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**Diagnostic of the exporting potential of small and medium enterprises in the
leather and shoe production sector of Cuenca**

**Graduation work prior to obtaining the degree in International Studies, Major
in Bilingual Foreign Trade**

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Dedication

This work is dedicated to my family. They have always supported me in every situation that I have faced in my life. Because of them I had the luck and the chance to achieve my goals. I especially dedicate this work to my mother who motivates me every day and also my sisters who are my strength and my light.

Estefania Barnuevo

For the people who accompanied my path from their most remote beginnings, to those who helped me build my dreams: my family and especially my godfather Juan Izquierdo, because thanks to his help today I am completing an important goal in my life.

Daniela Román

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Abstract

This paper merges primary and secondary research to determine the position of the leather and footwear sector in the city of Cuenca with respect to potentially exporting products of the companies. For this, concepts have been explored from basic theories on foreign trade to modern models of internationalization. The objective is to understand the level to which companies that are part of the research aspires to reach. The companies selected to be diagnosed, are small and medium-sized companies or as they are known by their acronym SMEs. They were chosen because they represent, in quantity, much more product than companies considered large. In addition, the potential of the SMEs has been considered as they are versatile companies with very attractive differentiating elements, such as the fact that they do not use mechanized processes for their fabrication but rather are crafts made mostly by hand.

Resumen:

El presente trabajo fusiona la investigación primaria y secundaria para determinar en qué posición se encuentra el sector de cuero y calzado de la ciudad de Cuenca con respecto a empresas potencialmente exportadoras. Para esto se han explorado conceptos, desde teorías básicas sobre comercio exterior hasta modelos modernos de internacionalización, de modo que se pueda entender cuál es el nivel al que se aspira llegar con las empresas objeto de la investigación. Dichas empresas, aquellas que han sido seleccionadas para ser diagnosticadas, son las pequeñas y medianas empresas o como se las conoce por sus siglas “pymes”. Estas fueron escogidas debido a que representan, en cantidad, mucho más que empresas consideradas grandes. Además, se ha tomado en cuenta el potencial de las pymes por ser empresas versátiles y con elementos diferenciadores sumamente atractivos como por ejemplo el hecho de no utilizar procesos mecanizados para su elaboración sino ser artesanías hechas en su mayoría a mano.

INTRODUCTION

The present work prior to graduation will study the theoretical base of different theories of export and thus focus the same techniques to determine the productive vocation of SMEs producing leather articles and footwear in Cuenca. The leather and footwear sector were chosen for this study, because it is one of the areas in which more SMEs and workshops development has been found in Azuay.

To begin with the theoretical presentation, models, theories and economic perspectives of internationalization have been compiled which show how companies have evolved over the decades. At the same time, the research will show how the commercial contact among several countries led SMEs to share knowledge between international companies presenting their perspectives and applying them in the internationalization process. This issue has certainly developed efficiently in modern times due to technological advances and modernization.

In the same way, to find important information about Azuay province, it is necessary to present the background in where the companies, that are the object of this research, are developed. The data represents its history, population, geography, and the evolution of trade over the years. The investigation also presents relevant data from Cuenca, the capital of the province. The data shows historical, demographic, geographic and economic information. This information is necessary to understand where the leather and footwear sector is located, in terms of the economy in the province, and thus understand the importance it has for the people of the city. It is also very significant to emphasize the presence of an important national study called “Top 1,000 of Entrepreneurial Ranking” in which several companies are from Cuenca.

Relevant data will be included about the current situation of the leather and footwear sector in Ecuador, as well as numerical data that reflects the general situation. The information obtained from the official website of Pro Ecuador points to the sector as a source of income for the country, and reveals that the main countries of export destination are Colombia, Peru, Guatemala, Italy, Hong Kong, Spain, United States and Dominican Republic.

Once the theory is established, a current diagnosis of the leather and footwear sector will be done analyzing general information on productivity. One of the largest tanneries in the country is located in Cuenca. The study summarizes the history of the tannery, its main products and how it is related to the sector, finding significant data on the relationships between the actors of the leather and footwear sector.

Subsequently, the different companies of the city, that were chosen through a rigorous selection process, will be analyzed considering characteristics such as; accessibility to information, location, number of employees, economic activity and time in the market. To access these companies and contact them, the researchers had the collaboration of public and private entities related with the organization of productive units at a national and local level. The entities that helped this study were the Chamber of Small Industry (CAPIA, for its acronym in Spanish), the Ministry of Industries and Productivity (MIPRO, for its acronym in Spanish) and the Decentralized Autonomous Municipal Government of Cuenca (GAD, for its acronym in Spanish) through the Public Municipal Economic Development Company of Cuenca Artisan Portal (EDEC, for its acronym in Spanish).

After the division and classification of the companies, the results of the research will be demonstrated. The study was carried out through personal interviews with the managers and owners of the SMEs and workshops. The interviews provided the necessary information to classify the companies through an Export Audit, a tool that allows researchers to determine which guidelines the company meets or does not meet to be considered as having exporting potential.

After data collecting to complete the investigation, the results were analyzed with Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis method. Thanks to this analysis, the researchers were able to establish a sequence of strategies for each individual company, through the CAME strategy, which needs the previous results of a SWOT, to propose possible solutions to the problems and new ways of reinforcing the strengths that each of the companies already have.

Chapter 1: Theories of internationalization of SMEs

Initially, the aim of this chapter is to present the literature review basis of internationalization theories, in order to have precedents of foreign trade models and their evolution through the years, nowadays known as internationalization and also to show how these theories have influenced companies to expand their commercial horizons to new destinations. Second, the most accepted conceptions about SMEs are presented, since they are the companies that are the object of this study, and it is necessary to clearly know what they are, what they involve and what they represent within the country. This chapter presents models, approaches and theories of foreign trade that show how commerce evolves according to the need for expansion of companies that, after taking their first steps out of their national market, manage to monopolize several markets internationally creating large chains of manufacturing, distribution and marketing of products. What the different authors try to explain is that, there are several possible paths to follow to reach the point of internationalization, it depends on each company's characteristics and needs, to choose the path that is more suitable for its purpose. These concepts can be applied not only to large companies that have already established themselves in national markets, but also to small companies. That is why this work has considered different theories that were used as a base for the creation of a SME. For this purpose, these theories complement the understanding of how these can be brought to reality.

1.1 Theories about internationalization

The origin of the theories about internationalization comes from the classic theory of international trade. In this theory it is proven that the countries that make a specialized production of goods and services can obtain certain advantages (like lower production costs) at the time of being produced, therefore international trade occurs because of specialization and, in this scenario, a country exports those goods where the production is efficient and imports those products that do not have enough production efficiency. In the first place, among the main leaders of classical theories that refer to specialization is Adam Smith, who developed the theory of absolute advantage, emphasized scarcity of resources, and established the need for a distribution system. Secondly, David Ricardo, who contributed to Smith's theory with the "Comparative

Advantage", demonstrated that the absolute advantages in terms of costs do not necessarily represent benefits for trade, since costs are not the only condition needed to obtain benefits in commerce. Finally, we have John Stuart Mill, who makes the final contribution, to what we might consider the classical theories on international trade. Stuart showed that exports tend to vary based on the terms of trade (such as price).

This breaks the assumption proposed by the classical theories of international trade on perfect competition, since large companies today have an advantage over small businesses due to the economies of scale. From these theories, new ones arise with a contemporary vision on internationalization and a focus on costs and economic advantages. Some authors that are important to mention in this category include Hymer (1976), Vernon (1966), and Dunning (1981) among others. The models presented by these theories were developed mainly in the 70's and 80's and focused much more on multinational companies, the reasons that lead a company to internationalization and under what conditions it happens depends on location, operations, and production. Among these theories we can find the following:

Theory of Monopolistic Advantage (Kindleberger) and Theory of Industrial Organization (Hymer): These theories analyze the competitive advantage of multinational companies, which is exclusive (monopolistic), and may be due to factors such as technology, organization, production, marketing, management style, product diversification, access to credit and the possibility of installing production units abroad. In this way, multinational companies can compete with even the best situated local company with the best knowledge of the market, meanwhile small local companies must take the previously mentioned advantage, often seeing themselves as unable to compete. According to Hymer (1976), it is precisely this competitive advantage what motivates multinational companies to expand internationally, prompting them to incorporate changes in their products either in the manufacturing process or in differentiation. For the advantages aforementioned yield gains for investors must be specific to the investing companies to easily transfer across borders so that they can face the local rivals.

Theory of risk diversification (Rugman, 1981): This theory suggests that the motivation of a company to internationalize is to diversify its investments to protect itself from the risks that can occur in different countries.

Theory of location (Porter 1990): Porter does not analyze the companies, but he analyses the factors that make a destination attractive, for companies that wish to internationalize and establish themselves in these locations. Factors such as climate, labor availability, infrastructure, resource endowment and geographic location are some of the elements that makes a country an attractive destination for a company to locate its productive activities in the area.

Theory of internationalization: This theory explains that multinational companies are an alternative mechanism that manages activities of value beyond national borders. However, for this to happen, two conditions must be met:

1. Existence of advantages when locating activities abroad. In this condition, a comparison is made between the unit costs of production in the national market and the costs of exporting, comparing the costs of producing in the foreign country. This aspect is influenced by the cost of production factors, transport cost, tariffs, cost in economies of scale, integration of activities, market structure, etc.

2. These activities must be organized within the company efficiently, so that they can be sold or given to companies in the selected foreign country. This condition is related to the transaction costs linked to the market. Buckley (1976) and Casson (1979) classified these activities into four categories:

1. Delays caused by having different activities linked to the market.

2. Conflicts arising from a bilateral concentration of power.

3. Disadvantages when putting a price on a technology transfer.

4. Aspects specifically related to international markets such as tariffs, restrictions, and movement of capital.

On the other hand, this theory also seeks an explanation, why intermediate products, such as know-how, are traded between countries in an organization in a hierarchical way and are not determined by the strength of the market.

Dunning's Eclectic Paradigm (J Dunning, 1988): This theory attempts to link the contributions of both economic theories about multinational companies, and theories about industrial organization, transaction costs, location theories, and international trade. This explains how the international production patterns of a company are based

on over-exposure to certain specific advantages, which makes it more prone to internationalize and look for more attractive markets abroad to produce.

Therefore, the decision of a company to internationalize begins with an analysis of the costs and advantages of producing abroad. According to Dunning, four conditions are necessary for a company to choose to make a direct investment and become a multinational:

1. Own advantages that allow it to compete abroad with local companies (know-how, organizational capacity, intangible assets).
2. Specific advantages related to the characteristic of being a multinational company, such as operational flexibility, global sourcing, factor endowment, risk reduction or diversification, etc.
3. The company must look for a place abroad where the production is profitable considering the benefits not only in costs, but also in the company growth. The company must also look for a place, where it can exploit its advantages abroad, instead of selling or acquiring them in other countries. It means, to expand its chain value under the control of the same company.
4. The investment that the company makes abroad must be in accordance with the objectives and the long-term strategy that the company has set.

Macroeconomic approach (Kojima, 1973): This approach aims to explain why countries motivate Foreign Direct Investment (FDI) from neoclassical models of international trade, such as the theory of comparative advantage, with the intention of determining the production patterns of companies abroad. Its basic approach says, "The FDI must be originated in the sector (or activity) of the investor country with a comparative (or marginal) disadvantage, which is potentially a sector in which the host country has a comparative advantage". In this way, theories about trade and investment theories are integrated contrasting the Japanese and American ways of investing. Kojima explains that Japanese foreign investment seeks to improve productivity in recipient countries through the introduction of resources associated with Japanese companies, especially regarding business organization, production systems and distribution networks. The main characteristic of the Japanese investment is that it seeks to produce goods at a lower cost in the foreign country instead the country of origin, through a correct combination of capital transfer, technology, managerial skills,

and factor endowment of the foreign country. Kojima believes that Japanese investment is trade oriented and responds to the principles of comparative advantage. In contrast, he states that the American companies' resources flow and are managed from the country of origin, so, that efficiency is lost when operating in international trade. Therefore, Kojima concludes that the difference between Japanese investment and American investment is that one is oriented towards trade and responds to the principles of comparative advantage, while the American investment has an oligopolistic market structure that, according to Dunning (1992), discourages international trade.

Model of the competitive advantage of nations or systematic competitiveness (developed by Michael Porter): It states that success in international trade does not depend solely on the costs of productive factors, it depends on the efficiency-cost ratio. With this approach, the model of systemic competitiveness divides the factors into basic and advanced. The basic factors are those that can be found naturally, to a greater or lesser degree, in all countries as is the case of natural resources, labor and capital. On the other hand, advanced factors are those that are not found naturally in a country and may include communication systems, education systems, and scientific infrastructure, among others. This last factors are sub-classified, are sub-classified into general and specialized. The general advanced factors are those useful for any company regardless of their sector and, on the other side, the specialized ones are useful for a specific sector and contribute with the creation of competitive advantage in a country because they are not easy to imitate in other countries. In addition, the theory mentions other elements that must be considered to develop competitiveness, these include:

- Conditions of domestic demand: The higher demand at the domestic level, the greater the effort of companies to satisfy it. This influences competitiveness directly and the subsequent internationalization of the company.
- The related industries: It refers to the alliances that a company can make with others to benefit and improve its competitiveness.
- Degree of competition of the sector: The rivalry between companies drives innovation by increasing the competitiveness of the company at the time of internationalization.

- The role of government in the competitiveness of the company: Government intervention can favor companies with the intention of exporting since internationalization depends on government decisions that determine which companies and sectors will receive support. The government can collaborate with the creation of advanced and specialized productive factors through investment.

1.2 Internationalization Based on Processes

This category includes theories that see internationalization as a process of accumulation of knowledge and constant learning (experience-experimentation) and increase of resources in foreign markets as mentioned by Johanson and Wiedersheim-Paul (1975) and Vernon (1966)). Included among these theories are the following:

Model of Uppsala (Johanson & Valhne 1977): This model, which emerged at Uppsala University, affirms that SMEs can start their commercial activities in a country but gradually the business logic leads them to internationalization. Their first step may be to make sporadic sales abroad, which are then regularized as exports through representatives. A last step involves establishing production units outside the country of origin. According to this model, the company continuously increases its resources while acquiring knowledge about different markets. This model is also called a "gradualist" model and is based on evidence, that several companies have evolved following the steps suggested by this model.

Innovation Model (parallel to the Scandinavian approach): This model emerged from five American authors (Bilkey and Tesar, 1977, Cavusgil, 1980, Reid, 1981, Czinkota, 1982) and developed the idea that internationalization is a process of "business innovation" that may arise between small and medium enterprises. It proposes that there is a link between innovation and internationalization which consists in the commitment of the company to make innovations in a broad sense: that is, to make creative decisions, develop their internal capacities, improve processes, etc. In this model, it is important to highlight how the decisions were made in terms of internationalization and innovation, both have a certain accumulative character since those taken in the past will condition the decisions that must be made in the future.

Finally, the model proposes five stages for the development of the international activity of a company, which includes:

1. Domestic market
2. Pre-exporter
3. Experimental exporter
4. Active exporter
5. Committed exporter

Product life cycle model (Vernon 1966): This model gives a perspective of international trade theory based on the individual behavior of each company, which includes specific aspects such as product innovation, effects of economy of scale and the uncertainty that exists in international business. In this way, Vernon links the perspectives of internationalization with international investment theory. Vernon analyzes at first how the decision is made about where to locate the production taking care of factors such as per capita income, wage costs, and demand requirements, etc. Vernon explains through the life cycle of the product how the first value-added activities for the product are given in the country of origin of the product. At the beginning, the product is only offered in the national market. Later it is exported to other countries mainly due to an advantageous combination of productive factors and innovation that were achieved in the country of origin. To start with exports, countries with similar demand patterns to those of the country of origin are selected. The company, while growing and evolving internationally, manages to standardize the product, minimize production costs, acquire greater commercial experience and finally enter new markets. According to Vernon, the process of delocalization production can be accelerated by barriers imposed on trade or because the company expects competitors to go through the following stages:

1. Introduction: Oriented to the country of origin, in this stage the product is manufactured and marketed in the country where it was initially created. At this stage, the aim is to reach the level of economy of scale so that an export can be justified.
2. Growth: This stage is intended to increase exports and making new investments to facilitate the expansion of manufacturing factories.

3. Maturity: Upon reaching this stage, the product has been standardized and the manufacturing has been diverted to locations where certain labor costs can be part of the savings.

4. Decline: The country of origin is abandoned, the demand for the product at the country of origin declines, and the manufacturing of the product is no longer carried out in its original location.

1.3 Theories Oriented to the Internationalization of SMES

Theory of networks: Within the theories of networks are all those that explain the process of internationalization as a logical pattern of organizational and social networks of companies. The entrance to external markets is the result of the continuous interaction between organizations. In this way, the interaction results in the opening of opportunities in foreign markets through a network of international contacts (Johanson and Mattson, 1998). These contacts directly influence the search for information about any market or markets and the way companies act based on the results (Ellis, 2000). Other authors highlight how migratory movements can stimulate the creation of new opportunities in foreign markets for example with the use of foreign contacts that facilitate the company's contact with a customer to make an export. The previously mentioned contacts can be produced if the buyer initiates it by the good reputation of a supplier or if the seller initiates it, when the company notices a strong commitment of the partners with the promotion of their products; although usually the first contacts of a company with the outside is through intermediaries. "Having the possibility of taking advantage of business opportunities depends on the size of the network and the diversity of it" (Aldrich and Zimmer, 1986; Weimann, 1989). In this context, SMEs tend to focus on non-hierarchical systems where "they can control and strengthen their position in international networks" (Rialp and Rialp, 2001). Johanson and Mattson (1988) explain their point through the theory of social networks to demonstrate how a company is internationalized through networks which become a business network if it is maintained between companies - clients, company-distributor, company-competitor or company-government. His argument is that, as companies become more international, the number of actors interacting through the network increases, but the relationships between the permanent actors in the network narrow. Another benefit of the networks in the internationalization process are the relationships that are created

between homologous companies in foreign countries; this phenomenon can evolve in different ways.

1. International extension: when forming relationships with partners in countries that are new to internationalized companies
2. Penetration: When the commitment is increased in the networks that have already been established
3. Integration of positions: Involves exploitation of the advantages of belonging to a network.

The benefits that can be derived from the networks and the connections that are formed are especially access to resources and new markets; however, these resources are controlled by other companies and obtaining them will depend on the position a company has in the network. From this, Johanson and Mattson (1988) determine that for the degree of internationalization of the company, it can be in one of the four categories of international companies: start-up, lagged, lonely and international company.

Theory of the “Born Global”: A *"Born Global"* company is an international company of recent creation which has a global focus from its beginnings, or one that manages to internationalize in the first two years. The authors Madsen and Servais (1997), based on the theory of internationalization, link the emergence of Born Global companies with the following factors:

1. New market conditions
2. Technological development in transport, production and communication
3. Better and more developed skills in people (here includes the person who starts and founds the born global company)

The factors mentioned above result in: reduction in communication and transportation costs, easier access to the technologies of the information and a greater integration of regional economies which facilitate the company to carry out activities at international level since its inception. It is also important to highlight that the companies "Born Global" face changes in market conditions which has consequently an increase in specialization, that is, that more and more specific components are produced for a product and these are sold in foreign markets because the local market does not have

a demand large enough to absorb the quantity supplied. "This means that the new market conditions force companies to establish themselves in different markets quickly" (Madsen and Servais, 1997).

1.4 Analysis of SMEs, micro-enterprises and productive units

1.4.1 The SMEs according to the CAN (Community of Andean Nations)

Decision 702 of the Commission of the Andean Community emphasizes the importance of SMEs within member countries while reiterating the need for statistically processed data to monitor the development of this productive sector and recognizes the contribution they have in economic development and job creation. The intention to process data and generate statistics on SMEs has to do mainly with its promotion and the proposal of new strategies and policies that allow SMEs to have easier access to markets, financing and technology.

Therefore, SMEs are defined according to decision 702 of the CAN as "all formal companies legally constituted and / or registered with the competent authorities, which keep accounting records and / or contribute to social security, included within of the thresholds established in Article 3. Informal Production Units (UPI, for its acronyms in Spanish) are not included" (CAN, 2008).

1.4.2 The SMEs in Ecuador:

Within the portal of the Internal Revenue Service (SRI, for its acronyms in Spanish), SMEs are defined as "a group of small and medium-sized enterprises that, according to their sales volume, social capital, number of workers, and their level of production or assets" In addition, this entity recognizes the importance of SMEs considering them as "the basis of the development of the country" (SRI, 2017), given that they contribute to the flow of economy and to the demand and offer of products which generates employment. According to SRI, the main economic activities of SMEs in Ecuador are the following:

- Wholesale and Retail.
- Agriculture, forestry and fishing.
- Manufacturing industries.
- Construction

- Transportation, storage, and communications.
- Real estate and services provided to companies.
- Community, social and personal services

SMEs contribute to the economic development of the country since they do not depend on a large investment and are flexible to face changes in the market. Generally, these companies start with family heritage and with the intention of not depending on a larger company. Statistically, according to the data of the last census carried out in 2010, SMEs represent 84.3% of the total number of companies, which in real numbers are 990,000 SMEs, while large industries account for only 15.7%; in contrast, large industries employ 62.3% of the economically active population while SMEs employ 37.7%. In the same way, the proportional contribution to the GDP of large companies is 87% while SMEs contribute 13% to the country's GDP.

Ecuadorian government entities recognize the importance of SMEs for the national economy; For example, Luis Muñoz, Undersecretary of Development of SMEs and Crafts of the Ministry of Industries, says that approximately 6 million people from the economically active population are employed by SMEs and their contribution can also be tangible before entities such as the SRI where, only in 2013, 19,000 million generated by SMEs were collected. However, the same official stresses that adjustments should still be made in the legislation for better functioning of SMEs, whether in terms of formalization, accompaniment, training or access to financial credits.

1.4.3 Main characteristics of SMEs:

- Generate employment and promote progress in the local economy
- Have the potential to become large companies
- Strong fluctuations in periods that include births and disappearances
- Develop different strategies to large companies to promote their growth
- Have their competitive advantage as flexibility. They can be easily installed as a link in productive chains
- Are vulnerable to cycles of severe recession

1.4.4 Characteristics of SMEs in Ecuador (INEC, 2014):

- Intensive use of labor

- Lack of technology applications
- Reduction of Capital-Low productivity
- Minimum savings capacity
- Low division of work
- Limited use of financial and non-financial services

1.4.5 Contribution of SMEs to exports:

According to Fedexpor, exporting SMEs increased from 676 in 2004 to 2012, when they reached 2000. Based on information published by the leading magazine, in the last 10 years, SMEs have managed to capture 23.8% of shipments of non-oil tankers abroad. The total of these shipments represents 3.6% reach the European Union and 24.6% to the United States, two of the largest buyers of products in the country.

