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CAN YOU TRUST YOUR BUSINESS PARTNER?

Ted Rogers Leadership Centre

You are a founding partner of a new eco-tourism business. You have worked hard to get here. Following your graduation from university you worked for a leading eco-tourism firm designing and leading scuba diving tours to Latin America. You loved the work as it combined your passion to teach others about ocean environments with your skill as a diver and your fluency in Spanish. However, you always wanted to be your own boss and, with a good business plan, your own savings, and some financing from relatives, you have just set up your own business. Because you have been nervous about keeping on top of the accounting and administrative side of things, realizing paperwork is not your strength, you are also delighted that your former colleague, Miguel, who is an accountant by training, has agreed to be a partner.

For your inaugural scuba adventure tour, you take 30 Canadians to explore the scuba scene in and around Puerto Vallarta. You know that the Mexican government needs to collect the equivalent of a \$200 environmental tax for each passenger to visit the eco-park. Miguel argues that each of the passengers need to be prepared to pay these fees in cash, as adding the environmental tax to the tour price will create accounting difficulties between Mexico and Canada. You are not sure you understand this argument, but trust Miguel to know as he is a dual Canadian/Mexican citizen and understands what seem to be the byzantine rules governing business in Mexico.

Two months later you are planning another trip to Mexico and look at the file from the first trip to review pricing and itinerary. You see for the first time the paperwork that Miguel submitted to the Mexican government and notice that he declared environmental fees for only 20, not 30, passengers for the trip. This worries you on many levels. What if the Mexican government decides to do audits? What happened to the extra \$2,000? Was it pocketed by Miguel? Are there other accounting or administrative matters that you don't know about? Can you trust your partner? You need to put a plan together about how to approach Miguel. More importantly, you need to decide what you are ultimately prepared to do about Miguel and the tax owing to Mexico. The continued existence and integrity of your business may be at stake.

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The Twist

Just as you are about to depart with your second group to Mexico, you receive a letter from the Mexican government levying fees and a substantial fine for non-payment of eco-tourism fees. The letter also suggests that your company's ability to operate in Mexico may be in jeopardy. It seems that Miguel, as a way to limit his personal liability, has reported you to the Mexican government for not paying all the fees owed them. What do you say to your clients about to depart to Mexico, to the Mexican government and to Miguel in a way that allows you to go forward?

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