the use of financing similar to that used in the U.S. become an option in Mexico, and as a result, Mexico will continue to remain a cash society for at least another decade. Because of this, the way project resources are allocated and distributed in Mexico will differ from how you are used to. This requires adjustment to project resource allocation plans and a greater commitment to resource allocation and distribution management.

Mexico's infrastructure poses limitations on both the transportation and availability of physical goods and on the delivery of funds. By this I mean that you must allocate resources, distribute them, and fund human resources in such a way that cash or payment remains the driving force and is readily available without the reliance on financing systems.

This can be clarified by pointing out that in a cash society the power in an exchange of goods or services rests with the party with the payment. Once the money transfers hands so does the power of the transaction. Unless a strong personal relationship has been forged, most business transactions in Mexico have an "all sales are final" understanding with no legal protection. Understand that the transfer of funds during business activities is usually done in shorter intervals than in the U.S. and coincides with the delivery of a good or service which must be verified against specifications before acceptance. This is the means for how business among most levels of workers and organizations in Mexico is conducted and must be adopted by the visiting project manager. As they say, you pay as you go and go as you pay in Mexico.

This shouldn't really present a major complication for you as long as you have the necessary power to distribute project funds as needed. If not, the project could be slowed down by having to frequently request and get approval to release cash funds at delivery. Remember workers won't work and goods won't be supplied unless some payment is received on delivery or a good working relationship has been established. It is your responsibility as the project manager to make sure that the project sponsor is aware of the funding demands that a cash society presents and that the project's initiating documentation such as the project's charter give you the power to distribute project funds timely and accordingly.

There is little doubt that Mexico will continue to be an increasingly attractive economic environment for United States businesses to operate and conduct projects in. If you are one of the many project managers considering taking on your first project in Mexico, the prospective offered in this article will provide you with the basic information that you will need to ease into its unique cultural environment. This article is based on my own first hand experiences, that I often learned the hard way, and will help you grasp several important cultural lessons before you even set foot off the plane. I am confident that you will find that the cultural differences identified, discussed, and addressed by this article to be true, insightful, and useful. To those of you who choose to assist or head up a project in Mexico I provide this final advice -- exercise patience, respect the culture, and apply what you have learned here, and you will be on your way to realizing project management success south of the border.

#### Citations

Central Intelligence Agency (CIA), The World Factbook, Mexico. April 20, 2006.  
<http://www.cia.gov/cia/publications/factbook/geos/mx.html>