1.4.6 The artisanal sector:

Within the Integrated System of Artisanal Information (SIIA, for its acronyms in Spanish) of the National Board of Defense of the Artisan (JNDA, for its acronym in Spanish), 104,000 workshops are registered with artisanal qualification; however, due to the detection of certain irregularities in their operations, all of them were subjected to evaluations to check whether or not they deserve the artisanal qualification. The president of the JNDA, Luis Quishpi mentions that the requirements to obtain artisanal qualification are:

- Minimum 7 years of professional practice.
- Having obtained the certification as autonomous craftsman.
- Have up to 20 workers (15 workers and 5 apprentices).
- Owning only 1 workshop or commercial premises.

The aforementioned requirements and qualification were carried out from August to December 31 2014, in order to prevent companies from not being included as craft workshops enjoy the benefits that this registration grants such as exemption from the income tax, exonerated of 100% of taxes on the import of machinery, exonerated of export taxes, agreement with public institutions which must purchase handicrafts or crafts and free training, among others.

Chapter conclusions:

The theory indicates the steps that a company considered SME can follow to venture into foreign markets. These models go through different paths, but the goal is the same: to reach new markets with a product capable of competing with similar ones that are already situated in the target market. In addition, it is important to review concepts of what is considered an SME and a craft workshop as this theory is the key to subsequently group companies or workshops that meet the necessary characteristics to be the subject of research. Large companies must be ruled out since their operation is different. They operate with different strategies and basic characteristics such as the number of employees and the maximum annual turnover separates the two groups completely.

Chapter 2: Background of the environment of research

In this chapter a detailed introduction will be made about the historical, physical, demographic, geographic and economic characteristics of the province of Azuay. The objective of introducing the characteristics of the province in this chapter is to have a general idea of the economic, physical and demographic environment in which Cuenca is located, which is the area delimited for the research of the leather and footwear sector. In addition, a thorough analysis of the historical, demographic, territorial and economic characteristics of Cuenca will be prepared. Emphasis will be given to the productive vocation of the sector and the different activities that are within the urban area. Through the study of Ekos magazine, "Top 1,000 of Entrepreneurial Ranking" under the direction of Ricardo Dueñas, the economic potential of Cuenca can be identified. This study is aimed at the public that wants to know the economic score of the main companies of Ecuador; however, in this case the main companies that are in the publication and that are native of Cuenca will be considered. The main objective of this analysis is to learn more about the sector and identify its main companies and SMEs that act as sources of income for the city.

2.1 History of the province of Azuay

Azuay was part of the territory where the Cañari groups settled in the 1470s. The conquest began from the part of the Incas on the Pumapungo, Molleturo and Cañaribamba sanctuaries where Huayna-Capac was born.

At the end of the Incan period and the massacre of the Cañaris by Atahualpa, the province was known as Tumipamba or Pampa del Cuchillo on 1557 the Spanish city of Cuenca was founded on the capital of Paucarbamba.

In 1830, the Constitution of Riobamba was already speaking about the independent Department of Azuay, which at this time had many habitants and was located in an area of commerce and migration.

In 1874, the Gran Colombia created the South Department, which is currently Ecuador. It was structured by Cañar, Azuay, Loja, Jaén, Bracamoros and Mainas.

With the arrival of the Spanish in 1530 to the area of Quito and a few years later to the south, the population Quito increased considerably and could be sustained thanks to the amount of natural resources that the area had. In 1557, after the Spanish foundation of Quito, an administrative order was established forming parishes and municipalities.

One of the theories that explains the meaning of the name Azuay says that the origin of the word comes from a Cañari word. In the Encyclopedia of Ecuador, historian Octavio Cordero explains that the word “azua” comes from the name that the habitants of the region gave to the wine or the “chicha”, this means liquor or “chicha” that falls from the sky.

2.2 Generalities of the province of Azuay

The province of Azuay is part of the twenty-four provinces that form Ecuador. It is located in the south of the country in the highland regions. The capital city is Santa Ana de los Cuatro Rios de Cuenca which, according to the last census of 2010 is the third most populated city in Ecuador.

According to the information registered in the database of the Prefectura of Azuay, the province approximately occupies 8,643 km² of territory. It is limited to the north with Cañar, to the south with Loja, to the east with Morona Santiago and to the west with Guayas. The province has two climatic zones; in the east, an area surrounded by mountains that is called The Andes and to the west a region with a warm climate that belongs to the coast. Azuay has fifteen cantons, twenty-seven urban parishes and 60 rural parishes.

2.2.1 Population of Azuay

According to the information of the last census, in the year 2010 the population of Azuay was 712,127 habitants, which represents 4.9% of the national population, 380,445 belong to the urban area and 331,682 to the rural area. Of the total population, 337,044 were men and 375,083 women.

Considering the projection of the National Institute of Statistics and Census (INEN), the estimated population for the year 2018 would be 853,070 habitants, and other information that the study emphasizes is that in the province a large proportion of the population is made up of people between 5 and 19 years of age.

In 2010, 90% of the population was identified as mestizo, 5% as white, among the other minorities there are indigenous with the 3% and Afro Ecuadorians, Montubios and others at 2%.

Referring to the employment situation of the people from Azuay, it can be seen that more than 50% of male workers do not contribute to the Ecuadorian Institute of Social Security and in the case of women 60% do not either. Only 30% of men and women are registered to the Ecuadorian public health network.

2.2.2 Division of the territory

Currently the province of Azuay has an extension of 8,230 km², including the “hoyas del Paute and Jubones.” It has an approximate height of 37 meters above sea level in the coastal area of Camilo Ponce Enríquez and 4,482 meters above sea level in El Cajas National Park the highest point in the province.

The capital of the province is the city of Cuenca and is comprised of 14 more cantons: Camilo Ponce Enríquez, Chordeleg, El Pan, Girón, Guachapala, Gualaceo, Nabón, Oña, Paute, Pucará, San Fernando, Santa Isabel, Sevilla de Oro and Sígsig.

2.2.3 Economic activities of the population of Azuay

Formerly, the economy of the province was based on agriculture and handicrafts, the production of sugar cane, corn, and fruits such as apples, pears and peaches and also the production of straw hats and textiles. Currently, the province has acquired importance in areas such as weaving, ceramics, tires and furniture.

In the last census it can be seen that within the province 35% of the population are private employees, 32% are self-employed and the 10% are employed by the public sector. Within other economic activities 23% of the population are in jobs as domestic employees, employers, unpaid workers, partners and non-declared.

For men, 28% are officers, operators and craftsmen, 14% are farmers and skilled workers, 13% are sellers and 12% work as machinery operators and facilities. Other activities in lower percentages include professionals, scientists, administrative personnel, technicians, directors, managers and military occupations, totaling 32%.

Women occupy 25% in economic activities as workers in services and vendors, 15% are engaged in agriculture and skilled jobs, 14% are engaged in elementary occupations and 13% are officers, operators and craftsmen. Ten percent of women are scientists and professionals, while 9% hold administrative positions; only 2% are directors or managers. The rest of the activities for women are medium-level professionals and technicians, machinery operators and military occupations with a 21%.

* Elementary occupations refer to cleaners, domestic assistance, street vendors, farm, fishing or mining laborers.

2.3 History of Cuenca

Thanks to information found on the official website of the Autonomous Decentralized Government of Cuenca, Santa Ana de los Cuatro Rios de Cuenca, better known as Cuenca, is the capital of the province of Azuay and is one of the five most important cities in Ecuador. It rises over the ancient Inca city of Tomebamba, place where Huayna-Capac was born, the lord of Tahuantinsuyo, who decided to found it on the Cañari settlement of Guapondelig. It is good climate, landscapes and abundance of water were the characteristics that established the arrival of the first Europeans in the sixteenth century. On April 12, 1557 by order of the Viceroy of Peru Andrés Hurtado de Mendoza, Gil Ramírez Dávalos and a group of Spanish founded the city.

The colonial period lasted three centuries where a mestizo city was formed, characterized by the conservation of its goods, which was enriched by the trade of its handicrafts in the hands of skilled men and women who used their hands to make textiles and metal work. During the colonial era it became one of the most populated cities of the old Kingdom of Quito, which determined that an independent movement would be established in 1820.

2.4 Generalities of Cuenca

According to information obtained from General Figures Tab, from the National System of Information, Cuenca is one of the 15 cantons of the province of Azuay, located between 2,350 and 2,550 meters above sea level. It is the third largest and most important city in Ecuador.

Its historic downtown is made up of colonial houses, buildings that are mostly of the nineteenth century and churches that are an essential part of their heritage. Religious museums such as the Conceptas and two cathedrals keep a religious history that draws attention to tourists and locals. Likewise, the city has several rivers that cross it, including Tomebamba, Yanuncay and Tarqui.

Its climate favors the agricultural sectors, it does not have a defined weather, a dry season between June and September and the rest of the year it varies between intense rains and warm days.

2.4.1 Population of Cuenca

According to the information obtained from the Referential Bulletin of Population Projections at the Cantonal Level 2010-2030, the population of Cuenca for 2017 was 603,269 habitants, while by 2018 the population will have increased to 614,539 with 11,270 more habitants.

2.4.2 Division of the Territory of Cuenca

According to the Land Management Plan of Cuenca, the territory is divided into an urban area with an area of 6,771 hectares, a rural area of 312,880 hectares and an immediate area of influence with 12,013 hectares.

The rural territory has 22 parishes: Baños, Chaucha, Checa, Chiquintad, Cumbe, El Valle, Llacao, Molleturo, Nulti, Octavio Cordero Palacios, Paccha, Quingeo, Ricaurte, San Joaquín, Santa Ana, Sayausí, Sidcay, Sinincay, Tarqui, Turi and Victoria del Portete. And the urban sector: Bellavista, Cañaribamba, El Batán, El Sagrario, El Vecino, Gil Ramírez Dávalos, Brother Miguel, Huayna Cápac, Machángara, Monay, San Blas, San Sebastián, Sucre, Totoracocha, Yanuncay.

Cuenca is located at 113.82 km from Puerto Bolivar and 132.63 km from Guayaquil, which is the country's main port and to the south is 149.97 km from Huaquillas, border with Peru. This is a very important characteristic for the economic sector because having proximity to the port and other strategic sectors provides ease of mobilization of products without a high transportation cost.

2.4.3 Economic activities of the sector

According to data from the last census, 23% of citizens are engaged in retail and retail trade, 19% are engaged in industrial and manufacturing activities, 9% are engaged in construction activities, 8% is dedicated to agriculture, livestock and fisheries and 6% to education. In transportation and storage activities are 5% of the population and in public administration and defense 5%. In hospitality and food service areas 4% of the population and 4% in health and human care activities. In activities such as employers of households and others, 17% of the population.

According to data obtained from a bulletin of the National Information System (SNI, for its acronym in Spanish) in 2012, the Income Tax Box in Cuenca represented 95% of the total of the province of Azuay, with a growth of 25% compared to 2010.

Manufacturing companies are the ones that provide more income to the city with the 49%, the retail trade sector with the repair of motor vehicles account for 32% of the economy and financial and insurance activities at 8%.

All industries registered in the city, 48% are merchandise of goods, 14% are manufacturing industries and 9% are hotels, hostels and restaurants. Only 2% are teaching institutions and 5% hospitals, clinics and health centers.

2.4.4 Main companies of Cuenca

Taking into consideration the publication of the Top 1,000 of Commercial Ranking published by Ekos under the direction of Ricardo Dueñas, the most outstanding companies can be identified in the national scope.

This study is based on factors such as income, sales, payment of taxes and other data. This analysis is carried out annually and already has a ten-year track record.

Within the companies, the Ortiz e Hijos Cía. Ltda. Group is ranked at 42 with USD 258,985,534 in revenue, this company is dedicated to commerce of goods.

Banco del Austro S.A is ranked at 81 with USD 160,549,993 in revenue. The company provides banking services.

Commercial El Hierro Cía. Ltda is ranked at 97 with revenues of USD 34, 256,96. The company main activities are the commerce of materials for construction, industry and home.

Cartones Nacionales S.A Cartopel, is in the 113th position with revenues of USD 135,508,346. This company is focused on the paper and cardboard sector of Ecuador.

The Importadora Tomebamba which belongs to the Vásquez Group is ranked at 114 with revenues of USD 133,937,683. This company distributes the TOYOTA brand vehicles, wholesale goods, audio and video products of the brands Sony, Panasonic, LG, Samsung and Riviera, motorcycles Motor 1, Sukida and Keeway and finally distributes wholesale and retail tires MAXXIS and PRESA.

Almacenes Juan Eljuri belongs to one of the strongest economic groups in Cuenca, ranking at 171 with revenues of USD 93,629,161. The Eljuri Group has a wide variety of products, from food to automobiles and banking services. Specifically, Almacenes Juan Eljuri offers various brands from perfumes and cosmetics, electronic devices, vehicles and musical instruments. According to its official website, 85% of sales are wholesale and the company is the provider of more than 8,000 stores in the country.

Graiman Cía. Ltda. is in position 203 and its mission is to produce and market ceramic and porcelain using environmentally friendly technology with high standards of quality and service. It has revenues of USD 80,079,957.

The Savings and Credit Cooperative Jardín Azuayo Cía. Ltda. is in position 208 with revenues of USD 77,124,950, this company provides banking services.

Colineal is one of the many companies that manufactures furniture. It has been in the market for 40 years and is currently ranked 420, with revenues of USD 40,856,609.

Italimentos Cía. Ltda. is in position 426. The company produces sausages and food services. It has an income of USD 40,390,464.

Italpisos SA, is ranked at 608 with revenues of USD 27,588,949. The main activities are the manufacture of ceramic and refractory products.

The world economy is based on the success of its companies. There are some with more experience and others that are innovative and work as a source of research and modernity. Cuenca is one of the five most important cities in the country that houses large companies such as those that were previously analyzed.

The objective of the analysis of Ortiz e Hijos, Banco del Austro, El Hierro, Cartopel, Importadora Tomebamba, Almacenes Juan Eljuri, Graiman, Jardin Azuayo, Colineal and Italpisos is to understand the productive vocation that the city had and to know how to take advantage of the opportunities and strengths of companies. The secret of success is good leadership, vision and diversification, as well as investment not only in technology, but on the collaborators that are the base of the companies.

2.5 Leather and shoes in Ecuador

In Ecuador, the shoes industry has developed over the years it has innovated its design, variety and form of production among the Ecuadorian shoes lines we can find casual shoes, elegant shoes, industrial footwear, mountain footwear and clothing such as jackets and other accessories such as wallets, purses, handbags, etc. As indicated by the official website of Pro Ecuador, there is a great development of the industry mainly in the provinces of Tungurahua, Azuay, Pichincha and Guayas.

According to information from Pro Ecuador, Ecuador produces around 350,000 hides and skins per year. A large part of which is used in the domestic market of shoes, leather goods and clothing. The rest of the production is exported.

Exports of leather and clothing from the January-December 2016 period amount to USD \$ FOB 30 million. But this was lower than in 2015 where USD \$ FOB 39 million was exported.

According to data of the official page of Pro Ecuador, within the statistics of evolutions of exports by sector, 2014 was the best year for exports with USD \$ FOB 53 million.

Figure 1, obtained from the official page of Pro Ecuador, shows how the exportations of the sector leather and shoes have changed from 2006 to 2016.

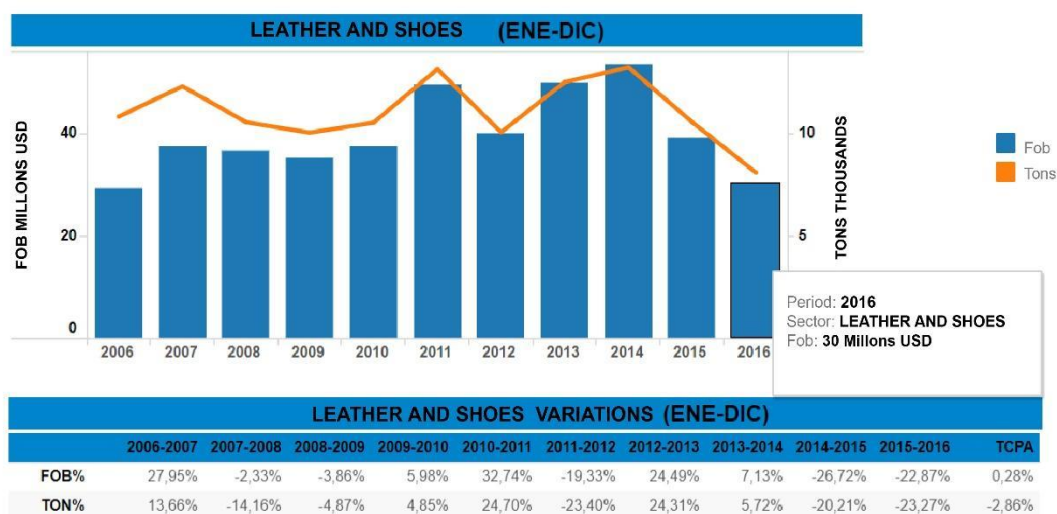


Figure 1. Exportations per non-oil sector. Leather and shoes sector.

Source: Pro Ecuador

Table 1, obtained from Pro Ecuador official page, shows the main export destinations in the January-December 2016 period. They were Colombia, Peru, Guatemala, Italy, Hong Kong, Spain, the United States and Dominican Republic

Table 1. Evolution of non-oil exports, by destination Leather and shoes (FOB, January-December)

COUNTRY	2014		2015		2016	
	FOB	TONS	FOB	TONS	FOB	TONS
COLOMBIA	26,897	5,626	19,391	4,767	17,294	4,407
PERU	6,736	2,381	6,940	2,327	4,375	1,539
GUATEMALA	2,587	693	2,755	579	2,335	559
ITALY	9,088	3,111	3,571	1,477	2,192	1,024
HONG KONG	2,716	224	1,902	133	1,220	122
SPAIN	397	33	205	27	428	41
UNITED STATES	449	38	464	47	403	37
DOMINICAN REPUBLIC	364	37	333	29	324	28

Source: Pro Ecuador

2.6 Renaciente Tannery

The Renaciente Tannery was founded in 1933 with the name of Molinari Tannery. This company was in the hands of Italian immigrants who produced soles. In 1974 the company was bought by Carlos Tosi Siri, who had a futuristic vision of the situation of the tannery and in the same year the tannery was renamed Renaciente Tannery.

By this time the tannery was one of the largest in Ecuador and a leader in the market for its constant innovation in production. The company was not only manufacturing sole. It was dabbling in leather for shoes, leather goods and clothing made of leather.

In 1977, due to the great reception it received in the national market, it opened stores in Guayaquil and Quito. The tannery was the first national company to manufacture full leather for upholstery in 1987 and started leather exports to the US, Colombia, Peru, Guatemala, Costa Rica, etc.

The company focused on constant innovation and decided to get involved in systems of continuous improvement. They implemented the Theory of Constraints, which mean the company must act globally with all activities and elements of the company. This theory helped the actions of the Manager together with his employees and the result was an analysis of the system. Efforts were focused on the elimination of what was causing problems through a comprehensive method and get the entity to perform better. From applying this method, in 2006 they also implemented the ISO 9000-2000, which is a quality management system that involves design, production, development and after-sales service.

In the year 2007, the Renaciente Tannery absorbed a Guayaquil based company called Q-EROS S.A. and GIOTTO SCC, a company from Quito, which manufactured car upholstery, an economic activity that currently gives the company the most income. At the end of 2011, the company began the production of leather for floors and walls in order to be part of a new market such as decoration and construction.

As a tannery, the company is concerned with taking care of the environment it has a waste treatment plant, wastewater, and uses only biodegradable products. The intention of the company is to produce leather of the highest quality standards required internationally. This has been achieved by implementing one of the best testing laboratories in the country.

Chapter conclusions

In this chapter it was possible to observe the history, demography and territory of Azuay, which is the home of Cuenca, the designated area for research. With data from the Ecuadorian Institute of Normalization, Pro Ecuador and different governmental entities we acquired an idea of the demographic dimension of the city and how its population participates economically within it. Likewise, macro information of the Azuay was analyzed, where it was possible to identify the main economic activities of the population, as well as its climate, and the limits of its extension.

Something that is necessary to emphasize is that several of the most important companies in Ecuador are from Cuenca, which is a remarkable milestone because this sector is considered a source of work and one of the cities with the highest participation in the country's economy. There are many very strong economic groups such as the Ortiz Group, the Eljuri Group and the Vázquez Group, which are also a source of employment for Cuenca. Within the EKOS study it was possible to highlight the revenues of the companies in 2016 and thus obtain an updated result of their companies. It is also necessary to highlight that the objective of the study is to identify SMEs, so these are not in the Business Ranking because they are small. However, they are of great importance in economic areas and citizen participation.

Chapter 3: Diagnostic of the current situation of the leather and shoes sector in Cuenca

The objective of this chapter is to show, in detail, the results of the research, exploring all the activities that were carried out to obtain these results. Mainly it will analyze the economic activities of the different companies of the leather and footwear sector. Here it will be possible to identify what products are made and the most common and new products will be identified. It will also consider the only tannery in Cuenca- that is the Renaissance Tannery, a company that has remained in the leather market and the production of its derivatives since 1933. In addition, the relationships between actors will be analyzed. This refers to the main sources of raw material and how they reach the city. Another very important points that will be treated are the collaborations and alliances that were formed to start with the collection of primary information until a highly detailed sample of the individual results of each of the companies that were involved in this process. This will explain, for example, the methodology used, the actors involved and, of course, the final results, both qualitatively and quantitatively, to demonstrate the veracity of the information that is being presented.

3.1 Productive generalities of the city

Cuenca has different strategic sectors where the main businesses that supply the city have been distributed. One of them is the historic center or downtown with an area of 224.4 hectares, a tourist place in the city where the great spread of people has caused it to house most of the sale points of the factories of different productive sectors of the city, thus achieving a sector that is available to all citizens with a variety of retail stores.

Several companies have placed this sector since 1779. An example of this is La Piel, one of the most renowned factories in the city which produces purses, ponchos, jackets, wallets, belts and other leather products. It is located on Calle Gran Colombia 8-58, this being its main point of sale. They also have their products at the Mariscal Lamar Airport in Cuenca, at the José Joaquín de Olmedo International Airport in the city of Guayaquil, and in galleries such as the Artisan Portal of the Municipal Public Company of Economic Development. This has been achieved by improving day by day the quality of their products, which make both national and foreign to acquire it.

Its variety of models and innovation with global trends has maintained this workshops over the years.

Another example of an appropriate sector for the sale of these items is Luis Cordero Street, where Calzado Tebra has its main point of sale, distribution and production workshop. Tebra produces only shoes and Juan José Tenesaca, the owner of the workshop, says that he has maintained his company thanks to the innovation of its products, which, as well as producing classic models, has also introduced current trends.

Another leather manufacturer is La Casa del Pantanero. This is located outside the city, in the sector of Baños, and the shoes offered by this factory are different than the regular ones. These shoes are specifically designed for industrial safety which are used by operators in factories, construction companies, etc. The current owner, Cecilia Yunga, says that La Casa del Pantanero is one of the only four companies that manufactures industrial footwear in Ecuador. Their contracts are largely for the public sector and they have received great support from the government to continue their operations.

