



University of AZUAY

Faculty of Legal Sciences

"Diagnosis of the export offer of the medium and small enterprises of Chordeleg and Sigsig, province of Azuay"

Graduation work prior to obtaining a bachelor's degree in international studies with a mention in foreign trade

Authors:

Ana Paula Benítez Serrano

Anabel Katherine Mosquera López

Director:

Eng. Antonio Fabián Torres Dávila

Cuenca – Ecuador

2018

Dedication

This thesis is dedicated to our efforts, to our parents who have supported us all the time and to those who believed in us.

Ana Paula Benítez

Anabel Mosquera

Thanks

My parents for being unconditionally.

Contents index

Dedication.....	i
Thanks.....	iii
Contents index.....	iv
Graphics index.....	v
Overview.....	vi
Introduction.....	vii
Chapter 1.....	1
1.1. Introduction.....	1
1.2. Analysis of the theory of foreign trade and the internationalization of SMEs.....	1
<i>1.2.1. Analysis of foreign trade and exports.....</i>	<i>1</i>
1.3. Analysis of SMEs, micro-enterprises and production units.....	4
1.4. Definition of internationalization and Export Audit as a tool.....	7
1.5. Conclusion.....	9
Chapter 2.....	11
2. Introduction.....	11
2.1 Counties data.....	11
<i>2.1.1 Chordeleg.....</i>	<i>11</i>
2.1.1.1 History.....	11
2.1.1.2 Geography.....	11
2.1.1.3 Demographics.....	13
2.1.1.4 Infrastructure and basic services.....	14
2.1.1.4.1 Water Service.....	14

2.1.1.4.2 Electric Power.....	15
2.1.1.4.3 Health Service.....	15
2.1.1.4.4 Education.....	15
2.1.1.4.5 Productive activity.....	15
2.1.2 Sigsig	15
2.1.2.1 History.....	17
2.1.2.2 Geography.	17
2.1.2.3 Demographics.	18
2.1.2.4 Infrastructure and basic services.....	19
2.1.2.4.1 Water Service.....	19
2.1.2.4.2 Electric Power.....	19
2.1.2.4.3 Health Service.....	20
2.1.2.4.4 Education.....	20
2.1.2.4.5 Productive activity.....	20
2.2 Conclusion	19
Chapter 3.....	20
3.1 Introduction	20
3.2 Productive generalities of the counties Chordeleg and Sigsig, sectors of production	20
3.2.1 Chordeleg	20
3.2.2 Sigsig	22
3.3 Methodology.	24
3.4 Information gathering for SMEs	25
3.4.1 Chordeleg county	25
3.4.1.1 Antho lexis.....	29

3.4.1.2 Footwear Elite.....	33
3.4.1.3 Footwear Joses & Favitos.....	38
3.4.1.4 Footwear Loren´s.....	41
3.4.1.5 Footwear Creations Luishi.....	45
3.4.1.6 Footwear Viguz.....	49
3.4.1.7 Jewelry Factory Castro.	53
3.4.1.8 Jewelers La Vasija.....	58
3.4.1.9 Jewelry Cecilita.....	62
3.4.2 Sigsig county.....	63
3.4.2.1 Small Dairy Producers Association of Ludo-Serrag.....	73
3.4.2.2 Chobcuy.....	78
3.4.2.3 Ensueno-Patricia Cardenas.....	83
3.4.2.4 Sombrería La Sigseñita.....	88
3.4.2.5 Footwear Rosari Hat.....	92
3.4.2.6 Products El Huerto.....	95
3.4.2.7 Uyaguari.....	98
3.3. Conclusions.....	96
Chapter 4.....	63
Diagnosis of internationalization of SMEs in the area of Chordeleg and Sigsig.....	98
4.1 Introduction	98
4.2 Definition of methods	98
4.3 Information tabulation	101
4.3.1 county Chordeleg.....	101
SWOT and CCME Antho Lexis.....	101

SWOT and CCME Footwear Elite.....	103
SWOT and CCME Footwear Josés & Favitos.....	104
SWOT and CCME Footwear Loren´s.....	106
SWOT and CCME Footwear Creations Luishi.....	108
SWOT and CCME Footwear Viguz	110
SWOT and CCME Jewelry Factory Castro.....	112
SWOT and CCME Jewelry La Vasija.....	113
SWOT and CCME Cecilita Jewelry.....	115
Sigsig county	116
SWOT and CCME Ludo Small Dairy Producers Association-Serrag.....	116
SWOT and CCME Chobcuy	118
SWOT and CCME Dream – Patricia Cárdenas.....	119
SWOT and CCME Sombrereria la Sigseñita.....	120
SWOT and CCME crossed Rosari Hat.....	122
SWOT and CCME Products La Huerta.....	123
SWOT and CCME Uyaguari	124
4.4 Conclusions.....	126

Index of Graphics

Figure 1: Map of the parishes/urban areas of the Chordeleg county	12
Figure 2: Population pyramid 2001-2010	13
Figure 3: Map of the parishes of the Sigsig county	16
Figure 4: Structure of the population of the county Sigsig by sex and age.....	17
Figure 5: Main Economic activities	21
Figure 6: Associations in Sigsig	23
Figure 7: Economically active population by parish	24
Figure 8: Footwear production Process.....	34
Figure 9: Jewelry Making process	53
Figure 10: Manufacturing process of toquilla straw hat.	67
Figure 11: Distribution chain of the Serrag-Ludo Community Milk Collection Center	73
Figure 12: Bag Making – Pineapple model.....	82
Figure 13: Distribution chain Patricia Cardenas-dreamy	83
Figure 14: Distribution chain the Sigseñita headgear	87
Figure 15: Rosari Hat distribution Chain	93

Overview

The purpose of this research is to diagnose the export supply of Chordeleg and Sigsig. Because there has never been a previous study, that determined the potential that companies have to cross national borders. The advantage that they have is their economic development that they could achieve, that might allow them to expand in the international market.

The first chapter focus on: the evolution of foreign trade theories, the definition of the term internationalization, the clarification of the abbreviation of SMEs and the guidelines that must be followed to enter into foreign markets. In addition, it is considered what the Export Audit is, and the template used for the development of this research.

Secondly, there is an analysis of history, social aspects, infrastructure, and productive activity of the counties Chordeleg and Sigsig, based on their respective Development and Territorial Organization Plan (DTOP) done by each Decentralized Autonomous Government and the Atlas of the Province. Each of the detailed aspects was Specified In order to expose the structure of the counties.

Third, the research process that is based on the collection of primary and secondary information is described. The purpose of the research, the methodology, the development, and its application are established.

As a last point, the analysis of the results of the investigation is carried out. The parameters are determined, the information previously collected is tabulated and the exported offer of each county observe is diagnosed.

Introduction

This work aims to identify the SMEs found in the counties of Chordeleg and Sigües determine the export potential they can have. According to the Internal Revenue Service (SRI), SMEs are defined as the set of small and medium-sized enterprises which, according to their income, turnover, number of workers and productive capacity, are the fundamental pillars of the economy Ecuatorian.

The main feature of this graduation work is that much of it is a field investigation. The one that was carried out in the counties mentioned above, with the help of the municipal GADs and Proecuador.

The research was carried out with the interest of knowing the productive activity of each county and what aspects would be lacking for SMEs to export. This aspect allowed to delimit the field of investigation.

The methodology used is the quantitative method to assess the interviews. During the interviews that were carried out by different actors involved in this research, one of the biggest obstacles was the mistrust and fear of sharing information, due to bad experiences.

The research is divided into four chapters. The first chapter focuses on the different theories and evolution of foreign trade. The second chapter presents historical, geographic, demographic, and productive information of each county based on the development plans territorial regulation. In the third, it starts by presenting in depth the economic aspects of the counties and follows the interviews with SMEs or associations. The last chapter analyses each company using study tools (SWOT, crossed SWOT, and CCME) to determine the current situation of each and be able to determine the most appropriate strategy to correct their weaknesses

Chapter1

Diagnosis of the exportable offer of the counties Chordeleg and Sigsig.

1.1 Introduction

Within this chapter, it will be analyzed the evolution of foreign trade that has been based on the performances of the different activities carried out by the human being. Today globalization has created a truly competitive environment, which has been confronted by large, medium, and small companies. These SME's will also be defined, differentiated, and will show the process they need to be able to cross national borders and face the world arena, all this applied to Ecuador.

1.2. Analysis of the theory of foreign trade and the internationalization of SMEs.

1.2.1 Analysis of foreign trade and exports

Over time, trade has been an activity inherent to the human being, because it was one of the ways of subsistence. Little by little trading evolved as well as its theories, which have been adapted to the time and the needs of human being, then each theory and impact has had in society will be developed. As a preliminary point, he must know the meaning of trade and what elements have contributed to the reach what today we know as foreign trade.

To begin with, trade is meant for the exchange of goods and services that seek to meet the needs of a person or a certain group of people. While outside refers to cross national borders. By combining these terms, it results in "opening the borders to other countries for the exchange of goods and services" (Pontifical Catholic University of Ecuador, 2017) this is due to the national demand that there is a surplus of merchandise, which is used and offered outside the country. One of the factors by which this phenomenon has been given is caused by globalization.

International trade is of great importance to countries, but that will change depending on the economy of each country. There are countries that export certain products to cover national

demand; while other countries do so because they see the need to drive sectors that have low economic development.

According to Charles Hill in his book *International negotiation*, the evolution of foreign trade can be explained by the following theories:

“Mercantilism” emerged in the 16th century in England and was supported by Thomas Mun, this theory states that the wealth of countries is measured according to the metals they possess, specifically speaking of gold and silver (currency exchange in trade International). However, a surplus in the country's trade balance was to be maintained, i.e. export (subsidized exports) more than was imported (imports were limited by quotas and tariffs), with the aim of increasing national wealth and with power over other countries.

The flaw of this theory lies in the fact that it was based on the zero-sum game, in which one country generated profits at the expense of another that ended in losses, for this reason, Adam Smith and David Ricardo are obliged to complement the mercantilist theory.

As a second point, there's the theory of the absolute advantage, proposed by Adam Smith in his book *"The Richness of the nations"*, in which it describes that the richness is not only reflected in the metals that possess a country but in the productive possibilities of each P Country. I mean, *"A country has an absolute advantage in producing a good when it is more efficient than any other. In themselves, countries must specialize in the production of goods for which they have an absolute advantage and then change them for the products manufactured by other countries."* (Hill, 2011)

Smith describes that this advantage can be both natural and acquired, and a country should not produce goods that could get at a lower price. In addition, it proposes that each country should specialize in what it has advantage resulting in an improved production with cost reduction.

As a third point, one finds the theory of the comparative advantage of David Ricardo in which it proposes that it is desirable for a country to specialize in the goods because it produces more efficiently and to buy from other countries is less efficiently, even if it means buying goods from other countries that it could produce more efficiently. (Hill, 2011). In other words, a country can produce more efficiently, and its gains will be greater by specializing.

Followed by this theory are Heckscher-Ohlin, who go beyond the theory of David Ricardo and suggest that countries have an endowment of factors such as land, labor, and wealth; as a result, the countries will export the goods that take advantage of the factors that abound in their soil and that will import those that are elaborated with the scarce factors. (Hill, 2011)

From this theory, Wassily Leontief proposes that "as the United States enjoyed capital abundance compared to other nations, it should be an exporter of capital goods and an importer of goods that required a lot of labor." (Hill, 2011) However, U.S. exports of labor goods were lower than those initially thought to make this critique of theory and Heckscher-Ohlin known as the paradox of Leontief.

Finally, in 1990 the diamond of Porter was proposed, in which it is argued that four general attributes of a nation define the environment in which local companies compete and that these attributes promote or hinder the creation of a competitive advantage, these are: endowment of factors, conditions of demand, sectors related and supportive and strategy, structure and rivalry of companies. When these attributes are applied, Porter says that companies are more likely to thrive in economic sectors where the diamond was more favorable. (Hill, 2011)

In order for a company to apply the Porter diamond, the four attributes mentioned above must be applied, which are in greater detail below: the endowment of factors, which is an analysis of the characteristics of production factors, such as skilled workers or the infrastructure needed to compete in an industry. (Hill, 2011). Conditions of the demand refer to the importance that consumers give to the characteristics of the internal demand of the product or

service (Hill, 2011). On the other hand, is found the strategy structure, and rivalry of the companies that these are conditions that determine how companies are created, organized, and managed, as well as the character of national rivalry. (Hill, 2011). To conclude with the diamond theory, it has related and support sectors that refer to the presence or lack of competitive suppliers and allied companies at the international level. (Hill, 2011)

The World Economic Forum takes Porter's theory as a basis for conducting its study to evaluate the factors that drive the productivity and growth of 137, after a decade of the global crisis. (National Society of Industries, 2017). The level of productivity, in turn, establishes the level of prosperity that country's economy can achieve and it determines the performance rates obtained by investments, which in turn are the key drivers for growth. In other words, a more competitive economy is one that is more likely to grow faster over a certain period. (Schwab & World Economic Forum, 2017)

1.3. Analysis of SMEs, micro-enterprises, and production units

Companies are a fundamental pillar of the economy of a country, as it is in the case of Ecuador. This is due to the social and economic responsibility that is at the national level. These companies have created a dynamism that can be felt in the Ecuadorian economy.

According to the Internal Revenue Service of Ecuador (SRI), Small and medium-sized enterprises provide 90% of products that can be found in the market, from 50% to 70% of places of employment. SMEs account for about 48.1% of the total number of companies registered in Ecuador according to the Superintendence of Companies, Securities, and Insurance (SUPERCIAS), of which the majority are all family businesses that are challenged by globalization.

The SUPERCIAS establishes some parameters to be able to classify the companies, among the main characteristics there are:

Table 1: Characteristics of Companies

Company	Micro	Small Business	Medium Business	Large Enterprise
N ^o of workers	1 to 9	10 to 49	50 to 99	More than 200
Income	\$100.000,00	\$100.001,00 to \$1'000.000,00	\$1'000.001,00 to \$5'000.000,00	Over 5'000.001,00

Source: Superintendence of Companies, Securities, and Insurance.

Produced by: Ana Paula Benítez and Anabel Mosquera

Small and medium-sized enterprises have some difficulties in becoming internationalized because they have to face economic, inter-business, sales and capacity disadvantages in production. At the international level, SMEs have not been the smallest part of the economy because the demand for external markets is very high and these companies on several occasions do not have adequate advice or simply do not have to push it out of their comfort zone; if SMEs decided to risk a little more the panorama was different and a greater number of SMEs would seek to internationalize by making a country more competitive in front of the world.

According to the book "The Internationalization of the company of Jordi Cannals within the critique generated by Arnaldo Araya, globalization has changed the world, because it has managed to expand the national markets, increasing the competitiveness of these and generating greater Supply and demand of products. In the same way, it has encouraged the creation of economic blocs, the elimination of tariff barriers, where some countries have seen more than an opportunity a potential that the developing countries may have, so these countries have Risky to make strong investments. For these reasons, the creation of new companies has increased.

According to the magazine Faedpyme International Review in its chapter 4 written by Araque Jaramillo in 2017 says, that there are certain benefits that small and medium enterprises have, among some which it is a very important source of employment, they adapt easier to the

market demand offer and is a good starting point for entrepreneurs. Despite the fact that SMEs have great weight in the national economy, they must face some obstacles due to globalization, such as the lack of financing or fast loans, sufficiently clear and stable policies.

In Ecuador SMEs have a potential that are generally little exploited, among them we have to: they are generating wealth, does not require a high investment, boosts the different economies of the depressed areas, is one of the sectors that major National inputs occupy, is flexible in the face of market demands and state policies.

According to the World Bank economic growth in Latin America in recent years has been considerable, the ventures have been the starting point for several companies. This growth has resulted in the reduction of poverty levels and the opening of new employment places (most of them have been undertakings).

This economic development has been of great importance to the region, the only problem is that most companies do not have the vision to grow because of the political instability that most Latin American governments present. According to Global Entrepreneurship Monitor (GEM), Ecuador is the country with the greatest entrepreneurship in Latin America, which started a significant development since the year 2009.

It is important to emphasize that private financing is one of the main sources of income for SMEs. This is subject to several conditions and access requirements, which make it more difficult to reach one of them. In addition, private-financing providers do not demand the same conditions or impose the same access and eligibility criteria as the sources of public funding. It is for this reason that the Government has agreed to provide credit to these companies without taking into account that not many have the financial backing that they should. (Economic Commission for Latin America and the Caribbean (ECLAC), 2015)

According to Proecuador, the general incentives towards the private productive investment of SMEs are:

The participation of SMEs in the economic sector of any country is important, but most do not have an important role in international trade. Because international or foreign trade is usually associated with multinationals, whose products are on any truss in the world or are known worldwide. Usually what SMEs do is to be part of the big chains of value.

One could say that the obstacles that SMEs have in international trade are internal and external. Internal barriers are little information, scarce capital (investment) and little information in the international field; whereas, in the external barriers are: compliance with international norms, problems of distribution and conflicts with the cultural marketing. (Orlandi)

1.4 Definition of internationalization and Export Audit as a tool.

First, the concept of internationalization of companies must be define, which is the set of strategies both of resources and capacities of the company and the result of the adoption of these, taking into account the opportunities and threats of the environment. In short, it is the process by which a company becomes part of the globalization, that is to say, its partial or total participation in the international market generating improvement of technological and financial knowledge and even feedback between different countries. (Araya, 2009)

Internationalization is developed within a framework of high competition, faster forms of communication and transport, where technology and the virtual world facilitate processes and lower costs, implying in some cases the elimination of frontiers shortening distances between countries and making the business world increasingly smaller and more accessible (Lira's Delgadillo, 2004). This demonstrates the scope of globalization in the markets, and internationalization according to the journal FAEDPYME International Review (FIR) should focus on certain objectives such as the search for better income, constant cost reduction and greater Participation in new and more competitive markets.

It should be emphasized that the process of internationalization is the result of the development of foreign trade theories such as that of Adam Smith and David Ricardo, including also quality experts seeking not only production but also meeting the quality needs to be sought by customers from other countries taking into consideration cultural, social, linguistic distinctions, among others. In addition, a determining factor for the basis of internationalization is the Porter diamond because it indicates the advances that an SME must have for its correct development in the external arena.

Basically, the internationalization of companies is the set of operations that facilitate the fixation of stable links between the company and the international markets, through a process of constant involvement and establishment of goals that cross national borders. Becoming a fundamental stage updating the realities of the environments to which it is directed, taking proper advantage of the opportunities presented and the development of capacities that generate greater interaction with other countries.

According to FIR magazine, the following steps can be set for internationalization:

1. The company is developed in its domestic market.
2. It begins to carry out irregular exports.
3. Independent agents are employed.
4. Commercial subsidiaries are implanted.
5. The productive subsidiaries are put in place.

Today, companies tend increasingly to offshore and direct their strategy to external markets, this factor is due to globalization, which has made this process of internationalization easier through the use of tools such as the internet. In addition, markets have facilitated access to new bidders because of the new dynamics of the global economy, which is based on the opening of frontiers to trade.

Internationalization is a long-term process, which must be done through a detailed export plan. It seems that companies have their strategies defined in both the domestic and external

markets, they must also understand the volatility of the markets and their differences in factors, sociocultural, technological, environmental, among others; without undermining there are variables that SMEs should take into account the moment of internationalization and these are: health requirements, environmental, technical standards and regulations on products, in order to be successful in the new market.

ECLAC together with Proecuador carried out a project of internationalization of SMEs, in which they emphasized the importance of a correct analysis, measurement, innovation and access to the financing, as a result, they reached the conclusion that: "The internationalization of the SMEs is crucial for product diversification, which in turn drives economic development, so developing better policies and tools to support the internationalization of these companies is a contribution to more inclusive development. " (Frohman, Mulder, Olmos, & Urmeneta Roberto, 2016)

An export audit according to Proecuador is part and the first step in the development of a business plan for an export. Export audit is defined as "an analytical method proposed to diagnose and evaluate the export capacity of a company and as a result that obtains the requirements of the market to which the supply is directed, the resources that are needed for the export" (Export and Investment Promotion Corporation, 2006). From this analysis, it is possible to determine the ability of the company in front of others of the same sector at international level.

The purpose of making an export audit is to challenge the national companies to go to the external market through an analysis of their strengths and weaknesses and in the same way to know the possible opportunities and threats of the market.

1.5 Conclusion

Since the beginning of history of man to satisfy his basic necessities different ways to acquire resources were generated, through the trade and this one begins to evolve carrying out the first activities of barter as the first form of trade. As man studies the possibilities of

exchanging goods new theories arise, resulting from the actions and effects that can produce countries in this exchange of goods or services with other countries.

This is how international trade means a source of an increase in the well-being of a country, allows cooperation between countries and being able to obtain with the same amount of resources and technology a basket of greater consumption. Each country analyzes its natural resources its industrial power and specializes in the production of those goods that allow improving the allocation of resources with respect to the situation when there was no international trade.

At present, there has been evidence of accelerated changes in the global economy, free-trade treaties and international agreements. All of them have facilitated the free flow of goods, services, and capital by increasing the volume of trade and international investment. Resulting in the integration of different economies into a global and interdependent economic system by strengthening international business under global standards

In this context, developing countries have structural problems that prevent them from integrating because technological innovations are not available for their costs and lack of training, which hinders competition in the international market.

Chapter 2

The lifting of the economic activity of Chordeleg and Sigsig

2. Introduction

This chapter will detail general information of Chordeleg and Sigsig, thus the reader can be informed briefly on the history, geographical data, social aspects, infrastructure and productive activities of each county. Based on the information provided by the decentralized autonomous governments of each county, which have updated data.

2.1 counties data in the study

2.1.1 Chordeleg

Chordeleg during the Inca conquest was known as "Chorro de Oro". With the passing of the years, the Incas and Cañaris gave the name of Chordeleg, which came from the following words: choch which means sepulchre and deleg which means plain. As far as the meaning of Chordeleg became "field of the grave", for this reason this county was considered as the main cemetery of the Cañaris culture (Prefecture of Azuay, 2013). This county is located at 45 km Cuenca. (Prefecture of Azuay, 2013). Its weather is temperate, where the average temperature throughout the year is 15°C.

