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Developing industrial suppliers in Mexico

Abe Camacho
University of Northern Iowa

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Developing industrial suppliers in Mexico

Abstract

Research Questions:

1. Will cultural differences influence the effectiveness of developing Mexican industrial suppliers for U.S. international companies? 2. Will understanding the Mexican culture reduce time developing industrial suppliers for U.S. international companies? 3. Will developing Mexican industrial suppliers increase markets for U.S. international companies?

DEVELOPING INDUSTRIAL SUPPLIERS

IN MEXICO

A Research Paper

Submitted

In Partial Fulfillment

of the Requirements for the Degree

Master of Arts

In

Communications, and Training Technology

Abe Camacho

University of Northern Iowa

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This Research Paper by: Abe Camacho

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June 10, 1998
Date Approved

Sharon E. Smaldino

[Signature]
Graduate Faculty Reader

June 10, 1998
Date Approved

Robert R. Hardman

[Signature]
Graduate Faculty Reader

6-17-98
Date Approved

[Signature]
Head, Department of Curriculum
and Instruction

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CHAPTER I

INTRODUCTION

Background

The world is changing customer and supplier requirements are changing so quickly that if we don't find a way to get there faster and better we are going to be left behind. We will get run over. We will lose competitive position. We will get ignored. And no one likes to be ignored (Hackl, 1998).

Professor Kanter (1996) taken from her book, World Class: Thriving Locally in the Global Economy, paints a vivid picture of "cosmopolitan" executives and describes how they are shaping their organizations and setting the tone for international competition. Through their leadership, Kanter explains international companies are installing a global culture, carrying their ideas from country to country, bridging differences, and integrating activities spread throughout the world. They are successful, in short, because they understand when to act locally and when to act globally.

Cosmopolitans are, by definition, members of the world class. They carry concepts from place to place and integrate activities spread throughout the world. They act as global Johnny Appleseeds, planting seedlings wherever they go, which grow into similar orchids throughout the world. Cosmopolitans bring alternatives from one place to another. They are familiar with many places of distinctively local characteristics but see beyond the interests of any one place because they are linked to a wider world and can

move between and among places, creating a more universal way that transcends the particulars of places; which gives them power and control.

Business cosmopolitans have an economic interest in making places more similar, not by reducing choices to single one-size-fits-all, but by increasing the range and variety available everywhere. Similarity of places emerges in the global economy not because of homogenization, but because the same diversity coexists everywhere. There is more variety everywhere and a similar variety everywhere, with differences only in emphasis. Cosmopolitans spread universal ideas and juggle the requirements of diverse places and manage resistance to change from locals who see their power eroding. The job of cosmopolitans is to bridge differences and resolve them so that companies can operate efficiently on a global basis and finds commonalities across places.

Zeien (1995), an executive for Gillette Co., contends that "the name of business is products. "We are not magicians of marketing; we are only as good as our product" (p 2). In product development and production a successful launch is only possible if the company can treat the world as one, planning advertising, marketing and packaging on a global basis. Global structure follows global strategies. When a global structure is adopted, global systems and procedures soon follow. Managers acknowledge country differences but still prefer to treat the world as one. Language and social things are different. We try to get people to speak the local language. But we also require operating committees in small countries to speak English. A cosmopolitan perspective is required to make global integration work everywhere. Thus, world transfers are common at management levels, in research and development and at the highest levels in the factories.

Creating a world company in which people move easily across places makes it inevitable that ideas and standards also converge across places. "Much of what we do is because we couldn't live with our employees otherwise. Our culture would reject anything else. We can't have people come to Boston from international operations and learn that we treat them differently" (Zeien, 1995, p 2).