3.2 Economic activities of the companies of the sector

The economic activities of companies in the leather and shoes sector are usually the production of items such as casual shoes (such as footwear), belts, wallets, jackets, handbags, purses, backpacks, leather goods, production of soles and sale of skins. However, after the analysis, we also found production areas that are not common, such as the production of baby shoes in leather, carried out by Mr. Mario Pulla, owner of Cockers Baby Shoes, a relatively new company.

The company Quiwa, managed by Juan Malo, indicated that they have opened their production in the branch of vehicle upholstery it is also an activity that goes out of the ordinary between the leather and shoes sector.

In addition to the production of shoes, companies dedicate themselves to the apparel and modeling of shoes that, as could be observed, is an art that has been learned and maintained in the line of production of artisans. It should be noted that the business of shoe production has been affected by several factors including the fact that people no

longer wear leather shoes because of their high prices and the entry of shoes made of cloth or synthetic leather.

3.3 Renaciente Tannery

As indicated on the official website of the Renaciente Tannery, its economic activity began in 1933 with the establishment of Molinari Tannery. It was founded by Italian immigrants who produced soles for shoes and, years later the Carlos Tosi Cuenca acquired the company giving it its current name. It is the largest tannery in Ecuador and one of the most important companies in the sector. Currently, its production has changed, and now the tannery produces leather for shoes, leather goods, clothing, leather for upholstery of vehicles, as well as for the home. It has sales points in Guayaquil and Quito as well as in its hometown.

According to its history in the official page of the company, in 1987 it became the first tannery in the country to process whole skins and thus began the export of leather to the United States, Colombia, Peru, etc. In 2007 it absorbed the company Q-eros SA, a Guayaquil based factory and Giotto SCC a Quito based company. Both companies were engaged in the manufacturing of automotive and furniture upholstery. In 2011, Renaciente Tannery started producing leather for floors and walls, innovating their products and enhancing their brands. The company has wastewater treatment plants and uses biodegradable products.

Database of economic activities of companies

Table number 2 presents the data of the twenty-four companies that were considered for the investigation. The information was obtained from the database of the Internal Revenue Service (SRI), including the registered economic activity and other important information such as address, status and date of registration.

Table 2. Data from taxpayers of the leather and shoes sector of Cuenca.

NUM	RUC NUMBER	BUSINESS NAME	NAME	DATE START OF ACTIVITIES	TYPE OF TAXPAYER	COMMERCIAL NAME	DIRECTION	ECONOMICAL ACTIVITY
1	REGISTERED WITH PEASANT INSURANCE					CALZADO ALFONSO		
2	0101055762001	NATURAL PEOPLE	YUNGA VILLA ALFONSO MARIA	01/08/1978	ACTIVE	CASA DEL PANTANERO	PANAMERICANA SUR S/N VILLALOBOS AZUAY CUENCA BAÑOS C152001	MANUFACTURE OF FOOTWEAR, BOOTS, LEGGINGS AND SIMILAR ARTICLES FOR ALL USE, OF ANY MATERIAL AND THROUGH ANY PROCESS, INCLUDING THE MOLDING (SEPARATED SHOES) ..
3	0101841302001	NATURAL PEOPLE	QUITO MOROCHO MANUEL MESIAS	15/03/2002	ACTIVE	CASANOVA	S/N AZUAY CUENCA SININCAY C152001	MANUFACTURE OF FOOTWEAR, BOOTS, LEGGINGS AND SIMILAR ARTICLES FOR ALL USE, OF ANY MATERIAL AND THROUGH ANY PROCESS, INCLUDING THE MOLDING (SEPARATED SHOES) ..
4	0103220976001	NATURAL PEOPLE	PULLA FIGUEROA MARIO RUBEN	01/03/2005	ACTIVE	COCKER'S BABY SHOES	FRANCISCO TAMARIZ S/N YAUPI AZUAY CUENCA BELLAVISTA C151201	MANUFACTURE OF BAGS, HAND BAGS, BACKPACKS AND SIMILAR ARTICLES, LEATHER, LEATHER REGENERATED OR ANY OTHER MATERIAL, AS PLASTIC, TEXTILE MATERIALS, VULCANIZED FIBERS OR CARTON, WHEN THE SAME

								TECHNOLOGY IS USED AS IN THE CASE OF LEATHER.
5	0100731736001	NATURAL PEOPLE	MALO JARAMILLO JUAN GERARDO	30/03/1988	ACTIVE	CURTESA- QUIWA	ARMANDO FAJARDO 4-112 AZUAY CUENCA SAN SEBASTIAN G477121	SALE TO RETAIL OF SHOES, MATERIAL OF SHOES (TEMPLATES, HEELS, SOLE AND SIMILAR ARTICLES) IN SPECIALIZED ESTABLISHMENTS.
6	0102042660001	NATURAL PEOPLE	MUÑOZ CALDERON MARCELO ALFREDO	01/01/1990	ACTIVE	D'CUERO/PROD ECALZA	PRESIDENTE CORDOVA 9-53 Y PADRE AGUIRRE AZUAY CUENCA EL SAGRARIO C152001	MANUFACTURE OF FOOTWEAR, BOOTS, LEGGINGS AND SIMILAR ARTICLES FOR ALL USE, OF ANY MATERIAL AND THROUGH ANY PROCESS, INCLUDING THE MOLDING (SEPARATED SHOES) ..
7	0300326063001	NATURAL PEOPLE	SEGARRA BARRERA LUIS OLMEDO	3 0/08/1999	ACTIVE	ITAL CUERO	GENERAL TORRES 9-74 Y GRAN COLOMBIA AZUAY CUENCA EL SAGRARIO G477121	SALE TO RETAIL OF SHOES, MATERIAL OF SHOES (TEMPLATES, HEELS, SOLE AND SIMILAR ARTICLES) IN SPECIALIZED ESTABLISHMENTS.
8	0100021344001	NATURAL PEOPLE	GUZMAN ANDRADE RICARDO ENRIQUE	20/05/1988	ACTIVE	GUZCALZA	CASIQUE CHAPARRA 337 AZUAY CUENCA CAÑARIBAMBA S952301	REPAIR AND MAINTENANCE OF SHOES: SHOES, BOOTS, ETCÉTERA; PLACEMENT OF HEELS
9	0103804456001	NATURAL PEOPLE	CAJAMARCA VILLA JULIO EDUARDO	20/10/2014	ACTIVE	JEAN PIERRE	DON BOSCO 3-165 LA PINTA AZUAY	SUPPORT SERVICES TO THE MANUFACTURE OF ELEVATION AND HANDLING EQUIPMENT IN

							CUENCA YANUNCAY C28160	EXCHANGE OF A REMUNERATION OR BY CONTRACT.
10	0100549443001	NATURAL PEOPLE	TENESACA TENESACA JUAN JOSE	25/06/2008	ACTIVE	CALZADO TEBRA	LUIS CORDERO 15- 19 Y RAFAEL MARIA ARIZAGA AZUAY CUENCA EL SAGRARIO C152001	MANUFACTURE OF FOOTWEAR, BOOTS, LEGGINGS AND SIMILAR ARTICLES FOR ALL USE, OF ANY MATERIAL AND THROUGH ANY PROCESS, INCLUDING THE MOLDING (SEPARATED SHOES) ..
11	0101126944001	NATURAL PEOPLE	MOROCHO ESPINOZA MANUEL HUMBERTO	01/01/1979	ACTIVE	LA PIEL	AV. ESPAÑA S/N ELIA LIUT AZUAY CUENCA EL VECINO C151201	MANUFACTURE OF BAGS, HAND BAGS, BACKPACKS AND SIMILAR ARTICLES, LEATHER, LEATHER REGENERATED OR ANY OTHER MATERIAL, AS PLASTIC, TEXTILE MATERIALS, VULCANIZED FIBERS OR CARTON, WHEN THE SAME TECHNOLOGY IS USED AS IN THE CASE OF LEATHER.
12	0101107852001	NATURAL PEOPLE	VILLALTA BUENO MANUEL JESUS	15/12/1999	ACTIVE	MV LEATHER	GENERAL TORRES 10-15 Y GRAN COLOMBIA AZUAY CUENCA EL SAGRARIO C151201	MANUFACTURE OF BAGS, HAND BAGS, BACKPACKS AND SIMILAR ARTICLES, LEATHER, LEATHER REGENERATED OR ANY OTHER MATERIAL, AS PLASTIC, TEXTILE MATERIALS, VULCANIZED FIBERS OR CARTON, WHEN THE SAME TECHNOLOGY IS USED AS IN THE CASE OF LEATHER.
13	0104910591001	NATURAL PEOPLE	QUEZADA JIMENEZ	25/09/2014	ACTIVE	TIZNADO	LOS SHYRIS 1-12	MANUFACTURE OF FOOTWEAR, BOOTS, LEGGINGS AND

			PEDRO MARCELO				AVENIDA LOS ANDES AZUAY CUENCA TOTORACocha C152001	SIMILAR ARTICLES FOR ALL USE, OF ANY MATERIAL AND THROUGH ANY PROCESS, INCLUDING THE MOLDING (SEPARATED SHOES) ..
14	0103839064001	NATURAL PEOPLE	0103839064001	12/04/2007	ACTIVE	PALA SHOES	RODRIGO MORENO HEREDIA S/N FRANCISCO CHILCHE ABI AZUAY CUENCA BELLAVISTA C152001	MANUFACTURE OF FOOTWEAR, BOOTS, LEGGINGS AND SIMILAR ARTICLES FOR ALL USE, OF ANY MATERIAL AND THROUGH ANY PROCESS, INCLUDING THE MOLDING (SEPARATED SHOES) ..
15	0101734291001	NATURAL PEOPLE	PESANTEZ LOPEZ MIGUEL ALBERTO	09/08/2001	ACTIVE	PIMIENTA SHOES	CORNELIO VINTIMILLA 1-97 CARLOS TOSI AZUAY CUENCA HERMANO MIGUEL G464131	SALE TO RETAIL OF SHOES
16	0101413300001	NATURAL PEOPLE	CAJAMARCA MOROCHO SILVIO RODRIGO	01/05/1978	ACTIVE	SOL CUERO	PANAMERICANA NORTE S/N AZUAY CUENCA SIDCAY G477121	SALE TO RETAIL OF SHOES, MATERIAL OF SHOES (TEMPLATES, HEELS, SOLE AND SIMILAR ARTICLES) IN SPECIALIZED ESTABLISHMENTS.
17	INFORMATION NOT AVAILABLE					CALZADO PIERALLI		

18	INFORMATIO N NOT AVAILABLE					CALZADO ROBINSON		
19	0102690401001	NATURAL PEOPLE	YUMBLA MARTINEZ ANGEL ROLANDO	01/04/1994	ACTIVE	CALZAUSTRO	CALLE SIN NOMBRE DE RETORNO TRANSITO AMAGUAÑA Y GONZALEZ SUAREZ AZUAY CUENCA MONAY C152001	MANUFACTURE OF FOOTWEAR, BOOTS, LEGGINGS AND SIMILAR ARTICLES FOR ALL USE, OF ANY MATERIAL AND THROUGH ANY PROCESS, INCLUDING THE MOLDING (SEPARATED SHOES) ..
20	0102552015001	NATURAL PEOPLE	MENDIETA SANMARTIN DAVID MARCELO	07/04/2000	ACTIVE	CALZADO GERMAN	BENIGNO MALO 12- 42 SANGURIMA AZUAY CUENCA BELLAVISTA C152001	MANUFACTURE OF FOOTWEAR, BOOTS, LEGGINGS AND SIMILAR ARTICLES FOR ALL USE, OF ANY MATERIAL AND THROUGH ANY PROCESS, INCLUDING THE MOLDING (SEPARATED SHOES) ..
21	0190004937001	SOCIETY	CURTIEMBR E RENACIENT E S.A.	09/12/1959	ACTIVE	CURTIEMBRE LA RENACIENTE	AV. PUMAPUNGO 18-123 TAHUANTINSUYO AZUAY CUENCA MONAY G462022	WHOLESALE OF LEATHER, LEATHER AND OTHER ANIMAL PRODUCTS.
22	0102028768001	NATURAL PEOPLE	PORTILLA ORELLANA EDGAR PATRICIO	12/01/2017	ACTIVE	ECUABOTAS/ CALZADO ROMINA	S/N MARIANO VILLALOBOS AZUAY CUENCA	MANUFACTURE OF FOOTWEAR, BOOTS, LEGGINGS AND SIMILAR ARTICLES FOR ALL USE, OF ANY MATERIAL AND

							BAÑOS C152001	THROUGH ANY PROCESS, INCLUDING THE MOLDING (SEPARATED SHOES) ..
23	0102380425001	NATURAL PEOPLE	MATAILO CAJAMARCA JORGE ROLANDO	12/12/2007	ACTIVE	JORGE MATAILO/ GEORGE CALZA	PASEO RIO MACHANGARA 1- 05 PURUVIN AZUAY CUENCA HERMANO MIGUEL C152001	MANUFACTURE OF FOOTWEAR, BOOTS, LEGGINGS AND SIMILAR ARTICLES FOR ALL USE, OF ANY MATERIAL AND THROUGH ANY PROCESS, INCLUDING THE MOLDING (SEPARATED SHOES) ..
24	0102218617001	NATURAL PEOPLE	PUGA AREVALO HERNAN PATRICIO	27/02/2002	ACTIVE	HERNAN'S	PRESIDENTE CORDOVA S/N Y GENERAL TORRES AZUAY CUENCA GIL RAMIREZ DAVALOS G477111	SALE OF RETAIL GARMENTS AND FURSHIRTS IN SPECIALIZED ESTABLISHMENTS

Authors: Barnuevo Estefanía, Román Daniela. Source: www.sri.gov.ec

3.4 Relationships between actors

Figure number 2 shows the relationship between the actors of the sector (buyers and sellers) where there is a particularity because, despite having a tannery in the area (which is the Renaissance Tannery), the majority of workshops acquire the leather in Tanneries from Ambato (it was not specified which). The leather arrives at the hands of the artisans through an intermediary who are the leather from Ambato and process it inside the bases. These workshops sell their production in some cases without a brand, and others sell it in their own stores or in shoe stores in the city. Some of the companies like Guzalca and Tiznado sell their shoes to commercial houses in other cities such as Guayaquil, Quito and Carchi.

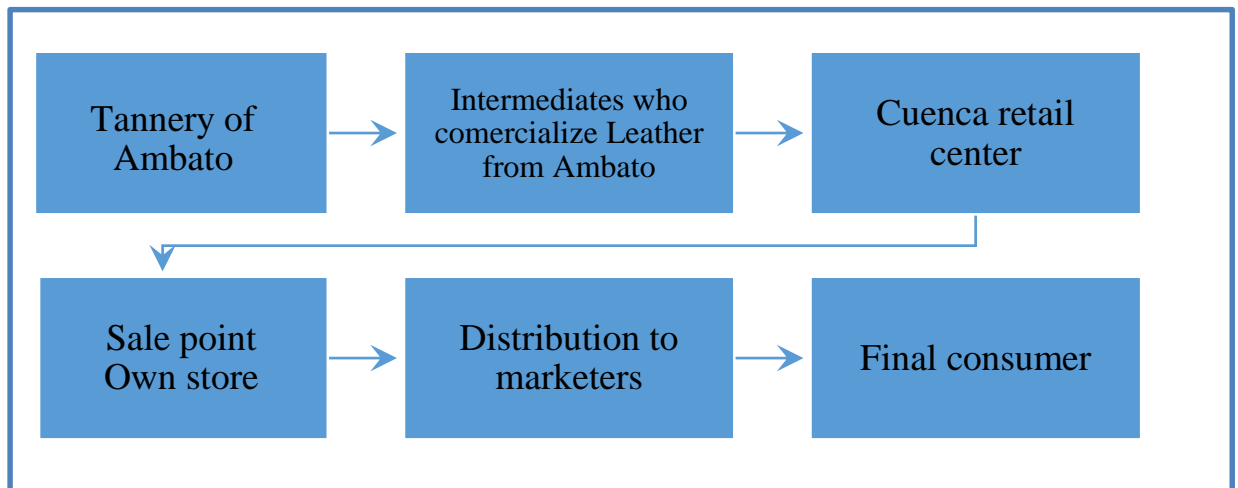


Figure 2. Supply Chain of the leather and shoes sector.

Authors: Barnuevo Estefania, Román Daniela.

3.5 Methodology:

At this point, the main part of the research process has been presented, which has been mainly composed of field work that consisted of conducting a series of interviews with companies related to the leather and footwear sector. Thanks to the collaboration of entities such as EDEC, Chamber of the Small Industry (CAPIA) and Ministry of Industries and Productivity (MIPRO) who provided databases with a list of artisans, and medium and small companies. Thanks to this contribution, it was possible to organize our own database for the investigation-taking into account parameters such as size of the company, location, production and sector.

Subsequently, an investigation was carried out using a qualitative-quantitative interview method. The basis for the interview model was an Export Audit provided by the research collaborators (MIPRO). The tool "Export Audit" which is a "detailed analysis of the real state of the company, provides a complete and current image of the company and the elements that favor or disfavor a possible export." (FLACSO ANDES 2015). It also can be understood as a "corporate audit" as mentioned in the magazine "Ecuador International Trade" from the Universidad of Azuay. It analyzes key points such as:

- Aspects of organization and export culture
- Manufacturing aspects
- Quality assurance
- Technological development
- Use of the installed capacity
- Production volumes and industrial productivity grade
- Labor productivity
- Production specialization
- Differentiating element

An Export Audit analyzes in what position a company is currently in relation to the level that it wants to reach to enter foreign markets. Within this audit, the strengths and weaknesses of the company are analyzed together to determine whether or not it has the capacity to export. That is why the Export Audit is based on a SWOT analysis. This is a simple method to start with the diagnosis of the company. Because it is a highly objective analysis, it is recommended to be carried out by external analysts of the company so that the information is not biased.

From the Export Audit, only the questions and sections that were considered pertinent were chosen, and a concise and fluid interview was planned so that the interviewees felt comfortable. Once the model of the interview was ready, the process of filtering among all the companies in the databases obtained only those that fit the parameters of the investigation. From a final database with 47 companies, 24 were selected as eligible to participate in the research process, of which only 16 were open to be interviewed while 8 did not wish to participate. It was necessary to eliminate 15

companies from the possible options because their contact data were erroneous and 8 companies whose operations center was in the Gualaceo, which were not considered with the objective of not duplicating the information because one of the groups of the investigation had previously assigned this city. In order to carry out the visits to the different companies, it was not necessary to accompany the authorities of the entities that collaborated with the investigation, this because previously telephone calls were made to the selected companies indicating the objective of the investigation and setting a place, day and time to do the interview. Table 3 details the list of companies that made up the database and the category of the selection process to which they belong:

Table 3. Actors Involved

COMPANIES THAT PARTICIPATED IN THE ANALYSIS	
1	COCKERS BABY SHOES
2	CASANOVA
3	CALZADO ALFONSO
4	SOL CUERO
5	CASA DEL PANTANERO
6	JUAN JOSE TENESACA (CALZADO TEBRA)
7	CURTESA-QUIWA
8	D'CUERO
9	ITALCUERO
10	GUZCALZA
11	JEAN PIERRE
12	LA PIEL
13	MANOLO VILLALTA (MV LEATHER)
14	TIZNADO
15	PALACE SHOES
16	PIMENTA SHOES
COMPANIES THAT DID NOT PARTICIPATE IN THE ANALYSIS	
1	CALZADO PIERALLI
2	CALZADO ROBINSON
3	CALZAUSTRO
4	CALZADO GERMAN
5	CURTIEMBRE LA RENACIENTE
6	ECUABOTAS
7	JORGE MATAILO

8	HERNAN'S
COMPANIES THAT WERE NOT POSSIBLE TO CONTACT	
1	CALZADO JULIO FERNANDEZ
2	MACALSA
3	CALZADO SHOES ROMALDI
4	JOSÉ ANTONIO TUBA MATUTE
5	FABIAN CORDERO
6	CALZADO MASCH
7	DISTRIBUIDORA CRESPO
8	EGO ZAPATERÍA
9	KUEROLAYT
10	SANDRA DUQUE
11	MERCEDES LARREA
12	INDUSTRIAS CAMALEÓN
13	JOSÉ ALEJANDRO ALVARADO
14	WASHINGTON CÁRDENAS
15	ANA LIA CEVALLOS
COMPANIES LOCATED IN GUALACEO	
1	AUSTRODISETI
2	CALZADO AIDITA
3	CALZADO ITALIA
4	DETEICO
5	LITARG MODE
6	MASTERS SHOES
7	SHERINA'S FACTORY
8	BOLÍVAR GUAMBAÑA

Authors: Barnuevo Estefanía, Román Daniela.

Sixteen companies that consented for an interview were given an export audit, which is a tool that helps determine the company's position with respect to the focal point that in this case is to export. In this way, the characteristics of the companies were “qualified” and their situation was diagnosed in aspects such as: administration, sales, finance and production. Next, the results of the application of this tool is shown in detail in each of the companies interviewed.

3.6 Export Audit applied to each of the companies:

1. COCKERS BABY SHOES

GENERAL INFORMATION

COMPANY NAME: Cockers Baby Shoes

NAME OF THE INTERVIEWED: Mario Pulla

LOCATION: Francisco Tamariz and Yaupi.

GEOGRAPHICAL COORDINATES: -2.882047, -79.004400

PRODUCT: Line of leather goods and baby shoes.

CONTACT NUMBER: 2820538

For more information, see appendix A, B, C.

- Administrative and organizational aspects:

Businessman Mario Pulla is registered with a RUC (Registry for Taxpayers) number and is the legal representative of his company "Cocker's Baby Shoes". Despite not having a defined mission and vision for his company, he has a key focus on the market for baby footwear made from leather which, according to his concept, is still not as exploited as other lines of work in leather. It was also indicated that, as such, the brand "Cocker's Baby Shoes" at the moment is not registered, but the process is underway. For the time being, it has focused on obtaining the necessary labeling to enter the local market and make details such as the brand's logo and the boxes that are the presentation of the product. Mario says he is very interested in training in the areas of marketing and design, but for reasons of time and budget it has not been possible. All his knowledge was acquired in a self-taught environment. Mario handles 50% of the English language and has close people who handle it better, which is why he shows an interest in exporting, but still needs contacts. Besides he states that his current production capacity is not enough for an export, for him there is still too many economic obstacles to reach that desired goal.

- Productive and product aspects:

Pulla manages three production lines: one is "Artfic" which is a line of leather advertising, leather goods and the baby footwear line which is "Cockers Baby Shoes". Mario indicates that while he has two more workers who labor with him occasionally

when really big projects are presented, but most of the work is carried out by him alone. These people are responsible for helping in the process of “aparado” while the finishing is done by the craftsman Pulla for quality control issues and in the case of baby footwear he ends the product by applying a technique of his own which, he developed after several trials. The differentiating element of his product is that it is an ergonomic shoe which provides comfort to the baby and allows the free development of the child's foot. If unsuitable shoes are used as is the case of using orthopedic shoes without medical recommendation can hurt the infant. In terms of time, making a pair of shoes takes one hour, once the design is done which can take months to create. Raw material is supplied from Ambato and according to comments it is not convenient to work with imported materials for the time it takes to arrive an order, while in national leather this time is much shorter. All processes within the workshop are manual and using only matrixes as a guide. Pulla can also make small orders under specific requirements. The maximum of its production is of 30 to 40 pairs of which the scraps are too small to recycle them. His provisioning criterion consists of having small reserves of material.

