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“Diagnosis of The Exportable Supply of the SMES in the wood sector”

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DEDICATION

I dedicate this research to my parents due to their effort and dedication they were my motor to finish my university studies reaching another goal in my life. To my siblings Fernando, Sebastian, María Jose, my family and friends who support and encourage me throughout this stage.

María Cristina Cordova Palacios

The present research work is dedicated to God and to each one of my family members in especial to my parents Orlando and Gladys who have always been my unconditional pillars giving me what I need to achieve my goals and for my personal growth. Not less important, to María, Dorila and Serafín. To my blood partner Katherine and mi life partner Andres. Thank you for trust on me. I love all of you to death.

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ABSTRACT

This research is based on a bibliographic study of the concept of internalization, foreign trade, and their importance in a global economy. One of the main points analyzed is the relationship between small and medium-sized enterprises in the economic, political, social, aspects in connection with other macroeconomic and microeconomic factors. This research also considers the distribution of exporaudit to the 20 interviewed companies of Cuenca, which helped to obtain results of their current situation. This analysis aims to prospect possible new commercial ties between the local and national companies as well as the improvement of each of the companies and the sector.

INTRODUCTION

Within the economic development of a country, it is important to consider the productive force of small and medium companies, which provide benefits such as: sources of employment, production of various goods and services, among others. Companies face an increasingly globalized economy, and must be in accordance with the productive capacity, number of sales, and employees. Thus, new concepts for the growth for these companies can be applied. In this study internationalization is described as one of the means of competitiveness and development.

No specific information has been collected on the current status of SMEs in the timber sector in Cuenca; however, several investigations have been carried out about topics related to the internationalization of the timber sector at a national level and individual studies of SMEs in the sector; therefore, this study is going to focus on that topic.

The diagnosis of the exportable supply of the timber sector refers to the analysis of the administrative, financial, production, and sales departments. This will be carried out through 'Expöraudit' (Export Audit), which will identify areas to know if they are ready or not to be exported, especially in the internal business process. The information will be collected, processed, analyzed, and will be presented in this investigation to decide whether a company should start the exportation process of a company or not.

The present work is divided into four chapters, which will be described below:

- In the first chapter the different classical theories of foreign trade will be detailed along with a brief overview of the historical background, this will give an idea of the evolution of trade and its current order to understand the world economic system; and so, arrive at the current phenomenon called internationalization and its different theories. On the other hand, the classification and characteristics of SMEs in Ecuador will be described and finally, the concept and particularities of 'expöraudit'.
- The second chapter describes the microeconomic characteristics of Cuenca, which details the specifications of the timber sector and the environment that SMEs face in relation to their products. A PEST analysis will help to describe macroeconomic characteristics of the environment.
- In the third chapter an analysis is established on the SMEs interviewed. They were applied to the respective 'expöraudit', which details the profile of the SMES in the administrative, financial, productive, and sales areas. In addition, certain characteristics were identified such as productive capacity, and number of employees, among others. Another factor was

to carry out a diagnosis on the possibility of exporting; that is, to verify with precision if the company is prepared to carry out this challenge.

- In the fourth chapter, can be found an analysis of the problems identified during the interviews. Also, we will apply the SWOT; it is a tool which help to determine the strengths, threats, weaknesses, and opportunities of the sector. Later, we will establish some recommendations for each of the analyzed areas which will determine the strategies to be used.

CHAPTER 1: THE CLASSICAL THEORIES OF INTERNATIONAL TRADE AND THE INTERNATIONALIZATION OF SMES

1. 1. International trade theory

1.1.1 Background

Trade has been present in humanity since primitive times, appeared in the form of barter among the first people, in which they exchanged different products that abounded for others that lacked. From then on, trade began to evolve, which has transcended borders. The first recorded instance of international trade was the Silk Road that took place in the first century BC. It consisted of a network of commercial routes organized from the silk business, extending throughout the Asian continent ¹. At the same time, the number of commercial routes increased, which generated connections between the Asian continent, Europe and the rest of the world.

According to *Charles Hill* (2011), international trade is the exchange of goods and services that is carried out between two or more countries which is present in the economic policies of nations. It has brought great changes at the global level, not only in the economic sphere, but also in the political, technological, and socio-cultural.

The most important theories have been derived from trade history, which provides a global idea of the current international trade order.

1. 1. 2 Mercantilism

Mercantilism was the first theory of international trade, which was developed in England between the sixteenth and seventeenth centuries, its fundamental bases focused on the accumulation of both gold and silver, as well as the possession of colonies; since, the resources of those lands would grant them wealth, power and expansion for that reason, there was an exploration of new places by the economic powers of the time to expand their borders overseas. (Rivas, 2011)

On the other hand, this theory sought to increase the capital of the country, so it was very rigid in commercial relationships; that is, it was a zero-sum game, in which tariff barriers were imposed and it did not allow the entry of foreign products, thus causing the loss of capital of the country; while, the other sought to encourage exports to ensure the accumulation of capital, thus obtaining a favorable trade balance. In the end there was inequality in international trade because the international scenario ended up enriching some parties and isolating others.

Thomas Mun (1630) mentions that: "the common tool for increasing prosperity is foreign trade, which is why we have to sell more abroad than what is consumed from it" (Hill, Charles

¹ Connecting China with Mongolia along with Persia, Arabia, Syria, Turkey, Europe and Africa.

W., 2011, page 156). *Mun* approves the protectionism because it allows a nation to reach a surplus in the trade balance since it imposes barriers to importation to minimize the entry of products; however, there are analysts who criticize this theory, as *David Hume* (1752) points out the incongruity of mercantilism in which that long-term the countries only depend on the exports. This author emphasizes that no country is self-sufficient, and they must allow the importation of certain foreign products. In the end, this theory was obsolete because gold and silver ceased to be sources of wealth.

At the same time, the first Industrial Revolution between 1750 to 1840 (Correa, 2014), brought great changes to manufacturing; that is, the work was mechanized, which allowed the development of serial production. Also, important inventions were created such as the steam boat and the railroad as well as an exodus from the rural population to the city. These significant signs not only changed the way of life, but also modified the way in which world trade was handled because new maritime transport routes were established and raw materials such as coal and steel began to be commercialized.

1. 1. 3 Absolute Advantage

In 1776 the Absolute Advantage was developed in the work 'the Wealth of the Nations' by *Adam Smith*. It was one of the first theories to include the concept of specialization and he considered that each country has an absolute advantage. Each country specializes itself in the manufacture of products that results in more efficient to trade with the world, exchanging products or services that could be acquired at lower prices, compared to those they obtain from their own production. (Hill, Charles W., 2011).

On the other hand, *Smith* mentions the benefits of the free trade in which a country must specialize in goods that are going to be bought by another country with a lower cost, each one producing and exchanging goods to achieve an absolute advantage, the commercial benefit would be for both. It also demonstrates the reduction of costs, due to the importance of the division of work and specialization. Another advantage is the invisible hand, which mentions that the less the government participates in the economic and / or commercial decisions, the better the economic development will be, due to the fact that the same market self-regulates and sees to the need to export or import.

This theory lost strength as it only describes how it works if a country produces a good efficiently and due to its productive force. But, countries that do not have absolute advantages in any goods or the resources to exploit them, it does not explain what they can do in that kind of situation.

1. 1. 4 Comparative Advantage

David Ricardo took as a starting point for his studies the *Smith* theory, and in 1817 he wrote the book 'The Principles of Political Economy and Taxation' in which he proposed the theory of Comparative Advantage. Nowadays countries depend on international trade for their economic development. He also mentioned that trade provides mutual benefits among commercial relations, due to the fact that each country possesses certain productive advantages (Contreras Hernandez, Fernando, 2012).

Then, if a country specializes itself in products and exports those goods in which it has major efficiency, these products have a lower cost than the rest of the world and there are global gains, thereby creating an international competition, which improves the quality, efficiency and effectiveness of production, considering that several of them can produce something more efficiently than others (Giler, 2017)

In addition, this theory mentions that, though it increases the area of the productivity, the countries have major benefits as result of the specialization (Bustillo, 2000). Ricardo also defends that world production is better with the free trade; which means that there will be more consumption if the restrictions are not applied to trading, since consumers around the world can buy more. Finally, this theory resembles a positive sum game in which all the countries that take part obtain economic gains (Hill, Charles W., 2011), unlike the zero-sum game (mercantilism) in which a country wins at the expense of the loss of other one.

Some similarities can be found between the theories of *Smith* and Ricardo, both defend free trade and the specialization of production of a particular good. There are some authors who criticize these theories of free trade, for example, *Samuelson*, who mentions that a country should only manufacture considering natural factors, but not all countries have the economic resources to achieve maximum efficiency in a good. This way, the free exchange of goods of a country farmer to a technological country turns out to be unequal, because the same resources are not used (Correa, 2014). How much resources in workforce and land are required to match the cost of *software*, produced with a vast combination of skills and economic structures?

1. 1. 5 Heckscher and Ohlin

Eli Heckscher and *Bertit Ohlin* in 1919 to 1933, they depart from the theory of the comparative advantage to explain that countries have different factors of production (labor, land, technology and capital). Nevertheless, for differences between levels of productivity, this model establishes the following: "A country specializes itself in the production of goods whose factor of production turns out to be relatively more abundant in the country." (Hill, Charles W., 2011, page 167)

In the First World War, along with the period of the great depression in the 30s, international trade was handled with a liberal system. But it had negative effects and big consequences, as it was affected by the speculation of the stock market, this caused an instability of production and the prices of the agricultural products went down, resulting in a strong state of protectionism (Correa, 2014). The liberal system is replaced by economic protectionism with a strong State participation.

At the end of the Second World War in 1946 and with the aim to achieve a recovery of the world economy, at the *Bretton Woods* Congress, some multilateral institutions emerged such as the World Bank (WB) and International Monetary Fund (IMF), among other agreements.

1. 1. 6 The new theory of trade

In the decade of the seventies, one sees the importance of economies on a large scale to reach world trade. Each nation specializes itself in a product reducing the unit costs that are obtained if it is produced in large volumes. So, this helps to the aim of the company, which is to offer a greater variety of products and to keep costs low. (Rivas, 2011)

If a market is small, everything that is produced will probably not be sold everything, now, if it expands to an international market, they will have major advantages for engaging economies on a large scale, this is how companies must be attentive to opportunities and seek efficiency in their operations. For those who act first on the world market, are those who control the market. This can be considered to be a disadvantage, because it discourages future business, especially to small and medium enterprises, which decreases competition and innovation.

For example, the companies of *Boeing* (USA) and *Airbus* (European Union) which engage economies on a large scale, discourage the entrance of new competitors to the market, reinforcing the domain of production for medium and large aircraft in the USA and Europe, this makes them the only ones on the market, so they can control the trade on a country for their own benefit. Hereby the parameters of the trade have changed the absolute or comparative advantages, or Porter's theory are no longer necessary. The only sectors able to compete in international trade are production plants, industrial equipment, and commercialization. (Hill, 2011).

The last round called General Agreement on Tariffs and Trade (GATT) was done to reduce the unequal conditions and to improve the foreign trade system, which was held in Uruguay, with the purpose of stimulating rapidly the liberalization and the growth of international trade (Correa, 2014). They handled issues such as the extension of the concept of 'market access' and trade negotiations, as well as 'border measures' (tariff and non-tariff barriers) just to avoid the disadvantages of economies on a large scale. Finally, the member states subscribed to different

commitments and one of those was the agreement to establish the World Trade Organization (WTO).

The WTO was established in 1995 and it is considered to be the legal and institutional base of the multilateral system of trade. It's main function is to establish contractual obligations among States, the countries must base their own regulations to conduct business relations. It is also the entity that serves as a platform to carry out such relations between the different countries through debate, negotiation, and prosecution in case of any being a problem.

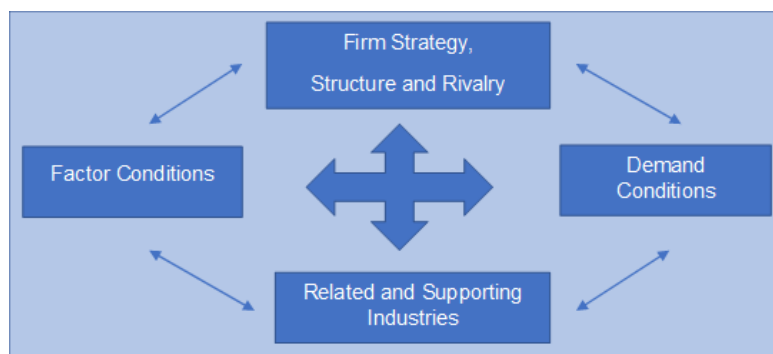
1. 1. 7 National Competitive Advantage: Porter's Diamond

Michael Porter studied at the Harvard Business School, where he conducted a research in 1990 and determined the reason why some nations thrive and others fail in international trade competition. (Hill, Charles W., 2011)

This author carried out a study in 100 industries of 10 nations, with the following hypothesis: Why Switzerland stands out in the production and export of precision instruments and pharmaceutical products? While Germany and the United States lead the business of chemical compounds. As a result, it is stated that foreign trade theories only explain an essential part of a whole conglomerate of factors; that means according to the comparative advantage Germany is a leader in the business of chemical compounds, due to the advantage it has in the production of resources. However, it does not explain why it produces faster than the United States. *Porter* explains that there are four attributes that define the environment in which local companies compete in a nation and applying them in different ways are those that promote or hinder the creation of a comparative advantage in a certain country.

The following chart is better known as *Porter's* diamond:

Illustration 1 Factors of national competitive advantage: Porter's diamond



Source: (Hill, Charles W., 2011)

Factor conditions: they represent the production factors of a country, which are divided into: basic (natural resources, climate, location) and advanced (communication infrastructure, technological capacity and labor specialization). In this way, the advanced factors are those that

offer the company a competitive advantage, whereas, depending on the quantity of basic factors, this reinforces the decision to invest in advanced factors, since skilled workers are required to develop an efficient production of resources and compete in the industry (Hill, Charles W., 2011)

Demand conditions: the role of domestic demand in the improvement of competitive advantages is highlighted, since, the organizations specialize themselves and are attentive to the needs of consumers, which determines the attributes that the final products must have. In addition, innovation and increased quality may be required, as the demand requests. The consumers being more demanding stimulate companies to satisfy their needs with the manufacture of products under increasingly high or low-quality standards. (Hill, Charles W., 2011)

Related and supporting industries: this refers to the sector where the company performs its functions. It is surrounded with suppliers and related sectors, thus creating a disadvantage by being close to their competitors, making it easy to respond to their business decisions, but it also it helps the companies to generate an advantage by interacting closer with their own sector. It is possible to carry out business groupings to obtain benefits such as the transfer of knowledge in productive, administrative, and financial aspects, among others.

Strategy, structure and rivalry: this refers to the strategies that each nation has; as well as to the structure and rivalry between companies which manifest themselves separately. In some cases, the efficiency is sought only in one area. This strategy can be advantageous because it specializes in production and improves cost and efficiency, but at the cost of neglecting other potential opportunities. On the other hand, while the rivalry is present in the environment of the companies, it helps to improve efficiency, encourage innovation, reduce costs, invest in modernization and advanced factors, which allows internal competition (Hill, Charles W., 2011).

According to *Porter's* theory, countries must export products from sectors where there is a favorable panorama in factor conditions, conditions of demand, related and support sectors, and strategies, structure and rivalry, while, it should import products from sectors in which they do not give themselves favorable conditions for the development of the factors of the diamond.

1. 2 Internationalization from a process perspective

Nowadays in such a competitive world it is considered necessary to identify the main parties: the companies, which, beside controlling the international scene, help to improve the national economy. In this way, they are responsible for deciding the appropriate action plans so that, together with the new competitive requirements, they do not let their commercial activity be overshadowed and drive them from the market. Therefore, it becomes important to understand the company as a dynamic system, in which different processes interact to achieve an objective.

The theory makes it clear that internationalization is a need for domestic companies, because it allows them to expand to a foreign market. Also, it's needed to identify the steps to start this process using the completion of different phases, as it is following described:

1. 2.1 Uppsala model

The model basically states that in an instinctive development class, the companies will increase or risk a major similar number of resources as they gain experience in a market, since with rational behavior, it is easy to predict that the more the area is known, the easier it will prove to apply some specific strategies that help to increase profits. In this way, the internationalization from the Uppsala model must fulfill four stages that constitute the chain of establishment:

- 1.- Sporadic or non-regular export activities
- 2.- Exports through independent representatives
- 3.- Establishment of a commercial branch in the foreign country
- 4.- Establishment of productive units in the foreign country

It should be noted that the Uppsala model is one of the most emphasized within internationalization theories, due to its common use for the specific approach of each stage, because it details the levels of the company's export development. Several experts reiterate that there is a clear and concise growing commitment both with the market and with their expert knowledge, which are precisely the elements that characterize the correct participation in the international market. Additionally, one finds the implication of the term psychological distance in the 'Uppsala model', which refers to that difficulty that arises, while increasing the differences that appear between countries: cultural, linguistic, political, and other differences. As the writings of *Penrose* (1996) indicate, the accumulated experience appears in two complementary ways:

1. Changes in the acquired knowledge.
2. Changes in the abilities to use knowledge.

Source: (A. Trujillo, F. Rodríguez, A. Guzmán, G. Becerra, 2006, page 14)

Both complementary ways have been acquired by skills, this will be key for the correct expansion towards those countries that are farther away, in other words, the psychological distance.

1. 2.2 The approach of innovation

This theory considers the export process to be the basic tool for the internationalization in small and medium enterprises. The model of the approach is based on the idea that internationalization is the result of a procedural development of efficient and effective business

innovation. Internationalization and innovation are not the same, however, there is a certain degree of relation between these concepts. The simple explanation emphasizes that internationalization like innovation are similar in terms of the uncertainty that occurs in both. These two decisions turn out to be creative, planned, and risky, because the future results are unknown. For *Lee and Brasch (1978)* the incentives for an export may be:

1. An initiation guided by the perception of problems or internal needs.
2. An initiation to the export guided by the reaction of the direction of the company to information of external agents and to the innovation. (Lee and Brasch, 1978)

The innovation decision appears in any of these two situations, especially when there are obstacles that delay the correct development of the country. So, the company or the country try to seek solutions and innovative strategies to continue growing their business.

1. 2.3 *Vernon`s model: product life cycle*

Vernon justifies the life cycle of a product, because it is the evolution of sales of that product during its permanence in a given market. Depending on the product and the sector, its useful life may be longer or shorter. However, it is optimal to wait for the product or service reaches last over time; therefore, the diversity of demand that exists on the international market, becomes one of the biggest motivational and attractive factors for continuous production and economic development.

There are four stages in a product's life cycle according to the Product Life Cycle Theory:

Illustration 2 Vernon Theory

Stage of the life cycle	Stage of the internationalization
1.- Introduction	Orientation towards the country of origin
2.- Growth	Orientation towards to the main industrialized countries
3.- Maturity	Relocation of the direct investment
4.- Decline	Leaving the country of origin

Source: (A. Trujillo, F. Rodriguez, A. Guzman, G. Becerra, 2006, pág. 18)

The model of product life-cycle not only studies the relocation of production in the international arena, it also details the development of the process of international expansion as a persistent view of the product and the country becomes one of non-existent demand.

1. 2.4. *Jordi Canals model*

This model focuses on the idea that all the areas go together to the globalization which means that all sectors are considered necessary to update their processes and reach the international level in order to improve their physical and psychological positioning. Therefore, in

terms of competitiveness and from the point of view of the consumers, this process can be summarized by three kinds of specific factors:

1. Economic forces
2. Market forces
3. Business strategies

Source: (A. Trujillo, F. Rodríguez, A. Guzmán, G. Becerra, 2006, p.14)

The model is a work in progress, as the previous model was merely sequential. The stages appear in the following table:

Illustration 3 Model Jordi Canals

Step 1: Start	Passive export
Step 2: Development	Active export and alliances
Step 3: Consolidation	Export, partnerships, direct investment, acquisitions.

Source: (A. Trujillo, F. Rodríguez, A. Guzmán, G. Becerra, 2006, p. 14)

According to this model the quality of the product is going to be basic for a correct internationalization process, as well as the similarity of foreign markets with local distribution channels, physical proximity, market size, the degree of rivalry, currency risk, political, economic, stability, and the familiarity of the company with those markets.

As a priority, the company should relate the degree of quality of its products with the requirements of the foreign country, which is essential for the proper productive development of any business parameter. Therefore, based on the explanation of this theory, it is extremely necessary to have a person knowledgeable in exports in the country of destination, then as well as it is postulated in the well-known 'butterfly-effect', the attention in each detail, even those that may seem to be irrelevant, may be a possible tool for the success or failure of the company.

Those mechanisms of coordination and control should go hand to hand for continuous improvement of the internationalization process. Once the company decides the centralization or decentralization of management activities.

1. 2.5 Way Station model

Finally, the *Way Station model* which takes as its starting point the Uppsala model. It attributes great importance to the experience and to those steps to be followed. The model reaches complementation through primary information which is obtained by interviewing senior executives. To demonstrate the knowledge and the necessary commitment towards internationalization, the model presents several stages:

1. Motivation and strategic planning
2. Market Research

- | | |
|--|------------------------------------|
| 3. Selection of markets | 6. Strategy post input and linkage |
| 4. Selecting the input mode | 7. Competitive acquired advantage |
| 5. Planning problems and contingencies | and overall corporate performance |

Source: (A. Trujillo, F. Rodríguez, A. Guzmán, G. Becerra, 2006, p. 20)

1. 3. Small and medium enterprises (SMEs) in Ecuador

1. 3.1 National regulation

The SMEs in the economy of Ecuador are an important productive factor as well as helping to create sources of work, allowing innovation and development, distributing goods and services, and offering products on the market.

Article 306 demonstrates with clarity and precision the support for SMEs: "The State promotes environmentally responsible exports, with preference of those that generate more employment and added value and particularly exports of small and medium producers and the arts and crafts sector" (Constitution of Ecuador, 2008, p. 146)

Furthermore, Article 320 of the Constitution determines that domestic production must be accompanied by high standards and regulations in the generation of goods and services. Also, these goods must be sustainable with efficiency in the economy with high added value and the work of the person who made these products is valued.

The SMEs have certain limitations and do not have sufficient resources for full operation (Araque, Wilson, 2012), so the Constitution and the Organic Code of Production, Trade and Investment (COPCI) have a single goal: to stimulate and to promote the growth of this type of organization, to have equality of conditions on the market, and to ensure compliance with laws and standards in order to help to satisfy the demand of consumers regardless of the size of productive organization. This affirms that SMEs require more attention to a market in unequal conditions and seek alternatives for the survival of these enterprises.

1. 3.2 Concept of small and medium enterprises (SMEs)

According to the Internal Revenue Service (SRI, in Spanish), SMEs are the set of small and medium enterprises that perform different economic activities, and in agreement with its sales volume, capital, number of employees, level of production and assets, they treat each other as economic entities. It is possible to find in other sources the definition of SMEs such as: the Andean Community of Nations (CAN, in Spanish), the national regulation of the Organic Code of Production, Trade, and Investment (COPCI, in Spanish) and the International Commission Decision 702 which have been taken as a base for this research.

In the Organic Code of Production, Trade, and Investment (COPCI) in Book III of 'Development of the Micro, Small, and Medium Enterprises, and of the democratization of the Production' in Title I of the 'Promotion to the Micro, Small and Medium enterprise', there is established the article 53, which gives the definition and classification of it:

Micro, Small, and Medium Enterprises are any natural or legal person who, as a productive unit, carries out an activity of production, trade, and / or services, and that does what it says with the number of workers and gross value of annual sales, indicated for each category, in accordance with the ranges established in the regulations of this Code. (Code Organic Production Trade and Investment, COPCI, 2010, p. 26).

1. 3.3 Classification of SMEs

According to Title I of the Business Development of the Micro, Small, and Medium Enterprises Chapter I 'Classification of MiSMEs', in the article 106 the classification is mentioned as:

Illustration 4 Classification of MiSMEs

Productive unit	Number of workers	Value of sales or gross annual income
a.- Microenterprise	1 to 9 workers	Equal to or less \$100,000.00 million dollars (USD)
b.- Small Enterprise	10 to 49 workers	Between \$100,001.00 and \$ 1,000,000.00 million dollars (USD)
c.-Medium Enterprise	50 to 199 workers	Between \$ 1,000,001.00 and \$ 5,000,000.00 million dollars (USD)

Source: (Organic Production Code Trade & Investment, COPCI, 2010, 188 pp.)

Author: Prepared by the authors

It should also be noted that in Cuenca there are a large number of artisans and their associations. Together, they are considered as SMEs, this is according to Art. 107.- Qualification Craftsmen`s as MiSMEs states: "for the intent of the present regulation the artisans will be treated as micro, small, and medium companies, considering their size, considering the level of annual sales and number of employees, as established in the precedent article" (Code Production Organic Trade & Investment, COPCI, 2010, p. 188).

1.3.4 International regulation -Decision 702 of the Andean Community of Nations (CAN, in Spanish)

In Decision 702 of the Andean Community, 12 items are detailed. The member States must develop and transfer SME monitoring information and statistics, as established in Article 1. Article 2 establishes the concept of a SME: "it includes all formal enterprises legally constituted and / or registered with the competent authorities, which have accounting records and / or contribute to social security, including the thresholds set out in the Article 3" (Andean Community of Nations, CAN, 2008, p. 1)

In Article 3 ranges of staff and the gross value of annual sales are described:

Illustration 5 Decision of CAN-702

Variables	Stratum I	Stratum II	Stratum III	Stratum IV
Number of workers	1 – 9	10 – 49	50 – 99	100 – 199
Sales value or annual gross income (US\$)	≤ \$100.000	\$100.001– \$1.000.000	\$1.000.001– \$2.000.000	\$2.000.001– \$5.000.000

The Gross Value of the Annual Sales will prevail over the Occupied Personnel criteria.

Source: (Comunidad Andina de Naciones, CAN, 2008, pág. 2)

In comparison between national and international regulations, there is a significant difference. Decision 702 of the Andean Community is divided into four strata; whereas in COPCI article 106 there are three categories: micro, small, and medium enterprises. Therefore, in the present study will be in use the COPCI parameters (Illustration 4), due to the international regulation that was adopted within the valid internal regulations by resolution 1260.

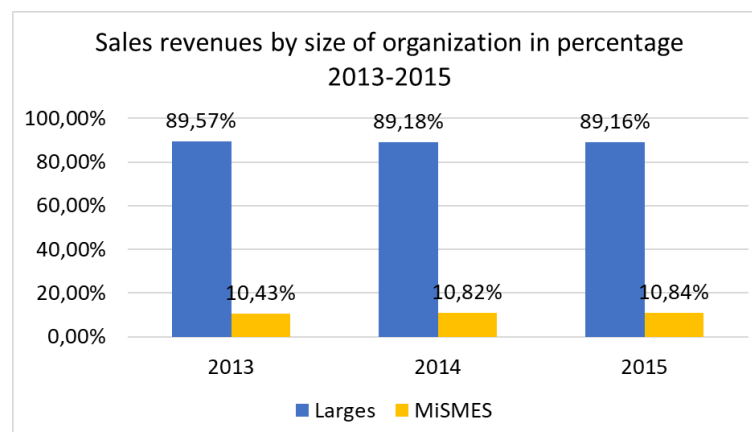
Variables	Estrato I	Estrato II	Estrato III	Estrato IV
Personal ocupado	1 – 9	10 – 49	50 – 99	100 – 199
Valor Bruto de las Ventas Anuales (US\$) *	≤ 100.000	100.001 – 1.000.000	1.000.001 – 2.000.000	2.000.001 – 5.000.000

The Superintendence of Companies, Values, and Insurance performed a sectoral study of MiSMEs and large companies in 2017, where is described the different economic sectors of Ecuador on: size, income level, number of employees and other categories. This sectoral study will help to understand the current situation of companies in the manufacturing sector and most important the current situation of MiSMEs.

According to illustration No. 6, large companies had a majority participation of sales revenue in the last 3 years. In the year 2013 reached 89.57%, that means \$21,265.23 million USD. In the year 2015, large companies reached \$21,296.95 million USD with a percentage of 89.16%. However, MiSMEs, in 2013 achieved 10.43%, it means \$2,745.45 million USD, and for the year 2015 it obtained 10.84% with \$2,588.62 million USD.

As can be seen in Illustration No. 6, despite the fact that large companies lead the statistics, it is possible to see that MiSMEs in three years have increased 0.41% in market participation with sales revenue of the manufacturing sector.

Illustration 6 Sales revenues by size of organization in percentage 2013-2015



Source: (SUPERCIAS, 2017)

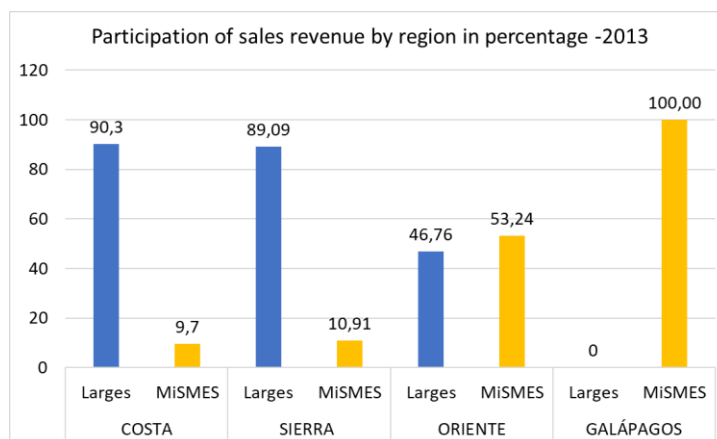
Author: Prepared by the authors

1. 3.5.2 Statistics of sales revenue of the manufacturing sector at regional level

According to illustration No. 7, in the year 2013 large companies in the Coastal region had a sales revenue of \$9,842.82 million USD that represents 90.30%. Secondly, in the Sierra, the large companies reached \$11,403.10 million USD representing 89.09%. In the Amazon, large companies recorded sales revenues of \$ 19.31 million USD with a participation of 46.76%, while in Galapagos there was not data of sales revenue of large companies.

As for MiSMEs according to illustration No.7, the most representative regions by sales revenue are the Amazon and Galapagos, the first region reached \$21.99 million USD representing 53.24%. The second region generated \$0.42 million USD (\$420,000) representing 100% of participation. On the other hand, the lowest participations are those of the Coastal regions which obtained \$1,056.98 million USD, representing 9.70%, and the Sierra presented revenues of \$1,396.05 million USD with a 10, 91% participation.

Illustration 7 Participation of sales revenue by region in percentage



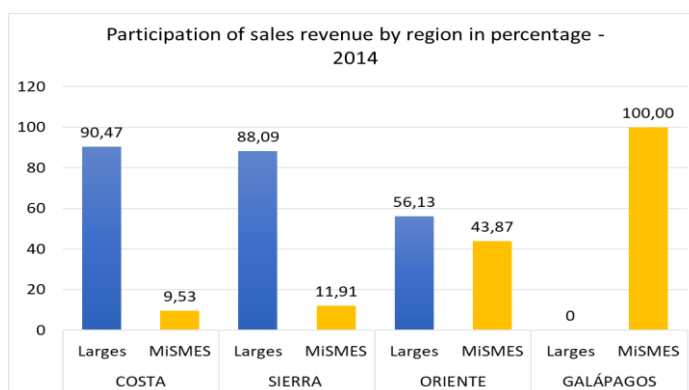
Source: (SUPERCIAS, 2017)

Author: Prepared by the authors

According to Illustration 8 in 2014 the participation of MiSMEs decreased compared with large enterprises. Large companies in the Coastal region had revenues of \$10,150.55 million USD, that means, 90.47% of participation and MiSMEs obtained \$1,069.44 million USD and its participation was 9.53%. In the Sierra region large companies registered \$10,542.91 million USD, representing 88.09%, while MiSMEs reached \$1,424.96 million USD with a participation of 11.91%.

In the Amazon region large companies obtained \$24.34 million USD with a participation of 56.13%, but MiSMEs reached \$19,030,000 million USD, with 43.87%, a minor participation in comparison with the previous year. The Insular region did not register data of the large companies, however, MiSMEs generated \$0.57 million USD, \$570,000 million USD with 100% of participation.

Illustration 8 Participation of sales revenue by region in percentage - 2014



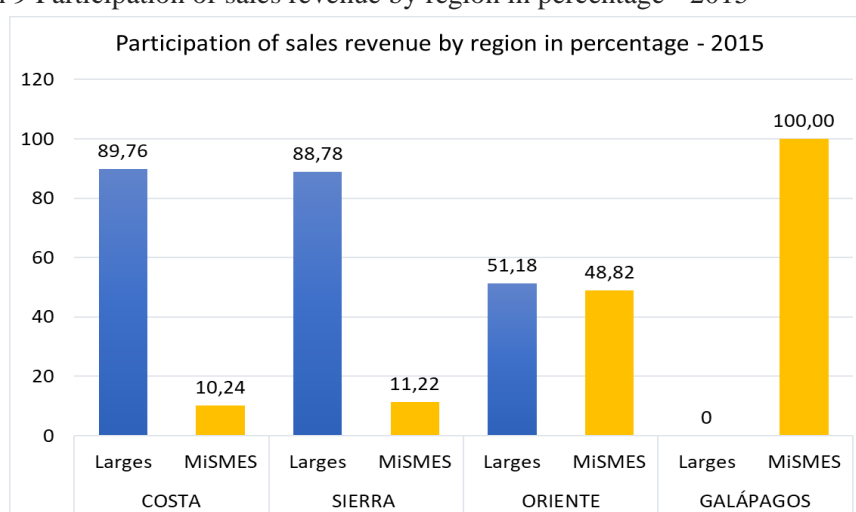
Source: (SUPERCIAS, 2017)

Author: Prepared by the authors

In the year 2015, MiSMEs in the Sierra increased their participation in comparison to the previous year, registered \$1,456.20 million USD and a participation of 11.22%, whereas the large companies recorded \$11,521.34 million USD, that is, 88.78%. On the Coast, MiSMEs reached \$1,112.49 million USD, 10.24%. Instead, large companies had \$9756.34 million USD with a participation of 89.76%.

In the Amazon, MiSMEs recorded \$18.38 million USD with a participation of 48.82%; On the other hand, large companies gained 51.18%, \$ 19.27 million USD. Finally, Galapagos data was not registered for large enterprises and MiSMEs had 100% of participation, which means a sales revenue of \$1.55 million USD were recorded.