2.1.1.1 History

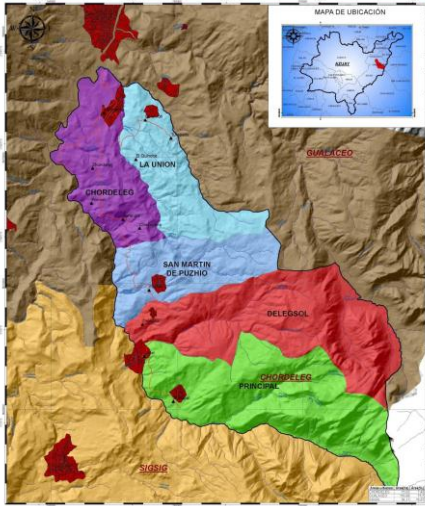
According to several studies carried out by archaeologists, it was established that Chordeleg was a very important place for the Cañaris culture and then for the Inca. By October 4th, 1837 Chordeleg is named ecclesiastical parish, being considered as an annex of Gualaceo. After several years in 1903, it accomplished its own countymen. (Prefecture of Azuay, 2013)

2.1.1.2 Geography

The county of Chordeleg is located in the northeast of Azuay, it limits as follows: to the north with Gualaceo, to the south with the river Burroplaya, to the east once again with Gualaceo and with the province of Morona Santiago and to the west with Sigsig and Gualaceo. It has

five parishes: Chordeleg (urban), Principal, Delegsol, San Martín de Puzhío and La Unión (the last four are rural parishes). (Chordeleg GAD, 2015)

Graphic 1: Map of the parishes/urban areas of Chordeleg



Source: DTOP of Chordeleg
Produced by: GAD of Chordeleg

While the relief of this county varies from the shores of the beaches of Santa Bárbara, which is considered the lowest point with 2,220 masl, to the forest and vegetation of the river Zhío in the parishes of Delegsol and Principal, with a height of 3,940 masl being the most higher point of the county. In Chordeleg there are eight types of soils. The most predominant is the one that has good humidity, which is ideal for agriculture. (Chordeleg GAD, 2015)

Chordeleg is in an area with biological nature. It represents 43.70% of the total its surface. One of the advantages of this county is that it is surrounded by four micro-watersheds, which are: Gualaceo Bajo, San Francisco, Zhío and Ishpingo. (Chordeleg GAD, 2015)

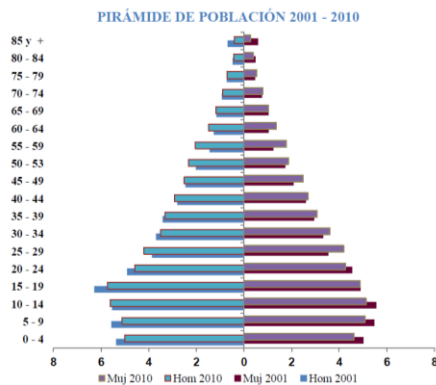
2.1.1.3 Demographics

The population in Chordeleg will be analyzed according to certain indicators such as the population pyramid, the population density, among others. According to the last census made by the INEC, this county has 12,577 inhabitants, showing a population density of 120.12 inhabitants per km². Far surpassing the statistics at the national level which is 47.4 hab/km². (Chordeleg GAD, 2015)

Chordeleg represents a 1.61% in terms of population of Azuay. If the last two censuses are compared, it shows that the number of inhabitants has increased in nine years. The rhythm of growth has been 1.64% annually (Chordeleg GAD, 2015). Most of its population live in rural areas with 9,868 inhabitants and 2,761 in urban areas (especially at the county headwaters) (Chordeleg GAD, 2015).

According to gender the population is composed majorly by women which represent 53.7% and men 46.3%. Chordeleg clearly shows characteristics of a place where there is a high level of migration. This is due to poverty, scarce job opportunities and dysfunctional family (Chordeleg GAD, 2015).

Graphic 2: Population pyramid 2001-2010



Source: DTOP Chordeleg

Produced by: GAD of Chordeleg

The ethnic groups in this county are not too varied. The majority of the population is self-identified as mestizo representing 93.8%, followed by white with 4.4%, and 1.9% of other ethnicities. As an additional data during the census of 2010, 11 people expressed that their mother tongue is the Quichua (Chordeleg GAD, 2015).

2.1.1.4 Infrastructure and basic services

2.1.1.4.1 Water Service

The piped water service has improved its supply according to the latest statistics presented by GAD of Chordeleg covers from 59.65% to 71.57%. It is expected that for the period 2013 – 2017 it will be possible to cover 95%. (Chordeleg GAD, 2015)

At the rural area 1 out of 2 counts with this service. It is necessary to bear in mind that there are problems supplying clean water, for example: in Delegsol although they have a water plant, the rates of consumption are very low (\$1 to \$1.25 per 10m³). (Chordeleg GAD, 2015)

2.1.1.4.2 Electric Power

The service has greater coverage in this county is the electric energy. The infrastructure begins in the Santa Barbara River, from there the energy is distributed through towers. Many people believe that the infrastructure is vulnerable in the case of earthquakes or landslides. (Chordeleg GAD, 2015)

2.1.1.4.3 Health Service

In 2001 the population of Chordeleg hardly had a health subcenter, which was located in the main town. Thus, the city hall and the ministry of public health were projected to expand the center, in order to have a greater coverage. Unfortunately, some parishes were left out of it and few have benefit. (Chordeleg GAD, 2015)

2.1.1.4.4 Education

The educational service has a huge disparity between two censuses made by two public institutions. Both censuses were conducted in 2010, according to the CPV registered 2,944 people and the MEC registered 2,243 people. This difference is due to the existence of people who regularly live and attend institutions in Chordeleg, instead who attend in other parishes (Chordeleg GAD, 2015).

2.1.1.5 Productive activity

The economic activities in the county of Chordeleg are concentrated in manufacturing industries, agriculture, trade, construction and teaching. In these five activities, 53.18% are men and 46.82% are women (Chordeleg GAD, 2015).

Even though the main economic activity is manufacturing, the reason why it has several workshops around. They are usually organized in the following ways: individual (a boss who works independently), family (boss and work family members), and business (a boss and oversees workers) (Chordeleg GAD, 2015).

The footwear has been taking strength in recent years, which is generating several jobs. Gradually the workshops have become SMEs and artisans have changed their business vision. This has generated the creation of guild, that is the case of "Toquilleras San Martín de Puzhío" (Chordeleg GAD, 2015).

Nowadays the city hall is promoting fairs during the weekends in the Plaza Artesanal, in this way the economy can grow. The agriculture as the second economic activity in Chordeleg. It has problems with the irrigation systems and worse with the infrastructure, such as litters, barns or collection centers (Chordeleg GAD, 2015).

2.1.2 Sigsig

The county of Sigsig also known as San Sebastian de Sigsig. It is located in a valley that opens through the Andean cordillera to the east of Ecuador, therefore some people consider this county as a natural gateway to the Amazon region.

The inhabitants of this county assure that the name of Sigsig comes from the abundance of plants of sigse that has this place. The name of this county was evolving with the passing of the years, which has made the writing vary in more than 60 occasions generating names, like: ZiS, Zice, Sice, Siquesique, etc. (Ortega, 2002)

This county is located at 51 km from Cuenca. It also has a height of 2,495 meters above sea level and with an area of 676.12 km². It has a varied climate, with rainy times during the months of September until May approximately (Prefecture of Azuay, 2013).

2.1.2.1 History

Sigsig is in the southwest of Azuay. In the beginning, this county was part of the Entrust Rodríguez Nunez de Bonilla, then step to be hamlet where several people were established to devote to the exploitation of gold. In 1544, Sigsig became a very important place for gold and Indian labor. At that time the minerals (gold, silver and sands gold¹) were important (Prefecture of Azuay, 2013).

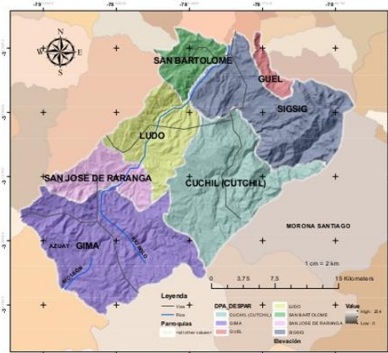
¹ The gold sand is from where the gold is extracted through the washing that is dragging the lighter particles in this way the gold and sand accumulates in a tub, so it is collected using mercury (León, 1910)

In 1824, Sigsig want to be independent but this would not happen until 1939. Because it was a strong economic support for Gualaceo (Prefecture of Azuay, 2013). September 13th of 1939, Sigsig achieved to be a county (Prefecture of Azuay, 2013).

2.1.2.2 Geography

The county is located at east of Azuay, it limits as follows: to the north with Chordeleg and Gualaceo, to the south with Nabón, Giron and Gualaquiza, to the east Morona Santiago and to the west with Cuenca and Giron. It has an altitude ranging from 2,247 masl to 4,091 masl. It has six parishes, Sigsig being the only urban and the rural are: Jima, San José de Raranga, San Bartolome, Guel, Ludo and Cuchil (Sigsig GAD, 2015).

Graphic 3: Map of the parishes of Sigsig



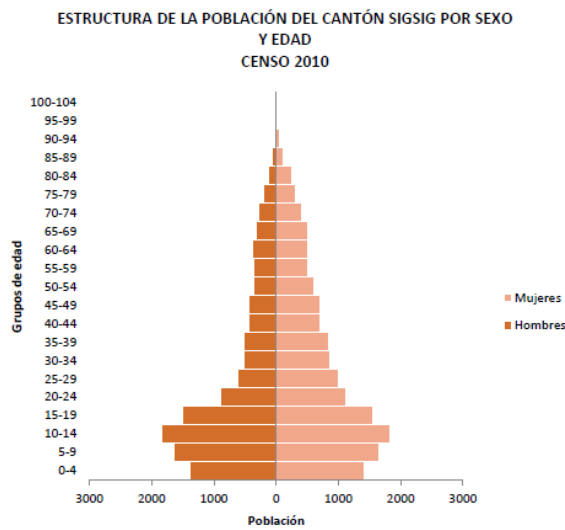
Source: DTOP of Sigsig
Produced by: GAD of Sigsig

2.1.2.3 Demographics

Sigsig has a population of 26,910 inhabitants and with density of 49 inhabitants per km²; if this data is compared against the national the difference is not very abroad. According to the INEC, the population is divided as follows: in the urban area Sigsig 22.34% and in the rural area Cuchil, Guel, Jima, Ludo, San Bartolome and San José de Raranga 77.66% (Sigsig GAD, 2015).

In Azuay, the population of the Sigsig represents 3.44%. Compared to the last two censuses carried out by the INEC in 2001 and 2010 the population had a growth 9.23% (Sigsig GAD, 2015).

Graphic 4: Structure of the population of Sigsig by sex and age



Source: DTOP of Sigsig

Produced by: GAD of Sigsig

2.1.2.4 Infrastructure and basic services

2.1.2.4.1 Service Water

The water supply through the public network is one of the most important basic services for the population. In recent years people from Sigsig continues using as a source the water of: rivers, ditches or canals; which can be easily contaminated, thus causing diseases (Sigsig GAD, 2015).

The county has a potable water system that covers about 50% of the population, although it can cover the entire county. In the case of rural areas, most inhabitants do not have irrigation system for crops and even worse clean water, causing the necessity to use unhealthy hydric sources (Sigsig GAD, 2015).

2.1.2.4.2 Electric Power

According to data provided by the regional electrical company “Centrosur”, the county has a low-and medium-voltage power grid, which has their respective transformers. The medium voltage range has a coverage of 373.36 km. The low voltage range has a coverage of 932.05 km (Sigsig GAD, 2015).

2.1.2.4.3 Health Service

In terms of access to health, Sigsig has a health subcenter, 5 clinics and a county hospital. Usually, the coverage in the parish headwaters is high, in the case of this county, this only occurs in Sigsig, Guel, San Bartolome and San Jose de Raranga. In the rest of the parishes because the population is very scattered access to this service is a complicated (Sigsig GAD, 2015).

2.1.2.4.4 Education

The educational system in this county has sought to prioritize, through GAD with the support of the Ministry of Education. According to data presented by the Ministry of Education, there are many educational units around the parishes, mainly in Sigsig. The municipal GAD I estimate that there are 60 educational units, 9 of initial education, 40 of basic and 11 of Middle School (Sigsig GAD, 2015).

2.1.2.5 Productive activity

There is a wide variety of economic activities in the county of Sigsig. Among the productive activities that generate a high percentage of jobs are four. The first economic activity is agriculture, which in turn includes the following activities: forestry, livestock and fishing. This is due to a high number found in the rural areas of Sigsig and because they have adequate areas for agriculture. This activity represents 38% of the economically active population (EAP) (Sigsig GAD, 2015).

The municipal GAD of Sigsig has sought to support this sector in different ways, due to the high number of people involved in agricultural activities. For this reason, the GAD has suitable centers or squares for the commercialization of the products that come from the five parishes that make up this county. Specific days have been designated in certain parishes, usually sold on Sundays, thus that all producers can go to the centers and sell their products. In the case of San Jose de Raranga are Wednesdays and Sundays; While in Ludo is performed or only on Saturdays or Sundays, this varies according to the season (Sigsig GAD, 2015).

The county headboard has two markets (one is the community and the other municipal), in the case of both is carried out on Sundays; despite this, the market opens every day. With

regard to the sale of meat, the only place that has all the necessary adjustments is the municipal market of the parish of Sigsig; instead in the rest of the parishes, there is a lack of establishments suitable for sale (Sigsig GAD, 2015).

The activity that follows is the manufacturing industry, this represents 26% of the PEA. One of the characteristics that draw attention is that there is a high percentage of women working in this sector. This is because within the manufacturing industry is the elaboration of straw hats, and therefore is an activity that is done in the homes of the Weavers (Sigsig GAD, 2015).

The third productive activity is the construction, which represents 10%. It follows the wholesale and retail trade. The rest is in activities focused on the services of water, electricity, health, education, tourism, collection, transport, among others. (Sigsig GAD, 2015).

2.2 Conclusion

Both Chordeleg and Sigsig have a territorial development plan, which helped us considerably for the development of this chapter. Regarding the information handled by the municipal GAD there is a considerable difference because each one has different structures focused on covering the needs of each county.

These counties have the necessary resources and services to cover the basic needs of their populations, but they have not been exploited in the best way. This is the case of the parish San Martín de Puzhío – Chordeleg, which has a system of potable water and sewerage that could supply to 100% of the inhabitants of this parish, but due to their territorial organization, they cannot make it work in their All. This is a constant problem that can be viewed in the infrastructures of the counties of Chordeleg and Sigsig.

In the county of Chordeleg, there is evidence of the potential of the footwear sector and the reduction that the jewelry sector currently has. Whereas, in the Sigsig the products are highlighted Based on Toquilla Straw, followed by food branch products.

Chapter 3

Analysis of the current situation and export potential of the SMEs of Chordeleg and Sigsig

3.1. Introduction

This chapter will analyze the interviews made with the different SMEs of the counties of Chordeleg and Sigsig. Characteristics of the productive sector of each county and the methodology used to carry out this research will be presented before the interviews itself.

3.2 Productive generalities of the counties Chordeleg and Sigsig, sectors of production

3.2.1 Chordeleg

It is necessary to know the productive activities of the county of Chordeleg. According to the last census carried out in February of this year by the GAD municipal of Chordeleg, the county has 652 commercial establishments and 14 associations (Chordeleg GAD, 2015)

In Chordeleg, the economically active population (EAP) is considered to be people from the age of 10 years old, representing 44.26% (consulting team-Chordeleg, 2015, p. 100); while the economically inactive population (EIP) is people aged 15 and older, but who do not have a job. These represent 59.77% (Chordeleg GAD, 2015).

Among the activities that generate more sources of employment is the production of handicrafts, such as jewelry, ceramics, and articles woven in Paja Toquilla and in recent years footwear, which has increased. As this is the main economic activity, it is represented by a 49, 64% share of the EAP (National Institute of Statistics and Censuses, 2017)

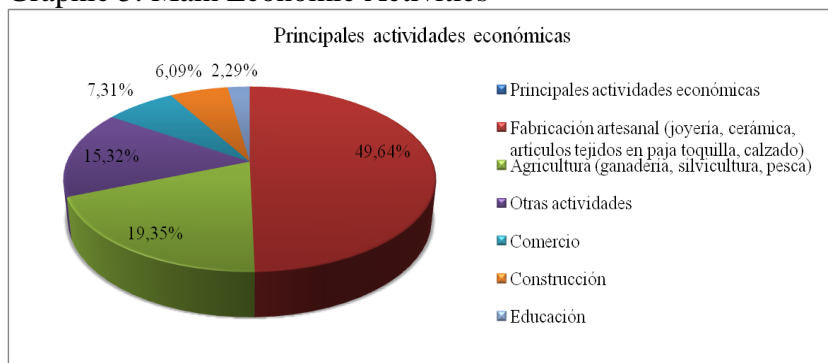
In the center of Chordeleg can be found a lot of locals that show the products made by the artisans. As for jewelry, we can admire the famous Candongas, rings, bracelets among other pieces that have been gaining prestige nationwide.

One can also find handicrafts woven in Toquilla straw. In the county Toquilla Straw Hats have been designated as Intangible Cultural Heritage of Humanity since 2012 by UNESCO (Directorate of Social Communication, direction of inventory, Coordination Intangible Heritage, 2017).

Another of the economic activities is footwear which has enjoyed a considerable growth of workshops around the county. Generating a great economic movement both at the urban and rural levels. 6 Of the 9 interviews carried out in Chordeleg were with SMEs of footwear, because they fulfilled certain characteristics, such as number of employees, high production, considerable sales, and machinery.

The second activity that generates employment in this county is agriculture (within this activity is included in livestock, forestry, and fishing) this represents 19.35% of the PEA. After the above-mentioned groups are: trade with 7.31%, construction with 6.09% and education with 2.29% (National Institute of Statistics and Censuses, 2017)

Graphic 5: Main Economic Activities



Source: DTOP of Chordeleg

Produced by: Ana Paula Benítez and Anabel Mosquera

According to the Chordeleg Development and Land Management plan, the economic activities have been divided into three economic sectors: primary, secondary and tertiary. In this way it is easier to launch projects and to boost the economy of the county.

The primary is subdivided into agricultural activities (agriculture, livestock, forestry, and fishing) as well as mining or quarrying which has been declining. In this sector, 1,118 people work legally (Chordeleg GAD, 2015).

The secondary sector is subdivided into the manufacturing industry (including handicrafts) and construction. In this case, the activity that carries the most weight is manufacturing due to the growth it has had specifically the footwear industry. In this sector, a total of 3,194 people are concentrated (Chordeleg GAD, 2015).

The tertiary sector is subdivided into service-focused activities. We can find activities such as wholesale and retail trade, education, public administration, among others. In this sector, there are about 1,419 people (Chordeleg GAD, 2015).

As for the economic contribution generated by each of the sectors mentioned above, it is completely different, order of predominance. For example, the primary sector is the least income registered with \$3,669,000; On the other hand, the one that contributes mostly to the county is the tertiary with \$11,147,000, followed by the secondary \$2,882,000. This data has been taken from the plan of development and territorial ordering of Chordeleg, updated as of 2015.

3.2.2 Sigsig

In the case of Sigsig as well as, Chordeleg it is important to be aware of the productive activities of this county. At the beginning of the interviews, it was important to understand the management and organization of the economic sector of this county. According to the DTOP, the EAP of Sigsig is 43.87% and the EIP is 56.13% (Sigsig GAD, 2015).

Sigsig has 110 legally constituted associations; the most important associations are the ones dedicated to services (Graphic 6).

Graphic 6: Associations in Sigsig

Actividad	Asociaciones
Agricultura, ganadería, caza y silvicultura	8
Industrias manufactureras	2
Suministros de servicios básicos	1
Construcción	4
Comercio al por mayor y menor	1
Transporte, almacenamiento y comunicaciones	3
Intermediación financiera	3
Actividades inmobiliarias	1
Administración pública	11
Servicios sociales y de salud	38
Actividades comunitarias sociales y servicios	38
TOTAL	110

Source: DTOP of Chordeleg

Produced by: Ana Paula Benítez and Anabel Mosquera

In Sigsig, the productive activities that generate higher employment levels are the activities in the agricultural field. As in any other county of Azuay, productive activities are categorized based on their economic importance as either primary, secondary or tertiary. In the case of Sigsig, activities are stratified as urban or rural.

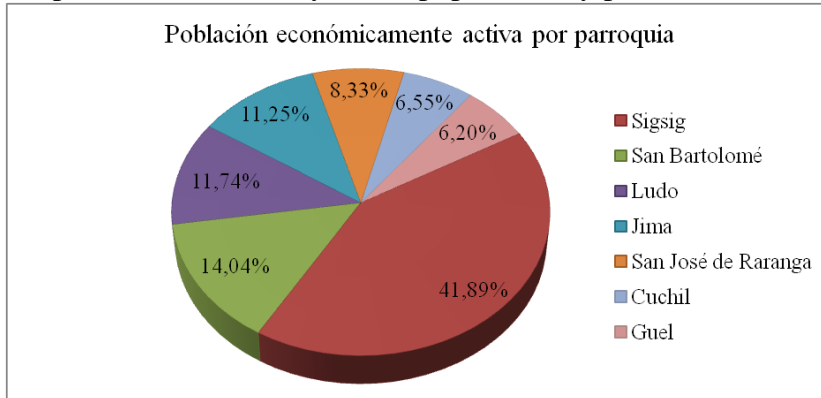
The primary sector includes: agriculture, livestock, forestry, fishing and mining or quarrying. In urban areas, represents 12.43% and in rural area represents 42.13%.

The following activities are in the secondary sector: manufacturing, electricity supplies, water and waste distribution and construction. At urban level, it represents 27.95% and in rural areas, there are activities such as the manufacture of guitars that represent 37.09%. In both cases, the activity of the toquilla straw fabric is counted because it is one of the activities that mainly characterizes this county.

The tertiary sector includes services. In the urban area represents 53.75% and in the rural area represents 14.86%. This difference is generated because in the urban area there are more services like: sanitation, education, health care and waste management (Sigsig GAD, 2015).

The distribution of the EAP in the seven parishes of the county Sigsig is represented in following graphic:

Graphic 7: Economically active population by parish



Source: DTOP of Chordeleg

Produced by: Ana Paula Benítez and Anabel Mosquera

3.3 Methodology

The study uses both quantitative and qualitative methods, based on the export models used by Pro-Ecuador. Within this project, a descriptive investigation is used, together with primary information and secondary information that is foundation of support in the research.

The primary information is obtained through interviews with the decentralized autonomous governments (GAD) of the counties of Chordeleg and Sigsig specifically with the directorates of strategic planning and economic development. In the case of Chordeleg contacted with Erick Gualpa, who together with the Environment Directorate of GAD, his director, Alfredo Pintado, facilitated the latest uprising of the economic activities of the county Chordeleg made at the beginning of the present Year (from February to the month of May 2017).

Once analyzed all the technical sheets provided by the GAD, it was concluded that they were to be purified because the gathering of information referred to all the productive and economic activities that are carried out in Chordeleg. From the 648 of companies 12 were chosen according to the following criteria: number of employees, years present in the market, productive activity and in certain cases the observations were verified bearing in mind that some already sell their product in other markets.

All the companies interviewed were within a distance of 10 kilometers which was a great in terms of access to each of them. The methodology used in Sigsig is the same used in Chordeleg, obtained the primary information through interviews with GAD specifically with the directions of strategic planning and economic development.

Within the county Sigsig, the distances were broader because their productive activity is extended by all the parishes and their size is much greater. However, most people were interviewed in the database, which was created with the criteria of internal personnel, product potential, and associative characteristics.

Previously the interview we had to explain all the reasons why companies and associations were visited, showing them the benefits, they would get if they were part of this project.

3.4. Information gathering for SMEs.

3.4.1 Chordeleg

In the county of Chordeleg, a data survey was carried out with reference of several SMEs in the sector. In which one of them was already exporting, it was Isabel López jewelry. Next, we will present it, which has been exporting and then presented the SMEs with export potential.