- **Financial Aspects:**

Pulla's wife helps with the accounting and financial statements which do not require the signature of an accountant, on the contrary, he makes a simple statement, every 6 months as a benefit to be registered as an artisan. Pullas's only financial income comes from the sales of his products.

- **Aspects of marketing and sales:**

The line of advertising in leather and leather goods, is managed with well-known clients who make occasional orders, as well as exhibiting products from the leather goods line in the EDEC Artisan Portal. On the other hand, the Cockers line promotes the shoes mainly through Facebook and Instagram, where it obtains orders. He also makes sales at fairs where there is a large influx of tourists, both domestic and foreign. He mentions that his competition in the leather goods sector is very large, while in the area of baby footwear it is much smaller. In addition, he moved away from the line of leather goods because his designs were usually copied in lower quality materials and sold at much cheaper prices, which hurt his work. Mario does not have his own store to sell his products, but he tries to make them known through the EDEC. On average, he sales 80 pair of baby shoes in a month.

Table 4. Score for Cocker's Baby Shoes.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision		X	
Organizational Objectives		X	
Distinctive Element			X
Organizational Chart	X		
Procedures Manual	X		
Certification Processes	X		
Participation in trainings			X
Accountability Management		X	
Staff needed to cover all areas of the company		X	
Trained Staff		X	
External Financing	X		
FOREIGN TRADE			
Staff within the Company who is fluent in English		X	
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents		X	
Local market certifications		X	
Breeding programs		X	
OPERATIONS AND LOGISTICS			
High degree of automation	X		
Medium/high productive capacity	X		
Quality control			X
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria		X	
ENVIRONMENTAL MANAGEMENT			
Recycle waste		X	
Has any specific environmental requirement	X		

Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area	X		
Has staff involved in the sales area		X	
Dispose of a web page		X	
High/medium sales level		X	
CUSTOMER SERVICE			
Has a claims management system		X	
Manages guarantees		X	
TOTAL		48	30
FINAL SCORE	78/160		

Authors: Barnuevo Estefanía, Román Daniela.

2. CASANOVA

GENERAL INFORMATION

COMPANY NAME: Casanova

NAME OF THE INTERVIEWED: Manuel Mesías Quito Morocho

LOCATION: Bellavista (La Floresta)

GEOGRAPHICAL COORDINATES: -2°52'33.4"S 79°00'21.3"W

PRODUCT: Men footwear

CONTACT NUMBER: 408-7331

For more information, see appendix D, E, F, G, H.

- Administrative and organizational aspects

The company "Casanova" is dedicated solely to the manufacture of men's footwear in plant and sole. They have been in the market for 20 years and are managed with an artisanal RUC, that is, they make purchases with VAT, but they invoice with a 0% tariff. The company is a family business, as indicated by the interviewee Manuel Quito and his children handle administrative, accounting and production aspects. Despite not having a mission, vision, procedures manual or web page yet, Quito comments that the company is in the process of making these requirements. Mr. Quito mentions that there are nine jobs within his company, but for the time being due to economic reasons

there are people in charge of more than one position. The name "Casanova" is registered in the Ecuadorian Institute of Intellectual Property (IEPI, for its acronym in Spanish) as a trademark, and was devised by one of Mr. Quito's children.

- **Productive and product aspects**

Quito mentions in the interview that the process of making his products is 50% manual and 50% with machines; they lack implements such as a cutter, for example, due to a lack of budget due to low sales. The designs are standard and are not registered because they are not specific Casanova designs. Regarding the average production time, it is mentioned that to produce a pair of shoes it takes approximately half an hour and it is estimated they end up with 60 to 65 pairs; however, if the workshop works to the maximum of its capacity, that is to say with all the necessary personnel, they would produce 85 pairs a day. Quito mentioned that they have not been able to hire the necessary personnel to individually cover all the areas due to the lack of income due to the low level of sales. The interviewee places great emphasis on this detail, saying the level of sales directly affects their production and has slowed them both to buy machinery that would accelerate the production process and to hire the personnel required to cover all areas and raise the level of daily production. Regarding logistics, there is no greater problem with delivery times but, once again, the constraint is the economic resource that allows the workshop to be properly supplied, this raw material is obtained in Cuenca through resellers who are supplied with leather from Ambato. Finally, Casanova does not offer production under specific orders per unit, this would raise too much the cost of the shoe, only in modeling the price rises to 70 dollars, without counting the total finish.

- **Financial Aspects**

The interviewee comments that recently he had to go to a financial institution (cooperative) for a loan which they are paying little by little. Regarding the handling of collections, Casanova offers its products on credit and its clients write checks at 30, 45, 60 and up to 90 days.

- **Marketing and sales aspects:**

"Casanova" does not have its own store for sales these are made to warehouses upon request and they avoid warehousing. They have only one seller who travels all over the country offering the products. Regarding the handling of guarantees, there is a

chain that starts with the customer's complaint to the warehouse, which in turn presents the complaint to Casanova (the factory) where, after verifying the failure, a new pair of products is offered with no extra charge; the second chain repeats the process but in a different scenario where the failure does not come from the production but from the quality of the leather. In this case the process is the same except that the chain ends with a claim from Casanova to the leather supplier.

Table 5. Score for Casanova.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision	X		
Organizational Objectives		X	
Distinctive Element		X	
Organizational Chart		X	
Procedures Manual	X		
Certification Processes	X		
Participation in trainings		X	
Accountability Management			X
Staff needed to cover all areas of the company	X		
Trained Staff			X
External Financing			X
FOREIGN TRADE			
Staff within the Company who is fluent in English	X		
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents			X
Local market certifications			X
Breeding programs		X	
OPERATIONS AND LOGISTICS			
High degree of automation		X	
Medium/high productive capacity		X	
Quality control		X	
Production under specific designs			X

LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria			X
ENVIRONMENTAL MANAGEMENT			
Recycle waste		X	
Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area	X		
Has staff involved in the sales area			X
Dispose of a web page	X		
High/medium sales level		X	
CUSTOMER SERVICE			
Has a claims management system		X	
Manages guarantees			X
TOTAL		33	55
FINAL SCORE	88/160		

Authors: Barnuevo Estefanía, Román Daniela.

3. CALZADO ALFONSO

GENERAL INFORMATION

COMPANY NAME: Calzado Alfonso

NAME OF THE INTERVIEWED: Alfonso María Ucho Sánchez

LOCATION: BARRIO YANATURO. VÍA LAZARETO Y CIUDADELA JAIME ROLDÓS

GEOGRAPHICAL COORDINATES: No GPS geographical coordinates

PRODUCT: Men footwear

CONTACT NUMBER: 2857392

- **Administrative and organizational aspects:**

Alfonso Ucho has a small workshop inside his house but his main activity is agriculture. He produces shoes only for men. He does not have RUC or RISE because

it is registered in the peasant insurance. Alfonso has been involved in shoemaking for more than 40 years and learned his father's trade. He used to belong to a guild when he worked with an extra dresser, but since sales declined he works alone and does not belong to any guild.

- Productive and product aspects:

Ucho is an artisan who makes complete footwear manufacturing from modeling to aparado. In the workshop he works alone, with the help of his wife. The raw material is obtained in Ambato. The whole process of making the product is manual except for two machines used to sew and press shoes. When Ucho's orders are small, he can reach up to half a dozen. He also mentions that he would be interested in taking courses that update his knowledge regarding shoe making; however, it is very likely that you will not be able to apply them because you do not have the new technology used in your branch within your reach. In one day the craftsman makes half a dozen shoes.

- Financial Aspects:

The workshop is only managed with sales income and the artisan subsists mainly on agriculture due to the high level of competition in the footwear industry.

- Marketing and sales aspects:

Ucho's shoes are sold only in stores, especially for those located in the center of the city of Cuenca, and each pair sells at \$ 25. As mentioned, in the workshop it is possible to make unit orders, but the costs would be high and Ucho warns that few people are willing to pay between 70 and 80 dollars for their product. It does not handle advertising of any kind.

Table 6. Score for Calzado Alfonso

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE	X		
Mission and Vision	X		
Organizational Objectives	X		
Distinctive Element	X		
Organizational Chart	X		
Procedures Manual	X		

Certification Processes	X		
Participation in trainings	X		
Accountability Management	X		
Staff needed to cover all areas of the company			X
Trained Staff			X
External financing	X		
FOREIGN TRADE			
Staff within the Company who is fluent in English	X		
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents	X		
Local market certifications	X		
Breeding programs	X		
OPERATIONS AND LOGISTICS			
High degree of automation	X		
Medium/high productive capacity	X		
Quality control	X		
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria		X	
ENVIRONMENTAL MANAGEMENT			
Recycle waste			X
Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area	X		
Has staff involved in the sales area	X		
Dispose of a web page	X		
High/medium sales level	X		
CUSTOMER SERVICE			
Has a claims management system	X		

Manages guarantees	X		
TOTAL		3	25
FINAL SCORE	25/160		

Authors: *Barnuevo Estefanía, Román Daniela.*

4. SOL CUERO

GENERAL INFORMATION

COMPANY NAME: Sol Cuero

NAME OF THE INTERVIEWED: Klever Leonardo Cajamarca Portilla

LOCATION: MIGUEL BUNAMUNO Y BARTOLOMÉ RUIZ

GEOGRAPHICAL COORDINATES: -2.914504, 79.025317

PRODUCT: Men footwear

CONTACT NUMBER: 2887585

- Administrative and organizational aspects:

Sol Cuero manufactures footwear for men and children and is registered with a RUC number. They have an established mission and vision which is to serve the community by offering standardized footwear for all socio-economic status, as well as being a product guaranteed to be made of leather. Regarding the organization of the personnel, it was mentioned that they try not to make any worker indispensable, but they pay great attention in training them and that all are skilled in their work. They have a functional organizational chart which includes areas of: management, purchasing, sales and production. They also have a defined function manual which is presented to the operators upon entering. It is said that they do not have any certification because they have not needed it, but they would be interested in carrying out trainings. Footwear models are not patented, but the "Sol Cuero" brand is registered.

- Productive and product aspects:

Sol Cuero handles daily production lots which can be up to 150 pairs. As for the supply of raw material they get it from Cuenca and some locations of the coast, which means the product is made with Ecuadorian raw material. To stock up on raw material, they have a purchasing criterion based on production. They know beforehand how much the monthly production is and according to this they carry out the material orders. For waste management he mentioned that they have no problem with the collection of their waste that a week reach up to 70 kilos, but all the material is classified as fabrics,

sponges, cardboard and leather. It also seeks to reuse the waste of raw material. For the design part they have a person who makes the prototype model which goes into production. Then the shoe is exhibited and in this way they monitor the reception and it is observed. The new model is exhibited for approximately 15 days as a test and if it has acceptance a production line is made.

- **Financial aspects:**

The accounting and financial aspects are handled by the accounting department within the administrative area. As for the financing of the company it is managed with the income they receive for sales and part of collections are made in terms that they establish with the clients.

- **Marketing and sales aspects:**

The interviewee, Klever Cajamarca, says that in his opinion the critical area of the company's sales. Recently they have had problems in this area due to their decline. They do not carry out market studies for their sales they are managed with an assorted offer and they analyze the reception of the models within the public and based on those results the production is carried out. It is mentioned that the star product is the footwear and the target of Sol Cuero is mainly to men between 30 and 50 years, especially in the line of the star product. Sol Cuero does not intend to export its products because they consider the national market is sufficient. They also care about the complications that an export entails and do not see the convenience of export their product. Monthly Sol Cuero sells from 2,500 to 3,000 pairs of shoes. For his part, Cajamarca indicates that the part of guarantees, returns and customer service are handled by the administrative area. The products are mainly distributed wholesale and do not make unit orders due to the volume of production.

Table 7. Score for Sol Cuero.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision			X
Organizational Objectives			X
Distinctive Element			X
Organizational Chart			X
Procedures Manual			X

Certification Processes	X		
Participation in trainings		X	
Accountability Management			X
Staff needed to cover all areas of the company			X
Trained Staff			X
External financing	X		
FOREIGN TRADE			
Staff within the Company who is fluent in English	X		
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents	X		
Local market certifications		X	
Breeding programs		X	
OPERATIONS AND LOGISTICS			
High degree of automation		X	
Medium/high productive capacity		X	
Quality control			X
Production under specific designs	X		
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria			X
ENVIRONMENTAL MANAGEMENT			
Recycle waste			X
Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area			X
Has staff involved in the sales area			X
Dispose of a web page			X
High/medium sales level			
CUSTOMER SERVICE			
Has a claims management system			X

Manages guarantees			X
TOTAL		15	90
FINAL SCORE	105/160		

Authors: Barnuevo Estefanía, Román Daniela.

5. CASA DEL PANTANERO

GENERAL INFORMATION

COMPANY NAME: Casa del Pantanero

NAME OF THE INTERVIEWED: Carmen Cecilia Yunga Jadán

LOCATION: Calle Villa Lobos y Panamericana Sur

GEOGRAPHICAL COORDINATES: -2.928902, -79.047080

PRODUCT: Industrial security footwear

CONTACT NUMBER: 2386003

For more information, see appendix I, J.

- Administrative and organizational aspects:

The company "El Pantanero" produces industrial leather footwear in a craft workshop which has 15 workers who are skilled craftsmen and are managed by a functional organizational chart. They are registered under a RUC and, Carmen Yunga the interviewed, says that they bill up to a little less than one million dollars per year. They have participated in training sessions to be able to join the public procurement system and additionally they have implemented all the requirements of an ISO 9001 but, for budgetary reasons, they have not been able to obtain the certificate; despite this, they have ISO requirements as a defined mission and vision which are visible within the workshop. A total of 18 people works in the workshop; in addition, 15 workers and 3 people in the administrative area. This workshop has been in the market for 30 years and is a business initiated by the Yunga's father. However, the models have not been patented because in a consultation with the IEPI they were told that the models are generic and that is why the company cannot patent them.

- Productive and product aspects:

Yunga comments that a key area for her company is design. The differentiating element of El Pantanero products is that they accomplish with all the regulations

necessary for industrial safety, which include 10 general regulations and four specifically for leather. They also have INEN (Ecuadorian Institute for Standardization) certifications and a certification granted by the National Polytechnic School who have collaborated with the company to meet the necessary requirements to compete. Yunga comments that around 100 people participate in the entire production chain from supply to sale. The productive process has 50% of manpower and another 50% is done by machine. Regarding the supply of raw materials, Mrs. Yunga says that she has enough suppliers at the national level but occasionally she has stocked with leather from Brazil and Colombia. The accessories for finishing touch come from Brazil and Colombia and sometimes they have even been supplied with Italian accessories, but their price is very high.

- **Financial aspects:**

Budgets are managed under an average level per year and their income is mainly the result of competitive contracts. The accounting aspects are handled by an accountant within the company. The Pantanero is financed only with the income they receive for sales.

- **Marketing and sales aspects:**

The sales approach of the company is in the local market; however, since 2008, when the government created a web page to make public purchases, El Pantanero has been supplying government entities, so its sales, as previously mentioned, are given through competitive contracts. It is for this reason that the company has not considered the possibility of exporting or have developed a possible export plan. The company's flagship product is footwear that protects the user from up to 18 thousand volts, are shoes for electrical safety. They do not handle marketing aspects because their sales are by contest and, as for the handling of guarantees and claims. Yunga said that she has at her charge two people in the administrative area. For the company's return policy Yunga manages the immediate return of the product in case of defects or faults. Another thing that the interviewee highlighted is the fact that the company is focused in offer to their customer a product of good quality with selected materials.

Table 8. Score for Casa del Pantanero.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
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ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision			X
Organizational Objectives			X
Distinctive Element			X
Organizational Chart			X
Procedures Manual			X
Certification Processes		X	
Participation in trainings		X	
Accountability Management			X
Staff needed to cover all areas of the company			X
Trained Staff			X
External financing		X	
FOREIGN TRADE			
Staff within the Company who is fluent in English	X		
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents			X
Local market certifications		X	
Breeding programs		X	
OPERATIONS AND LOGISTICS			
High degree of automation		X	
Medium/high productive capacity		X	
Quality control		X	
Production under specific designs		X	
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria			X
ENVIRONMENTAL MANAGEMENT			
Recycle waste	X		
Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			

Has staff involved in the marketing area	X		
Has staff involved in the sales area	X		
Dispose of a web page	X		
High/medium sales level			X
CUSTOMER SERVICE			
Has a claims management system		X	
Manages guarantees		X	
TOTAL		33	65
FINAL SCORE	98/160		

Authors: *Barnuevo Estefanía, Román Daniela.*

6. JUAN JOSÉ TENESACA:

GENERAL INFORMATION

COMPANY NAME: Calzado Tebra

NAME OF THE INTERVIEWED: Juan José Tenesaca

LOCATION: LUIS CORDERO 15-99 Y MANUEL RAFAEL ARIZAGA.

GEOGRAPHICAL COORDINATES: -2.890858, -79.002731

PRODUCT: Men and Women footwear

CONTACT NUMBER: 2842649

- **Administrative and organizational aspects:**

The company "Manufacturas Tebra" belongs to the interviewed Juan José Tenesaca, manufactures footwear for men and women. It is registered with RUC and Mr. Tenesaca is a qualified craftsman. His long-term goal is to innovate models and designs. He believes that the art of making shoes is something very sophisticated and is constantly evolving. They do not have a functional organizational chart because at the moment only family members work there; however, some years ago they worked with 16 other people who had to be dismissed due to the lack of orders. At this moment, Manufacturas Tebra has no interest in exporting for several reasons: the first is that in the workshop they do not have the necessary personnel to have a high volume of production and, secondly, as a craftsman. Mr. Tenesaca considers that a lot needs to be learned more in the area of shoemaking, in general to all craftsmen, to be able to reach a level that can compete with great exponents of footwear such as companies

from Brazil or Italy. Tenesaca has participated as a visitor in international footwear fairs and has had the opportunity to share experiences with artisans from countries such as Spain, Italy and Colombia and comments that this is how he realized the failings of this art in Ecuador. In addition, he has participated in training sessions within the country, but has stopped attending due to the poor organization that they have selecting the trainers. For instance, they do not place a specialist in the branch from which the training is going to be given, but they place people through contacts to give trainings that are not even from the area. In addition, he considers that to reach a level at which it can be exported, the quality of Ecuadorian leather must be improved, because although leather from Ambato is considered the best, it has defects such as blemishes and this makes it difficult to work with the material. The interviewee believes that artisans should be helped With training in the area of leather, improving the quality of leather and in universities by combining the design part with the manufacturing part. Tenesaca does not belong to any professional association because he does not consider his membership is beneficial; besides that, there is a great problem of selfishness among the members.

- **Productive and product aspects:**

The hallmark of the product that Tebra Manufactures offers is that the craftsman pays a lot of attention to the mold, something that he considers is being left aside. The shaping is the part of the footwear that provides comfort to the user and this, according to Mr. Tenesaca, is the fundamental pillar of the shoe making. The manufacturing is done completely by Tenesaca and his work is almost 100% manual. The only machine that helps him is a stitcher and, as for production units, he manages to produce 10 pairs in two hours; however, he cannot give an average of his monthly production because the orders vary. One of the largest orders he has had in his workshop was one thousand three hundred, for the Municipality of Arenillas, which he managed to produce in three months, plus Manufacturas Tebra makes small individual orders, for example, of a single pair. Tenesaca does not have a technical criterion to order the raw material, due to the fact that its production is not continuous it can place an order and give it a time until it arrives and, according to comments, the raw material orders do not delay. One aspect that Tenesaca mentions that has hurt Manufacturas Tebra is a law imposed during the period of Rafael Correa which states that an apprentice must earn a salary plus all the benefits of law. This does not help Juan José and he says that the apprentice

sometimes has lots of mistakes or wastes materials in his learning process and, also the income he receives is not enough to cover the salary of an apprentice.

- **Financial aspects:**

The company does not have external financing or a person in charge of accounting.

- **Marketing and sales aspects:**

The sales are made inside the premises of Mr. Tenesaca and he also distributes his product to other stores. Manufacturas Tebra offers footwear for men and women, but its flagship product is men's footwear. Each pair of his shoes is sold, in the workshop, at \$ 25 dollars.

Table 9. Score for Calzado Tebra.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision	X		
Organizational Objectives		X	
Distinctive Element			X
Organizational Chart	X		
Procedures Manual	X		
Certification Processes	X		
Participation in trainings			X
Accountability Management	X		
Staff needed to cover all areas of the company	X		
Trained Staff		X	
External financing	X		
FOREIGN TRADE			
Staff within the Company who is fluent in English	X		
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents	X		
Local market certifications	X		
Breeding programs		X	
OPERATIONS AND LOGISTICS			

High degree of automation	X		
Medium/high productive capacity	X		
Quality control		X	
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria		X	
ENVIRONMENTAL MANAGEMENT			
Recycle waste	X		
Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area	X		
Has staff involved in the sales area	X		
Dispose of a web page	X		
High/medium sales level	X		
CUSTOMER SERVICE			
Has a claims management system		X	
Manages guarantees		X	
TOTAL		21	25
FINAL SCORE	46/160		

Authors: Barnuevo Estefania, Román Daniela.

7. CURTESA- QUIWA

GENERAL INFORMATION

COMPANY NAME: Curtesa- Quiwa

NAME OF THE INTERVIEWED: Juan Malo

LOCATION: Paseo Milchichig y Avenida de las Américas

GEOGRAPHICAL COORDINATES: -2.879379, -78.983740

PRODUCT: Leather clothing, vehicle carpets

CONTACT NUMBER: 0998410110

For more information, see appendix K, L.

- **Administrative and organizational aspects**

The companies Quiwa / Curtesa belongs to Mr. Juan Malo. Both companies work together, Quiwa the manufacturing company and Curtesa the marketer. Juan handles Curtesa and Carolina Malo is the manager of Quiwa the two companies share the building and their activities. Curtesa is registered with the number of RUC 0100731736001, under the name of Juan Malo. The two companies have mission and vision that is within the company's website-www.quiwacueros.com. They also have a defined strategic plan, which will be updated soon, with a view to focus on the current situation of the country. The company makes the strategic plan in the short, medium and long term, also have a manual of functions where it is specified what each person does in the company.

Malo says that before 2006 they used to export their products. The company was established in 1996 and they had very good results during those 10 years. Later government policies began to complicate exportations. The company had 105 employees, but in 2006 the current president of the Republic Economist Rafael Correa returned tariff preferences to the United States, which prevented Curtesa from paying 16% in taxes for products to enter the United States. Malo says that the United States was the main client of the company, but that they also exported less to Spain and France.

With the new government policies, Quiwa fired most of its employees. Actually they are 22 employees. Malo says that he is not interested in exporting now, because it is difficult to compete in the foreign market with higher prices than other Latin American countries. He explains that since Ecuador put emphasis on giving all businesses within Ecuador, to buy things from Ecuador and everything is Ecuadorian, the country was locked in a market of 16 million inhabitants, compared to a market of 420 million inhabitants in South America or 800 million including Mexico and the United States.

