

JRB & Company Newsletter

Boston

Chicago

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2005-English

America - Europe

Are we different? Of course!
It would be strange enough if we were not.

Nobody seems to be surprised when a German manager is asked about his or her ability to adjust to a 'different culture' and a different 'way of doing business' when applying for a position in, say, Austria or Switzerland.

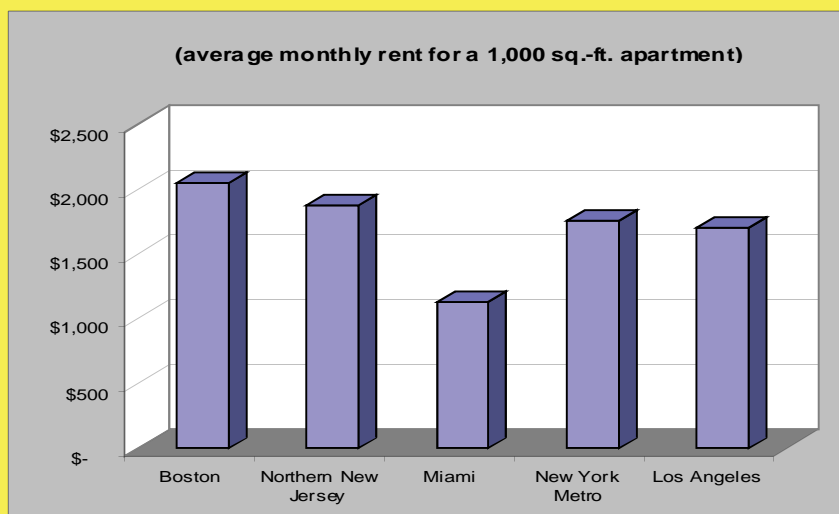
Why then should a business executive from Germany, Austria, or Switzerland (or from the U.K.) even remotely be considering that their counterpart in the U.S. - very often from a more rural area than the metropolitan centers mentioned above - may not be thinking in different terms and approaching issues in a different way?

Again: Yes, European and American

When, after long arguments and discussions, everything seems to be clear and understood, and each side feels good about having reached a common understanding - that is probably the moment of biggest misunderstanding and confusion.

(continued on page 3)

Rent in Metropolitan Areas - 2005



Source: The New York Times

Even more does it seem prudent to be careful not to misinterpret statements - and body language - when managers from different regions of the same continent, Europe, meet and try to find common ground. Is it not clear that a French manager may have a different approach and interpretation of a situation than, maybe, a Greek manager?

Neither will a manager from Calgary forget that the rules of communication are different in Quebec (not only the official language); nor will the representative of a company headquartered in Seattle or Boston be much at ease while negotiating with business partners in Miami, Los Angeles, or Houston.

managers grow up in a different cultural environments (and business cultures) and have different perceptions of how best to respond to a challenge, if not of reality itself (whoever has watched a 'discussion' about religion or global politics between citizens of two different cultures quickly learned that it is best to avoid such foolish attempts).

It is thus not a question if we are different, and if we do have problems understanding and interpreting each other's reactions. The point is instead to just not forget this reality when in the heat of a discussion / negotiation / review / meeting.

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JRB - Latin America:

The importance of Latin America is easily overlooked. Developments in China and India have the attention of the American public. However, when listing the future giants, besides China and India, Brazil is a frequent nominee. Certainly, in conjunction with other markets, like Mexico, Argentina, Venezuela, etc., America's next-door neighbors will be of key importance for the United States.

Many of our clients have subsidiaries across North and South America; our new office in Miami is located in the cultural and economic epicenter:

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We have moved - our new address in Boston:

JRB Boston Office

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Mexico - What NAFTA could be

Mexico is one of the three members of the NAFTA agreement now 10 years in effect. The other members are the United States and Canada.

The combination of NAFTA and the closeness of Mexico to the United States has resulted in the overwhelming dependence of Mexico's economy on the U.S. market: Nearly 90% of Mexican trade is with the U.S.

Only about 5% of Mexico's trade activities are with the European Union; little when considering the traditional closeness of many aspects of Mexico's

low-cost labor pool and so reduces the opportunities in Europe for Mexico - independent from the many existing trade agreements with European nations.

Mexico also recognizes the willingness of the 'strong' members of the European Union to not only allow the free circulation of goods and services, but to also offer a great deal of openness for the movement of citizens.

This contrasts with the ever-increasing restrictions for the citizens of the NAFTA nations, at least for Mexicans, and makes many Mexican leaders wonder about the actual benefits of

Mexico increase trade with markets outside NAFTA and thus reduce dependency, while at the same time making sure that a 'negative hypothesis regarding the relations with North America' will not result in 'systematic bankruptcy'?