Isabel López Jewelry

General Information			
Name of the establishment:	<u>Elizabeth López Jewelry</u>		
Owner's name:	<u>María Isabel López Vera</u>	C. I-RUC:	<u>0103990248</u>
Address:	<u>Juan Bautista Cobos and May 24</u>		
Landline Phone:	Cell:	Email:	
S/A	0387893885	S/A	
Location			
Coordinates	X	-78,7758663635	Y -2,92284359653

Photographs:



Among the potentialities of Chordeleg is the production of jewelry. A clear example that is currently being exported is the jewelry of Isabel Lopez, who has managed to cross borders with his production. The information was obtained from a previous thesis focused on an export plan for the before mentioned jewelry.

As its name indicates the representative of the company is Isabel Lopez, who started his business in the county in 2011 and its products are made in gold of 18 klts and silver of 925 klts, the jewels that has more demand are the ones who combine the technique of filigree along with the Toquilla straw, creating a product at the forefront.

The scope of Isabel López is to design and manufacture high-end jewelry. One of its objectives is to internationalize its product, making the combination of filigree techniques and straw toquilla known. In addition, there is the promotion of a large-scale production, not leaving behind fair trade.

The productive process is the same throughout all jewelries in the country. In some companies certain steps are made entirely by hand; while others phases are executed by specialized machines. It is worth mentioning that jewelry has streamlined its processes and it has increased the production by acquiring machinery.


The company started its business in the local market and the last years has grown covering the national market. It was unveiled through beauty pageants, parades, exhibitions and

fashion events. At the international level the participation in international fairs has opened them many doors.

An advantage is the low cost of the raw material, this implies more profitability. Also, their staff is highly trained. On the other hand, a disadvantage is the low experience in the external market. Now they are starting, meaning they do not have a mass production and the costs are higher compared to their competition.

The company has the promotion and support of public entities related to foreign trade, who have encouraged them to cross national borders. The jewelry can make investments if it is needed. It should be emphasized that international fairs have been the platform to be known in the external market.

3.4.1.1 Antho Lexis Footwear Company

General Information			
Name of the establishment: Antho Lexis			
Owner's name:	Norma Diocelina López Chacón		
Address:	Mus mus	C. I-RUC:	0301606786
Date of the interview:	19 – October-2017		
Landline Phone:	Cell:	Email:	
(07) 224024	S/A	_Anthonyvillal@gmail.com	
Location			
Coordinates	X	-78,7761234359	Y -2,92986750335
Photographs			
			

Administrative aspects

The company's owner is Norma Lopez, who 19 years ago decided to dedicate herself to the manufacture of footwear. It even has customers scattered in the country. In the company every employee has responsibilities. Sometimes when more production is needed they sub-hire looking forward to maintain the quality. One of their policies is to adapt to their clients demands. They differ from their competitors in quality and delivery time.

The company has INEN and craftsman certification, besides they have registered their brand as Antho Lexis. They consider that they are ready to export. They are known in the national market, despite they have not done a sectorial study. Their staff is prepared to face changes, although they do not have a clear path to export.

The disadvantage they have is that there is not public assistance because they are not part of an association. Another problem that the company has is that their workers do not have knowledge in foreign trade or speak other language.

Internal and external organization

The company has an internal organization that allows it to carry out its work without problems, even when one member is missing, others can supply. In addition, management is an important piece, because Norma and their children supervise the company's activities. In the external organization clients recommend them for their quality and efficiency at work.

Productive aspects

The company only makes shoes which are easy to present and explain to clients. They are made out of synthetic material, not in leather. Therefore they are not too durable, even though their presentation is better.

Product

The shoes are not fragile which are store in a box with cellophane, they can be stacked without problems. In addition, not too many time is required for the production because they have the necessary machinery. Daily around 100 pairs of shoes are carried out.

EU markets would be a good option for exporting and would help the growth of the company. If they started to export they will be willing to acquire the necessary requirements and certifications, as it is always the right time to enter a new local market. The company is always open to new learning and is constantly seeking for training.

They do not have the productive capacity to attend another market without neglecting the current market, as they usually feel pressure to supply their current market. This company is known in the country because of its brand which represents model innovation.

Procedure

The shoe-making process is the same used in other footwear factories. Firstly, the model is designed. It is cut with the necessary machinery, followed the parts are joined with planters and sealed in order not to have inconvenience during the use of the product. To be more compact it goes through a process of heating and subsequent cooling. (The most detailed process is within the interview of Elite Footwear factory.)

Financial aspects

Their prices are not too competitive because of quality. However, these are maintained even though changes in climate. In addition, the evolution of other markets is greater because there is a lot competition in the local market. Usually happens that it is more difficult to sell because prices are a little higher (more investment in quality).

One advantage is that any competitor in the county is exporting the shoes. They would improve the costs if they were ready to export, with their current income they manage to fulfill all the expenses generated. They are in the capacity to make a new investment even though they have the technology.

Marketing and sales aspects

The way of distribution and organization is different than its competition. They distribute in different parts of the country such as Cuenca, Chordeleg, Sigsig, Quito, Latacunga Ambato, among others. It should be considered that there are many local shoe producers.

Sales are affected by political, social and economic risks because when these happen the economy of the country stops, and customers do not buy the same way they are accustomed to do. That is why they look for ways to enter into new markets.

To be able to compete in other markets (referring to crossing national borders) the product should suffer physical adaptations. However, it has different presentations and variations. Also the product is used in the same way in other markets.

3.4.1.2 Elite Company

General Information			
Name of the establishment:	Elite Footwear		
Owner's name:	Jorge Manuel Vázquez Coronel	C. I-RUC:	0101894236
Address:	La Colina		
Date of the interview:	17 – October-2017		
Landline Phone:	Cell:	Email:	
(07) 2223073	0998055405	_Calzaelite@yahoo.com	
Location			
Coordinates	X	-78.777277194	Y -2,92879671575

Photographs



Administrative aspects

This company's CEO is Jorge Vázquez Coronel and his wife Yolanda Carrión, who have 14 years in the business of production and distribution of shoes. It is considered a family business, however when they have big orders they hire more staff. This company is known locally for its great production, sources of employment and scope of its products at a national level.

The management team likes to travel and get to know new cultures; reason why they have accepted invitations in other countries to see how they could improve their production. They even know what is happening within the national market and understand the functioning and evolution of it, but they are not aware of what happens in other markets. Within the team, there are several people able to obtain valuable information from the internet that can be useful in the development of the company.

The staff is well prepared they could even face changes that lead to export. They usually train the staff, making easier to produce good products with high quality. Therefore, the company is flexible enough to meet the demands of non-habitual clients.

In short, the management team does not have a clear path to export, but if they did they know that they must wait to see results. Because of this the company would also be engaged with the export management and would devote the time needed.

It does not believe that the footwear sector has been supported by public institution. Neither they have been interested in looking for any kind of support, because they are afraid that someone might stole their idea. This is the reason why in the country there is no footwear producer that export.

They have a lifetime of experience in managing their business, exactly 30 years considering that the company is consolidated. An 80% of the commercialization is stable, but it still can continue with its growth. A year and a half ago the company lived one of its biggest crises, but they have successfully overcome them.

The company does not have staff with knowledge in foreign trade, but they have had some approaches with institutions related to foreign trade. Even though the company has not felt the need to establish relations with other markets. Unfortunately, they are not too clear on how to get information from foreign markets and the opportunities that could be provided.

Internal and external organization

Within the internal organization of the company all the employees have their function for the proper development of the work process. There is a general manager who appoints functions to the staff and indicates the activities to be carried out within a time limit that corresponds to the agreed by clients or the demand.

As for the external organization, they are suppliers of large companies. By providing quality and products, Elite grows day by day and buyers look for them, although they have signed certain agreements that can only sell to certain companies. One of their biggest agreement is to provide mainly to Coral hypermarkets nationwide.

Productive aspects

The shoes that Elite produces are good which means they are not fragile. While storing they should use boxes, with their paper and they are ready to be sold. This proves that the storage

is not necessarily delicate. Jorge says it is a good product that does not have to suffer many changes.

Product

The product is known in the domestic market and for the technology used. It has the potential to be appreciated in other markets, it is even considered easy to explain and present. However, it should be taken into account that there is a large amount of local shoe producers.

For the product delivery, Jorge says it is fast because it has all the technology needed for the production. They buy the raw material in Brazil and Colombia (the same as its rivals but might consider the model and the number of pairs of shoes required).



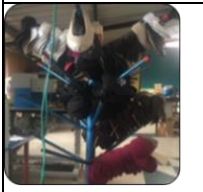
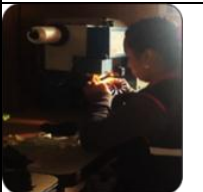
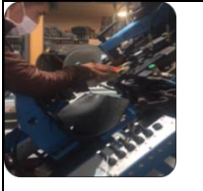




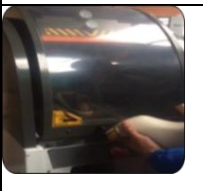

Elite believes that its product is used in the same way in the domestic and international markets. However, they do not see themselves in the productive capacity to attend outside orders without neglecting the domestic market because they think it might be complicated and require more staff.

Elite would be willing to improve their unit costs if they began to export, having a higher profit. In the same way, Jorge says he does not need more production to cover the expenses because they obtain profits with the actual development of the company.

Procedure

The production process is very similar to the footwear companies in the country, but Elite is among the largest and most technical companies. It was chosen to indicate the correct process, which is described below:

Graphic 5: Footwear Production Process

	<p>Step 1</p> <p>It designs the model of shoe that will be produced, many times it is used to designers who seek to be innovators and to stand out of the competition.</p>		<p>Step 2</p> <p>The cut of the design is made by a cutter, in the chosen material can be synthetic, fabric or leather.</p>
	<p>Step 3</p> <p>The cuts are shaped, and the different shoe cuts are placed on a tripod so that the next person adds the remaining parts.</p>		<p>Step 4</p> <p>Certain parts of the shoes are sewn as straps to be then glued * (specific models do not apply to all).</p>
	<p>Step 5</p> <p>Place the cut of fabric on the last one (which looks like a foot) through the heat and pressure, the shoe begins to take shape.</p>		<p>Step 6</p> <p>Once the front part is done, the same process is done, but on the back of the shoe so that it takes the full form.</p>
	<p>Step 7</p> <p>They are cooked and pasted the respective pieces of the shoe, which are transported by a conveyor belt.</p>		<p>Step 8</p> <p>The excess fabric is trimmed, and the shoe template is glued according to the model.</p>
	<p>Step 9</p> <p>The shoes go through a cooler, so they stick the sole of the shoe with the rest of the materials.</p>		<p>Step 10</p> <p>Through pressure it is finished to compact all the materials so that the shoes reach their final finish.</p>
	<p>Step 11</p> <p>Place the label and put each pair of shoes in their respective box and then be delivered.</p>		

Financial aspects

The company considers that the products are offered at a good price which is competitive and is not affected by changes. However they affect the foreign product of smuggling. Prices seem affected by political, social and economic risks. Since sales tend to freeze, generating overproduction. Jorge believes that his company is ready to export, but they would only do so if they had buyers from other markets.

It considers that there are many manufacturers of its product all over the world, since starting its manufacture is not complicated. Jorge believes to have a clear advantage because of the technology that they have now, however, this can be matched by the competition.

Marketing and sales aspects

The company does not have the necessary certifications or homologations it only has INEN certificate and also has a registered trademark as Elite 10 years ago.



The competition is different in terms of distribution channels and organization since Jorge Vazquez has a direct sale with big enterprises. He believes that despite his great sales other foreign markets are not like the national. Foreign markets are really different from the local, he thinks he is not yet prepared to expand his business and must be realistic.

To expand to the European Union or regional markets he believes not to be so aware of the issues concerned but has always heard that orders are made with ISO 9001. If this was required Elite would see how to acquire it. It is open to any market within the country, the CEO says its evolution in the market has been good because nowadays they are suppliers of Coral Center hypermarkets.

It is considered that the company has great prestige for being one of the largest and well-known companies both locally and nationally, is profitable and is well capitalized. In addition it has the possibilities of making new investments and has one of the highest levels of technology in their sector.

The company with its rapid growth has set aside goals, but hinted that they will do it next year. The management team is able and completely consolidated to direct it, but they have not talked about crossing national borders. The company has the machinery for the production but does not consider that export is necessary, but if there is a chance it can be done.

3.4.1.3 Footwear Joses & Favitos

General Information		
Name of the establishment:	Footwear Joses & Favitos	
Owner's name:	Miguel Ángel Guzmán López	C. I-RUC: 0102905528
Address:	Guayaquil and Miguel Ángel Marín	
Date of the interview:	17 – October-2017	
Landline phone (07) 2224144	Cell: 0999044069	Email: _Calzadojoses_92@hotmail.com
Location		
Coordinates:	X <u>-78,7739712565</u>	Y <u>-2,92136930063</u>
Photographs:	 	

Administrative aspects

Footwear Joses and Favitos' CEO is Miguel Ángel Guzmán López who has 20 years of experience with his business. The company is considered stable and consolidated demonstrating to have clients scattered around the country (Pichincha, Loja, Azuay). A disadvantage of the company is that unfortunately his name is not registered.

Distribution and organization channels are similar to competition, but differ in quality and models. They have the potential to be appreciated in other markets, but the company might be ready to export in a year.

They have experience in hiring, but if it was needed it could be considered to outsource. Although it would not be the first option, as each within the company knows their work and have sufficient staff for the current production. Despite the fact that commercial distribution tends to fall for seasons, they have succeeded in successfully passing crises.

It does not know if there are tariffs or technical barriers, but if it had the opportunity to export it would be willing to acquire the certificates and pertinent documentation, they do not know how predictable the demand in other markets would be because only at national level is different and changing.

Considers that the company is profitable, the same that is well capitalized because it has made constant investments and even is able to make a new investment. Although it has only a 50% prestige because it is not so well known, but at the moment it has the necessary such as INEN certification and the technological level (it would not dislike improving).

The drawbacks are that there is no one with experience in foreign trade or have tried to have relations with institutions related to foreign trade and have not seen the need to speak other languages. They do not seek to increase sales, but always seek to grow, that is why it is necessary to export in the medium term.

Internal and external organization

Speaking of the internal organization, the company has a boss, who is in charge of supervising the work, design the shoes that will be made and control the quality management, in addition to having its workers in the factory who follow the provisions of Miguel Guzmán. As for external relations, they are provided with the raw material within the country, and their sales are scattered in different provinces, that is why the customers come to the factory in search of their products.

Productive aspects

Joses and Favitos is a factory that focuses on the production of footwear nationwide, it is considered that the sale of this product is quite profitable, as there is always demand from customers in the country and even the company has extended its services production to also carry out the distribution of the products.

Product

Joses adapts to special demand requirements, and their products are easy to present and explain. It has a wide variety of presentation designs but if his product is not well cared it can be damaged just like any product on the market, that is the reason why shoes are stored in boxes with silk paper, not having any problem while stacking, it is also mentioned that the product might suffer many physical adaptations to enter a new market.

The delivery of the product is fast, although it depends on the season because there are some in which the demand is higher, the company usually performs 10 dozen of pairs of shoes per day, but Miguel believes that if he wants to cross borders should increase production.

Procedure

As mentioned above the production of shoes in the county is similar, within the factory, the technology is a little less to the larger companies but the steps of the process are maintained. (Details of the footwear production process are found in the interview with the Elite factory.)

Financial aspects

It is competitively priced against other bidders and they are not affected by climate change, but if it affects political and economic risks (especially when imposing tariffs on the raw material). A positive point is that the company is flexible enough to respond to uncommon demands.


Marketing and sales aspects

It has not entered other markets so he does not know if their product would be used in the same way as in the local market. The difference between the evolution of the local market with the foreign, is that in the outside they have better technology. The company still believes it's possible at some point to reach other markets with dedication like those in Latin America or EU because their product has an advantage over the rest.

It should be emphasized that there are many local producers in the sector and worldwide, since it is easy to start the production. Moreover, they have not been supported by public government institutions or those associated with foreign trade.

A point in favor is that the competition does not yet export. If they start exporting, they could improve the unit costs. They know that to see results of the export, they must wait a considerable time. The reasons why they want to export are: the different cultures around the world. The disadvantage they have is that they do not have a clear path and they do not know the risks of exportation.

3.4.1.4 Loren's Footwear Company

General Information		
Name of the establishment:	Loren's Footwear	
Owner's name:	Luis Humberto Guzmán López	C. I-RUC: 0301718417
Address:	The Hills	
Date of the interview:	17 – October-2017	
Landline phone	Cell:	Email:
S/A	0995462840	S/A
Location		
Coordinates:	X <u>-78,7768292843</u>	Y <u>-2,92788886273</u>
Photographs:		

Administrative aspects

Luis Humberto Guzmán López is the CEO of Loren's footwear factory, which started 14 years ago. Luis told us that he is one of seven brothers who also have companies of the same product. This work was learned since they were children. Despite this, each one focused on creating their own business.

Hence for the distribution channels and the organization they are similar to the competition. On the other hand, the evolution of the domestic market in the footwear sector has decreased when it's compared with external markets. Nowadays it is hard to start exporting, but it would be good for the growth of the company.

The sector has not been supported by public institutions, much less for those related to foreign trade. Although at the national level there is Mr. Lituma who already exports shoes, but within the local market there is no competition that has started with export activities.

Today the company is consolidated and stable. It even has customers scattered in much of the country with a stable commercial distribution. At the moment they are capable of making a new investment if it was needed. Although many do not know them yet, they need to be updated in technology, because some steps are handmade delaying the chain of production.

In this company none of the workers has knowledge in foreign trade, neither he has had approaches with public institutions related to trade. The company's goals are spontaneous, each week customers from different places are looking for them to engage in business relations.

The CEO believes that as all business his carries high expectations as risks. He is not informed of what is happening in the domestic market, being more complicate to enter a new market. The production of footwear has not received any kind of support for public entities.

Within the company there are people able to get valuable information from the internet, but they do not know how to look for a way to enter in a new market. The company has experience in hiring and training new employees. Moreover, if they start exporting they are aware of the changes that would be generated. They would be willing to learn waiting for the results, and devote the necessary time in the export management.

Internal and external organization

Loren's is managed by the family of Luis Humberto. Their workers know how to perform their role within the company. Despite there is not an organization chart to base the employee's activities.

In the external organization they are not different from the competition since they have the same suppliers of raw material which is used in the same way as his brothers. The company has clients in other provinces who contact him.

Productive aspects

Its products are shoes which are not fragile. It has marketed its products and as a result has never had any drawback of customers. He also says that the storage is not delicate because shoes are saved inside a box and later on distributed.

Product

Loren's offers different presentations, sizes and variations of shoes. The company thinks that if they enter new markets they must have certain changes and adapt them to any special demand requirements.

It is a product that because of its manufacture it can be appreciated by the clients. The shoes are easy to be explained and to be presented. The CEO believes that there are a lot of local shoe producers, but he always looks forward to stand out.

Loren's is not a big a company and it is evaluating the acquisition of different certifications, even though they are considered as skilled craftsmen. They also have a distinctive brand: Loren's, unfortunately it has not been registered yet.

Procedure

Loren's as a company in process of growing has the basic machinery. Some steps are made by the permanent staff who have worked all their life in this activity. (To have a more detailed process of shoe production refer to the interview made to the Elite factory).

Financial aspects

Loren's offers to the public very competitive and varied prices, which are maintained and are not affected by seasonal meetings or by political, social or economic risks. It also manages to cover their expenses with the current production. If they were able to export the CEO commented that they would improve their unit costs of their products, so they could be more attractive to the market.

Marketing and sales aspects

Its product is not well known in the local market because their market is not Chordeleg but the northern cities like Ambato, Quito or Riobamba and the southern such as Loja or Machala. The CEO believes that in the county shoes are very similar but at the moment they have new models in order to differentiate from the competition.

It has the productive capacity to handle unexpected orders without leaving the local market aside. The company can even react to extraordinary orders by subcontracting without losing quality and control of the process. About the delivery of the product is fast, daily are manufactured 120 pairs of shoes.

The company is not sure to export their products yet because entering in an external market is quite complicated, but not impossible in the future. It has not investigated whether its products have tariff restrictions, but if it had they would be willing to acquire them. It is difficult to predict the evolution of a new market, although in one year the company seems able to export.

3.4.1.5 Viguz Footwear Company

General Information		
Name of the establishment:	Viguz Footwear	
Owner's name:	Víctor Vicente Guzmán López	C. I-RUC: 0300968401
Address:	Guayaquil Street and May 24 th	
Date of the interview:	17 – October-2017	
Landline phone (07) 2223313	Cell: 0999976753	Email: _Calzadoviguz@hotmail.com
Location		
Coordinates:	X <u>-78.774794091</u>	Y <u>-2,9229942609</u>
Photographs:		

Administrative aspects

The CEO of the company is Mr. Víctor Vicente Guzmán López, he is the owner, producer, responsible of the management and the commercialization of shoes. He considers that his product is manageable, but requires some precaution especially during transport to avoid damaging.

Despite the fact that they have no support from public entities they have succeed by themselves. The CEO believes that his company has clear objectives and a good work team. This business presents flaws in terms of external influences. It also lacks personnel who

speak another language. Therefore he does not consider export necessary at the moment because it is not clear the expectations and risks of foreign trade.

The company has set its objectives for next year, showing a consolidated team to direct. In addition, it considers that export is necessary for the medium-term survival of the company. Its main objective is to offer more work if production is increased.

Internal and external organization

The company seeks to establish a future internal organization chart, which is an essential part for its growth. However, the management team does not have too much interest for the external market, even though they have traveled to Colombia and Peru for business. For the external part, the raw material is imported, after production the products are distributed to other commercial premises, since they do not have a store.

Productive aspects

Viguz is a company dedicated to the production of footwear, which is distributed nationwide. The factory is one with the highest level of technology in the county. Their products are considered of good quality, although it is not very different from the competition in terms of presentation.

Product

Mr. Guzmán's factory is known for its product. Production is developed under certain standards, such as INEN. The brand that represents is Viguz, although it is not registered. Their product presents the conditions to enter new markets in a short time regardless of the current policies.

Depending on the market to which the products are directed certain physical adaptations are required. As an example in the domestic market in Esmeraldas it's required a high numbering

in sizes. The company's objective is to generate jobs. The CEO says that the work is really hard because their workers stay only two or three years and later create their own businesses.

The company has been 25 years in the market. It has a good profitability and is well capitalized. In case of requiring an investment the company is able to do in order to maintain the prestige of the company, although it would require more technological advice.

Procedure

Viguz is a factory that seeks to grow all the time and it's constantly acquiring the machinery necessary for production. The flaw of process is the lack of technical knowledge of the staff, which limits the use of the machinery in their maximum. The procedure is very similar to the Elite footwear factory, which clearly details the shoe production process.

Financial aspects

In terms of costs it has competitive and manageable prices. Distribution channels are similar to the competition and it's believed that their products highlight because of quality and hard work. At the moment their product has no tariffs.