Illustration 9 Participation of sales revenue by region in percentage - 2015



Source: (SUPERCIA, 2017)

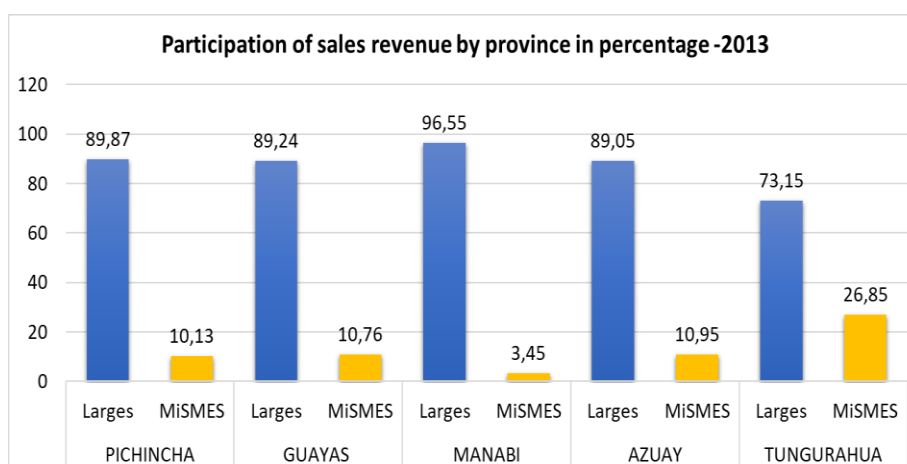
Author: Prepared by the authors

As it is shown in illustrations 7, 8 and 9, for three years, the Sierra region has represented the majority of MiSMEs market participation with 11.22%, respectively, followed by the region Coast, Amazonian and Galapagos with 10.24% and 48.82% and 100% of the sector.

1. 3.5.3 Statistics of sales revenue of the manufacturing sector at the provincial level

In 2013 the most representative was Tungurahua province where MiSMEs have 26.85% participation, which means \$1,958.52 million USD. Large companies represent 73.15% followed by Pichincha, Guayas, and Azuay, as sales revenues were USD \$ 10,613.12 million USD, \$8,354.54 million USD and \$1,302.62 million USD, MiSMEs have participation of 10.13%, 10.76% and 10.95%, while large companies account for 89.87%, 89.24% and 89.05%.

Illustration 10 Participation of sales revenue by province in percentage -2013



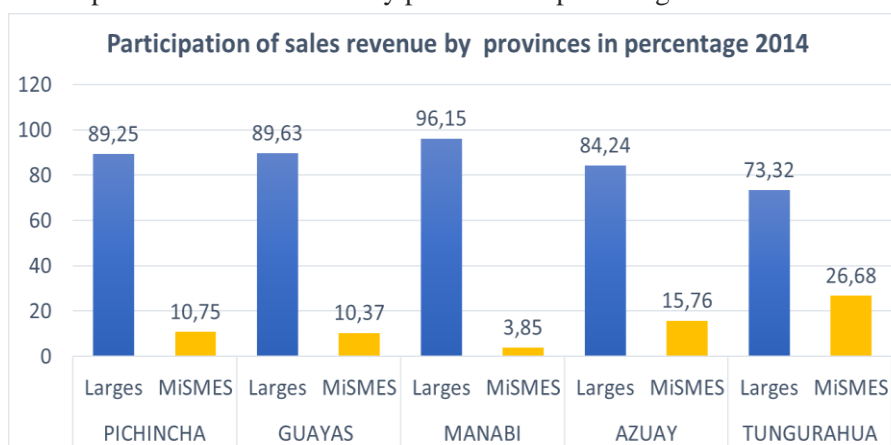
Source: (SUPERCIAS, 2017)

Author: Prepared by the authors

In 2014 in the provinces of Pichincha, Guayas and Manabí had the following revenues for MiSMES: \$1,002.31 million dollars, \$918.78 million USD, and \$75.25 million USD with participations of 10.75%, 10.37% and 3.85%. On the other hand, the large companies in the same provinces generated \$8,322.94 million USD, \$7,939.61 million USD, and \$1,878.88 million USD, with their respective participations of 89.25%, 89.63% and 96.15%.

The participation of MiSMES in the province of Azuay with 4.81%, which means \$170.94 million USD, while large companies reached 84.24%; that means \$913,580,000 USD. In case of Tungurahua, there is very small variation of participation of MiSMES of the previous year with 26.68%, which means \$122,026 million USD.

Illustration 11 Participation of sales revenue by provinces in percentage -2014



Source: (SUPERCIAS, 2017)

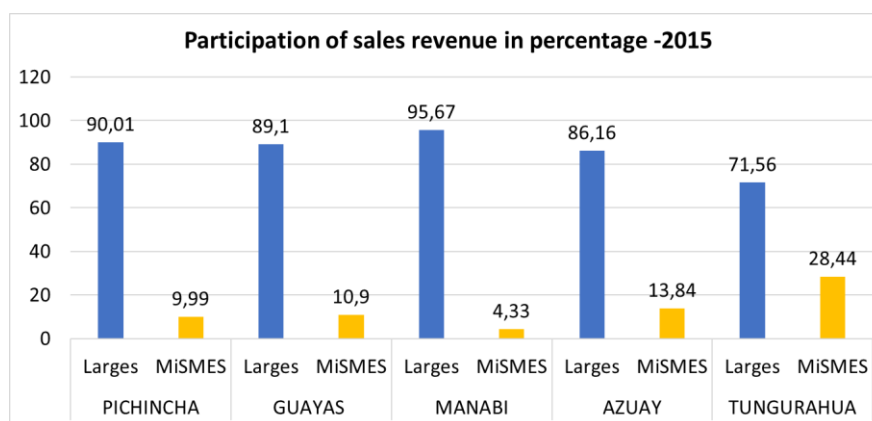
Author: Prepared by the authors

For the year 2015 in the provinces of Pichincha, Guayas and Manabí the participation of MiSMES was \$1.001.80 million USD, \$73.96 million USD and \$951.04 million USD,

respectively with participation of 9.99%, 4.33% and 10.90%. Although large companies of the same provinces represent \$1,001.80, \$1632.78 million USD and \$7,771.30 million USD, with participations corresponding to 90.01%, 95.67%, and 89.10%.

On the other hand, MiSMEs obtained revenues from Azuay and Tungurahua with major representation of \$188.50 million USD and \$ 136.68 million USD, with participation of 13.84% and 28.44%, though large companies presented revenues of \$1,173.59 million USD, \$343.96 million USD and participations of 86.16% and 71.56%.

Illustration 12 Participation of sales revenue of large companies and MiSMEs in percentage 2015



Source: (SUPERCAS, 2017)

Author: Prepared by the authors

1. 4. Exportaudit – audit of export

PROECUADOR establishes that an audit of export, also known as *exportaudit*, is basically an analytical tool which is considered an essential device to measure the strengths, weaknesses, threats, and opportunities of a business, it is used to determine the conditions and essential requirements to start their exportation activity. This tool is responsible for assessing and to diagnose those specific areas in which enterprises must work to train properly for optimal export development.

Some of the goals that they seek to achieve after completing the export audit are: to diagnose the situation of the company, to identify its viability and exporting capacity, to identify areas in which skills need to be developed for exporting, generating proposals, and targeting improvements for internationalization, to use as a foundation for the (creation) of the export plan or internationalization, to recognize target markets and identify the competitive advantages of a product.

Although there is not a standardized *exporaudit* model, it does analyze aspects of a generalized manner and considering the following items:

PRODUCT	MARKET	COMPANY
Characteristics	Sector	Resources
<ul style="list-style-type: none"> - Volume - Fragility - Conditions of Carriage - Changes to international markets - Differentiation - Distinctive Brand 	<ul style="list-style-type: none"> -International consumer culture - Distribution channels 	<ul style="list-style-type: none"> - Availability of additional resources - Capacity of new investments - Processes to optimize resources and ensure product quality
Availability	Barriers	International operation
<ul style="list-style-type: none"> - Productive capacity - Feedstock availability - Seasonal variation - Reaction to extraordinary orders 	<ul style="list-style-type: none"> - Tariff, technical and quotas 	<ul style="list-style-type: none"> - Staff experience in foreign trade - Structuring prices in terms of international negotiation - Knowledge accompanying documents and support
	Competition	Promotional Resources
	<ul style="list-style-type: none"> - Local manufacturers in market interest - Presence of imports equal or complementary products 	<ul style="list-style-type: none"> - Website - Brand - Flyers - Business cards -Technical specifications of the products at least in two languages
		Permits / Certifications
		<ul style="list-style-type: none"> - International certifications (Global GAP, HACCP, ISO, BMP, Organic) - Phytosanitary, Zoo sanitaria and sanitary record (CLV)
		Packing
		<ul style="list-style-type: none"> - Packing, packaging, labeling

Source: (PROECUADOR, Proecuador Expöraudit Guidelines, 2016)

Author: Prepared by the authors

Once established the subdivision of categories, there are a set of questions relevant to each topic inquiry, then the respective scores are going to be assigned for each parameter accordingly to the situation of the company, in order to know if any area of the company is or not completely functional, or partially functional. After this process plans would be recommended to develop a balance in the areas or aspects that need to improve to their full capacity.

Thus, it is necessary to reiterate the importance of the present tool that analyzes three dimensions: company, market, and environment; also verifying their satisfaction of the 4C's of the exportation: quantity, quality, continuity, and competitiveness.

1. 5 Conclusions

This chapter describes the different theories of foreign trade through a temporary chronology from past to present. So it will show how trade has evolved to become a fundamental tool for companies in which it is in use for doing economic, technological and resources exchanges.

This evolution of the history of commerce has brought such advantages as the increase of trade agreements that integrate national economies with supranational economies to form blocks intended to reduce large gaps between countries.

On the other hand, it has introduced the concept of SMEs and their classification, then the application to the concept of internationalization, which will depend on the type of organization for the expansion of a business abroad. It is necessary to consider the theory of *Porter's Diamond* which indicates that there are not only external factors that are going to affect international negotiations, but also critical internal factors to consider.

Another necessary aspect is to think is the regulation of COPCI and the Constitution of the Republic of Ecuador, where the rights of productive entities are recognized to support MiSMEs, as across them there are some advantages obtained, such as employment, diversification of economic activities, and income, among others. According to the study of the Superintendence of Companies, the MiSMEs each year gradually increase their market participation, depending on the size of their organization, therefore this type of production unit is important nationally and internationally.

CHAPTER 2: PRODUCTIVE FEATURES WITHIN CUENCA

2.1 Introduction

This chapter will describe the characteristics of Cuenca, its geographic location, territory, population and its productive sectors. These characteristics will indicate the current situation of the environment and will demonstrate the factors that influence the development of SMEs. This information is based on data presented in the Plan of Development and Territorial Management (PDOT).

The lumber industry contributes in creating labor sources, producing goods and services, as well as in the dynamization of the economy. In 2014, the lumber sector extraction of wood in rolls obtained 2.93 % of the total Gross Domestic Product (GDP) of Ecuador. It is important to emphasize the current situation of this industry in the field: economic, technological, political-legal, and sociocultural. For this reason, the issues to be discussed affect the growth and in turn the obstacles will be identified.

2.2 Macroeconomic analysis of timber industry in Cuenca

According to the survey carried out by *McKinsey Company* in 2008, 70% of the executives considered that the external environment of the organization either: social, environmental, political, and economic aspects are increasingly important for designing a successful corporate strategy. For this reason, is necessary to make a PEST analysis, which is an acronym that reflects on the surroundings forces: economic, technological, sociocultural, and political (PEST). This tool has a direct relationship on the long-term decisions of the organization, based on the behavior of the consumers and the competition, especially of the environment, strategic factors will be detected that contribute to the success or failure of the company.

2.2.1 Surroundings forces

In Ecuador, due to its geographical location and variety of climates, there are a great variety of forests and a lumber production of 421,000 TM can be found in the 4 regions. The location of natural forests is indispensable as supply of raw materials for the sector and it is obtained locally. The types of wood are divided into thin, regular, raft, teak, and serve for construction, pallets, home furnishings, and other products (PROECUADOR, Exportation of the timber industry, 2016)

A list of types of wood in Ecuador:

Table 1 Timber varieties that exist in Ecuador 2013	
Laurel	Cypress
Carob tree	Eucalyptus
Melina	Fernand Sanchez
Pine tree	Jacaranda
Rubber	Among others

Source: (Center for Forestry Research, CIFOR, 2013)

Author: Prepared by the authors

In Table 1, we can see the different varieties of timber produced in the Amazon region and distributed to different provinces and economic sectors around the country.

Illustration 13 Main varieties of timber from the Amazon to different destinations

Main destination of species of the Amazon.	
Species	Main Destinacion
Laurels	Tungurahua, Pichincha, Imbabura
Doncel	Pichincha, El Oro, Pastaza
Sapote	Pichincha, Imbabura, Sucumbíos, Pastaza
Raft, buoy	El Oro, Guayas
Chuncho, seique	El Oro, Guayas, Pichincha, Tungurahua, Loja
Ceibo	Pichincha, Tungurahua, Imbabura
Chalviande, coconut	El Oro, Pichincha, Tungurahua, Pastaza
Arenillo, pondo	El Oro, Pichincha, Tungurahua, Imbabura
Tamburo, beautiful Maria, Juan Colorado	El Oro, Pichincha, Tungurahua, Chimborazo
Colorado, Manzano, piaste	Pichincha, Tungurahua, El Oro
Copal, copalillo, anime, pulgande	Azuay, Pichincha, Tungurahua

Source: Prepared by authors based on SAF, Ministry of the Environment of Ecuador

Source: (Center for Forestry Research, CIFOR, 2013)

In the central region of Ecuador, the major provinces that buy timber are Pichincha and Cotopaxi. The first, in 2011, consumed 400 thousand cubic meters from some provinces that produce wood such as Esmeraldas, Sucumbíos, and Cotopaxi. The second, in 2011 generated 151 thousand cubic meters of timber, but it used 188,000 meters, so it had to request the difference from other provinces for its stock. It is important to emphasize that the biggest company in the production of wood-based panels is Aglomerado Cotopaxi, (Center for Forestry Research, CIFOR, 2013).

In the Cost, the main locations that produce lumber are the provinces of Guayas, Los Rios, and Esmeraldas, in which timber production from Esmeraldas is transported towards

Guayas to be able to supply the market. In 2011, Guayas received about 200 thousand cubic meters. Meanwhile, to supply the Esmeraldas market of exported wood chips was required areas of forest production from Pichincha and Cotopaxi (Center for Forestry Research, CIFOR, 2013).

As for the Amazonian region, as can be seen in illustration 13, the main sources of timber, as well as the destinations and the types of forests. The wood that is mobilized on these markets comes to be used in the economic activity of plywood in Esmeraldas, while the rest is destined for the use of furniture and construction in the provinces of Guayas and Los Rios. (Center for Forestry Research, CIFOR, 2013)

Illustration 14 Origin and destination of the timber along with the varieties of forest

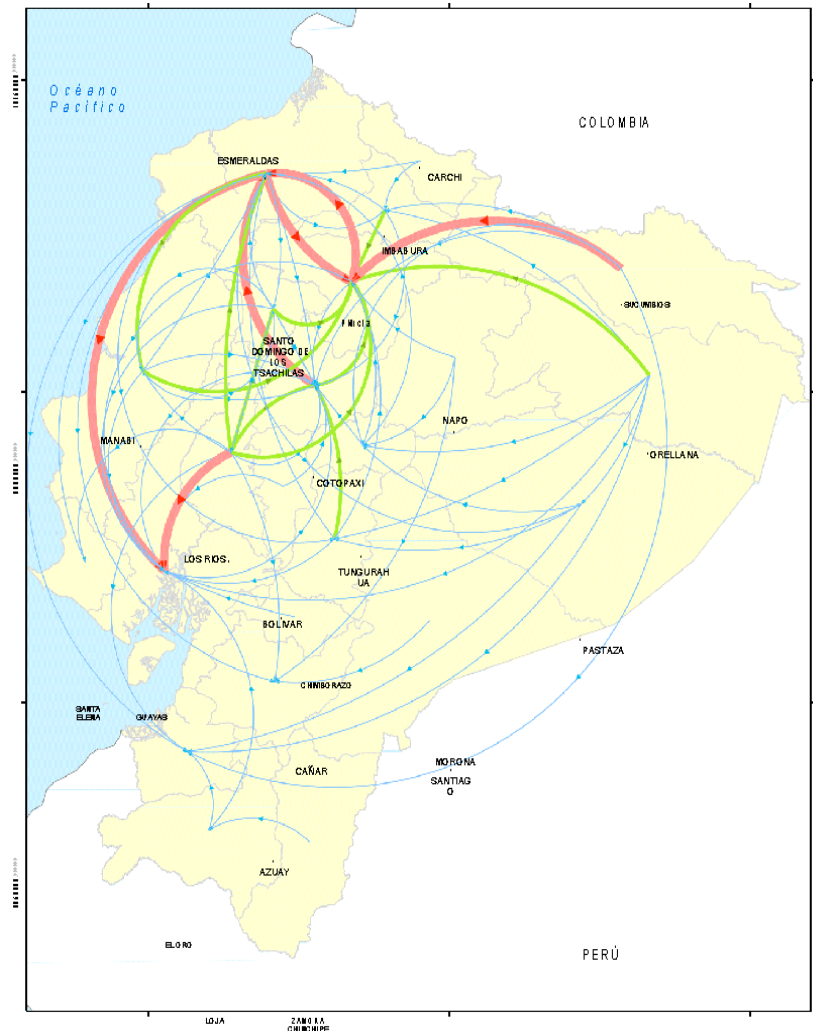
Main origins, types of forest and destination of wood					
Place	Type of forest	Primary transformation	Primary industry	Secondary industry	Market
North Amazonia (Sucumbios and Orellana)	Native forest	Sawn timber	Sawmill (local-national)	carpentry, furniture, broom factory	Local consumption National
			Local storage		Colombia border, Peru
		Roundwood	Plywood industry	carpentry, furniture, broom factory	National consumption warehouse - Port
	SAF plantations and trees, pioneer formations	Roundwood	Plywood industry	Handicraft industry	Port
			Raft sawmill	Assembly warehouse	
			Pallet factory		
			Sawmill deposit (local-national)		
		Sawn timber	Pallet factory	Assembly warehouse	Local consumption-National
			Sawmill deposit (local-national)	carpentry furniture	
Amazonia Center (Napo and Pastaza)	Native forest	Roundwood	Raft sawmill	Assembly warehouse	Local consumption-National
			Plywood industry		
			Fruit box factory		
			Pallet factory		
			Sawmill deposit (local-national)		
		Sawn timber	Sawmill deposit	Carpentry furniture	Local consumption-National
	Plantations and trees, pioneer formations	Sawn timber	Sawmill deposit	carpentry furniture	Local consumption-National
			Fruit box factory		
			Pallet factory		
South Amazon (Morona Santiago-Zamora Chinchipe)	Native forest	Sawn timber (transport by river - land)	Sawmill (local-national)	carpentry, furniture factory brooms	Local consumption-National border Colombia- Peru
		Roundwood (transport by land-river)			Local-national consumption
	SAF plantations and trees, pioneer formations	Roundwood	Raft sawmill (fixed - mobile)	Handicraft industry	Port
			Fruit box factory - pallet factory	Assembly warehouse	Local-national consumption
			Sawmill deposit (local-national)		
		Sawn timber	Sawmill deposit (local-national)	carpentry, furniture, broom factory	Local consumption-National
Fruit box factory					

Source: (Center for Forestry Research, CIFOR, 2013)

The transportation routes (land or air) had been improved in recent years, which facilitates cost planning, logistics and distribution of timber to reach many national markets.

The following illustration shows the zones of timber production and the routes of wood, transported from local regions to national zones.

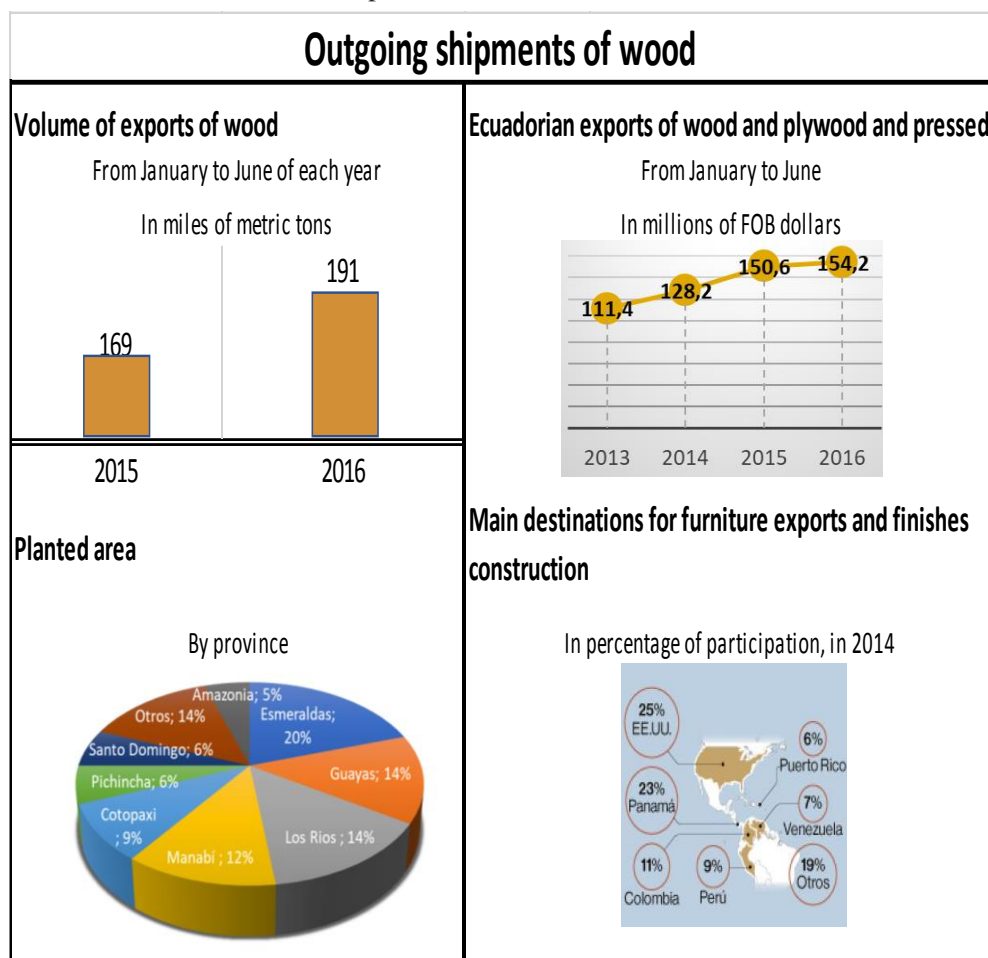
Illustration 15 Timber routes from local to national level



Source: (Center for Forestry Research, CIFOR, 2013)

The timber that is produced in Ecuador is also sent to the outside, as indicated by illustration 4, there we can see the volume of timber exports from January to June 2015. This one was of 169 thousand metrics tons and increased on the following year with 191 thousand tons. This data helps to understand that Ecuador is an exporter of plywood and pressed wood. In this way each year has increased up to coming to \$154. 2 million USD FOB, and the province with the largest area and logging, is the province of Esmeraldas and the main destination is the USA.

Illustration 16 Statistics 2016 exports of Wood



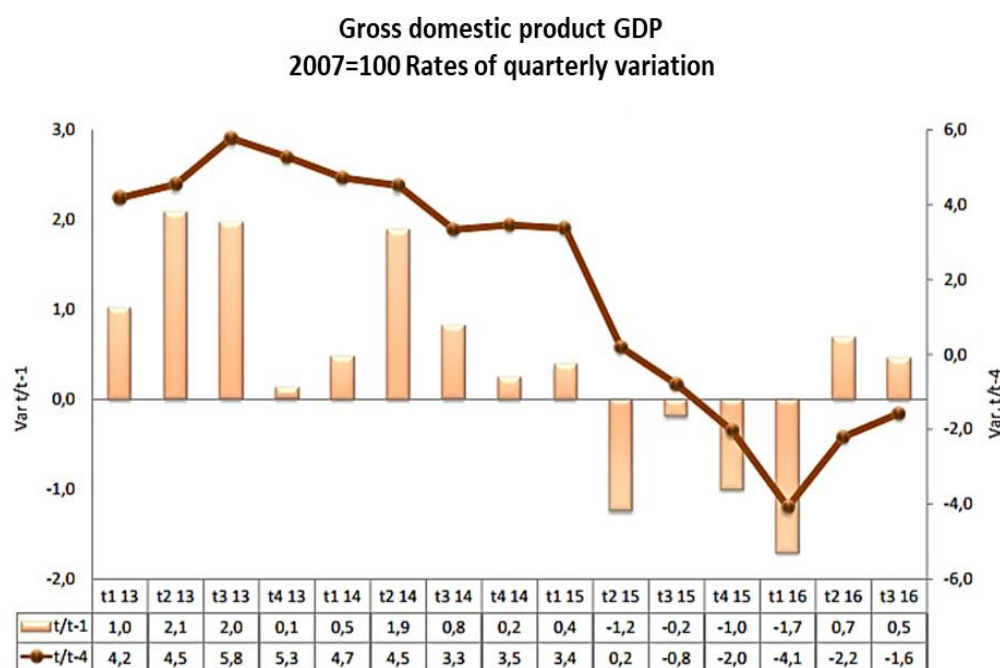
Source: (El Comercio, 2016)

It is necessary to emphasize that in general, the supply of wood was found in the Amazonian Coast and other areas; despite this fact, the country imports agglomerated board or wood floors and wood with specific characteristics requested by the customer. This shows that this industry still can be developed and there is still chance to achieve and add value in the timber sector, if the government tries to dynamize the production of this materials at a local level.

2.2.1.1 Economic forces

Macroeconomic indicators are fundamental to explain and to analyze the timber sector. The macroeconomic indicators provided by the Central Bank of Ecuador (BCE) show that the annual growth rate of gross domestic product (GDP) from 2011 is recorded as 7.9%, however, that percentage has a decrease by 0.16% in 2015. By the year 2016 closed with -1.6%. One of the reasons is the drop of prices of the oil in the year 2014, which caused an excess supply on the international market. These results demonstrate the high dependency and vulnerability of Ecuadorian economy relative to oil prices.

Illustration 17 Gross Domestic Product 2016



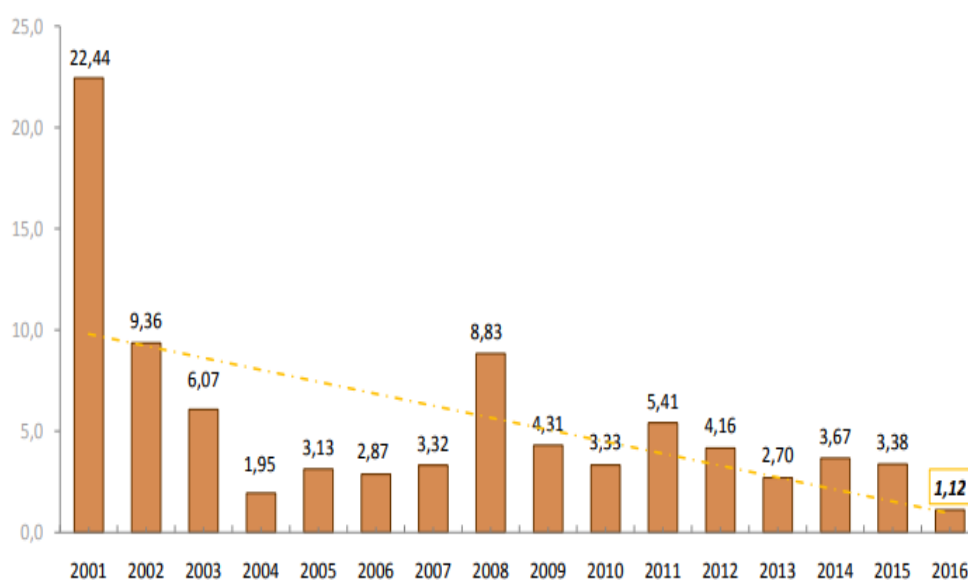
Source: (Central Bank of Ecuador, 2016)

The GDP in the manufacture sector, in 2015, was \$13,814.634 million USD, compared to 2016 which ended the year with \$13,627.734 million USD, this drop was produced especially through the process of dismantling safeguards that lasted until February 2017. The lack of ease for bringing raw materials and equipment of capital goods has reverberated in the industry, for that reason, it's suffered an industry decline year after year.

The annual inflation registered in 2015 was 3.38% (National Institute of Statistics and Census, INEC, 2017), which has decreased compared to 2016 by 1.12%, and this is a positive sign that consumers will have better purchasing power. That means, major liquidity to purchase goods. In this way the companies can increase their product offers, when industries have the monetary capacity, they can make long term plans. However, if the prices remain low, it will affect economic sectors and the country.

To mention an example, the deflation in the sector of furniture and household goods shows an alert because the prices of items stay low, this benefits the consumers, but it is not convenient for the companies, due to the reduced income margins, the second affects the reduction of staff or major restructuring to adapt to this economic panorama.

Illustration 18 Cumulative inflation percentage of December 2001 to 2016



Source: (Central Bank of Ecuador, 2016)

Thought according to the BCE, the foreign direct investment (FDI) in 2014 was of \$771.8 million USD, for the year 2015 it increased to \$1,321.5 million USD, which has benefited the growth of the country, however, FDI was only destined primarily to the manufacturing industry, the development of mines and quarrying, as well as services given to companies. But the rest of the economic sector has not been favored, since many foreign investors do not see an attraction in other sectors, because they feel they do not possess the sufficient legal certainty, they find investment economically unstable. An example of this is that there were 29 tax reforms in this area in the last 10 years.

In addition, there are many commercial and tax restrictions, both the advanced income tax and tax on foreign exchange outflows. Also, they consider that there is a commercial trend between Ecuador and Chinese companies² in which Ecuador concentrates the majority of public and private contracts in hydroelectric projects, so many investors prefer looking for other places of investment.

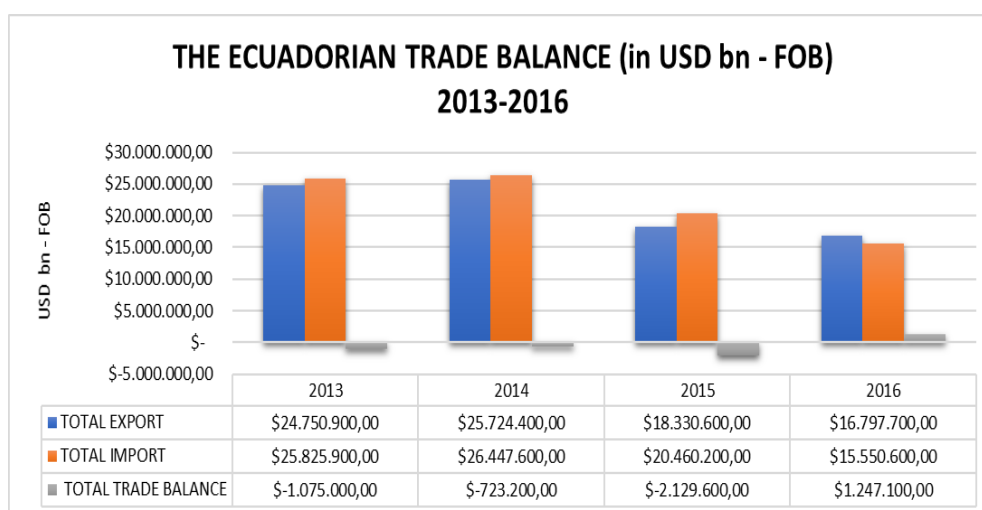
According to the report of the “Evolution of Balance Commercial the January-December 2016”, the trade balance recorded a surplus of \$1,247.0 million USD compared to the deficit of \$2,129.6 million USD in 2015. During this period, most non - oil exports were recorded with \$11,338.5 million USD, compared to oil exports to \$5,459.2 million USD (Central Bank of Ecuador, 2016). Inside the non - oil exports the main products were bananas, shrimps, cocoa, tuna

² According to the ECB FDI ranking, China is in the third position by country of origin (2008-2015) who invest in the country.

and coffee, and non - traditional products such as canned tuna, flowers, and other metal manufactures.

On the other hand, total imports in December 2016 represent \$15,550.6 million USD and this value was lower than the month of December 2015 (\$20,460.2 million USD). However, in the imports of all product in value (FOB) include: consumer goods, raw materials, capital goods, fuels, and lubricants. The highest recorded market share is the raw material for both agriculture and industry and building materials \$5,687.7 million USD that represents 33.3% of the imports, the rest of the imports are low.

Illustration 19 Evolution of the Trade Balance 2016



Source: (Central Bank of Ecuador, 2016)

Author: Prepared by the authors³

According to the ECB, the national unemployment rate for 2016 was 5.2% (Central Bank Central, 2016), therefore the previous year has increased 0.4 points since the level of unemployment in 2015 was 4.8%. The decrease of GDP was considered an offset to the high value of the rate of unemployment. The legislative power made, in March 2016, several amendments to the Organic Code of Labor Law for the promotion of the youth work, exceptional regulation of day work and unemployment insurance, among others incentives. (Ministry of Labor, 2016)

According to the second supplement of the official record No. 919 of January 10, 2017, presented the salaries table according to the branches of activities and profession, as well as the timber sector ranks number 26 in the branches of economic activity called handcrafted furniture and wood accessories. The illustration shows that the minimum wage is about \$380.00 USD,

³ The Figure 7 was based on information from the Central Bank of Ecuador, but developed by the authors of this research.

meaning that the person who works inside an organization, in the ordinary hour of the day earns about \$2.83 USD / hour (minimum)- however, the neighboring countries like Colombia have a minimum salary of \$250.00 and Peru of \$260.00 this is translated as a disadvantage factor, taking in consideration that a high salary affects the level of competitiveness of the country against the others countries of the region and the world.