Fruitt (1995) outlines that Gillette's role models are the companies it considers the best in the world. Companies such as Johnson and Johnson for management style, Coca-Cola, Rubbermaid and Sony for new-product, high performance orientation, 3M and Hewlett-Packard for innovation. Gillette seeks best practices worldwide in cycle time, material handling, statistical controls and measurement techniques. We have to be in front using the most sophisticated technology, we can't put our arms around it only in Massachusetts or the U.S.. Technology is exploding worldwide, and it's easily available. It's an easy step from finding good ideas anywhere to finding good suppliers anywhere. About 62 cents out of every dollar of product cost is spent with suppliers, who play a key role. Gillette Co. looks around the world for what is best. Because the company does not see the infrastructure to support industry as leading edge in Massachusetts, it searches the world for production components. Gillette's manufacturing operations are standardized worldwide so that production can move from place to place rapidly. Worldwide standards with same specifications and tolerances everywhere permit maximum geographic flexibility. (Fruitt, 1995, p 3).

Zeien (1995) stated: We have about 60 factories making several hundred different products in more than 1,000 versions in about 200 markets. For every finished product,

we are also moving parts around. Every day we are trying to figure out where to make product A to go to market B based on exchange rates, who has capacity or anything else that offers cost advantages. If there's a shortage in production runs in Istanbul, tomorrow we can supply from elsewhere. Communication with technology such as computers, faxes and video/teleconferencing increase the feasibility and efficiency of global scheduling. Now it doesn't matter if the manager is 500 or 5,000 miles away. Zeien, 1995, p 2).

Harrison (1995) points out that at Gillette manufacturing has been consolidated into fewer plants worldwide. The company never ceases evaluating manufacturing capacity, especially as it enters new markets with local production in countries like China and India. But total productivity is more important than wage rates, so Gillette operates some of its most important factories in some of the world's most expensive places. South Boston is the leading world manufacturing center for razors and blades; Berlin known for highly skilled workers, is the only comparable one in size and sophistication and the only other plant making Sensors. Plants in Brazil, Mexico and Britain also make razors and blades. Technology requirements affect human resource requirements. To match Berlin's highly productive, highly skilled work force, the Boston Sensor workers had to be upgraded. Harrison, production head for Sensor, recalled the evening meetings in the cafeteria every Thursday with all the operating managers during startup crunch for Sensor in Boston. One big problem department managers faced initially were worker computer and numeric literacy. Longtime Gillette employees and new hires alike took training programs for the sophisticated, computerized work systems and measurement techniques that would come with Sensor technology. People were comfortable with an entirely

visible operation, now the operator's job is one where the product and process are machine controlled and not visible, for instance, 13 laser welds in millisecond for a single part and 150 parts per minute. When it's going that fast, you can't control it visibly. You need instrumentation. You need to look at quality measures like sigma limits. This isn't an easy concept if you don't understand averages. So Gillette stepped back to teach computer language and math classes in the plant. People, especially longtime employees, resented being told to change. Some employees maintained that they were never told when hired that they were going to be computer operators. Nonetheless, a relentless pursuit of productivity within the plant involves constant training and puts workers on teams suggesting improvements (Harrison, 1996, p 3).

Gillette executives liken their new global system to operating across 500 states, the same way companies operate across 50 states in the U.S.. They acknowledge that Kansas City and Kuala Lumpur are different just as New York and New Orleans are, but these differences can be taken into account by local operation facilities, without challenging the company's global strategy. This model of the fully globalized company has been realized only by a handful of giants. Some integrate all operations on a world or regional basis, like Ford, whose new North Atlantic unit resembles Gillette's. Some organize production on a world basis while maintaining strong country product strategy and marketing systems like Nestle. Still others like Disney Consumer Products, maintain strong country organizations but look for synergism across markets, and hybrids call themselves "global local", like Asea Brown Boveri, which considers itself a federation of

1,200 national companies with global coordination. Organization structures differ and so do the terms for them, from “multidomestic” to “international” to “transnational.”

Through their leadership, the cosmopolitans at the helm of Gillette and other international companies are reinforcing a global culture of management. And by moving state-of-the-art concepts around the world, they are reinforcing the power of customers wherever they are, to demand the best of the world’s goods and services

Research Questions

1. Will cultural differences influence the effectiveness of developing Mexican industrial suppliers for U.S. international companies?
2. Will understanding the Mexican culture reduce time developing industrial suppliers for U.S. international companies?
3. Will developing Mexican industrial suppliers increase markets for U.S. international companies?