The company would be able to make a new investment even though it has the necessary machinery. The CEO believes that technology is not lacking, but someone who knows how to handle the machinery and its organization, because certain machines have a large capacity and not everyone knows how to use it.

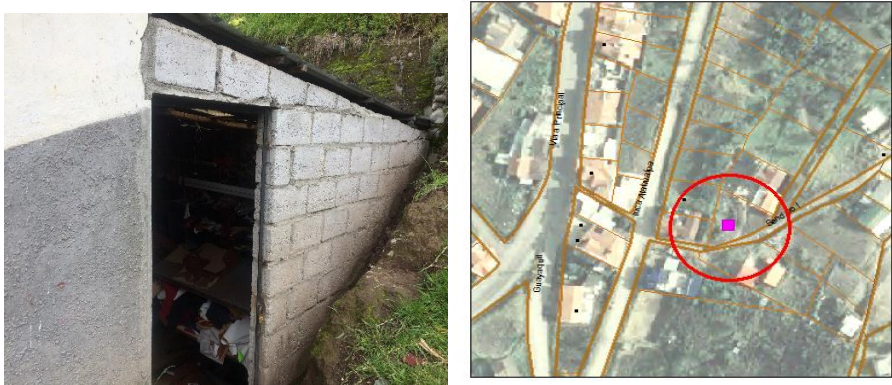
Marketing and sales aspects

The factory is able to meet the requirements of internal and external market. It meets the delivery dates, with the efficiency of the staff it manages to produce 300 pairs of shoes per day. They are able by hiring extra workers to deliver extraordinary orders while maintaining the quality and following the established processes.

The company is aware of what is happening in the market, but does not know the operation of their product in markets outside the country. It has not managed sectorial studies therefore have not generated knowledge update. But there are people able to obtain information from internet.

It does not know the ways to obtain information about foreign markets and opportunities. If the company had the chance to export, it considers that the staff is prepared to face changes generated, it would consider the necessary time to consolidate results, it will be willing to admit the changes that the export supposes and it is clear that they will devote the time that export requires.

3.4.1.6 Footwear Company Luishi Creations

General Information		
Name of the establishment:	<u>Luishi Creations</u>	
Owner's name:	<u>Luis Guillermo Lozano Salas</u>	C. I-RUC: <u>0102964095</u>
Address:	<u>Atahualpa – Las Colinas</u>	
Date of the interview:	<u>17 – October-2017</u>	
Landline Phone:	Cell:	Email:
S/A	S/A	<u>Luisguillermo1969@hotmail.com</u>
Location		
Coordinates:	X <u>-78.776222</u>	Y <u>-2.926856</u>
Photographs:		
		

Administrative aspects

Luishi is a family footwear company which aims to generate jobs in the county. It is directed by Luis Guillermo Lozano, who started the company 7 years ago. He has worked since the

age of 9 in the footwear field. What prompted him to open the factory is that before opening his business Luis used to work in another factory, but this company went bankrupt due to smuggling of peruvian and colombian shoes

It has a distinctive brand known as Luigi which has been registered. In addition, they have INEN certification. They are known by the domestic market and they manage to differentiate themselves from the competition, even though the channels of organization and distribution are the same. The CEO believes the company has a clear advantage over shoe models.

There are many manufacturers of similar products worldwide, since it is easy to start mass production. The company is not supported by public institutions or institutions related to foreign trade this has not driven it to export

Today the company is ready to export but it would improve much more in a year. It proves by having customers scattered across the country with a stable distribution and marketing. It is a consolidated and stable company that maintains a good prestige. The management team is completely solid while running it.

There are no people with experience in foreign trade or who speak other languages. Lately the company has seen the need to consider goals for the next year, but now they do not have. It is believed that it is not necessary to export in the medium term for the survival of the company. They have a taste for external markets despite they do not have yet made business trips, but they are thinking of traveling to China to see the production that is handled and ways to improve.

Internal and external organization

Although there is no defined internal organization, there are those who run the company and the rest of the staff is responsible for carrying out the activities in which they have

specialized. While in the external organization, they have their clients within the province who distribute their products constantly, likewise their suppliers are in the county.

Product

Shoes should be modified if the company wants to enter in a new market. The production cycle is not long. The company knows how their product works in other markets. It has various model designs and product presentations. In the domestic and foreign markets shoes are used in the same way. It considers that it has the productive capacity to attend to external orders without neglecting the local market, as it says that the delivery of the product is fast due to its production.

It is a product that has the potential to be appreciated in other markets, since it is easy to present and explain. There is local production of similar products the CEO commented that Chordeleg and Gualaceo are basically engaged in the production and marketing of footwear. Technology is needed for production based on this it could be said that the company is well capitalized and could even make a new investment if it was needed.

Procedure

Diaries are performed at least 10 dozens of shoes (although it could be duplicated) the reason is that they have 10 planters (a planter makes one or two dozen a day). Luishi is considered a company in process of growing. The factory is separated in different establishments because of comfort. They have the necessary machinery for the current production, but if there was the necessity to increase they will have to acquire more. The procedure is equal to the competition, for the detailed process refer to the interview of the factory Elite.

Financial aspects

Luigi has a competitive price depending with who is compared since there larger companies. They are not affected by seasonal seals, but the price is always maintained. The company

would improve its unit costs if there was production to export. Although with the current production they manage to cover their expenses.

For extraordinary orders the company can react by subcontracting. They adapt easily to the requirements of the demand. A year ago, the sales dropped and had to decrease the staff, but the company managed to overcome this bad streak. Through this period they subcontracted because they could not keep many employees stable in the factory.

Marketing and sales aspects

The rate of evolution of the product appreciation in other markets are like the national, although the shoes made in Chordeleg are better compared to the chinese. The markets of the EU and the american region are possible, even though the CEO does not know if his product has tariffs. If shoes had technical barriers the company would be willing to acquire the certifications looking forward to enter a new market.

The growth of a market can be quite predictable by the number of inhabitants, although it tends to be affected by political, social, or economic risks. There is no other shoe company in the county that is exporting, and their business is quite profitable. If changes for exporting are done, firstly they must be assimilated by the CEO rather than by the staff as they are performing functions.

The CEO believes that he is informed of what is happening in the national market with reference to footwear. The company has not managed sectorial studies, updated in knowledge or train the staff. However, there are people who are able to obtain valuable information from the internet.

He does not know ways to get information from the external market and the opportunities. The company is flexible enough to answer demands from non-habitual customers and has demonstrate having staff recruitment experience. The CEO commented that they would wait

for the necessary time to consolidate export results. The company is willing to admit changes that could be expected such as acquiring more machinery, but above all they would be in the capacity and desire to dedicate the time to export management.

3.4.1.7 Castro Jewelry

General Information		
Name of the establishment:	Castro Jewelry Factory	
Owner's name:	Raúl Marcelo Castro Cárdenas	C. I-RUC: 0301100038
Address:	February 5 2-83 and Guayaquil	
Date of the interview:	19 – October-2017	
Landline phone (07) 2223074	Cell: 0987647142	Email: _Raulcastro_68@yahoo.com
Location		
Coordinates:	X <u>-78,7747712582</u>	Y <u>-2,92274076645</u>
Photographs:		
		

Administrative aspects

Castro Jewelry is dedicated only to the manufacture of 18k gold, silver and goldfield jewelry. The owner and manager is Marcelo Castro Cárdenas. The company is very well established and stable. The CEO has 30 years of experience in business management and 25 years already with his business. Unfortunately the company has no certification, but it is working to obtain them.

The company has a logo that places on every jewel produced. The company is recognized by the national market because of the guarantee and quality that gives to its clients. It has a technological level that is suitable for the current production. About models 80% are unique and 20% are replicas.

The objectives of the company have been placed it is expected to be fulfill them by next year. One of the goals is to offer a proper store for the sale of the jewels. Training has not been done lately, but the team has the desire and capabilities to do so.

Internal and external organization.

The company currently has a total of 10 workers who dedicate themselves to the elaboration and sale of their products, each one has a specific function within the factory or in the commercial premises owned.

One aspect to highlight is that the majority of products sales are made online this is how they differentiate from the competition. Moreover, is a well-known company reason why people come to their commercial premises looking for their products.

Productive aspects

The Castro jewelry factory focuses on the design and production of jewelry within the Chordeleg county. There was not much information provided about the manufacture and sell, as well as their marketing way.

Product

About the material and the conditions needed, the CEO mentioned that is delicate but non-fragile because the products are jewels. To transport them each piece needs to be stored in small boxes or in bags in order that they do not get damaged. When entering a new market jewels are easily adapted to the demands of the client.

There is a great variety in sizes and presentations, making them flexible to any requirement of buyers. Currently, the company has the productive capacity to attend external orders, Mr. Castro mentions that it is only a matter of looking for people in order to meet the demand.

Another aspect that characterizes jewelry is that it works more on demand. The company owner said that they have all the machinery to manufacture (from molds, diamond, stamping, etc.) any type of jewel. Currently Mr. Castro brings precious stones from the United States legally, to give a plus to his clients.

The quality of the product is acceptable and is sold in a renewed jewelry store in Cuenca. At the local level it is well known for its quality and guarantee provided. The difference with the competition is that the raw material with which they produce is good, they place AAA zircon (others place plastic and worse still resin). About prices, Mr. Castro said he cannot compete, because he has to cover the expenses and the guarantee he offers (any kind of arrangement or replacement of the product).

The quality makes the product stand out in the market. Mr. Castro said that his product can be appreciated in the international market; taking into account that it cannot be compared to the jewels that come from Thailand, China and even worse from Italy. These industries are much more advanced than the Ecuadorian, not only in knowledge but economically.

Sometimes sales are affected by seasons, but not the price. The most used distribution channels are through electronic catalogue, which are displayed by different social networks.









Procedure

Talking about production, only one of the machines is valued at \$200,000.00 or \$300,000.00. The company wants to reach big competitors but it means it has to make a strong investment. In the country the majority of producers (especially in Chordeleg) are not in the economic capacity.

The largest share of orders by clients is made online. A minimum of 5 working days is requested to deliver the product; it is important to take into account that, there are certain

models that have more details (the CEO previously talks with the client and explain that it would take more time to produce). The company’s objective is that all customers are satisfied with the product and the service provided.

Graphic 6: Jewelry making process

Jewelry making process			
	Step 1 Casting		Step 2 Laminated
	Step 3 Yarn		Step 4 Silver-plated
	Step 5 Teeming		Step 6 Outlined
	Step 7 Filling and soldering		Step 8 Finish

Financial aspects

Financially the Castro jewelry has overcome a strong crisis, which was suffered not only at the local level but the country (dollarization crisis). Today it is a profitable company that can cover all their expenses and generate profits. The CEO mentions that they would start exporting if they were able to make new investments.

In the case of Castro jewelry, the owner mentioned that he has invested in his workshop in order to acquire all the machinery. In Chordeleg most of the jewelers only have a laminator valued at \$1,200.00 or \$1,500.00, a table valued at \$100 and other tools valued at \$150. Today people do not risk at investing because of the changing policies of the government. At the moment they are doing well economically. Export for medium-term business survival is not much needed.


Marketing and sales aspects

Now the jewels have been well received in the domestic market. In the case of the peruvian or colombian market the appreciation for ecuadorian jewels is higher. The people of the region know that the ecuadorian jewel has quality. What makes the jewel special is its purity; while the peruvian jewel usually mixes silver with alpaca, in the case of the colombian is in many cases painted.

Mr. Castro considers very difficult the possibility of ecuadorian jewels entering the markets of the European Union because countries like Italy, China or Thailand have already won that market. Despite not being pure silver and competing against them takes time. In the case of markets in the region it is not difficult to enter but the currency does not favor any ecuadorian businessman.

According to the jewelry owners they would be ready to export in a year. Taking into account that currently the weekly production of jewelry in the workshop is 10 kilos maximum, but can be increased because of the machinery owned.

3.4.1.8 Cecilita jewelry

General Information		
Name of the establishment:	<u>Cecilita Jewelry</u>	
Owner's name:	<u>Juvenal Antonio Garcia Marin</u>	<u>C. I-RUC: 0903429348</u>
Address:	<u>May 24 and Juan B. Cobos</u>	
Date of the interview:	<u>17 – October-2017</u>	
Landline phone (07) 2223215	Cell: S/A	Email: <u>_Joyeriacecilita@hotmail.com</u>
Location		
Coordinates:	X <u>-2,92298346923</u>	Y <u>-2,92274076645</u>
Photographs:		

Administrative aspects

Cecilita Jewelry are workshops specialized in the elaboration of jewels in 18k gold, silver of 9.25 and gold-filled. The interview was carried out to the CEO Mr. Juvenal Antonio Garcia Marin, who explained step by step how they manage both the production and the sale of the jewelry.

The CEO talked about business management, the 16 years of experience has helped him to know the market, consolidate and stabilize the company, despite the crisis he has been through. In these years the company has been able to gain space in the market, especially in Cuenca and at local level. Now Cecilita Jewelry has a stable distribution.

The staff is highly trained with experience in most branches, especially in foreign trade, and there are people who speak another language (English). The company is placing new objectives for next year, although they are still waiting for the decisions that will take the current government.

The CEO would like to export, even though he does not see it very necessary at the moment. The company is aware of the benefits and risks that foreign trade brings. The company lacks in terms of access to information of the market. Unfortunately it has not been done a sectorial study and even worse some kind of knowledge update.

The staff has the will to learn and accept the changes that can bring any kind of decision taken by the managers. The company has been flexible and fast enough to respond to non-habitual demands of its customers.

For now the management team has no clear path to export, because they know that the rules have changed. They are aware that they should wait a while to consolidate the results of this activities.

Internal and external organization

The company shows that it has a stable internal organization, since it has a CEO and is divided into several branches (specialized workshops) that focus on specific activities. About the external part, their relationships are basically with suppliers, customers and occasionally they subcontract depending on the number of pending orders they have.

Productive aspects

Cecilita jewelry is a company focused on the specialized manufacture of jewels. They consider that they stand out because of the handling given to their products. Moreover, they are the manufactures and sellers of their own products to maintain the quality and the name of their company while selling.

Product

Mr. Garcia commented that by being a jewelry the pieces must have some special care but that despite this he could not consider that his pieces are fragile. Any jewel cannot be pulled abruptly or exert too much weight on the pieces. The storage is not considered to be delicate, it should be done separately (earrings, handles or collars). Usually the products are creations of the designer of the store.

One of the advantages which Cecilita jewelry has is that it possesses a great variety of models and sizes in different presentations. The client has a myriad of options for purchase. The company has a group of artisans who are capable and have the skills to increase production without neglecting the market that has now been gained over the years.

The delivery of the product will depend on the quantity of grams in gold, silver or gold-filled. Currently the company works with an estimate of 300 grams per week. They have had seasons in which they have seen the need to outsource to other craftsmen (people of confidence).

At the local level it could be said that there is a high production of jewelry, but one of the characteristics that differentiates from the competition is the models with which they count. For the raw material there is not much differentiation, because all the local artisans work with the same materials. There are people who mix metals is for that reason that there are locals who earn their prestige.

They are certified artisans and are in the process of having INEN certification that is granted by the Ecuadorian Standardization Service. About prices they commented that their prices are competitive in the market and that they are always open to negotiations with clients, depending on the amount that is discussed.

Currently they have some workshops, each of them is dedicated to manufacture a specific product like: indigo, earrings, bracelets, etc. Unfortunately due to low sales the company has been forced to dismiss people. It is worth mentioning the fact that the company is known for the specialization, since its workshops are dedicated to certain types of products and after being realized they are sent to the main place.

Financial aspects

There is not support from public institutions leaving aside the jewelry sector. In the case the jewelry began to export it would improve the unit costs. Mr. Garcia commented that before they used to export and the unit price was lowered. At the moment more production is needed to cover the costs.

Today the company is profitable and is well capitalized. If they saw the need to make a new investment they would make it. All the aspects mentioned above have given a good prestige at the local level.

Marketing and sales aspects

They were very interested in reaching markets such as the European Union or the American region. Most of the customers who visit the store are American or Chilean. This gave some interest in venturing to export to these countries.

The CEO said that, 4 years ago they were ready to start exporting to the United States. The benefits that were expected to result after entering a market as big as the American was diversifying the risk by expanding its market. Finally they disappointed after making their first and last export, because the government of that time ended with the Andean Tariff Preferences Act (ATPDA).

For Garcia "It would be opportune to enter a new market now because the government has changed". Political, social or economic problems affect businesses like jewelry, by eliminating agreements with countries that have a consumer market. It is expected that in one year Cecilia jewelry is ready to start exporting again.

Worldwide there is a large number of jewelry makers with great popularity like the Italian jewels. There are other countries like China that has machinery which facilitates mass production. In the case of the company there are exclusive designs with which they work.

At national level there is a lady named Maria Isabel López who is currently exporting to the European Union, but it is another type of product much more artisanal and only in silver.

3.4.1.9 Jewelry La Vasija

General Information		
Name of the establishment:	Jewelry La Vasija	
Owner's name:	Mario Farfán Úrdialez	C. I-RUC: 0101019438
Address:	May 24 and Juan B. Cobos	
Date of the interview:	17 – October-2017	

Landline phone (07) 2223241	Cell: 0998092877	Email: _Joyeriv@hotmail.com
Location		
Coordinates:	X <u>-2.923024</u>	Y <u>-78.776045</u>
Photographs:		
		

Administrative Aspects

La Vasija jewelry is a family-owned company dedicated to the manufacture and sale of jewels. The CEOs of the company are Mario Farfán and his wife Nora Mendoza, who are in charge of the administrative and logistical areas of the company. The jewelry has 38 years in the market. After all those years the company has gained prestige, because of the quality of the products.

The person in charge of making the jewels is Mr. Farfán, who has the certification of skilled craftsman, and a series of design courses. He offers handcraft exclusivity in each jewel that is produced.

Before Mr. Farfán opened his business, he started his jeweler's career in the Cooperative Artisan Alliance of Jewelers of Chordeleg (CAAYC) 45 years ago. It began to forge and sow the beginnings of the county in jewelry which had all the necessary requirements for its operation.

The CAAYC was driven by the Peace Corps in the 60's. During those years was also founded the first jewelry named "La Huaca". Through the same period, management courses were

offered. Unfortunately the cooperative was dissolved because of internal disputes between members.

The jewelry has staff who have knowledge in foreign trade, and speak another language (English). The objectives of the company are expected to be fulfilled within a year, in order that more jobs can be provided.

Internal and external organization

The company is internally directed by Mario Farfán, who is in charge of the production process and his wife of the sales. The CEO's have their daughters as a support in the organization, they also develop activities that are carried out within the company.

In the external organization they have suppliers who bring the gold. There are customers who make orders or others looking for jewels already finished for immediate sale. With this preamble, the customers recommend to more people the products due to the quality of the jewels. Despite the fact that in recent years the luxury consumption has declined, "La Vasija" has been able to maintain its loyal customers and recommended ones.

After several years in the market, it has been able to consolidate. It has a good clientele, but most of them could not be considered as a secure customer (they come every month and buy the same amount). Economically the company has been able to overcome certain crises such as the dollarization or the Josefina, which led many sellers to leave Chordeleg.

Product

Most of the jewels need to be taken care, especially not to be scratched during transport or storage. According to Mrs. Farfán, their products should not suffer drastic changes to enter in new markets because the product seeks to meet the requirements of the customer.

The jewelry has a great variety of models and designs of their products. They have jewels bathed in gold and those that have soul. It must be clear that bathing is the whole figure of a material that is covered with gold; whereas, the jewels that have souls are those that have a structure of other material and the rest is gold.

This company has the capacity to attend large orders, but it is necessary to take into account that they are handmade jewels and that the elaboration time is longer. The CEO can't exactly tell the time that takes to make a piece because of the details. For example: a pair of earrings takes longer than a bracelet due to the size and details of the jewel.

Sometimes they subcontract to cover large orders. The jewelry is flexible to any order or demand that the client has. At the local level "La Vasija" has been able to gain space and recognition with 38 years in the market and the high quality jewel they sell.

The difference from the competition is the wide variety of models. When buying the raw material especially gold from 24Klts, it is necessary to be careful because is usually imported; gold of 23Klts or 22Klts can be found at the county and has to be allied with other metals so that the gold is malleable and the jewels can be manufactured. Mr. Farfán mentioned that sometimes there are losses because when the melting is done the gold burns if it is not of good quality.

Procedure

In the workshop they have the necessary machinery for the manufacture of jewels such as: laminators, rows, among others. So the work place is well-assembled. At the local level there is a great production of jewelry. The distribution channels of the company is similar to those of their competition. "La Vasija" has no strategic alliance with other jewelers.

Financial aspects

If there is an opportunity to export, they are willing to lower their prices, but depending on the amount sold. At the moment only it occurs under request because there is no demand for not being a product of first necessity but for luxury.

It must also be taken into account the value in which gold or silver is sold. For 100grams of gold is needed around \$3,000.00, only for the raw material. Brooches, molds, labor among others accessories that can intervene in manufacturing goes up about \$1,000.00 and that investment cannot be recovered in few days.

That's one of the reasons why it's hard to start a jewelry in Chordeleg, especially if people want to make gold jewelry by themselves. At the moment jewelry is still profitable. The company is not in an economical position to make a new investment, because of the low sales.

The jewelry tries to have a competitive price, even though they cannot always be maintained. Sometimes the seasons affect the value of the raw material forcing the company to raise prices.

Marketing and sales aspects

Markets have become an essential place for any jeweler today, because it is the only place where it can be shown the art embodied in gold or silver. In the case of "La Vasija" the management of the market is very similar at national level. The owners see it as a good market for the European Union, for the diversity of countries; whereas, those in the region present some instability and insecurity.

For Mr. Mario Farfán it is an appropriate moment to enter a new market, because sales in Chordeleg are low. They might open a new store in another place diversifying the risk. At the moment it could be said that the market is immobile, talking about buying and selling gold or

silver. Since the national economy has not been able to emerge normally, because of economic policies taken.

3.4.2 Sigsig

In Sigsig there was an analysis of the export potential of SMEs. Together with the Director of Human and Economic Development of GAD, Municipality of Sigsig, Eng. José Zhunio has carried out gathering of data with reference to the SMEs of the sector, some of which were exporting. Of the 21 SMEs that were found, two of them were already exporting to several countries in the world, seven were able to be interviewed and the rest were discarded due to informality, lack of communication, interest or simply because they had already closed because their business since they were no longer profitable.

Two associations of hats and handicrafts of toquilla straw were found which are exporting. Among them are the Association of Toquilleras María Auxiliadora and the Association of Weavers of straw hats and handicrafts "TESYA". The interview was carried out in order to know the function of the association and the reasons that led them to cross national borders.