Malo believes that the key points within his organization is trust; he says that if there is no trust there is nothing and he recommends that you should not be afraid of the foreign market he mentioned that his company sold its products in international chains such as Macys, Barneys NY, and Orvis that is in the catalog of the United States Delta aircraft. The second important factor is productivity.

Curtesa received international consultants and production engineers, which increased their productive capacity. The training sessions took place in areas such as sewing, cutting and design.

- Productive and product aspects

At the moment the company has lowered its production; however, Malo explains having produced in large quantities while they were exporting left a good experience at the company. He also added that the Azuay has an exceptional workforce. Currently, the company produces vehicle seats, 250 to 300 monthly car sets. The rest of products that are uniforms and shoes are sold directly to banks and there is no fixed amount.

Malo comments that thanks to the cooperation of economic groups such as the United States Agency for International Development (USAID), the company obtained a product that competed with the best international brands. The fact of receiving international consultants helped to triple the production, salaries and income. Malo believes that the most important thing is to work openly with customers to learn their best practices and apply them to the internal processes of the company.

- Financial aspects

The interviewee says that they used to work with a lot of banks, they received the support of private banks, they currently have lines of credit that work, but they prefer not to work with banks. Malo says that they currently have a project with Chile, and that they will acquire loans.

- Marketing and sales aspects

Juan tells us that Carolina Malo is the one in charge of marketing and sales. The aspects of product promotion are managed by social networks. Juan mentions that they received standardized models of clothes an example is Chevignon, the workshop manufactures the garment and places a small label that says Quiwa. However, he does not promote his products because he normally produces for someone else.

Table 10. Score for Curtesa- Quiwa.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X

Mission and Vision			X
Organizational Objectives			X
Distinctive Element			X
Organizational Chart			X
Procedures Manual		X	
Certification Processes			X
Participation in trainings			X
Accountability Management			X
Staff needed to cover all areas of the company		X	
Trained Staff			X
External financing	X		
FOREIGN TRADE			
Staff within the Company who is fluent in English			X
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents			X
Local market certifications			X
Breeding programs			X
OPERATIONS AND LOGISTICS			
High degree of automation			X
Medium/high productive capacity			X
Quality control			X
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria			X
ENVIRONMENTAL MANAGEMENT			
Recycle waste			X
Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area			X
Has staff involved in the sales area			X

Dispose of a web page			X
High/medium sales level			X
CUSTOMER SERVICE			
Has a claims management system			X
Manages guarantees			X
TOTAL		6	130
FINAL SCORE	136/160		

Authors: Barnuevo Estefanía, Román Daniela.

8. D´CUERO:

GENERAL INFORMATION

COMPANY NAME: D´Cuero

NAME OF THE INTERVIEWED: María Elisa Muñoz

LOCATION: Miguel Cordero 5-03 y Daniel Palacios

GEOGRAPHICAL COORDINATES: -2.908787, -79.005281

PRODUCT: Men footwear

CONTACT NUMBER: 099 303 2722

- Administrative and organizational aspects:

The company D'Cuero sells handmade leather shoes by craftsmen and women in a workshop in the city of Cuenca. This workshop already existed, but they did not have their own brand and sold only to external wholesale stores. With the D'Cuero project they have managed to have their own store where they can display their product and a registered trademark. At the moment they are registered with RISE; however, the interviewee María Elisa Muñoz comments that one of her short-term objectives is to change her registration to a RUC. They provide constant training to their artisans to keep them up to date with what are production and fashion trends. The D'Cuero brand has already been registered and they are only waiting to finish the process, it has a duration of 6 months and as for the designs these have not been patented. According to the interviewee in the footwear sector, the designs are generally not patented unless they are large brands such as Nike or Adidas.

The company has a web page in which they have their mission and vision clearly defined. This is structured in a business plan where the information is in an extended version. They comply with a well-structured and functional organizational chart which was organized within the workshop, so the marketing establishment has another organizational chart that complements that of the workshop. Regarding a manual of procedures is said that it is not yet written, but if there is an order and each craftsman is dedicated to something specific, there are cutters, stevedores, dressers and each is a specialist in that specific trade and that is why the interviewee comments that she is very interested in registering the processes to capture the knowledge of the artisans while these can be useful for future generations.

For the interviewee, María Elisa Muñoz, the key position of the organization is the strategic alliance between the workshop and the administrative part because it seeks a mutual benefit and this also provides an advantage a good communication within the supply chain. Regarding certifications, it is said that they are in the process of obtaining the certifications granted by Pro-Ecuador and MIPRO for exports. At the moment they do not have them because they export their product in small quantities, these certifications are optional.

They have certifications required at the national level as a country brand, INEN certificate and labeling standards; however, it is mentioned that they have not yet obtained any ISO because of their high costs which are not accessible to an SME. The company has provided training to its employees, she has mentioned that these are usually achieved through private companies who have brought technical specialists from Brazil and Colombia, and training offered by government entities is attended by administrative staff for issues such as marketing digital, exports to detail, etc.

D'Cuero's payroll and that of the workshop where the shoes are made is separated, therefore, in D'Cuero there are 3 collaborators while 30 artisans work in the workshop of which 12 out of the 30 are women and 3 of them are responsible for administrative aspects besides the 3 people and D'Cuero.

They do not consider having enough personnel to cover all the areas, within D'Cuero, because a single person often takes care of several activities at the same time. They no longer have an artisan qualification because the number of workers in the workshop was extended, which is why they are now considered an SME and therefore do not

belong to any guild. The company does have a structured export plan. D'Cuero also plans to expand its line of footwear to a wider target which would include footwear for women and girls.

- Productive and product aspects:

For the manufacture of footwear D'Cuero uses organic and ecological materials such as green adhesives that do not pollute the environment, which are purchased in Quito, Ambato and Manabí, and they also recycle the waste of production. Within their payroll craftsmen are others who are offered the ease of working from home in tasks such as sewing and leather cutting. The product as such has several elements that can be considered as added value among which are: it is a product made by hand, made with eco-friendly materials such as green adhesives and for which their materials are recycled.

The process of elaboration is 50% manual and 50% with machines which intervene only in processes that cannot be carried out manually as it is the case of a "chiller" which helps to dry the glue and a machine that perfects the finishes of a cut. The focus of production is currently only on men's shoes and a pair can take 3 to 4 days to be manufactured, but it depends on the order. And the maximum monthly production capacity is 2000 pairs. D'Cuero works with Ecuadorian raw material selected for the quality issue in leather, but they have also sought eco-friendly options to replace the leather such as pineapple and mushrooms leather which are available in Quito. Its provisioning criterion consists of always having stock of material for which they constantly check their quantities and supply themselves even when they are not producing.

-Financial aspects:

Muñoz comments that she is the one who, in addition to fulfilling other activities within the company, keeps the accounts; however, they also have an external accounting consultant which does not appear on the payroll of employees, but invoices for their services. D 'Cuero is not a company obliged to keep account records, but this is handled by control issues. In the same way, D'Cuero does not need to perform financial statements, but the workshop with which they work together does, because they must present annual statements because they invoice for their services. And, in

terms of financing, they are only managed with the money that comes in for sales and this is their only source of financing.

- Marketing and sales aspects:

For the sale of its products, D'Cuero created an online platform and therefore the company has two sales channels: a warehouse within the city of Cuenca where physical sales and online sales are made through from the platform where products are offered to other cities in Ecuador and to customers abroad anywhere in the world. The main targets of the company are "millennial" men between 20 and 35 years of age who prefer a brand with cause and know they are contributing to the national industry and the environment.

The sales made abroad are sent through the DHL parcel service and have sent their products to countries such as Chile, Honduras, Venezuela and the United States. The shipments are made through a program of the company DHL called "Pyme exports" which grants certain facilities such as reduction of retail sales fees. Muñoz says that a critical area for her company is the logistics, this represents high costs especially when there are unforeseen events and international shipping is complicated. The price varies between 60 and 70 dollars if it is bought in the country and 100 to 110 dollars if it is acquired abroad. For online orders, they handle a promotion in which, for more than two pairs of shoes, shipping is free. D'Cuero has a person in charge of marketing who works directly with Muñoz. This person is a designer who contributes with the management of the brand, graphic lines and social networks.

For this reason the company has assigned a specific budget for marketing and sales. Most of their advertising is done through social networks such as Facebook and Instagram in addition to having a store on Etsy, which is explained as a virtual store similar to Amazon, but with a focus on handmade products, and targeted advertising for foreigners through "Gringo Post". Regarding the level of sales, it is said that this is variable and depends a lot on the time of year.

The customer service aspect is handled directly by Muñoz and she says that she tries to make the service very personalized by following up with a purchase to ensure customer satisfaction. For example, in terms of sizes where they have had minor difficulties or complaints and to avoid this, customers are asked for their size in

centimeters and their size as is. They also have a 30 days guarantee policy that extends for returns or exchanges.

Table 11. Score for D'Cuero.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision			X
Organizational Objectives			X
Distinctive Element			X
Organizational Chart			X
Procedures Manual		X	
Certification Processes		X	
Participation in trainings			X
Accountability Management			X
Staff needed to cover all areas of the company	X		
Trained Staff			X
External financing	X		
FOREIGN TRADE			
Staff within the Company who is fluent in English			X
Exportation plan			X
PRODUCTS ADDED VALUE			
Brand or designs protected by patents			X
Local market certifications			X
Breeding programs			X
OPERATIONS AND LOGISTICS			
High degree of automation			X
Medium/high productive capacity			X
Quality control			X
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria			X
ENVIRONMENTAL MANAGEMENT			

Recycle waste			X
Has any specific environmental requirement			X
Has any environmental care certifications			X
MARKETING AND SALES			
Has staff involved in the marketing area			X
Has staff involved in the sales area			X
Dispose of a web page			X
High/medium sales level			X
CUSTOMER SERVICE			
Has a claims management system			X
Manages guarantees			X
TOTAL		6	140
FINAL SCORE	146/160		

Authors: Bamuevo Estefanía, Román Daniela.

9. ITAL CUERO:

GENERAL INFORMATION

COMPANY NAME: ITAL CUERO

NAME OF THE INTERVIEWED: Luis Barrera

LOCATION: Borrero 12-41, entre Sangurima y Vega Muñoz

GEOGRAPHICAL COORDINATES: -2.893911, -79.002414

PRODUCT: Leather and goods line

CONTACT NUMBER: 072831074

- Administrative and organizational aspects:

Luis Barrera, owner of the ItalCuero Company emphasizes that he does not produce shoes. He only produces clothes as garments, jackets, scraps, and bow ties. The company is registered with RUC number. The establishment does not have vision, mission, or defined objectives, and it has its own accounting, although Mr. Barrera indicates that it is not mandatory for them to keep accounting because their sales are not very large, but it seems important to know how much it spends and how much it

sells. Barrera acquires the leather from Ambato, he considers his leather reserves and if they go down he ask product to his supplier.

Barrera has not participated in any training, but he would like to learn English because he mentions that many of his clients are foreigners and that may be an advantage for him.

- **Productive and product aspects:**

Barrera produces garments. He indicates that he used to produce only jackets, but now he makes scraps, bow ties and other small things with the pieces.

Barrera takes a day and a half to produce a coat. The process begins with modeling, cutting and manufacturing. He works directly with his client, tests the clothes on them and makes the arrangements. The production is 100% manual they do not have any type of machinery. Barrera design, cut and assemble his own products. He thinks that his experience is what makes his products resistant. He has been in the garment market for 40 years. He indicates that he does not have a product that is sold more than another, but he works under specific designs that customers send, he produces vests, caps and belts.

- **Financial aspects:**

Mr. Barrera does not have any obligation with banks or financial entities he manages the store by his own sales. He says that the business is doing well because he will not go into debt in something that he will not produce and has no one to sell.

- **Marketing and sales aspects:**

Mr. Barrera does not run any social network, he says he has many years in the market and that people know him. He mentions that having a workshop that has many years has fixed customers. He sells to foreigners and nationals.

Table 12. Score for Ital Cuero.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision	X		
Organizational Objectives	X		

Distinctive Element		X	
Organizational Chart	X		
Procedures Manual	X		
Certification Processes	X		
Participation in trainings	X		
Accountability Management			X
Staff needed to cover all areas of the company	X		
Trained Staff			X
External financing	X		
FOREIGN TRADE			
Staff within the Company who is fluent in English	X		
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents	X		
Local market certifications	X		
Breeding programs	X		
OPERATIONS AND LOGISTICS			
High degree of automation	X		
Medium/high productive capacity	X		
Quality control		X	
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria		X	
ENVIRONMENTAL MANAGEMENT			
Recycle waste			X

Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area	X		
Has staff involved in the sales area	X		
Dispose of a web page	X		
High/medium sales level	X		
CUSTOMER SERVICE			
Has a claims management system			X
Manages guarantees			X
TOTAL		9	8
FINAL SCORE	17/160		

Authors: Barnuevo Estefanía, Román Daniela.

10. GUZCALZA:

GENERAL INFORMATION

COMPANY NAME: GUZCALZA

NAME OF THE INTERVIEWED: Enrique Guzmán

LOCATION: Av. Abelardo J. Andrade y Los Cerezos

GEOGRAPHICAL COORDINATES: -2.872068, -79.036204

PRODUCT: Formal footwear for men

CONTACT NUMBER: 098353591

- Administrative and organizational aspects:

Guzcalza is a family business that has been in the market for 20 years. Enrique Guzmán is the owner and administrator; the company produces men's footwear. Guzman plans to introduce a line for women by 2018. He says that this would help the company to

grow and expand its production lines. It currently has 22 employees and is registered with a RUC number, the company has a mission, vision and objectives, and they are posted on their website. The company does not have a written function manual, but all employees have different activities. They do not have a structured organizational chart either.

Guzmán says that the company needs an expert in production areas who can control the times and movements, as well as someone who handles marketing. He believes that the staff is not committed, and that the workforce is not qualified. The company has not exported its products, but if it has sold shoes to foreigners. Guzmán says that he has received proposals from the United States and Central America, but it is complicated because the quality and preparation of personnel is not good. Guzmán has not provided training to its employees nor has he participated in any training he indicates that visiting factories in other countries and using quality materials has helped to improve its production.

The company does not have any quality certificate, but the experience makes the product good. The company protects the commercial name Guzalca, while it does not protect its designs because Guzmán explains that it is difficult to register a model because it is in the public domain. The company maintains delivery and warranty times on its products they have never had any problems with their customers and buyers.

- **Productive and product aspects:**

The product has an optimal quality the leather is brought from Brazil, Mexico, Italy and Spain. The dyes are water based and are not polluting, they are good quality European glues and dyes. Guzmán says he has not had any problems with the environmental management of the factory.

Guzcalza produces 2.000 pairs of shoes its production is 40% in machine and the rest is handmade, production costs vary between certain models of shoes but usually the cost is around \$ 30. Guzalca has some exclusive designs for its clients, but within the company the design is created then it is presented to the client and if the product achieves the required characteristics, it is produced and sold. A designer makes the patterns and designs of the shoes. The company's most sold product is formal footwear; it is an elegant dressy line that identifies the company.

- **Financial aspects:**

Guzmán indicated that they manage their financial aspects with loans in private banks, they do not receive any kind of help from public banks.

- **Marketing and sales aspects:**

Guzmán indicates that there is a person who manages the sales area, but no one in the marketing area. He wants to reduce costs in the company; however, he is considering opening a marketing department. Guzcalza works with haute couture tailors such as designer Gustavo Moscoso at his store in Guayaquil at Plaza Lagos shopping center; also distributes his shoes at prominent tailors in Quito. They also work with national chains such as De Prati, Etafashion, Pony and small customers nationwide. Enrique says that his product competes with foreign lines and that he is not afraid of the foreign market.

Table 13. Score for Guzcalza.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision			X
Organizational Objectives			X
Distinctive Element			X
Organizational Chart			X
Procedures Manual			X
Certification Processes	X		
Participation in trainings			X
Accountability Management			X
Staff needed to cover all areas of the company		X	
Trained Staff			X
External financing			X
FOREIGN TRADE			
Staff within the Company who is fluent in English			X

Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents			X
Local market certifications			X
Breeding programs			X
OPERATIONS AND LOGISTICS			
High degree of automation			X
Medium/high productive capacity			X
Quality control			X
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria			X
ENVIRONMENTAL MANAGEMENT			
Recycle waste	X		
Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area			X
Has staff involved in the sales area			X
Dispose of a web page			X
High/medium sales level			X
CUSTOMER SERVICE			

Has a claims management system			X
Manages guarantees			X
TOTAL		3	130
FINAL SCORE	133/160		

Authors: Barnuevo Estefanía, Román Daniela.

11. JEAN PIERRE:

GENERAL INFORMATION

COMPANY NAME: JEAN PIERRE

NAME OF THE INTERVIEWED: Julio Cajamarca Morocho

LOCATION: Bolívar 11-88 y Tarqui

GEOGRAPHICAL COORDINATES: 2.8960845, -79.0076856

PRODUCT: Formal footwear for men and leather boots

CONTACT NUMBER: 07283-7574- 072810-478

- Administrative and organizational aspects:

The company Jean Pierre sells leather boots and has 50 years in the footwear market. Its owner, Julio Cajamarca, indicates that they used to produce shoes for men and women but due to the current economic situation they sell shoes of other brands and only produce boots when necessary. The company is registered with a RUC number. Cajamarca was registered as an artisan, but he retired from his work a while ago. His products pay VAT. The company does not have mission, vision, or organizational objectives. It also does not have a manual of functions because the employees do not work full time.

Jean Pierre does not protect the commercial name nor its trademark. Cajamarca indicates that people already know him and that that he believes it is not necessary to register his name because he has permanent clients. He indicates that in the past nothing needed to be documented, people knew the company and they bought products.

Cajamarca indicates that two people work with him at his house but this is occasionally. He stopped producing because other stores sell boots at \$30 and his boots costs \$50. He also mentions that footwear producers are usually families and they do not have to pay the basic salary, insurance or holidays.

Cajamarca indicates that four people work in the company. His wife helps in the store and manages the accounting- they are not obligated to give a recipe, but it seems important to know how much he sells. They have a dresser and person who sews but as mentioned before they work when needed.

Cajamarca has participated in modeling trainings, bonding of plants and other courses offered by private and public institutions. He currently believes that it is no longer necessary to train because he is already retired, has everything and lives from his 50-years job. Julio mentions that Jean Pierre is not his only income. With his experience he acquires the best models with the best plants, then he sells at a good price. He looks for quality at a higher price.

- **Productive and product aspects:**

Cajamarca says that he only manufactures boots, that is his specialty but the rest of the shoes he sells are from other brands from Cuenca. The store and the retail are of his property. Cajamarca uses national leather to produce boots. He says that national leather is good but leather from other countries is better because it is not so damaged; however, he emphasizes that as in everything there is something good and something bad.

Cajamarca indicates that he does not have a production maximum because if he sells a pair of boots he replaces it. He does not manufacture constantly, the assistants take the work home and when they finish they deliver him, so he does not manage times. His shoes costs between \$ 70 and \$ 80 and boots \$ 100 to \$ 110. He knows that his competition sells shoes at \$ 40, but he says it is another quality.

- **Financial aspects:**

Cajamarca says that he used to have loans or asked for money in financial institutions, but he says that now there is no need because he already has as many clients as before he worked with checkbooks and time checks.

- Marketing and sales aspects:

Cajamarca does not manage social networks or marketing; he makes his sales in his own store. In his store the most sold product is men's shoes and thinks that his company has continued because he sells quality. Cajamarca can work under a specific design, see the model and if it suits him he keeps the model, but he mentions again that he no longer produces; he puts his product on sale and once sold he produces another.

Table 14. Score for Jean Pierre.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision	X		
Organizational Objectives	X		
Distinctive Element			X
Organizational Chart	X		
Procedures Manual	X		
Certification Processes	X		
Participation in trainings	X		
Accountability Management			X
Staff needed to cover all areas of the company	X		
Trained Staff			X
External financing	X		
FOREIGN TRADE			
Staff within the Company who is fluent in English	X		
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents	X		
Local market certifications	X		
Breeding programs	X		

OPERATIONS AND LOGISTICS			
High degree of automation	X		
Medium/high productive capacity	X		
Quality control			X
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria		X	
ENVIRONMENTAL MANAGEMENT			
Recycle waste			X
Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area	X		
Has staff involved in the sales area	X		
Dispose of a web page	X		
High/medium sales level	X		
CUSTOMER SERVICE			
Has a claims management system			X
Manages guarantees			X
TOTAL		3	50
FINAL SCORE	53/160		

Authors: Barnuevo Estefanía, Román Daniela.

12. LA PIEL:

GENERAL INFORMATION

COMPANY NAME: LA PIEL

NAME OF THE INTERVIEWED: Manuel Morocho

LOCATION: Gran Colombia 8-58 y Luis Cordero

GEOGRAPHICAL COORDINATES: -2.895839, -79.004090

PRODUCT: Leather goods line

CONTACT NUMBER: 099 849 9458

For more information, see appendix M, N.

- Administrative and organizational aspects:

La Piel sells and makes clothing, purses, wallets, backpacks, jackets, shoes, suitcases and backpacks made of leather. It is registered with a RUC number and protects its commercial name in the IEPI. The workshop does not have a structured organizational chart, but its owner Manuel Morocho, explains that it is a family workshop, where they work eight people of whom 5 are his family, and the others an accountant, a cutter and an assistant in the workshop.

La Piel does not have a manual of procedures, but Morocho indicates that everyone knows what to do inside the company and that the workers are trained workers. He says that he trains them or that they have experience in other workshops. The budgets for the company are made annually, but do not have a projection of expenses or sales because it says that this varies with the months of the year then they are handled more with the stock and the orders, the sales in the premises are not linear.

Morocho says that his company covers all the necessary areas, but when they have a bigger order, if it is necessary, he asks for support from workshops. Morocho belongs to the Confederation guild in Cuero of Azuay and he says that he knows people there who can help with work or if a partner needs help he also provides.

On foreign trade issues, Morocho says that he would like to export. His daughter dominates English and his products comply with everything necessary for the international market. He says that a designer arrived, sponsored by a public entity to

see their products, all met their requirements but at the time to ask for a contact to the place where they can send the products was where the business fell. Morocho says that contacts are what the sector needs, that it is allowed to go abroad with lower rates and that government assistance should be focused on finding buyers. He says he does not have the amount of money to go to a fair to be looking for buyers, but if he would like, cannot do. Another factor that Morocho says affects the product is the amount of lower quality products that enter the market, that the leather costs are high but that the quality is incomparable.

When it comes to taking care of the client, Morocho says that he gives them a good quality product so that he does not have any claims. He says that he has not had many cases of complaints in the history of the workshop because he selects a good material, and that guarantees having a good finished product, with good quality control of the production. A very important aspect of the company is that all the waste is reused and it includes labels where instructions of care of the product are printed. Also the guarantee and a paragraph dedicated to its obligation with the care of the environment, where it says that the company works alone with suppliers that guarantee environmental care, suppliers must maintain cattle farms with permits from the Ministry of the Environment and that the company never uses hides of wild species or in danger of extinction.