CHAPTER II

REVIEW OF LITERATURE

Stephens (1997) contends that the North American Free Trade Agreement (NAFTA) has sparked a tremendous increase in business activity between the U.S. and Mexican firms, boosting the two countries' already immense trade. But this new activity also has brought a vital issue to the forefront: in the coming years as NAFTA reduces or eliminates many trade barriers and fosters closer business alliances, a company's ability to manage cross-cultural and cross-national differences will be more critical than ever. In recent years, many U.S. companies have experienced disparities in management and business practices in Mexico. For new entrants into Mexican joint ventures such disparities provide even greater challenges. To resolve cross-cultural differences, these firms may need to use managerial approaches different from those that have proven successful in a single-culture context.

Stephens (1997) contends that the Mexican managerial style has been characterized as autocratic and paternalistic. Many of the managers he spoke with, however, indicated that an exclusive reliance on an autocratic style is not likely to lead to success in Mexico. Today's managers and professionals, in particular do not respond well to directives and commands, although they may have done so in the past. These employees are less accepting of autocratic styles than are lower-level employees. Further more Mexican subordinates are more deferential and less likely to challenge or oppose a supervisor's ideas or directives, especially across hierarchical levels. While participatory styles have become more appropriate in Mexico, many

employees still hesitate to provide decision making input or assume decision-making responsibilities and risks. A reluctance to challenge also appears to stem, in part, from the greater respect and sensitivity employees offer to other workers of all ranks, both within and across hierarchical levels. Mexicans are far less tolerant of abrasiveness in management styles than are North Americans. This style is antithetical to gaining subordinates support and compliance. Mexican workers tend to treat each other in more respectful manner than one might find in many U.S. workplaces. A third-country national on assignment in Mexico stated, You can hurt the feelings of Mexican workers very easily. While a U.S. expatriate noted that Mexican workers need more communication, more relationship building; they need more reassurance than employees in the United States. U.S. managers who fail to adapt to Mexico's "softer culture" can produce disastrous results and even break a deal. This "soft culture" reflects the informal side of the formal/informal duality of the Mexican managerial style. (Stephens, 1997, p 55).

In Mexican organizations, decision-making authority tends to be centralized, somewhat undemocratic and retained among a few top-level managers. Factors influencing this centralization include accepted status differences between managers and subordinates and a clear separation of work roles. One Mexican manager explained: "managers in the United States tend to be more democratic in the decision making process. But most of the time in Mexico the decision making process is not very democratic. The boss says something and all employees have to follow that instruction. There is no room for discussion or for the expression of opinions. In the

United States, it's common and allowed to express yourself, your opinion. You can disagree with your boss. Here in Mexico, unfortunately, that does not happen. We cannot say something against the supervisor's opinion in public. Maybe after the meeting (rarely) but that is in private. In public, it's not a common practice. No one wants to say, boss, are you sure that's the way you want to do it? they don't want to help you make decisions; they want to agree if you have an opinion. It is harder to find leaders with risk taking attitudes in Mexico. Those with it rise to the top." (p 55). The system is not yet set up in such a way that authority has been delegated to people to make decisions that have to be made for them to do their job in the most efficient way possible. Beyond that, joint ventures with Mexican family owned Grupos (large collection of businesses similar to, but not as integrated or complex as, the Japanese Keiretsu) can pose special decision making problems. Given the extremely large and varied holdings of some Grupos, the limits of family decision making information processing, control, and it may be tough to identify the critical decision maker in the family and gauge the importance of the Grupo's family board.

Mexican workers and managers, as a group, are more likely to emphasize form over substance than do U.S. employees. This tendency leads to counterproductive, face saving behavior, a reluctance to admit failure or error, and a reluctance to inform joint venture partners to bad news. One U.S. executive stated, "There is more CYA (cover your ass) in Mexico. There is less admission of mistakes. This is a big difference, another added, Mexicans will never tell you they don't know. They will never tell you they made a mistake. They will never tell you any bad news.