Asociación de Toquilleras de María Auxiliadora

General Information	
Name of the establishment:	<u>Asociación de Toquilleras María Auxiliadora</u>
Name of the representative:	<u>Noemí Portilla</u> C. I-RUC: _____
Address:	<u>Via Chiguinda-Gualaquiza S/N and Río Santa Bárbara</u>
Date of the interview:	<u>28 – September – 2017</u>
Landline Phone:	Cell: _____ Email: _____
(07) 2266014	0986878553 AtmLike thisGsig@hotmail.com
Location	
Coordinates:	X <u>-3.057237</u> Y <u>-78.795709</u>
Photographs:	

The interview was addressed to the President of the Association, Mrs. Noemí Portilla, who explained the operation of the Association, which is developed through a directive that is appointed in a General Assembly, which elects the general representatives and each sector in order to have better communication with the partners. The functions of each representative are determined by the Superintendence of Popular Economy and Solidarity (SEBS) which gives greater stability to the association. María Auxiliadora was created 27 years ago and currently has 175 members. To be part of the association the requirements are to welcome the statutes and internal regulations and to know how to weave which is the main requirement.

The reason to create the María Auxiliadora Association was to improve the income and living conditions of the members. Weavers, because of the existence of intermediaries, sold their hats at quite low prices which did not allow them a livelihood, so it was decided to create an association that provides benefits to the partners. Among the benefits are to maintain the same cost of the hat, not to use intermediaries that lower the price. It seeks to have a better payment to the members since the association is not for profit but has as its primary objective the improvement of the quality of life of its members.

As for the hat process, the weavers carry straw and hat specifications that they should weave (among these-size, color, and model) in their houses; the recollection of hats is made every weekend and is delivered according to what was previously agreed. Quality control is carried out taking into account certain parameters, such as the degree of tissue (which is determined according to the thickness of the straw strand), measurements and that being the model ordered by the customer. The length of this manufacturing cycle depends also on the model and the quality of the hat, the weaving time for a really fine hat being about three months while a common hat it can be made in a day and a half.

Among the designs offered is the classic model, which, due to its demand, is made all the time; there are customers who, due to the country in which they are, ask for specific models of hats. In short, the association has a variety of models, sizes, variations and presentations of hats some of which depend on the season of the country that buys them.

According to the President of the Association, the sale of its products do not require specific certifications or homologations. What is taken into consideration is the fineness of fabric of the hat and depending on this one gives the work to different partners. An interesting point is that there are few members who weave fine hats is due to the work required to produce these.

It is believed that there are some manufacturers around the world that have substitute products which are not made with the same quality materials. What makes the association unique in the domestic market is the variety in designs and grades (grade 20 which is called plain weave and grade 10 known as breeze fabric).

The toquilla straw is bought by people from the coast who bleach it and provide it to them. Usually the association has large orders since they export to several countries their biggest buyers being the United States and France among others.

The main tools for making hats are the hands of the weavers, because it is a 100% artisanal product even though the association has presses and molds which produce a greater number of models. The Association has its objectives and has remained stable for the moment. It should be emphasized that this association is one of the chosen ones to represent the country in international fairs.

Association of weavers of straw hats and crafts "TESYA"

General Information		
Name of the establishment:	Weavers Association of straw hats and handicrafts Toquilla <u>Sigsig</u>	
Name of the representative:	Rosa Salinas (Chairperson)	C. I-RUC: <u>S/A</u>
Address:	<u>Via Güell "Las Conchas"</u>	
Date of the interview:	10 – October-2017	
Landline Phone:	Cell:	Email:
(07) 3010208	0986624812	Tesya2009@hotmail.com

Location

Coordinates: X -3.026272 Y -78.784599

Photographs:



The interview was conducted with the representative of the Association, Mrs. Rosa Salinas, who explained the creation, function and characteristics of the association. TESSYA was created for the needs of an economic group of 17 weavers on November 20, 2008, some 9 years ago. Today the association has about 70 members, but legally they are only 54 who are looking to sell their toquilla straw products directly to customers, thus bypassing intermediaries.

The motive of the association as well as the first objective of the internal statute is to improve the quality of life of the members, getting a better price and to provide a better subsistence for the associates and their families. In addition, there are other goals such as seeking the right of equality for women and having a place to market the products.

For an association to function legally, it must be based on a General Assembly which presents the problems, is held accountable every six months so that they know the work of the association, among other activities. To be part of the association they should know how to weave because, at the moment, they do not have honorary partners but only artisan members.

The benefits of being a part of this depends on each weaver but specifically the maintenance of a constant price for the products they offer. In a social sense it works because of the training received and integration events. In the economic field it is selling at better prices and having a fixed market.

The recollection of hats is made on Saturdays (weekends). Certain parameters are considered such as quality and sizes. At the time of reception, designs are verified which are constantly changing in color, fabric or sized since these depend on the customer who orders the model. The elaboration cycle can be long if it's a fine hat (higher grade 15).

With the help of the government the hat is identified and has been highlighted since it has its brand. It is known that the hat is made in Ecuador so the customer has the possibility of acquiring products without a brand as well. A disadvantage of the association is that they do not have registered the brand, but they're looking forward to having one in the future.











The association feels that its main competitor is China, since it copies its models. Although it is not the same material (Toquilla straw) it becomes a product that has the same function. What differentiates them from the competition are their prices, the way of production, the designs and ease of production, not as intermediaries who cannot quickly facilitate production because they do not have the products, while TESYA are producers, and at the same time marketers and exporters.

The straw is obtained in the local market even though there are people who sell straw from the coast (from places like Barcelona, Valdivia, Santa Elena, Manabí, among others). In the past, weavers use to bring it directly from the coast but now it is delivered directly. As for access to technologies, the Association has the necessary machinery because without it they could not market or finish the process of elaboration.



Within the interviews that could be carried out, the process of the manufacture of the toquilla straw hat was visualized. The process will be detailed:

Graphic 7: Manufacturing process of toquilla straw hat.

Manufacturing process of toquilla straw hat			
	Step 1 Straw buying.		Step 2 They define the design of the hat.

	* Optional Step The straw is bleached and stained in any color in case the hat is not of natural color.		Step 3 Delivery of the straw to the Toquilleras.
	Step 4 Knit of the hat.		Step 5 Collection of hats in associations.
	Step 6 Stretched/Azoque of the hat.		Step 7 Washing and drying
	Step 8 Despeluzado		Step 9 Wing ironing or hat skirt.
	Step 10 Pressing		Step 11 Packaging.

.4.2.1 Serrag-Ludo Dairy Association

General Information			
Name of the establishment:	Association of small producers of milk Serrag – Ludo		
Name of the representative:	Elsa Carchi (current president)	C. I-RUC:	0104949680
Address:	Path and Path La Dolorosa-Community of Serrag		
Date of the interview:	03-October-2017		
Landline Phone:	Cell:	Email:	
S/A	0981370304	S/A	
Location			
Coordinates:	X -3.115292	Y	-78.912549
Photographs:			
			

Organizational aspects

The Association of Small Dairy Farmers of Serrag-Ludo was created from an undertaking of the ranchers of the area, through the Engineer Andrés Galarza, representative of the Ministry of Agriculture, Livestock, Aquaculture and Fisheries (MAGAP) They sought a way of self-sustenance by joining the "National Milk Network Project" of milk recollection, which was later carried out and which has been a great help for the livelihood of the families of the sector. This center was promoted by the Municipal GAD of Sigsig, as an initiative to promote the economic activity for families of Serrag.

On August 23, 2012, through Zonal Coordinator 6, MAGAP approved the statute and granted legal recognition to the Association of Small Dairy Farmers of Serrag-Ludo. Among its objectives are:

"To carry out the work of agricultural exploitation applying organic and alternative technology in order to produce clean products for human consumption, both for the self-consumption and for the national and international markets."

Internal organization

The association started with a meeting organized by the technicians of the MAGAP, in which they showed the possible advantages that the producers could have as an association. It started with 11 people (the minimum number of people needed to legalize an association), it should be emphasized that the idea of forming this association was that of Dr. Andrés Galarza since he saw the problems in the community, which was to deliver the milk only to intermediaries. With this project the community saw the potential of production and distribution and now are able to reach the final customer.

Currently they are structured through an organization chart which includes the head of the General Assembly (they are all members of the association--currently 20), then the President (Mrs. Elsa Carchi), Vice President (who replaces the president at certain times) and the

Secretary (Mrs. Nora Sanchez, who coordinates the meetings with the partners and other institutions).

With regard to the management of the association, there is always consultation with the General Assembly of any type of decision that will be adopted. They meet at least once a month. However, the association has its objectives raised (among them are an increase in sales and to be able to access the Toni dairy processing plant). But because of fear they do not take risks. They also have the disadvantage of not being fully informed about the sector.

External organization

Outside the association the one who represents the same is Mrs. Elsa Carchi, the current president. The association is widely supported by public institutions such as the MAGAP and the decentralized autonomous Government of the Sigsig but has never been trained in export issues. There has not been an approach of entities related to foreign trade.

If they had the opportunity to export it could improve costs and necessitate the increase of production to cover generated expenses resulting in more volume and more profit. The Association has 4 years of experience that has allowed them to stay stable and consolidated in the last year, although in order to reach what they are today, there have been several failures and losses. There was even a time when milk was sent straight to the sewers, since there was not enough demand.

Productive and product aspects

Starting the manufacture of the product is easy since it is the livelihood of many ranchers, but the association has the advantage that the producers are properly trained in milking and gathering, thus providing a product suitable for consumption. There are even parameters for the collection; unlike intermediaries who do not take into account hygiene and so are less picky.

Product

Milk must meet certain requirements if it is to be exported to other markets. According to Agro quality, the animal must be inspected rigorously in order to obtain a quality process and product. A favorable point is that the association has the productive capacity to serve new markets without neglecting the national market. For extraordinary orders it would be necessary to work through subcontracting.

One of the advantages that they have been able to enjoy as an association is that they are known by the domestic market due to the quality of their product. They differ from the competition because they do not use a lot of preservatives or chemicals that alter the composition of the milk.

The product is easy to be presented as it is of first necessity and it's not complicated to show the potential to be appreciated by other markets. The whole area is a producer of milk, but what characterizes them is the brand of the product that bears the same name of the association: "Association of Small Dairy Producers of Serrag-Ludo".

Even the price paid to producers is the same throughout the year, which usually varies due to the season (now being the low season), currently the association pays 45 cents per liter. In spite of this, the association is hurt, since they have an agreement with the dairy plant San Antonio C. A.-Nutri-milk, making them a profitable company.

For the association the seasons are crucial. The production of milk is reduced by the sun which dries the grass. In this way the production of milk decreases and the milk becomes acidic. Another problem that can affect the association is the climatic risk because the product must be delivered quickly since it is perishable. In terms of distribution channels they are the same as their competitors.

Process

The association focuses on the production and recollection of milk which needs special conditions such as refrigeration to maintain hygiene. The storage should be fast from the moment of milking until it arrives to the recollection center. Usually milking is done twice a day, which contributes to cooling, making it a short process that starts at 7 in the morning until 10 a.m.

As for demand requirements the association is very adaptable. Sometimes problems arise like in any company or association such as that, at times, there is no promotion which causes the decline in the price of milk.

Financial aspects

This collection center was promoted by the GAD Municipality of Sigsig, who contributed with twenty thousand dollars for the construction and adequacy of the establishment. While the MAGAP delivered twenty-three Holstein calves with the aim of the genetic improvement of bovine animals, that will be used in mounting systems to improve the breed and increase production.

For now they would not be able to invest unless they have an incentive from the public sector. It is important to mention that they do not have an adequate level of technology as they only have three cooling tanks and the acquisition of machinery is still needed. In the same way there is no one experienced in foreign trade. No one has knowledge of another language, but they know the risks that trade implies.

Marketing and sales aspects

Access to large markets is considered possible since there is production. As long as there is more production it creates more competition in prices and would have an advantage over the markets of the region. It is always opportune to enter a new market. The Association it is

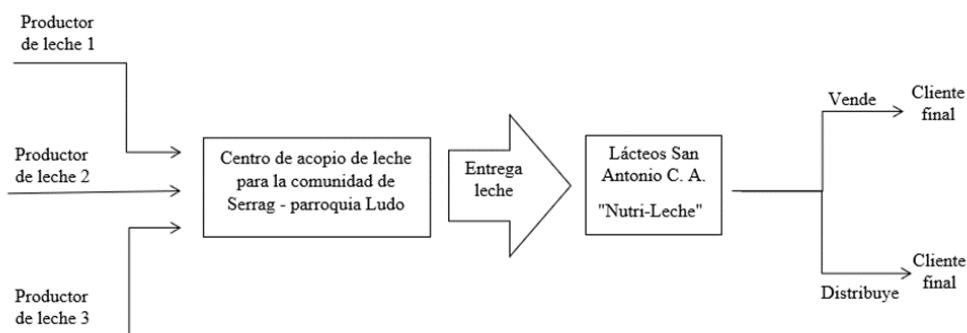
prepared to export in a year, since there is production however the problem are intermediaries as competition.

The Association has conducted sectorial studies through the MAGAP which has provided a constant informational update. This is how they are always attentive to updates on the internet, especially the president.

In short, the association is prepared to face changes that export will generate in the company. In addition, they have experience in hiring staff. Partners know that if they start to export milk, it will be necessary to make a big investment to improve machinery and make some adjustments to ameliorate the current production.

The market to which they are heading for the moment is the Azuay--specifically Sigsig. Its distribution is stable but sometimes the milk is rejected. A solution to this problem is that the unused product may be transformed into quesillo, a type of cheese, so that it is not a complete loss.

Graphic 8: Distribution chain of Serrag-Ludo Community Milk Collection Center




The operation of the collection center starts when each producer milks his cows in the morning. After collecting all the milk, the producers flock to the community's collection center to sell their milk. Once the milk reaches the center, it is placed in the trucks to be delivered to the factory "Nutri milk", then will be in charge of the process of pasteurization and the sale of the product.

Source: Secretary of the association-Nora Sánchez

Produced by: Ana Paula Benítez and Anabel Mosquera

.4.2.2 Company Chobcuy

General Information			
Name of the establishment:	Granja Chobcuy		
Owners name:	Nuve Clemencia Vera Delgado – Gumercindo Félix Delgado Astudillo	C.I - RUC:	1400365415 0301660130
Address:	Chobshi - Sigsig		
Date of the interview:	03 – October – 2017		
Phone	Cellphone:	Email:	
S/A	0980289202-0994017625	S/A	
Location			
Coordinates	X	-3.023933	Y -78.809719
Photographs			
			

Administrative aspects

The raising of the guinea pig began with the need to have a regular income and greater stability for their family. When Nuve Vera and her husband got married they started several businesses, like: cattle, orchard and the husbandry of sheep and rabbits. Unfortunately, none of the above gave the results that the family expected.

In the beginning, the guinea pigs did not provide enough income which is why they had to buy a plow that is used until today, despite the fact that their business is stable. The company's manager is Gumercindo.

Their neighbor was the one who urged them to make that decision and gave them the push they needed to raise guinea pigs, giving them some tips and tricks. Nuve remembers when he said, *"if you want to live from this activity you must have at least 500 to 1000 guinea pigs."* After this they decided to start with a warehouse near their home. However, over time the

space was shrinking and they saw the need to expand. Today they already have 3 sheds and want to grow even more.

Today they have almost 1000 guinea pigs, to which Nuve dedicates each morning to give them their respective care. The guinea pig needs special conditions because they are considered fragile animals. In the upper part of their land they have another shed, where male guinea pigs are kept separately in order to avoid quarrels between the animals.

Chobcu y has been 4 years in the market. However, Nuve has about 30 years of experience in terms of raising guinea pigs, obviously now she has more knowledge and has problem solving techniques. The company is stable and well consolidated. The majority of its clients are in Azuay but they also have market in the Orient region but the product sold there is basically stripped guinea pigs. Among the advantages that the management team has is that:

- Nuve speaks a little Italian.
- The company has clear objectives for next year.
- Constant update of new techniques or information of the sector.
- They are willing to learn and put into practice all the knowledge they have acquired.

Internal organization

During the interview Nuve mentioned that, when they began with the guinea pig breeding it was difficult, until the animals reproduced. Currently working in raising guinea pigs are Gumercindo (her husband), her four children and Nuve.

Nuve in the morning is left alone to care for the guinea pigs. At 4 pm their children arrive to collaborate with activities, such as: cutting grass, loading the grass in the sheds of the animals, fertilizing alfalfa and cleaning the sheds.

External organization

Outside the company the person who takes the reins of the business is Nuve. She is the one who dedicates more time to the administrative affairs and image of the company.

Productive aspects

Chobcuyc is dedicated to the sale of guinea pigs. They adapt to any type of requirements of clients. The animals can be sold alive, the feet of calves, skinned, for breeding (usually males) and also babies within 15 days of being born. They can offer skinned guinea pigs and calf feet daily. Usually when buying feet of calves (females) the orders are in the range between 15, 30, 100 or 120.

Product

The storage of the guinea pig is delicate (alive or ready to cook), at least when working with a considerable number of animals. In the case of skinned guinea pig, it should be kept refrigerated in order to maintain hygiene.

The health of animals is really important and must be handled with special care. Chobcuyc seeks not to vaccinate or administer too many antibiotics to their animals, otherwise they like to investigate natural treatments. Currently they use garlic, rue or Artemisia, to avoid diseases of their animals. In the case that they do not recover they go to Cuenca, where they have a trusted veterinarian.

With regard to the delivery of guinea pig, it depends on what the client is looking for, which is explained from where each guinea pig in conjunction with its characteristics, to place an example: The guinea pigs that are more economical are the so-called "Meaty Guineas" that weight 3 or 4 pounds; although, if the client wants a breeding guinea pig, it is presented with its age, weight, parents, if it comes from a large or small family. That guinea pig costs around \$25 for the records and the extra care that it has received. Nuve says: "As the owner I must guarantee my product".

Chobcuy's flagship product is the female guinea pig that has had 3 births. Usually after childbirth the females can already receive the male guinea pig, but in this case they are separated from the male and are fattened up to have a proper size and weight. This product is highly requested, especially for shipment to the United States.

As to the brand, they already have one that is different than Chobcuy but, unfortunately, it has not been registered. They used to be part of an association, which ended up dissolving due to internal problems and carelessness.

The sheds have lighting, feeding troughs, ventilation, and the only thing that would be missing are water dispensers which are coming from the United States and which Nuve expects to have in November. The administrator mentions that having a lot of technology is a risk because people who buy live guinea pigs do not always have the same technology to handle them, so it can cause problems.

There are some recommendations that Nuve provides after selling:

- Have a nest, so that the pups can be close to the mothers.
- The food used is a mix all kinds of herbs such as: Chilca a variety of Baccharis, alfalfa, redras or chalca with salt, so that the guinea pig is easily adapted.

The price that Chobcuy maintains is competitive. A positive side is that prices are not affected by seasons. There are periods when it's time to sell, in order to have more product. The production is slightly reduced, but it is not much if the results are compared.

Process

The ideal time to sell guinea pig is from 3 and a half months to 6 months. 6 months is considered the limit, because the animals begin to eat more (males); in relation to females which is up to one year because they pass by and even recover their weight, it takes a little more time.

Part of the process is animal care. In the case of Chobcuy, Nuve has a record from the time it is registered to have a greater control of births and illnesses. This way he can anticipate and cover the market.

Financial aspects

As for the financial, it is not easy to assess why not so many people are exporting guinea pig, like the case of Peru. Nuve is aware of the benefits and risks that export brings.

The investment that has been made has been through the savings and sacrifices of they themselves. Crises have caused delays, but thanks to their savings they were able to get ahead. At the moment they cannot make a new investment, but do not see it as a distant idea.

Marketing and sales aspects

The guinea pig of Chobcuy are known for the domestic market which differs from the competition in the management of each guinea pig and has the potential to be appreciated in any market, although at the local level there are many guinea pig hatcheries.

Nuve sees the possibilities in the markets of the region because it has increased the appreciation for the guinea pig. On the other hand, the migrants of our country have expanded the habit of consuming them. At the moment she believes that she is not able to export, because recently her guinea pigs went through a disease and are recovering.

For the guinea pig to enter a new market they must meet certain parameters: size, weight and recorded date of birth. In the case of Chobcuy 80% is meat and 20% of calves' feet. They do not know if their product has tariff barriers. But like every animal they should acquire a certification, so they are willing to obtain them if they ever need to.

3.4.2.3 Ensueño Company-Patricia Cárdenas

General Information			
Name of the establishment:	Ensueño-Patricia Cárdenas		
Owner's name:	Irma Patricia Cardenas Pacheco	C. I-RUC:	0103425302
Address:	Torres and Dávila Corner-Sigsig		
Date of the interview:	04-October-2017		
Landline Phone:	Cell:	Email:	
(07) 2266780	0988741249	Patricia_amistad1973@hotmail.com	
Location			
Coordinates	X	-3.047341	Y -78.795495
Photographs			
			

Administrative aspects

Patricia Cárdenas works as an employee and provider of SensiStudio™, a Guayaquil company that currently exports to 11 countries especially those located in the Middle East. Previously Patricia worked at the Toquilleras María Auxiliadora Association as an accountant, but Stephany Sensi encouraged her to work with her in her company in exchange for better remuneration and greater benefits.

Before Patricia started working on SensiStudio™, she had a craft store that started with the Ensueño. By having so much work she could not maintain a balance between her own business and her activities in the company leaving it in a second plan, which is currently dedicated only on weekends. Her work at SensiStudio™ consists of exercising quality control and providing merchandise to this company.

Patricia is the one who buys the necessary inputs for the elaboration of the products that are then distributed to the employees. People are usually paid for finished parts (not a basic remuneration). Patricia has organized her staff, so that a certain group of weavers weave only

handbags, hats, appliques and are currently entering the textile, where all the pieces are for SensiStudio™.

Productive aspects

Ensueño-Patricia Cardenas has promoted articles made with Toquilla straw, where 85% are handbags and the remaining 15% is divided into straw hats and garments.

Product

Certain models are considered fragile because of their details. For storage, they can only stack a certain number of products, otherwise they might lose their original shape (both handbags and hats).

The bags must undergo certain physical adaptations depending on the customer, but they are minimal and do not differ from the original design. As a supplier of SensiStudio™, the company makes shipments to the Middle East during this time of year. However, orders are made three or four months in advance, as paperwork to export processing and shipping takes about 2 months. Whereas, if it is sent to closer countries like the United States, Chile or Latin American and American countries, the order is made with minimum 3 days and a maximum of 8 days for the delivery of the product.

The products have different presentations, sizes and variations: they offer handbags, purses which can be combined with hats (in the Middle East the products are used for the beach). Patricia Cardenas has the productive capacity to attend to outside orders without neglecting the national market.

In the workshop they make all kinds of bags with different materials such as toquilla straw, yarn, among others. As SensiStudio™ the products do not have a competitive price since it is dedicated to being sent abroad, by exclusivity and brand; but as Patricia Cárdenas says their

prices are more accessible which is the reason they have remained the same for almost two years even though there is competition.

An interesting point is that there is no local production of similar products, but people have tried to make copies, but Sensi Studio has registered its designs at the Ecuadorian Institute of Intellectual Property (IEPI) in order to have a backup and get rid of copies. They even have all kinds of certifications as SensiStudio™, but according to Patricia Cárdenas she stopped renewing and obtaining new certifications because the total production of 90% is for SensiStudio™ and 10% for her market. Another point that draws attention is the fact that the toquilla straw handbags market has been forgotten by public institutions because they have focused only on the hat.

