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## CORPORATE STRATEGY

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### Would you buy a used car from Lazard Freres?

It has recently come to our attention that the Paris and New York offices of the Lazard Freres investment group are overly enthusiastic about getting a "piece of the action" of the coming business boom in Mexico. It seems that members of the Lazard staff have been feverishly calling many Japanese companies and peddling the firm as an expert in doing business in Mexico. Lazard hopes to take advantage of Japan's growing interest in Mexico as a source of oil and a market for high-technology exports. While more than willing to listen to the opinions of the influential Lazard group, the Japanese are known to hold the view that the overpriced "advice" of the firm is in fact a classroom lesson on how *not* to do business in Mexico.

Every salesman has his own sales plan and, thus, there are variations on the advice being given by the representatives of Lazard. However, there is a distinct and common theme running through the various approaches toward Mexico being peddled by the firm: every approach suggested by Lazard stands in stark opposition to the stated policies of the Mexican government, which has the final say over the major economic directions the country will take.

According to very well informed U.S. corporate sources, Lazard has been visiting the offices of leading Japanese banks and "informing" them that the Mexican government desires economic cooperation with Japan in labor-intensive, low-technology projects throughout the country. The highest levels of the

Mexican government hold this view, according to Lazard, which claims to be in close contact with "powerful" Mexican officials.

As one Lazard salesman tries to peddle th Japanese banks, others have been visiting representatives of the powerful Japanese trading companies, with a different sales technique. Lazard is offering the services of some politicians in Mexico who, the firm claims, carry the bags of Lazard godfather Andre Meyer and who could be instrumental in cutting through Mexico's "red-tape" to deliver contracts to Japan. The name most often mentioned by Lazard in this regard is that of the current governor of Baja California, Roberto De la Madrid.

What Lazard has failed to inform its prospective Japanese clients is that a developmental strategy based on labor-intensive agricultural and industrial projects has been rejected outright by the Mexican government and that the unpopularity suffered by both the Carter Administration and the IMF-World Bank throughout Mexico would also be suffered by Japanese firms if they adopt such a business approach. Moreover, Lazard's reputed "big-fixer" in Mexico, Governor De la Madrid, is a well-known leading proponent of the "Hong Kong" and "Monte Carlo" strategies for development: the promotion of gambling, tourism, and related "industries" most associated with former Mexican President Miguel Aleman. The governor is also known to maintain

very close ties to his counterpart across the border, California Governor Jerry Brown. The Mexican government and especially President López Portillo have angrily rejected these ideas as viable plans for the future of Mexico.

When Lazard's "advice" to Japan is viewed along with the firm's ties to the World Bank and to Sen. Edward Kennedy (D-Ma.), the leading U.S. proponent of labor-intensive projects for Mexico and the use of Mexican oil by the United States to bust the OPEC cartel, then one must conclude that Lazard has the political intention of inhibiting Mexico's heavy-industry-based development, as well as disrupting independent relations between Mexico and Japan on oil development.

All of this just goes to show that when choosing a consulting firm, as when buying a used car, one must know the *intentions* of the salesman.

— Peter Ennis