Illustration 20 Wage levels according to the activity rank 26: handcrafted manufacture of furniture and wood accessories

BRANCHES OF ECONOMIC ACTIVITY	25.- PREPARATION OF JEWELS AND RELATED ARTICLES 26.- ARTESANAL MANUFACTURE OF WOODEN FURNITURE AND ACCESSORIES 27.- CREATION OF NATURAL FIBER PRODUCTS 28.- MANUFACTURE OF ARTISAN PRODUCTS, YARN FABRIC AND FINISHES OF ARTISAN PRODUCTS 29.- ARTESANAL DEVELOPMENT OF CERAMIC OBJECTS			
POSITION / ACTIVITY	OCCUPATIONAL STRUCTURE	DETAILS OF THE CHARGE OR ACTIVITY	PROFESS CODE	MINIMUM WAGE BY SECTOR 2017
PROFESSIONAL JEWELRY (THOSE WHO HAVE ACADEMIC OR ARTISAN TITLE)	C1	ARTISAN WORK	0920030000001	396.66
OPERATOR OF TUPIS, LATHE OR COPIER	C2	ARTISAN WORK	0920030000006	396.44
SANDED SANDERS	C3	ARTISAN WORK	0920030000008	392.54
MANUAL SANDERS	C3	ARTISAN WORK	0920030000009	392.54
RETOURING TIDES	C3	ARTISAN WORK	0920030000010	392.54
ASSISTANT OF PROFESSIONAL JEWELER (WORKER)	D2	ARTISAN WORK	0920030000002	387.38
ARMATORS / ASSEMBLERS OF THE CRAFTS SECTOR CRAFTSMAKERS	D2	ARTISAN WORK	0920030000011	387.38
TALLADOR - ARTESANAL TOURNAMENT	D2	ARTISAN WORK	0920030000013	387.38
CRAFTSMAKER	D2	ARTISAN WORK	0920030000015	387.38
CABINETMAKER	D2	ARTISAN WORK	0920030000016	387.38
ARTESANAL ENCHAPADOR	D2	ARTISAN WORK	0920030000003	387.38
ARTISAN WORKER	E2	ARTISAN WORK	0920030000024	383.18

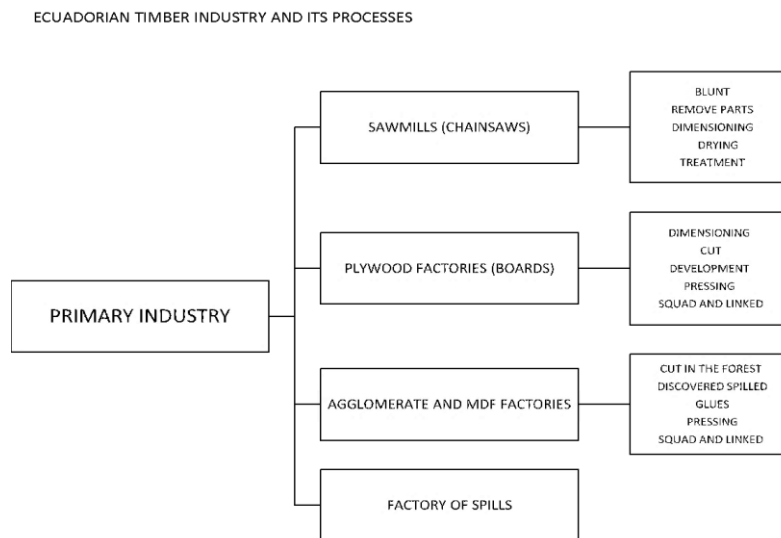
Source: (Official Gazette, 2017)

2.2.1.2 Technological forces

The lumber industry in Ecuador it's divided into primary and secondary transformation processes. The marketing of products derived from wood is observed in the illustration No. 10.

Since it was mentioned previously, employment in the lumber industry is divided in processes of primary and secondary processes, which includes sawmills, tableristas (plywood), agglomerates, wood chip factory and MDF.⁴

Illustration 21 Primary processes in the timber industry

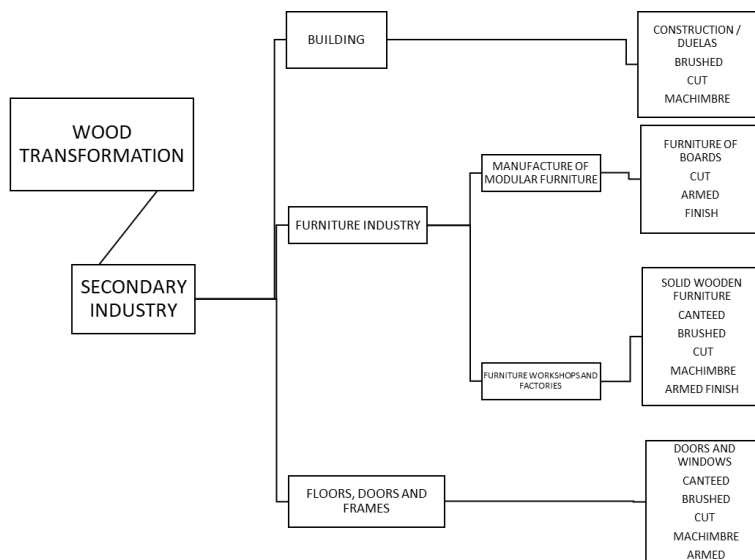


Source: (Forest Ecuador, 2013)

On the other hand, in secondary processing, there are products created with major added value (MAV), these are products that come from the primary processing factories, which are used for the furniture and construction industry, doors and floors, pallets in micro manufacturing, participating small businesses, and artisans. The major quantity of workforce is in the furniture industry:

⁴ MDF. - are uniform and standardized plate, which, being generally presswork scrap timber, white glue and good temperature in English known as *Medium Density Fiberboard*

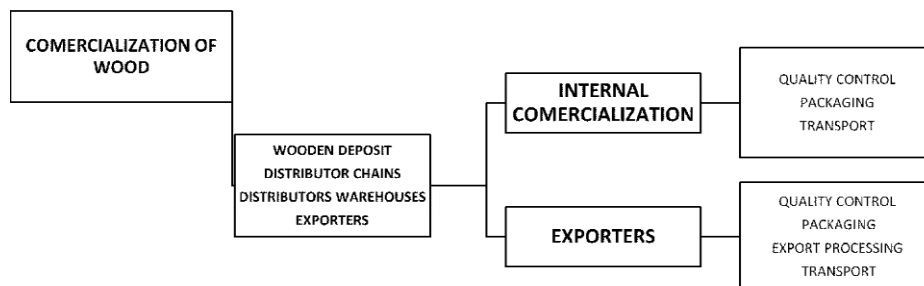
Illustration 22 Secondary processing in timber industry



Source: (Forest Ecuador, 2013)

In addition, the commercialization in the timber sector increases the contracting of employees in areas of export and domestic distribution.

Illustration 23 Marketing of timber industry
COMERCIALIZATION OF WOOD AND ITS PROCESSES



Source: (Forest Ecuador, 2013)

The role of technology is one of the most important pillars within this industrial sector is as well as the emergence of new industry tools, that has allowed major changes such as cost reduction, less processes in the production, and a better finished product. One of the biggest changes is in the process to make a chair, due to the new technology 20 years ago, other materials and tools were used, such as centering, screws, fabric, etc. The delivery for these antique chairs took around in a week. Today thanks to technological advances, it takes only one hour made the same chair.

Nowadays, furniture designs can be found with a single *click on the web*, that is to say, the availability of internet, expands the demand and the offer, through it, it is possible to request different business owners to make personalized products.

However, in the moment of creating a product like furniture, only the wood and the workforce is obtained on a national level, the rest of the materials like lacquers, locks, and industrial tools are imported, which demonstrates that it is necessary to promote a national output of certain products. Many pieces of furniture are brought from China because the prices are more economic.

The modernization of the workforce for the timber sector has not changed significantly, despite the lack of careers that allow a specialization. It is necessary to attend handcrafted workshops or attend private training sessions for knowledge of the use of certain tools, generally by the companies that organize these training sessions (Ecuador Forest, 2013).

2.2.1.3 Politic-legal forces

The primary, secondary processes and the commercialization of wood products in Ecuador, have the following groups or associative institutions union:

Worldwide they find no governmental organizations that support the primary or secondary process sectors, between them there are international cooperation organizations like The Inter-American Development Bank (IDB); US Agency for International Development (USAID) and the International Tropical Timber Organization (ITTO) that look to conserve, protect, and to achieve sustainable trade in the tropical forests of the world.

One of the main organizations nationwide is the Ecuadorian Association of Timber Industry (AIMA, in Spanish), which is private and provides support for the development of the timber industry and also promotes industrializing the resources. Another one is the FUNDEPIM Corporation (Forest Foundation of Small Industry of Wood of Pichincha) which is a non-governmental organization that promotes and encourages the activities of the lumber and forestry sector to stimulate the chain of production.

The headquarters of industries are located in different places, such as Cuenca, Chimborazo, and Cotopaxi, and the Chamber of Small Industry of Pichincha (CAPEIPI), which promotes the production of woodwork goods like kitchen furniture, office furniture, and dining room furniture. CAPEIPI has around of 200 small and medium enterprises inscribed companies to satisfy the internal and external market.

The provinces of Azuay and Pichincha concentrate a lot of craftsmen specialized in furniture. Only in the city of Cuenca there are about 200 artisans affiliated to the three-different unions, the labor union “7 de Abril”, the labor union of “Madera y Conexos del Azuay”, and labor

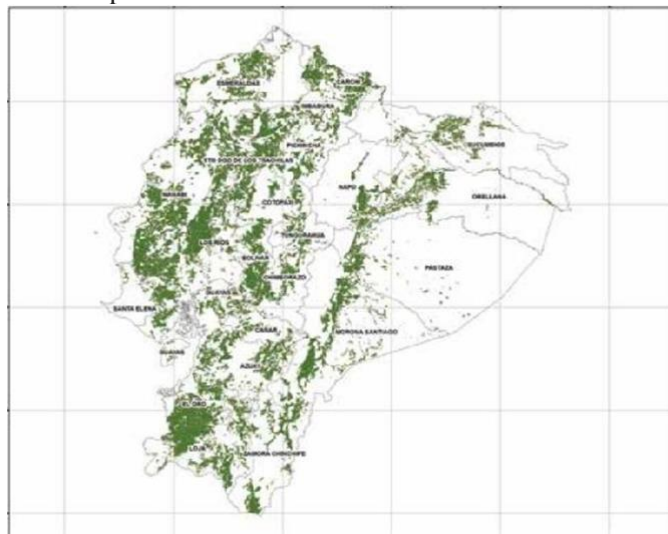
union “Carpinteros Sangurima”. The artisans and producers are supplied wood from Esmeraldas (Ecuador Forest, 2013).

Policies and regulations

The environment is regulated by the Unified Text of secondary legislation (TULAS), published on March 31, 2003, which is composed of 9 books and it establishes the normative base to be applied in the environmental field. It also regulates and protects the marketing of forest raw materials in the industry, among other functions (Ministry of Environment, 2016). For production, it has the Organic Code of Production, Trade, and Investment (COPCI) Book III and Title I of the Promotion of Micro, Small, and Medium Enterprises. There are ministerial agreements that regulate forest resources on the national level, as the Ministerial Agreement No. 266 Competition on the regulation and control of forest resource management, in which it establishes the functions resource management (Ministry of Environment, 2016).

There is the Incentive Program as per the Ministerial Agreement No. 035 instructive to grant economic incentives for the deforestation and reforestation for commercial purposes, which was signed on 27 February 2014 (Ministry of Environment, 2016) , on the reforestation for commercial purposes, the person or company can get levels of up to 100% of incentive for cooperative and productive partnerships, while it is possible that the person or company gets 75% for maintenance for the first 4 years of plantation.

Illustration 24 Map areas for reforestation and commercial deforestation in Ecuador 2016



Source: (Forest Ecuador, 2013)

Inside the sector of SMES in any kind of productive activities, the incentives are granted according to Title IV of Development and Export Promotion (COPCI), in article 93 mentioned item a, c, d, and e, which explains exports:

Table 2 Mechanisms to encourage productive activity of SMEs of the Article 93 of COPCI
A.- The Member State to the goods or services of origin, should be given preferences in tariff and / or advantages that benefit both either regional, bilateral, multilateral levels.
B.- According to Book V of the Code, right to the total or partial conditional refund of taxes paid for the importation of inputs and raw materials incorporated into products that are exported, in accordance with the provisions of this Code.
C. - According to the Book V of the Code the goods that are for export must comply with the special customs regimes, in turn making the payment of tariff rates as well as taxes and tributary surcharges
D. - According to the national industrial development policies should offer the assistance for its export programs in general or economic sectors where the funding support
E. - To train the parties for an effective export process, which also are empowered they get information and foreign markets are promoted.

Source: (Constitution of Ecuador, 2008)

Author: Prepared by the authors

There are also incentives for Foreign Direct Investment (FDI) and incentives for any company in order that all economic sectors are benefited, some of these will be named: The Law of Internal Tax Regime (LORTI) in art. 37 - it determines the decrease of income tax to 22%, turn on COPCI and the article 24 which establishes the classification of the incentives. In Art. 41 in the clause 2b of LORTI states that if a new company is formed it is exempt for 5 years from income tax, while in the same article in paragraph 2m, excludes income from the tax if some owners of companies generate investments that contribute to higher employment, production and innovation. (Proecuador, 2016)

2.2.1.4 Sociocultural forces

The bidders satisfy diverse needs of the population and are classified as importers, small artisans, and small industries, they are directed to a lower sector, while medium and large companies focus on satisfying needs of the average and highly economic strata, in which companies usually have a developed technological level.

Despite the diverse furniture manufacturing, it is important to emphasize the great prestige that the sector itself has won at a local and national level, in furniture fairs and exhibitions around the country, this has meant that the consumer feels satisfied with the product and service that is offered to them, it has even crossed borders, as many artisans and manufacturers have traveled to different places to promote their products.

2.3 Microeconomic analysis of the sector of wood of Cuenca.

When one refers to microeconomics, one penetrates inside of the two areas most relevant to the proper study of the economy. Microeconomic studies define a more precise relationship that can be developed between suppliers, consumers, product owners, and competitors, as long as they have a certain framework of production and distribution of goods and services. (María Teresa Freire Rubio, Raimundo Viejo Rubio, Francisco José Blanco Jiménez, 2014)

It is worth emphasizing the importance of suppliers in this analysis, since the sufficient and efficient supply that the company is capable of presenting to the market as well as the price depends on them, and obviously the final quality of its products, creating a competitive advantage, rather than a simple relationship of purchase/sale.

The participation of distributors continues to be a key factor, since they are primarily responsible for matching supply and demand. However, as Reinares and Pozoa express, the distribution is not its only function, but also to adapt the amounts offered by the company according to the requirement of the consumers, as they are responsible for storing the products, contacting the clients in addition to providing customers with the simplification of exchanges and participation in the marketing activities. (María Teresa Freire Rubio, Raimundo Viejo Rubio, Francisco José Blanco Jiménez, 2014)

On the other hand, the customers are the center of attention in a company, because all the strategies of marketing are designed for them, from the launch of a new product, price changes, advertising styles, to distribution channels among others.

Finally, the competitors have a significant role, because they provide a dynamic relationship of constant improvement among them. Because these are the strong point of any organization, it is recommended to be alert to the strategies and tactics to offer a product on the market to prevent displacement by competition. (Montaño, Gissela Wendy Rodriguez, 2013)

The Plan of Development and Territorial Classification (PDOT) is a technical instrument for correct planning and long-term management, which integrally orientates the development and territorial classification of the city and its surroundings until the year 2030 (Mayor of Cuenca, 2016).

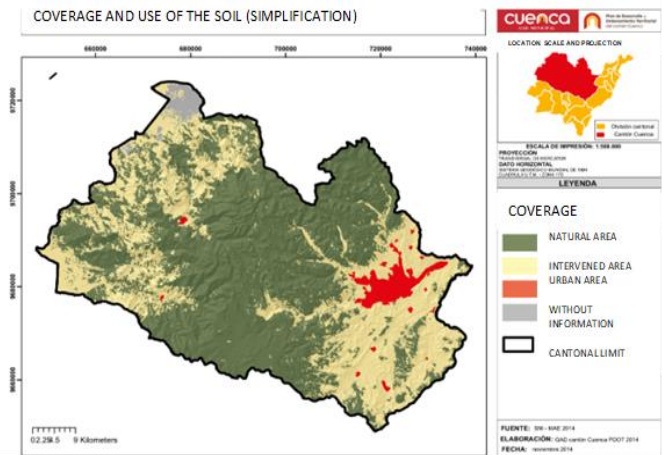
Cuenca is part of the natural Sierra region of Ecuador and is surrounded by mountainous terrain and sheer reliefs representing 60% of the territory. They make up part of the region of the Andes. According to the latest update, the climates that predominate in Cuenca are the semi-humid mesothermal equatorial and the equatorial high mountain climates.

As for cultural aspects and according to the seventh population census and the sixth housing census conducted in the year 2010, Cuenca had 505,585 people of which only 34% were

in rural areas and 65% in urban areas. These inhabitants cover an area of 366,532.96 hectares in total, residing a total of 21 rural areas and urban areas.

On the part of the economic gap that differentiates Azuay is located in sixth place in terms of domestic production which indicates a high participation rate in the southern area of the country, compared with the rest of the country

Illustration 25 Coverage and use of the soil, with the coverage area

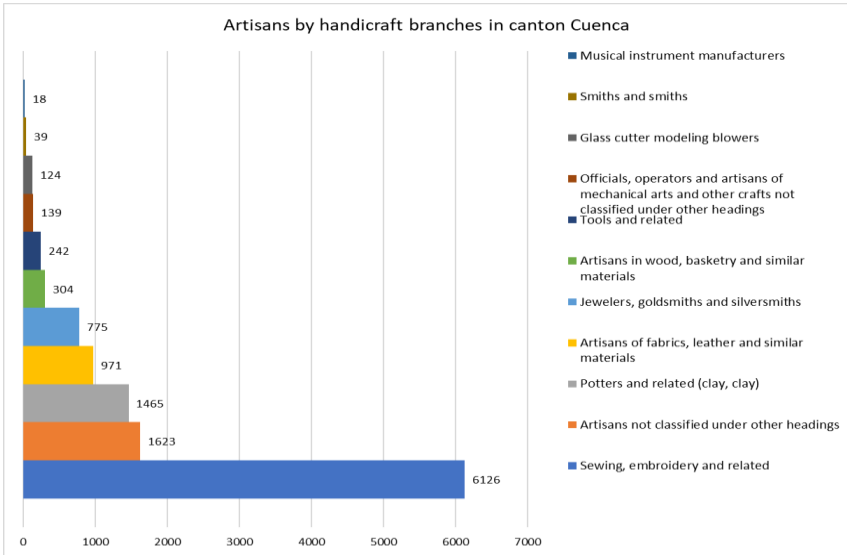


Source: (Mayor of Cuenca, 2016)

2.4 Segmentation of economic activities of the timber industry

As for productive structure, leading the provision of services it is classified within the tertiary sector of the economy, followed by secondary activities such as manufacturing that only represents a third in comparison to the primary sector, although it is essential for the productive development of the city, and is the one that offers the greatest contribution Gross Value Added (VAB).

Illustration 26 Gross Value Added by branch of activity



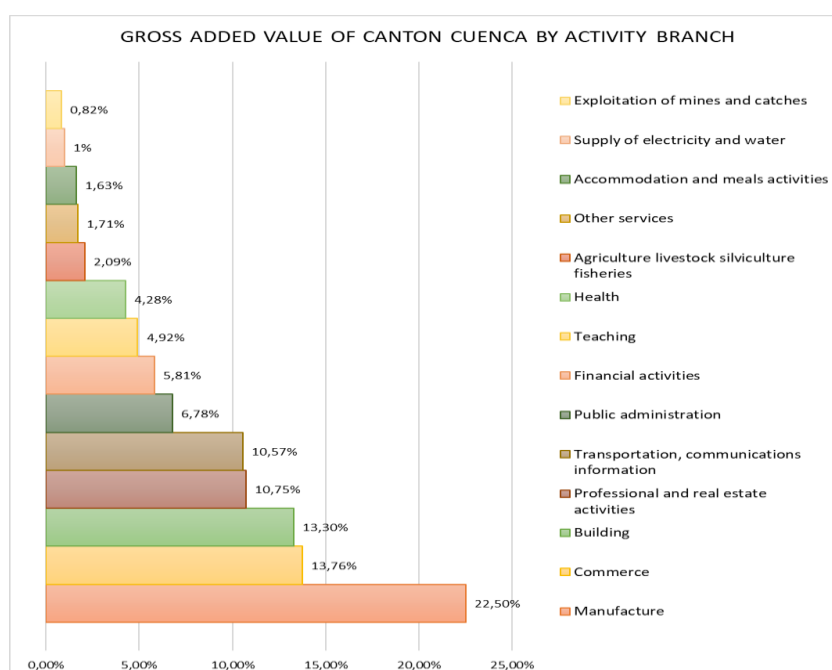
Source: (Mayor of Cuenca, 2016)

Author: Prepared by the authors

This primarily reflects the economic activity generated by wood furniture manufacturing activities such as artisans in wood, small furniture companies, and others. Cuenca has approximately 68% of handcrafted workshops classified by economic branches. Thus, it is in Cuenca where around 80% of economic establishments of this area are concentrated. Consequently, the concentration of the Economically Active Population (PEA, in Spanish) monopolizes activities related to trade and manufacturing industry.

The wood furniture manufacturing activities are among the most important economic activities of the manufacturing industries of Cuenca, together with the production of clothing and the manufacture of structural metal products, because in terms of revenue analysis it is the manufacturing industry that prevails. According to the economic census carried out in the year 2010, the lack of skilled labor in manufacturing activities is increasing. The reason could be related to major degree of modernization in this area and decrease in people who study these fields.

Illustration 27 Classification of handcrafted workshops for economic activities



Source: (Mayor of Cuenca, 2016)

Author: Prepared by the authors

2.5 Analysis of the economic activities of the timber industry

The sectoral study: Manufacturing 2017 of the Superintendence of Companies, values, and insurance, carried out to identify the most important sectors for the country's economy. The manufacturing sector has about 23 sub-sectors of which the evaluation was made for their

financial, employment, and market aspects. The study focused on factors such as the environment and the activity of the companies according to their size.

For the present study of the SMEs of the timber sector will focus on the C16 subsector, 'manufacture of wood sheets for panels and boards' and C31 subsector, which is called 'furniture manufacture'. The data is from of the study sales revenue of the last three years 2013 to 2015.

Table 3 Sub C16: manufacture of wood sheets for panels and boards	
Subsectors	Economic Activities
C1610.01	Sawmill, debarking, dried, wood particles, etc.
C1610.02	Tables for wood floors
C1621.01	Veneer covered, plated, laminated or compacted glue
C1622.02	Wood for railings houses, doors, wood frames in windows and staves
C1629.11	Derivatives of wood like brushes, handles for tools and brooms

Source: (SUPERCAS, 2017)

Table 4 Sub C31: Furniture Manufacture	
Subsectors	Economic Activities
C3100.06	Processing and finished tapestry chairs, lacquering, painting and varnishing
C3100.01	Manufacture of furniture for offices, homes, special for sewing machines, and businesses, etc.
C3100.02	Elaboration of furniture of wood with metal for use anywhere
C3100.04	Elaboration of furniture of wood parts and other

Source: (SUPERCAS, 2017)

Author: Prepared by the authors

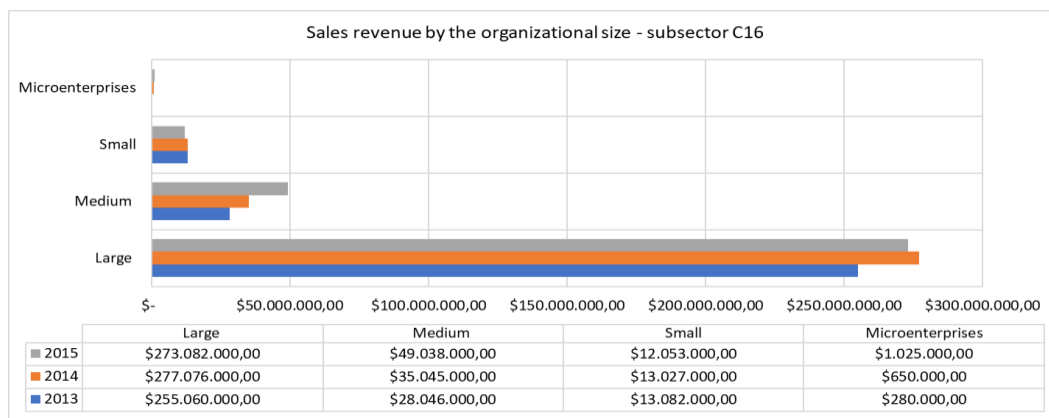
2.5.1 Sub-sector C16 corresponds to the manufacture of wood sheets

The subsector C16 corresponds to the manufacture of veneer wood sheets and boards, some major activities refer to the sub-sector as the manufacture of plywood, transportation pallets, and sheet of laminated wood. In the next paragraph we can see the sales revenues:

For the year 2013, first are large companies are those of higher income compared to rest with \$255.60 million USD, while medium companies is in second place with \$28.46 million USD and thirdly there are the small companies which recorded \$13.82 million USD and finally are the micro enterprises which only obtained \$0.28 thousand dollars. On the other hand, in the year 2014 an increase is evident among large and medium-sized enterprises which produced \$277.76 million USD and \$35.45 million USD, respectively, whereas the small businesses decreased to \$13.27 million dollars, and micro increased to \$0.65 million USD.

In 2015 large and small businesses decreased respectively to \$3.94 million USD and \$0.74 million USD compared to the previous year, while medium and micro increased their revenues from sales, as can be seen in the next table where medium companies obtained \$449,380,000 million USD and micro generated \$1.25 million USD.

Illustration 28 Sales revenue by the organizational size according to subsector C16

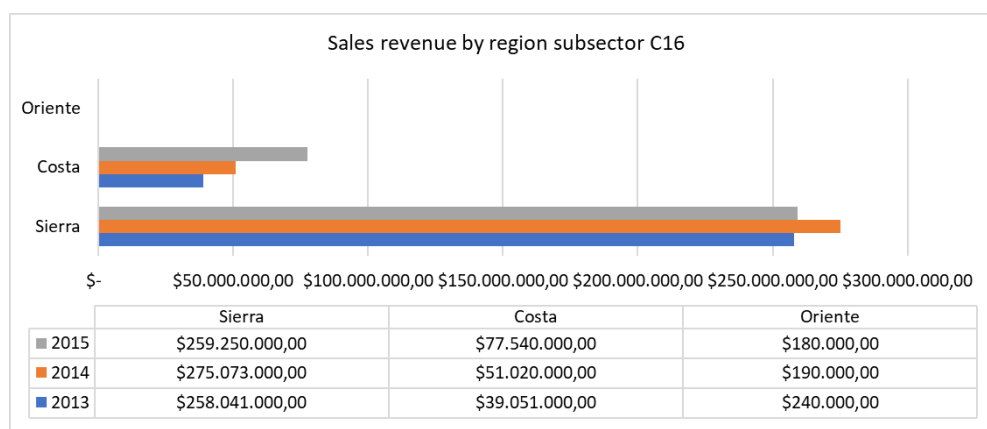


Source: (SUPERCAS, 2017)

Author: Prepared by the authors

According to Illustration 16 in 2013, the Sierra region received \$258.41 million USD, putting it in first place, the Coastal region is in second place with \$39,510,000 million USD, and finally, the Amazonian region with \$0.24 million USD. In the year 2014 the Sierra grew by \$17.52 million USD, more than the previous year, while the Coast increased to \$51.20 million USD and the Amazon decreased about \$0.6 million USD. In 2015 the Sierra and Coast generated \$259.5 million USD and \$77.54 USD, respectively, while in the Amazon it dropped to \$0.18 million USD.

Illustration 29 Sales revenue by region of the sub-sector C16



Source: (SUPERCAS, 2017)

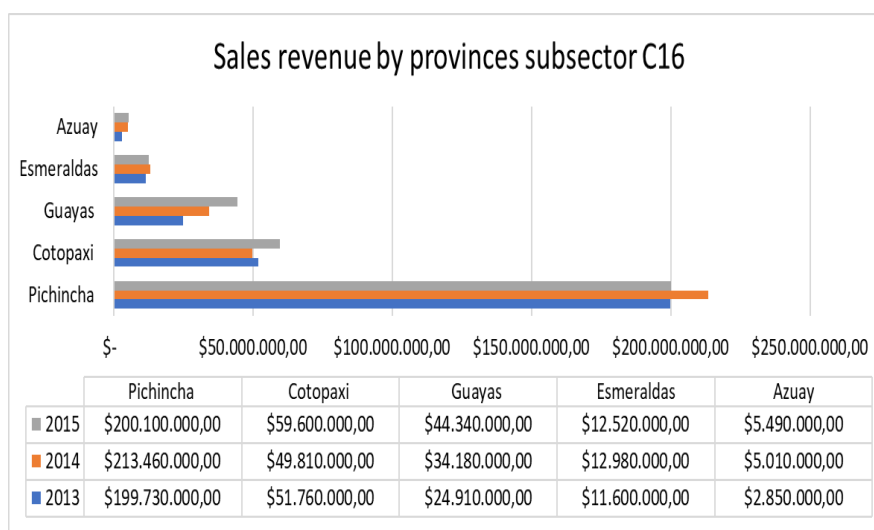
Author: Prepared by the authors

Sales revenue by province in 2013, are generated as follows: Pichincha reached \$199.73 million USD. As for the rest: Cotopaxi achieved \$51.76 million USD, Guayas generates \$24.91 million USD, Esmeraldas and Azuay with \$11.60 million USD and \$2.85 million USD, respectively.

In 2014 Pichincha and Guayas received \$213.46 million USD and \$34.18 million USD, that is to say, reached a market participation of 68% while in Esmeraldas and Azuay has a lower participation with \$12.98 million USD and \$5.01 million USD. However, the province of Cotopaxi decreased its participation compared to the previous year with \$49.81 million USD.

By 2015 all provinces increased their participation: Cotopaxi with \$59.60 million dollars, followed by Guayas with \$44.34 million USD, and finally, Esmeraldas and Azuay with \$12.52 and \$5.9 million USD, respectively, except Pichincha decreasing its participation to \$200.10 million USD with regarding the previous year.

Illustration 30 Sales revenue by provinces of the sub-sector C16



Source: (SUPERCAS, 2017)

Author: Prepared by the authors

Pichincha is the most representative province in generating sales revenue in sub-sector C16 in the manufacture of wood veneer sheets and boards based on wood, since it obtained more than 60% of market participation in last three years, followed by the Cotopaxi province. This is because they are the most important factories producing wood boards - Edimca, Placacentro, and Acosa, among others.

2.5.2 Subsector C31 Furniture Manufacturing

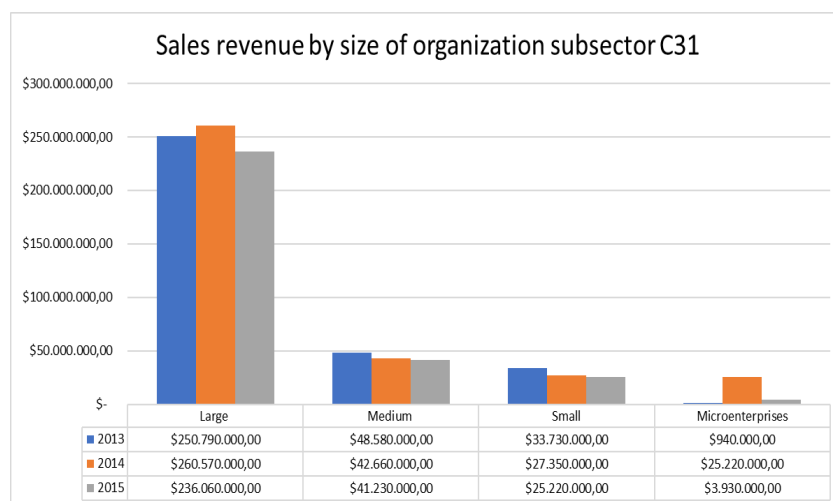
According to the Superintendent of Companies, the subsector C31 corresponds to the manufacture of furniture. The following data is analyzed according to the sales revenue (in million dollars) during the years 2013, 2014, 2015:

For the year 2013 large companies come in first place because they generated \$250.79 million USD, followed by medium and small businesses with \$48.58 million USD and \$33.73 million USD, respectively, whereas the participation of microenterprises is very low with \$0.94 million USD.

In 2014 large companies increased their participation to \$260.57 million USD with microenterprises that generated 25.22 million USD, while medium and small sized companies reduced their participation to \$42.66 million USD and \$27.35 million USD, respectively.

Large companies generated \$236.06 million USD for the year 2015 which decreased compared to the previous year. Medium companies produced \$41.23 million USD, small enterprises \$25.22 million USD, and micro-companies generated \$3.93 million USD, for this year the participation decreased in comparison with the previous years.

Illustration 31 Sales revenue by size of organization according to subsector C31

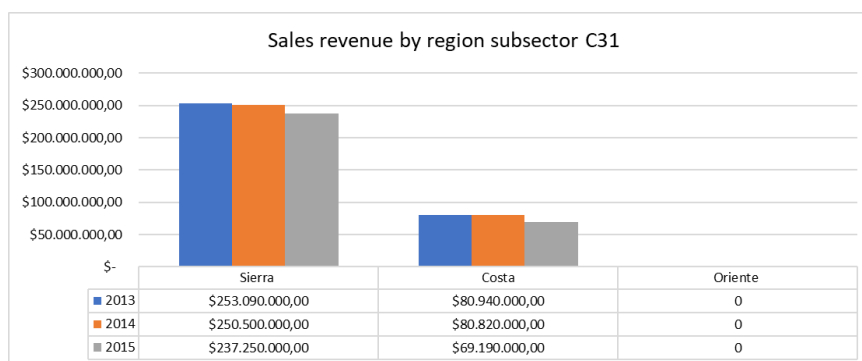


Source: (SUPERCAS, 2017)

Author: Prepared by the authors

According to the illustration No. 19, sales revenue by region shows that in 2013, the Sierra generated \$253.09 million USD, for 2014 the Sierra revenues decreased to \$250.50 and for 2015 dropped to \$237,250,000 USD. Coastal regions generates \$80.94 million USD for the year 2013, the next year Coastal regions produced \$80,820,000 USD, whereas in 2015 decreased to \$69.19 million USD. As for the Amazon region, there is no data.