Distribution channels are not similar as there is not much competition in handbags at the local, provincial or national level. 85% or 90% of the product that Patricia provides to SensiStudio™ is intended for export. The pace of evolution of the markets is like the national. According to Patricia, their products have no tariff or quantity barriers.

Process

Manufacturing will depend very much on the model as well as the speed in the delivery of the product depending on the design and type of bag requested by the customer. An example, model 217, is a normal basket with different sizes: medium, baby or maxi. The manufacturing cycle depends on the measurements and the model some of which take up to 3 days to be done. Among the options are the large bag which are 30cm x 30cm and is finished in one day while the baby of 19cm x 20cm takes 2 days without pulls.

Graphic 9: Elaboration of bag – pineapple model



In the images it is possible to visualize the process that is usually done for the elaboration of a bag of toquilla straw. 1. The desired bag or model is woven. 2. Soak in water for a few hours to soften the fibers. 3. It is filled with wood fabrics or molds to give the shape and proceeds to drying. 4. Ironing is done so that the desired shape is not lost and the final touches are given.

Source: Ana Paula Benítez and Anabel Mosquera

Produced by: Ana Paula Benítez and Anabel Mosquera

In the process of collection, the weavers bring the bag, people who work for Patricia are responsible for removing the lint, putting on the details, ironing and sending them to other craftsmen who work in other materials such as leather. In the time of production more personnel are hired but this process is eventual. In addition, they can easily adapt to special demand requirements, considering that they are not known by the domestic market. They are differentiated by their competitors by proving that they have the potential to be appreciated in the external market.

Financial aspects

Financially, they have not made any kind of loan or credit, because anything or input they need, SensiStudio™ provides. The company is stable and well capitalized and the necessary adjustments have been made to facilitate the manufacturing process. If new adequacy were needed, they have the capital to invest.

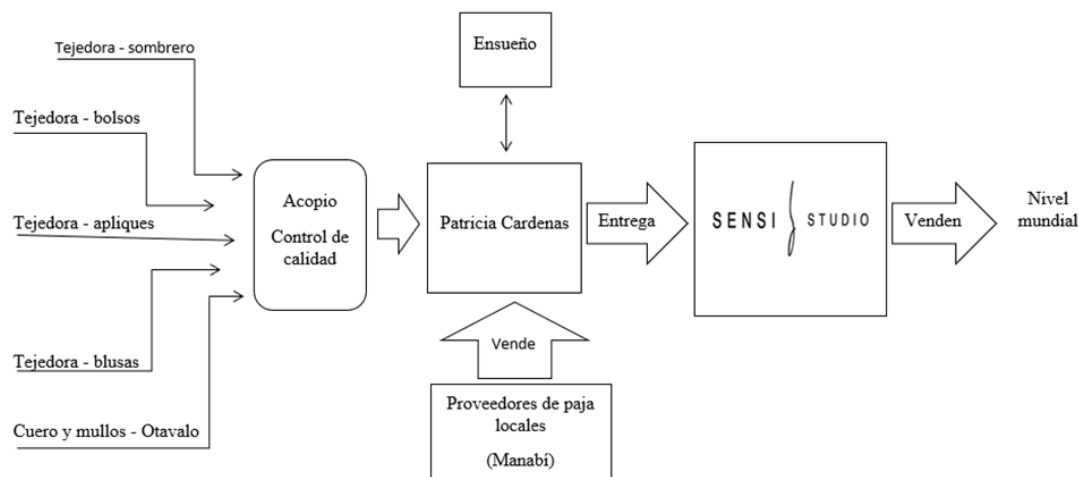
Marketing and sales aspects

With respect to the market and sales, she has an exclusivity contract with SensiStudio™ to which she sells 99% of the products. While analyzing how accessible it is to reach the

European Union market, with reference to the experience of SensiStudio™, Ensueño feels it to be complicated. In the European Union there are problems in terms of price and are they very demanding in quality.

But she believes that it's always a good time to get into a new market, even though their business could be affected by political, social or economic risks. One problem also mentioned is that at the global level there is production of similar products, since it is easy to start mass production. Having a manual process shows that they have a clear advantage.

Graphic 10: Distribution chain Patricia Cárdenas-Dreamy



The distribution chain of this company starts with the distribution of materials by Patricia Cardenas to the weavers, then she presents the model and indicates that apart each weaver must perform, depending on the skills of each person. Once the pieces are finished Patricia collects and makes a quality control in her house. At the same time, she pays for finished items to the weavers and in turn deliver them to the company, which is located in Guayaquil. To end the SS process is the one that is responsible for selling worldwide.

Source: Patricia Cárdenas-owner of the establishment

Produced by: Ana Paula Benítez and Anabel Mosquera

3.4.2.4 La Sigseñita headgear

General Information		
Name of the establishment:	La Sigseñita Headgear	
Owner's name:	Ilda María Sánchez	C. I-RUC: 0104840954
Address:	Dávila and Torres (center of the county Sigsig)	
Date of the interview:	25 – October-2017	

Landline Phone: (07) 2266024	Cell: 0997482776	Email: Ildasanchez@hotmail.com
Location		
Coordinates:	X <u>-3.051351</u>	Y <u>-78.792969</u>
Photographs:		
		

Administrative aspects

Sigseñita headgear is a small company that has grown over the years. Sigseñita is fortunate to have a staff who is in the capacity and above all is willing to learn and sacrifice a little more of their time in the manufacture of hats.

For the next year it hopes to set clearer targets. In this way the company can reach and expand in the market. It is important for the management team to continue to grow to support their workers who are currently the breadwinners of their homes. One of the objectives is to improve their product, having more contacts and at some point export. For now they are looking for a constant updating of knowledge regarding hats (both models and fabrics).

Internal organization

The person who runs and manages is Mrs. Ilda Sanchez, who owns it. From there each person or weaver play a role, although it is to weave the hats or give the finishing touches. It is still a growing company whose chart is not as developed as others.

External organization

The company also gathers hats because they have the open-door policy for any weaver. Ms. Ilda Sanchez is who coordinates with the weavers, she places the signs and performs the quality control according to the requirements she has requested for that week.

Productive aspects

This headgear is dedicated only to production and to give the necessary finishes for the hats of toquilla straw.

Product

Hats are considered fragile items due to the material from which they are made, great care should be taken in order that the model is not crushed and damaged. The product is sold in a fabric cover, because the plastic makes it sweat. To store the hat is not very much mistreated at the time of stacking. When entering a new market, the demands or better such adaptations will depend on what the customer requests. As for the presentations, they have a wide variety of products from the simplest to the most extravagant.

The headgear caters to outside orders, without neglecting its national customers. The delivery of the product will depend a lot on the amount requested by the customer, there are cases wherein a light color is requested (white or natural) and is much faster for delivery because they do not have to dye the straw and they also have to consider the weather.

In terms of prices, they strive to maintain fair and competitive value in the market. It seeks to maintain a constant price throughout the year though there are occasions when intermediaries take advantage of the ignorance of certain producers and buy the hat for less than \$4.

For the organization of hats, it is ordered as much by size as by fabric, in this way it makes the distribution easier at the moment of delivery. In asking about the evolution of the national market, it could be said that it has fallen a lot in terms of product appreciation.

Process

With regard to quality, it is usually attempted to teach the weavers or have a model and explain all the specifications that customers have requested such as: degree of tissue, type of fabric (breeze, plain, crooked, draught, randas, tropical or pendaline), color, size and wing.

There are dates that the factory places announcements outside of the store with the objective that anyone who sees and wants to sell their hat can do so. In the case of special orders they go to weavers who are already known by the company and they indicate the model that is needed.

Financial aspects

The company has been in the market for three years as "Sigseñita headgear." During this time, they have been able to consolidate and expand their market around the country. This has made the company profitable and has prestige thanks to its high quality products. A point in favor of the company is that they have all the necessary machinery to give the finished touches to the straw hat.

The support of public institutions towards "La Sigseñita" has been a little lacking because it is not an association and has been only a few years in the market. While the competition has received support, some are already exporting. In spite of that it is managed to cover all the expenses that the company acquires with the sale of hats.

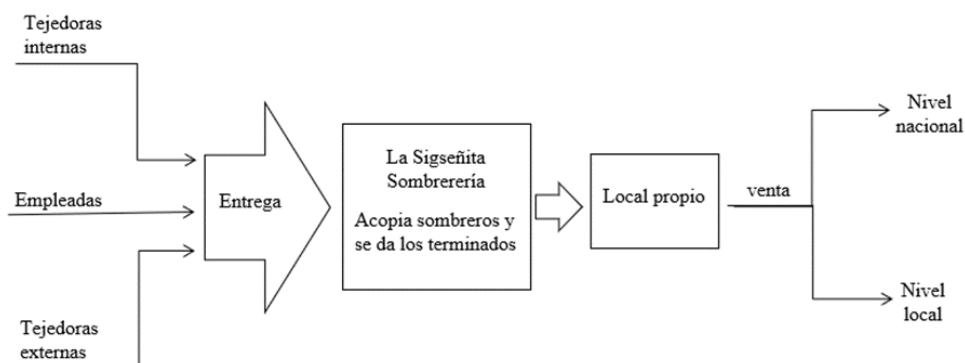
Marketing and sales aspects

When talking about the domestic market, they have started "the Sigseñita headgear" the use of a label that is placed inside the hat, making a difference from the competition. A disadvantage of the company is that it does not have any certification.

The Sigseñita considers possible markets of the European Union, but that depends much on the country because some require a high-grade fabric, currently there are no many weavers that can perform this type of fabric because of the difficulty and skill that is needed.

For the representative of "La Sigseñita", it is believed that it would be a good time to enter a new market because the demand of the current market has fallen considerably.

Graphic 11: Distribution chain La Sigseñita headgear




The process begins with the manufacture of the envelope in some cases; while in other cases there are weavers who flock to the Sigseñita headgear to sell their almost finished hats.

Source: Ilda Sánchez-owner of the establishment

Produced by: Ana Paula Benítez and Anabel Mosquera

3.4.2.5 Products Mi Huerto

General Information		
Name of the establishment:	Products Mi Huerto	
Owner's name:	Bertha María of J. Caivinagua Sánchez	C. I-RUC: 0103464525
Address:	Pueblo Viejo-Sigsig	

Date of the interview:	02-October-2017	
Landline Phone:	Cell:	Email:
(07) 2267339	S/A	S/A
Location		
Coordinates:	X <u>-3.055966</u>	Y <u>-78.774759</u>
Photographs:		
		

Administrative aspects

Bertha Caivinagua works with her daughter Rosario. The products of "Mi Huerto" started as part of a project to create an association of producers of fruits and vegetables. But several problems appeared. As it was initiative of Bertha's daughter, they stayed with the name.

Internal and external organization

The organization and distribution are similar to the competition. They are not prepared to export, because they do not have the productive capacity to supply to other markets. They do not work on their team people with experience in foreign trade. They produce a huge variety of vegetables such as melloco, potato, gooseberries, jicama, white carrot, broccoli, cauliflower, romanesco, cabbage, parsley, celery, among other products.

In terms of market, they are not informed that many producers are harvesting the same product. The competition has increased although they have stable buyers mainly in Cuenca and Sigüch. There are many producers worldwide such as "Palmar" which is already exporting (competitors). As mentioned above all their products are highlighted by their taste and consumers are always looking for it.

Product

The product seeks to adapt to differentiate itself from the competition. The delivery depends on the growth of the vegetables as the manufacturing cycle is long. For example, the chaucha potato takes 4 months, while the super chola potato takes 6 months and jicama harvests once a year. When they have large orders, they subcontract and try to keep the quality of the product.

Bertha acquired the permission of the orchard to sell in the local market, but she does not have any other type of certifications.

Production

The climatic conditions and time of the year must be taken into account for production. But being only a family that is dedicated to this activity does not have the productive capacity to attend external orders without ignoring the local market. Other reasons are the climate and lack of irrigation systems that limits their production.

Financial aspects

“Mi Huerto” is supported by public institutions, for example they were trained to make organic fertilizer that reduces their expenses. Not being part of an association is complicated, even though the municipality is open to help. Some time ago the municipality provided an incentive to them to produce apples because there is a big variety in Sigsig. During that time, they sold the apples by grams (80 to 120GR was paid 10 cents) but the following year it lowered to 5 cents and lost the hopes of producing on a larger scale.

They have investments, but they are not able to make a new one. Although they do not have irrigation or cold room, they are well organized. Mi Huerto has managed to overcome different crises such as climate changes effects that affect directly to the production.

Marketing and sales aspects

They are known in the domestic market, but the competition is very difficult. They differ from competitors because they do not use chemicals, giving them the potential to be appreciated in other markets, besides it is easy to explain and present.

3.4.2.6 Rosari Hat

General Information		
Name of the establishment:	<u>Rosari Hat</u>	
Owner's name:	<u>Rosario Angelita Caivinagua Sánchez</u>	C. I-RUC: <u>0104362603</u>
Address:	<u>Pueblo Viejo-Sigsig</u>	
Date of the interview:	<u>02-October-2017</u>	
Landline Phone:	Cell:	Email:
<u>(07) 2261319</u>	<u>0980737157</u>	<u>Makiartesana@hotmail.com</u>
Location		
Coordinates:	<u>X -3.055966</u>	<u>Y -78.774759</u>
Photographs:		

Administrative aspects

Rosario Caivinagua produces and sells Toquilla straw hats, which are sold under the name of Rosari hat. Rosario started weaving since she was a child, today she has 29 years of experience weaving hats, but has spent only 8 years in the market. What drove her to sell her hats was the need for economical security, so she took the risk of expanding. Today she is part of a great project that seeks to maintain the traditions especially the weaving of hats, being part of the straw educators of the Hat Museum in Cuenca.

Internal and external organization

The organization and distribution is similar to the other weavers and on a macro level there are a lot of producers worldwide. It is easy to start the process through maquilas, but the quality is not the same, what characterizes them is that it is made 100% by hand. The advantage they have is the quality and finish they give to their products.

Currently it makes the delivery in an exporter, where to see the need that has Rosario, the exporter takes advantage and does not make the payments. She is aware that exporters do not give the importance to the work done by the Weavers. According to Rosario it is always a good moment to enter a new market, since it is seen as in other countries the evolution of the market is much greater.

Product

As for the product Mrs. Rosario considers that the straw hat is fragile, and it needs special conditions for storage. This care should be kept in mind from the beginning to the end of the process. First, buy the natural straw, they dye it and perform the process before the tissue. When the straw is raw it can be stacked but after dyeing and ironing it should be taken care and not be stack in large quantities, as the hats may lose their shape.

The product it is known by the domestic market but the hat does not differ from the competition apart from its innovations indicated before, but it is important to mention that other producers copy their models, this shows that there is a good product. Still, it has the potential to be appreciated in an external market because it is easy to present and explain.

It does not have approvals or certifications, but if the market would require Rosario would seek a way to obtain these requirements. She thinks that there are tariff and technical barriers, but she would like to acquire these technical barriers including the Craftsman's certificate to improve her sales. Apart she wants to register their brand, she has not done so because a lawyer demanded a large sum of money for the process. She named Rosari Hat, because a design student made his thesis based on her products and he recommended that Rosari Hat was the perfect name to differentiate from the competition.

She thinks that prices compared to other bidders are very similar to those that are not affected by climatic changes, he tries to maintain a price. It does not have enough machinery and must finish the process in a factory in Cuenca.

Production

Being a sort of collection center, different weavers work for her to complete the orders. They seek to deliver a day or before the time agreed with the client. The time of manufacture will depend on the model, for example: in the dyeing depends on the colors, usually it takes between 20 to 30 minutes and in finishing hat 1 day the simplest and one week the thinnest. She can react to extraordinary orders by subcontracting without losing quality management.

Financial aspects

Its sector has support from public institutions to go to fairs, through the municipality of Sigsig she had the opportunity to go to Guayaquil and received an economic support of \$1100 to invest in the production of the hat. However, it has not been dedicated to export independently.

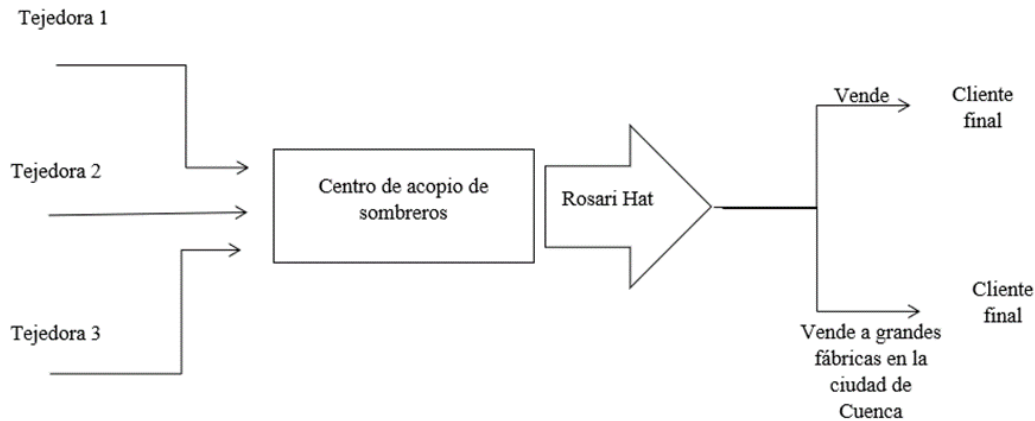
Marketing and sales aspects

The prices of the hat fall according to what the intermediaries offer and it is different to sell to the intermediaries, that directly to the exporting factory. It has a stable distribution through the exporting company despite the fact that it affects political, social or economic risks due to the distribution that would be limited.

All their clients are local, although they sporadically arrive foreigners to buy their hats, but she sends to the factory to give them the finished, packed and carry out. She has not clear goals for this year.

The company is already known and consolidated, but Rosario would not be able to invest in the short-term. Rosario would love to export and present at international fairs, to show the real value of hats and toquilla straw products.

Graphic 12: Rosari Hat Distribution Chain



Source: Rosario Caivinagua-owner of the establishment
Produced by: Ana Paula Benítez and Anabel Mosquera

3.4.2.7 Uyaguari

General Information		
Name of the establishment:	Uyaguari	
Owner's name:	José Homero Uyaguari Cumbe	C. I-RUC: 0101502482
Address:	Sigsillano-San Bartolomé-Sigsig	
Date of the interview:	29 – September – 2017	
Landline Phone:	Cell:	Email:
(07) 2537003	0992196106	Guitarrasuyaguari11@hotmail.com
Location		
Coordinates:	X <u>-3.003678</u>	Y <u>-78.845245</u>
Photographs:		

Administrative aspects

José Homero Uyaguari started the production of guitars with a group of craftsmen, who formed a small organization, but this was dissolved before getting some benefit. Homero continued working with his sons and his brother. Nowadays the guitars are known by the name of Uyaguari guitars.

The CEO has 45 years in business management and selling guitars. The company is stable. It has clients around the Ecuadorian territory (Machala, Santo Domingo, and Quito, among other cities).

Internal and external organization

Regarding foreign trade the CEO does not have enough knowledge, but he does not exclude learning from it, despite his age. In his team, he has people who speak another language and have specialized in another country (Colombia).

As a company is able to establish goals in short and long term. The head of the company is Homero. For now, he does not need to export to keep the business afloat. But he tries to keep abreast of new manufacturing techniques.

Product

The product is fragile, but also depends on the type of guitar, for example, the economic guitars are very fragile while the more expensive ones are more resistant. Of course, the guitars need special conditions to treat or manipulate them. In terms of storage and transport, selected wood must be used to avoid inconvenience.

Uyaguari Guitars offers all kinds of presentations, sizes and variations. PRO Ecuador has not come to provide training or aid to export, which has been sold thanks to tourism. As for the competition none is exporting. Although he believes it is a product with great potential to be

appreciated in other markets. It is worth mentioning that their guitars are different from the competition for their finishes and quality. He said that he can easily adapt to different models demanded by the customer.

It also believes that his products are used in the same way in other markets. The way he sells his product is through a small inventory of guitars in his house. He produced according to the demands and tastes of the customer.

He sees as an advantage to be able to acquire the certifications that need. If he dedicates he could export in a year, because it is always the right time to enter a new market. According to Mr. Uyaguari "few years ago I was able to gain experience and learn a new technique in order to get a better sound, I feel so lucky to take that chance". Not all people in St. Bartholomew devote the time needed for manufacturing.

Process

There are several factors that affect production as the cold for example damages the wood, even the best quality imported is at risk of spoiling, and this obviously affects the production. They are looking to manufacture quality guitars with selected raw material, this has allowed them to have a name.

Mr. Uyaguari's productive capacity would help him to cover the orders from abroad, but the delivery would depend on the demand, because minimum takes 30 days to make a professional guitar. For an economic guitar takes 5 days, it is a more rustic hence its low cost.

Financial aspects

At the moment the company is still profitable. It should be highlighted that Mr. Uyaguari would be able to make a new investment to improve certain technological machinery. With the data obtained through the internal revenue service (SRI), it was noted that Mr. Uyaguari started his activities in October 2009.

Marketing and sales aspects

Before the Chinese guitars enter the market, the sales were much better of the 210 guitars that was produced a month, usually for the end of the month all were sold out. After this inconvenience many of the guitar producers lost their jobs and most of them simply chose to migrate.

Mr. Uyaguari does not know the evolution of his product in a new market. It is easy to start the production of guitars, the advantage with which he counts is that many people look for a handmade and personalized product, which gives to the guitar an added value. In the market there are Chinese guitars for \$30 dollars, which look esthetically well, but in terms of sound they are not recommended.

The CEO has not agreement with public entities, but he has verbal agreements with tourist companies that usually visit his workshop. Mr. Uyaguari makes the sale at home, but prefers to travel to Cuenca, or other cities to deliver the product. Export would be the key piece to improve not only costs but also his lifestyle.

3.3. Conclusions

The counties Chordeleg and Sigsig have a great similarity in terms of development of SMEs, as most of the companies are family-based. Another characteristic that predominates in both counties is the handicraft industry, despite the fact that both are dedicated to livestock. In Chordeleg as in Sigsig the development has been slow without any technical guidance, so it is necessary to implement projects to promote the economies of the companies in their area.

The sector that has had more development is the informal trade, which are mainly the artisan workshops. The communication with CEOs are so limited by the fear that other companies stole their ideas. However, many of them have the desire to learn and to be able to export.

In short, this chapter emphasizes that not all companies are open to receive students, because many have abused the trust that owners have provided. However, thanks to the help of certain authorities, the information was obtained, and data were collected in order to achieve the conclusion of this investigation.

Chapter 4

Diagnosis of internationalization of SMEs in Chordeleg and Sigsig.

1. Introduction

Nowadays most companies and organizations use different strategies to solve problems that are presented in different scenarios in the medium or long term. Strategic planning is necessary to be prepared and able to cope with that uncertain future.

Today there are tools that allow companies to project and manage certain variables, among the most outstanding there is SWOT (strengths, opportunities, weaknesses, threats), the PTD process in the decision making, diagram cause-effect or ishikawa (thorn of fish or tree of causes), cross SWOT (WT SO) and the CCME "correct, confront, maintain and explode".