Granted the U.S. managers suffer from the same problem. But the proclivity of some Mexicans to emphasize appearances has been a thorn in the side of managers who need accurate and reliable information about productivity and other performance indicators.

Power distance may be reflected in the way U.S. and Mexican managers interact with one another. U.S. American attitudes that impose distance between U. S. and Mexican managers of similar status hinder the development of successful cross-cultural relationships. Attitudes that ignore cultural differences tend to reinforce U.S. parochialism and prove to be destructive to the close working relationships intrinsic to Mexican business. In certain industries such as ceramics, some Mexican companies have more advanced technology than their U.S. partners. Even so, many U.S. managers still show a great reluctance to accept and learn from Mexican partners. A Mexican manager stated: "Americans sometimes think they are at a more advanced stage than Mexicans, and this is often not true, especially in Northern Mexico. We are comfortable with statistical process control, six sigma, and other quality control techniques, even at the assembly line level. Our managers are as well educated and experienced as managers in the United States. U.S. (Stephens, 1997, p 57).

U.S. companies demonstrate another form of arrogance when they demand extensive financial information from a prospective Mexican partner but become reluctant or defensive when asked to reciprocate. A manager at a Mexican trade bank said, "Equal financial information is needed by both partners in Mexican/American strategic alliances, but Americans don't want to offer the same that they expect from

Mexicans. And even when they agree to do so, they do it reluctantly and with ill grace" (p 57). Such suggestions of superiority or distrust undermine the effectiveness of joint efforts.

Stephens (1997) defines uncertainty avoidance, the second cultural value, as the extent to which uncertain or ambiguous situations are considered threatening. Recent research indicates that uncertainty avoidance is greater in Mexico than in the United States, however, interviews suggest that the differences may not be as great as expected among professional and managerial personnel. Indeed Mexican managers willingness to take risks, which would be inconsistent with a desire to avoid uncertainty, may not differ greatly from that of their U.S. counterparts. Mexican staffing procedures reflect the greater value Mexican culture places on uncertainty avoidance and these practices may be at odds with U.S. staffing approaches.

However, many joint ventures have achieved success when tapping the personal networks of managerial and professional employees. But at lower levels where applicants are abundant companies often can be very selective.

Successful joint ventures create synergy, in the past, a lack of candor appears to have been a problem in U.S.-Mexican joint ventures. As one manager stated, "Both cultures tend not to have a lot of confidence in the other one. We need to know each other better. There exists no confidence between us, even when we are neighbors. In Mexico, we tend to promise a lot, and sometimes we should just shut up" (p 57). This underlying problem appears to be the Mexican partner's unwillingness to disappoint, which leads it to make unrealistic agreements. Of course, the U.S. executives are

disappointed when the Mexican firm cannot complete a task as promised. This reinforces the perception of un-dependability.

Hofstede (1995) further contends that a heavy emphasis on contractual negotiations and details can communicate forcefully that the relationship is unimportant or the partner cannot be trusted. In a culture such as Mexico, which places a high value on relationships and mutual trust, the resulting difficulties might well be insurmountable. Face saving and style may be as important as economic value added. Several managers and executives noted that while Mexican-U.S. business alliances may be visibly sealed with contractual negotiations, the "handshake," the underlying relationship built on trust and mutual respect must come first. The psychological contract is a dynamic, informal, "living" contract reflected in the day-to-day bargaining that underlines the operating context of joint venture.

Hofstede (1995) supports Fons Trompenaars work on Collectivism and Individualism which points out that, in a collective culture, people value social networks and relationships and expect group members to support and sustain one another. In more individualistic cultures, people are expected to be self-sustaining, and their responsibility for others rarely extends beyond the immediate family. Recent research has found that the United States is far more individualistic than Mexico. This difference presents a major obstacle to effective interactions between Mexican and U.S. firms and individuals. One executive stated, "In Mexico you have to know somebody to do business. There is much reliance on personal networks. The personal relationship carries into the business environment more here than it would in the

United States. A Mexican executive would be reluctant to make a deal with somebody he didn't have a good feeling about" (Stephens, 1997, p 59).

