

Doing Business in Guatemala

There are probably plenty of places in the world that have opportunities as appealing as Guatemala, but few that would be as rewarding. The business environment is booming, as the country is finally coming out of a period of post-war anxiety and allowing itself to benefit from the creativity and ambition of its people. The emerging middle-class is making significant strides in developing new businesses. Unfortunately, like many Central and South America countries, the vast majority of the country's wealth is in the hands of a few families too short sighted to use their wealth to sponsor and encourage a new generation striving to demonstrate their entrepreneurship.

This is a pity, as the country's position in the region, and perhaps the world could be dramatically advanced through the innovations and solid business concepts struggling to find financing. Ironically, the wealthy would benefit the most from offering access to the capital needed to get these projects up and running.

This oversight marks the opportunity for others from abroad to enter the vacuum and provide capital, know-how, and partnership to the emerging businesses of Guatemala. The role of the ruling elite, including to some extent the government, could be pivotal, but even in its absence, the opportunities remain.

Guatemala is a land of tremendous physical beauty. The people are primarily hard working, although in the outer areas relatively uneducated. Their dependence on agriculture has left many of them poor, while the traditions of family and work serve only to perpetuate the poverty as children are sent to the fields instead of the schools.

The recipe for Guatemala's growth is a shift in the economy to service, a movement already being seen in the cities, particularly Guatemala City. The strong telecommunications infrastructure and high proportion of English speakers has transformed Guatemala into one of the emerging call center focal points. Similarly, manufacturing is being promoted, as the average worker is dedicated and easy to train, while costing a fraction of the average U.S. worker.

The future of Guatemala, and the entire region, rests on the success of the efforts of local business executives to forge relationships and partnerships with business people in the United States, Europe and Asia. Equally crucial are the actions of the government to ease investor apprehensions, reverse perceptions of corruption through decisive action, and encourage the local wealthy class to support local business.

Understanding Guatemalans

Business in Guatemala begins first and foremost with friendship. If you are unable to establish a warm bond with the people you hope to work with, it is very unlikely they will do any meaningful amount of business with you. They make their business decisions based as much on whether or not they like and trust you, as the worthiness of your proposition.

Being liked is not a particularly daunting challenge. You need only be genuine, honest, generous, and warm. A sense of humor won't hurt either. Add to this an appreciation for their country and people, and maybe you can become trusted enough to do business with.

In many cases the loyalty and trust needed to conduct business is reserved for family. You should not be discouraged by this, although you need to recognize that business promotions and decision making positions are inherited and not earned via merit. This often hurts the prospects of a business deal as the person assigned from the Guatemalan side is the not-as-qualified-as-necessary son of the wealthy business owner you seek to partner with. It is not possible to comment on the lack of skills. The son is there because he provides the owner with the sense of security he needs to be able to proceed with your arrangement. You need to accept it and work with it.

Typically, it is not difficult to gain access to leading business executives. The Guatemalan people are very welcoming and eager to learn of opportunities. If you share with them a possibility that interests them, they will be more than happy to meet with you and explore the option. This should not be taken, however, as intent to act.

The key business driver is price. More than quality or convenience, the cost will influence the buy decision. Also important is your commitment to provide follow-up or service after the purchase is made.

Guatemala is a predominantly Catholic country and the Church has significant influence in how people behave. Even those who are not particularly observant tend to heed the teachings of the Church and follow some code of behavior dictated by the Church.

Conducting Business with Guatemalans

Guatemalans and Americans are prone to misunderstandings. Not only do we process information differently, but we also communicate differently. Americans take in information objectively and abstractly, while Guatemalans view it subjectively and associatively. Americans are inclined to “read between the lines” while Guatemalans are inclined not to contradict. This often leaves situations where the American walks away believing there is an agreement, while the Guatemalan did not mean to imply consent.

In many cases a Guatemalan will value the subjective feelings he/she has for a specific situation more than the objective facts associated with it. This means that when courting a business deal, it is more effective to appeal on an emotional level and not through a cold, hard business calculation.

Guatemalans don't like to say no. There is no reason for that sort of uncomfortable situation. Rather, they will seek to create a situation of ambiguity that they can later use as proof of their lack of original intent. You may have understood there was an interest in a deal, but unless they actually said it, there is a good chance the interest was never really there.

They also like to engage in the processes of business (exploration, negotiation, etc.) without actually leading to a close. In many ways the appearance of activity and the announcement of action are sufficient without the need to actually take any action.

Things take time in Guatemala. It is not unusual to work a deal for a very extended period of time. They do not have the same sense of time Americans do. The urgency we often bring to situations is not evident to them. Their priorities include business, but do not revolve around business.

Guatemala is a very collectivist culture. There is a relatively low level of individuality and decisions are made in conjunction with others. There is a hesitancy, perhaps even fear, associated with breaking the norm and behaving according to one's own specific wishes.

Do's and Don'ts in Guatemala

Guatemalans are sensitive to pressure. It is not advisable to pursue the deal aggressively or with vigor. If they feel they are being placed under pressure, even if this is not your intent, they will decline the deal, even if they wanted to pursue it.

You should be on time when going to a meeting, but do not expect them to be. Time is viewed differently in Guatemala. The set time is a goal to be met if possible, not a commitment. Don't be offended if they are late (or even fail to show up all together). They do not mean it as an affront.

Personal honor is important. Make sure you are honorable and that you do nothing to offend the honor of others. The Guatemalans do not fully appreciate humor that pokes fun at others. They are just as inclined to see it as mean as they are as funny.

It is okay to discuss personal aspects of your life. Remember, Guatemalans measure their interest in doing business with you by judging their sentiments for you personally. The more personable you are, the greater the chance they will embrace the idea of working with you.

Doing business in Guatemala will challenge your commitment to the market. They do not make it easy. Yet if you believe in the potential of the opportunities this emerging country presents, and you have the patience and resources to go through the process of approval and acceptance, the rewards await you.