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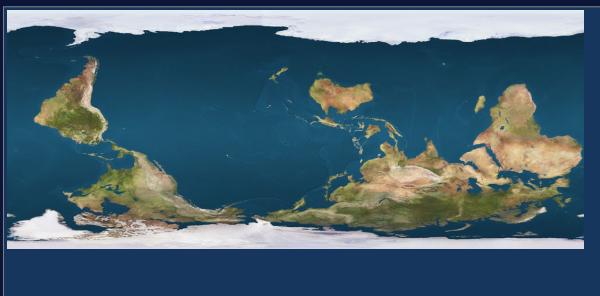
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Headhunter Blog Post by [Bob Otis, ART Managing Director](#)

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## **BizGeography101: How Businesses Mis-imagine the World**



### **Part 2 - LATAM (Latin America)**

This is the second post in our multi-part series covering the topic of how companies often misunderstand regions, countries and cultures to the extent that they miss out on business opportunities. For the purposes of this article, we are defining Latin America as all Western Hemisphere countries south of the United States.

Seems pretty straightforward? Yes, but that would be, or could be, a costly error to a company. The Latin diaspora of talented managers in places like Miami, San Diego, Los Angeles, Houston, Dallas, El Paso, New York, Chicago, etc. has many excellent candidates to head LATAM regional sales, finance, supply chain, operations or other business units. In theory, these candidates, typically bilingual or trilingual, are good for firms that need managers who are intimately familiar with the Latin American markets, while also being formed by or very accustomed to, the business practices of the United States. Moreover, the U.S. Spanish-language market is huge and alone has a purchasing power that is greater than that of many Latin American country markets.

What to do with so many good choices? In my experiences as a recruiter, in many cases I have seen companies make the wrong decision when it comes to determining who will run their LATAM unit, and

where that unit should be based. The examples are too many, but let's try some of the more problematic choices:

**1. "Miami (or Los Angeles or the U.S. city of your choice) is the capital of Latin America, so the LATAM regional office shall be run from the U.S."** In many cases, this might be an excellent choice. For example, if the firm primarily does not want to run their regional units outside of the U.S., due to local economic ups and downs, political instability, budget, or most especially if the company's Latin American business is heavily focused on the nearby Caribbean or Central American region, rather than on countries like Mexico, Brazil, Colombia, Peru or Argentina. If the firm's business with Latin America really is a purely sales function in which Miami would touch base with local distributors periodically, then that might work. Also, with Miami (or Los Angeles) being an important Spanish language U.S. media hub, it could be a great place for working with marketing and advertising groups in order to reach the U.S. Spanish-language market.

But if the intention is to run substantial operations or sales teams in Mexico, Brazil or other large countries, then Miami is really, from the customer's point of view, a distant and foreign place. For them, it would not matter if the LATAM Sales Head was a Mexican or Brazilian national. It would be like an American Sales Director or North American Regional CEO working out of Brussels or Tokyo. Yes, it might be done for a time, given the right person, but that is probably not what a company's competitors would do.

The Spanish language professional communities of Miami, Los Angeles, San Diego, San Antonio, Chicago, Houston, Dallas, New York, etc. all have their own characteristics, and the one thing that they all have in common is that they are not physically where the non-U.S. customers are. That means that even the best sales person has to travel long distances to reach customers that a competitor can reach in a taxi ride. "How about we meet to discuss that proposal over a cup of coffee?" "Well, I'll have to book a flight first; I'll have to get back to you next week, because our travel manager is on vacation until next Friday." Given that Latin business cultures typically require close person-to-person relationships, having a sales head far away could be detrimental. Convenient for HQ org charts and for the local employee, but less desirable for the Latin American customer.

Companies deciding to base their Latin America market heads in the U.S. also need to consider the extra costs of employing a person at a U.S. salary, and add to that the costs of international travel.

**2. "We do all our world sales work from our office, right here in Anytown, USA. This way, we all can work from the same page."** This strategy might work for a small company, especially if it relies on national distributors abroad, but it is not the best way to significantly expand revenue. For that, it is best to have a Latin American regional headquarters or a person who is actually somewhere in Latin America.

**3. "We have a person in Mexico (or Brazil) who handles sales in Latin America."** How can I possibly complain about this strategy? Can I never be satisfied??? Well, of course in itself, hiring a sales person in Mexico or Brazil for a pan-LATAM role is, on the surface, an excellent and quite reasonable decision, since both Mexico and Brazil have the largest economies and populations in Latin America. Especially if the firm's current customers are primarily in Mexico or Brazil, this strategy makes a lot of sense. We would probably recommend it ourselves as a possible option.

But here is just one headhunter's observation, and it is seems to hold true throughout the world:

**Most sales people, typically, best sell products that they know already fairly well to**

**customers and markets that they already know well. Far fewer sales people are explorers and hunters who thrive at opening up new markets and calling on new customers. For the hunter-type sales person there can be financial risks to going beyond one's familiar territory. If you don't sell, you don't stay employed or don't fulfill your quota and don't get your bonus. So the easiest reward and the most common reason for a company hiring someone is on what and whom that person knows now, not on what markets they might possibly learn or whom they might possibly make into customers.**

How might this notion then play out in the LATAM scenario of a Mexican or Brazilian in charge of all Latin America sales? Most typically, because of the size of their respective national markets, a Mexican LATAM sales head will focus first and foremost on Mexico sales, while a Brazilian LATAM sales head will focus on Brazil sales. The rest of Latin America might be of less interest, so chances of revenue from large countries like Colombia, Argentina, Peru, Chile, etc., might not be as great as one might have hoped.