Illustration 32 Sales revenue by region of sub-sector C31

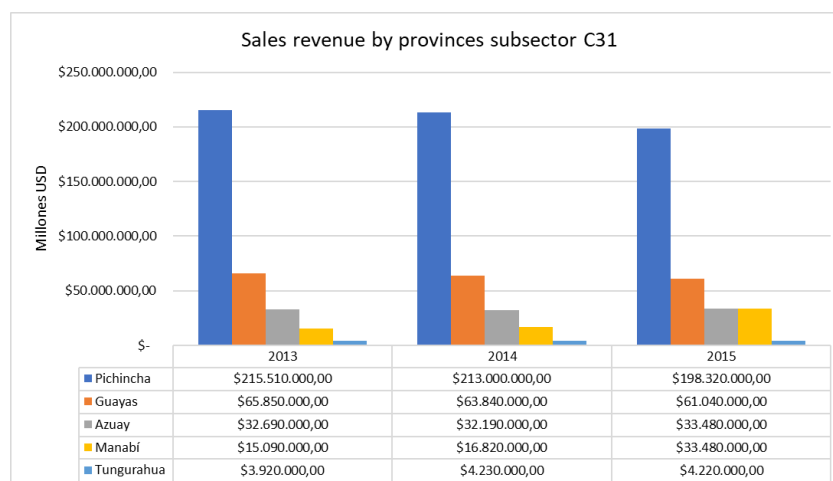


Source: (SUPERCIAS, 2017)

Author: Prepared by the authors

In 2013, Pichincha province participation reached \$215.51 million USD, followed by Guayas with \$65.85 million USD, Azuay with \$32.6 9 million USD, Manabí with \$15. 09 million USD, and Tungurahua with \$3.92 million USD. For 2014 Manabí increases to \$16. 2 million USD while it generates \$213.00 million USD the province of Pichincha, Guayas got \$63.84 million USD, followed by Azuay and Tungurahua with \$32.19 million USD and \$4.23 million USD, respectively. By 2015 there was a decline in sales revenue in furniture manufacturing, but Pichincha remains at the top with \$198.32 million USD, Guayas followed with \$61.04 million USD, Azuay with \$33.4 8 million USD, Manabí obtained 33.4 8 million USD and Tungurahua generated \$4.22 million USD.

Illustration 33 Sales revenue by provinces of the subsector C31



Source: (SUPERCIAS, 2017)

Author: Prepared by the authors

Pichincha is the province that has the largest market participation in furniture manufacturing sales revenue. As mentioned before, it is primarily by the presence of large manufacturers that help process the wood.

2.6 Conclusions

Ecuador, thanks to its geographical location, is gifted with assorted species of wood for commercial consumption. This reality offers a competitive advantage in comparison with the rest of the world, and by having a variety of timber especially in the regions of the Coast and the Amazon, it's a natural advantage. However, most primary processing occurs in regions of Coast and Sierra, part of the timber is consumed on the internal market and the rest is exported to USA. If diversification is required to improve the economy, products with higher added value should be sought out and relying on the export of wood as raw material should stop.

In a general, Ecuador is going through a long period of instability, so even the various trade and economic policies have influenced the growth of the country, especially in the lumber sector. After different efforts to boost the economy with incentives as the Foreign Direct Investment (FDI) have proven ineffective at promoting the investment in technology, infrastructure, business growth, and wage levels. The fact that wage levels of our neighboring countries are cheaper than Ecuadorian wages does not allow fair competition in the international market.

In the last 3 years there has been growth of SMEs, especially in sales revenue, related to the size of their organization. A percentage increase in participation as well as the medium enterprises grew from 28 million USD to nearly 49 million USD between 2013 and 2015 can be observed. On the other hand, it is possible to observe the concentration of the lumber sector in the Sierra region, where the provinces of Pichincha and Cotopaxi are the largest participators, due to the fact that they have concentrated companies for primary processing, like Edimca and Acosa. These results are given in both subsectors C16 and C31.

CHAPTER 3: PYMES OF TIMBER SECTOR

3.1 Introduction

This chapter includes the main representative factors about the timber sector in Cuenca canton and its history through the years to determine what is the situation that the pertinent businesses are going through. The objective is to establish the strengths, weaknesses, opportunities and threats (SWOT) of every timber company in order to detect which of them have enough export capacity to face the international market in a case that these organizations would export their products and/or in which aspects they have to start a restructuration if the enterprises want to acquire the export capacity. It was necessary to do an information-collecting process through the export audit model that was implemented as an interview with the business representatives.

3.2 Background

According to Edgar Enriquez, designer and owner of Santana Furniture, and his own experience acquired during his work at Artepractico (one of the largest timber companies in Cuenca). Artepractico started its activities since 1965 as a small wood working room. However, with the collaboration of national and foreign investment, the enterprise was constructed and located in Zhucay, Cuenca – Ecuador. Be part of Artepractico was an honor because it was one of the most amazing cases of business growth and it has arrived to positioning in international markets such as the American and the European ones. Artepractico was one of the first companies to invest in technological factors. Furthermore the enterprise had strict quality controls over each acquired product. Even in the last days, this timber business counted 2000 employees in the administrative department and 1200 employees in the productive one. The firm therefore went bankrupt in 1982 and the workers were establishing individually small timber businesses that were increasing their strong presence in the national market to stablish large and medium enterprises like Colineal, Vitefama, Madeform, and Santana Muebles. But the business successes notwithstanding, there were other enterprises that did not share the same luck such as Muebles Bienestar, Muebles MZ and Confort Mueble.

As mentioned previously, one of the companies that emerge from the closure of Artepractico was Colineal, which is recognize as a timber leader Latin-American enterprise and the greatest in Ecuador. This business started as a small store located at Gaspar Sangurima Avenue. The company's partners that initiate Colineal were Roberto Maldonado Álvarez and Iván Barros A., who related that they just inaugurated their timber store and six days after they had to close it because of the exhaustion of their stock and consequently the business ended up in the industrial

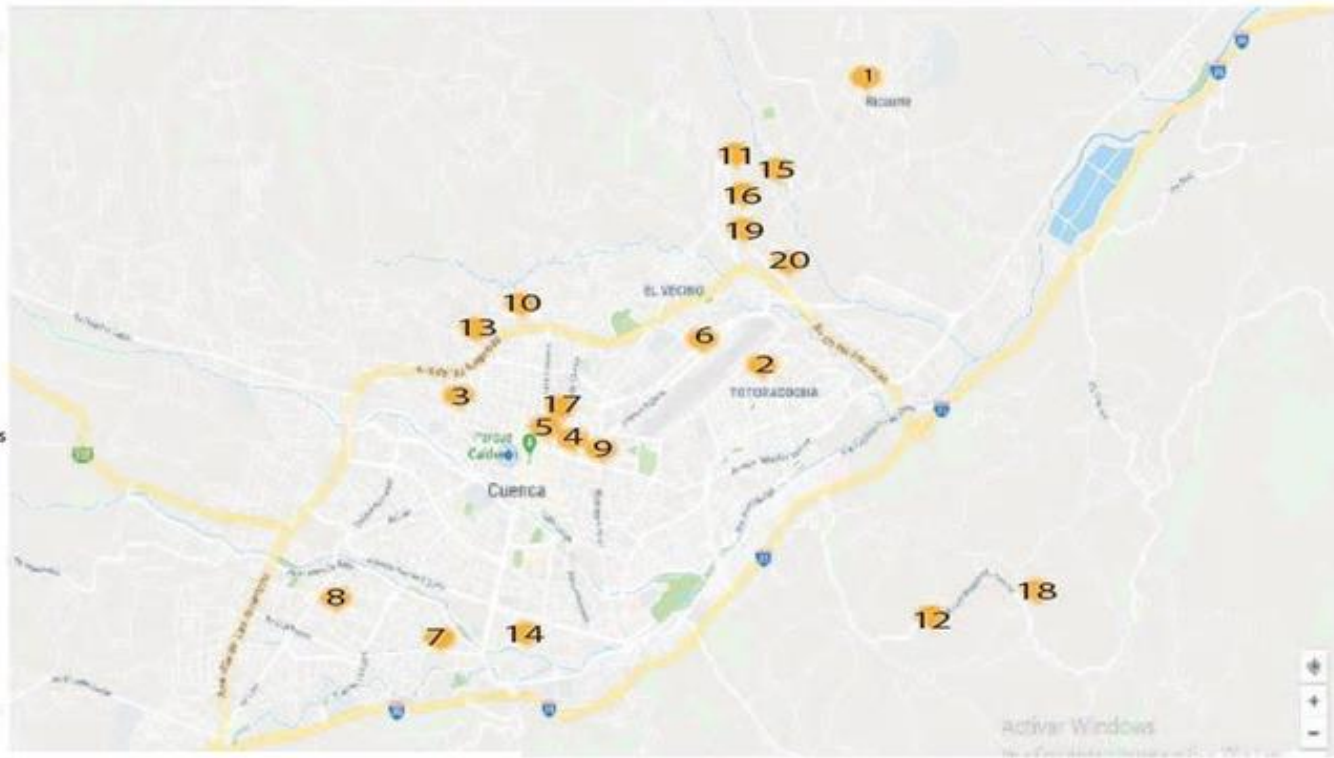
park of the Cuenca. Later to supply the national market, the company managed to obtain the internationalization becoming the actual largest company in Ecuador with 600 employees in charge of the distribution through 23 Ecuadorian stores, 3 Peruvian stores and 1 more store located in Panamá. (Colineal Corporation Global, 2017)

The information gathered is due to the collaboration of public institutions such as: Chamber of Small Sized Industries of Azuay (CAPIA), Ministry of Industry and Productivity (MIPRO), Municipal Company of Economic Development of Cuenca (EDEC) and the contribution of the authors of this investigation project. The results of the mentioned input showed that in Cuenca are a total of 123 timber businesses, 58 of them are not related to the study for the reason that they had other productive activities, are largest or microenterprises and/or because they do not have a legal classification. Therefore it was necessary to elaborate a new pre-final database with 65 timber companies listed and was found that 13 of them are not dedicated at the manufacturing activities like: Muebles Vera Vázquez, Muebles Bello Hogar, Mobelique, Iferi Decoración Cía. Ltda., Quilmur Importaciones Cía. Ltda., Status Galería, Muebles Designhome Homenca Cía. Ltda., and Arqmove Cía. Ltda., that are just trading companies; Ecuamueble and Aldana Sillas work only with metal and a few sort of amount of Wood and Gema Muebles that despite of its use of timber, its principal activity is related to the metal and mechanic furniture; Talleres Gatita as for Gema Muebles, uses wood but its principal activity is the upholstery, Maderas de Montaña Mahavkaiv that is already exporting. Additionally, there were 6 more business that are no longer in operation like: Aktuell Mobel S.A, Maderpallet Cía. Ltda., Servimadera, Muebles Bienstar, Decomuebles and Recrea Muebles. However, 9 of the companies that comply with the parameters, decided to not cooperate and they are: Cardeca Cía. Ltda., Jiménez Galería Fusión, Mueblesa, Línea A1, Madenzacorp, Muebles Carrusel, Mobel Mark, Maderpallet, Carpintería Internacional; and 17 could no longer be contacted: Rowoodmaderas Cía. Ltda., Zona Muebles Zonmue Cía. Ltda., Decomuebles, Crehabit, Solrodaes Cía. Ltda., Cuenca Mobiliario Cuencamoble Cía. Ltda., Expopallet, Ovelinea 2, Multilíneas, Padilla Niola José Thomas, Ergoline, Quintuña Guaricocha Luis Macario, Maderas, Tenesaca Guapizaca Manuel Jesús, Kirana, Arqmove Cía. Ltda. and Hortegs. Hence the final database was conformed by 20 enterprises: Vitefama, Maderas Valdez, Artemueble, Officenter, Diserval, Juguetes y Material Didáctico “Pato”, Burgués, Madeform, Stilo muebles, Moblime, Arquiprod Cía. Ltda., Muebles Disar, Santana Muebles, Unpluss, Muebles J y B, Mobeline, Megamuebles Belén, Madernova, Muebles Novoa, Muebles Chelita. ANEXO

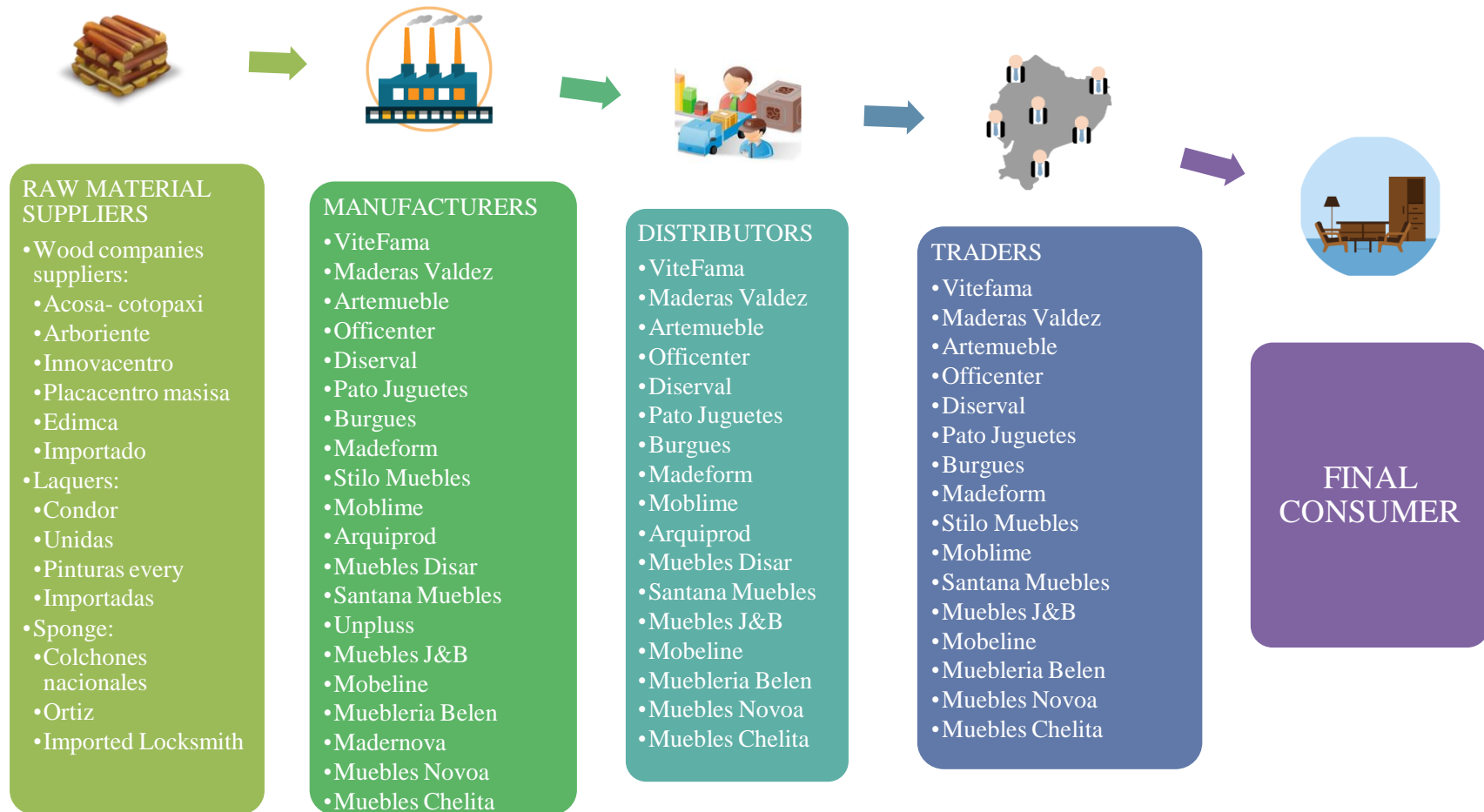
3.3 Selected SMES database and their location at the Cuenca canton map.

List of 20 selected timber pymes and their location on the map.

- 1 Vitefama
- 2 Maderas Valdez
- 3 Artemueble
- 4 Officenter
- 5 Diserval
- 6 Pato Juguetes
- 7 Burgues
- 8 Madeform
- 9 Stilo Muebles
- 10 Moblime
- 11 Arquiproduct
- 12 Muebles Disar
- 13 Santana Muebles
- 14 Unpluss
- 15 Muebles J&B
- 16 Mobeline
- 17 Megamuebles Belén
- 18 Madernova
- 19 Muebles Novoa
- 20 Muebles Chelita



3.4 Actors map in the timber sector of Cuenca.



3.4.1 Description of the actors map in the timber sector of Cuenca.

1.- Raw material suppliers: Arboriente and Edimca are the most important suppliers of solid wood and are from Coastal and Eastern regions of Ecuador country while about the production of wood panels is in charge of Acosa from Cotopaxi and Masisa. And in the case of the distribution work is realized by the same companies and Innovacentro has its activity as one of the principal ones. This last has other activities like: the reception of logs cut and the verification of exact specifications such as: moisture, density and size that the wood must fulfill. This process includes the selection of the best raw material to continue with its classification required from the enterprises.


2. - Manufacturers. - The same business that demand the raw material are the principal ones that verify if their order comply with their quality requirements. Then the material continues to be cut to fulfill the specifications to produce the different products. Later of the sawmilling and assembled phases, the product is ready for the final check to detect or avoid imperfections.

3. - Distributors. - These actors proceed to distribute the final product to trade companies or to third parties or the products visit fairs in other cities. This procedure is carried out before the storage and package in which the products are ensure to avoid any damage.

4. - Traders. - are the ones who receive the final products and exhibit those to sell the same. For instance, Moblime is a manufacturing business of metal chairs and “Mi Comisariato (Cadena el Rosado)” is its trader.

5. - Final consumer. - is the person that looks for the satisfaction of his/her necessities and comfort.

3.5. Business data sheets of the timber sector in Cuenca.

Business data sheet		
Business name:	3.5.1 Vitefama	
Products:	Main products: room furniture set, dining-room furniture, bedroom furniture and complementary goods. Star product: bedroom furniture.	
Location:	2°51'57.9"S 78°57'40.2"W -2.866083, -78.961159 Manuel J. Calle and Alfonso Cordero Ricaurte (productive plant)	
Contact person:	Ing. Teófilo Castro	
Telephone numbers and contact points:	Tel. 074086454 vitefama@vitefama.com.ec www.Vitefama.com.ec	
Interview date:	September 29, 2017	
Historical review:	Teófilo Castro was an employee in Artepractico, so with the company closure he decided to start his own business in 1998 with the name Vitefama.	

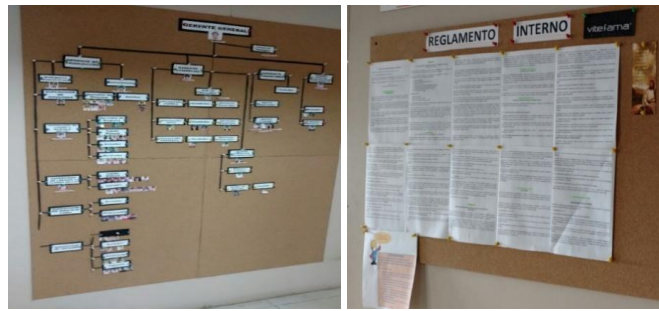
3.5.1.1 Administrative and organizational aspects

The mission and vision of Vitefama are clearly defined and published on its website. The company is currently affiliate with 3 guilds: Ecuadorian Association of Timber Industrials (AIMA), Chamber of Small Sized Industries of Azuay (CAPIA) and the Cuenca Chamber of Commerce (CCC); and in the last years the owner decided to disenrollment from Ecuadorian Export Federation (FEDEXPOR) due to insufficient export capacity.

Although the business had as a philosophy to comply with the export company's dream, Vitefama stopped to pursuing it and one of the principal reasons is that Ecuador is considered as a country without competitive factors because of tax matters, labor costs and technology.

The organization chart is structured by 89 employees, 21 of them work in retail outlets and the rest of the workers at the productive plant. The internal communication system is developed through e-mail and telephone. The design, price and service are the differential combination of the Vitefama products.

Illustration 34 Organization chart and internal code



Source: Vitefama

3.5.1.2 Financial and accounting aspects

According to the Internal Revenue Service (IRS), the company is registered as a natural person with the RUC number 14001145072001. Vitefama is classified as medium-sized enterprise and its principal activity is general furniture manufacturing.

The cash flows, income statement and balance sheet are prepared monthly. Furthermore, the company uses the accounting software called SAP (Systems, Applications and Products) to improve the automation of the accounting processes and the more accurate delivery reports. The

Illustration 35 Vitefama Contributor

Información del Contribuyente	
Razón Social:	CASTRO RIVERA TEOFILO CELESTINO
RUC:	14001145072001
Nombre Comercial:	VITE FAMA
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Especial
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	SI
Actividad Económica Principal	FABRICACION DE MUEBLES DE CUALQUIER MATERIAL
Fecha de inicio de actividades	01-12-1990
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	10-06-2016
Categoría Mi PYMES	Mediana

Source: IRS

business establishes the product's PVP (retail price) calculating the cost of units sold, units produced and profitability of the product.

The funding sources used are through mortgage loans from the private banking and from the National Finance Corporation (CFN). Mr. Teofilo Castro considers that the financial assistance had contributed to the achievement of the organizational goals. Vitefama was up to date with IRS and Ecuadorian Social Security Institute (IESS).

3.5.1.3 Productive aspects

The company realizes research studies and market surveys because they consider that is important to know the tastes and preferences, competitors and the purchasing level of the market in order to introduce a competitive product. To get this kind of information is necessary to contact some specialized consultancies.

Illustration 36 Bedroom furniture model



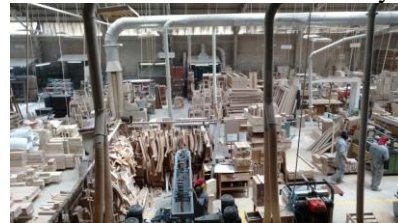
Source: Vitefama catalogue

On the other hand, to identify these aspects from an international view, the process is informal through exhibitions in a country visit.

Despite the legislation is already placed, there is a high level of informality about furniture design protection and that is the reason why Vitefama prefers not to register its logo and products so in order to not be a victim of plagiarism the company tries to rotate the furniture models as soon as possible.

The star products in Vitefama are de bedroom and room furniture that are considered as high added value ones. However, Mr. Teofilo Castro reiterates that the market is looking for lineal products with low prices because of their purchasing power.

Illustration 37 Vitefama factory



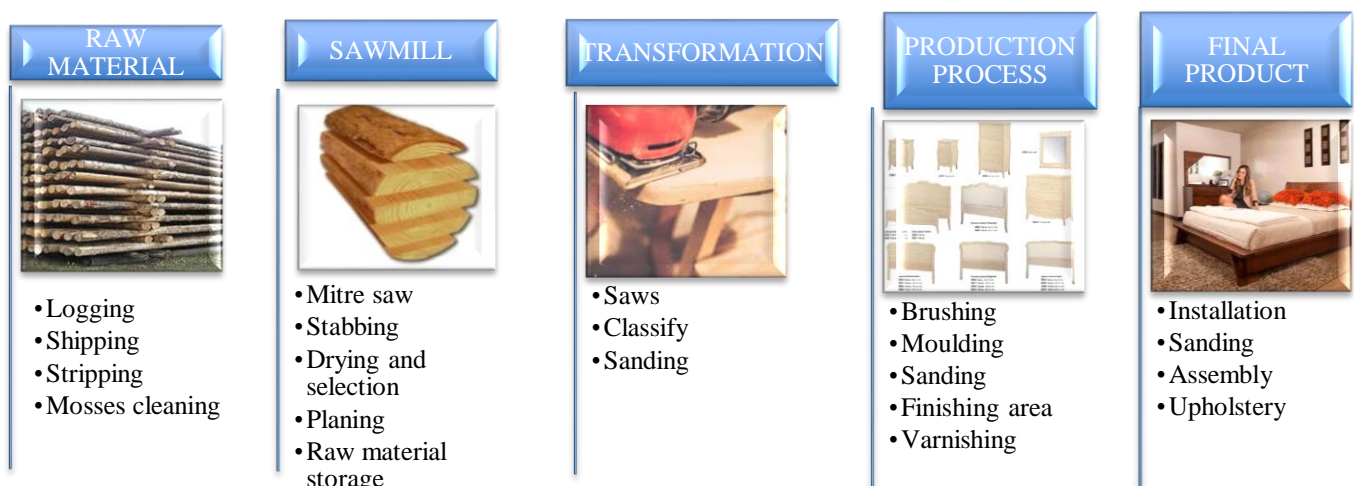
The productive capacity related to bedroom furniture monthly is over 200 units and annually 2400 units approximately. The industrialized level used by the company is above 40% and the other 60% is handcrafted work in activities such as: upholstery and lacquering process. The maintenance is daily to prevent damages in the machinery.

The company is recognized as one of the best for their constantly work with the continuous improvement based on ISO 9001 regulation in quality control points from the initial assembly to the final product area to evade errors or prevent the production of damaged goods.

Regarding to environment requirements, Vitefama takes as an own-initiative to maintain its surroundings clean. For example, they continued with the disposal of rodents and the cleanliness of debris and garbage. Moreover, the company has recycling programs.

3.5.1.3.1 Manufacturing processes flow of Vitefama bedroom furniture

Illustration 38 Manufacturing processes flow of Vitefama bedroom furniture



Source: Vitefama

It is important to stress that while we analyze the process flow of a bedroom furniture model, the steps and materials will vary according to the kind of the furniture and to the productive method used by each enterprise.

The first step involves the harvesting of timber or this material can be acquired within the country. And so the next phase is called sawmill where trees are processed in different sizes to select the best wooden boards to brush and warehouse these for their early distribution. Later in the third step the selected wood is transformed into a final product due to this phase is related with the joint of pieces for the furniture elaboration. The step number four is the stage in which industrial tools are used, some of them are from the brands: Makita, Dewalt, Decortul, Stanley; such as: belt sanders, long belt sanders with table, handheld sander and orbital sander. Then the woodworking lathe is used to shape the furniture and the tupi shape the furniture borders. To continue in the furniture, it is needed a shade of paint, catalyst and lacquer. And it is important to sand papering wood again to remove any loose paint or lacquer. To finish the product a drill is used to make holes and install the metal locksmith and dowels. If it is necessary, it concludes with the upholstery where stapler, yarn, tapestry, bracket and metal strip are employed.

Mr. Castro affirms that are problems with the raw material supply because of the only material that is produced in Ecuador is the wood and the rest of the material is mandatory to be imported. Obviously, there are many providers of these complementary goods but they often raise the costs.

3.5.1.4 Sales, promotion and logistic aspects

Vitefama has customer service processes through the application of a flow chart of attention processes and sales services. Currently, the company has two outlets in Cuenca city, the first located in El Vergel sector in Manuel J. Calle and Alfonso Cordero and the other in Americas Avenue but also it has some other points of sale in cities like: Guayaquil, Quito, Ambato and others.

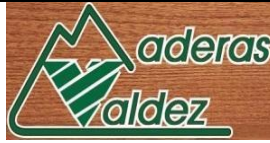
The enterprise has a marketing defined budget and it tries to use every communication media such as: radio, television, social networks and webpage. Additionally, it has an online catalogue where its products are exhibited: http://www.Vitefama.com.ec/pdf/catalogo_Vitefama.pdf. Vitefama offers a five-years warranty depending on the product.

3.5.1.5 Exporaudit grade: Vitefama

CATEGORY	#	QUESTION	GRADE
ADMINISTRATIVE	Strategic plan for the local market	1 Strategic plan	5
		2 Organizational objectives	5
		3 Elaborated strategic objectives	5
		4 Export operations	5
		5 Export program	0
		6 Competitive advantage	5
	Document management	7 Organization chart	5
		8 Qualified administrative staff	5
		9 Quality management	3
		10 Control systems	3
		11 Alliances with competitors	3
		12 Internal communication system	3
		13 Foreign trade area	3
FINANCIAL	Financial information	14 General budget	0
		15 Cash flows or other financial statements	5
		16 Updated financial information	5
		17 Costs analyses	5
		18 Financial information periodicity	5
		19 Qualified financial staff	5
		20 Profit margin	5
		21 Funding sources	5
		22 Specific budget for new projects	3
		23 IRS relations	5
		24 Export program information	3
PRODUCTIVE	Market research	25 National and international market researches	5
		26 Economic, geographic, financial and political information of potential countries.	5
		27 International demand of its products	3
		28 Market research tools	3
	Process development and product design	29 High added value	5
		30 Added value improvement	5
		31 Technical standards of quality	3
		32 Legal protection of designs and products	0

CATEGORY	#	QUESTION	GRADE
PRODUCTIVE	Production system	33 Production processes	3
		34 Quality control and product characteristics	5
		35 Customized orders production	3
		36 Industrialization level	3
		37 Star product production level	5
		38 Storage capacity	5
		39 Qualified maintenance staff	5
	Logistic and inventories	40 Raw material suppliers	5
		41 Technical criterion for raw material purchase	5
		42 National or international raw material percentage	3
	Environmental administration	43 Storage registers and procedures	3
		44 Environment management requirements	5
		45 Problems with nearby communities	5
		46 Recycling programs	5
		47 Requirements or ordinances for the correct environment management	5
SALES	Sales	48 Qualified staff of sales and marketing department	5
		49 Specific budget for sales and marketing activities	5
		50 Advertising material	5
		51 Marketing plans	5
		52 Legal protection of the commercial logo	3
		53 Web page or social networks	5
	Customer service	54 Qualified staff of customer service	5
		55 Customer service procedures	5
		56 Distribution channels	5
		57 Product warranty and product returns	5
TOTAL			238
TOTAL OVER 100			83,51

According to the exporaudit grade, Vitefama has 83 points. So the company is in the first category, it means that this business accomplish with the necessary aspects to start an exportation program.

Business data sheet		
Business name:	3.5.2 Maderas Valdez	
Products:	Main products: wooden floors, steps, pergolas, huts, formwork, lathed and others.	
Location:	2° 53'18.6" S 78°58'41.7" W -2.8884930, -78.9782380 Los Andes Avenue 5-42 and Totoracocha	
Contact person:	Miguel Valdez Ordóñez	
Telephone numbers and contact points:	Tel. 072864452 miguelvaldez223@hotmail.com Facebook: Maderas Valdez www.maderasvaldez.com	
Interview date:	October 04, 2017	
Historical review:	The business started 20 years ago when the entrepreneur worked as a timber distributor but then he decided to add the timber manufacturing becoming in a manufacturer company.	

3.5.2.1 Administrative and organizational aspects

Maderas Valdez is a company registered as a natural person. Currently is affiliate to the Artisan guild. The enterprise has a mild weakness in the administrative area because they do not have written mission, vision or values but it has it's strategic plan clearly defined as well as its goal to rise its sales level.

The business is recognized due to its high quality products because as it's legal representative mentioned, Maderas Valdez always tries to use the best material in each of it's products in order to maintain the reputation. Although the company does not have a detailed schedule, the employees have regular meetings to provide personnel training and review relevant aspects.

The lack of export information has been an obstacle to develop an export activity because does not have any kind of data about how to get potential markets. Furthermore, the raw material quality is not competitive, and this disadvantage turns into an impediment to introduce the products in a new market.

Miguel Valdez noted that the administrative staff has a lack of professionalism, so, it could not be possible to develop an organization chart.

3.5.2.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 0301027124001. Maderas Valdez does not have a specific budget due to the market instability. There is a part-time accountant in charge of the financial area; it means that he makes the tax payments efficiently.

Illustration 39 Maderas Valdez contributor

Información del Contribuyente	
Razón Social:	VALDEZ ORDOÑEZ MIGUEL
RUC:	0301027124001
Nombre Comercial:	MADERAS VALDEZ
Estado del Contribuyente en el RUC:	Activo
Clase de Contribuyente:	Otro
Tipo de Contribuyente:	Persona Natural
Obligado a llevar Contabilidad:	SI
Actividad Económica Principal:	VENTA AL POR MAYOR DE MADERA.
Fecha de inicio de actividades:	01-05-1999
Fecha de cese de actividades:	
Fecha reinicio de actividades:	
Fecha actualización:	05-08-2011
Categoría Mi PYMES:	Pequeña

Source: IRS

Despite the financial information is informally carried out, there is an inevitable crisis that the company is passing through with high levels of losses and its raw material stock as its only budget. Maderas Valdez does not have any problem with the IRS.

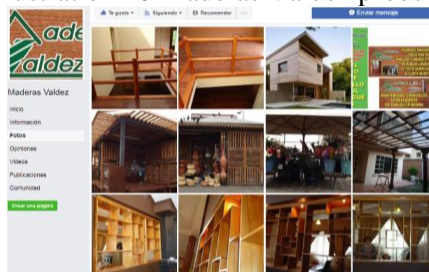
3.5.2.3 Productive aspects

Maderas Valdez works with wood like: fernan sanchez, laurel, copal, ceique, cinnamon, romerillo, teak, trumpet tree and others from Ecuador's coastal, eastern Ecuador and Esmeraldas province specifically. The company has also done market researches to define prices.

Although does not have precise information about potential countries to export to, but they do not know the destiny where the wood production is sent.

The product offered is perceived as a high added value one due to its recognized quality the same that is recommended by all customers. Though, this perception varies significantly because of the technology as an innovation factor.

Illustration 40 Maderas Valdez products



Source: Madera Valdez facebook

Maderas Valdez has the capacity to produce specific customer-designed goods. There is an 80% percent of industrialization in the products, but it varies from commodity to commodity. The level of production has decreased since 2013; nevertheless, this situation appears to be better

in recent months. The maintenance process is at charge of the same employees but if any machine needs an appropriate technique it is draw on subcontracting.

There is no technical criterion to purchase the raw material; this is an informal process depending on the sales situation that the business could be going through.

On the other hand, it is necessary to buy the wood with forestry guides because designated persons carry out inspection bimonthly or quarterly requiring documentation. Moreover, the enterprise has a water tank itself, which retains thick particles and the fume given off is pure in order to get the environmental permit. Likewise, the machinery sounds are controlled to avoid any kind of drawback with nearby communities and Maderas Valdez complies with industrial security programs.