Stephens (1997) observes that the Mexican culture may promote a quicker adaptation to teamwork than does U.S. culture. One of his interviewees argued that "an advantage of Mexicans is that they care for and about each other. Team work is real; they will help people in trouble. If a supervisor is in trouble, they will help him. They are high communicators in their group" (p 59). There are numerous cases of effective teamwork in Mexico along with a widespread opinion that teamwork is a growing strength of Mexican firms. Mexican workers desire for affiliation may enhance the effectiveness of the work-team concept. Some Mexican employees develop such strong allegiances to a company that they view it almost as family.

Stephens (1997) contends that the work ethic between Mexican and U.S. differ and U.S. managers may be unprepared for this cultural difference. Many soon discover that the "manana syndrome" is real and that some Mexican workers appear to have little sense of urgency. But also found little evidence of the "manana syndrome" in well-managed companies or among middle and upper hierarchical levels. The highly educated, professional class in Mexico exhibits a tremendously strong work ethic. These individuals, particularly those who are bilingual, have enjoyed extraordinary market demands from U.S. firms in Mexico. They often assume extraordinary responsibilities at significantly younger ages than their U.S. counterparts.

Stephens' interviews further found that both Mexican and non-Mexican agreed that Mexicans place a greater emphasis on non-work interests than do Americans. Mexicans place a higher priority to life domains such as the nuclear family, religious and leisure activities. Some observers perceive an increased pressure on Mexicans to accept U.S. perspectives of work and lifestyle, some small-scale evidence of such transition, including store hours and shift hours in industry follow the U.S. format.

U.S. and Mexican cultures differ substantially in their treatment of men and women in the workplace. This quickly becomes apparent when one sees the custom of male supervisors kissing their female secretaries on the cheek at the start of the day or the abrazo (embrace) with which men sometimes greet one another. Mexican managers and executives, both men and women maintained that sexual harassment and gender discrimination generally are not problems in Mexico. Conversely, virtually all U.S. managers and professionals held the opposite position. Women in business are not a problem in the big cities. Younger women are more progressive, more proactive, and more career oriented. An increasing number of Mexican women are pursuing professional careers, although clearly to a lesser extent than in the United States. Many Mexican employers continue to favor males in their hiring practices and tend to hire married men first, then single men, single women and finally (and rarely) married women. Despite the presence of obstacles for women, some female Mexican managers have achieved significant career success and offer encouraging evidence of change.

Stephens (1997) suggests nine important lessons for U.S. and Mexican partners that want to resolve differences created by collision of these two cultures.

These lessons are as follows:

1. - Exploit and become a functioning partner in Mexican social and business networks. It is clear that the leaders of the U.S. and Mexican partners must have good chemistry and cultural sensitivity.

2. - Allow Mexican employees to reveal failure or error without losing face. Mexico lags behind the United States in employee training, for example, and a greater emphasis on training can help reduce the potential for error. Educate managers about the warning signs of an escalation of commitment and the influence of the machismo ethic, which discourages the admission of mistakes, must be overcome.

3. - Don't underestimate Mexican expertise and adaptability in cutting edge technology. Having lagged behind the United States, many Mexican companies have made a quantum leap into the future by adopting technology and managerial practices a generation newer than those commonly used in U.S. companies.

4. - Work within Mexican cultural parameters for male/female workplace relationships. Unfortunately women still face substantial bias and little legislative protection in the job selection process. Companies may ask female applicants personal questions about their marriage plans or the number of children they plan to have. Even women who are bilingual college graduates find it difficult to gain employment commensurate with their skills.

5. - Clarify expectations at the start and throughout the working relationship.

Set clear expectations for standards, reporting requirements, schedules, and specific responsibilities. The Mexican partner needs to be given a clear understanding of what is expected as outcomes. The use of expatriate managers provides another means of control for both Mexican and U.S. partners. Interestingly, some joint ventures have gained better control by using English in their internal correspondence. Many Mexicans are bilingual, and English has become the common language of business.

6. - Embrace Mexican cultural values that enhance and facilitate teamwork.