And how, he asked, can it be that a nation like Brazil, without any trade agreement, have twice as large a trade exchange with the European Union?

German American Chamber of Commerce

JRB & Company and Gardner, Carton and Douglas co-sponsored a recent meeting of the German American Chamber of Commerce of the Midwest at the JRB office in Chicago.

Under the leadership of W. David Braun, Chairman of the GACCoM Board of Directors, Herb Haessig, Managing Partner at JRB's Chicago office, and Chuck Freeman, from the HR Team of GCD, reviewed for the participants at the luncheon briefing issues related to "Hiring & Retaining Key Employees and Minimizing Legal Pitfalls in the Workplace".

While Chuck Freeman presented recent employment law developments for small and medium-sized businesses, Herb Haessig outlined rules for hiring and retaining key employees.

For information related to these presentations, please contact Herb Haessig at the following E-mail address: jrb.management@jrbechtle.com

culture and roots to Europe. In many ways, these similarities and many diplomatic bonds are closer between Mexico and European countries than with its close American neighbor to the North.

Not surprisingly, many Mexican political and business leaders are comparing the development of NAFTA with the rules and realities of the European Union. This is even more so after the recent addition of various East European countries.

The addition of countries, while requiring economic support for their development, offers a well-educated

NAFTA for its citizenry.

Samuel Peña Guzman, Foreign Investment Coordinator for the state of Nuevo Leon, in a recent article reviewed 'A Mexican Point of View' in relation to commerce with the European Union and the overly dependent situation of Mexico on the U.S.

How, he wonders, can Mexico as the nation with the most trade agreements, also have the least diversified international trade structure? How can

Long-Distance Family Life

A recent survey indicates that about 18% of Mexican and 28% of Salvadoran adults receive remittances from relatives working in the U.S. and abroad.

Remittances (money sent home) by immigrant workers to Latin America and the Caribbean have more than doubled during the last five years to nearly \$35 billion, eclipsing foreign direct investment as a source of capital for many receiving countries.

An estimated 6 million immigrants across the United States send remittances home.

When asking people in Mexico if they would consider emigrating to the United States, a close correlation appears between a positive answer and having been a remittance receiver.

Of course, since the majority of receivers of remittances are women, this may only reflect the desire of many separated families to reunite.

Trade Show:

AchemAmericas 2005

The 2nd International Exhibition Congress for Process Technology in Mexico was held April 12 - 15, 2005 at the World Trade Center in Mexico City.

America - Europe

(continued from page 1)

A German executive may be wondering why, six months after an agreement seemingly had been reached, that certain changes need to be made and actions to be taken, but everything is still as before. It is well possible that he, after lengthy (and probably quite one-sided and stern) talks (lectures?) may just have misunderstood the polite silence of his American counterpart as 'agreeing.'

Is it not common in Germany that even a junior manager will speak up if not - yet - in agreement? Does silence thus not indicate a general agreement: No need to talk about it anymore since everyone agrees?

In America the silence is probably rather a sign of disagreement and the polite intent to avoid confrontation with a 'leader' of the company, particularly in the presence of others.

Actually 'agreeing' on the other hand would probably have been stated loudly in strong words: Is it not great that we are all on the same team?

Now, what again does silence mean? Who could be sure; expectations and interpretations may simply be mistaken. It is probably easier to ask a clearly formulated question at the end of a meeting to encourage an open answer. Mutually formulating an understanding of needs and planned actions may make life easier for all parties involved.

If the German, in this case, can present more team spirit and less of the 'know it all attitude', and the American manager can give up the usual 'can do' show for the leader of the business, and act more like a partner, then the mutual search for realistic solutions may become easier. ■

Oct. 6th: German-American Day

For two decades October 6th has been proclaimed as 'German-American Day', celebrating the achievements of German-Americans in the United States. No wonder, considering that nearly one in six Americans claims German ancestry – more than any other ancestry. ■

Maquiladora

Inaugurated in 1965 as a duty-free export assembly program, the 'maquiladoras' are the main reason for Mexico's transformation into one of the largest exporters in the world.

Over the years the program has shifted from low-end garments or small appliance assembly to high-end manufacturing of computers, auto parts, and TVs.

The value of goods shipped - nearly all to the U.S. - has approached nearly \$100 billion annually.

A combination of higher cost (due to a stronger Peso) and the cutting back of many tax and tariff exemptions in recent years has resulted in the closing of hundreds of maquila plants along the Mexican-American border.

