



## How to Say It: Doing Business in Latin America

A Pocket Guide  
to the Culture, Customs,  
and Etiquette

- Communication essentials
- Entertaining and social etiquette
- Navigating the bureaucracy
- Building long-term business relationships

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# Book How to Say It: Doing Business in Latin America

## A Pocket Guide to the Culture, Customs, and Etiquette

Kevin Michael Diran  
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## Recommendation

Conducting business in Latin America requires a solid understanding of local social customs. Be forewarned that outsiders may consider some business traditions inefficient. For example, long lunch breaks and frequent discussions of family matters are common elements of a typical workday. Resisting such traditions is impractical from a professional point of view. International commerce consultant Kevin Michael Diran warns that businesspeople from outside Latin America will struggle there unless they adapt to the cultural climate. His book provides a guide to acceptable business behavior throughout the region and includes detailed descriptions of the customs and common courtesies in 17 countries. *BooksInShort* recommends this primer to readers who are interested in commercial opportunities in Latin America and want to learn more about how companies prosper there.

## Take-Aways

- Learning Latin American business etiquette potentially can boost your profitability in the region.
- Identify your affinities – whether social, familial or professional – with prospects, and use them to form business relationships. Address people by their professional titles.
- Avoid conversation about business in your initial meeting with a prospect.
- Hiring hourly assistants can reduce your downtime on a Latin American business trip.
- Police officers, customs agents and other government employees routinely engage in bribe taking.
- The US Foreign Corrupt Business Practices Act bars Americans from paying bribes in foreign countries, thus creating a business disadvantage.
- However, paying a Latin American agent or consultant to handle a task, such as obtaining a government permit, is legal.
- Visitors entering Latin America mainly for business still can legally obtain a tourist visa, but you may need a business visa to make legally binding contracts.
- Most business relationships in Latin America develop slowly. Exercise patience.
- If you fire an employee in Latin America, you may have to justify your action in court.

## Summary

### Getting Started in Latin America

In Latin America, who you know may be as important as what you know. If you are planning to do business in the region, you should start by building a local social network. Executives in Latin America prefer face-to-face business meetings rather than long-distance communications. However, arranging a productive appointment with a business prospect may take some time. This task demands much more than just making a telephone call or sending an email.

“Chaos is part of the culture. Lack of long-term or even short-term planning is quite common, and everything is done at the last possible minute.”

You will need a personal introduction or a professional reference to meet with a viable prospect. Latin Americans prefer conducting business with members of their personal and professional circles rather than with outsiders, so start by identifying affinities you share with your prospect. Getting to know a friend or colleague of your prospect creates an affinity that can help you secure an introduction. Professional, fraternal, academic and religious organizations are affinity circles worth joining as well. Even sharing the same first name as your prospect will improve your chances of closing a deal in Latin America.

“It is virtually impossible to successfully initiate business in Latin America without a personal reference or other form of introduction.”

Initial contact with a prospective customer or vendor typically will involve lots of socializing and little, if any, business talk. Be prepared to answer pointed questions about your personal background during your first encounter. This is a vetting process, and Latin Americans tend to put minimal value on personal privacy. Turning the conversational topic to family matters is usually a winning tactic. Remember, this is social time well spent, and it is not the right occasion to start negotiating a business deal.

## **Avoiding Hazards, Staying Healthy and Hiring Help**

Crossing borders is simpler as a tourist than as a businessperson. When you want to enter Latin America from the United States, request a tourist visa, which is easier and faster to obtain than a business visa. This is a legitimate request if your visit involves any tourist activity, even if business is your main purpose. But if you sign a business contract in Latin America without first obtaining a business visa, a court could invalidate the contract.

“Personal privacy is not a Latin American cultural imperative and is not as highly valued as it is in the United States.”

Traveling in Latin America can be dangerous. The number of homicides as a percentage of the population is substantially higher in South America and Central America than in North America, Europe and the Middle East. Trying to obtain help from local law enforcement authorities may be a futile process in Brazil, Colombia and other Latin American countries where police corruption is rampant. Avoid strolling alone at night. Instead, hire a driver or use a taxi; driving alone in a rental car is less secure and involves greater liability.

“Latin Americans tend to be extroverted rather than reclusive.”