Many foreign companies also take for granted that Spanish and Portuguese are similar enough languages for a Mexican or Brazilian to be able to effectively sell in that other language. Some people do learn the other language quite well, while others depend on distributors in the "other" territory or, worse, avoid it.

Think of it this way: is it most efficient for a firm to have a New Yorker selling to a Texas customer base or a Texan? Would a Texan or New Yorker likely be better selling to a British customer base than a British sales manager? And all of these examples are within the English language. Portuguese and Spanish are not as similar as dialects of English are to each other. And there is an astounding diversity in business practices across Latin America, even in the same language group.

In most sectors, the Mexican market is highly multi-polar. Depending upon the industry, a manager in Monterrey might be better placed than one in Mexico City, or one in Tijuana might be better located than one in Saltillo. Or vice versa. In Brazil, a tremendous amount of business is done in that vast country from the one city of São Paulo. Next comes Rio de Janeiro. Sales people in other Brazilian cities typically do not have national or international experiences. So a sales candidate even being somewhere in Mexico or somewhere in Brazil alone might not automatically prove a likelihood of sales success in their own country, much less all of Latin America.

But this is only from our point of view, having recruited and placed LATAM managers, directors, VP's, CEO's and General Managers for 3 decades.

If a pan-LATAM base in Mexico or Brazil would be best for our clients, we particularly look for Mexicans and Brazilians who have successful track records of sales beyond their home countries, because we are always concerned about the person only looking at their own country's market. Regarding language, in some industries fluency in the other language is not critical, while in others it could make or break a sale. We look to the client to tell us their experiences. If a truly trilingual candidate is needed, we often have found outstanding Brazilian managers who are fully fluent in Spanish, along with some native Spanish speakers who have worked in Brazil and do speak good Portuguese.

In Brazil, many of our searches also have been on behalf of German firms, and we often are able to present strong and competent LATAM candidates who additionally have good German language skills and familiarity with German business practices.

If the client's LATAM customer base and strategy is more flexible than a Mexico or Brazil base, we recruit top managers in most all LATAM countries. Again, we look for outward-looking managers who have track records of success in their home countries and beyond.

4. "We need a sales representative in Mexico (or other LATAM countries), but we do not at this time want to establish a formal legal entity or office there. Instead, we would just like to hire a person there who would be self-employed as a consultant, and we would simply wire that person's payments monthly."

This is typically a request by predominantly American companies that are coming from a local experience where in the U.S. it is very easy, legal, and not unusual for a self-employed person to register as a business. In that way, the person would be working for the firm as a consultant, not as an employee, and the person would personally be responsible for handling taxes, pensions, and other issues. While in the U.S. this is considered a common scenario, although not ideal for most candidates, in Mexico and many other LATAM countries, such a status might not be legal. One solution, available in some countries, would be for the firm to hire a local payroll service provider ("nómina company"), which would be the legal employer of record and that would be involved in disbursing payments as well as accounting for national pension and tax payments to the government. A few of these payroll companies are local divisions of large international payment processing firms, while others are smaller local firms, often specialized in certain localities or industries.

5. "We want to base our LATAM Sales (or Finance or Operations or Supply Chain) Head in a location other than Mexico or Brazil. We have found that Colombia (or Panama, Costa Rica, Puerto Rico, the Dominican Republic, etc, etc.) are good places to set up business and the costs are reasonable." Again, we ourselves have recommended our client companies to consider this option if it served them well. But that is with the caveat that they do not really have too much pressing interest in the very large markets of Mexico or Brazil. While some people in these other countries could be outstanding as LATAM heads, if the firm absolutely needs their LATAM manager to have experience in Mexican or Brazilian business, some candidates in these countries might have a bit of a learning curve in handling business in Mexico or Brazil.

"(Sigh) Well now, Señor Bob, what do we do, since you're saying that all of our choices are wrong?"

**The point here is that what always matters is the individual candidate's capabilities and the individual company's specific business goals for Latin America. There is no single easy solution.** A headhunter, HR Manager or hiring manager should never base a Latin America hiring decision simply on the place where the person is located. When we do our LATAM regional candidate-company matches, we consider candidates from the *entire region*. And yes, *also including U.S. based candidates*.

### ***What do we look for when recruiting for Latin America regional positions?***

- we ask what are the specific characteristics of the client's current Latin American market development so far and what are the firm's expectations for the LATAM market in the next years.
- what has worked for the company? what has not worked?
- what problems has the firm faced in the region?
- to what extent would this person need to directly develop customers and markets across 20+ LATAM countries? Or would the person's role be mostly about managing national and regional

distributors? Also, how attentive and how effective have your current distributors handled the region for your firm?

- is very strong trilingual ability (EN-SP-PT) really required?
- what specific countries (or regions in those countries) are of greatest importance? what regional customers need to be reached now?
- what countries and markets does the firm hope that the new LATAM Sales Head could bring in?
- most critical of all: a good, trustworthy communicator around whom a regional team could be built or a sole contributor who could be the cornerstone of business in Latin America
- an empathetic personality who truly can thrive beyond his or her familiar market or country; someone who truly can see the many opportunities in all of Latin America for a company's business.

A few final notes. A company needn't "cover" this entire region all at once or with a full "Latin America" designation. In the case of many firms, it might be more efficient to have various markets report to HQ. From such a report structure, the best managers for a pan-LATAM regional head could arise.

We are well experienced in recruiting at the sub-region, country-level, or regional country level. Such positions might focus on territories like "Latin America North," "South America," "Andean," "Central American," "Southern Cone," "Northern Mexico," "Central Mexico," etc.

Also, I apologize in advance to our friends in the Caribbean where Spanish is not the local language. We know that the "Latin America" formulas don't fit properly. We also recruit in your countries, and we plan in the future to have a posting that particularly focuses on recruitment in the Caribbean region.

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