Within this project, there will be an analysis of the potentialities that the SMEs interviewed of the counties Chordeleg and Sigsig. This work is focus on the strategic analyses of the SWOT, the SWOT and the CCME.

2. Definition of methods

Swot

It is a technique that is used to analyze the problems of a company that provides the necessary inputs to the strategic planning process. It analyzes the type of problem that the organization has and an external analysis is carried out to identify the changes that come (opportunities and threats). There is also an internal analysis to establish the capacity that the company or organization to be able to confront (Strengths and weaknesses) defined external and internal analyses have a basis to continue with the strategies. (Fundación Universidad Empresa region Murcia, 2012)

In situational diagnosis, the variables of support and those that work against the achievement of the present and future objectives of the company, for which the analysis of the external and internal environment is executed, are identified. This allows us to raise the opportunities and threats; as well as strengths and weaknesses; in order to generate the capacities through the follow-up of the established policies, processes and strategies that have been improved. (Fundación Universidad Empresa region Murcia, 2012)

The use of these tools for the improvement of the processes allows making improvements, mergers, eliminations and, inclusion of new activities in the processes or threads, which will impact on the results through an improvement in costs and time. When the SWOT analysis is applied, it allows us to achieve the objectives and vision of strategic addressing, turning weaknesses into strengths and threats to opportunities for the company and the establishment of an organizational culture.

Swot

In the business world, strategic planning is a doctrine that allows companies to follow different processes to meet their objectives, there are different tools in this framework that make it easier to identify the external and internal problems of the companies in order to find possible solutions in a technical way. (Fundación Universidad Empresa region Murcia, 2012)

The SWOT analysis (weaknesses, threats, strengths and opportunities) is an analytical tool that makes it easier to work with all the information that a company has to carry out an evaluation of the strong and weak factors that as a whole diagnose the internal situation of an organization, as well as its external evaluation; also known as opportunities and threats. This analysis can be made from a SWOT matrix, which collects the necessary information that will later be used in the SWOT.

Internal analysis (weaknesses and strengths) allows us to fix the strengths and weaknesses of the organization, carrying out a study that consents to know the quantity and quality of the resources and processes that the entity has. To perform the internal analysis of a corporation,

different techniques should be applied and will allow (the company) to identify the attributes within the organization that allow us to generate a competitive advantage over the rest of our competitors.

External analysis (opportunities and threats) represent the external elements to be analyzed during the SWOT analysis correspond to the opportunities and threats that the company has in front of its competitors, suppliers, legislation and government (Ponce Talacón, 2006).

Once the results of the analysis of these aspects have been obtained, the company will have to define its strategy to confront them. He can choose different ways: confront the detected threats, adopt a growth strategy, start a survival stage, or even reorient their entire policy to take advantage of the detected opportunities (Ponce Talacón, 2006).

CCME

The CCME analysis "correct, confront, maintain and exploit" is a tool for business planning and additional strategic SWOT analysis that gives us the information needed to establish guidelines on the aspects found in the diagnoses of the Situation obtained through the SWOT.

To apply this tool, it is necessary to take the results of the process SWOT because it defines the different strategies that were used such as:

1. Defensive strategy: Planning strategies that allow the company to cope with situations in which there are many competitors in a very saturated market. Faced with this, the company must reinforce its strengths and minimize those weaknesses that prevent it from competing with other companies on the market. The strengths of the company, the threat can be minimized.
2. Offensive strategy: Adoption of growth strategies in the face of the opportunity offered by the market (growth or expansion) and in the face of competitive advantage

in the face of competition (better valued products, greater penetration and market share) by enhancing the strengths, he can take better advantage of the opportunity.

3. Survival strategy: Conservative strategy against the inability of the company (lack of economic, human or technical resources) to cope with the harsh external threats and the excessive presence of competing companies. By overcoming weaknesses, the effect of the external threat can be minimized.
4. Strategy of reorientation: strategies of reformulation of products or services with which the company is not obtaining the expected results, in spite of being given some favorable external conditions (few competitors, mature market).

8. Information tabulation

4.3.1 county Chordeleg

SWOT and CCME Antho Lexis

Antho Lexis	
Internal	
Strengths	Weaknesses
Established Organization chart. Entrepreneurs. Knowledge at large of the local market. Trademark and INEN certification. Differentiation in designs. Best product image by the high quality of the raw material used. Good organizational practices and constant trainings. Reinvestment capacity. Variety in models and presentations.	Has not conducted sectorial studies. Has not analyzed risks in terms of export. Lack of knowledge in foreign trade. Long production processes. Lack of knowledge of other languages apart from Spanish. It does not have the productive capacity to attend another market.
External	
Opportunities	Threats
Customers nationwide throughout Ecuador. New customers are attracted to the product due to the design quality. Their competitors are not exporting. Different distribution to other producers.	Has not received state aid. Large number of local producers that pose as competitors. Political or climatic risks, which affect the access roads and other processes in the making and marketing of the product.

Cross SWOT	
WT	SO
The owner does not have enough knowledge about foreign trade, for this	By having a wide variety of footwear models and presentations, it is possible to obtain a

<p>reason, he has not received help from public entities related to this subject. Changing politics and bad weather generates instability. Therefore, producers do not risk in their own product.</p> <p>Being from an area with a high production of footwear, both traders and producers limit their productive capacity.</p>	<p>greater number of clients at around the country. Thanks to the organization chart, each member of the company knows what to do. Diminishing times, improving production and especially differentiating from competition.</p> <p>Having a registered trademark and certifications have helped them to expand, this would be a prior step to become known outside the country.</p>
---	---

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	<p>With the distribution chain, they currently should continue to be trained by their sales and marketing staff, so this area would be strengthened. They would improve their ability to segment the market and their products to better re-route their sales specifically to new customers.</p>	<p>Strengthen the machinery with which they currently operate, as well as their personnel, making a difference and maintaining an stable environment during difficult times.</p>
Weaknesses	<p>The owner should prioritize any issue related to the development of his company, among them one that would significantly contribute to the growth of the company would be those related to foreign trade. Once the representative is informed he will have a much broader picture opportunities, benefits and risks, which leads to expanding into international markets.</p>	<p>Stay updated in all the news related to the sector, market and suppliers.</p> <p>Always look for feedback at each stage of the distribution and production process, by their different stakeholders in order to make improvements in terms of: costumer service, production, sales, marketing, raw materials and distribution.</p>

FODA and CCME Footwear Elite

Elite Footwear	
Internal	
Strengths	Weaknesses
<p>Consolidated flowchart. They know what is happening within the national market and understand the functioning and evolution of the market. Constant knowledge updating. Personnel prepared for change. Flexible to meet the demands of non-habitual clients. Short manufacturing time. Advanced technology. Competitive prices that are not affected by political changes. INEN certification. Trademark 10 years ago. High reinvestment capacity.</p>	<p>Do not know the development of other markets. Do not have the clear know-how to export. Not employing staff with knowledge in foreign trade. They do not see themselves in the productive capacity to attend foreign orders. No certifications or homologations. The machinery has not been fully exploited.</p>
External	
Opportunities	Threats
<p>Knowledge of production in other countries, by the CEO. The competition does not yet export. Approaches with institutions related to foreign trade. They are suppliers of large companies.</p>	<p>Not supported by public institutions Great local shoe production. Foreign product. Other markets very different from the national.</p>

Cross SWOT	
WT	SO
<p>It has no knowledge of foreign trade, which has caused a lack of exporting. They compare themselves too much with larger and different markets, generating insecurity and limiting the company. Its machinery has not been exploited to 100%, allowing foreign smuggling products to enter the market and generate a price disadvantage.</p>	<p>They know everything that happens in the national market and understand how it works, which has led them to enter into agreements with large companies. They are aware of what is happening in the international market, so they always keep up to date with their staff in case of any kind of changes. As suppliers of large companies, they have</p>

	seen the need to register their brand and obtain certifications. And always be prepared for a possible reinvestment.
--	--

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	Potentiate the brand and leave production for other companies (subcontracting and manufacturing a white branded product). Launch a campaign aimed at the large clothing stores in the country to promote the product and be introduced from little by little in the international market. Retain the shoe store in the center of the city so he can sell it wholesale and retail.	Make the necessary steps to be a part to obtain the registration of "marca país". Lobby against the smuggling of goods carried out frequently, this will promote the commercialization of products made in Ecuador.
Weaknesses	Organize the responsibilities according to the chart with which they count. To make the most of all the resources that the company has (machinery), in this way the losses are reduced, and the production and profit is maximized. Outsource a company to carry out a market study, that will be able to know the flaws of the product and what the client looks for or expects.	Invest in advertising to launch a campaign with the aim of making their product and company known. Find public institutions that can support the company to promote themselves or to obtain the certifications necessary to start exporting.

SWOT and CCME Footwear Joses & Favitos

Footwear Joses & Favitos	
Internal	
Strengths	Weaknesses
Experience (20 years). Consolidated and stable company.	It does not have their trademark registered. Commercialization and distribution like the

<p>It differs in quality and models. Hiring experience. Chart established. Well-capitalized company. Reinvestment capacity. INEN certification. Established activities. Fast delivery of the product. Covers all their cats. Willing to learn.</p>	<p>competition. Does not feel ready to export. They do not know about foreign trade and other markets. No goals have been specified. They do not speak other languages. Very fragile product.</p>
External	
Opportunities	Threats
<p>Customers across the country. The competition is not yet exported.</p>	<p>It is not known in the local market. Seasons affect the weak infrastructure of the premises. It has no relations with public institutions. Many adaptations for new markets. Other markets with better technology. Large number of producers.</p>

Cross SWOT	
WT	SO
<p>He does not feel ready to export because he must have to make some changes about machinery. He is not interested in exporting because he does not know other markets. Distribution and marketing is not distinguished from competition, which is even affected by seasons. The company is not known in the local market. He has tried to establish relations with entities that help it to promote itself.</p>	<p>It has 20 years of distribution experience, so it has customers all over the country, who are looking for it in their factory due to the quality and speed of delivery The company is well capitalized and able to reinvest if it is needed to improve its sales. It adapts to demand requirements even though it has a wide variety of models and designs. Competition does not export, and they are willing to undertake new ways and learn from them through new activities.</p>

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	<p>By having a consolidated company, I would take advantage to position itself in the local market and gain</p>	<p>It would make a reinvestment in the infrastructure and machinery; thus, it will be possible to confront the</p>

	<p>more weight. While maintaining the customers that the company currently has in much of the country.</p> <p>A market study should be done to reach new customers and analyze what they want or seek when buying footwear, this would increase the income that can be reinvested in the same company and solve potential problems in the future.</p>	<p>climatic changes affecting the production, it would increase the productive capacity of the company and to be able to adapt to the exigencies of the different markets.</p>
Weaknesses	<p>To register the brand so that customers can identify the footwear that is produced in the company. It would offer promotions or personalize the sale and distribution of the product, in this way it could differentiate the chain of marketing and distribution of the remainder. Regarding matters relating to foreign trade, I would register a member of the management to be trained and seek what are the requirements that must be met to start exporting.</p>	<p>Register the company's brand to be recognized at the local level, this will encourage sales nationwide. As the CEO makes their way into the market, foreign trade will pay more attention to he and seek some approach to institutions related to this issue or be trained to know the benefits he can bring.</p>

SWOT and CCME Footwear Loren's

Loren's Footwear	
Internal	
Strengths	Weaknesses
<p>Consolidated company Customers nationwide Reinvestment capacity Staff able to get information from the Internet Hiring experience Aware of the risks involved in foreign trade Willing to learn Variety of products</p>	<p>Lack of updating in technology. There's no one who knows about foreign trade. Has not met goals. They are not informed of what is happening in the domestic market. Poor staff training. Product variations for new markets. Unregistered mark. It has not been supported by State</p>

Product durability guarantee has productive capacity to meet other markets	institutions.
External	
Opportunities	Threats
Customers nationwide are looking for their product. Traveled overseas for business interviews.	Main competitor is very close to CEO. . There are product exporters in the country. Great deal of competition worldwide.

Cross SWOT	
WT	SO
<p>At the national level, there are people who export their product even at the local level has great competition one example is that several of their siblings are part of it.</p> <p>The footwear market has declined that is why they have not seen the need to upgrade their technology or train.</p> <p>They have not been supported by public institutions or those related to foreign trade and it is a reason why they have not been interested in foreign trade or to be informed about the local market.</p>	<p>It is a consolidated company, reason why they have managed to travel abroad for business interviews.</p> <p>It has remained stable and is quite profitable, this is proven to have a good reinvestment capacity.</p> <p>Their clients are scattered in the country. That is why they seek to enter negotiations nationwide</p>

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	<p>Avail their self of the contacts that have been acquired in the manufacturing abroad and carry out a marking study of the possible countries that were to export and would seek to comply with all the requirements that that country or community require.</p> <p>The training of the staff would be paramount and would increase a section in the production chain,</p>	<p>Search for markets where no family member has even incurred to avoid problems. Another option would be to talk between the different companies (brothers) and to investigate what possibilities, benefits and disadvantages it has when consolidating itself as a single company.</p>

	where their main objective is to control the quality of the process and the final product.	
Weaknesses	<p>Registering the brand is a fundamental step, establishing short-and long-term goals for the company. I would take courses in foreign trade to be updated on all the steps and change that have been given in recent months.</p> <p>I would find out the cost of acquiring new machinery to look for a type of financing. This will be able to expand at the national level and take advantage of contacts abroad.</p>	Organize the staff according to the skills they have, in this way they will perform trainings by production area; focusing in this way only the flaws that the product can have, maintaining that quality with which most customers identify them.

SWOT and CCME Footwear creations Luishi

Footwear Creations Luishi	
Internal	
Strengths	Weaknesses
<p>Extensive experience Trademark. INEN certificate. Known in the domestic market. Stable marketing. Solid management team. Their products are not fragile. Manufacturing ICLO short. Productive capacity high. Enough machinery. They manage to cover their expenses. Hiring experience.</p>	<p>Organization and distribution equal to the competition. There are no people with knowledge related to foreign trade. They have not raised goals for a future. No knowledge or training update has been made. They do not know how to get to external markets.</p>
External	
Opportunities	Threats
<p>Customers nationwide. They have their suppliers in the county. Shoes with better quality than those made in other countries (China).</p>	<p>Easy to start the production. Without support from public institutions. Great deal of competition worldwide. Their product has technical flaws. International standards are not met.</p>

Cross SWOT	
WT	SO
<p>It is easy to imitate the production of shoes that is why there is great local competition, which does not differ in organization and distribution.</p> <p>The staff has no knowledge in foreign trade, so they do not know how to get to other markets, so they just know that there are technical barriers.</p> <p>The footwear sector is not supported by public institutions, which is an inconvenience as it does not promote the updating of knowledge and skills.</p> <p>It is a small company compared to others of the competition, and no goals have been outlined for the future.</p>	<p>The shoes produced are not fragile and have better quality than those made in China.</p> <p>He has been working in this field since he was a child, but in the company, he has acquired experience in recruitment and subcontracting.</p> <p>They are known in the domestic market and maintain customers nationwide.</p> <p>They have enough machinery for production that makes it shorter to the cycle of Manufacturing and shows that has the productive capacity to meet the demand.</p> <p>They maintain a stable commercialization because they manage to cover their expenses with the current production they can even have their suppliers within the county.</p> <p>The management team is solid and is aware about registering the brand and obtaining the INEN certification.</p>

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	<p>Due to the experience, Luishi has registered its brand and has acquired the certifications demanded by the national market. One advantage is that the suppliers of this company are in Chordeleg which would help to reduce production times and costs in the acquisition of raw materials, in this way there would be a greater turnover. It should be</p>	<p>Encourage the creation of guilds or associations that attract the attention of public institutions. Another option would be to approach public institutions that could benefit the growth of the company.</p> <p>It must be taken into account that, as a competitive sector, it should be differentiated from competition to dominate the market.</p>

	emphasized that they already have several clients nationwide, which would help them to expand into new markets.	
Weaknesses	Seek to differentiate itself from the competition, to highlight among the footwear producers in the area, for example: training the staff according to the latest techniques and machinery with which the company counts. A point that would make the company more solid is to set goals and objectives, to be realized in a time limit, making them a more competitive company.	Look to be up to date in terms of machinery and knowledge updating, in order to be able to counteract the competition. Showing its efficiency in terms of production, which would be reflected in the quality of the final product and its low costs.

SWOT and CCME Footwear Viguz

Viguz Footwear	
Internal	
Strengths	Weaknesses
Consolidated directions team. Variety of product presentations. Direct distribution nationwide. Knowledge in foreign trade/import raw material. He is looking to generate jobs. Hiring experience. Known at the local level. INEN certification. 25 years of experience in the market.	Does not have an internal organization chart. Have not registered their brand. Lack of advice. He need to implement more machinery. Not all personnel handle machinery. They have not done a knowledge update. No sectoral studies have been carried out
External	
Opportunities	Threats
Business fairs. Manageable costs. No tariffs.	Caution in transport to avoid damage. Physical changes of the product in other markets. Employees learn techniques and resign. Large turnover. Lack of knowledge of other markets.

Cross SWOT	
WT	SO
<p>Not all the personnel handle the machinery. Usually they learn the basics and renounce, leaving a vacuum in the production chain. The owner is afraid to invest because personnel will learn, leave and leave to someone new without know the handling.</p> <p>Have not conducted sectorial studies so do not know of their market and much less than other external</p> <p>They fail to distinguish themselves from competition, that is reason why they want to register their brand.</p>	<p>He has knowledge in foreign trade. He knows that his product has no tariff barriers.</p> <p>They are 25 years in the market, helping them to consolidate the company and to be known.</p> <p>They have obtained the INEN certification considering that it gives an extra to their products.</p>

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	<p>Take advantage of their knowledge and experience. In this way he will be able to go more frequently to the international footwear fairs, where he can gain new skills, possible customers, better suppliers of raw materials and acquire new machinery. The CEO will be able to analyze the international market.</p>	<p>Make sure that the order (products left the company) arrives complete, to avoid inconvenience with the client, this will improve the company's reputation. To seek and create a certain fidelity of the workers through incentives, in this way they will not renounce.</p>
Weaknesses	<p>Create a chart to designate obligations and responsibilities of each employee, this will facilitate the organization when Viguz has large or extraordinary orders.</p> <p>The acquisition of new machinery goes hand in handed with the updating of knowledge for the staff.</p>	<p>To seek advice in the different areas, such as: current situation of the market of wedges, legal changes, administrative and manufacturing techniques.</p> <p>Another strategy would be to register the brand and patent exclusive models. To protect the image of the company and giving an added value to the product.</p>

SWOT and CCME Jewelry Factory Castro

Castro Jewelry Factory	
Internal	
Strengths	Weaknesses
<p>30 years of experience in business management.</p> <p>Distinction of products.</p> <p>Recognized at the national level.</p> <p>Adequate technological level.</p> <p>Online distribution and marketing.</p> <p>Unique designs.</p> <p>Short manufacturing time.</p> <p>Quality and guarantee.</p> <p>Crises have been overcome.</p> <p>Great investment compared to other.</p>	<p>It has no certifications.</p> <p>No sectorial studies.</p> <p>They have not seen the need to expand to new markets.</p> <p>The machinery is not used to the maximum.</p>
External	
Opportunities	Threats
<p>Ecuadorian jewels are appreciated in the region.</p>	<p>Mass production companies.</p> <p>Thailand covers almost the entire market.</p> <p>Customers see the price before the quality.</p>

Cross SWOT	
WT	SO
<p>The machinery is not used to the maximum in its totally. This can be compared to other larger and more specialized industries.</p> <p>Mass-production like Thailand companies that have covered almost the entire Asian market.</p> <p>They have not done sectorial studies, but they have seen that many of their customers see the price before quality.</p> <p>They have not seen the need to expand their market, this is reason why they have not sought to obtain certifications.</p>	<p>Its products are highlighted by the quality and guarantee.</p> <p>They have made a larger investment compared to other companies around the area.</p> <p>Their designs are unique despite this their jewels adapt to the client.</p> <p>It has managed to overcome crises satisfactorily demonstrating their 30 years of experience.</p> <p>They have the right technological level which makes the manufacturing time much shorter.</p>

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	Take advantage of all the resources that the company currently has, maintain these close relations with the suppliers that currently count and promote their products.	Provide personalized service, so that guests feel in a cozy atmosphere. Packaging must be unique or make a difference against the competition.
Weaknesses	Avail their self of the different recognition that the county has gained in terms of filigree, the experience with which they count. In this way, they can promote their jewelry regionally and nationally, just as it was few years ago.	To process to gain certifications, it will give a plus to the product and advantage in other markets. A company should develop a sectorial study at the national level, this would help to improve aspects that are not easy to know (so they can know more about the customer and their needs).

SWOT and CCME Jewelry La Vasija

Jewelry the Vase	
Internal	
Strengths	Weaknesses
38 years in the market. Qualified Craftsman certification. Exclusivity in jewels. Staff speaks another language. Variety designs and prices. Experience in outsourcing. Machinery. Competitive price.	Watch out for the jewels. Long processing time. Certain raw material is imported. They do not have providers nationwide. It is not able to reinvest.
External	
Opportunities	Threats
The Cooperative Artisan Alliance of Jewelers of Chordeleg. Customer loyalty and recommendations. Products should not undergo drastic	Consumption has decreased. It has no strategic alliance. High investment in raw materials. Monopolies in the cities.

changes for new markets. county known for the Jewels.	Raw material at the local level is allied with other metals.
--	--

Cross SWOT	
WT	SO
<p>The costs of raw materials require a high investment because most of it is imported. Raw material made at the local level is allied with other metals.</p> <p>The luxury consumption of the population has decreased significantly.</p> <p>The productive process is quite long in addition that the jewels should be handled with care.</p> <p>It has no strategic alliance with other jewelers which affects it because there are monopolies in the cities.</p> <p>It affects changes in economic policies this is reflected in the closing of warehouses.</p>	<p>The county is really known for its handcrafted look in jewelry and “La vasija” has great experience in the market with 38 years.</p> <p>It is part of the cooperative artisan alliance of jewelers in Chordeleg.</p> <p>Their products should not undergo drastic changes for new markets, which benefits them by having a variety of models.</p> <p>It has exclusive jewels which has generated fidelity and recommendations.</p> <p>They have experience outsourcing workers for extraordinary orders</p>

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	<p>The experience in the market can help the to overcome the crisis. Customers are the best advertising, they can count on so the treatment they have with them is fundamental. One advantage is to have people who speak another language, in this way foreign customers will feel even more comfortable.</p>	<p>Reduce profits through a change in prices, looking to call the attention of new customers with good prices and products. Looking for new and good suppliers nationwide, this would greatly help to reduce the cost.</p>
Weaknesses	<p>Search for local suppliers, in order to reduce the costs, increase the loyalty of clients and expanding in the market. Designate a significant percentage of the company's profits for reinvestment,</p>	<p>To promote the associations and to create strategic alliances that can reduce the monopolies of the county. Being a dainty product must provide all the services, such as: guarantees and a good packaging that protected</p>

	considering that there is no need for a strong reinvestment, if the products do not need drastic changes.	the product.
--	---	--------------

SWOT and CCME Cecilita jewelry

Cecilita Jewelry	
Internal	
Strengths	Weaknesses
16 years in the market. Special workshops. Stable distribution. Experienced staff in most branches. Knowledge in foreign trade. Staff willing to learn. Responds to unusual demands. Variety of models. Artisan certification.	They have not done studies of the sector to see the development of it. No knowledge in the latest techniques. No clear path to export. No INEN certification. No rapprochement with public institutions.
External	
Opportunities	Threats
Most of their customers are foreigners. He has had experience in exporting to the U.S. a few years ago.	Political decisions (taxes). Low production-no marketing of jewelry. High tariff costs. Competition already exports.