3.5.2.4 Sales, promotion and logistic aspects

The company does not have the suitable personnel to the efficient management of the sales and marketing area. However, the promotion is carried out by flyers, magazines, yellow pages ads and Telerama (local TV channel) was formerly used as a promotional tool but it had to be suspended because of the sales down. Other way to promote the Maderas Valdez products was the direct contact with costumers through emails and phone calls. Some time ago, the company had a corporate web page but the person in charge of the marketing does not do any promotion about the products or the enterprise so the creation of the web page was not useful. Thus the timber firm does not have a specific budget to this area because it does not have a clearly way or method to advertise its offer.

The customer service is the weakest area but it is consider as a relevant factor because of the direct contact with the clients and that is the reason why the enterprise is trying to improve this aspects. Maderas Valdez does not apply a specific warranty because it had no problems with its clients.

3.5.2.5 Exporaudit grade: Maderas Valdez

CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE
ADMINISTRATIVE	Strategic plan for the local market	1 Strategic plan	3	PRODUCTIVE	Production system	33 Production processes	0
		2 Organizational objectives	0			34 Quality control and product characteristics	3
		3 Elaborated strategic objectives	0			35 Customized orders production	5
		4 Export operations	0			36 Industrialization level	3
		5 Export program	0			37 Star product production level	3
		6 Competitive advantage	5			38 Storage capacity	3
	Document management	7 Organization chart	3		Logistic and inventories	39 Qualified maintenance staff	3
		8 Qualified administrative staff	0			40 Raw material suppliers	5
		9 Quality management	0			41 Technical criterion for raw material purchase	3
		10 Control systems	0			42 National or international raw material percentage	5
		11 Alliances with competitors	0			43 Storage registers and procedures	0
		12 Internal communication system	5			44 Environment management requirements	5
		13 Foreign trade area	0		Environmental administration	45 Problems with nearby communities	5
		14 General budget	3			46 Recycling programs	5
FINANCIAL	Financial information	15 Cash flows or other financial statements	0			47 Requirements or ordinances for the correct environment management	5
		16 Updated financial information	0	SALES	Sales	48 Qualified staff of sales and marketing	3
		17 Costs analyses	5			49 Specific budget for sales and marketing activities	0
		18 Financial information periodicity	0			50 Advertising material	3
		19 Qualified financial staff	0			51 Marketing plans	0
		20 Profit margin	3			52 Legal protection of the commercial logo	0
		21 Funding sources	5			53 Web page or social networks	0
		22 Specific budget for new projects	3		Customer service	54 Qualified staff of customer service	0
		23 IRS relations	5			55 Customer service procedures	0
		24 Export program information	3			56 Distribution channels	5
		25 National and international market researches	3			57 Product warranty and product returns	0
PRODUCTIVE	Market research	26 Economic, geographic, financial and political information of potential countries.	0			TOTAL	120
		27 International demand of its products	0			TOTAL OVER 100	42,11
		28 Market research tools	0				
		29 High added value	5				
	Process development and product design	30 Added value improvement	5				
		31 Technical standards of quality	0				
		32 Legal protection of designs and products	0				

According to the exporaudit grade, Maderas Valdez has 42 points. And so, the company is in the third category, it means that this business must improve its formality in the administrative area and analyze the sales and marketing area as well. However, this business does not exclude the objective of someday export its products.

Business data sheet	
Business name:	3.5.3 Artemueble <div data-bbox="1027 241 1362 412" data-label="Image"> </div>
Products:	Main products: furniture for the living area and office furniture. Star product: bedroom furniture.
Location:	2°53'30.0" S 79°00'44.7" W -2.8916570, -79.0124080 Sangurima 17-25 and Miguel Heredia
Contact person:	Arcecio Teodoro Morocho Pasaca
Telephone numbers and contact points:	Tel. 072838101 - Cel.: 0999516093 arcecioteodoro@gmail.com Facebook: Artemueble Cuenca Azuay www.artemueblecuenca.com
Interview date:	October 05, 2017
Historical review:	The business started 20 years ago as a livelihood and to aid the employment strengthening and it also began for the owner's pleasure of timber work dedication.

3.5.3.1 Administrative and organizational aspects

Artemueble is a firm registered as a natural person. The company has a mild weakness in the administrative area because does not have written mission, vision or values but it has its strategic plan clearly defined. Among its objectives is established that Artemueble tries to become a large company and position itself among the best timber entrepreneurs in the Austro of the country.

The enterprise had never been trained in the foreign trade area because there is no interest on lead the production to the international arena. The distinct advantage is in the manufacturing of specific models of the customers; it means that the products are customized layouts.

The business has function and procedure manuals, but it does not have an organization chart because of the staff rotation. Mr. Arcecio Morocho defines himself as a multifunctional manager that has enough experience to continue focusing Artemueble to success. Also in the firm are competent employees in the administrative area.

The company has always been an active participant in national events in which the products are advertised. Although it does not have any quality control certificate, the control over the staff is

one of the priority tasks to maintain the best standards. In the internal communication emails are used to avoid errors or deficiencies.

3.5.3.2 Financial and accounting aspects

Illustration 41 Artemueble contributor

Información del Contribuyente	
Razón Social:	MOROCHO PASACA ARCECIO TEODORO
RUC:	0101807113001
Nombre Comercial:	ARTEMUEBLE
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	FABRICACION DE MUEBLES DE MADERA.
Fecha de inicio de actividades	23-06-1988
Fecha de cese de actividades	08-04-1998
Fecha reinicio de actividades	30-11-2004
Fecha actualización	19-06-2013
Categoría Mi PYMES	Pequeña

Source: IRS

According to the IRS, the company is registered as a natural person with the RUC number 0101807113001. Artemueble has a specific budget for the current year. There is an accountant in charge of the financial area; it means that he elaborates quarterly financial information such as: income statement, balance sheet and cash flows.

The funding sources used are from their own capital and mortgage loans from private banking. The company has the possibility to invest in new projects but first it tries to pay off its debts.

3.5.3.3 Productive aspects

Artemueble works only with oak, solid wood from eastern Ecuador and Chilean wood boards. The firm does not do market studies. Instead, they do events in different provinces of the country. For example, there was a Cuenca furniture fair on October, 2017 in Santo Domingo because the city was celebrating their 50th anniversary of becoming a canton. These occasions allow representatives to identify which products should be offered or which ones should be removed from their catalogue.

The company could obtain information of Italian and Vienna markets in an informal way but it was beneficial because Artemueble could know which products are the most demanded and which designs are booming. Mr. Morocho reiterated about the importance of the added value because in the international market are more competitors that within the country. The business has as a philosophy that the continuous improvement in the processes and in the final product is crucial to offer high added value products.

The industrialized level used by the company is above 75% and the other 25% is handcrafted work. Artemueble has the appropriate machinery and the staff must know how to give maintenance, however in extreme cases is necessary to outsource.

There are enough suppliers of raw material and the company always tries to look for best offers to improve quality. There is no technical criterion to purchase the raw material; this is only an informal process that depends on the experience of the foreman. On the other hand, the machinery sounds were controlled from the Municipality due to the operating license requirements.

3.5.3.4 Sales, promotion and logistic aspects

The sales and marketing area is in charge of 4 suitable persons, they use advertising material such as: flyers, social networks, press and also before it used telephone calls. Artemueble has a striking commercial logo that is “furniture distinction and elegance” but this is not registered in the Ecuadorian Intellectual Property Institute (IEPI)

The business does not have a specific budget because this varies from project to project. For instance, the enterprise invests nearly USD 800 and when it is an interprovincial fairs it increases to USD 5. 000.

The company has a remarkable strength in its promotion with the correct use of webpage and social networks. Moreover, there are 3 employees that are responsible for the customer service that always reach the best results.

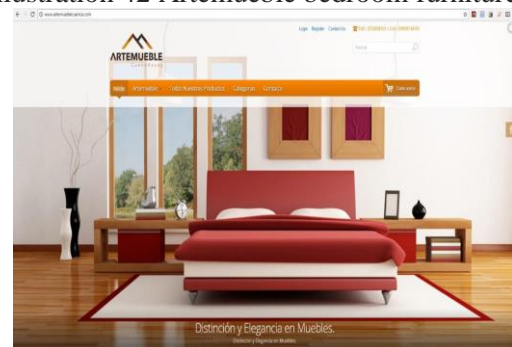
Artemueble has direct sales in the national market and has the respective distribution channels. The firm has a product guarantee period of one year to solve problems.

Illustration 43 Artemueble facebook



Source: Artemueble facebook

Illustration 42 Artemueble bedroom furniture




Source: Artemueble webpage

3.5.3.5 Exporaudit grade: Artemueble

CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE			
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	3	PRODUCTIVE	Production system	33	Production processes	3	
		2	Organizational objectives	5			34	Quality control and product characteristics	5	
		3	Elaborated strategic objectives	3			35	Customized orders production	5	
		4	Export operations	3			36	Industrialization level	5	
		5	Export program	0			37	Star product production level	3	
		6	Competitive advantage	5			38	Storage capacity	5	
	Document management	7	Organization chart	3			39	Qualified maintenance staff	3	
		8	Qualified administrative staff	5			40	Raw material suppliers	5	
		9	Quality management	3		41	Technical criterion for raw material purchase	3		
		10	Control systems	5		42	National or international raw material percentage	5		
		11	Alliances with competitors	0		43	Storage registers and procedures	0		
		12	Internal communication system	5		44	Environment management requirements	5		
		13	Foreign trade area	0		45	Problems with nearby communities	5		
FINANCIAL	Financial information	14	General budget	5	SALES	Environmental administration	46	Recycling programs	5	
		15	Cash flows or other financial statements	5			47	Requirements or ordinances for the correct enviroment management	5	
		16	Updated financial information	5			Sales	48	Qualified staff of sales and marketing department	5
		17	Costs analyses	0				49	Specific budget for sales and marketing activities	5
		18	Financial information periodicity	3		50		Advertising material	5	
		19	Qualified financial staff	5		51		Marketing plans	5	
		20	Profit margin	5		52		Legal protection of the commercial logo	3	
		21	Funding sources	5		53		Web page or social networks	5	
		22	Specific budget for new projects	3		Customer service		54	Qualified staff of customer service	5
		23	IRS relations	5				55	Customer service procedures	3
		24	Export program information	3			56	Distribution channels	5	
		25	National and international market researches	0			57	Product warranty and product returns	5	
PRODUCTIVE	Market research	26	Economic, geographic, financial and political information of potential countries.	0				TOTAL	208	
		27	International demand of its products	3				TOTAL OVER 100	72,98	
		28	Market research tools	3						
		29	High added value	5						
	Process development and product design	30	Added value improvement	5						
		31	Technical standards of quality	0						
		32	Legal protection of designs and products	0						

According to the exporaudit grade, Artemueble has 72 points. And so, the company is in the second category, it means that this business must improve some administrative aspects. However, the enterprise has the majority of the necessary aspects but it excludes the option to export for now.

Business data sheet		
Business name:	3.5.4 Officenter	
Products:	Main products: wooden chairs, sofas, seats, auditoriums furniture. Star product: kitchen furniture	
Location:	2°53'55.5" S 79°00'07.0" W -2.8987450, -79.0019350 Mariscal Sucre 5-70 and Hermano Miguel esquina.	
Contact person:	Catalina Murillo	
Telephone numbers and contact points:	Tel.072845268 – 072825077 officenter@etapanet.net	
Interview date:	October 11, 2017	
Historical review:	The business started in 1997 as an artisan workshop and under the sales increase and its employee's numbers, the company was converted from a certified little workshop into a small company.	

3.5.4.1 Administrative and organizational aspects

Illustration 44 Officenter organization chart



Source: Officenter enterprise

Officenter is a company registered as a natural person. Currently is affiliate to the Cuenca Chamber of Commerce. The enterprise has a mild weakness in the administrative area because it does not have written mission, vision or values but it has it's strategic plan clearly defined. The manufacturing orders are clearly and chronologically detailed like: delivery dates, addresses and other specifications. Despite that the company could not make an export transaction, Officenter would like to develop an efficient program to accomplish an international commerce activity.

The service and prices that are offered by the firm are the key method to differentiate its products. Officenter has an organization chart developed by the National Finance Corporation (CFN) as a health and safety project executed.

The manufacturing orders sometimes are daily due to the work upon stores, contracts or visits requests. However, when there are no orders a production order is transferred to the factory in order to have many furniture models on display.

There are 2 employees in charge of the administrative area and they has as a responsibility to control the activities. For example, Angel Patricio Villavicencio is in charge of the factory operations and Catalina Murillo is in the office activities. The internal communication is verbal and the external one is through telephony.

3.5.4.2 Financial and accounting aspects

Illustration 45 Officenter contributor

Información del Contribuyente	
Razón Social:	VILLAVICENCIO QUIZHPI ANGEL PATRICIO
RUC:	0102496668001
Nombre Comercial:	OFFICENTER
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	SI
Actividad Económica Principal	FABRICACION DE MUEBLES EN GENERAL.
Fecha de inicio de actividades	02-01-1997
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	29-09-2017
Categoría Mi PYMES	Pequeña

Source: IRS

According to the IRS, the company is registered as a natural person with the RUC number 0102496668001. Officenter does not have a specific budget for the current year; it varies according to the sales levels. The financial information is represented through cash flows, costing and price calculation. The firm is required to maintain accounting records so a part-time counter develops monthly financial statements. He also submits the Value Added Tax (VAT) declarations and

income tax.

Quarterly, it is necessary to make a balance sheet to detect the enterprise situation. Officenter has a mortgage loan with the National Finance Corporation since 5 years ago and it was acquired to buy machinery. The business does not have an extra budget for new projects due to the market instability.

3.5.4.3 Productive aspects

Officenter works only with melamine from Quito to manufacturer furniture. This company does not do any market study because it just produced on a seasonal basis. For instance, when the beginning of school year is near, it tries to manufacturer desks or small furniture because of their demand. Nevertheless, the last 2 years the situation was volatile.

The business tries to keep the high value-added perception of its products. Thus, all of the goods must be delivery in the best conditions. It means: flawless. It has a strict quality control and the raw material has been certifies by ISO standards.

The furniture designs are unprotected by the IEPI because it can be costly and delayed. However, the designs are not provided to the consumers to avoid the plagiarism. In that way, the order must be confirmed to continue with the design delivery.

Officenter has the enough productive capacity due to its 50% of process industrialization. The maintenance of this machinery is by outsourcing. Currently, the company has a work project of an order of 54 apartments that implies the manufacturing of 162 closets. However, the production had a decrease in the past years.

Illustration 46 Officenter products



Source: Officenter facebook

On the other hand, the raw material supply could not have amount inconvenient but could have quality ones. This happened when safeguards were implemented because while they protected the national industry, they were the principal factor for the prices to rise. Though, these measures are in elimination process, the sales level are not rising as it was expected.

The raw material as the case of the wood is national but there are complementary goods that must be imported. There is a precise stock register in an account systematized program in which the purchase are registered and the stock is withdrawn.

Officenter tries to comply the security and safety programs. As the case of the Environmental Management Commission (CGA), this institution was in the charge to provide the environmental licenses some years ago. However, the enterprise use a few lacquers and solvents because the material that is used is prefabricated. The only chemical material is the glue for the sofas manufacturing. Likewise there are recycling programs that try to help community with broads that cannot be reused for free. And about the trash, it is removed by the truck from a Sanitation Municipal Public Company in Cuenca (EMAC) once a week.

3.5.4.4 Sales, promotion and logistic aspects

There is a weak factor in the sales and marketing area because this department does not have the proper personnel but instead there is a low develop of the social networks. The Officenter commercial logo is “your office center” due to 2 years ago the firm was only manufacturing office furniture but the crisis was the principal motivation factor that made the business to develop a new production line.


The methods that the company uses to promote its products are flyers, folders, business cards and facebook. On the other hand, the customer service is in charge of the enterprise representatives. They with their own experience were able to position the enterprise in the local market. Officenter has a two year warranty starting on the billing date registered in the business database. There is not enough storage capacity because the main objective is to not have stock for over one month.

Illustration 47 Officenter logo




Source: Officenter facebook

3.5.4.5 Exporaudit grade: Officenter

CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE		
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	3	PRODUCTIVE	Production system	33	Production processes	0
		2	Organizational objectives	5			34	Quality control and product characteristics	0
		3	Elaborated strategic objectives	5			35	Customized orders production	5
		4	Export operations	3			36	Industrialization level	3
		5	Export program	3			37	Star product production level	3
		6	Competitive advantage	5			38	Storage capacity	0
	Document management	7	Organization chart	5		39	Qualified maintenance staff	3	
		8	Qualified administrative staff	5		40	Raw material suppliers	3	
		9	Quality management	0		41	Technical criterion for raw material purchase	5	
		10	Control systems	5		42	National or international raw material percentage	5	
		11	Alliances with competitors	5	43	Storage registers and procedures	5		
		12	Internal communication system	5	44	Environment management requirements	5		
		13	Foreign trade area	0	45	Problems with nearby communities	5		
FINANCIAL	Financial information	14	General budget	3	46	Recycling programs	5		
		15	Cash flows or other financial statements	5	47	Requirements or ordinances for the correct enviroment management	5		
		16	Updated financial information	5	48	Qualified staff of sales and marketing department	0		
		17	Costs analyses	5	49	Specific budget for sales and marketing activities	3		
		18	Financial information periodicity	5	50	Advertising material	5		
		19	Qualified financial staff	5	51	Marketing plans	5		
		20	Profit margin	3	52	Legal protection of the commercial logo	3		
		21	Funding sources	3	53	Web page or social networks	3		
		22	Specific budget for new projects	5	54	Qualified staff of customer service	5		
		23	IRS relations	5	55	Customer service procedures	5		
		24	Export program information	0	56	Distribution channels	5		
		PRODUCTIVE	Market research	25	National and international market researches	3	57	Product warranty and product returns	5
26	Economic, geographic, financial and political information of potential countries.			0	TOTAL		203		
27	International demand of its products			0	TOTAL OVER 100		71,23		
28	Market research tools			0					
Process development and product design	29		High added value	5					
	30		Added value improvement	5					
	31		Technical standards of quality	3					
	32		Legal protection of designs and products	3					

According to the exporaudit grade, Officenter has 71 points. And so, the company is in the second category, it means that this business must improve some aspects, such as: get quality certifications, and the sales and marketing are as well. Furthermore, the business has as a goal to success through an export operation with the related institutions aid.

Business data sheet	
Business name:	3.5.5 Diserval 
Products:	Main products: office modular furniture and furniture for the living area. Star product: office furniture.
Location:	2°52'21.2"S 78°58'48.8"W -2.872550, -78.980227 Palmira street 7-77 and Patamarca gateway Sucre 5-80 and Hermano Miguel
Contact person:	Ing. Franklin Serrano
Telephone numbers and contact points:	Tel. 072820331 – 072898891 www.diserval.com
Interview date:	October 14, 2017
Historical review:	The family Enterprise started in 1980 as a timber products distributor and since 1995 it started to manufacture and distribute modular furniture.

3.5.5.1 Administrative and organizational aspects

The last year Diserval had 30 employees but due to the country economic recession currently the staff numbers were cut to 12 persons. Four of them are working at the administrative area and the rest of them at the productive plant.

The business has a clearly and well-structured strategic plan that can be appreciated in the illustration 51. For the last couple of years, the firm had organizational goals, comparative tables and others. However, at this time is already difficult to plan this because of the market uncertainty.

Illustration 48 Diserval mission, vision and values



Source: Diserval facebook

The manager director is who has been trained in the foreign trade area and he is also responsible for the export program for some Latin-American markets that is already been structured. Furthermore, he attended the business conferences and training courses provided by the MIPRO, so he has the export information about the timber sector and even had the chance of establishing contacts in international fairs to be prepared in the case of an internationalization process.

The work is normally under orders. The combination of quality and design are the distinct advantage that has received awards such as: the recognition for Mr. Marcelo Serrano as the Andean Business Leader and the International Business Quality Prize, Azuay-Ecuador 2014.

Illustration 49 Diserval awards



Source: Diserval facebook

The company has an organization chart that recently a student was in charge of update it and that is the reason why this is not published yet. The internal communication system is through memos, e-mails and social networks like whatsapp.

3.5.5.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 0100652403001. Diserval is classified as a small sized company and its principal activity is general furniture manufacturing since 1991.

The firm has a specific budget but it is consider as difficult to keep it in an exact amount due to the market instability.

Illustration 50 Diserval contributor

Información del Contribuyente	
Razón Social:	SERRANO CARRION MARCELO RODRIGO
RUC:	0100652403001
Nombre Comercial:	DISERVAL
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	FABRICACION DE MUEBLES DE CUALQUIER MATERIAL EN GENERAL
Fecha de inicio de actividades	17-12-1991
Fecha de cese de actividades	23-07-1993
Fecha reinicio de actividades	14-05-1999
Fecha actualización	20-05-2016
Categoría Mi PYMES	Pequeña

Source: IRS

The financial information is presented monthly through an income statement but the business is not obliged to maintain account records. Moreover, it is necessary to make costs analysis. The profit margin is about a 28%. The funding sources are through own capital and from the private banking.

3.5.5.3 Productive aspects

The product offered is perceived as a high added value one due to its recognized design, quality and durability. One of its philosophies is to keep on the continuous improvement to maintain the high added value standards.

It is no necessary to make market studies to know what they have to produce but they focus on the market trends and regular orderings. Diserval principally works with melamine chipboards from suppliers such as: Distablasa, Edimca, Novopan and Acosa Cotopaxi. Over time, the enterprise has become more specialized particularly in office furniture manufacturing.

Illustration 51 Diserval factory



Source: Diserval facebook

The productive plant has an 80% percent of industrialization and the remaining 20% is handcrafted work. The raw material is stored in warehouses. The production processes are based on ISO 9001 norm but they do not have the proper certification yet; however, there are rigorous control systems.

On the other hand, the machinery maintenance is in charge of subcontracted personnel but as a corporate policy, the employees have strictly to know their machinery and give maintenance. To that end, they have basic electricity and mechanical knowledge. Additionally, the staff is trained in security, labor legislation and motivation.

Regarding to environmental administration, the company controls sounds and uses recycling programs such as: the sponge remains to be used as fill.

3.5.5.4 Sales, promotion and logistic aspects

There is only one person in charge of the sales and marketing department that has a monthly budget to face on the publicity. The advertising material is electronic like: facebook, a webpage and an online catalogue; but Diserval also uses business cards and flyers.

It is important to emphasize that Diserval is the unique from the other companies that has its logo registered at IEPI.

The customer service area starts when the clients ask for the product to be designed until the company requests an opinion about the kind of the service that the customer receives, including the installation. Diserval provides its products with a one-year warranty.

Illustration 52 Diserval logo

Evolución de Marca



1980

Diserval hace presencia en el mercado a inicios de 1980, como distribuidor de productos de la marca 3M. En los años de 1990-1991 fue distribuidor de la mejor empresa de muebles del país Industrias Artepráctico S.A.



1995

En 1995, Diserval se convierte en fabricante de mobiliario de oficina; Modular System. Pioneros en la localidad con sistemas modulares como: estaciones de trabajo, separadores de ambientes, sistemas de archivo y sillonería ergonómica.



2006

En el año 2006, Diserval crea su propio Departamento de Diseño, renueva su imagen y brinda asesoramiento personalizado, de Interiorismo con diseños exclusivos en mobiliario. Marca la diferencia competitiva, posicionándose como una empresa líder y referente en diseño de muebles de oficina.



HOY

Actualmente, Diserval es una marca reconocida. Su constante innovación, adaptación y flexibilidad de acuerdo a necesidades del mercado. Desarrollo de mobiliario con identidad corporativa. Maqueta Virtual en 2D y 3D. La robustez de sus productos en relación al precio, medido en el tiempo han convertido a Diserval en la mejor inversión.

© all rights reserved


"Diserval el único mueble que puedes presumir más de una vez"

Source: Diserval facebook

3.5.5.5 Exporaudit grade: Diserval

CATEGORY		#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE		
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	5	PRODUCTIVE	Production system	33	Production processes	3	
		2	Organizational objectives	3			34	Quality control and product characteristics	5	
		3	Elaborated strategic objectives	3			35	Customized orders production	5	
		4	Export operations	5			36	Industrialization level	3	
		5	Export program	3			37	Star product production level	5	
		6	Competitive advantage	5			38	Storage capacity	3	
	Document management	7	Organization chart	5			39	Qualified maintenance staff	5	
		8	Qualified administrative staff	5		40	Raw material suppliers	5		
		9	Quality management	3		41	Technical criterion for raw material purchase	3		
		10	Control systems	3		42	National or international raw material percentage	5		
		11	Alliances with competitors	5		43	Storage registers and procedures	3		
		12	Internal communication system	5		44	Environment management requirements	5		
		13	Foreign trade area	5		45	Problems with nearby communities	5		
FINANCIAL	Financial information	14	General budget	5		SALES	Environmental administration	46	Recycling programs	5
		15	Cash flows or other financial statements	0				47	Requirements or ordinances for the correct enviroment management	5
		16	Updated financial information	0	Sales		48	Qualified staff of sales and marketing department	5	
		17	Costs analyses	5			49	Specific budget for sales and marketing activities	5	
		18	Financial information periodicity	5			50	Advertising material	3	
		19	Qualified financial staff	5			51	Marketing plans	5	
		20	Profit margin	5			52	Legal protection of the commercial logo	5	
		21	Funding sources	5			53	Web page or social networks	5	
		22	Specific budget for new projects	0			Customer service	54	Qualified staff of customer service	5
		23	IRS relations	5				55	Customer service procedures	5
		24	Export program information	5				56	Distribution channels	5
		PRODUCTIVE	Market research	25				National and international market researches	3	57
26	Economic, geographic, financial and political information of potential countries.			5	TOTAL			234		
27	International demand of its products			0	TOTAL OVER 100		82,11			
28	Market research tools			0						
Process development and product design	29	High added value	5							
	30	Added value improvement	5							
	31	Technical standards of quality	3							
	32	Legal protection of designs and products	5	FIRMA						

According to the exporaudit grade, Diserval has 82 points. And so, the company is in the first category, it means that this business comply with the necessary aspects to start an exportation program. However, it is important to note that the business is already looking key tools to send its products to the international market.

Business data sheet	
Business name:	3.5.6 Juguetes and Material Didáctico “Pato” 
Products:	Main products: teaching material, school furniture and wooden toys. Star product: education complements.
Location:	2°53'13.8" S 78°59'11.0" W -2.8871650, -78.9863910 Gil Ramírez Dávalos Avenue 2-30 and Turuhuaico
Contact person:	Oswaldo Esteban Torres Tamayo
Telephone numbers and contact points:	074088833 oswaldo-torres@hotmail.com
Interview date:	October 16, 2017
Historical review:	This Cuenca Enterprise started 30 years ago due to a requirement detected by its owner Mr. Eddy Gonzalo Torres. In olden times, he was a professor and has the opportunity to detect a hurdle in his instruction because of the material shortage.


3.5.6.1 Administrative and organizational aspects

Juguetes y Material Didáctico “Pato” is a company registered as a natural person. Currently is affiliate to the MIPRO, a public institution that brings trainings to the business. The business has a clearly and well-structured strategic plan that can be appreciated in the illustration 57.

The contact person, Oswaldo Torres Tamayo, noted that 2 years ago the firm had sales guideline, a target market and permanent customer list. However, this business projection fell apart as early as the Government stops being its potential customer and that is the principal reason why the company is restructuring these organizational aspects looking for new market niches and developing new work lines such as: souvenirs and complementary goods.

The business establishes that the export problem exists because of the idea to consider that all the companies have the same weaknesses but the competent institutions take no notice of aspects such as: production, quality, work style and others. Hence, the problem is due to the lack of direct contact that should exist between the timber manufacturers and the international market niches. Likewise, another barrier is related to the development of export operations because related institutions lodge unrealistic features like: a floor price on a high quantities number; and that is not possible due to the input costs.

Illustration 53 Juguetes y Material Didáctico “Pato” mission, vision and objectives.



juguetes
y material didáctico

GIL RAMIREZ DAVALOS 2-30 (ATRAS DE TELERAMA)
TELEFONO: (593) 07 4088833 CUENCA ECUADOR

INTRODUCCION

JUGUETES Y MATERIAL DIDÁCTICO “PATO”, es una empresa cuencana con más de 20 años de experiencia en la fabricación de material didáctico, mobiliario escolar y juguetes de madera. Los principios fundamentales de la empresa son: proporcionar a los niños herramientas que fortalezcan su desarrollo psicomotriz, aportar a su sistema de aprendizaje instrumentos efectivos y de juego que contribuyan al desarrollo de un razonamiento lógico y sólido. Nuestro compromiso con el cliente es el atender de la manera más ágil y a tiempo sus pedidos, con responsabilidad y honestidad.

VISION

Ser una empresa lider en el diseño y construcción de material didáctico, mobiliario escolar y juguetes de madera a nivel nacional trabajando siempre bajo estándares altos de calidad que garanticen una vida útil a nuestros productos.

OBJETIVOS

Fabricar productos recreativos y que no incentiven la violencia en los niños. Garantizar que nuestros juegos no lastimen físicamente a los niños al momento de manipularlos. Dar a nuestros clientes garantía y respaldo de nuestros productos.

CATALOGO DE PRODUCTOS PATO JUGUETES Y MATERIAL DIDACTICO, cuenta una extensa cantidad de modelos que se pueden observar en nuestro catálogo. Para nosotros es importante conocer sus inquietudes y necesidades por lo que le solicitamos cualquier sugerencia al respecto nos haga conocer (oswaldo-torres@hotmail.com).

Oswaldo Torres Tamayo

PATO JUGUETES Y MATERIAL DIDACTICO

TELEFAX: 074088833

Source: Juguetes y Material Didáctico “Pato”

During 6 months a Dutch company called Nayá Nayón made a study of the business about input costs, production capacity and the production quality. This analysis showed good quality and capacity outcomes but the input costs were considered as a high costs ones due to the increasing cost of labor. In addition, there is an enterprise production rigorous control. The firm develops its internal communication in a verbal way because of the small number of workers.

3.5.6.2 Financial and accounting aspects

Illustration 54 Pato Juguetes contribuyente

Información del Contribuyente	
Razón Social:	TORRES MERCHAN EDDY GONZALO
RUC:	0100035625001
Nombre Comercial:	"PATO JUGUETES Y MATERIAL DIDACTICO"
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	FABRICACION DE ARTESANIAS EN MADERA
Fecha de inicio de actividades	10-01-1999
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	24-10-2012
Categoría Mi PYMES	Micro

Source: IRS

According to the IRS, the company is registered as a natural person with number RUC 0100035625001. Juguetes y Material Didáctico “Pato” does not have a specific budget due to the market instability. Furthermore, the company was trying to adapt to the economic situation since 2 years ago but there are months in which the fixed costs are difficultly covered. Currently, the financial information is in charge of only one person.

Although Juguetes y material didáctico “Pato” has its own capital as funding source, the firm is considering to attending the private bank if the economic situation deteriorated further. However, the business has a specific budget for new projects. It was categorized as a small sized company because of its employee’s number and its sales amounts but both were reduced by more than 50% so it became in a micro-enterprise. The fall of oil prices is considered as the main reason for the government to continue ordering.

3.5.6.3 Productive aspects

Illustration 55 Juguetes y Material Didáctico “Pato” products



Source: Juguetes y Material Didáctico “Pato” facebook

Due to the income decline, there is no specific Budget to invest in new market studies. In contrast to other companies, Mr. Oswaldo Torres pointed out that his products are not perceived as high added value ones because of there are far more important and necessary than teaching material or wooden toys. Nevertheless, the final products quality and design are highly recommended. Juguetes y Material Didáctico “Pato” has clearly determined that the perceived value can be improved through the product packaging and graphic image.

The business cannot adopt regulations because this legislation was not being established yet. But, there are basic rules such as: control that the goods are not toxic and other requirements that were taken from an international normative model.

The firm has the capacity to work with production scale and produce customized products. The company has enough storage capacity. There is no problem with the raw material supply but it

has rigorous standards to define a technique criterion to determine the better options about costs and quality of the raw material. The machinery has the correct maintenance by outsourcing.

Oswaldo Torres guarantees the correct environmental management and states that has recycling process such as: give patchworks as toys for children and the sawdust is given as compost for free. Thus, its manufacturing processes do not cause problems to the surrounding communities.


3.5.6.4 Sales, promotion and logistic aspects

The company neither has a marketing department nor some person in charge of these activities. However, it has advertising material such as: newspaper advertising and flyers that are used at specific times, and also the social networks help permanently the promotion. There are outlets located in Loja and Machala as services of third parties. Juguetes y Material Didáctico “Pato” offers as much as 5 years guaranteed products.

3.5.6.5 Exporaudit grade: Juguetes y Material Didáctico “Pato”

ADMINISTRATIVE				PRODUCTIVE						
CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE			
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	3	PRODUCTIVE	Production system	33	Production processes	3	
		2	Organizational objectives	0			34	Quality control and product characteristics	5	
		3	Elaborated strategic objectives	3			35	Customized orders production	5	
		4	Export operations	0			36	Industrialization level	3	
		5	Export program	3			37	Star product production level	0	
		6	Competitive advantage	5			38	Storage capacity	3	
	Document management	7	Organization chart	0			39	Qualified maintenance staff	3	
		8	Qualified administrative staff	3			Logistic and inventories	40	Raw material suppliers	5
		9	Quality management	5				41	Technical criterion for raw material purchase	5
		10	Control systems	5		42		National or international raw material percentage	5	
		11	Alliances with competitors	0		43		Storage registers and procedures	0	
		12	Internal communication system	3		44	Environment management requirements	5		
		13	Foreign trade area	3		Environmental administration	45	Problems with nearby communities	5	
FINANCIAL	Financial information	14	General budget	3	46		Recycling programs	5		
		15	Cash flows or other financial statements	0	47		Requirements or ordinances for the correct enviroment management	3		
		16	Updated financial information	0	SALES	Sales	48	Qualified staff of sales and marketing department	0	
		17	Costs analyses	0			49	Specific budget for sales and marketing activities	0	
		18	Financial information periodicity	3			50	Advertising material	3	
		19	Qualified financial staff	5			51	Marketing plans	5	
		20	Profit margin	3			52	Legal protection of the commercial logo	0	
		21	Funding sources	3		53	Web page or social networks	3		
		22	Specific budget for new projects	5		Customer service	54	Qualified staff of customer service	0	
		23	IRS relations	5			55	Customer service procedures	0	
		24	Export program information	3			56	Distribution channels	3	
PRODUCTIVE	Market research	25	National and international market researches	0	57	Product warranty and product returns	5			
		26	Economic, geographic, financial and political information of potential countries.	0	TOTAL		150			
		27	International demand of its products	0	TOTAL OVER 100		52,63			
		28	Market research tools	0						
	Process development and product design	29	High added value	5						
		30	Added value improvement	5						
		31	Technical standards of quality	3						
		32	Legal protection of designs and products	0						
							FIRMA			

According to the exporaudit grade, Juguetes y material didáctico “Pato” has 53 points. And so, the company is in the third category, it means that this business must improve its administrative area and the sales and marketing area as well. However, this business does not exclude the objective of export its products as soon as possible.