Even a relatively minor ailment can disrupt a business trip. Altitude sickness, for instance, afflicts many visitors to Latin America. Altitudes in excess of 6,000 feet (higher than 1,800 meters) are common throughout the region, so visitors from lower altitudes should spend a day resting and acclimating after they arrive. Doctors and health care facilities are limited. Treatment for certain serious illnesses and injuries may be unavailable. Consider buying a health insurance policy that covers the cost of evacuating from Latin America in the event of a medical emergency.

“Alcohol consumption is very common when entertaining in Latin America, which can be challenging if you don’t drink or you’re sensitive to alcohol.”

To make the most of your visit, hire some help by the hour. A bilingual personal administrative assistant, for example, can reconfirm scheduled appointments, get directions to meeting locations, do minor translating and introduce you to prospects. Moreover, Latin American business executives who travel with assistants are considered to be important individuals worthy of respect. Thus, arriving with an entourage is an effective way to gain prospects’ confidence.

“Generally, in Latin America, no great value is attached to speed or efficiency.”

Hiring a dedicated driver and a translator also will minimize the time you waste in Latin America. Reliable drivers – known as “hotel cars” in some parts of the region – are easy to find. A translator can conduct business in Spanish or Portuguese if you lack that skill. Local US consulates usually can provide a directory of translators. If you need help with translation, avoid the appearance of insulting your Latin American prospect’s lack of English skills. Emphasize that the importance of clear communication on your behalf dictates the use of a translator.

“Whenever you are told that something is impossible or you need something done, hold out \$10 or \$20 and it will generally be done – expeditiously.”

Develop a working relationship with a banker. Setting up an account at a bank in Latin America can take more time than expected, but, as in an initial meeting with a business prospect, this is time well spent. Joining the affinity circle of a banker is usually worthwhile. Retain the services of a lawyer, too, especially if you hire employees in Latin America. Getting rid of workers can be costly. A so-called labor court may require you to justify your decision to fire someone.

## **Dealing with Bureaucracy and Corruption**

Government employees in Latin America have a tendency to work slowly unless they receive illegal payments for faster work. They frequently accept bribes to perform quickly, even when they handle such duties as extending a visa, issuing an export permit or approving the startup of a business. Though taking bribes is technically illegal, accepting payment in exchange for prompt action is a common way for civil servants to supplement their regular incomes.

“Most, if not all, large contracts require some sort of kickback.”

This mind-set pervades the culture. Amnesty International and other humanitarian organizations have described corruption in Latin America as part of everyday life, not some marginal activity involving a small fraction of the populace. So be prepared to offer a small bribe or, in Spanish, a *refresco*. Giving the right person \$5 will add zip to almost any routine process, from clearing customs at the airport to getting a table at a restaurant. Police officers often accept small bribes from motorists instead of citing them for driving infractions.

“A review of the literature suggests that the Latin American leaders in police corruption are Colombia, Brazil, Venezuela and El Salvador.”

Your client probably will expect a kickback payment for signing a major contract to purchase goods or services from your firm. The kickback typically is equal to 2% or 3% of the value of the contract. These costly, customary bribes are known as *mordidas*, Spanish for “little bites.” In a competitive bidding situation, companies can build the kickback’s cost into the contract price.

“Some people want to be hired just so they can be fired and sue you.”

The US Foreign Corrupt Business Practices Act prohibits Americans abroad from paying bribes and kickbacks. This law creates serious disadvantages for citizens of the United States doing business in Latin America, where such payments are customary. However, hiring a Latin American agent or consultant to handle a task, such as

obtaining a government permit, is a legitimate practice.

## Befriending Latin Americans

Making friends with Latin Americans requires close attention to titles and nicknames, careful selection of conversational topics, and thoughtful use of gestures and other body language. Address people by their personal or professional titles. Use a personal title to address a Latin American who lacks a professional title. Address an adult male, married or unmarried, as *señor*. For a married or widowed woman (or, sometimes, an older single woman), the title *señora* is suitable, as is *señorita* for all unmarried women. When someone introduces an elderly man and woman as *don* and *doña*, use only these respectful titles, even if they have professional titles.

“Latin Americans prefer to do business on a personal level and have a subtly negative attitude toward remote communications.”