- **Productive and product aspects:**

Morocho explains that he is the one who designs the garment, gives a name to his design and cuts the molds in cardboard. Then he sends the molds to the cutter so that he can do his work. When the leather is ready he sends the pieces to another person. He explains that the employees work in their houses because they only need a machine and when they need another type of machines he lends them the ones he has at his workshop. Morocho explains that the leather is cut and wrapped so that the sewer can take it home. He says that he provides them with everything they need, like fasteners, clasps, etc. They cut and sew at home and bring it to the premises, he explains.

Morocho says that what he does is 80% by hand, maybe involves 20% the use of machines that are the cutters and sewing machines, but that the rest of the details are by hand. Manuel says that everything depends on his mood. He said that there are days when he gets up wanting to make different portfolios and puts different colors on his

designs; and others in which he makes ponchos with flowers or whatever he invents. He explains that his creations are unique, and the high prices depends on the quality of the leather he uses.

The owner of La Piel say that he makes seven portfolios in seven days. He guarantees that his costumers will not meet another person with the same portfolio. Each one of them represents a day of his work, and that day combines depending on his mood and how he wants to combine the colors. He says that when wallets are finished he does not do more, because he uses different leathers and makes other designs, combining them in another way. He says that the client is wearing a unique garment and explains that it is not the same as cutting, for example, uniform wallets for a company. That is why wallets can cost more. To make these exclusive portfolios, the best leathers and designs are chosen. Morocho said that his work is worth the price.

- **Financial aspects:**

The company currently has two loans with Banco del Fomento, an institution that has given them support. Morocho says that as long as everything is done correctly, they give him the money. He explains that an inspector comes often to visit the workshop and he asks them some questions. He mentions that as in any company the bank must ensure where their money goes and in what it is being used.

- **Marketing and sales aspects:**

The company does not have a defined budget for marketing and sales activities; however, Geovanny Morocho, son of the owner, indicates that they handle things in a different way. He explains that they do not advertise on the radio, nor by flyers, which they have done is strategically allied with institutions where the transit of people is high, for example they have points of sale within the Mariscal Lamar Airport in Cuenca and at the José Joaquín de Olmedo Airport in Guayaquil, he says that the exhibition of their products in these places makes people know about it, and in the cost issue he explains that to be in the airports it necessary to pay a rate but that the sale of its products already pays the expenses, the products are there by consignment then what is sold is not only the profit of the product but the fame and position of the brand. Geovanny explains that this is a way to advertise and, in the same way to be located in Cuenca downtown is the sector for customers to arrive and also in the EDEC have seen that their products are quite welcome.

Table 15. Score for La Piel

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision	X		
Organizational Objectives	X		
Distinctive Element			X
Organizational Chart	X		
Procedures Manual	X		
Certification Processes			X
Participation in trainings	X		
Accountability Management			X
Staff needed to cover all areas of the company			X
Trained Staff			X
External financing			X
FOREIGN TRADE			
Staff within the Company who is fluent in English			X
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents			X
Local market certifications			X
Breeding programs			X
OPERATIONS AND LOGISTICS			
High degree of automation	X		
Medium/high productive capacity	X		
Quality control			X
Production under specific designs			X
LOGISTICS AND STORAGE			

Has enough suppliers			X
Proper provisioning criteria			X
ENVIRONMENTAL MANAGEMENT			
Recycle waste			X
Has any specific environmental requirement			X
Has any environmental care certifications			X
MARKETING AND SALES			
Has staff involved in the marketing area	X		
Has staff involved in the sales area			X
Dispose of a web page		X	
High/medium sales level	X		
CUSTOMER SERVICE			
Has a claims management system			X
Manages guarantees			X
TOTAL		3	105
FINAL SCORE	108/160		

Authors: Barnuevo Estefanía, Román Daniela.

13. MANOLO VILLALTA:

GENERAL INFORMATION

COMPANY NAME: MV Leather

NAME OF THE INTERVIEWED: Manolo Villalta

LOCATION: Calle Gran Colombia & General Torres

GEOGRAPHICAL COORDINATES: -2.895201, -79.006554

PRODUCT: Cowboy Boots

CONTACT NUMBER: 0967501770

- **Administrative and organizational aspects**

MV Leather is a small family business that manufactures footwear for men and other leather goods such as purses, belts, wallets, etc. Its owner Manolo Villalta, is registered as an artisan and belongs to the Gregorio Flores guild. He considers that the situation within the guild is difficult because there are many members and it is difficult for them to agree. The guild Gregorio Flores gives accounts to the Artisan Federation, which turn reports to the CAPIA and there is a constant struggle between the CAPIA and the Federation for the question of revoking the Law of Defense of the Artisan.

The company was founded by his father who is still in the company, but currently Villalta is the one in charge. The company is registered with a RUC number and does not have a mission or a structured vision. The commercial name is registered in the IEPI. Villalta explains that the workshop was run by his parents and they never trained with technicalities, that's why they do not have a formal structure, he says that his production is very traditional, they have a warehouse and produce to sell in it. The company reuses the pieces as much as possible, but what they can no longer use is stored and sold to people who make handicrafts, Manolo says that the bag is sold for \$ 25 dollars.

The company does not have a functional organizational chart each of the workers carries out several activities but does not require hiring anyone else because he already have all the positions covered. Currently there are 5 employees including Manolo. MV Leather has had an accountant for many years, but she does not handle budgets that they do in the workshop.

Regarding certifications, MV Leather has the INEN that is required as a standard for labeling, but does not have any other quality certificate. Manolo has attended training in the field of sales and is responsible for training employees.

- **Productive and product aspects**

Manolo says that access to machinery is very expensive and each machine makes a single process, which makes it even more difficult to acquire several machines. He explains that this is an advantage if you work at an industrial level; however, in his workshop it is not necessary because its production is low, the company produces 30 pairs of shoes monthly. If the company receives a special order they can do more but

that is occasionally. Villalta says the company could raise production but now it is not necessary because there is not enough market.

Villalta mentions that his products are recognized in the market because they are handmade and durable. He says that he makes what customers are looking for. His products are made with national leather; he says he uses Italian leather to make purses, he buys this Italian leather in small quantities from an Ecuadorian seller. Villalta has not had problems with his products. He recognized that they had problems with footwear that detach, but very little. Now he uses Colombian or Brazilian glues to glue the shoes. The company does work with specific individual orders. The quarterly sales level is \$ 10,000 and the price of the shoes is around \$ 85 dollars, a pair of boots \$ 120 to \$ 130 dollars and handbags from \$ 55. Its flagship product is the cowboy boots.

- **Financial aspects**

Currently they are not subject to any loan the company is managed solely by their own sales.

- **Marketing and sales aspects**

Villalta says that three years ago he exported his product to Minneapolis, United States. They had a customer who asked three orders. Actually, they do not export because they do not have clients.

MV Leather does not have a specific person in the marketing area; it is Villalta who takes care of this. Sales are by request and the publicity they have is made mouth to mouth through the same clients. They have a website and a user in social networks.

Table 16. Score for MV Leather.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision	X		
Organizational Objectives	X		
Distinctive Element			X
Organizational Chart	X		
Procedures Manual	X		

Certification Processes	X		
Participation in trainings			X
Accountability Management			X
Staff needed to cover all areas of the company	X		
Trained Staff			X
External financing	X		
FOREIGN TRADE			
Staff within the Company who is fluent in English	X		
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents	X		
Local market certifications	X		
Breeding programs	X		
OPERATIONS AND LOGISTICS			
High degree of automation	X		
Medium/high productive capacity	X		
Quality control			X
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers			X
Proper provisioning criteria		X	
ENVIRONMENTAL MANAGEMENT			
Recycle waste	X		
Has any specific environmental requirement	X		

Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area	X		
Has staff involved in the sales area	X		
Dispose of a web page	X		
High/medium sales level	X		
CUSTOMER SERVICE			
Has a claims management system			X
Manages guarantees			X
TOTAL		3	50
FINAL SCORE	53/160		

Authors: Barnuevo Estefanía, Román Daniela.

14. TIZNADO:

GENERAL INFORMATION

COMPANY NAME: Tiznado

NAME OF THE INTERVIEWED: Marcelo Quezada Jiménez

LOCATION: Ave Los Andes & Los Shyris, Cuenca

GEOGRAPHICAL COORDINATES: -2.895052, -78.975153

PRODUCT: Men shoes

CONTACT NUMBER: 0983092216

- Administrative and organizational aspects

Tiznado is engaged in the production of leather shoes and sells wholesale in several cities of the country such as Cuenca, Azogues, Machala, Loja, Ibarra, Cotacachi, Cayambe, Ambato and Riobamba. Marcelo Quezada, the interviewee, says he is not registered as an artisan. He found out the requirements and was told that he had to do a course to qualify as a craftsman, but that at that time he could not do it; however, he

saw another opportunity in the MIPRO, where he got an artisanal qualification that had the advantage of only paying 50% in patents and registrations, its products if sold with VAT.

Quezada says that the project to create the company was a family initiative. His brother manages the administrative part, because he studied Business Administration and he is in charge of the production and design. He is a graduate of Universidad del Azuay as an Object Designer. The company does have a mission, vision and objectives and has a strategic plan. The company has ten employees; eight are in production and Quezada and his sister work in at the administrative area.

In certifications, Tiznado has the INEN for the labeling of the shoes in addition it has the legal permits for the workshop that are firemen's permits. He is interested in having an ISO certification because he wants to export in the future, but he says that for now he is focused on raising his productivity.

Quezada has an external person who helps them with accounting statements and debts; however, costs are handled by his brother who is starting to make projections because the company started two years ago and in those first two years they have had to make a lot of investments and they are just getting profits.

Quezada says that he is in charge of supervising the quality of the product and that the problems depend a lot on the client. |For example if the product has a defect and is unstitched, he talks with the client and if the client is accessible the workshop fixes the defect and returns the product; but if a client is a little more difficult, the client returns the product and they return the money. He explains that they have not had problems for the quality of the shoes, but they have had returns because the clients do not pay.

Quezada has attended conferences at MIPRO, but he mentions that the problem is that the entity only gives courses for start-up companies or entrepreneurs, but they do not have workshops for companies that have already established themselves and want to advance a little more. In addition, he completed a diploma with the National Chamber of Footwear in Tungurahua. The designs are not registered or protected because they go according to the trends and styles that are handled worldwide, but the commercial name does. Quezada is responsible for training new employees and quality control

with the help of older craftsmen who have more experience and are in charge of each area.

- **Productive and product aspects**

Production is handled with a strict quality control. Quezada says that what he currently has is more a workshop not a factory and he compares Tiznado with Venus that manufactures 5,000 pairs a day, and the cutting and turning machines do everything. Tiznado produces 500 at 600 pair's maximum per month; however, plans to expand in the future.

Quezada says that in production sometimes the same person does more than one thing because the company is growing. At the moment they are fine, but when they want to expand the workshop is going to be necessary to hire more staff.

Quezada says that his product is different from the others because the designs of the shoes are more youthful and they go according to the tendencies that young people look for. Their shoes are 100% leather, including the sole. He says that even for shoes that do not have leather soles, the upper part, lining and insole are made of leather. The leather they use is Ecuadorian. Generally, they do not make specific individual orders except for wholesalers who ask for a specific model, but the orders are from 60 pairs because the development of the mold is pricey and tests must be done to see that the pieces coincide and a scale of details.

Its flagship product is formal footwear, in any type of model. His idea is to expand into women's and children's footwear when the company grows because they need to invest a lot in lasts and materials.

- **Financial aspects**

To start his activities, Marcelo indicates that he requested a loan from the National Financial Corporation, which is fully covered; however, they hope to acquire a new loan for the future because the company continues to grow.

- **Marketing and sales aspects**

For Quezada, the sales area is a critical area. When they sell in bulk, if a seller does not visit customers, their product does not leave the factory. Quezada says that he is interested in exporting, but there is a problem that is the leather because they always change the tones in the tanneries. He says that he makes a model with a tone and in

another package a different tone arrives, besides the delivery times there are no problems. He thinks that the different tones and the delivery times are impediments to do exportations because that will make the company look bad with clients. The workshop handles a criterion of technical supply. However, tanneries are delayed more than expected and that delays production.

To export, they would need to hire someone who is fluent in the English language. Quezada's sister is currently learning. Tiznado shoes have been sold abroad, but only to known people living in other countries, not to wholesale customers. There is a store in Spain where they sell toquilla straw hats and products made in the Sigsig. Tiznado is considering selling their products through this store.

Quezada says he has customers who are good, but there are others who have taken credit and some pay even up to 150 days. At the moment, they have \$ 20,000 in post due accounts. They also sell in Santo Domingo and Babahoyo, but there are complicated customers. Tiznado is expanding its market towards the north of the country, but they have not had good experiences.

As for marketing Marcelo says that he handled the boxes and the design. But now his sister is in charge because she is a marketing engineer and is also in charge sales. The corporate image is managed jointly by his sister and a friend from Marcelo who is a graphic designer. The Tiznado brand is already registered in the IEPI.

Tiznado has Facebook and Instagram accounts, but only to publicize overstock-they do not take retail orders, and when a retail client asks for their product they redirect him or her to one of the stores to which they distribute. They have thought about opening their own premises eventually. In units, sales at the end of the year are 20,000 pairs. Each pair of shoes comes to cost \$ 45 in wholesale cost and merchants put their own prices that can be between \$ 75 to \$ 85 dollars.

Table 17. Score for Tiznado.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
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ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision			X
Organizational Objectives			X
Distinctive Element			X
Organizational Chart			X
Procedures Manual			X
Certification Processes	X		
Participation in trainings			X
Accountability Management			X
Staff needed to cover all areas of the company			X
Trained Staff			X
External financing			X
FOREIGN TRADE			
Staff within the Company who is fluent in English			X
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents			X
Local market certifications	X		
Breeding programs			X
OPERATIONS AND LOGISTICS			
High degree of automation			X
Medium/high productive capacity			X
Quality control			X
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers			X

Proper provisioning criteria			X
ENVIRONMENTAL MANAGEMENT			
Recycle waste	X		
Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area	X		
Has staff involved in the sales area			X
Dispose of a web page			X
High/medium sales level			X
CUSTOMER SERVICE			
Has a claims management system			X
Manages guarantees			X
TOTAL			125
FINAL SCORE	125/160		

Authors: Barnuevo Estefanía, Román Daniela.

15. PALACE SHOES:

GENERAL INFORMATION

COMPANY NAME: PALACE SHOES

NAME OF THE INTERVIEWED: Irene del Pilar Palacios

LOCATION: Av. Abelardo J. Andrade y calle s/n

GEOGRAPHICAL COORDINATES: -2.870382, -79.035267

PRODUCT: Women footwear

CONTACT NUMBER: 0998799992

- **Administrative and organizational aspects:**

Palace Shoes manufactures footwear for ladies and its owner is Ms Irene del Pilar Palacios. It is not a craft company because they do not have this type of certification. Within its medium-term objectives is to make more products reusing on waste to properly use resources. Palacios mentions that this is an advantage because it allows her to diversify the offer of products. The company is registered with RUC number. By now they have not been able to structure a mission or vision because the company started its activities a short time ago. The focus they have had so far is to create a product and observe its reception in the market while analyzing what it is the customers demand. The procedures manual is still a plan to be carried out because Irene is involved in all areas and at the moment she has not counted on the time; however, it is structured and it is verbally conveyed to the collaborators. It does not have the necessary personnel to cover all the areas because they have just started the company. It does not have a specific environmental requirement, although recently Palacios attended a training given by MIPRO to learn about the certifications needed by an entrepreneur like her. In terms of environmental impact as such, Palacios' workshop does not generate a large impact, she indicates that they do not work with chemicals or water, so they only recycle its waste.

- **Productive and product aspects:**

They do not have a star product, because in the ladies' footwear branch everything is influenced by fashions or trends which vary very quickly. To start the shoe making process, Palacios produces molds in thick cardboard because the models change constantly and it is not convenient to elaborate them in a more expensive and durable material. The maximum amount of daily production is 8 pairs with the collaboration of 3 people (including Irene) although previously they had two more people in the workshop. Within the workshop the process is planned, depending on the order a person is engaged in cutting and shaping, another person is dedicated to sewing, another to the assembly and another to the finishes so that, while a person finishes a process can start the following. The collaborators are trained by the owner of the company but not by courses or external training; however, they have interest interest in continuing training in whatever area is necessary. The production process is mostly manual since they do not have too many machines for the manufacture of footwear. The differentiating element of its products is comfort. It uses soles and boot trees that

are comfortable for the client. Palacios makes prototypes that are tested within the company with the collaborators. In addition, they seek to produce footwear with good quality materials that ensure durability. Palace Shoes is supplied with Ecuadorian leather from Ambato and plans to acquire Spanish leather that is for sale in the city of Cuenca to make details on their shoes. Their suppliers have sometimes failed with the supply material since they do not immediately deliver the materials, this could be because they are ordered in a variety of quantities, but in small quantities, with large tanneries, while the artisanal tanneries fulfill with the times, but not with the due material quality standards.

- **Financial aspects:**

The company is not obliged to keep account records, so at the moment they do not have a staff accountant; however, Palacios says that she has been trained in courses offered by the SRI in tax and accounting education. Irene delivers large orders in small parts because this benefits buyers by giving them ease of payment and the company by having flexibility in production terms. Palacios says that it was necessary to take a loan with the “Cooperativa Jardín Azuayo” to finance the purchase of the machinery; for this loan, it was not possible to find an option through a government entity, so Palacios does not feel that the State is really supporting entrepreneurs in terms of financing.

- **Marketing and sales aspects:**

The sales of the product are made mostly in stores where, according to the interviewee, it is very difficult to enter to the market due to the preference that they have for imported footwear; In addition, sales are made to final customers, but on a smaller scale. Palacios used to work with a person in charge exclusively of the sales area, but for budgetary reasons she had to eliminate this person from her staff and take charge of the sales aspect herself. When a warehouse makes a large order of more than 20 pairs, it is delivered in parts due to the production time. She does not have a person in charge of the marketing area and even though Palacios tried to handle advertising through social networks, this step has not been completed because she is in charge of several areas of the company, which does not allow her to focus on details like advertising. Palacios says that she is interested in hiring a person who is exclusively responsible for this aspect.

Table 18.Score for Palace Shoes

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision	X		
Organizational Objectives	X		
Distinctive Element			X
Organizational Chart	X		
Procedures Manual		X	
Certification Processes	X		
Participation in trainings			X
Accountability Management	X		
Staff needed to cover all areas of the company	X		
Trained Staff			X
External financing			X
FOREIGN TRADE			
Staff within the Company who is fluent in English	X		
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents	X		
Local market certifications	X		
Breeding programs		X	
OPERATIONS AND LOGISTICS			
High degree of automation	X		
Medium/high productive capacity	X		
Quality control			X
Production under specific designs			X
LOGISTICS AND STORAGE			
Has enough suppliers		X	
Proper provisioning criteria	X		
ENVIRONMENTAL MANAGEMENT			
Recycle waste			X

Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area	X		
Has staff involved in the sales area		X	
Dispose of a web page	X		
High/medium sales level		X	
CUSTOMER SERVICE			
Has a claims management system		X	
Manages guarantees		X	
TOTAL		21	40
FINAL SCORE	61/160		

Authors: Barnuevo Estefanía, Román Daniela.

16. PIMENTA SHOES:

GENERAL INFORMATION

COMPANY NAME: PIMENTA SHOES

NAME OF THE INTERVIEWED: Miguel López

LOCATION: Cornelio Vintimilla (Parque Industrial)

GEOGRAPHICAL COORDINATES: -2.876050, -78.978558

PRODUCT: Shoes

CONTACT NUMBER: 07286794-072861955-099952750

- Administrative and organizational aspects

Pimenta Shoes manufactures footwear for women and girls. Miguel López, the owner of the company, indicates that they carry out all the processes to manufacture their products. This starts with the injection of PVC with Brazilian raw material until the sale to its distributors. Lopez says that the company only manufactures women's shoes because they consume many shoes in different styles, colors and models. He also says that their products now are focused on hot weather shoe or open shoe; however, he plans to introduce other models for the area of the Highlands of Ecuador.

The company is registered with a RUC and protects its commercial name because Lopez indicates that eighteen other companies have wanted to register the same name. At the moment the company has 15 employees and it is considered a small company that is growing. He says that the first company he formed was Interpesa, but the country's economic situation caused it to go bankrupt in 2015; they had 62 employees.

Pimenta has a defined mission and vision in its web page. It also has a manual of functions that all employees are aware of. The organization chart also helps with the information of the positions covered. The objectives of the company are long-term. Lopez mentions that he would like Cuenca to be seen as an economic powerhouse of factories at international levels, so he tries to stay in touch with the big ones. He uses the same products that are used in factories from Brazil and attend the same fairs and look for the best products. That is why he buys everything from abroad.

Lopez says that the company should start with a good design, because otherwise it would not have what to sell. The company makes a pre-sale to see the acceptance of the products if it goes well is produced in quantity. Miguel says that if he does not agree with current trends they cannot be sold either. For this entire chain to work, López trains his staff, he says that he always has staff from Brazil who train the employees and correct doubts they have also received training in administrative areas from the CAPIA.

The company has an accountant between their staff who handles production costs very well. The processes are controlled from how much electric power is spent for each pair of shoes that is produced up to the number of cuts. López says that he has to be very careful with personnel management.

- **Productive and product aspects:**

Lopez says that the success of the shoe is its comfort. He says that a person can be on their feet for more than 14 hours in a day while shoes hold the weight, apart from that, shoes must be fashion updates, if you have these two things is a total success. The company has a small margin of errors and that has also made its quality is the best. Lopez says that whatever happens with the product they do an analysis and check with great caution to see where the failure was, and not to happen again.

Lopez explains that there is no star product; the company produces between 600 and 800 pairs a day; however, they have the capacity to produce up to 1,200, but the market is not that big. The automation of the plant is in process, because Lopez wants to adapt new machines that can reduce the use of labor that is the most expensive.

Pimenta can produce low specific designs in large quantities, because making a pair is very expensive. Lopez says that the more it produces, the more economical it is.

López brings PVC from Brazil to make the sole of the shoe, he says that it must be an expanded PVC and that it is not found in the country, nor in Colombia or Peru, the raw material is light and durable. All the PVC that is left over in production is recycled and used for new shoes

- **Financial aspects:**

If the company maintains credit lines, Lopez says that every company to start up will need capital and that the value of money within the country is very high.

- **Marketing and sales aspects:**

Lopez says that the company was present in Peru and that it had great acceptance, however, they withdrew from the market because the payment was in soles and they did not have any kind of guarantee with the suppliers. Currently the company is managed with a sales team. Four sellers cover the area from Esmeraldas to Huaquillas and the East. They work under the supervision of the sales manager. Lopez indicates that it is about putting the products in stores that do not hurt each other, because if the product were distributed without control sales and the quality will go down.

In marketing the company has a designer who manages different social networks. Lopez explains that what he wants to achieve is that it is controlled as in large companies, where a person visits a page and likes it and automatically recommends the Pimienta distributors from the area. He said it was hard to position the brand, but once it was present in national retailers as Mi Comisariato, Etafashion and De Prati allows people to see the product differently and perceive them as something with quality.