Business data sheet	
Business name:	3.5.7 Burgués 
Products:	Main products: wooden kitchen furniture, closets, bath furniture and doors. Star product: wooden doors.
Location:	2°54'59.9"S 79°00'46.5"W -2.916650, -79.012910 Diego Velázquez and Don Bosco Avenue
Contact person:	Econ. Ruth Guillen.
Telephone numbers and contact points:	072885611 – 072817496 www.burguesmuebles.com
Interview date:	October 18, 2017.
Historical review:	The Ar. Esteban Abad started to work as a wood craftsman when he was a student. During this time the orders amount were rising impressively, so it was necessary to establish a work alliance that lasted 15 years to consequently create a real company to be called Burgués.

3.5.7.1 Administrative and organizational aspects

Burgués started its operations 10 years ago. It is organized to work with manufacturing orders and does not have a lineal production. The organization chart has 49 employees, 11 of them work in the administrative area and the other 38 dedicate their work to the manufacturing processes at the productive plant. The business has a clearly and well-structured strategic plan that can be appreciated in the illustration 61.

Illustration 56 Burgués vision and mission.



Source: Burgués webpage

There is a monthly planning within the enterprise. The economist mentioned that the production capacity, compliance and product quality are the main differentiating advantages. There is no

large use of advertising because of the company works under costumer's mouth to mouth advertising.

For many years, there was a wooden doors export but it has many administrative setbacks and that was the reason why the business stopped to do this and does not continue with export training in the trading area.

The administrative head is in charge of the administrative area who maintains the internal communication through email. Burgués had participated during 4 months in the “*mucho mejor si es hecho en Ecuador*” certificate.

3.5.7.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 0190342824001. Burgués is classified as medium-sized enterprise and its principal activity is general furniture manufacturing since 2007.

Quarterly financial information is in charge of 2 competent employees. The funding sources used are through own capital, shareholders loans and private banking aid.

Illustration 57 Burgués contributor

Información del Contribuyente	
Razón Social:	BURGUES CIA. LTDA.
RUC:	0190342824001
Nombre Comercial:	
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Sociedad
Obligado a llevar Contabilidad	SI
Actividad Económica Principal	FABRICACION DE MUEBLES DE MADERA DE TODO TIPO.
Fecha de inicio de actividades	27-09-2007
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	26-01-2012
Categoría MI PYMES	Mediana
► Establecimientos registrados	

Source: IRS

Even if there is used a product costing, it is not the only factor to determine the retail price because the company has to adapt the competitive conditions.

3.5.7.3 Productive aspects

The company provides any kind of furniture models but tries to focus on customized manufacturing. The productive plant does not a specific level of industrialization because it depends on the type of furniture. Each employee and a subcontracted technical person are in charge of the machinery maintenance.

The business has a control system for productive activities in charge of a production manager. Despite of the try of the company to adopt the ISO 90001 normative, it resulted costly and time consuming.

About industrial security, the productive plant has a proper signaling system, the employees have to wear their uniform and use the necessary tools to work efficiently.

The business principally works with Fernand Sanchez wood and has the enough amount of raw material suppliers. Nonetheless, it also works with solid wood from Esmeraldas, the coastal region and the eastern region, and this material has restrictions because the people who exploit the wood have to comply with certain environmental requirements. The complementary goods are imported.

On the other hand, the environmental care is manages through sounds and emissions control, so the nearby communities are not affected. Also, Burgués obeys all CGA requirements and has some recycling programs.

Illustration 58 Star product: wooden doors



Source: Burgués webpage

3.5.7.4 Sales, promotion and logistic aspects

Illustration 59 Burgués Factory



Source: Webpage Burgués


The design department is in charge of provide a design catalogue to the client in order to give a professional customer service. The business manager is in charge of the sales and marketing area, who considers that the advertising is the most important factor to success.

Burgués is still working on a legally protection of its brand.

3.5.7.5 Exporaudit grade: Burgués

ADMINISTRATIVE				PRODUCTIVE						
CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE			
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	5	PRODUCTIVE	Production system	33	Production processes	5	
		2	Organizational objectives	5			34	Quality control and product characteristics	5	
		3	Elaborated strategic objectives	3			35	Customized orders production	5	
		4	Export operations	5			36	Industrialization level	3	
		5	Export program	0			37	Star product production level	3	
		6	Competitive advantage	5			38	Storage capacity	3	
	Document management	7	Organization chart	5			39	Qualified maintenance staff	5	
		8	Qualified administrative staff	5			Logistic and inventories	40	Raw material suppliers	5
		9	Quality management	5		41		Technical criterion for raw material purchase	5	
		10	Control systems	5		42		National or international raw material percentage	3	
		11	Alliances with competitors	0		43		Storage registers and procedures	3	
		12	Internal communication system	5		Environmental administration	44	Environment management requirements	5	
		13	Foreign trade area	0			45	Problems with nearby communities	5	
FINANCIAL	Financial information	14	General budget	3	46		Recycling programs	5		
		15	Cash flows or other financial statements	0	47	Requirements or ordinances for the correct enviroment management	5			
		16	Updated financial information	5	SALES	Sales	48	Qualified staff of sales and marketing department	5	
		17	Costs analyses	3			49	Specific budget for sales and marketing activities	0	
		18	Financial information periodicity	5			50	Advertising material	3	
		19	Qualified financial staff	5			51	Marketing plans	3	
		20	Profit margin	3			52	Legal protection of the commercial logo	5	
		21	Funding sources	5			53	Web page or social networks	5	
		22	Specific budget for new projects	0			Customer service	54	Qualified staff of customer service	5
		23	IRS relations	5				55	Customer service procedures	5
		24	Export program information	3	56	Distribution channels		5		
		PRODUCTIVE	Market research	25	National and international market researches	0		57	Product warranty and product returns	5
26	Economic, geographic, financial and political information of potential countries.			0	TOTAL		204			
27	International demand of its products			0	TOTAL OVER 100		71,6			
28	Market research tools			0						
Process development and product design	29		High added value	5						
	30		Added value improvement	5						
	31		Technical standards of quality	3						
	32		Legal protection of designs and products	0						

According to the exporaudit grade, Burgués has 72 points. And so, the company is in the second category, it means that this business must improve its investigation area and the development, product design and logistic and stock aspects as well. However, this business does not exclude the objective of export its products as soon as possible if the necessary information will be available.

Business data sheet	
Business name:	3.5.8 Madeform 
Products:	Main products: living room, dining room, and bed room furniture. Star product: bed room furniture.
Location:	2°54'59.8" S 79°02'00.1" W -2.9166100, - 79.0333490 Loja avenue and Diego de Daza
Contact person:	Teodoro Eduardo Cedillo Feijoo
Telephone numbers and contact points:	Tel. 074104156 Facebook: Madeform www.madeform.com.ec
Interview date:	October 19, 2017.
Historical review:	The business started in 1988 as a hobby and with the dedication years was become into a prestigious timber company.

3.5.8.1 Administrative and organizational aspects

Madeform is a company registered as a natural person. The enterprise has a mild weakness in the administrative area because though it has a strategic plan clearly defined, this is out of date.

The business does not have export programs because its process is considered as an exaggerated one due to the many requirements and that is the principal obstacle that prevented to conclude with a foreign trade activity. Thus, Madeform does not show interest to be part of foreign trade training. The quality is its principal distinct advantage.

Illustration 60 Madeform work team



Source: Madeform webpage

In past years, the firm had a well-ordered organization chart but currently it is out of date because of the reduction of the number of workers from 90 to 10. However, there are 2 efficient employees in charge of the administrative department trained to face on the alleged crisis that the timber sector is undergoing. The internal communication is carried out by mobile phone due to the smaller number of workers.

3.5.8.2 Financial and accounting aspects

Illustration 61 Madeform contributor

Información del Contribuyente	
Razón Social:	CEDILLO FEJOO TEODORO EDUARDO
RUC:	0300410693001
Nombre Comercial:	MUEBLES MADEFORM
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	SI
Actividad Económica Principal	FABRICACION DE MUEBLES DE MADERA.
Fecha de inicio de actividades	01-02-1984
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	14-11-2016
Categoría Mi PYMES	Pequeña

Source: IRS

According to the IRS, the company is registered as a natural person with the RUC number 0300410693001. Madeform does not have a specific budget for the current year due to the market instability.

The cash flows, income statement and balance sheet are prepared monthly reported by the adequate staff.

The funding sources used are through own capital and commercial loans from the private banking.

3.5.8.3 Productive aspects

Madeform works with wood like: Fernand Sanchez from the coastal region because of its resistance and density. In view of this specific situation, the company has not carried out any market study for the last three years. The business operates under customized orders but it has the enough productive capacity to starting series production because of its 80% industrialization level.

From the total raw material used, the 80% is from the international market with the exception of the wood. The company complies with all of the requirements to obtain the annual operating licenses.

3.5.8.4 Sales, promotion and logistic aspects

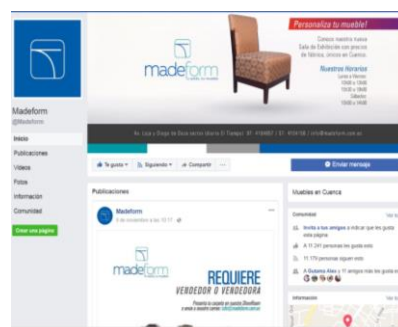
Madeform does not have personnel in the marketing and sales area so it does not have a specific budget for these activities. Nevertheless, the company uses social networks and webpage considered these as enough for the products advertising. There is one person in charge of the customer service and its products are offered with a 10 years warranty.

Illustration 62 Madeform products



Source: Madeform facebook

Illustration 63 Facebook Madeform




Source: Facebook Madeform

3.5.8.5 Exporaudit grade: Madeform

CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE			
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	3	PRODUCTIVE	Production system	33	Production processes	0	
		2	Organizational objectives	0			34	Quality control and product characteristics	5	
		3	Elaborated strategic objectives	0			35	Customized orders production	5	
		4	Export operations	0			36	Industrialization level	5	
		5	Export program	3			37	Star product production level	3	
		6	Competitive advantage	5			38	Storage capacity	5	
	Document management	7	Organization chart	3			39	Qualified maintenance staff	3	
		8	Qualified administrative staff	5			Logistic and inventories	40	Raw material suppliers	5
		9	Quality management	0		41		Technical criterion for raw material purchase	5	
		10	Control systems	5		42		National or international raw material percentage	5	
		11	Alliances with competitors	0		43		Storage registers and procedures	0	
		12	Internal communication system	5		44	Environment management requirements	5		
		13	Foreign trade area	0		Environmental administration	45	Problems with nearby communities	5	
FINANCIAL	Financial information	14	General budget	3	46		Recycling programs	5		
		15	Cash flows or other financial statements	5	47		Requirements or ordinances for the correct enviroment management	0		
		16	Updated financial information	5	SALES		Sales	48	Qualified staff of sales and marketing department	0
		17	Costs analyses	0		49		Specific budget for sales and marketing activities	3	
		18	Financial information periodicity	5		50		Advertising material	5	
		19	Qualified financial staff	5		51		Marketing plans	5	
		20	Profit margin	0		52		Legal protection of the commercial logo	0	
		21	Funding sources	5		53		Web page or social networks	5	
		22	Specific budget for new projects	0		Customer service		54	Qualified staff of customer service	5
		23	IRS relations	5				55	Customer service procedures	0
		24	Export program information	0	56		Distribution channels	5		
		PRODUCTIVE	Market research	25	National and international market researches		3	57	Product warranty and product returns	5
26	Economic, geographic, financial and political information of potential countries.			3	TOTAL		167			
27	International demand of its products			0	TOTAL OVER 100		58,60			
28	Market research tools			0						
Process development and product design	29		High added value	5						
	30		Added value improvement	5						
	31		Technical standards of quality	0						
	32	Legal protection of designs and products	0							

According to the exporaudit grade, Madeform has 58 points. And so, the company is in the third category, it means that this business must improve its administrative area and the sales and marketing area as well.

Business data sheet	
Business name:	3.5.9 Stilo muebles 
Products:	Main products: office and domestic furniture. Star product: office furniture.
Location:	2°53'55.4"S 79°00'03.7"W -2.898719, -79.001030 Factory location: Monay Baguanchi s/n Km2 Outlet: Mariscal Sucre and Mariano Cueva
Contact person:	Ing. Jenny Urgilés
Telephone numbers and contact points:	072845718 - 098518986
Interview date:	October 26, 2017.
Historical review:	The business started in 2005 with 2 persons to the domestic furniture sales, and then they decided to manufacturer its own furniture in order to increase added value.

3.5.9.1 Administrative and organizational aspects

There were 30 employees working in the administrative area the last year but due to the decline in sales, currently there are only 3 workers in charge of. Stilo muebles is affiliate to the MIPRO. Its main distinct advantage is the best quality in its products.

Regarding to Jenny Urgilés, earlier there was a well-organized strategic plan but due the staff reduction, this are no updated. The business only works with midterm objectives. Its internal communications is only by whatsapp. Stilo Muebles does not training in foreign trade because it is considered that the firm does not have the productive capacity needed.

3.5.9.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 0102916954001. Stilo Muebles is classified as small-sized enterprise and its principal activities are modular furniture manufacturing and carpentry.

The enterprise has a specific budget and its financial information is presented monthly through income statements. Furthermore,

Illustration 64 Stilo Mueble information

Información del Contribuyente	
Razón Social:	URGILEZ SOLORZANO JENNY LUCIA
RUC:	0102916954001
Nombre Comercial:	STILO MUEBLES
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	ELABORACION DE MUEBLES MODULARES Y EBANISTERIA EN GENERAL
Fecha de inicio de actividades	22-02-1996
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	21-11-2015
Categoría MI PYMES	Pequeña

Fuente: SRI

there is a costing in order to determine the retail price. Its funding sources are from commercial loans from the private banking.

3.5.9.3 Productive aspects

Stilo muebles has the capacity to work with customized orders and production scale. Its processes have a 80% of artisan work and a 20% of industrialization. Its raw material comply with the ISO 9001 normative.

The star product is the office furniture. The situation is so acute that before they were working for 250 orders and currently if they are lucky, they have 8 orders monthly. Thus, the company has enough storage capacity.

On the other hand, the business complies with the CGA data sheet, so the nearby communities are not being affected.

3.5.9.4 Sales, promotion and logistic aspects

Although, currently there is not much product advertising, the enterprise has sales and marketing department and a fixed budget. It uses flyers and social networks as: facebook. The products are offered with a 4 years warranty.

Illustration 65 Stilo Mueble products




Source: Stilo Muebles facebook

3.5.9.5 Exporaudit grade: Stilo Muebles

CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	PRODUCTIVE	33	Production processes	0
		2	Organizational objectives		34	Quality control and product characteristics	0
		3	Elaborated strategic objectives		35	Customized orders production	5
		4	Export operations		36	Industrialization level	0
		5	Export program		37	Star product production level	0
		6	Competitive advantage		38	Storage capacity	5
	Document management	7	Organization chart		39	Qualified maintenance staff	3
		8	Qualified administrative staff		40	Raw material suppliers	5
		9	Quality management		41	Technical criterion for raw material purchase	3
		10	Control systems		42	National or international raw material percentage	3
		11	Alliances with competitors		43	Storage registers and procedures	3
		12	Internal communication system		44	Environment management requirements	5
		13	Foreign trade area		45	Problems with nearby communities	5
FINANCIAL	Financial information	14	General budget		46	Recycling programs	0
		15	Cash flows or other financial statements		47	Requirements or ordinances for the correct environment management	5
		16	Updated financial information	SALES	48	Qualified staff of sales and marketing department	5
		17	Costs analyses		49	Specific budget for sales and marketing activities	0
		18	Financial information periodicity		50	Advertising material	0
		19	Qualified financial staff		51	Marketing plans	0
		20	Profit margin		52	Legal protection of the commercial logo	3
		21	Funding sources		53	Web page or social networks	3
		22	Specific budget for new projects		54	Qualified staff of customer service	5
		23	IRS relations		55	Customer service procedures	5
		24	Export program information		56	Distribution channels	5
		25	National and international market researches		57	Product warranty and product returns	5
PRODUCTIVE	Market research	26	Economic, geographic, financial and political information of potential countries.		TOTAL		149
		27	International demand of its products		TOTAL OVER 100		52,28
		28	Market research tools				
		29	High added value				
	Process development and product design	30	Added value improvement				
		31	Technical standards of quality				
		32	Legal protection of designs and products				

According to the exporaudit grade, Stilo Muebles has 52 points. And so, the company is in the third category, it means that this business must improve its formality in the administrative area, and analyze the sales and marketing area as well. However, this business excludes the idea of execute an export operation due to its lack of productive capacity.

Business data sheet	
Business name:	3.5.10 Moblime 
Products:	Main products: living room, dining room and bedroom furniture. Main services: commercial furniture design. Star product: metal chairs.
Location:	2°53'04.9"S 79°00'40.8"W -2.884684, -79.011320 Factory location: Abelardo J. Andrade 5-26 and Descartes Outlet: Mariscal Sucre and Hermano Miguel
Contact person:	Ar. Alberto Culcay
Telephone numbers and contact points:	Tel. 072838425 info@moblime.com www.moblime.com
Interview date:	October 27, 2017.
Historical review:	The business started as an artisan workshop, but then it continued to grow rapidly becoming into Moblime since 1989.

3.5.10.1 Administrative and organizational aspects

The mission, vision and values were well-structured 10 years ago, so these need an update. However, there is a 6 months consultancy process that the company is part of. This procedure will help the business to renew the administrative, productive and financial areas, and the short-, medium- and long-terms objectives as well. Furthermore, it will be a tool to identify ways to improve the added value.

On the other hand, there was a CAPIA industrial security program that allows the development of an organization chart of 23 employees, 18 of them working in the factory and 4 attending the administrative area. The internal communication is carried out through email and mail domain in each department. Periodic meetings are also held in Moblime. It is currently affiliate to the CAPIA and the Chamber of Industries.

There was the opportunity to export folding chair to Switzerland through the SwissContact group 25 years ago. This group works with small chambers in order to advise SMES in the products exportation. The reason why the enterprise stops its export operations was because the lack of knowledge in this area. However, some fairs have been visited to know the trends, designs and other factors that could help with the establishment of new strategies.

3.5.10.2 Financial and accounting aspects

Illustration 66 Moblime contributor

Información del Contribuyente	
Razón Social:	CULCAY TAPIA ALBERTO RUBEN
RUC:	0101095180001
Nombre Comercial:	MOBLIME
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	SI
Actividad Económica Principal	FABRICACION DE MUEBLES DE METAL
Fecha de inicio de actividades	01-07-1991
Fecha de cese de actividades	01-04-1998
Fecha reinicio de actividades	04-07-2001
Fecha actualización	24-09-2013
Categoría MI PYMES	Pequeña

Source: IRS

According to the IRS, the company is registered as a natural person with the RUC number 0101095180001. Moblime is classified as small-sized enterprise.

The enterprise is obliged to have one clear set of accounts and it is carried out through a computerized accounting system. The person in charge of submitting monthly sales reports is a consultant. It also tries to make spend and sales analysis in order to improve the financial area. The business does not have a

specific budget due to the market instability.

Moblime delivers its products to wholesalers and final customers, so the profit margin varies from 10% to 20%. The funding sources used are through own capital and if it is the case, they do not have problem to attend the private banking.

3.5.10.3 Productive aspects

Although the star product are metal chairs, this company is part of the present investigation project because of its use of wood in their timber manufacturing.

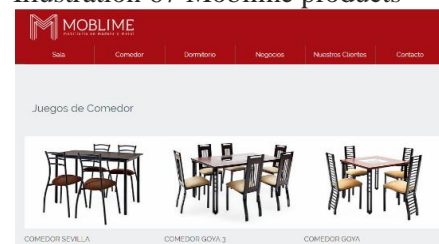
Moblime has high added value in its products because its 20 years of durability. The firm has not a legal protection of its prototypes due to the lack of information. There was an own standard procedure that helps to control and ensure its quality processes instead of ISO 9001 normative.

The monthly productive capacity is from 400 to 500 chairs. There is enough capacity to work under customized orders and with production scale. There is an 80% of industrialization in the products but it varies from commodity to commodity.

Moblime has cutting machines, welders and others with their correct maintenance for services rendered from its suppliers that give it as their quality assurance. It has the enough storage capacity.

The raw material used is: metal tubes, Fernando Sanchez wood, melamine chipboards, MDF and veneers. Its complementary goods are: fabric and sponge.

Illustration 67 Moblime products




Source: Moblime webpage

The Municipality requires the environmental plan compliance, so in that way, the company has acquired its CGA operating licenses.


3.5.10.4 Sales, promotion and logistic aspects

The business has a marketing department but does not have a specific budget to develop these activities. Moblime had a commercial logo and it was correctly registered on the IEPI but ultimately was edited so it has to have a register update. The company has advertising material such as: business cards, newspaper advertisement and uses social networks. The enterprise offers its products with a two years warranty.

3.5.10.5 Exporaudit grade: Moblime

CATEGORY		#	QUESTION	GRADE	CATEGORY		#	QUESTION	GRADE	
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	5	PRODUCTIVE	Production system	33	Production processes	5	
		2	Organizational objectives	5			34	Quality control and product characteristics	5	
		3	Elaborated strategic objectives	5			35	Customized orders production	5	
		4	Export operations	5			36	Industrialization level	5	
		5	Export program	0			37	Star product production level	5	
		6	Competitive advantage	5			38	Storage capacity	5	
	Document management	7	Organization chart	5			39	Qualified maintenance staff	5	
		8	Qualified administrative staff	5			40	Raw material suppliers	5	
		9	Quality management	3		41	Technical criterion for raw material purchase	5		
		10	Control systems	5		42	National or international raw material percentage	3		
		11	Alliances with competitors	0		43	Storage registers and procedures	5		
		12	Internal communication system	5		44	Environment management requirements	5		
		13	Foreign trade area	0		45	Problems with nearby communities	5		
FINANCIAL	Financial information	14	General budget	0		Environmental administration	46	Recycling programs	5	
		15	Cash flows or other financial statements	3			47	Requirements or ordinances for the correct enviroment management	5	
		16	Updated financial information	3	SALES		Sales	48	Qualified staff of sales and marketing department	0
		17	Costs analyses	5				49	Specific budget for sales and marketing activities	0
		18	Financial information periodicity	5				50	Advertising material	5
		19	Qualified financial staff	5				51	Marketing plans	5
		20	Profit margin	5				52	Legal protection of the commercial logo	3
		21	Funding sources	5				53	Web page or social networks	5
		22	Specific budget for new projects	0		Customer service		54	Qualified staff of customer service	0
		23	IRS relations	5				55	Customer service procedures	0
		24	Export program information	0	56		Distribution channels	5		
		25	National and international market researches	0	57		Product warranty and product returns	5		
PRODUCTIVE	Market research	26	Economic, geographic, financial and political information of potential countries.	0			TOTAL		198	
		27	International demand of its products	0			TOTAL OVER 100		69,5	
		28	Market research tools	3						
		29	High added value	5						
	Process development and product design	30	Added value improvement	5						
		31	Technical standards of quality	0						
		32	Legal protection of designs and products	0						
										
				FIRMA						

According to the exporaudit grade, Moblime has 69 points. And so, the company is in the second category, it means that this business must works on certain aspects such as: market investigation, production design and customer service. However, this business does not exclude the objective of someday export its products so will considers the recommendations to start with this new project.

Business data sheet		
Business name:	3.5.11 Arquiprod Cía. Ltda.	
Products:	Main products: household, children's and office furniture, cabinets, stands, kiosks, doors and complementary goods. Star product: wooden doors.	
Location:	2°49'43.6"S 78°59'15.5"W -2.828781, -78.987642 Ochoa León	
Contact person:	Econ. Felipe Montesinos	
Telephone numbers and contact points:	074041938 Facebook: Idea Espacios	
Interview date:	October 30, 2017.	
Historical review:	The business started, in a garage, designing furniture. Although the company took off in a big way, its growth was hampered by the economic crisis in the country.	

3.5.11.1 Administrative and organizational aspects

Arquiprod is currently developing its mission and vision. There are 7 employees working at the company who are well-located in a basic organization chart. The internal communication is carried out through email.

It is consider that the Arquiprod's distinct advantage satisfies the customer needs in areas such as: design, national and international installation service. The firm has been part of foreign trade training but does not carried out any of these activities due to the insufficient technology and the quality standards that are not the best to compete with other countries. It's cheaper to import instead of manufacture locally.

3.5.11.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 0190325903001. Arquiprod's principal activity is general furniture manufacturing. Due to the market conditions, the business does not have a specific budget for the current year.

Illustration 68 Arquiprod contributor

Información del Contribuyente	
Razón Social:	ARQUITECTURA, IMAGEN Y PRODUCCIÓN ARQUIPROD CIA. LTDA.
RUC:	0190325903001
Nombre Comercial:	IDEAS ESPACIOS
Estado del Contribuyente en el RUC:	Activo
Clase de Contribuyente:	Otro
Tipo de Contribuyente:	Sociedad
Obligado a llevar Contabilidad:	SI
Actividad Económica Principal:	FABRICACIÓN DE MUEBLES EN GENERAL
Fecha de inicio de actividades:	01-10-2004
Fecha de cese de actividades:	
Fecha reinicio de actividades:	
Fecha actualización:	08-12-2017
Categoría MI PYMES:	Pequeña

Source: IRS

The financial information is in charge of one person that prepares weekly cash flows and costing. The profit margin is about the 5% in each sold product. The funding sources are from own capital and the private banking.

3.5.11.3 Productive aspects

The business has program information to develop timber exports activities promoted by institutions such as: Chamber of Industries and Ecuadorian Timber Industry Association (AIMA).

Its monthly productive capacity is 7 doors approximately but this continues to decrease year on year. The enterprise has storage capacity for its raw material and final products. There is no added value in these products due to the boards are in common use. However, its distinct advantage is each furniture design.

The suppliers offer INEN and ISO 9001 certified raw material. The production is only under customized orders. The quality control system starts in the selection of the raw material and ends in the final product check. The suppliers are the ones who provide the necessary assistance in order to give the machinery the correct maintenance. There is only 30% of industrialization level in the company due to the packing phase.

The business has an environmental planning together with Cuenca Municipality, so the nearby communities do not be affected by the manufacturing processes. However, there are recycling programs within the company with the remaining materials.

3.5.11.4 Sales, promotion and logistic aspects

The sales and marketing departments is not developing its activities efficiently, nevertheless it business can be found in facebook but its advertising method is out of date. Arquiproduct has a commercial logo well-designed but it is not legally protected.

Illustration 69 Arquiproduct factory




Source: Prepared by the authors

3.5.11.5 Exporaudit grade: Arquiproduct

ADMINISTRATIVE		CATEGORY	#	QUESTION	GRADE	
ADMINISTRATIVE	Strategic plan for the local market	PRODUCTIVE	Production system	33	Production processes	0
				34	Quality control and product characteristics	5
				35	Customized orders production	5
				36	Industrialization level	0
				37	Star product production level	3
				38	Storage capacity	3
	39			Qualified maintenance staff	5	
	Document management			Logistic and inventories	40	Raw material suppliers
		41	Technical criterion for raw material purchase		0	
		42	National or international raw material percentage		3	
		43	Storage registers and procedures		0	
		Environmental administration	44	Environment management requirements	5	
			45	Problems with nearby communities	5	
46			Recycling programs	5		
FINANCIAL	Financial information	SALES	Sales	47	Requirements or ordinances for the correct enviroment management	5
				48	Qualified staff of sales and marketing department	3
				49	Specific budget for sales and marketing activities	0
				50	Advertising material	0
				51	Marketing plans	0
			Customer service	52	Legal protection of the commercial logo	5
				53	Web page or social networks	0
				54	Qualified staff of customer service	5
				55	Customer service procedures	5
				56	Distribution channels	5
PRODUCTIVE	Market research	57	Product warranty and product returns	3		
		TOTAL		166		
		TOTAL OVER 100		58,25		
	Process development and product design	25	National and international market researches	5		
		26	Economic, geographic, financial and political information of potential countries.	3		
		27	International demand of its products	3		
		28	Market research tools	0		
29	High added value	0				
30	Added value improvement	0				
31	Technical standards of quality	5				
32	Legal protection of designs and products	5				

According to the exporaudit grade, Arquiproduct has 58 points. And so, the company is in the third category, it means that this business must improve its sales area, market investigation and its document management. However, it does not have interest in export its products.

Business data sheet	
Business name:	3.5.12 Muebles Disar 
Products:	Main products: living room, dining room and bedroom furniture. Star product: bedroom furniture.
Location:	2°54'59.6"S 78°58'01.5"W -2.916549, -78.967071 Km 1 ½ Vía Monay (Barrio los Geranios)
Contact person:	Geovanny Aucapiña
Telephone numbers and contact points:	074126776 / 0986301248 http://www.mueblesdisar.com/
Interview date:	October 31, 2017.
Historical review:	The enterprise owner worked in a furniture factory, so then decided to initiate his own workshop founding his Muebles Disar corporation.

3.5.12.1 Administrative and organizational aspects

Illustration 70 Muebles Disar personnel



Source: Muebles Disar webpage

Muebles Disar is a company with 14 employees, 2 of them work in the administrative area and the other 12 in the productive plant. The enterprise has not yet developed any mission, vision or organization chart.

There is a weekly road map that specifies: orders, plans, measures and amount of raw material required to consequently send this information to the production area with the delegates' names in charge of each manufacturing order.

The firm does not carried out any export activity due to its lack of productive capacity. Currently, the business only works under customized orders.

3.5.12.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 0103553103001. Its principal activity is timber furniture manufacturing.

Currently is affiliate to the Artisan Joint Defense and it is not obliged to maintain accounts. Muebles Disar does not have a specific budget because it depends on the production orders to know how much to invest. Hence, the financial information is submitted half-yearly.

3.5.12.3 Productive aspects

The star product is bedroom furniture, however all of its products has high added value due to its capacity to indirectly compete with large companies. There are three main phases in the production stage and these are: lacquering, sanding and assembly. The business tries to exceed customer expectations trying to deliver their orders with days or a week in advance. Furthermore, there is a specialist that visits every week the

business in order to give the machinery the correct maintenance.

Illustration 72 Muebles Disar warranty



Source: Muebles Disar webpage

3.5.12.4 Sales, promotion and logistic aspects

The products advertising are carried out by its webpage and its social networks. Moreover, it uses business cards. The company has a commercial logo but it is not legally protected. The firm offers its products with 5 years warranty.

Illustration 71 Muebles Disar contributor

Información del Contribuyente	
Razón Social:	AUCAPIÑA COLLAGUAZO GEOVANY IVAN
RUC:	0103553103001
Nombre Comercial:	MUEBLES DISAR
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	FABRICACION DE MUEBLES DE MADERA
Fecha de inicio de actividades	11-01-2000
Fecha de cese de actividades	
Fecha reinicio de actividades	21-07-2008
Fecha actualización	16-11-2016
Categoría Mi PYMES	Pequeña

Source: IRS

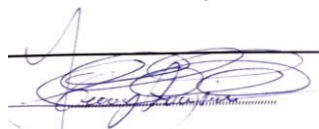
The raw materials of Muebles Disar are: wood, boards from Chile, lacquers, locksmiths and glue. The firm has storage capacity for its raw material and final products. The nearby communities are not being affected by the manufacturing processes. However, the business has recycling programs.

Illustration 73 Muebles Disar promotions




Source: Muebles Disar webpage

3.5.12.5 Exporaudit grade: Muebles Disar

CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE	
ADMINISTRATIVE	Strategic plan for the local market	1 Strategic plan	0	PRODUCTIVE	Production system	33 Production processes	0	
		2 Organizational objectives	0			34 Quality control and product characteristics	5	
		3 Elaborated strategic objectives	0			35 Customized orders production	5	
		4 Export operations	0			36 Industrialization level	3	
		5 Export program	0			37 Star product production level	3	
		6 Competitive advantage	5			38 Storage capacity	3	
	Document management	7 Organization chart	0		39 Qualified maintenance staff	5		
		8 Qualified administrative staff	3		40 Raw material suppliers	5		
		9 Quality management	0		41 Technical criterion for raw material purchase	3		
		10 Control systems	5		42 National or international raw material percentage	3		
		11 Alliances with competitors	0		43 Storage registers and procedures	3		
		12 Internal communication system	5		44 Environment management requirements	3		
		13 Foreign trade area	0		45 Problems with nearby communities	5		
FINANCIAL	Financial information	14 General budget	3		Environmental administration	46 Recycling programs	5	
		15 Cash flows or other financial statements	0			47 Requirements or ordinances for the correct enviroment management	3	
		16 Updated financial information	3	SALES		Sales	48 Qualified staff of sales and marketing department	3
		17 Costs analyses	5				49 Specific budget for sales and marketing activities	5
		18 Financial information periodicity	5		50 Advertising material		5	
		19 Qualified financial staff	3		51 Marketing plans		5	
		20 Profit margin	3		52 Legal protection of the commercial logo	3		
		21 Funding sources	5		53 Web page or social networks	5		
		22 Specific budget for new projects	0		Customer service	54 Qualified staff of customer service	0	
		23 IRS relations	5			55 Customer service procedures	0	
		24 Export program information	0	56 Distribution channels		5		
		25 National and international market researches	5	57 Product warranty and product returns		5		
PRODUCTIVE	Market research	Economic, geographic, financial and political information of potential countries.	0	TOTAL		155		
		27 International demand of its products	0	TOTAL OVER 100		54,39		
		28 Market research tools	0					
		Process development and product design	29 High added value				5	
	30 Added value improvement		5					
	31 Technical standards of quality		0					
	32 Legal protection of designs and products	0						

According to the exporaudit grade, Muebles Disar has 54 points. And so, the company is in the third category, it means that this business must works on: its strategic plan, market investigation, customer service and production development. However, this business exclude the interest of export its products due to its weakness in the productive capacity.