In all other cases, if you are speaking to Latin Americans with professional titles, never use their personal titles. Academic titles are especially important because scholarly achievement conveys more social status in Latin America than in the United States. A Latin American college graduate with a bachelor of arts degree holds the title of *licenciado* (or *licenciada*). People also show courtesy to lawyers, accountants, architects and teachers by using their professional titles. Do not use first names unless told to do so twice (even then you might call an attorney “*Abogado Jorge*” instead of “*Abogado Gonzalez*”). Despite the emphasis on formal titles, nicknames pepper conversation among Latin Americans, who tend to use them with affection, not malice.

“Latin Americans are all about formality in dress, manners and title.”

Unspoken communication, or body language, is also subject to social rules. If you are a man, you are expected to participate in long, firm handshakes with Latin American men, but extending your hand to a Latin American woman is a social error, unless she extends her hand to you first. Other gestures are subject to misinterpretation, too. Pressing your thumb against your index finger to signal that something is good is a vulgar gesture in Latin America. Pointing at someone is considered rude, as is putting your hands on your hips or in your pockets.

“For a party, being an hour late is normal, and for dinners, 30 minutes late is OK.”

When you meet a business prospect at a restaurant to share a meal, steer the conversation toward safe topics like family, soccer and food. Choose another occasion to discuss business matters in detail. Keep the mood convivial. Avoid discussing the political leadership in your country and in the Latin American nation you are visiting. Religious beliefs, natural disasters and illegal immigration often prove to be unproductive topics, too. Avoid even casual profanity that incorporates the words “God” or “Jesus.”

## Overcoming Typical Obstacles

Some outsiders regard Latin America as a difficult place to conduct business. Respecting the differences that distinguish the business culture of Latin America from others is one way to minimize such difficulty. Outsiders make six typical mistakes:

1. **“Not working on the right scale”** – Latin Americans tend to take a cautious approach toward big investments with unclear outcomes. They generally are more comfortable with small risks. One technique for handling with such caution is to offer less – for instance, to provide a sample amount of a product – in the hopes of landing a much larger order later.
2. **“Going too fast”** – A patient approach to doing business in Latin America pays dividends. Trying to accelerate the development of a business relationship in the region is risky. Prepare to wait for your reward.
3. **“Not following up”** – Failure to contact a Latin American prospect right away after an initial meeting is the primary reason that sales efforts flounder. When you call, schedule another face-to-face meeting with your prospect, preferably about two weeks after the initial meeting, to advance the discussion of your sales proposal.
4. **“Taking promises literally”** – A prospective customer in Latin America may agree to sign a business contract, then fail to do so. Reacting indignantly would be inappropriate and potentially unprofitable. The prospect technically broke a promise but may still want to sign the contract.
5. **“Procrastination”** – If you are accustomed to long-range planning, you may need to adjust your attitude in Latin America, where work on a business task typically begins shortly before the task is supposed to be finished. If a procrastinating business prospect refuses to accept or reject your proposal, move on to better prospects.
6. **“Not understanding financial practices”** – If a Latin American client agrees to buy a product or service and wishes to pay by check, arrange to accept the check at his or her bank branch in order to verify its worth. On the other hand, if the customer prefers to pay you in cash, arrange a meeting at your bank, where the staff can confirm the currency’s authenticity.

“Here time is not money.”

Proper attire is a must. Dressing casually for a business meeting will undermine any affinity you might have with your Latin American prospect. Formality is foremost. If you wish to be treated like an important executive, you must dress like one. Punctuality is critical, too. Your potential customer in Latin America may arrive late for a business meeting, but you are expected to arrive on time. Give your prospects a conservatively designed black-and-white business card that conveys your seriousness.

Latin America is not a cultural monolith. While many rules of business etiquette apply throughout the region, some vary from country to country. Chileans schedule meetings to start and end at specific times, but in Brazil, virtually all meetings are open-ended events with no preset duration. Active gesturing is an appropriate element of communication in other Latin American nations, but in Costa Rica, residents dislike it.

Many other national differences prevail, so do your homework. Businesspeople who gain detailed knowledge of Latin America will discover not only profitable opportunities, but also a wealth of distinctive cultural qualities.

## About the Author

**Kevin Michael Diran** is a conference speaker, consultant and writer on international commerce. Diran lived and taught in Latin America for eight years. He earned his doctorate from Columbia University and a licentiate in philosophy from Pontifical Gregorian University in Rome.

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