Table 19. Score for Pimenta Shoes.

CATEGORY	0 (DOES NOT MEET)	3 (HALF MEETS)	5 (COMPLETELY MEETS)
ADMINISTRATIVE			
Registered under RUC or RISE			X
Mission and Vision			X
Organizational Objectives			X
Distinctive Element			X
Organizational Chart			X
Procedures Manual			X
Certification Processes	X		
Participation in trainings			X
Accountability Management			X
Staff needed to cover all areas of the company			X
Trained Staff			X
External financing			X
FOREIGN TRADE			
Staff within the Company who is fluent in English	X		
Exportation plan	X		
PRODUCTS ADDED VALUE			
Brand or designs protected by patents			X
Local market certifications	X		
Breeding programs			X
OPERATIONS AND LOGISTICS			
High degree of automation			X
Medium/high productive capacity			X
Quality control			X
Production under specific designs			X
LOGISTICS AND STORAGE			

Has enough suppliers			X
Proper provisioning criteria			X
ENVIRONMENTAL MANAGEMENT			
Recycle waste			X
Has any specific environmental requirement	X		
Has any environmental care certifications	X		
MARKETING AND SALES			
Has staff involved in the marketing area			X
Has staff involved in the sales area			X
Dispose of a web page			X
High/medium sales level			X
CUSTOMER SERVICE			
Has a claims management system			X
Manages guarantees			X
TOTAL			130
FINAL SCORE	130/160		

Authors: Barnuevo Estefanía, Román Daniela.

3.8 Analysis of results:

Based on the results obtained in the individual Export Audits, we proceed to make a general analysis that allows the position of each company with respect to the goal of the established score. The total qualification of the Export Audit is 160 points in total considering the various areas such as: administrative, logistics, marketing, foreign trade, etc.

Figure number 3 shows all the companies in the sector that were analyzed and their position with respect to the rating performed.

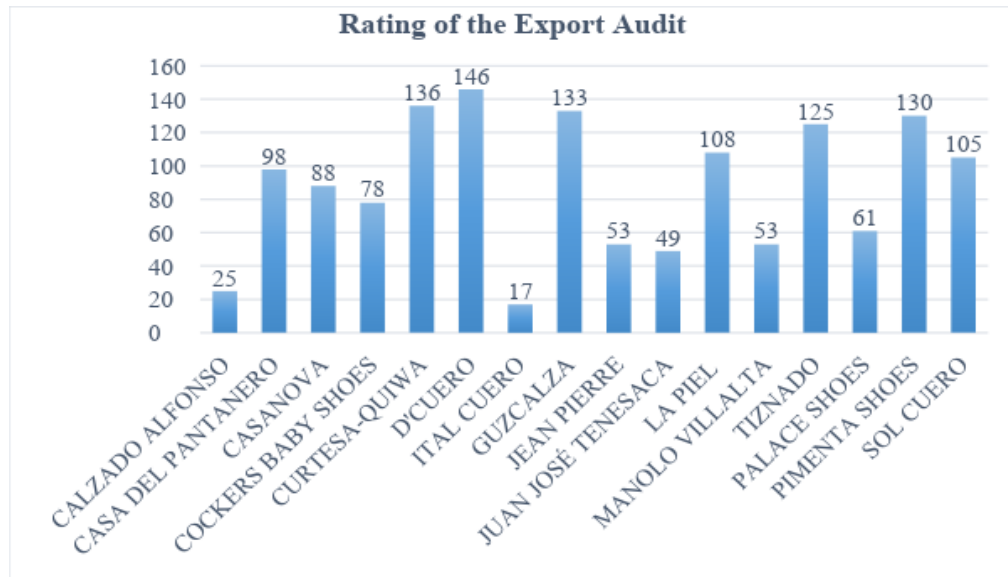


Figure 3. Export Audit Score for all enterprises.
 Authors: Barnuevo Estefania, Román Daniela.

Within this figure you can see the comparison of the Export Audit rating of all the companies analyzed. D'Cuero is the factory with the highest score. This is due to the fact that its owner, María Elisa Muñoz, together with her father's workshop have created a company that fuses the experience in footwear production in the workshop and modernity in way of doing business of the marketer of his daughter. This made D'Cuero a brand with a cause, cares for its artisans and uses products that do not pollute the environment. All this draws the attention of the buyers and makes sales channels such as DHL can send their products to other cities and abroad.

Another of the companies that stands out in the analysis is Curtesa-Quiwa, it has been in the market for 23 years and has focused on innovating and updating its production. This company has a track record and experience in foreign markets, which makes it a source of inspiration for other companies that can use their techniques to improve. The company manages quality and guarantees in its products at international levels its production is also at an industrial level and its operators are constantly being trained to face the current market.

Guzcalza is also one of the largest companies that could be analyzed. The advantage of this company is the fact that it is present in national chains such as De Prati and Etafashion. It also works with high fashion designers, so its target focuses on people of medium-high economic status. What makes this company not have an excellent rating is that it still needs to take into account marketing and administrative aspects.

Most of the analyzed companies are family businesses and because of this it is difficult to create an organizational chart, because everyone is involved in various activities of the company; however, it would be necessary for the companies to focus on delimiting activities and consequently this will result in improved communication and teamwork.

Of all the areas that were analyzed and qualified within the Audit export, those that have the most influence on the company's rating were identified with respect to the goal, which would be 160 that is equivalent to a company ready to export.

Figure number 4 contrasts the administrative area, foreign trade, logistics, added value, marketing and customer service. In this way, it is possible to observe more clearly the strong and weak areas of the company based on a numerical criterion such as qualification.

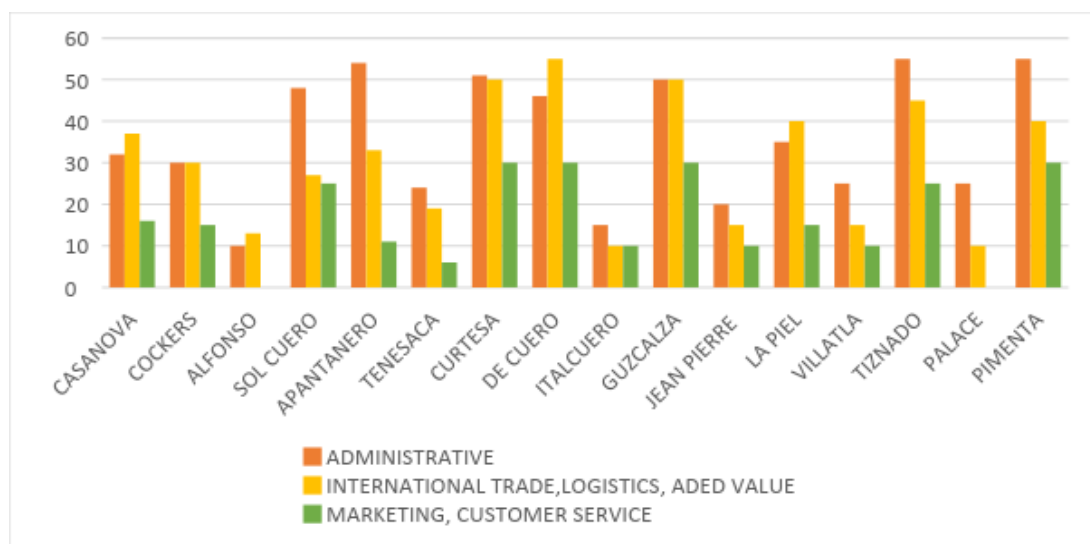


Figure 4. Major Areas of influence of each Company.
 Authors: Barnuevo Estefanía, Román Daniela.

At a general level, it can be seen that most companies and workshops have good administrative management, which is why this does not represent a shortcoming in the sector. The area where most companies fail is in marketing and customer service and this represents a problem when exporting as a customer abroad looking for a well-positioned company or that is known and manage claims and guarantees on time. In the part of foreign trade, logistics and added value qualifications of the companies can be noticed high and this is due in large part to the factories and factory in Cuenca have an important added value in their products being this a necessary differentiator for an export product.

Chapter conclusions:

In this chapter it was possible to identify which activities most of the companies in the sector are focused on. You can see the variety of products and the specialty of the producers. It was also possible to identify the sectors where companies constantly feel dissatisfied. Government policies and the amount of taxes faced by industries are the main factors that have caused the productive sector of leather and footwear to stop production. As well the importation of Brazilian or Chinese products is another of the challenges facing producers of footwear. The world trends are focusing on the use of cheaper materials such as cloth or synthetic leather.

A serious problem within the sector is the lack of training of the collaborators of the companies and artisans. Generally, people immersed in the craft have inherited it from their parents or grandparents and express their concern about the loss of this art given the lack of apprentices. All companies talk about quality as the main element of their products because this makes customers return.

Finally, it was possible to identify areas of leather that are not yet exploited, and are not common, as is the case of baby footwear and the use of leather advertising for companies and for construction and interior design.

Chapter 4: SWOT and CFMA analysis applied to companies

In this chapter, an analysis of the key points of each of the companies interviewed will be carried out based on the information collected and tabulated in the previous chapter. The SWOT model will be considered, which is an analysis of the main points of influence of a company internally and externally the CAME model based on the results of the SWOT to create applicable strategies that translate into solutions. In this way, it will be possible to better understand the position of the companies within the market and at the same time detect and highlight the failures or shortcomings in which they need to work to improve their position in the market. The main objective of this chapter is to identify the strengths and weaknesses of companies. There will also be a general comparison of the weaknesses that are repeated in the companies and likewise the suggestions so that they can improve in each one of the parts in which they are failing.

4.1 Methodology:

For the development of the analysis, the model of the SWOT matrix will be used in which the strengths, opportunities, weaknesses and threats of each one of the companies can be distinguished and the CAME analysis will be applied with the objective of developing a strategy applicable to each of the cases in particular strengthening their strengths, taking advantage of opportunities and managing weaknesses and threats so that they do not stagnate the development of the company and can, through the application of improvements, reach the level necessary to be able to export.

4.1.1 The SWOT matrix:

This tool analyzes the current situation of a company considering the variables that are part of the acronym: Strengths, Opportunities, Weaknesses, and Threats. This analysis has a more qualitative than quantitative approach and one of its most important objectives is to promote the generation of ideas about the business or the company studied. Analyzing these variables facilitates the decision-making process that translates into strategies that must be applied to obtain a benefit within the company. This study is very complete because it focuses on internal aspects and external aspects so that it is possible to see the correlation between both, as certain internal circumstances are influenced by the outside and at the same time allows to visualize possible solutions and improvements that are necessary apply.

The SWOT is part of the so-called "strategic planning school" and is very practical in cases where the company wants to be prepared for situations that cause uncertainty so that the SWOT is an "analysis of strategic issues".

4.1.2 The CFMA analysis:

This analysis is a continuation and at the same time a complement of the SWOT. The initials CFMA refer to: Correct, Face, Maintain and Exploit. So, briefly, the CFMA analysis is proactive, its objective is to create strategies based on the results of the SWOT so that mistakes can be corrected, threats can be addressed, and above all; boost opportunities and strengths of the company. The CFMA suggests what type of actions to take with respect to the results of the SWOT so that each of these should be associated, ergo associate the results of the SWOT with CFMA strategies.

From the proposal of these solutions several types of strategies can be developed such as this:

- **Defensive Strategy:** This strategy prepares the company to face its competitors for which they must enhance their strengths and minimize their weaknesses.
- **Offensive strategy:** This strategy aims to take advantage of the growth opportunities offered by the market, for example, the expansion for which strengths must be enhanced and opportunities seized.
- **Survival strategy:** This strategy can be taken as an emergency resource in situations where the company, due to lack of resources or some external situation, cannot cope with its threats adequately and to survive it must overcome its weaknesses and minimizing the effects of external threats.
- **Reorientation strategy:** It is applicable when a product or service offered by the company does not give the expected results, for which it is necessary to reformulate them to overcome their weaknesses and take advantage of the opportunities.

4.2 SWOT and CFMA applied to the companies interviewed:

1. COCKER'S BABY SHOES

Strengths

- Has an innovative technique to elaborate baby footwear in leather.
- Good management of social networks for online sales.

Opportunities

- The market for baby footwear is not saturated.
- The online market is booming.
- Integration with international fashion.

Weaknesses

- Pulla's technique is not patented.

Threats

- Direct competitors in Guayaquil.
- Risk of getting Pulla's technique copied.

Table 20. CFMA for Cockers Baby Shoes.

<p>Strengths/Opportunities</p> <ul style="list-style-type: none"> • It can be situated in the footwear market in baby leather thanks to the fact that their models are developed with an exclusive technique. • It can enter the market through social networks and incorporate an online sales platform, through a web page, to start shipping the products abroad in small quantities upon request. 	<p>Strategies</p> <ul style="list-style-type: none"> • Create an online sales platform for sales under request. • Focus on the personalized treatment for clients. • Create a wide range of accessories that can be combined with the shoes and offer them as a gift for the purchase of each pair.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • Since its technique is not patented, it is vulnerable to 	<p>Strategies</p> <ul style="list-style-type: none"> • Focus strongly on the presence in social networks through

<p>plagiarism. There is a strong competitor in Guayaquil who has a greater presence in social networks than Cocker's.</p>	<p>interaction with customers, tag them in photos, and take pictures of children wearing shoes and tag users so that information is spread through the customers themselves.</p>
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Authors: Barnuevo Estefania, Román Daniela.

2. CASANOVA

Strengths

- Manufactures footwear in sole.
- Has 20 years of experience in the market.
- Invoice with VAT 0%.
- Their brand is registered.
- At its full staff potential, they have a high productive capacity.

Opportunities

- Their brand can be positioned since they have it registered on the IEPI.
- Can offer more options to customers regarding material (plant or sole).
- Wholesale buyers that prefer to purchase products with 0% VAT rate.

Weaknesses

- Standard design.
- They do not work under individual orders.
- At the moment they do not count with the necessary staff.
- They do not have their own store for sales.

Threats

- Their designs can be imitated by other brands.
- Other companies that work under individual orders can hook the potential clients.

Table 21: CFMA for Casanova.

<p>Strengths/Opportunities</p> <ul style="list-style-type: none"> • Giving their experience they have a certain presence in the market and because of their nationwide distribution. • They have their registered trademark which can help them create a presence as a brand within the selected niche and have the advantage of billing with a 0% tariff which lowers their prices. 	<p>Strategies</p> <ul style="list-style-type: none"> • They must start by establishing their own point of sale to position the product better as a brand before the final consumer. • The company's trajectory should be emphasized in order to strengthen the confidence of the customers in the product.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • They do not have a clear differentiator besides the brand, their designs and material are standard and can be imitated. • They do not have their own premises, so the final consumer may not yet identify them as a brand. 	<p>Strategies</p> <ul style="list-style-type: none"> • Work on a differentiating element that makes stand out Casanova footwear of other competitors either in details in design or materials that are not common in the rest of the competition.

Authors: Barnuevo Estefania, Román Daniela.

3. CALZADO ALFONSO

Strengths

- 40 years of experience in shoemaking.
- Their product is completely handmade and artisan.

Opportunities

- Nowadays handmade work represents more value for the customer.
- New market requirements for affordable and good quality products.

Weaknesses

- Manufactures footwear only for men.
- Does not own a store for sales.

Threats

- Other stores could take credit for Alfonso's work due to his lack of personal tag.

Table 22: CFMA for Calzado Alfonso.

Strengths/Opportunities <ul style="list-style-type: none">• It has a long history in regard to shoemaking and the most significant differentiator is that it is made by hand practically in its entirety.	Strategies <ul style="list-style-type: none">• At the time of selling his product it should be noted that it is a craft, because this aspect is an important differentiator of their product.
Weaknesses/Threats <ul style="list-style-type: none">• The leather shoe niche for men is highly exploited and there is a lot of competition in the branch.• Does not have its own brand or location and this take away the individual presence of Alfonso's work.	Strategies <ul style="list-style-type: none">• They should start labeling Alfonso's product with a brand, placing the brand on the product presentation using boxes and differentiating it by brand and development of the competitor's footwear.

Authors: *Barnuevo Estefania, Román Daniela.*

4. SOL CUERO

Strengths

- Medium / high production capacity.
- They have their own store.
- Their production does not generate pollution.
- High sales level.

Opportunities

- Opportunity to sale in more cities.

- Internet sales zenith.
- The designs in wallets are unique and exclusive.

Weaknesses

- Fabricates footwear only for man and children.
- Has no intention on expanding their stores or brand.

Threats

- Increased competition in male footwear area.
- Companies that are expanding take more place on the market (for instance, companies from other cities).

Table 23: CFMA for Sol Cuero.

<p>Strengths/Opportunities</p> <ul style="list-style-type: none"> • Sol Cuero is already an established brand nationwide. • The company has their own store. • They have a high productive capacity that could be increased if needed with the correct investment. 	<p>Strategies</p> <ul style="list-style-type: none"> • Work and focus more on their social network publicity. • Start a Project of sales under request by offering the same catalog tan in their stores but under an online platform.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • The footwear line in which they perform is saturated. • The competitors offer lower prices and this could weaken their sales. 	<p>Strategies</p> <ul style="list-style-type: none"> • Due to their high productive capacity they can cheapen their prices and this fact, on online sales, can contribute to elevate their sales level in other countries since the price that SolCuero offers for their products is relatively cheap. • They should consider expanding their footwear line to women footwear too because, even thought they would have a lot of

	<p>competition they could also have a high sales rotation which could increase the incomes of the company.</p>
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Authors: Barnuevo Estefania, Román Daniela.

5. CASA DEL PANTANERO

Strengths

- Produce for a niche that is not saturated.
- All ISO regulations are in place.
- They have local and national certifications.
- They have a constant level of demand by public entities.

Opportunities

- Expand sales to private companies with factories.
- Obtain the ISO certification and other quality certificates.

Threats

- Foreign industrial security footwear.
- Incursion of other competitors that are better in advertising their brand.

Weaknesses

- They do not advertise their products.
- They only sell to government entities.
- They do not have an ISO certification.

Table 24: CFMA for Casa del Pantanero.

Strengths/Opportunities	Strategies
<ul style="list-style-type: none"> • Despite that they have not obtained the ISO certification they are up to the date with the quality requirements demanded by it. 	<ul style="list-style-type: none"> • Obtain the ISO certification so that the company and the brand can stand out from the competitors who have not obtained the certification.

<ul style="list-style-type: none"> • Their target market is not too exploited and they have a fixed demand group within they have been able to establish themselves as a brand. 	<ul style="list-style-type: none"> • Focus on advertising their products, so they can expand the demand group which could lead them to export.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • They have only been made known within their demand group in government entities and, since they do not carry out advertising of any kind, they have not made themselves known on a larger scale. • Other companies that do invest in advertising can be known and cover more market and even win the market in which Casa del Pantanero is established. 	<p>Strategies</p> <ul style="list-style-type: none"> • Invest in advertising and even, if possible, in a physical store in a place where the public can visualize the products and identify the brand. • Expand their product line to more commercial one such as footwear for athletes, for example, boots for climbing, so they can cover more market and be known in an even larger niche.

Authors: Barnuevo Estefania, Román Daniela.

6. JUAN JOSÉ TENESACA (MANUFACTURAS TEBRA)

Strengths

- Has a focus on the client's comfort.
- Has a path and experience in the area of footwear.
- Make shoes for men and women.

Opportunities

- The search of the clients for ergonomic footwear.
- The tendency of women to acquire more shoes.
- Men's footwear market focused on durability.

Weaknesses

- They do not make any type of advertising.

- It is practically handled with only one person.
- Their niche is saturated (both men and women).

Threats

- The economic level to which it is directed has the tendency to acquire economic shoes and inferior materials.
- Strong advertising of the competitors especially in social networks.
- Saturated market.

Table 25: CFMA for Manufacturas Tebra.

<p>Strengths/Opportunities</p> <ul style="list-style-type: none"> • His approach is different from many competitors, he cares about offering quality and comfort to the client. • It has a great track record in the manufacture of footwear and is versatile because it produces footwear for men and women. 	<p>Strategies</p> <ul style="list-style-type: none"> • Highlight the differentiating element of their products, which is comfort, at the time of sale. • Have a brand and start promoting it so that the final customers identify their differentiation.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • By not advertising, they lose presence in the market. • The fact that the operations of production and administration are in charge of a single person can lead to errors or that these cannot be handled properly. 	<p>Strategies</p> <ul style="list-style-type: none"> • It is necessary to make a small investment in the registration of the brand and then invest in advertising. This could be through social networks because it is well received, does not restrict ages and is relatively cheaper than advertising in other media.

Authors: Barnuevo Estefania, Román Daniela.

7. CURTESA – QUIWA

Strengths

- The company has experience in international markets.
- The company has a high average productive capacity.
- The company handle international quality parameters.
- The company has a trajectory and experience in the production of leather jackets.
- The company has young staff.
- Curtesa-Quiwa has varied production lines.
- The plant has high industrialization.

Opportunities

- The company can sell abroad to recognized brands.
- The company knows the international market and have contacts.
- The company has new ideas in unsaturated areas of leather.
- The company has very good quality products with certifications and recognitions.

Weaknesses

- Ecuadorian labor is very expensive, which raises the price of the product.
- Informality of plant workers.
- The company do not promote their products in mass media.

Threats

- Global trends against the use of animal skins.
- Saturated leather market.
- Lower prices of imported products.
- Inability to compete with similar products that come from Latin America.
- Government policies in constant change.

Table 26: CFMA for Curtesa-Quiwa.

Strengths/Opportunities	Strategies
<ul style="list-style-type: none"> • Having experience in international markets. The 	<ul style="list-style-type: none"> • Using their experience in time and quality to position

<p>company handle quality requirements and times that are required to compete abroad.</p> <ul style="list-style-type: none"> • It has a medium / high production capacity so it is easier to reduce costs and production times. • The company staff is young and has new ideas. They have to use the ideas to create more products. 	<p>the brand in the country, despite being a smaller market, is moderately consumed.</p> <ul style="list-style-type: none"> • Go hand by hand with international fashion trends in their products. Focus on the needs of millennials. • Use productive capacity together with automation to reduce the costs of the products. • Create an online order network and show the products in a physical store. • The company must look for different products so that there is not so much saturation in the market and that area.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • By having an expensive product, the consumer market is smaller. The company has to lower costs and advertise its catalog in mass media to gain market. • The informality of its employees affects its production and a trained staff must be maintained. 	<p>Strategies</p> <ul style="list-style-type: none"> • When affected by changing government policies, the company must establish parameters in its negotiations that strengthen ties with the other countries to have internal policies in the company. • The human resources department should focus on the needs of workers and draw up plans for life and career.

Authors: Barnuevo Estefania, Román Daniela.

8. D'CUERO

Strengths

- It has a registered trademark
- It has a workshop of skilled craftsmen who does much of the work by hand
- Has its own online store
- They have already exported
- Cares about environmental considerations for the elaboration of its products
- Focus on the market of "millennials"
- They have their own premises within the city of Cuenca.