Business data sheet	
Business name:	3.5.13 Santana Muebles 
Products:	Main products: living room, bedroom furniture and complementary goods. Star product: living room furniture.
Location:	2°53'00.6"S 79°00'09.7"W -2.883500, -79.002706 Cumana 1-05 and Abelardo J Andrade.
Contact person:	Edgar Lautaro Enríquez Morocho
Telephone numbers and contact points:	072821409 Facebook: Santana Muebles
Interview date:	November 01, 2017
Historical review:	The owner had the opportunity of be furniture seller and then works in the design department of Artepractico. But later he detected the need to establish its own household furniture factory in 2004 due to its high orders amounts.

3.5.13.1 Administrative and organizational aspects

Santana Muebles is a familiar company that has 12 employees, 8 of them working in the productive plant, 2 in charge of the accounting and design departments and the other 2 working as sellers.

There is not an organization chart but internally the functions are delegated in a rigorous way. The business has mission, vision, objectives and timelines well-organized in which the projects are well-detailed and defined.

Santana Muebles does not carried out any export operation due to its lack of finance. On the other hand, it is consider that the firm has its unique designs and trained personnel as a strong distinct advantage. The business is affiliated at the Timber Guild and has been trained with export programs and courses by the MIPRO.

Illustration 74 Santana Muebles staff

- Dis. Diego Enríquez- Designer
- Dis. Rodrigo Enríquez - Manager
- Dis. Rosalía Vélez – Accountant



Source: Santana Muebles webpage

There is activities control in the administrative and productive areas. Santana Muebles has been established alliances in order to reduce costs in the interprovincial fairs organization.

Illustration 75 Santana Muebles fairs



Source: Santana Muebles facebook

3.5.13.2 Financial and accounting aspects

Illustration 76 Santana Muebles contributor

Información del Contribuyente	
Razón Social:	ENRIQUEZ MOROCHO EDGAR LAUTARO
RUC:	0101957470001
Nombre Comercial:	SANTANA MUEBLES
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	FABRICACION DE MUEBLES DE MADERA PARA EL HOGAR
Fecha de inicio de actividades	07-03-2006
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	27-03-2017
Categoría MI PYMES	Pequeña

Source: IRS

According to the Internal Revenue Service (IRS), the company is registered as a natural person with the RUC number 0101957479001. Santana Muebles does not have a specific budget because it varies according to the market situation. Its profit margin is about 15%.

There are monthly financial reports such as: income statement. Currently, the company is involved in a project of a land purchase through a financial institution. However, its daily funding sources are from own capital.

3.5.13.3 Productive aspects

The furniture production process starts in the sales department when the design is requested. So then the chosen model goes into production to produce the furniture with the corresponding specifications. Since the raw material arrives it is important to check that it contains the highest standards. The company works with Fernan Sanchez wood, oak boards and MDF. It has storage capacity for its raw material and its final products.

The business works under customized orders and with mass production. However, sometimes the productive capacity is not enough so the enterprise resorts to the guild alliances with business that has the same quality level to satisfy the needs demanded.

On the other hand, the land that the enterprise occupies is leased so that is the main reason why not all the environmental requirements are filled due to its change of location to Zhucay. However, the nearby communities are not being affected by the manufacturing processes.

3.5.13.4 Sales, promotion and logistic aspects

There is a sales and marketing department in charge of two employees that operate with a budget that varies from town to town in which the fair will be performed. The advertising material is transmitted through television and social networks.

There are customer service procedures and daily the company tries to correct the employees' failures, if they exist. The products are offered with a 10 years warranty depending on the product.

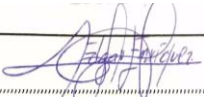
Illustration 77 Santana Muebles products



Source: Santana Muebles facebook

3.5.13.5 Exporaudit grade: Santana Muebles

CATEGORY		#	QUESTION	GRADE	CATEGORY		#	QUESTION	GRADE
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	5	PRODUCTIVE	Production system	33	Production processes	0
		2	Organizational objectives	5			34	Quality control and product characteristics	5
		3	Elaborated strategic objectives	5			35	Customized orders production	5
		4	Export operations	3			36	Industrialization level	3
		5	Export program	0			37	Star product production level	3
		6	Competitive advantage	5			38	Storage capacity	5
	Document management	7	Organization chart	0			39	Qualified maintenance staff	5
		8	Qualified administrative staff	5			40	Raw material suppliers	5
		9	Quality management	0		41	Technical criterion for raw material purchase	5	
		10	Control systems	5		42	National or international raw material percentage	3	
		11	Alliances with competitors	5		43	Storage registers and procedures	3	
		12	Internal communication system	3		44	Environment management requirements	0	
		13	Foreign trade area	3		45	Problems with nearby communities	5	
FINANCIAL	Financial information	14	General budget	3	46	Recycling programs	5		
		15	Cash flows or other financial statements	0	47	Requirements or ordinances for the correct environment management	5		
		16	Updated financial information	5	48	Qualified staff of sales and marketing department	5		
		17	Costs analyses	5	49	Specific budget for sales and marketing activities	5		
		18	Financial information periodicity	5	50	Advertising material	5		
		19	Qualified financial staff	5	51	Marketing plans	5		
		20	Profit margin	5	52	Legal protection of the commercial logo	5		
		21	Funding sources	3	53	Web page or social networks	5		
		22	Specific budget for new projects	5	54	Qualified staff of customer service	5		
		23	IRS relations	5	55	Customer service procedures	5		
		24	Export program information	0	56	Distribution channels	5		
		PRODUCTIVE	Market research	25	National and international market researches	5	57	Product warranty and product returns	5
26	Economic, geographic, financial and political information of potential countries.			0	TOTAL		210		
27	International demand of its products			3	TOTAL OVER 100		73,68		
28	Market research tools			0					
Process development and product design	29		High added value	5					
	30		Added value improvement	5					
	31		Technical standards of quality	0					
	32		Legal protection of designs and products	0					



FIRMA

Business data sheet	
Business name:	3.5.14 Unpluss
Products:	Main products: furniture and decoration. Star product: wooden doors.
Location:	2°54'57.0"S 79°00'29.8"W -2.915824, -79.008286 Pasaje Yanuncay and 1° de Mayo
Contact person:	Xavier Chica
Telephone numbers and contact points:	072888128 0999876643 Ma. Augusta Chica
Interview date:	November 01, 2017
Historical review:	The business started as an artisan workshop.

3.5.14.1 Administrative and organizational aspects

The company is currently affiliate to the CCC. Unpluss has 15 employees, 3 of them working in the administrative area and the other 12 in charge of the production. Despite that there is not an organization chart, the functions of each employee are rigorously defined. The business does not have a strategic plan and it's internal communications is managed by email.

Even though the company does not have any export operations operation, there was an order that was sent to a international market but the company was not implicated because the customer was in charge of the whole process. The owners consider that the advantage that makes the difference in the company is that it's production is customized for each client.

3.5.14.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 0102305406001. It's principal activity is carpentry since 1997.

The profit margin depends on the kind of product ordered. The company does not have a specific budget because it varies with the current purchase power. Unpluss has an account system that examines the financial information monthly through the aid of 2 employees in charge of it.

Illustration 78 Unpluss contributor

Información del Contribuyente	
Razon Social:	CHICA AREVALO CLAUDIO XAVIER
RUC:	0102305406001
Nombre Comercial:	UNPLUS
Estado del Contribuyente en el RUC:	Activo
Clase de Contribuyente:	Otro
Tipo de Contribuyente:	Persona Natural
Obligado a llevar Contabilidad:	SI
Actividad Económica Principal:	ACTIVIDADES DE CARPINTERIA FINAL PARA LA TERMINACION Y ACABADOS DE CASAS, EDIFICIOS Y LOCALES COMERCIALES
Fecha de inicio de actividades:	02-01-1997
Fecha de cese de actividades:	
Fecha renouación de actividades:	
Fecha actualización:	12-05-2015
Categoría MIPYMES:	Pequeña

• Establecimientos registrados

Source: IRS

3.5.14.3 Productive aspects

The star products are doors. There is no need to carry out a market study because the company only works under customized orders. One person is in charge of the quality control system in the productive plant.

The business has enough suppliers and the machinery maintenance are in charge of the subcontracting technical. Unpluss works with wood such as: faique, Fernan Sanchez, MDF and melamine. The main materials used are: wood, nails, glue, sandpaper and hinges.

The firm has not registered legally it's brand, but a way to protect its products is to establish a formal contract explaining that the models are from Unpluss property.

On the other hand, the business has an industrial security system in order to prevent the noise pollution and to not cause nearby communities damages. Also the enterprise has recycling programs.

3.5.14.4 Sales, promotion and logistic aspects

The manager is in charge of the sales and marketing area. As well as the designers that are the ones who also work in the customer service area. The Unpluss warranty products varies from 3 to 5 years depending on the product and damages.

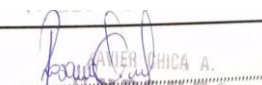
Illustration 79 Unpluss factory



Source: Unpluss

3.5.14.5 Exporaudit grade: Unpluss

CATEGORY		#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE	
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	0	PRODUCTIVE	Production system	33	Production processes	0
		2	Organizational objectives	0			34	Quality control and product characteristics	5
		3	Elaborated strategic objectives	0			35	Customized orders production	3
		4	Export operations	3			36	Industrialization level	0
		5	Export program	0			37	Star product production level	3
		6	Competitive advantage	5			38	Storage capacity	3
	Document management	7	Organization chart	0			39	Qualified maintenance staff	5
		8	Qualified administrative staff	5			40	Raw material suppliers	5
		9	Quality management	0		41	Technical criterion for raw material purchase	0	
		10	Control systems	5		42	National or international raw material percentage	3	
		11	Alliances with competitors	0		43	Storage registers and procedures	0	
		12	Internal communication system	5		44	Environment management requirements	0	
		13	Foreign trade area	0		45	Problems with nearby communities	5	
FINANCIAL	Financial information	14	General budget	3	46	Recycling programs	5		
		15	Cash flows or other financial statements	5	47	Requirements or ordinances for the correct environment management	3		
		16	Updated financial information	5	48	Qualified staff of sales and marketing department	5		
		17	Costs analyses	0	49	Specific budget for sales and marketing activities	0		
		18	Financial information periodicity	5	50	Advertising material	0		
		19	Qualified financial staff	5	51	Marketing plans	0		
		20	Profit margin	3	52	Legal protection of the commercial logo	3		
		21	Funding sources	0	53	Web page or social networks	0		
		22	Specific budget for new projects	0	54	Qualified staff of customer service	5		
		23	IRS relations	5	55	Customer service procedures	5		
		24	Export program information	0	56	Distribution channels	5		
		PRODUCTIVE	Market research	25	National and international market researches	0	57	Product warranty and product returns	5
26	Economic, geographic, financial and political information of potential countries.			0	TOTAL		135		
27	International demand of its products			0	TOTAL OVER 100		47,37		
28	Market research tools			0					
Process development and product design	29		High added value	5					
	30		Added value improvement	5					
	31		Technical standards of quality	0					
	32		Legal protection of designs and products	3					


RAUL CHICA A.

According to the exporaudit grade, Unpluss has 47 points. So the company is in the third category, it means that this business must improve its strategic plan, market investigation, logistic, stock and sales areas. However, the company does not project an export operation of its products.

Business data sheet	
Business name:	3.5.15 Muebles J y B
Products:	Main products: household furniture. Star product: living room furniture.
Location:	2°51'17.0" S 78°59'26.9" W -2.8547260, -78.9907950 El Progreso sector – Vía Mayancela
Contact person:	Liria Catalina Asmal Guachichullca
Telephone numbers and contact points:	074039139
Interview date:	November 01, 2017.
Historical review:	The company started its workshop in 2010.

3.5.15.1 Administrative and organizational aspects

Muebles J y B is a company registered as a natural person. Currently is affiliate to the Gaspar Sangurima Artisan Guild. The enterprise has a weakness in the administrative area because it does not have its mission, vision or values written; so the strategic plan cannot be applied as well as its organizational and strategic objectives. The company does not have an organization chart because the owners consider it unnecessary. The firm believes it's quality is the most important distinct advantage. The internal communication is oral and this method works well for them due to the low number of employee's.

Illustration 80 Muebles J y B contributor

Información del Contribuyente	
Razón Social:	ASMAL GUACHICHULLCA LIRIA CATALINA
RUC:	0103153425001
Nombre Comercial:	MUEBLES J Y B
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	FABRICACION DE MUEBLES DE MADERA PARA EL HOGAR.
Fecha de inicio de actividades	13-01-2010
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	02-06-2015
Categoría Mi PYMES	Pequeña

Source: IRS

3.5.15.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 0103153425001. Muebles J y B does not have a specific budget due to the market instability.

In the financial are, there is a subcontracted counter in charge of the financial reports every six months. The funding sources are from the private banking through commercial loans.

3.5.15.3 Productive aspects


Muebles J y B principally works with copal wood. The customer loyalty helps to promote the business and to inform it about new trends required. Unlike other firms, the company has a successful increase in its profit margin the last 3 months. Hence, the products are considered as high added value ones principally due to its quality.

The company works under customized orders because of its high level of artisan production. The machinery maintenance is in charge of subcontracts. The firm has enough storage capacity for its products. The raw materials are 80% national and the rest of it must be imported. Muebles J y B tries to recycle its material.


3.5.15.4 Sales, promotion and logistic aspects

There are no personnel to develop the sales and marketing area, the business only uses business cards and social networks to contact customers. On the other hand, the customer service structuring is in course. Muebles J y B offers its products with a warranty from 2 to 8 years depending on the product.

3.5.15.5 Exporaudit grade: Muebles J y B:

CATEGORY		#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE		
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	0	PRODUCTIVE	Production system	33	Production processes	0	
		2	Organizational objectives	0			34	Quality control and product characteristics	5	
		3	Elaborated strategic objectives	0			35	Customized orders production	5	
		4	Export operations	0			36	Industrialization level	0	
		5	Export program	3			37	Star product production level	5	
		6	Competitive advantage	5			38	Storage capacity	5	
	Document management	7	Organization chart	0			39	Qualified maintenance staff	5	
		8	Qualified administrative staff	5			40	Raw material suppliers	5	
		9	Quality management	0			41	Technical criterion for raw material purchase	0	
		10	Control systems	5		42	National or international raw material percentage	5		
		11	Alliances with competitors	0		43	Storage registers and procedures	0		
		12	Internal communication system	5		44	Environment management requirements	5		
		13	Foreign trade area	0		45	Problems with nearby communities	5		
FINANCIAL	Financial information	14	General budget	3		SALES	Environmental administration	46	Recycling programs	5
		15	Cash flows or other financial statements	0				47	Requirements or ordinances for the correct enviroment management	5
		16	Updated financial information	0	48			Qualified staff of sales and marketing department	5	
		17	Costs analyses	0	49		Specific budget for sales and marketing activities	5		
		18	Financial information periodicity	3	50		Advertising material	5		
		19	Qualified financial staff	5	51		Marketing plans	5		
		20	Profit margin	5	52		Legal protection of the commercial logo	0		
		21	Funding sources	3	53		Web page or social networks	0		
		22	Specific budget for new projects	3	Customer service		54	Qualified staff of customer service	0	
		23	IRS relations	5			55	Customer service procedures	3	
		24	Export program information	0			56	Distribution channels	3	
		25	National and international market researches	3			57	Product warranty and product returns	5	
PRODUCTIVE	Market research	26	Economic, geographic, financial and political information of potential countries.	0				TOTAL	149	
		27	International demand of its products	0				TOTAL OVER 100	52,28	
		28	Market research tools	0						
		29	High added value	5						
	Process development and product design	30	Added value improvement	5						
		31	Technical standards of quality	0						
		32	Legal protection of designs and products	0						
										
							FIRMA			

According to the exporaudit grade, Muebles J y B has 52 points. And so, the company is in the third category, it means that this business must improve certain aspects such as: administrative department. However, the company does not exclude the objective to export its products.

Business data sheet		
Business name:	3.5.16 Mobeline	
Products:	Main products: household furniture. Star product: doors.	
Location:	51°39.7"S 78°58'58.9"W -2.861021, -78.983027 Vía Patamarca (a 3 cuadras del Hospital del Niño y la Mujer)	
Contact person:	Martha Guaraca	
Telephone numbers and contact points:	072898371 Mobeline@hotmail.com www.mobeline.ml	
Interview date:	November 06, 2017.	
Historical review:	The company started as a retail furniture business and then it becoming into a manufacturing company called “Casa del Mueble”. However, three years later the owner acquired Mobeline.	

3.5.16.1 Administrative and organizational aspects

Mobeline has a mild weakness in the administrative area because it does not have to it does not have written mission, vision or values but it has strategic plan clearly defined as well as its objectives. There are 8 employees, 2 of them are in charge of the administrative area and the other 6 works in the productive plant. Its internal communication is informal through whatsapp.

The business is affiliate to the Artisan Guild and was part of National Service of Public Procurement (SERCOP) certified projects. Its distinct advantage is related to the quality.

3.5.16.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 010179511001 since 1999. Its profit margin is about the 15% in each sold product.

For now, it does not have a specific budget but an accountant is in charge of analyses the income statement information.

Illustration 81 Mobeline contributor

Información del Contribuyente	
Razón Social:	GUARACA ORTIZ MARTHA DE JESUS
RUC:	0101795110001
Nombre Comercial:	MOBELINE
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	FABRICACIÓN DE MUEBLES DE MADERA Y SUS PARTES
Fecha de inicio de actividades	14-07-1999
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	05-07-2016
Categoría MI PYMES	Pequeña

Source: IRS

3.5.16.3 Productive aspects

The products are considered as high added value ones due to its designs. There are rigorous control systems from the first phase to the end. The personnel is trained in the industrial security area and the tools comply with industrial security normative. The company works under customized orders and its production has 60% of industrialization. Its productive capacity is commonly about 20 doors per month. The business has enough raw material suppliers and the boards are imported from Brazil. Mobeline does not have storage capacity for its products because the delivery has to be immediate after the construction.

- MDF door production process by Mobeline:
- Raw material requirement
- Brushing process
- Moths poison
- Package
- Sanding and lacquering
- Installation

The company has sprinklers and takes action against noise in order to not affect the nearby communities.

3.5.16.4 Sales, promotion and logistic aspects

The manager is in charge of the sales department and the customer service area as well. The advertising material is business cards and the use of the social networks. The business offers one year warranty on its products.


Illustration 82 Mobeline factory




Source: Prepared by the authors.

3.5.16.5 Exporaudit grade: Mobeline

CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	PRODUCTIVE	33	Production processes	3
		2	Organizational objectives		34	Quality control and product characteristics	3
		3	Elaborated strategic objectives		35	Customized orders production	3
		4	Export operations		36	Industrialization level	3
		5	Export program		37	Star product production level	3
		6	Competitive advantage		38	Storage capacity	0
	Document management	7	Organization chart		39	Qualified maintenance staff	5
		8	Qualified administrative staff		40	Raw material suppliers	5
		9	Quality management		41	Technical criterion for raw material purchase	0
		10	Control systems		42	National or international raw material percentage	0
		11	Alliances with competitors		43	Storage registers and procedures	0
		12	Internal communication system		44	Environment management requirements	5
		13	Foreign trade area		45	Problems with nearby communities	5
FINANCIAL	Financial information	14	General budget		46	Recycling programs	0
		15	Cash flows or other financial statements		47	Requirements or ordinances for the correct environment management	5
		16	Updated financial information		48	Qualified staff of sales and marketing department	5
		17	Costs analyses		49	Specific budget for sales and marketing activities	5
		18	Financial information periodicity		50	Advertising material	5
		19	Qualified financial staff		51	Marketing plans	0
		20	Profit margin		52	Legal protection of the commercial logo	3
		21	Funding sources		53	Web page or social networks	3
		22	Specific budget for new projects		54	Qualified staff of customer service	5
		23	IRS relations		55	Customer service procedures	5
		24	Export program information		56	Distribution channels	5
PRODUCTIVE	Market research	25	National and international market researches	SALES	57	Product warranty and product returns	5
		26	Economic, geographic, financial and political information of potential countries.		TOTAL		149
		27	International demand of its products		TOTAL OVER 100		52,28
		28	Market research tools				
	Process development and product design	29	High added value				
		30	Added value improvement				
		31	Technical standards of quality				
		32	Legal protection of designs and products				


 Martha de Jesus Guaraca Ortiz
 Via a Palmarca sin
 Telf.: 2898371
 FIRMA

According to the exporaudit grade, Mobeline has 52 points; so the company is in the third category, it means that this business must improve certain aspects. However, the company is not interested in carry out export operations.

Business data sheet	
Business name:	3.5.17 Megamuebles Belén 
Products:	Main products: living room, dining room, bedroom, office furniture and orthopedic mattresses. Star product: dining room.
Location:	2°53'46.9" S 78°59'52.9" W -2.8963690, -78.9980180 Mariscal Lamar 2-18 and Manuel Vega
Contact person:	Julio Marcelo Calle Segarra
Telephone numbers and contact points:	Tel. 074114458 Facebook: Megamuebles Belen www.artemueblecuenca.com
Interview date:	November 06, 2017.
Historical review:	The business started its activities since 2015 due to the knowledge inherited.

3.5.17.1 Administrative and organizational aspects

Megamuebles Belén is a company registered as a natural person. Currently is affiliate at the Timber Artisan Guild. The enterprise has a mild weakness in the administrative area but this obstacle it's being analyzed in order to remove it through the strategic plan and organization chart restructuring.

Quarterly, the strategic objectives are stated in order to maintain the company organized. There is no export plans but the business shows interest to have international customers. However, its main goal is to establish itself in the national market.

The firm has as a distinct advantage to be direct manufacturer so Megamuebles Belén has some benefits to be annexed as artisan. There are 4 well-trained employees to keep the business afloat. The internal communication has been well-carried out through social networks and this method is considered as the best one due to the enough confidence gained to resolve queries and other aspects.

3.5.17.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 0103040614001. Megamuebles Belén does not have a specific budget due to the market instability. The business has a profit margin of about 15% in each purchase in cash.

The enterprise has an internal account system in which the financial reports are monthly registered to plan quarterly objectives.

On the other hand, there are 3 employees in charge of the financial area. These workers analyze if the company must acquires new loans. Its current funding sources are from own capital and the private banking.

Illustration 83 Megamuebles Belén contributor

Información del Contribuyente	
Razón Social:	CALLE SEGARRA JULIO MARCELO
RUC:	0103040614001
Nombre Comercial:	
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	FABRICACION DE MUEBLES DE MADERA PARA EL HOGAR.
Fecha de inicio de actividades	13-02-2003
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	02-02-2015
Categoría MIPYME S	Pequeña

► Establecimientos registrados

Source: IRS

3.5.17.3 Productive aspects

Megamuebles Belén works with wood like: copal, bay and Fernan Sanchez; and Chilean MDF. The foremen visit different cities in order to detect new needs and tastes.

Its products are perceived as high added value ones. However, the designs are not legally protected because the customers are the ones who bring the models and specifications, so the company is not the owner of its works.

There is a 60% of industrialization in the products due to the technological advance. The productive capacity is increasing each year.

This business is considered as an artisanal one, it has the opportunity to work with a larger company called Marcimex so this last is in charge of the distribution, commercialization and advertising Megamuebles Belén products. The firm has enough storage capacity.

As for the topic of maintenance of machineries there are electrical and mechanical expert workshops; it means that one gives subcontracting, but also the guarantee that comes with the equipment gives them the technical support and maintenance. The correct machinery maintenance carried out through outsourcing.

There are enough raw material suppliers from Santo Domingo and the Coastal region principally. An employee is in charge of the verification of technical characteristics such as: hardness, surface of the wood, ease of fabrication and other specifications.

Illustration 84 Megamuebles Belén products



Source: Megamuebles Belén facebook

On the other hand, the company has recycling programs. For instance, the small pieces are assembled in a new board in order to manufacture smaller, rustic or decorative works.

3.5.17.4 Sales, promotion and logistic aspects

The sales and marketing department does not have adequate staff. Hence, there are 3 employees that have a specific budget for this area. However, the advertising activities are not necessary due to Marcimex is in charge of the Facebook page, that is its main promotion method. The customer service is in charge of the same 3 employees. The products of the company are offered with one-year warranty.

3.5.17.5 Exporaudit grade: Megamuebles Belén

CATEGORY		#	QUESTION	GRADE	CATEGORY		#	QUESTION	GRADE
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	0	PRODUCTIVE	Production system	33	Production processes	0
		2	Organizational objectives	5			34	Quality control and product characteristics	0
		3	Elaborated strategic objectives	5			35	Customized orders production	5
		4	Export operations	0			36	Industrialization level	3
		5	Export program	0			37	Star product production level	5
		6	Competitive advantage	5			38	Storage capacity	5
	Document management	7	Organization chart	0			39	Qualified maintenance staff	5
		8	Qualified administrative staff	5			Logistic and inventory	40	Raw material suppliers
		9	Quality management	0		41		Technical criterion for raw material purchase	5
		10	Control systems	3		42		National or international raw material percentage	3
		11	Alliances with competitors	0		43		Storage registers and procedures	0
		12	Internal communication system	5		Environmental administration	44	Environment management requirements	0
		13	Foreign trade area	0			45	Problems with nearby communities	5
FINANCIAL	Financial information	14	General budget	3	46		Recycling programs	5	
		15	Cash flows or other financial statements	0	47	Requirements or ordinances for the correct enviroment management	5		
		16	Updated financial information	3	SALES	Sales	48	Qualified staff of sales and marketing department	5
		17	Costs analyses	3			49	Specific budget for sales and marketing activities	0
		18	Financial information periodicity	3			50	Advertising material	0
		19	Qualified financial staff	5			51	Marketing plans	5
		20	Profit margin	5		52	Legal protection of the commercial logo	0	
		21	Funding sources	5		53	Web page or social networks	0	
		22	Specific budget for new projects	0		Customer service	54	Qualified staff of customer service	5
		23	IRS relations	5			55	Customer service procedures	5
		24	Export program information	0	56		Distribution channels	5	
		PRODUCTIVE	Market research	25	National and international market		3	57	Product warranty and product returns
26	Economic, geographic, financial and political information of potential countries.			0	TOTAL		154		
27	International demand of its products			0	TOTAL OVER 100		54,04		
28	Market research tools			0					
Process development and product design	29		High added value	5					
	30		Added value improvement	5					
	31		Technical standards of quality	0					
	32		Legal protection of designs and products	0					
						FIRMA			

According to the exporaudit grading, Megamuebles Belén has 54 points. So the company is in the third category, it means that this business must improve its formality in certain aspects such as: strategic plan, market investigation and the marketing and sales department as well. However, the alliance with Marcimex is consider as enough for the moment so the export activities can wait.

Business data sheet	
Business name:	3.5.18 Madernova
Products:	Main products: furniture. Main services: carpentry. Star product: closets and beds.
Location:	2°54'44.2" S 78°57'30.8" W -2.9122650, -78.9585510 Vía Monay Baguanchi Paccha
Contact person:	Juan José Heras Pesantez
Telephone numbers and contact points:	074034898
Interview date:	November 15, 2017.
Historical review:	The business started since 2013 as a small carpentry workshop. However, the oversupply motivates the company to become into a manufacturer and trading enterprise.

3.5.18.1 Administrative and organizational aspects

Madernova is a company registered as a natural person. Currently is affiliate to the Gaspar Sangurima Artisan Guild. The enterprise has a mild weakness in the administrative area because it does not have written mission, vision or values but it has it's strategic plan clearly defined. Monthly, the business tries to establish production orders goals.

The distinct advantage of Madernova is related with its products warranty for 4 to 5 years. There are 2 trained employees in the administrative department. The internal communication is oral and also the workers use social networks.

Twice a year, the personnel have protection and staff security trainings. Moreover, the firm has an alliance with Indurama, and this company is in charge of the trading activities.

3.5.18.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 0104318597001. Madernova does not have a specific budget due to the market instability. The financial reports are presented through monthly income statements. Furthermore, there is a data base that contains input and raw material costs.

There is only 1 person, a counter, in charge of the financial area. The funding sources are from the private banking.

Illustration 85 Madernova contributor

Información del Contribuyente	
Razón Social:	HERAS PESANTEZ JUAN JOSE
RUC:	0104318597001
Nombre Comercial:	MADERNOVA
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	ACTIVIDADES DE CARPINTERIA.
Fecha de inicio de actividades	28-04-2003
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	29-09-2014
Categoría MI PYMES	Pequeña

Source: IRS

3.5.18.3 Productive aspects

Madernova works with wood such as: bay, copal, ceique, and MDF. Its products have a standard model because its target market is the middle class. The raw material has certifications. Additionally, the products are not legally protected due to Indurama exhibit and sell these goods with its own brand that is already registered at IEPI.


The quality control system starts in the material reception and finishes in the packing stage. The productive capacity has about 50% of half artisan production and the rest is pure handcrafted work. The company has enough storage capacity. The subcontracting is still necessary for the machinery maintenance. There is enough national and international raw material suppliers.

On the other hand, the firm made a noise and dust study in order to avoid damage on the nearby communities. The company has recycling programs.

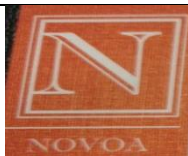
3.5.18.4 Sales, promotion and logistic aspects

There is no staff for the sales and marketing department because the strong partnership with Indurama is considered as enough for the development of this area. The products are offered with a 4 to 6 years-warranties.

3.5.18.5 Exporaudit grade: Madernova

CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE			
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	PRODUCTIVE	Production system	33	Production processes	0		
		2	Organizational objectives			5	34	Quality control and product characteristics	5	
		3	Elaborated strategic objectives			5	35	Customized orders production	3	
		4	Export operations			3	36	Industrialization level	3	
		5	Export program			3	37	Star product production level	3	
		6	Competitive advantage			5	38	Storage capacity	0	
	Document management	7	Organization chart			0	39	Qualified maintenance staff	3	
		8	Qualified administrative staff			5	40	Raw material suppliers	5	
		9	Quality management		3	41	Technical criterion for raw material purchase	5		
		10	Control systems		5	42	National or international raw material percentage	3		
		11	Alliances with competitors		5	43	Storage registers and procedures	5		
		12	Internal communication system		3	44	Environment management requirements	5		
		13	Foreign trade area		0	45	Problems with nearby communities	5		
FINANCIAL	Financial information	14	General budget	3	Environmental administration	46	Recycling programs	5		
		15	Cash flows or other financial statements	5		47	Requirements or ordinances for the correct environment management	3		
		16	Updated financial information	3		SALES	Sales	48	Qualified staff of sales and marketing department	0
		17	Costs analyses	5				49	Specific budget for sales and marketing activities	0
		18	Financial information periodicity	5	50			Advertising material	0	
		19	Qualified financial staff	5	51			Marketing plans	0	
		20	Profit margin	5	52		Legal protection of the commercial logo	0		
		21	Funding sources	3	53		Web page or social networks	0		
		22	Specific budget for new projects	3	Customer service		54	Qualified staff of customer service	0	
		23	IRS relations	5			55	Customer service procedures	0	
		24	Export program information	0		56	Distribution channels	5		
		25	National and international market researches	0		57	Product warranty and product returns	5		
PRODUCTIVE	Market research	26	Economic, geographic, financial and political information of potential countries.	0	TOTAL		168			
		27	International demand of its products	0	TOTAL OVER 100		58,95			
		28	Market research tools	0						
		29	High added value	5						
	30	Added value improvement	5							
	Process development and product design	31	Technical standards of quality	5	FIRMA					
		32	Legal protection of designs and products	3						

According to the exporaudit grading, Madernova has 58 points. So the company is in the third category, it means that this business must improve its administrative area and analyze the sales and marketing area as well. However, this business does not exclude the objective of someday export its products.

Business data sheet	
Business name:	3.5.19 Muebles Novoa 
Products:	Main products: household, office, workshop, hotel, restaurant, church and school furniture; sewing machine furniture, and television. Star product: bedroom furniture.
Location:	2°51'24.5" S 78°59'05.2" W -2.8568030, -78.9847830 Vía Patamarca Km. 7 ½, diagonal a la cartonera del Austro.
Contact person:	Santiago Novoa Cachipundo
Telephone numbers and contact points:	Telefax: 072898872 Cellular: 0986516511 mueblesnovoa@hotmail.com
Interview date:	November 22, 2017.
Historical review:	The knowledge inherited was the main factor to start with this furniture manufacturing entrepreneurship.

3.5.19.1 Administrative and organizational aspects

Muebles Novoa is a company registered as a natural person. Currently is affiliate to the Gaspar Sangurima Artisan Guild. The enterprise has a mild weakness in the administrative area due to it does not have written mission, vision or values but it has these strategic plan clearly defined. Furthermore, it establishes short-term objectives in order to keep the production afloat. Although the firm has not an organization chart, the functions are clearly designated.

The business does not carried out an export activity due to the lack of pertinent information. However, the distinct advantage is related to its 20 years of quality experience on furniture manufacturing. These characteristics allow Muebles Novoa to positioning itself between the largest companies such as: Colineal, Carrusel and Vitefama.

The enterprise has a correct quality control program that works through a roadmap for each product to register its characteristics in order to maintain the high quality level. Moreover, the company has alliances with other business that must have the same performance range in any kind of event.

3.5.19.2 Financial and accounting aspects

Illustration 86 Muebles Novoa contributor

Información del Contribuyente	
Razón Social:	NOVOA CACHIPIENDO SANTIAGO
RUC:	0101383552001
Nombre Comercial:	MUEBLES NOVOA
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	FABRICACION DE MUEBLES DE MADERA PARA EL HOGAR
Fecha de inicio de actividades	17-11-1999
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	02-03-2015
Categoría MI PYMES	Pequeña

Source: IRS

According to the IRS, the company is registered as a natural person with the RUC number 0101383552001. Maderas Noboa does not have a specific budget due to the market instability. Hence, the firm plans certain fairs in order to survive on the market.

The financial information is efficiently presented every six months. The enterprise has costs index that illustrates if the raw material increase or decrease its price from

February to May to analyze the future market conditions. The funding sources are from own capital.

3.5.19.3 Productive aspects

Muebles Novoa works with wood such as: Fernan Sanchez and black laurel. Thanks to its long-term experience, the company can detect the exact moment and area to start a innovation or renewal project. The business tries to work under customized orders but it has the capacity to produce at industrial scale. There is an 60% percent of industrialization in the products.

