

Economist Gabriela Castro-Fontoura is the director of Sunny Sky Solutions. Based in North Yorkshire, she supports UK businesses at different stages of expanding into South America. She has over 10 years' experience in economic consultancy in the UK. This is her checklist for doing business in South America

Business? Then let's talk **football**



In South America, we love football. We also travel to the US or Europe more than within the continent. We don't like talking business over lunch - we like to talk about food, football and family. We don't rush around eating sandwiches on the street, and we are used to strikes getting in the way of business. In some areas, we spend a lot to make our shops safe, while in some other areas we can play cricket (yes, cricket) comfortably on the streets.

Why am I telling you all this and what has it got to do with you? Exporting to South America is much more than shipping boxes of your products from the UK to some exotic-sounding destination. It is more than just about trade visits and signing contracts. It is more than translating your website to Latin American Spanish and Brazilian Portuguese. It is about people.

South America is now on the radar of many CEOs, MDs and export managers in the UK. Most of the countries have been growing steadily for a few years now at rates as high as 9% a year. Economies like that of Uruguay are praised worldwide for their careful management, unlike some EU stories. Countries like Colombia are making huge progress in terms of investment ratings, and many are signing trade agreements with EU countries.

With prosperity comes higher consumption and higher imports, not to mention investment, for example on infrastructure. That's when the rest of the world comes in. Some countries such as Spain or the US have established links in South America, links they are keen to exploit.

In the meantime, many UK businesses hesitate, mainly, they tell me, because:

- They don't know where to start, the whole prospect seems daunting given the vastness of the continent

- They don't understand each market in the region – each of the 13 South American countries will have its own unique regulatory, currency and logistical complexities
- Exchange rate fluctuations and transaction-processing delays (will they pay me and if so, when?)
- Demand volatility generated by factors such as logistical obstacles and political instability (in my opinion, this is highly exacerbated by poor, fractured and biased coverage by UK media)
- Cultural differences, including language and business customs

Most of the UK businesses I speak to lack an understanding of these markets. They've heard that there is potential in Brazil, but when asked about Colombia, Chile or Peru, for example, they look puzzled.

They also lack the time to explore or even go for business in these countries – management time is tied in the UK and some key export markets, and there just isn't the resource to start weighing other options.

I find that a lot of businesses also don't have clear ideas why they want to go for South American markets, and the motives range from increasing sales to following a competitor's move, from having a truly global presence to following a personal connection. In my opinion, it all goes back to the point I was making at the start: it is all about people.

I can get you customs/import data for your products and I can tell you who is importing what in which country, in which volumes. I can even find out the margins and we can discuss risks, costs, profitability. We can look at your profit and loss account together, work out the expansion in sales you would

expect in your first five years, and you can make your mind up as to the feasibility of the whole venture.

But the key is in knowing all the time that we are talking about people. People here in the UK who have a certain way of doing business and a certain understanding of the world, with particular attitudes towards risk and certain assumptions about other markets. They could be your competitors, your UK consumers, the rest of your team – and you.

The people in South America who feel, think, make decisions, play, work, communicate, share, consume – just like we do here, but generally (although not always) in different ways. They could be your potential consumers, your partners, your competitors.

Local understanding, local knowledge and local contacts are key. Don't underestimate the power of relationships. Take time to understand who you are dealing with. And make sure you trust them. The rest will follow. The British companies that succeed in South America are not necessarily those with the lowest distribution costs, the ones whose products face the lowest trade barriers, or the ones with the highest profit margins.

The British businesses that succeed in South America are the ones that understand their markets – to the point that they end up becoming almost local – recognisable, familiar. To succeed, you don't just need to understand the figures, but the people behind them. Business is about people anywhere in the world. But in South America, it is even more so.

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