

# SAPECO

Administrative Services for Small Businesses and Cooperatives



**COMPAÑEROS Y COMPAÑERAS,**

December 10, 2003

It's exciting to share how SAPECO's work shifts and changes, creatively contracting just now. Our projects keep spinning-off on their own, autonomous and self-sufficient. Actually, as time goes on it seems like there will be less and less need for SAPECO's direct involvement. It used to be that the only way to get people involved (and to believe we were serious) was to start each enterprise ourselves. Now the word is out and people start their own projects. But this doesn't mean less work for us. It means, instead, less intense work in the form of consultation, brainstorming, and technical assistance for a whole lot of projects, rather than daily activities of running just one or two businesses. The best part about this is that it's much less paternalistic, as the businesses have their own responsibilities and they take their own initiative.

I wish I could share better news about Mexico in general, but as you can probably imagine, 2003 has not been a good year. It's an odd combination of contrasts. Many small family, owner-operated businesses are closing up: neighborhood grocery stands, hardware shops, repair shops, etc. Yet huge supermarkets and department stores are being built literally everywhere. One could argue that this means lower prices and better quality products and services for everyone, but I'll leave that argument for another time.

Un Abrazo,

Erik Friend

## **THE PROJECTS**

Few of the projects have grown this year, all of them keep going, and that is worth noting! The chicken business continues. The auto parts recycling business has started into selling wholesale, as well as its retail operation. And there are so many spin-offs now it's hard to keep track of them; in the following paragraphs we will mention just a few of the projects.

## **FRISAN AUTOMOTRIZ**

Well, this is one business that has been able to compete and thrive even in these difficult times. One of the reasons so many small repair shops have had to close is due to the technical advances in the automotive industry; too many mechanics are simply not prepared to work on these cars. Diagnosing a computer-controlled automatic transmission is nothing like trying to change a spark plug or adjust a carburetor. Mechanics today need specialized tools and highly developed technical skills to analyze symptoms and electronic data. Repair work is being concentrated in the few shops that are committed to constant training to keep up to date. I am very proud to say that Frisan is clearly one of these shops.

Frisan Automotriz will celebrate its tenth anniversary as a owner-operated enterprise in March 2004. This will also mean completion of payment of the loan, sponsored by Karitas and SAPECO, that got them started.

## **TRANSMISIONES ESTRELLA**

Estrella completed its first year as a worker-owner cooperative just a few months ago. This is probably a most important testing stage in their development. I remember it very well at Frisan. In the very beginning everything seems easy and great; but, a little later things get complicated. Communication skills that were effective among co-workers and with management prove insufficient for partner relationships. The prevailing, long-held perception of what it means to be a “boss” turn out to be wrong and detrimental. “But the boss isn’t supposed to do anything,” they are apt to say. The need for trusting relationships and personal integrity and honesty is far beyond anything they have ever experienced. Conflict resolution and compromise have not been terms that have much importance to them previously. The influence of advertising, television shows, and friends – that keeps telling them that they should just look out for their own self-interest and do everything possible to make a buck -- has had major adverse consequences for trying to do anything in community and partnership. Add to all

this the need for development of advanced technical skills, as I mentioned earlier, and the prognosis may not always seem too hopeful. In the end there will always be some individuals that will not make the transition.

## **CONVERTIDORES FRISAN**

The torque converter reconstruction plant has developed a very solid staff and produces a high quality product, but marketing has been very difficult. The torque converter is a sealed component that is welded together once rebuilt. The quality that sets our product apart from the competition is hidden from the eye. The biggest problem is that unqualified mechanics, of which there are far too many, will almost always blame the torque converter for the failure of their work. Worst yet, an improperly rebuilt transmission can “burn-up” a torque converter causing the impression that it was a torque converter problem. Again, the technical advances in the automotive industry have made things much more challenging.

The aspect of the business that needs to be “attacked” much more aggressively is marketing and customer relations. Our production potential is much greater than what we presently produce. We need to keep working on our local market, but we also need to develop other markets in other cities and states. We will need to either find our own sales representative or create a strategic alliance with some other business or individual.