Mexican workers concern for each other, team spirit, need for affiliation, collectivistic culture, and allegiance to employers facilitate the use of work teams. Managers should capitalize on these strengths by supporting the Mexican cultural values that enhance teamwork.

7. - Tailor employee reward systems to cultural and economic circumstances.

The autocratic management styles prevalent in Mexico and tightly centralized decision making may cause managers to lack confidence in their skills and be overly cautious about participating in the decision making process.

8. - Understanding and adapt to the transitional aspects of Mexican business and culture. In Mexico the present is a period of a remarkable economic and cultural transition. As a result, the conventional wisdom of the past may not hold true today because inter-company and regional differences in the pace of technological, social, organizational, and managerial evolution make difficult to draw firm conclusions.

9. - U.S. managers must be sensitive to the duality of Mexican managerial style. They must emphasize both formal and informal channels of interactions to build and maintain relationships and cope effectively with cultural differences. In the end, fundamental cultural values pose a serious challenge to U.S. Mexican joint ventures. Avoiding or resisting cultural issues is the path to failure; using them to enhance the effectiveness of an alliance is the path to success.

CHAPTER III

SUMMARY

Research indicate that understanding the Mexican culture aids in the development of industrial supplier joint ventures for international companies. This in turn translates into reduced time cycles to develop industrial suppliers, which educes and avoids cost by utilizing local content in terms of material and labor and increases markets by taking advantage of producing goods close to the customers.

The following is a summary of my observations, reflection and experience in developing an industrial supplier over a period of 18 months in Monterrey, Mexico for my employer John Deere & Company. Our management's objectives were to:

- Find a cast-machining supplier somewhere in Mexico.
- Supplier deliver machined parts to a new John Deere assembly facility in a northern state of Mexico.

Our supplier of cast machining I will call it XX Company, has in place all the administrative tools necessary to manage the John Deere account. The technical side is in process of implementing plans to eliminate capacity constraints for two casting parts and to develop their proven final processes for all the parts that make up the final assembly. This summary of the administrative and technical fields is based on four characteristics: Planning, organizing, influencing/implementing and controlling factors at XX Company.

1.- Planning: After pre-production and pilot builds, XX Company has put together a number of plans to be implemented in order to meet requirements for the short, medium

and long term production schedules for John Deere. To accomplish these tasks we have helped XX Company's management implement a method of introducing the purchase orders from John Deere into their informational management system so that their production schedules and throughput is pulled directly from the purchase orders. Other equipment used and applied were faxes, phone and the Internet as other hard core technologies such as video conferencing and video phone conferencing were not available (McDonough & Kahn, 1996)

To further aid them to schedule their production work and to emphasize the importance of due date commitments we provided XX Company with a two week line up schedule from John Deere broken down by part numbers, quantities and actual dates of consumption. To complement this information a "critical list" and a "production past due report" was forwarded to XX Company's management to keep them informed and to keep them involved in the project. XX Company is very good at planning. Their goals, tasks and processes are clear on how their objectives are going to be achieved at the top management level. At earlier stages it appeared to the members of the John Deere team that the information was not trickling down to the lowest levels of management and production. The lesson learned here is that we were not at John Deere Waterloo, Iowa, but that we were in Monterrey, Mexico. Business was not as usual.

2.- Organizing: In XX Company's plans the process in organizing their human resources, equipment facilities and finances, gives one the "impression" that they have an orderly method of accomplishing their commitments on time. XX Company has a plan for every major step for the John Deere account beginning with the very first pre-

production build to the highest daily production schedule John Deere ramp up in production.

XX Company is very good in gathering data, outlining them on presentations, layouts and reports. Their plans are orderly and very logical but it is not effectively passed on and implemented by their people involved with the John Deere account. Differences in John Deere and XX Company industrial practices became readily clear and affected the John Deere timelines and promised deliveries. We applied too much pressure and did not involve XX Company while establishing our schedules for pre-production, feasibility and production dates. XX Company agreed with the terms. We expected XX company to think and act like us. XX Company came through and met most of the important dates for the John Deere account with much sacrifice in terms of cost and stress among their management and production employees.