Cross SWOT	
WT	SO
They have not done sectorial studies to see the development that has caused a decrease in sales, which has led them to cut staff. Locally there is a high production and distribution of jewelry which has driven them to several certification. Some competitors already export, but they have not been able because their products have high tariff costs. They have not approach to public institutions related to foreign trade and it is	They have staff with knowledge in foreign trade, as a few years ago they had the opportunity to export the United States. Experienced staff in most of the branches of jewelry. This one of the reasons why most of their customers prefer their product over others. They can respond to non-habitual demands. They have a stable distribution of products. They have variety of models and sizes, they

reason why they have problems to export.	can adapt easily to their costumers need. They have artisanal certification which was acquired since the company started.
--	--

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	Avail their self of the years of experience in the market and the workshops that specialize in the manufacture of: earrings, bracelets and necklaces, in order to reduce the waste and margin of error in production. As a result of it, they have gaining the trust of their clients.	Through the experience that they must be coupled to a margin of costs, in which they are not affected neither profits of the company no prices of sale to the public. Search for suppliers at the national level and gradually decrease the importation of raw materials, so he can considerably reduce production costs.
Weaknesses	To investigate the necessary requirements to take the different certifications at national and international level. To carry out a sectorial study of the possible markets abroad, considering that already has foreign clients. To enter new markets a market study should be carried out before any kind of negotiation is carried out.	To investigate companies that carry out operations of foreign trade, which can be contracted until being able to carry out the operations by themselves. By doing this he can diversify the risk avoiding problems or failures during the export process.

Sigsig county

SWOT and CCME Ludo Small Dairy Producers Association-Serrag

Ludo Small Dairy Producers Association-Serrag	
Internal	
Strengths	Weaknesses
Area Livestock. Organic technology. Consolidated structure. Have a recollection center. Productive capacity. Known in the local market. First-need product.	Main livelihood of families. Lack of knowledge in foreign trade issues. Non-use of preservatives. Lack of economic resources for reinvestment.

Own brand and necessary certifications. Annual price maintenance. Stable distribution. Administrative experience.	
External	
Opportunities	Threats
Support of public entities (MAGAP and GAD of Sigsig). Part of the national project “Red Lechera”. Agreement with San Antonio Dairy-Nutri milk.	Intermediaries. Price. Substitute products or derivatives (soy milk, almond, yogurt, tea). Climatic seasons. Political, economic and social risks. International certifications. Disagreements in the assemblies.

Cross SWOT	
WT	SO
As is the main income of most families in the sector, sometimes each member only seeks their own benefit, generating internal conflicts that could end in the dissolution of the association. The lack of knowledge in foreign trade limits them on the market and in establishing long-term objectives. The non-updating of knowledge related to the dairy market directly affects the company causing lags and losing market.	Through public entities such as the MAGAP seek new financing, to expand the recollection center and for the acquisition of a vehicle, with all the necessary adjustments for the transport of the product. Launching of a campaign (marketing) to be known in other countries. By having a brand, they can generate new agreements, to diversify the risk of the company and not rely only on one.

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	Look for new agreements with different companies nationwide. To rely on public institutions, which are currently helping the association, to catapult and to create a new line of products or milk derivatives. In this way, they will be able to offer a greater variety of products to their customers	To investigate the necessary steps and requirements that must be fulfilled by the association to obtain the certificates of: transgenic free, organic product and fair trade. These certificates can open doors at national and international levels.
Weaknesses	Designate a percentage of milk sales to train partners in different areas that are related to milk production. In order to see the potential, they have and possible	Each assembly teaches the benefits of being part of the association. One of the most important issues that should be touched is the importance of having a brand.

	opportunities they could get.	
--	-------------------------------	--

SWOT and CCME Chobcuy

Chobcuy	
Internal	
Strengths	Weaknesses
<p>High production of guinea pigs. Provide the respective care to the animals. Have experience in animal management. Stable and consolidated company. Strong clientele in Azuay. Speak another language Knowledge Update. Adapts to the requirements. Use natural techniques. Adequate infrastructure. Competitive price. Are recognized locally. Have 2 hectares of food.</p>	<p>Clashes between animals (cause loss). A very delicate animal. As a company, it does not have too much time in the market. Does not have enough staff. Does not have certifications. Does not have a brand.</p>
External	
Opportunities	Threats
<p>New market in the east of Ecuador. The American market through Ecuadorian migrants. MAGAP provides advice. There is an internal and external market to cover.</p>	<p>Climatic conditions affecting animals. Pests. Hard access to funding.</p>

Cross SWOT	
WT	SO
<p>By not having enough workers who provide care to animals and sheds, it can cause great losses in production.</p> <p>Informality (no branding, no certifications) raises doubts and distrust in financial institutions.</p> <p>The little experience in the management of a company has caused internal problems and disorganization, generating considerable losses.</p>	<p>They have experience in the management of animals, this has made them look for the most appropriate techniques and with less impact on the guinea pig.</p> <p>Thanks to the natural techniques and competitive prices the product has prestige. Generating openness in new markets.</p> <p>Continue training is offered by the MAGAP and seek to catapult with other public institutions for new projects.</p>

CCME (correct, confront, maintain and explode)
--

	Opportunities	Threats
Strengths	Might launch a campaign to promote the company and the quality of the product. It would use incomes that do not have a high cost, but a big impact, like: social networks (approach to migrants around the world) and community radios (local level). This will gradually increase sales and the growth of the company.	It would considerably improve the infrastructure with which the sheds are present: first the floors and walls to make it easier to clean, second would place a suitable door and ventilation, finally, it would better separate the males (avoid confrontations), which cause losses and diseases that are easy to spread among animals.
Weaknesses	To go to the trainings offered by the MAGAP, in these places he can find people who can be hired. In addition, make the most of the trainings, to improve the management and care that should be given to the animals, which are very sensitive to any eventuality.	It would focus on managing the certificates or homologations that give a plus to the product and to the company. Make all the steps to register their brand; this will differentiate the product from the competition. A point that would be good is to assign a percentage of sales for any emergency or strong investment that the company could need.

SWOT and CCME Dream – Patricia Cárdenas

Dream-Patricia Cárdenas	
Internal	
Strengths	Weaknesses
<p>SensiStudio TM provider. Quality Control. Knowledge of suppliers of raw materials at local level. Knowledge of tissue techniques. Organized by skills. 85% of their production is handbags. Knowledge about export. Short manufacturing time. Wide range of presentations. Exclusive models/handbags, hats and apparel. Model design. Have all the tools for manufacturing. Handmade product.</p>	<p>SensiStudio TM employee. Depend on a company. Fragile product that cannot be stack. The selling price is not competitive. Manufacturing is not well paid. 90% of the production goes to SensiStudio TM and 10% sells on their own. Do not have institutional support. Are not known nationwide. Not always have all the requirements (European Union).</p>
External	
Opportunities	Threats
<p>International market. World-wide product appreciation. Creation of a new own brand.</p>	<p>Closing of SensiStudio TM company. Are paid per piece and not a salary, labor problems. Replicas of their products</p>
Cross SWOT	

WT	SO
<p>If SensiStudio closed, it would seriously affect the economy of many families in the Sigsig.</p> <p>By paying a minimum price for each piece, it makes weavers stop transmitting these techniques to future generations.</p> <p>Not being known at the national level, many producers are unaware of the product registration of SensiStudio.</p> <p>Patricia Cardenas despite having all the information from suppliers and customers, she can only sell 10% of their production to the public.</p>	<p>The product has a strong international appreciation, being known by other markets. They have knowledge in foreign trade and most of his products already have a target market.</p> <p>Patricia knows all the techniques of weaving, dyeing, design, finishing and quality control. Shortening the manufacturing time by counting with the necessary machinery.</p> <p>Wide range of presentations, including exclusive models (85% out of total).</p>

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	Take advantage of all the knowledge that has been gained over time (raw material suppliers, foreign trade, clients at national and international level). Boost the brand; give up SensiStudio, leaving the exclusivity, and design their own products. Thus, open up in the local market.	Looking for new customers, not to rely on a single company. Generate agreements in which both companies win and not only one takes all the gains and recognition. It is important to emphasize that by having a strong quality control (which starts from the selection of the materials, until the delivery of the products) the clients will be able to differentiate replicas.
Weaknesses	Manufacture a product that is directed to the national market, without losing the quality and designs that differentiate them from the competition. With the final product, focus on the national market and launch an advertising campaign to promote the product and skills (creating an added value).	Lowering the sale price to the public generates a greater turnover of the product. Being flexible with customers is a key point for any company. Changing these two points would considerably improve the image of this. Hiring personnel with the necessary skills and knowledge can avoid future problems, at least in the work area.

SWOT and CCME Sombrerería la Sigseñita

Sombrerería la Sigseñita	
Internal	
Strengths	Weaknesses

<p>Independent company. Trained personnel. Provide all labor benefits Open door policy for anyone. Flexible with clients demands. Variety of products. Fair and competitive price. Work with weavers who perform the finest tissues. Consolidated with prestige.</p>	<p>It has no clear objectives. Financing. Support from public entities. Most of the functions rely on one person. Quality cannot always be the same, because it is a recollection center. Hidden location. Fragile product. Lack of experience as a company. It's not certified. Brand is not registered.</p>
External	
Opportunities	Threats
<p>New in the market. Appreciation of the product at an international level.</p>	<p>Competition/Associations. Climate affects the drying of hats. Intermediaries: They monopolize the products.</p>

Cross SWOT	
WT	SO
<p>Have strong competition from larger associations, highlighting their lack of experience as a company and their less developed organization that is shown by not having clear objectives.</p> <p>Have not counted with support from public institutions that makes intermediaries do not respect them and increase.</p> <p>Have not focused on generating activities related to control management of quality.</p> <p>Have not seen the need to obtain certifications, homologations or register their brand to differentiate themselves from the competition.</p>	<p>It is a new and independent company that has the doors open for new members who seek to provide labor benefits such as maintaining a fixed price on hats.</p> <p>Have gained prestige since they have members who perform fine fabrics and the staff is highly trained, being appreciated in the domestic and international market.</p> <p>Have a wide variety of products however they are flexible in customers' requirements.</p>

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	Strengthen relationships with employees and weavers (external)	Seeking funding for the expansion of the company, especially the drying

	who have special skills, which have a wide acceptance at international level. Promote the company in social networks, radio and GAD of Sigsig to be known by exporting companies and final customers.	area, would improve production and decrease product loss. The creation of exclusive designs would improve sales and differentiate them from competition.
Weaknesses	Better development of the company's organization chart. This will designate each person's responsibilities and will not accumulate all activities on one. In this way each department of the company will focus on the production, sale, management and management of the resources. The people who oversee the sales must carry out a market study to improve and make them be known at national level.	To create agreements with intermediaries, associations (subcontracting) and exporters. Promoting fair treatment and giving fair value to the elaboration of handmade products (toquilla straw hats). Find out the steps to register the brand, meet the requirements to obtain certifications at the national level and train on issues related to the hat market.

SWOT and CCME crossed Rosari Hat

Rosari Hat	
Internal	
Strengths	Weaknesses
29 years weaving. 8 years dedicated to marketing. Handmade product, great appreciation. Recollection of hats. Give the hats to an exporter. Always looking to meet customer requirements. Variety of models and products (hats, handbags, belts, decorative items, jewelry). Weave with crochet. Fast manufacturing. Experience in subcontracting. Use of organic products. Known in the domestic market.	Not well organized. Temporary weavers. Don't have a fixed price. Fragile product. Has little differentiation from the competition. No homologations or certifications. Do not have a trademark record. Do not have enough machinery. Depends on other company to finish the products. Can afford to make a new investment.
External	
Opportunities	Threats
Exporting. Different products (belts, jewelry, decorative items) Public sector support. Public sector fairs.	Product that can be manufactured in maquilas. Take advantage of the big companies and do not pay in time. Large production area of hats.

Cross SWOT	
WT	SO
<p>Being an area of great production of hats the prices are not fixed, the competition increases (there is no great differentiation) and intermediaries appear taking advantage over the producers.</p> <p>Weavers are temporary which creates disorganization that neither allows the acquisition of certifications or to be able to register their brand.</p> <p>By not having the capacity for reinvestment, it generates the lack of machinery and forces them to go to other companies to give the final touches.</p>	<p>Being a handmade product with great appreciation of the market has attracted the attention of public companies who seek to promote this company.</p> <p>Known in the domestic market, this attracts weavers showing the experience in subcontracting.</p> <p>Manufacturing is fast, which is beneficial when they have to show up at fairs and establish business with customers.</p>

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	Might look for new customers to negotiate alliances and ensure the sale of products. To be introduced slowly in the market and to encourage the weavers to educate themselves in the new and old techniques.	To establish contracts of purchase and sale with clients, stipulating clauses that benefit both. In terms of competition, they can learn new techniques or design new models that differentiate them in the market.
Weaknesses	To define although they are a private company or association, depending on this one can access to different helps. Look for financing in cooperatives for the acquisition of machinery.	To have a model of shadow or a star article that differentiates them from the competition, thus they can be known better in the market. Designate a percentage of each sale to a fund to be able to make new investments in the future.

SWOT and CCME Products Mi Huerto

Products Mi Huerto	
Internal	
Strengths	Weaknesses
<p>Extensive knowledge in the area.</p> <p>It has 35 years' experience.</p> <p>Produces all kinds of vegetables.</p> <p>It seeks to differentiate itself from the competition.</p> <p>Experience in subcontracting.</p> <p>Easily adapts to customer requirements.</p> <p>Competitive price of their product.</p>	<p>It belonged to an association.</p> <p>It does not have much knowledge regarding records, international certifications or homologations.</p> <p>Not too much workers.</p> <p>It does not have irrigation water.</p> <p>Long manufacturing cycle.</p> <p>Their production cannot cover another</p>

It has all the necessary permits for the production and sale, in the local markets. It has exclusive products in the area.	market.
External	
Opportunities	Threats
Big companies. Municipal GAD.	Local competition. Intermediaries. They depend a lot on the weather.

Cross SWOT	
WT	SO
<p>Due to local competition and distrust, the association they were part was dissolved, does not have irrigation water, which is why it depends on the climate, the same that cannot always be predictable.</p> <p>The production cycle is long, which is why they would not be able to cover another market plus the lack of personnel and inputs necessary for producing.</p>	<p>Due to the support received by the public institutions by the municipal GAD, they have managed to obtain all the necessary permits for the local production and sale.</p> <p>By having exclusive products from the area that focus on local companies who provide certain products, as they also manage to differentiate themselves from the competition and have a variety of options having competitive prices. When demand is increased (seasonal), subcontracting is made.</p>

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	Take advantage of the knowledge that counts. Increase the production of crops. Difference from their competition and seek to lean on the municipal GAD to promote their exclusive products.	Improve the infrastructure of the plantation fields (placing an adequate irrigation system)
Weaknesses	To manage through GAD the national and international certifications to be able to have access to more markets. Request irrigation water among other basic services that are needed (sewerage, asphalted road and access to the place).	To encourage or bring together the people who belonged to the association, to indicate the benefits of working and being part of the association. This would be the only way to increase production and improve the quality of the product without making a strong investment.

SWOT and CCME Uyaguari

Uyaguari
Internal

Strengths	Weaknesses
45 years of experience selling. Stable company. Customers scattered around the country. Personalized delivery. People who speak other languages. Variety of prices. Differentiated by the final touches. Capacity to investment. Verbal agreements.	Doesn't have enough knowledge of foreign trade. Low product rotation. Fragile product. Long manufacturing time 30 days – Expensive guitars. Doesn't subcontract. Is not supported by public institutions.
External	
Opportunities	Threats
Tourist companies. National market.	Climate that affects the drying of the wood. Chinese products.

Cross SWOT	
WT	SO
The entrance of Chinese products with lower costs and with a large scale low product rotation accentuates the fact that manufacturing time is much longer, and no subcontracting is done. It is a fragile product, which must be handled with care, it is affected by climatic changes during manufacturing and when the product is finished.	Having almost a decade of experience shows that it has been recognized in the national market, with clients around the country. Has focus on tourist visits and it has forced the staff to learn other languages. It is differentiated from the competition for its finishes, variety of prices and personalized delivery.

CCME (correct, confront, maintain and explode)		
	Opportunities	Threats
Strengths	To strengthen and sign agreements with tourism companies. Seek support from the GAD of Sigsig to promote the route of the guitars, in order that more people know the quality with which the artisans of San Bartolomé work.	Investing in the expansion of the workshop, especially the drying area, in this way will considerably decrease the loss of raw material (mainly wood that is imported, which has a high cost and represents strong losses for the company)
Weaknesses	Design a marketing plan to promote the products. These campaigns can be promoted through social networks, newspapers or radial wedges. Training in foreign trade, being aware of the advantages, risks and benefits.	Take advantage of the techniques acquired over the years. Maintaining the distribution service, this gives an added value and personalized service to the customer.

4.4 Conclusions

It was possible to analyze the actions of the SMEs interviewed and how they have been benefited or affected by the environment, such as: direct relations with public institutions, suppliers or clients. Depending on each case it has been sought to determine the most appropriate strategy, with the aim of solving the flaws and implement improvements that are directed to the benefit of the company.

On the other hand, most of them do not have the support of any public entity. This is due to the mistrust and the bad image generated by the media, the same institutions and the bad experiences that other producers had. Some companies do not seek help and close because of fear.

In conclusion, most of the companies interviewed have the productive capacity to cover another market and an attractive product. But the lack of initiative, training in knowledge and the use of machinery have caused many companies to limit themselves and just stay in the local market.

5. Conclusions and Recommendations

Conclusions and recommendations

After having culminated the analysis of the different SMEs of Chordeleg and Sigsig, conclusions and recommendations are made for the different subjects that were part of this project. To correct mistakes, encourage companies and take advantage of the advantages they have.

Conclusions

Chordeleg and Sigsig, both have a territorial development plan which I facilitated extensively for the elaboration of this thesis. In the case of GAD of Chordeleg the Directorate of Environment facilitated with the results obtained from the survey carried out in February 2017, which consisted of all companies and commercial premises of the Chordeleg. On the other hand, in Sigsig the direction of strategic planning and economic Development gave a short list of the names of the owners of some establishments, who considered that they could export.

Of the companies interviewed most of them did not have a well-defined structure, they had many flaws in the administrative part. They were usually family businesses or in the case of footwear most of the producers were siblings or had some kinship.

1. In Chordeleg, twelve companies were chosen, but nine were interviewed, six of which were engaged in the manufacture of footwear and three to produce jewelry. Of these, two companies were chosen (Elite and Castro jewelry factory), because they fulfilled the characteristics posed by the tendency of companies for SMEs.

2. On the other hand, during the interviews, it was mentioned that there are many artisans who do not have the "skilled Craftsman" card which causes it to be classified within the tertiary sector.

3. Elite was chosen because it has: suitable machinery, well-organized production line, and trained personnel, a considerable number of customers around the country, sufficiently striking product, openness and interest in entering markets in the Abroad. This has made that it has a higher score in the Export Audit, he would dedicate more he might be exporting in the medium term.

4. In the Sigsig, twelve companies were elected, of which two (TESYA and María Auxiliadora) were already exporting and seven others complied with the established guidelines. Of the companies interviewed, three were chosen, which were sufficiently striking. It should be emphasized that it is a town with a greater diversity of products than what was found in Chordeleg.

5. To have more knowledge about the elaboration of toquilla straw products, we interviewed associations that had already exported and are the example for other SMEs. On the other hand, it was evident that certain companies have the potential to export but lack an incentive of support from public institutions has made companies limit themselves to the local market.

6. Chobcuy is a company dedicated to the upbringing and sale of Guinea. One of the advantages with the present account is; the infrastructure, productive capacity and the flexibility to any demand of the market or customer. If this company complied with certain certifications and phytosanitary standards, it could initiate a medium-term export plan.

7. Patricia Cardenas (Ensueño) is employed and sole provider of the town of SensiStudio. She has a workshop where the whole production process is carried out, and also has a wide knowledge of raw material suppliers at the national level and the export process that SensiStudio carries out. It should be kept in mind that each weaver is paid by the piece, usually, they are paid a very low value compared to the one sold in the market. In conclusion, with all the knowledge that Patricia Cardenas has gained over time, she could become independent of SensiStudio and start exporting on her own.

8. Sombrerería la Sigseñita is a company that has managed to make its way into the market, despite the little time it has in it. What characterizes it is the structure, order and policies of which it counts. If the company would dedicate properly to structuring and making export plans it could be exporting in the medium term, because they have the full potential.

9. The GAD of Sigsig is helping to create productive units with the surroundings of the town headwaters. Considering that the creation of alliances with other entities (public or private) can improve the environment of certain areas and SMEs.

10. There is a great potential in Chordeleg and Sigsig; however, there are certain aspects such as: structure, productive capacity, economic incentives and support, which have been strong limiting so that they do not risk entering international markets.

Recommendations

1. In the administrative aspects, most companies should establish an organization chart, which allows them to designate to each employee the obligations and responsibilities that must be fulfilled according to the position that has been granted. This would facilitate the performance of the production chain indicating where are the flaws, which can be solved by training, investment or the implementation of new techniques.

2. Set annual goals and objectives, allowing them to grow as a company and to gain market gradually. Creating commitment on the part of the employees to be able to comply with the established in a certain time and leaving aside the fear or suspicion that, when training the employees, they renounce and become their competence.

3. Most companies have not conducted a market study and even worse a sectorial study, leaving them without the information needed for the sale and production of the products they are offering. This causes that companies restructure their production chain by the demands of

a client, without considering that the changes incur the final cost, leaving them with a high stock of raw material that sometimes ends up being a loss to the company.

4. To encourage the creation of associations or guilds that aim at the same objective, which would be the growth and evolution of the footwear sector in the town of Chordeleg.

5. Town GADs should make studies or updates of information related to the development Plan and land management at least every two years. In the case of both towns, certain information was obsolete or in other cases did not exist. Once doing these studies can reflect the current situation of the town in all aspects.

6. When updating the TAP, the GADs should use a single source in the case of surveys and that these are the same year because it causes confusion to the reader by the disparity of the data.

7. In the case of companies that are related to the food industry, they should meet, join and apply national and international phytosanitary standards if they want to enter new markets.

8. The GADs should encourage associative culture, thus remote areas would have the possibility to improve their living conditions and be a contribution to the community.

9. For the GAD of Chordeleg, it is advisable that most of the companies are in the town headwaters, so they must support them through economic incentives, fairs and training so that this way it would increase the economy of the companies. Fomenting the growth of the town and at the same time of the productive area.