Mexico's loss is frequently becoming China's gain. ■

CAFTA

In July 2005, the U.S. Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) was approved by the U.S. Congress with the slimmest of margins and signed into law by the President in August (H.R. 3045).

The goal of the U.S. administration was the elimination of 80% of tariffs on U.S. exports to the region, thus achieving reciprocal treatment for U.S. goods (80% of goods from Central America already used to enter the U.S. duty-free).

The CAFTA-DR has been approved by the legislatures in the U.S., El Salvador, Guatemala and Honduras. Approval is pending in Costa Rica, the Dominican Republic and Nicaragua.

CAFTA-DR is currently not in effect while awaiting approval by all parties. ■

Upcoming Trade Shows in Latin America:

Mexico

- Expo Transporte
November 2005, Guadalajara
Motor Transport Industry
- Matalform Mexico
November 2006, Mexico City
Metal Stamping & Forming
- Expo AMPIMM
June 2006, Mexico City
Furniture and Wood Industry
- Powermex / T&D World Expo Mexico
October 2005, Mexico City
Power Generation, Natural Gas
- AHR EXPO-Mexico
September 2006, Monterrey
Air-Conditioning, Heating
- EXPO Manufactura
March 2006, Monterrey
Manufacturing Productivity

Brazil

- Transtec Brasil
May 2006, Caxias do Sul
Automotive Technology
- FEMADE
April 2006, Curitiba
Woodworking Machinery
- EXPOLUX
April 2006, São Paulo
Lighting Industry
- Techtextil South America
November 2005, São Paulo
Tech. Textiles and Nonwovens
- Brasilpack
April 2006, São Paulo
Packaging Industry
- Electronicamerica
April 2007, São Paulo
Electronics Products
- FIIEE
March 2007, São Paulo
Electrical/Electronics Industry
- Salão International do Automóvel
October 2006, São Paulo
Automobile Trade Show
- Tecno Bediba
September 2006, São Paulo
Beverage Industry ■

Compensation Study

JRB & Company, the leading recruiting and management consulting firm focusing exclusively on the needs of U.S. subsidiaries of European firms, is in the process of collecting data for its **2005 Management Compensation & Benefit Study for U.S. Subsidiaries of European Companies.**

The results will be published in the 9th Edition of our study and will provide a unique and detailed source for comparing, assessing and evaluating compensation structures and compensation levels across U.S. subsidiaries. This edition will be available in English as either a hard-copy or PDF-file online by October 2005.

It is now possible for the first time to submit data online. As in previous years, the pencil and paper format is still available and can be returned via fax or mail. Both versions of the questionnaire can be accessed online at:
www.jrb-research.com/questionnairepg.asp

This 9th Edition will again cover information on executive compensation (base salary, bonus and other variable components) and compensation trends. The data of relevant U.S. subsidiaries are organized by revenue, number of employees, and company type. The results are then compared to data from U.S. firms. ■

Employees

Excerpts from a presentation by Herb Haessig, Managing Partner of JRB & Company, during a recent luncheon of

the German American Chamber of Commerce of the Midwest.

On Hiring Employees:

Never forget that you have to sell your company and the job opportunity just as much as a candidate has to sell his or her credentials.

Multiple interviews are common in the U.S. as much as in Europe; but time is money and candidates are usually not as patient as they are in Europe.

A decision has to be made in a much shorter period of time than Europeans are accustomed to, otherwise you may lose the candidate.

Benchmark the compensation offer for the relevant region and against the competition.

Remember: The whole package has to be competitive; if it is common practice to provide relocation support, forget the 'we don't do that in Europe' response (as American subsidiaries in Europe will have to offer full vacation and sick leave - even though they may not 'do that in America').

Key Factors for Retaining Employees:

Provide growth opportunity: have goals and share them.

Give feedback (positive and critical): be clear about expectations and achievements.

Be aware that the manager wants to advance; as long as such growth can be achieved in the company, the environment will be stable.

Don't forget that a career path, even in a good company, is not everything; Americans are very sensitive when it comes to earning opportunities.

If a similar position with higher compensation level is offered at another firm, you will most likely lose your employee.

Don't be shy about sharing your experience and questions with other professionals - most managers are more than willing to help with advice.

Ask professional recruiting firms, like JRB & Company, for recommendations and check with organizations like the International Chambers of Commerce. ■

JRB & Company

Boston - Chicago - Miami - Berlin

Founded in 1979 with the objective of assisting European subsidiaries in the Americas, JRB & Company has developed into the leading International Executive Recruitment and Consulting firm serving its clients throughout North and South America.

- Executive Recruiting
- Board of Directors
- Compensation Consulting
- Management Consulting

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