3.- Influencing: XX Company's process of guiding the activities of their organizational members in appropriate directions in terms of motivating, leading, directing and activating them towards common John Deere objectives is very weak. Below the superintendent's level there is not a clear understanding in their employees on how important the John Deere account is to them. There is also a lack of trained numerical control machine operator pool of people in the geographical area. There is a lack of technical training for their operators, first line supervisors and support staff. The John Deere team on the project, operating in a new environment had to promote communications and understanding not only between cultures but also between their and our internal cultural organizations. This strategy proved successful as it forced both

managers and technical experts to more effectively manage the project by XX Company assigning technical experts, a full time project manager to the John Deere account and by the John Deere project members to rotate our schedules to be present on site at all times.

XX Company gave us the impression of having a very weak characteristic in motivating their workforce and weak in making sure that all of their people understand John Deere objectives, timelines and the importance of the John Deere account for XX Company. We did not understand fully that other priorities, such as family and religion are more important in Mexico than working overtime to meet production needs.

4.- Controlling: XX Company's process of evaluating their performance towards goal achievement is very weak. XX Company's process of gathering performance/production information and comparing it to the objectives is very reactionary, therefore, their plans to intervene and to get back on track in order to keep up with production schedules fall behind. To add more difficulty to their control mechanisms, all the operators working with the John Deere account are hourly, do not have an incentive system, and their first line supervisors are fairly new on the job. This impression caused great stress among the John Deere project team as we did not quite realize that Mexico was in a great economic rebound from an environment of devaluation. Once their economy began to grow so did XX Company's number of employees and product demand from their previous customers, creating problems in terms of capacities, technical expertise and trained employees.

XX Company gave the John Deere project team the impression that they were very weak in controlling the activities of their personnel working with the John Deere

account. This includes production operators, first line supervisors, some staff support and engineering, without us understanding the economic stress that Mexico and XX Company were coming out from. We looked at XX Company as a “hungry” supplier without logically reflecting on why and what consequences that it might bring once they were positioned as in previous years before the devaluation of their currency.

Based on my observations, reflection and experience during the past 18 months, the John Deere account at XX Company requires very close monitoring of their production output. This includes:

- 1.- Close follow up on the activities to implement their plans to produce at required ramp up production schedules.
- 2.- Aggressive technical training for their machine operators, facilitator/shop supervisors and some engineering staff.
- 3.- Number of operators reporting to a facilitator needs to be reduced, at least for the near future until their operators are trained on the computerized numerical control (CNC) machines, (this is being implemented but needs to continue for a period of time).
- 4.- The key personnel with direct responsibilities for the John Deere account need to expand their Internet hook up to facilitate communications with John Deere personnel, this will eliminate relying on the fax machines and telephone answering machines, which are limited (Certo, 1997).

XX Company is well positioned to accomplish their commitment to John Deere., they possess the human resources, machine capabilities, and technical expertise, however

much training is yet required. XX Company has “most” of the equipment installed and have opened up their “check book” to invest in new machinery to meet John Deere’s ramp up in production. Their management structure is in place and XX Company most of all wants the John Deere business.

We have learned much about Mexico through the business relationship with XX Company. XX Company is owned by a family and is a part of a “grupo” with a joint venture with a well known U.S. international company. XX Company has initiated many of the suggestions made by our project team such as technical training, language training, investment in sophisticated machinery for quality measurements and the application of communication in technology such as teleconferencing and soon video conferencing (Rice, 1997).

XX Company and John Deere are well in their way of being an example of what a joint venture supplier in Mexico ought to be like. So, as the world is changing, customer and supplier requirements are changing so quickly, I envision XX Company and John Deere to meet the customers demands faster and better. We are not going to be left behind. We will not get run over. We will not lose our competitive position. We will not get ignored and we will succeed, because we have learned much about each other and we are now on a common course superseding cultural and language barriers. Those of us working in the international field are becoming “cosmopolitans”, taking concepts from U.S. industry to Mexico and other parts of the world to create and fulfill our customers needs and wants.

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