Opportunities

- Customers' tendency to look for brands with environmental responsibility
- Online sales that generate presence beyond the local market
- New trends of the so-called "millennials" group for quality footwear and designs

Weaknesses

- They do not have enough national or international certifications
- Their exports are small
- They depend on another company entirely for their logistics.

Threats

- Companies with better logistics management
- Competitors with quality certifications that have online stores.

Table 27: CFMA for D'Cuero.

Strengths/Opportunities	Strategies
<ul style="list-style-type: none">• D'Cuero is an innovative brand that focuses on the needs of a young market that looks for quality footwear from a company with social and environmental responsibility.• They have the great advantage of having a virtual presence and	<ul style="list-style-type: none">• Promote, using marketing, the differentiating elements of the product that includes: made by hand, having environmental and social responsibility.• In this way, people who acquire D'Cuero shoes will know that they are also contributing to the

<p>some customers abroad so as the brand grows it will take better position inside and outside the country.</p>	<p>environment and to craftsmen. This is a very striking differentiator especially for clients outside the country.</p>
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • Relying on the logistics of another company makes the final price of their products more expensive and is susceptible to failures in delivery times. • Not having enough certifications would not help them to export in a large scale 	<p>Strategies</p> <ul style="list-style-type: none"> • It is necessary to invest in obtaining national and international quality certifications, good manufacturing practices, good environmental management certificates, etc. • A strategy should be created to handle possible setbacks that arise when delivering the product in other countries through an external logistics service provider.

Authors: Barnuevo Estefania, Román Daniela.

9. ITAL CUERO

Strengths

- Many years of experience in the manufacture of leather garments
- Produce under specific designs and under measure
- 100% handmade production

Opportunities

- Exploit the fact that it is a garment made 100% by hand
- Give a personalized advice to their clients for the garment making
- Expand its production to new areas that go with global trends such as purses, sports shoes, and jackets.
- Update on fashion and current requirements.

Weaknesses

- The brand is not registered
- Does not use any electronic or physical means to advertise its products
- Low productive capacity
- It has no certification
- Does not have the necessary staff to cover all areas of the workshop
- Occasional production
- Lack of training in current designs and fashion

Threats

- The garment industry is saturated
- Income of clothing with cheaper synthetic materials
- Other companies that are dedicated to the same advertise their products and perform online commerce.

Table 28: CFMA for Ital Cuero.

<p>Strengths/Opportunities</p> <ul style="list-style-type: none"> • As a company that has been on the market for many years, it has experience in the manufacture of leather garments, with measurements, leather types, material quantity and cuts. • It produces under specific designs and tailored to the customer, which is an added value that gives ItalCuero to its customers. 	<p>Strategies</p> <ul style="list-style-type: none"> • Use the experience in making tailor made garments as an added value to their product, promoting social networks that make custom-made garments and under specific designs • Made 100% by hand can be exploited and can be considered as a single piece at a higher price. • Focus on a younger market to obtain more models and experience in current trends.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • The fact that the trademark is not registered cause risk that other 	<p>Strategies</p> <ul style="list-style-type: none"> • Register the brand and give it presence in the national market, promote it in web pages,

<p>commercial houses uses the product as their own.</p> <ul style="list-style-type: none"> • By not having a social network or presence in technological media, people do not know the brand. • He has traditional shoe models and has not done any sales training or current design. 	<p>magazines and social networks to create a product that is in the top of mind of potential customers.</p> <ul style="list-style-type: none"> • Create modern products and participate in trainings or be aware of current fashion.
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10. GUZCALZA

Strengths

- Medium / high productive capacity.
- Sales in national chains such as De Prati and Payless.
- High automation of the production plant.
- Product focused on a specific niche that is formal footwear for men.
- They maintain high quality standards in production, as well as delivery times.
- Differentiating element of shoe is comfort and modern design.
- The company already has a consumer who knows the brand and the product.

Opportunities

- Capacity of the plant to produce footwear for women.
- High production capacity to be able to export.
- It can have presence in more national chains, for its product and quality.
- New trends in shoe models.

Weaknesses

- Market limited only to men.
- Informality of employees.
- Constant rotation of staff.
- They do not have any type of certification.
- Lack of training in different critical areas of the company.

Threats

- Market in constant change in what is tastes and designs.
- The footwear of man is saturated.

- Entry of Chinese shoe to the market.

Table 29. CFMA for Guzalza.

<p>Strengths/Opportunities</p> <ul style="list-style-type: none"> • Being a product focused on a medium / high market niche can have presence of high fashion stores. • Create a branch of women's footwear to increase sales. • By having designs and current models they can sell the products not only in physical stores. 	<p>Strategies</p> <ul style="list-style-type: none"> • Increase the promotion of the formal shoe for men in high fashion shops in the country, connecting with more designers and stores that also have this niche market. • The consumption of women's shoes is higher than men's shoes, so entering this market with innovative designs, comfortable and at good prices would make the company emerge. • Create an online platform where shoes can be sold locally and also in other countries
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • The number of shoe producers is a limitation for prices and number of buyers. • By not having a certification in environmental care or green production, the competition monopolizes the market. • Staff not trained in production areas. 	<p>Strategies</p> <ul style="list-style-type: none"> • Expanding to an international market would be the key to reducing costs and increasing the market. • Being a company with green conscience is a current trend that make buyers pay their cost for an article with these characteristics. • When having problems by the rotation of personnel it is necessary to identify the problem to treat it from the root so the employees can be loyal.

11. JEAN PIERRE

Strengths

- Many years of presence in the market.
- Experience in the production of leather boots.
- Own store located in a strategic sector of the city.
- It is exclusively dedicated to the production of leather boots.
- In addition to selling its products in the local distributes other brands.
- Product made 100% by hand.

Opportunities

- Expand their production line to casual, sports shoe and ankle boots.
- Innovate their products, to go with the current fashion trends.
- Promote the products in electronic media.

Weaknesses

- Produce occasionally.
- Low productive capacity.
- The brand is not registered.
- Does not have qualified personnel in the company.
- Does not have any certification.
- High prices of their products.
- Does not promote their products.
- The market to which the production of the company is focused is limited.

Threats

- Changing fashions about the use of boots.
- Little market interest in the consumption of boot-type shoes.
- Cheaper shoes start to entry the market.

Table 30. CFMA for Jean Pierre.

Strengths/Opportunities	Strategies
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<ul style="list-style-type: none"> • Having a lot of experience in the production of boots can give an added value to it. • By having a store in the historic center the owners can use it as a point of sale and promotion. • It has a 100% handmade product what adds extra value. 	<ul style="list-style-type: none"> • Position the company in the market as an exclusive workshop for women's boots and give personalized attention according to needs in sizes and lasts. • Publicity in the sector, giving flyers and a showing a good image to the place can make the brand to be positioned and recognized. • Sell products with different image, makes the brand to have a cause and create new models with current trends.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • It does not have any electronic means to promote its products. • The brand is not registered. • The use of boots is not currently high. 	<p>Strategies</p> <ul style="list-style-type: none"> • Create a web page and social networks so that people know the work, likewise give a personalized advice to each client. • The company must register the brand so no one else uses it. They can give the brand a modern look and attract young customers. • Must introduce new models with current trends, such as booties, use different combinations and give them extras such as colors, glitters and high heels designs.

Authors: Barnuevo Estefania, Román Daniela.

12. LA PIEL

Strengths

- Exclusive products and unique designs.

- The labeling of their products have extra information such as leather care and environmental skin care.
- Concern about environmental issues and pollution.
- Use of non-polluting adhesives.
- Presence at international airports.
- Variety in their product lines.
- Strategic point of sale in the historic center.

Opportunities

- Certified nationally and internationally on issues of environmental care.
- Due to the variety of products that the workshop has, they can create an online store.
- Explode lines such as leather goods, clothing and handbags that go with international fashion trends.
- Train continuously about changes in markets and how to sell.

Weaknesses

- They do not have any international certification.
- The productive capacity is low.
- They do not maintain a linear production capacity; they produce when they need it.
- There is no specific market niche.
- They do not have constant training.
- They do not have the necessary personnel to cover other areas of the company.

Threats

- Saturated leather market.
- Stores that are dedicated to the same have sales channels in electronic media.
- Market in constant change in tastes and designs.
- Tendency to buy cheaper products.

Table 31. CFMA for La Piel.

Strengths/Opportunities	Strategies
<ul style="list-style-type: none"> • It has unique and exclusive products for the market. 	<ul style="list-style-type: none"> • By creating an online platform, they can sell unique products and

<ul style="list-style-type: none"> • It has labeling with information about how the company takes care of the environment. • By the variety of products, they can create an online catalog. 	<p>as limited editions, they should take advantage of it being 100% handmade to add value to the brand</p> <ul style="list-style-type: none"> • It must be certified nationally and internationally to be recognized as a company with clean production. • Within a web page or a social network, they can include a catalog so that people know what the company does, because having many lines does not have a highlighted product.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • Because of the amount of competition, they have, the brand must be positioned. • To be competitive, they need to innovate. 	<p>Strategies</p> <ul style="list-style-type: none"> • It is necessary that the market knows what the company does, it must have a greater presence in social networks and create a web page with all the information. • The company must participate in courses and design trainings to go along with current fashion trends.

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13.MANOLO VILLALTA (MV Leather)

Strengths

- Production under specific designs.
- Many years of the presence of the brand.
- Strategic point of sale in the historic center.
- Certified quality raw materials.
- Use of foreign leather
- 100% handmade production.

Opportunities

- When producing by hand extra value is added to the product and that's what international markets are looking for.
- Exploit their products in luxury markets.
- Create an online platform with exclusive products.
- Exploit custom production.

Weaknesses

- Lack of innovation.
- Non-linear production, it occurs when they need.
- Low production capacity.
- Lack of personnel in the company.
- Sales at low levels.
- Lack of constant training in design issues and changes around fashion.
- They do not promote their products.

Threats

- Saturated leather market.
- Companies that dedicate to the same production have online distribution.
- Market in constant change in what are tastes and designs.
- Tendency to buy cheaper products.

Table 32. CFMA for MV Leather.

Strengths/Opportunities	Strategies
<ul style="list-style-type: none">• It's a well know company due its presence in the market for many years.• Produce under specific and exclusive designs.• Use of high quality foreign leather.• Strategic point of sale.	<ul style="list-style-type: none">• They have to give old customers a plus and look for new ones.• Having a personalized advice for the needs of the clients, makes them trust the brand and be faithful.• By having unique wallets and with imported leathers they

	<p>become unique pieces, which can be sold on request on customer tastes.</p> <ul style="list-style-type: none"> • Villalta can remodel the company with a modern image, creating a brand with cause.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • It has no presence in social networks. • Training in current designs and fashion. • Occasionally producing their products are expensive. 	<p>Strategies</p> <ul style="list-style-type: none"> • The company has to create a website where it shows its products and what it does. • The company needs to update its products to comply with the current fashion changes. • To sell an expensive product, it must be considered that it shows the image of the company. After-sales service and guarantees are also sold.

Authors: Barnuevo Estefania, Román Daniela.

14. TIZNADO

Strengths

- New company focused on modern designs and for young people.
- High production capacity.
- Training in constant production and design.
- Ability to innovate with global trends.
- Debt capacity for new machinery and investment in the company
- Accessible prices of products.

Opportunities

- Introduce new production lines such as women's shoes.
- Introduce their products online.
- Exploit the new ideas of their young staff.
- Produce around global trends.

- Participate in international fairs to achieve contacts abroad.

Weaknesses

- Lack of brand positioning.
- They do not have their own store.
- Produce footwear only for men.
- They do not have trained personnel in production areas.

Threats

- Wholesale so that other stores can take over the products.
- Constant change of consumers in tastes and designs.
- Sale of more economical Chinese product.
- Similar and cheaper products.

Table 33. CFMA for Tiznado.

<p>Strengths/Opportunities</p> <ul style="list-style-type: none"> • High production capacity. • Current designs. • New production lines. • Presence in social networks and Web page. 	<p>Strategies</p> <ul style="list-style-type: none"> • Reduce the costs of the products so they enter the market at a good price. • Constantly innovate the models and make them comfortable as a plus so people feel good with the shoe. • Produce new lines such as women's footwear to have more income. • An online platform should be created where the products are displayed.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • They do not have their own store. • The brand is not positioned 	<p>Strategies</p> <ul style="list-style-type: none"> • They should look for a store to sell their products by units. • They must position the brand with a name and give the brand a

	meaning, so customers can be more familiar with the product.
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15. PALACE SHOES

Strengths

- Follow trends.
- It is a new and innovative company.
- The owner has extensive knowledge in what is quality, production and processing techniques.

Opportunities

- They can negotiate the payment with their clients.
- Follow trends.
- Easy to make small orders.

Weaknesses

- They are a very small workshop and cannot place very large orders.
- It's a very new company.
- They do not have their own premises or the correct advertising.

Threats

- Women's footwear competition from Gualaceo.
- Large brands already established.
- Lack of confidence of the clients in producers without a lot of experience in the market.

Table 34. CFMA for Palace Shoes.

Strengths/Opportunities	Strategies
<ul style="list-style-type: none"> • Being a new venture, it can be easily adapted to the tendencies and demands of its clients. • They can take care of aspects of fashion and focuses on a fairly broad market that is the female footwear. 	<ul style="list-style-type: none"> • Use the fashion and trends factor in their favor to offer a wide range of models and position themselves as a brand within the market. • For this, it is necessary to invest in creating a logo, advertising

	through social networks, offers and, if possible, to establish a place of their own.
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • They do not have their own premises, advertising or a positioned brand, and the fact that their workshop is small does not allow them to raise their production for significantly larger orders and possible exportation. 	<p>Strategies</p> <ul style="list-style-type: none"> • Once the brand is positioned, they must invest in local certifications and try to create an online sales platform. • Furthermore, investing in the expansion of the workshop would contribute to the reduction of fixed costs while allowing larger orders to be made in less time.

Authors: Barnuevo Estefania, Román Daniela.

16. PIMIENTA SHOES

Strengths

- Medium / high production capacity.
- Constant innovation in productive areas.
- Quality control supervised by an expert.
- High plant automation.
- Controlled production times.
- Very broad woman footwear market.
- Pimenta uses PVC that is recycled if there are leftovers.
- Presence in national chains.

Opportunities

- Certify in quality areas internationally and locally.
- Expand their products to other areas of the country.
- Take advantage of the fact that women's footwear is not saturated.
- Ability to produce a wide variety of models.
- Create an online platform for the promotion and purchase of their products.

Weaknesses

- Lack of employee training.
- Very expensive Ecuadorian workforce.
- They do not have a physical store or online.

Threats

- Changing government policies.
- Changing tastes of consumers.
- Presence of cheaper Chinese similar shoes.

Table 35. CFMA for Pimenta Shoes.

<p>Strengths/Opportunities</p> <ul style="list-style-type: none"> • By having a brand already present in the Costa of the country they can expand the brand to other regions. • The company has the ability to create different shoe designs. • Having a PVC product means that it is softer and more comfortable. • Due to the large productive capacity of the company, they can have a physical or online store. 	<p>Strategies</p> <ul style="list-style-type: none"> • Position the brand throughout the country through points of sale such as national chains. • Strengthen the promotion of products in social networks. • Focus on the design with the needs of each of the regions. • Constantly innovate the models of the products. • Focus on the quality and comfort of the product without leaving aside the designs. • Implement as an extra of the company an online platform where clients can order the products and see the designs
<p>Weaknesses/Threats</p> <ul style="list-style-type: none"> • The Chinese product that enters the country is cheaper and has similar models. 	<p>Strategies</p> <ul style="list-style-type: none"> • Focus on the added value of the product, which can be comfort, after-sales service, and durability

<ul style="list-style-type: none"> • The lack of employee training limits the acquisition of machinery. 	<p>to create a customer loyalty and prefer the national product.</p> <ul style="list-style-type: none"> • Training employees in productive areas, using foreign machinery and constant feedback can reduce production time and staff turnover.
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4.3 General SWOT of the leather and footwear sector in Cuenca:

In order to elaborate the following chart, the most repetitive variables were taken in consideration for all the analyzed enterprises. From this point it was possible to elaborate a general SWOT for the sector:

Strengths

- Trajectory in the elaboration of leather articles (leather goods) and footwear.
- Products made by hand with traditional techniques.
- Use of selected materials.

Weaknesses

- Lack of investment in marketing and advertising.
- Lack of investment in machinery.
- Lack of innovation.
- Lack of training of new operators.
- Lack of training in current issues (online commerce).
- Lack of establishment of brands

Opportunities

- Reach foreign customers who are in the city as tourists.
- Enter the online market.
- Market trend to value handmade products with traditional details.
- Take advantage of new branches in leather goods
- Focus on customer needs (comfort, sizes, and designs).

Threats

- Similar products that are imported.
- National products of lower quality and lower price.

- Modifications in the current legislation that directly affect the sector.
- Similar products made of synthetic materials.
- Current trend on the non-use of animal skins in clothing.

Chapter conclusions:

In this chapter the strengths and weaknesses of companies have been pointed out. It has also been observed the strategies they can take to face a globalized world immersed in technology. Most of the companies that were analyzed have a differentiating element in their product. The products are made by hand and they are generally exclusive designs that give an added value; however, it was also observed that the designs are traditional and they do not go with the fashion trends today, companies do not have a brand with cause, or concern about environmental issues and pollution. Nowadays consumers are looking for a company that cares about the environment, pollution and also the care of animals which in this case is the leather sector.

It could be observed that the companies do not have a trained personnel in production areas. Most of the employees do not have a university degree and they do not have the commitment for the company. It is caused because they work by season or when they need it. Another problem that was identified was that companies do not invest in the area of marketing and sales and neither do they believe it is necessary. Most companies do not have web pages, nor is presence in social networks, which means that people do not know them because nowadays e-commerce is booming and the ability to sell products in this area being wasted.

Final conclusions and recommendations

Conclusions:

After concluding the investigation, it was possible to analyze several aspects that would explain the reason for the low participation of the leather and footwear sector in Cuenca, both locally and internationally. The amount of supply in this sector is large but many falls into the same failure: lack of innovation and conformism. The owners of the factories and workshops that have hoarded a certain market are comfortable with this and show no intention to innovate or expand into larger markets. Many of the artisans showed discontent over government policies that affect the importation of finished materials, hiring operators and apprentices and modifications to the craftsman's law.

It is true that within the public sector has not given the necessary importance to the training required for craftsmen and manufacturers to improve their practices and this is a fact that affects producers nationwide. As exceptions some companies have resorted to private banking to make investments in machinery and implementation of modern manufacturing parts, which allows the automation of processes which increases production and contributes with improvements in the quality and finishes of the product. In this way, companies can meet a higher demand thanks to the increase in production while seeking new buyers to take advantage of it.

A notorious failure is the lack of training for new operators. Most of the workshops have been in the market for more than 30 years with only one person in charge who learned the craft as a heritage but has not managed to transmit the knowledge to new producers since they are not in a position to cover the salaries of assistants or apprentices because of the lack of sales. Many of the artisans interviewed compared the current market with how it was 20 years ago and notice how it was previously prosperous, competitive and with easy access to raw materials.

The investigation uncovered a market in the sector that has not yet been exploited: the manufacture of footwear and garments in leather for babies. The benefits offered by these products are comfort and durability as well as being available at affordable costs and being hand-crafted.

Another area is advertising with leather, which can range from the use of leather in agendas and folders to the elaboration of details and logos. These activities are out of the ordinary and have an untapped market.

The form of trade has also changed, companies that are in the market for many years have not innovated the way they sell. However, new companies with a futuristic view have focused their sells on a new platform, online, e-commerce is a new way to venture into the market being an accessible way to sell; at the same time the company makes advertising without limiting themselves only to the local market. Several brands from Cuenca have expanded nationally and internationally, with reception, which has shown that the products of the city are of an excellent quality.

Within the city, environmental care requirements for the operation of factories are not required; however, many of the factories and workshops are aware of the waste they generate, they handle them properly and, in some cases even try to use environmentally friendly products. The reuse of scraps, the use of non-polluting adhesives, water-based dyes and others are practices that are applied in workshops and factories from Cuenca to care for the environment. This kind of products are not elaborated nationwide and they are expensive.

Recommendations:

For Cuenca companies to reach an export level, it is necessary to strengthen the internal foundations of the company, which is why work should be carried out on staff training both at an operational and administrative level. Many of the companies leave marketing in the background because they consider it an unnecessary expense when in real life it is an investment that helps to make the product known and situate the company in the mind of the consumer.

Another technique that companies can implement is to focus on the business image. They must have a brand with cause; this translates into giving buyers a reason to acquire the product, and some of the workshops have launched this project, focusing in showing the clients that the artisans who make their shoes are low-income families, and that by purchasing one of their items they are encouraging the production and at the same time helping a family to have an economic sustenance. There are also

companies that support women and single mothers, which also conveys a positive message.

To raise the level of sales, companies should focus on projecting an image to consumers and obviously hire and train personnel in the sales area. These changes can be made gradually because they require an investment that in many cases represents strong amounts especially for small craft workshops.

These changes could help to boost the economy and make products more competitive. The quality of products made in Cuenca is indisputable, that is not a failure. However, it is necessary to innovate and go with the current trends in fashion and means of sale, so that the brand is positioned and can be considered as a potential exporter.

The performance of the public sector is also very important because it complements the efforts of the private sector. For any change in the legislation, be it labor or artisan, awareness should be raised with the possible affected those interested since only they can recognize what their needs are and even propose solutions. Public entities can take advantage of its infrastructure, either as training or advisory centers. This would not represent an expense for the State because it is an investment with a view to improving the flow of the economy.

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Appendix:



Appendix A: Cocker's Baby Shoes merchandise



Appendix B: Cockers Baby Shoes merchandise for girls



Appendix C: Cockers Baby shoes merchandise for boys.



Appendix D: Casanova merchandise



Appendix E: Casanova production workshop.



Appendix F: Casanova production materials.



Appendix G: Casanova boot trees.



Appendix H: Casanova worker.



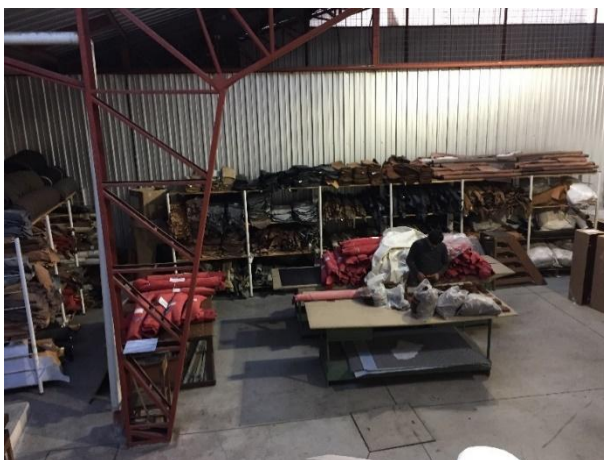
Appendix I: Casa del Pantanero mission and vision



Appendix J: Casa del Pantanero's merchandise.



Appendix K: Curtesa- Quiwa workshop.



Appendix L: Curtesa- Quiwa workshop materials



Appendix M: La Piel store front view.



Appendix N: Researchers together with Manuel Morocho, owner of La Piel.