## **AUTONOMIA, LIBERTAD EN**

### **MOVIMIENTO**

I left the best for last. It's probably even understandable as it stands in Spanish: **AUTONOMY, FREEDOM IN MOVEMENT**, a project to make adult-sized tricycles for people with disabilities. This has been a slow-moving project, but I quite excited about it. Eduardo, or Lalo as his friends call him, a dear friend of mine who has cerebral palsy, has been heading up this project to create a means of transportation and recreation for people like himself. He called on me for technical assistance right at a moment in my life when I was questioning my community development work with such luxurious items as automatic transmissions. I had been looking for a more ecologically sustainable project to put my energies into, and Lalo was there with an option. As I explained last year, Eduardo has been working with youth and community development organizations for more than two decades, but this will be his first business partnership venture. We got a grant from Fundacion Comunidad A.C. (a local non-profit philanthropic organization) to do a feasibility study, which the local Small Business Development Association is helping us with. We have produced the first prototype, as you can see in the photograph. This first design is similar to others already on the market, only that we spent less than a hundred dollars on parts to build it, and the cheapest one I could find on the Internet costs \$800.00, with others upwards of \$3500.00. We have more novel designs in the works: more maneuverable, versatile, and efficient. There's still a long way to go with this, but we're having a lot of fun. The vision is to produce half a dozen different models that can be sold inexpensively, some even given away, and have them produced in a shop operated and managed by others with disabilities. I'll keep you informed.

### **ECOPLAST**

Ecoplast, a project started 7 years ago by Equipo Pueblo, a local development organization, recycles plastics. Presently they make plastic anchors for putting screws into concrete walls and wire and cable clips. In 2002 alone they recycled 10 tons of

waste plastic that would have otherwise gone into landfills or have been burned. The project employs 8 people directly with many other indirect beneficiaries. We have been working together with this project to look for ways to increase their productivity and efficiency. Unfortunately it appears the manually operated molds they use now are much too slow to be competitive. We are investigating which machines would be most adequate and what other changes need to be made. If you are interested in this project, or have any information that might be of interest to us, please let us know.



Operational Costs,	4,000.00
Salaries,	18,200.00
Curriculum and training costs,	1,500.00
Seminars and Travel,	5,200.00
Project investments	5,000.00

**TOTAL PROJECTED COSTS      33,900.00**

**RETURN FROM  
EXISTING PROJECTS              10,700.00**

<b>FUNDING NEEDS FOR 2004</b>	<b>\$23,200.00</b>
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Tax deductible contributions can be made to the work of SAPECO through Caritas Foundation Inc., a 501(c)(3) tax-exempt organization.

## THE FUTURE

As I said in the beginning, the future may mean being less involved in each project, but involved overall in more projects. The word is out and people come looking for us. The initiative has shifted, and what we now offer is largely consultation and resources: weekly breakfast meetings with the partners of this or that business or project, a couple hours in computer analyzing design options, an afternoon in the shop fabricating and testing a new product, and the project founders do the rest.

We are also seeing the creation of strategic relationships with other local organizations that complement our support with different projects. We have worked together on several projects with Fundación Comunidad and the Plastic Recycling Project, a creation of Equipo Pueblo. These relationships help SAPECO make better use of its expertise to reach even more people.

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### From Erik's Parents

Every once in awhile you meet someone whose tenacity, vitality, courage, and zest for life just about take your breath away. Erik refers in this newsletter to Eduardo, known all over Cuernavaca as Lalo. Typing his name brings him to mind, and our breath is taken away all over again. Such a truly incredible, wonderful man.

Lalo was born with Cerebral Palsy. Shaped by his culture's unfortunate disregard for the person or potential of those with disabilities, he sat each day for the first nine years of his life, motionless and expressionless, in the doorway of his family's home. Then a priest came by. "Why are you just sitting there, Lalo?" he asked. Undaunted with the predictable answer, the priest challenged the young boy to stand, to learn to walk, to go to school, to develop his interests and abilities. And he did!

Lalo is truly known all over this city of nearly a million people – for his awkward, tumbling gait and his broad, infectious smile. Known because he can fall at any time, and must rely on those nearby to help him to his feet. Known because he graces everyone, friend or stranger, with the most engaging, heartwarming greeting. Known because he has become such an advocate for youth and for others with disabilities.

Many faces come to mind as we read the articles in this newsletter – Ivan and Yolanda, Martin and Jose Luis, Fernando and Javier, Gabriela and Jesus, just to name a few. Some we have known for several years; others new since we last wrote. Each a joy and an inspiration, forging a truly unexpected, undreamed of future through the efforts of Karitas and SAPECO. And what a special privilege and joy it is for us to add Lalo to that gallery of faces! And to celebrate his partnership with Erik in one of SAPECO's most unique and exciting projects.

And to those faces we add yours. Your partnership has been crucial, and appreciated, and your continuing participation can help us take next steps forward.

Appreciatively,

Howard and Betsy