The production level has been maintained over the last years due to the innovation and continuous improvement in order to do not allow the sales or production to decrease. There is enough trained staff to the correct machinery maintenance. On the other hand, the company complies with a constant 90% of environmental requirements.


3.5.19.4 Sales, promotion and logistic aspects

There are 4 employees in charge of the sales and marketing area. The products advertising are through radio telephony, television commercials, banners and signage. The products has 2 to 10 years warranty depending on the material of each furniture.

3.5.19.5 Exporaudit Maderas Novoa:

CATEGORY	#	QUESTION	GRADE	CATEGORY	#	QUESTION	GRADE			
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	0	PRODUCTIVE	Production system	33	Production processes	0	
		2	Organizational objectives	3			34	Quality control and product characteristics	5	
		3	Elaborated strategic objectives	0			35	Customized orders production	5	
		4	Export operations	3			36	Industrialization level	5	
		5	Export program	0			37	Star product production level	5	
		6	Competitive advantage	5			38	Storage capacity	0	
	Document management	7	Organization chart	3		Logistic and inventories	39	Qualified maintenance staff	5	
		8	Qualified administrative staff	5			40	Raw material suppliers	5	
		9	Quality management	0			41	Technical criterion for raw material purchase	5	
		10	Control systems	5			42	National or international raw material percentage	5	
		11	Alliances with competitors	5			43	Storage registers and procedures	5	
		12	Internal communication system	0			Environmental administration	44	Environment management requirements	5
		13	Foreign trade area	0				45	Problems with nearby communities	5
FINANCIAL	Financial information	14	General budget	3		46		Recycling programs	5	
		15	Cash flows or other financial statements	5		47		Requirements or ordinances for the correct environment management	3	
		16	Updated financial information	5		SALES	Sales	48	Qualified staff of sales and marketing department	5
		17	Costs analyses	5	49			Specific budget for sales and marketing activities	3	
		18	Financial information periodicity	3	50			Advertising material	5	
		19	Qualified financial staff	5	51			Marketing plans	5	
		20	Profit margin	3	52			Legal protection of the commercial logo	3	
		21	Funding sources	5	53		Web page or social networks	0		
		22	Specific budget for new projects	3	Customer service		54	Qualified staff of customer service	3	
		23	IRS relations	5			55	Customer service procedures	0	
		24	Export program information	0			56	Distribution channels	5	
		PRODUCTIVE	Market research	25		National and international market researches	3	57	Product warranty and product returns	5
26	Economic, geographic, financial and political information of potential countries.			0				TOTAL	184	
27	International demand of its products			0				TOTAL OVER 100	64,56	
28	Market research tools			0						
Process development and product design	29		High added value	5						
	30		Added value improvement	5						
	31		Technical standards of quality	3						
	32		Legal protection of designs and products	0						

According to the exporaudit grade, Maderas Novoa has 64 points. After the evaluation we can say it is in the second category, it means that this business must improve certain aspects such as: strategic plan, internal communication and others. However, the company tries to improve all the aspects as soon as possible and internationalizing its product.

Business data sheet	
Business name:	3.5.20 Muebles Chelita 
Products:	Main products: dining room furniture, closets and living room furniture. Main services: carpentry. Star product: dining room furniture.
Location:	2°51'59.7" S 78°59'00.8" W -2.8665700, -78.9835660 Camino a Patamarca
Contact person:	Doris Asmal
Telephone numbers and contact points:	072898892 Cellular: 0997011017
Interview date:	November 23, 2017.
Historical review:	The business started its activities since 1978 due to the knowledge inherited.

3.5.20.1 Administrative and organizational aspects

Muebles Chelita is a company registered as a natural person. Currently is affiliate to the Artisan Guild. The enterprise has a mild weakness in the administrative area due to it does not have written mission, vision or values but it has this strategic plan clearly defined and there are constant meetings to clarify doubts and remember the enterprise goals. There are 2 trained employees in charge of the administrative department.

The distinct advantage is related to the factory structuring that is favorable to the correct quality control. The internal communication is merely oral. The owner of Muebles Chelita was one of the timber sector promoters in Cuenca. So, he is part of some meetings to analyze some general facts about the timber sector such as: fall in the demand factors, new competitors, price volatility factors and others.

3.5.20.2 Financial and accounting aspects

According to the IRS, the company is registered as a natural person with the RUC number 010084721001. Muebles Chelita does not have a specific budget due to the market instability.

Monthly, the financial information is presented by a trained employee in charge of the company accounting.

In order to keep a certain profit margin, the enterprise makes costs analysis to establish the retail prices because its margin varies from month to month. The funding sources are from the private banking.

3.5.20.3 Productive aspects

Maderas Chelita works with Wood such as: copal and cinnamon. It's products are perceived as high added value because of the constant innovation. It is possible to produce customized orders and to work under scale production keeping from 80% to 90% percent of handcrafted work. The raw material has national origin, specifically from the Amazon region.

On the other hand, there are some recycling programs with materials such as: solvent, sawdust and chip.

Illustration 87 Muebles Chelita contributor

Información del Contribuyente	
Razón Social:	ASMAL BARRETO BENIGNO
RUC:	0100847201001
Nombre Comercial:	MUEBLES CHELITA
Estado del Contribuyente en el RUC	Activo
Clase de Contribuyente	Otro
Tipo de Contribuyente	Persona Natural
Obligado a llevar Contabilidad	NO
Actividad Económica Principal	PRESTACION DE SERVICIOS EN CARPINTERIA
Fecha de inicio de actividades	06-06-1978
Fecha de cese de actividades	
Fecha reinicio de actividades	
Fecha actualización	21-09-2009
Categoría MI PYMES	Pequeña

Source: IRS

Illustration 88 Muebles Chelita products



Source: Muebles Chelita facebook


3.5.20.4 Sales, promotion and logistic aspects

There are 2 employees in charge of the sales and marketing department with a tight budget for the products advertising. The principal method is the social network well known as facebook. There are 2 employees working on the customer service. The products are offered with a 5 years-warranty.

3.5.20.5 Exporaudit grade: Muebles Chelita

CATEGORY				#	QUESTION	GRADE			
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	0	PRODUCTIVE	Production system	33	Production processes	3
		2	Organizational objectives	3			34	Quality control and product characteristics	5
		3	Elaborated strategic objectives	3			35	Customized orders production	5
		4	Export operations	0			36	Industrialization level	0
		5	Export program	0			37	Star product production level	3
		6	Competitive advantage	5			38	Storage capacity	5
	Document management	7	Organization chart	0			39	Qualified maintenance staff	3
		8	Qualified administrative staff	5			Logistic and inventories	40	Raw material suppliers
		9	Quality management	0		41		Technical criterion for raw material purchase	5
		10	Control systems	5		42		National or international raw material percentage	5
		11	Alliances with competitors	3		43		Storage registers and procedures	5
		12	Internal communication system	5		44		Environment management requirements	5
		13	Foreign trade area	0		Environmental administration	45	Problems with nearby communities	5
FINANCIAL	Financial information	14	General budget	3			46	Recycling programs	5
		15	Cash flows or other financial statements	5			47	Requirements or ordinances for the correct enviroment management	3
		16	Updated financial information	5	SALES	Sales	48	Qualified staff of sales and marketing department	5
		17	Costs analyses	5			49	Specific budget for sales and marketing activities	3
		18	Financial information periodicity	5			50	Advertising material	0
		19	Qualified financial staff	5			51	Marketing plans	0
		20	Profit margin	3			52	Legal protection of the commercial logo	0
		21	Funding sources	3			53	Web page or social networks	3
		22	Specific budget for new projects	5		Customer service	54	Qualified staff of customer service	5
		23	IRS relations	5			55	Customer service procedures	0
		24	Export program information	0			56	Distribution channels	5
		25	National and international market researches	0			57	Product warranty and product returns	5
PRODUCTIVE	Market research	26	Economic, geographic, financial and political information of potential countries.	0				TOTAL	174
		27	International demand of its products	0				TOTAL OVER 100	61,05
		28	Market research tools	0					
		29	High added value	5					
	Process development and product design	30	Added value improvement	5					
		31	Technical standards of quality	3					
		32	Legal protection of designs and products	0					
								FIRMA	

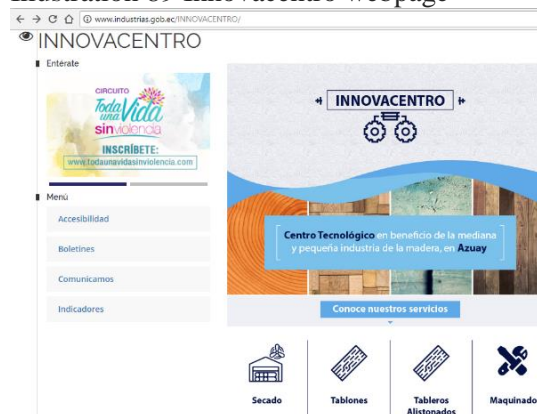
According to the exporaudit grade, Muebles Chelita has 61 points, so the company is in the second category, it means that this business must improve certain aspects such as: strategic plan, organization chart and the marketing and sales area. However, the company is not interested in carries out an export activity due to the lack of productive capacity.

Business data sheet	
Business name:	3.5.21 Innovacentro 
Services:	Sawmill, rip saws, moulder, boards presses, finger joint, mitre saw, calibrator, sander, cabins for lacquering, laboratory services, raw material and others.
Location:	2°59'33.4"S 79°02'09.2"W -2.992610, -79.035896 Ecoparque industrial de Chaullayacu (vía Tarqui km 7.5)
Contact person:	Ing. Moisés Tamaríz
Telephone numbers and contact points:	0998849790
Interview date:	November 15, 2017.

3.5.21.1 Background

There is a historical review in the Innovacentro webpage that according to the “Center for the Productive Development of Timber and Furniture” Convention between CFN, MIPRO and Cuenca GAD is established that EDEC must implement the project called Innovacentro in the Chaullayacu industrial park starting its structuring since 2013 in Tarqui province to bring sawmills, drying and other services.

Illustration 89 Innovacentro webpage



Source: (Innovacentro, 2017)

3.5.21.2 Administrative and organizational aspects

Innovacentro is a non-profit public company that started its activities with 2 persons since 2016. It means that it has half year of operation. Currently, there are 8 workers in charge of management, laboratory and production. The organization have a well-organized strategic plan but does not have an organization chart due to its small number of employees.

Illustration 90 Innovacentro vision, mission and objectives.

Visión y Misión:

La EDEC EP a través del INNOVACENTRO se constituye en un socio proactivo y efectivo del sector productivo privado de la madera y mueble, a fin de impulsar mejoras en la productividad y competitividad de las pequeña y medianas industrias del sector.

Objetivo general:

Generar servicios tecnológicos para el austro del país, dirigidos al sector de la madera y mueble, para proponer la mejora de la productividad y competitividad de las MYPIMES, así como la democratización en el acceso a los factores de producción a través de la dinamización del sector en el manejo de materia prima y subproductos procesados.

Source: (Innovacentro, 2017)

The dual training in the timber sector is one of the Innovacentro functions. The theoretical part is offered by Febres Cordero institute and the practical one by Innovacentro with the machinery use, research and development. Furthermore, the company has agreements with University of Azuay, University of Cuenca and Catholic University in order to improve technological processes and provide value added and innovation.

3.5.21.3 Financial and accounting aspects

The initial investment was US\$ 5.000.000 to create this Innovation Centre. Its contributors were MIPRO and EDEC. On the other hand, this public business receives annual financial aid from EDEC. The enterprise works under customized orders to define a time frame, volumes and comply with necessary specifications.

3.5.21.4 Productive aspects

The production process starts with the wood request that comes from Esmeraldas, Santo Domingo and Azuay provinces. Innovacentro works with wood such as: Fernan Sanchez, teak, eucalyptus and bay. Then the drying phase has from 15 to 20 days of duration depending on the kind of raw material because, for example, eucalyptus wood lasts from 45 to 50 days. In addition, there are other services such as: rip-saws, sanding and union of goods parts. Regarding to Mr. Tamariz, the price and delivery time varies from service to service.

Illustration 91 Innovacentro factory



Source: (Innovacentro, 2017)

The monthly productive capacity can be from 120 to 240 cubic meters. However, it has a storage capacity of 500 cubic meters.

3.5.21.5 Sales, promotion and logistic aspects

Innovacentro uses flyers and its webpage to promotion its services. Its only outlet is in its factory located in Tarqui.

Illustration 92 Services and prices information



INNOVACENTRO
DE LA MADERA Y EL MUEBLE

Ofrecemos servicio de predimensionado y dimensionado de madera:

- Reaserradero
- Sierra Multiple
- Moldurero
- Prensa de tableros
- Unión de partes y piezas (FINGER JOINT)
- Tronzadora
- Calibradora - Lijadora
- Cabina de lacado
- Servicios de laboratorio
- Materia prima y otros

ECOPARQUE INDUSTRIAL DE CHALLAYACU (VALA TARQUI) AM 7:30

0998848790



INNOVACENTRO
DE LA MADERA Y EL MUEBLE

Ofrecemos madera seca al 12% de humedad:

ESPECIE	UNIDAD	PRECIO	DIMENSION
FERNAND SANCHEZ	M3	\$ 455	240cm x 0.20cm x 5cm
PINO	M3	\$ 365	300cm x 0.25cm x 5cm
LAUREL	M3	\$ 340	240cm x 0.22cm x 5cm
LAUREL	M3	\$ 347	300cm x 0.21cm x 5cm

ESPECIE	UNIDAD	PRECIO	DIMENSION
FERNAND SANCHEZ	UNIDAD	\$ 11.28	240cm x 0.20cm x 5cm
PINO	UNIDAD	\$ 10.45	300cm x 0.25cm x 5cm
LAUREL	UNIDAD	\$ 8.65	240cm x 0.22cm x 5cm
LAUREL	UNIDAD	\$ 8.85	300cm x 0.21cm x 5cm

Los precios incluyen IVA.

Logo of EDEC

Logo of CUENCA

3.5.21.6 Exporaudit grade: Innovacentro

CATEGORY		#	QUESTION	GRADE	CATEGORY		#	QUESTION	GRADE
ADMINISTRATIVE	Strategic plan for the local market	1	Strategic plan	0	PRODUCTIVE	Production system	33	Production processes	0
		2	Organizational objectives	3			34	Quality control and product characteristics	5
		3	Elaborated strategic objectives	3			35	Customized orders production	5
		4	Export operations	0			36	Industrialization level	5
		5	Export program	0			37	Star product production level	5
		6	Competitive advantage	5			38	Storage capacity	5
	Document management	7	Organization chart	3		39	Qualified maintenance staff	5	
		8	Qualified administrative staff	5		40	Raw material suppliers	5	
		9	Quality management	3		41	Technical criterion for raw material purchase	5	
		10	Control systems	0		42	National or international raw material percentage	5	
		11	Alliances with competitors	0		43	Storage registers and procedures	5	
		12	Internal communication system	3		44	Environment management requirements	5	
		13	Foreign trade area	0		45	Problems with nearby communities	5	
FINANCIAL	Financial information	14	General budget	0		46	Recycling programs	5	
		15	Cash flows or other financial statements	5		47	Requirements or ordinances for the correct enviroment management	5	
		16	Updated financial information	0	SALES	Sales	48	Qualified staff of sales and marketing department	3
		17	Costs analyses	0			49	Specific budget for sales and marketing activities	5
		18	Financial information periodicity	5			50	Advertising material	5
		19	Qualified financial staff	5			51	Marketing plans	5
		20	Profit margin	5			52	Legal protection of the commercial logo	3
		21	Funding sources	0			53	Web page or social networks	5
		22	Specific budget for new projects	0		Customer service	54	Qualified staff of customer service	3
		23	IRS relations	5			55	Customer service procedures	3
		24	Export program information	0	56		Distribution channels	3	
PRODUCTIVE	Market research	25	National and international market researches	5	57	Product warranty and product returns	5		
		26	Economic, geographic, financial and political information of potential countries.	0	TOTAL		178		
		27	International demand of its products	0	TOTAL OVER 100		62,46		
		28	Market research tools	0					
	Process development and product design	29	High added value	5					
		30	Added value improvement	5					
		31	Technical standards of quality	0					
		32	Legal protection of designs and products	3					

ATEC

FIRMA

3.5.22 Master of Craftwork of Azuay interview Gremio de Maestros de Madera y Conexos del Azuay

There are 3 guilds in Cuenca canton:

- 1.- Gaspar Sangurima Carpenters Guild
- 2.- Master of Craftwork of Azuay (1963)
- 3.- April 7 Cabinetmaker and Woodcarvers Asian Association (1985)

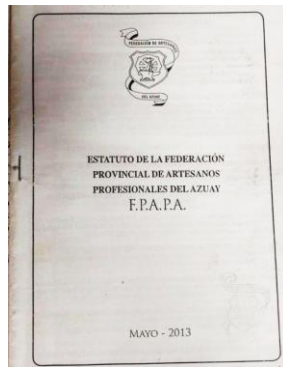
It was considered as important to interview the current president of the largest guild, Mr. Rafael Quito in order to know about the guild history, the laws which regulate it, the vocational training of its members and the problem areas.

Mr. Rafael Quito started his activities as a master craftsman since 1969 in a workshop located in San Joaquin, with such effort that could obtain a carpentry degree in CREA on 1975. Its workshop has a furniture design office, a library where can be found many timber documents and books, and a cellar with all of the tools and his well-equipped workshop. Furthermore, he was one of the founders of the Coopera cooperative, was producer in the initial years of Colineal. He have worked in Panama to install wooden doors, had sent his products to USA and has an outlet located in the Oro province.

The main reason to create the Master of Craftwork Guild was due to the excessive taxes and abuses by authorities. For instance, in the 70s León Meneses was a civilian head and politician, who ordered to the artisan workshops to move into Cuenca rural areas where there was no potable water, electricity or improved roads. Hence, in 1963 different timber activities decided to join to face that mandate funding the guild.

The Law for Artisan Defense is the regulation used since 1953 to protect those working in any artisan activity such as: beauty salons, timber workshops, shoe shop and others. The industrial sector has been made to rid of this law due to the alleged benefits for the artisans that allow them to compete unfairly in the market. Moreover, there is other internal normative to get its operating license, such as: National Federation Statute. This Statute establishes that each guild must have its own statute (illustration 107) in which is determinate the directory that must change every 2 years. The authorities are eligible for re-election for once. Every month a Sunday is chosen to make meetings with the active guild members (60).

Illustration 94 National Federation Statute



Statute photography

Illustration 93 Guild Statute



Statute photography

Mr. Quito stated that Artepractico was the first timber school in Cuenca. As Artepractico was a company it was also the largest timber workshop. It bankrupt with the company and was replaced by the new training institute Centro de Reconversión Económica del Azuay CREA in areas such as: jewelry, shoe shop, artistic forge, joinery and carver. Also it had the support of the Spanish government creating the artisan baccalaureate located in Mexico and Americas Avenues (currently called SENPLADES).

Mr. Quito makes available his workshop to train his employees and other who are interested in learning. However, he also receives trainings from Condor lacquers and Placacentro boards

Illustration 95 Training room



Source: Mr. Rafael Quito workshop

Timber problematic areas:

- Before dollarization, the duration of the furniture manufacturing was about one month because of the carved phase because these products were considered as art treasures. Hence, currently the prices decrease because the production is linear and preferred by the market.
- The competition has been improving. Before there were artisans needed to design models and nowadays there are some cutting plants (for example: Edimca) to avoid intermediaries.
- Until a few years ago, there was an obligation to affiliate with any guild. Starting May 14 2008 was published in the First Supplement No. 336 which establishes that no professional person has as an obligation to affiliate with a guild. Hence, this was the main reason for the decrease in the members number.
- The new law on capital gains affected the building industry and in an indirect way, the timber artisans related were affected as well due to the fall in sales.
- There is no associativity yet because each artisan prefers to organize events or take part in fairs as an independent one. The lack of trust between artisans and the high competence level in the timber sector has made that the associativity is hard to get because it makes difficult the organization. For instance, Jorge Piedra donated a terrain to be the corporate headquarters of the guild, conduct trainings and make fairs for the artisans. However, currently this ground is used as a social space and a single fair was carried out in charge of just 4 members. To conclude, the cooperation should be promoted in order to improve the competitiveness.

Illustration 96 Guild fair and its location.



Guild flyers

3.6 Export audit summary table

3.6.1 Administrative area

		COMPANIES																					
		ADMINISTRATIVE AREA																					
		1.- Vitefama	2.- Maderas valdez	3.- Artemueble	4.- Ofiicenter	5.- Diserval	6.- Juguetes y Material Didáctico "Pato"	7.- Burgués	8.- Madeform	9.- Stilo muebles	10.- Moblime	11.- Arquiprod Cía. Ltda.	12.- Muebles Disar	13.- Santana muebles	14.- Unpluss	15.- Muebles J & B	16.- Mobeline	17.- Megamuebles Belén	18.- Madernova	19.- Muebles Novoa	20.- Muebles Chelita		
Strategic plan for the local market	1	Strategic plan	5	3	3	3	5	3	5	3	3	5	0	5	0	0	0	3	5	5	3	0	0
	2	Organizational objectives	5	0	5	5	3	0	5	0	5	5	5	0	5	0	0	3	5	5	3	3	3
	3	Elaborated strategic objectives	3	0	3	5	3	3	0	5	5	5	0	5	0	0	3	5	5	0	3	0	3
	4	Export operations	0	0	3	3	5	0	5	0	0	5	0	3	3	3	0	0	3	3	3	0	0
	5	Export program	0	0	0	3	3	3	0	3	0	0	0	0	0	3	0	0	3	0	0	0	0
	6	Competitive advantage	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Document management	7	Organization chart	0	3	3	5	5	0	5	3	0	5	5	0	0	0	3	0	0	3	0	0	0
	8	Qualified administrative staff	5	0	5	5	3	5	5	3	5	5	3	5	5	5	5	5	5	5	5	5	5
	9	Quality management	0	0	3	0	3	5	5	0	0	3	0	0	0	0	3	0	3	0	0	0	0
	10	Control systems	5	0	5	5	3	5	5	5	0	5	5	5	5	5	0	3	5	5	5	5	5
	11	Alliances with competitors	5	0	0	5	5	0	0	0	0	0	0	5	0	0	0	0	5	5	3	0	3
	12	Internal communication system	5	5	5	5	3	5	5	3	5	5	5	3	5	5	3	5	3	0	5	0	5
	13	Foreign trade area	0	0	0	5	3	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0
TOTAL			38	16	40	49	55	33	48	29	24	48	35	18	44	23	23	25	28	45	29	29	

Source: prepared by the authors.

ADMINISTRATIVE AREA POSITIONING		PTS
1	Diserval	55
2	Ofiicenter	49
3	Burgués	48
4	Moblime	48
5	Madernova	45
6	Santana muebles	44
7	Artemueble	40
8	Vitefama	38
9	Arquiprod Cía. Ltda.	35
10	Juguetes y Material Didáctico "Pato"	33
11	Madeform	29
12	Muebles Novoa	29
13	Muebles Chelita	29
14	Megamuebles Belén	28
15	Mobeline	25
16	Stilo muebles	24
17	Unpluss	23
18	Muebles J & B	23
19	Muebles Disar	18
20	Maderas Valdez	16

According to the administrative summary table, the SMES' grade is over 65 points. In this way, Diserval (55 points) occupies the first position and Maderas Valdez (16 points) the last one.

Source: prepared by the authors.

3.6.2 Financial area

			COMPANIES																			
			1.- Vitefama	2.- Maderas valdez	3.- Artemueble	4.- Ofiicenter	5.- Diserval	6.- Juguetes y Material Didáctico "Pato"	7.- Burgués	8.- Madeform	9.- Stilo muebles	10.- Moblime	11.- Arquiprod Cía. Ltda.	12.- Muebles Disar	13.- Santana muebles	14.- Unpluss	15.- Muebles J & B	16.- Mobeline	17.- Megamuebles Belén	18.- Madernova	19.- Muebles Novoa	20.- Muebles Chelita
Financial information	14	General budget	0	3	5	3	5	3	3	3	5	0	0	3	3	3	3	0	3	3	3	3
	15	Cash flows or other financial statements	5	0	5	5	0	0	0	5	3	3	5	0	0	5	0	5	0	5	5	5
	16	Updated financial information	5	0	5	5	0	0	5	5	0	3	0	3	5	5	0	0	3	3	5	5
	17	Costs analyses	5	5	0	5	5	0	3	0	5	5	5	5	5	0	0	0	3	5	5	5
	18	Financial information periodicity	5	0	3	5	5	3	5	5	5	5	5	5	5	5	3	5	3	5	3	5
	19	Qualified financial staff	5	0	5	5	5	5	5	5	5	5	5	3	5	5	5	5	5	5	5	5
	20	Profit margin	5	3	5	3	5	3	3	0	5	5	5	3	5	3	5	5	5	5	3	3
	21	Funding sources	5	5	5	3	5	3	5	5	3	5	5	5	3	0	3	0	5	3	5	3
	22	Specific budget for new projects	3	3	3	5	0	5	0	0	0	0	0	0	5	0	3	0	0	3	3	5
	23	IRS relations	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
	24	Export program information	3	3	3	0	5	3	3	0	3	0	0	0	0	0	0	0	0	0	0	0
TOTAL			46	27	44	44	40	30	37	33	39	36	35	32	41	31	27	25	32	42	42	44

Source: prepared by the authors.

According to the financial summary table, the SMES' grade is over 50 points. In this way, Vitefama (46 points) occupies the first position and Mobeline (25 points) the last one.

FINANCIAL AREA POSITIONING		PTS
1	Vitefama	46
2	Artemueble	44
3	Ofiicenter	44
4	Muebles Chelita	44
5	Madernova	42
6	Muebles Novoa	42
7	Santana muebles	41
8	Diserval	40
9	Stilo muebles	39
10	Burgués	37
11	Moblime	36
12	Arquiprod Cía. Ltda.	35
13	Madeform	33
14	Muebles Disar	32
15	Megamuebles Belén	32
16	Unpluss	31
17	Juguetes y Material Didáctico "Pato"	30
18	Maderas valdez	27
19	Muebles J & B	27
20	Mobeline	25

Source: prepared by the authors.

3.6.3 Productive area

			COMPANIES																				
			PRODUCTIVE AREA																				
			1.- Vitefama	2.- Maderas valdez	3.- Artemueble	4.- Ofiicenter	5.- Diserval	6.- Juguetes y Material Didáctico "Pato"	7.- Burgués	8.- Madeform	9.- Stilo muebles	10.- Moblime	11.- Arquiprod Cía. Ltda.	12.- Muebles Disar	13.- Santana muebles	14.- Unpluss	15.- Muebles J & B	16.- Mobeline	17.- Megamuebles Belén	18.- Madernova	19.- Muebles Novoa	20.- Muebles Chelita	
Market research	1	National and international market researches	5	3	0	3	3	0	0	3	0	0	5	5	5	0	3	5	5	3	0	3	0
	2	Economic, geographic, financial and political information of potential countries.	5	0	0	0	5	0	0	3	0	0	3	0	0	0	0	0	0	0	0	0	0
	3	International demand of its products	3	0	3	0	0	0	0	0	0	0	3	0	3	0	0	0	0	0	0	0	0
	4	Market research tools	3	0	3	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	0	0
Process development and product design	5	High added value	5	5	5	5	5	5	5	5	5	5	0	5	5	5	5	5	5	5	5	5	
	6	Added value improvement	5	5	5	5	5	5	5	5	5	5	0	5	5	5	5	5	5	5	5	5	
	7	Technical standards of quality	3	0	0	3	3	3	3	0	3	0	5	0	0	0	0	0	0	0	5	3	3
	8	Legal protection of designs and products	0	0	0	3	5	0	0	0	0	0	5	0	0	3	0	3	0	3	0	0	0
Production system	9	Production processes	3	0	3	0	3	3	5	0	0	5	0	0	0	0	0	3	0	0	0	3	
	10	Quality control and product characteristics	5	3	5	0	5	5	5	5	0	5	5	5	5	5	5	5	3	0	5	5	
	11	Customized orders production	3	5	5	5	5	5	5	5	5	5	5	5	5	5	3	5	3	5	5	5	
	12	Industrialization level	3	3	5	3	3	3	3	5	0	5	0	3	3	0	0	3	3	3	5	0	
	13	Star product production level	5	3	3	3	5	0	3	3	0	5	3	3	3	3	5	3	5	3	5	3	
	14	Storage capacity	5	3	5	0	3	3	3	5	5	3	5	3	5	3	5	0	5	0	0	5	
	15	Qualified maintenance staff	5	3	3	3	5	3	5	3	3	5	5	5	5	5	5	5	5	3	5	3	
Logistic and inventories	16	Raw material suppliers	5	5	5	3	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
	17	Technical criterion for raw material purchase	5	3	3	5	3	5	5	5	3	5	0	3	5	0	0	0	5	5	5	5	
	18	National or international raw material percentage	3	5	5	5	5	3	5	3	3	3	3	3	3	3	5	0	3	3	5	5	
	19	Storage registers and procedures	3	0	0	5	3	0	3	0	3	5	0	3	3	0	0	0	0	5	5	5	
Environmental administration	20	Environment management requirements	5	5	5	5	5	5	5	5	5	5	5	3	0	0	5	5	0	5	5	5	
	21	Problems with nearby communities	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
	22	Recycling programs	5	5	5	5	5	5	5	5	0	5	5	5	5	5	5	5	0	5	5	5	
	23	Requirements or ordinances for the correct enviroment management	5	5	5	5	5	3	5	0	5	5	5	5	3	5	3	5	5	5	3	3	3
TOTAL			94	66	78	71	91	68	78	72	55	86	70	69	75	53	68	58	64	71	79	75	

PRODUCTIVE AREA POSITIONING		PTS
1	Vitefama	94
2	Diserval	91
3	Moblime	86
4	Muebles Novoa	79
5	Artemueble	78
6	Burgués	78
7	Santana muebles	75
8	Muebles Chelita	75
9	Madeform	72
10	Ofiicenter	71
11	Madernova	71
12	Arquiprod Cía. Ltda.	70
13	Muebles Disar	69
14	Juguetes y Material Didáctico "Pato"	68
15	Muebles J & B	68
16	Maderas valdez	66
17	Megamuebles Belén	64
18	Mobeline	58
19	Stilo muebles	55
20	Unpluss	53

According to the productive summary table, the SMES´ grade is over 100 points. In this way, Vitefama (94 points) occupies the first position and Unpluss (51 points) the last one.

Source: prepared by the authors.

According to the productive summary table, the SMES' grade is over 100 points. In this way, Vitefama (94 points) occupies the first position and Unpluss (51 points) the last one.

Source: prepared by the authors.

3.6.4 Sales area

			COMPANIES																			
			1.- Vitefama	2.- Maderas valdez	3.- Artemueble	4.- Oficenter	5.- Diserval	6.- Juguetes y Material Didáctico "Pato"	7.- Burgués	8.- Madeform	9.- Stilo muebles	10.- Moblime	11.- Arquiprod Cía. Ltda.	12.- Muebles Disar	13.- Santana muebles	14.- Unpluss	15.- Muebles J & B	16.- Mobeline	17.- Megamuebles Belén	18.- Madernova	19.- Muebles Novoa	20.- Muebles Chelita
Sales	48	Qualified staff of sales and marketing department	5	3	5	0	5	0	5	0	5	0	3	3	5	5	5	5	5	0	5	5
	49	Specific budget for sales and marketing activities	5	0	5	3	5	0	0	3	0	0	0	5	5	0	5	5	0	0	3	3
	50	Advertising material	5	3	5	5	3	3	3	5	0	5	0	5	5	0	5	5	0	0	5	0
	51	Marketing plans	5	0	5	5	5	5	3	5	0	5	0	5	5	0	5	0	5	0	5	0
	52	Legal protection of the commercial logo	3	0	3	3	5	0	5	0	3	3	5	3	5	3	0	3	0	0	3	0
Customer service	53	Web page or social networks	5	0	5	3	5	5	3	5	3	5	0	5	5	0	3	0	0	0	3	3
	54	Qualified staff of customer service	5	0	5	5	5	0	5	5	0	5	0	5	5	0	5	5	0	3	5	5
	55	Customer service procedures	5	0	3	5	5	0	5	0	5	0	5	0	5	5	3	5	5	0	0	0
	56	Distribution channels	5	5	5	5	3	5	5	5	5	5	5	5	5	5	3	5	5	5	5	5
	57	Product warranty and product returns	5	0	5	5	5	5	5	5	5	5	3	5	5	5	5	5	5	5	5	5
TOTAL			48	11	46	39	48	19	41	33	31	28	26	36	50	28	31	41	30	10	34	26

Source: prepared by the authors.

SALES AREA POSITIONING		PTS
1	Santana muebles	50
2	Vitefama	48
3	Diserval	48
4	Artemueble	46
5	Burgués	41
6	Mobeline	41
7	Oficenter	39
8	Muebles Disar	36
9	Muebles Novoa	34
10	Madeform	33
11	Stilo muebles	31
12	Muebles J & B	31
13	Megamuebles Belén	30
14	Moblime	28
15	Unpluss	28
16	Arquiprod Cía. Ltda.	26
17	Muebles Chelita	26
18	Juguetes y Material Didáctico "Pato"	19
19	Maderas valdez	11
20	Madernova	10

According to the sales summary table, the SMES' grade is over 50 points. In this way, Santana Muebles (50 points) occupies the first position and Madernova (10 points) the last one.

Source: prepared by the authors.

3.7 Conclusions

This chapter embraces the information-collecting process of the timber SMES in Cuenca canton. There are different situations within each company, some of them have more employees than others and the rest have stronger sales but all of them has as their main goal: the customer satisfaction.

On the whole; most companies were affected by the law on capital gains, the economic crisis and the safeguards. Some interviewed businesses have sought new strategies to subsist in the market and remain profitable. The economic instability was the main factor for the closure of firms due to a significant proportion of them depend on the government purchases.

A strong threat is related to the Chinese furniture imports because it is considered that the country does not have the technologic level required to compete internationally. Vitefama is the only enterprise considered as ready to export. The rest of the businesses analyzed must improve some different aspects.

To conclude, it was considered important to interview experts such as: Innovacentro that states the lack of cooperation as the principal obstacle for the correct timber sector development. On the other hand, the guild president reiterates about the bad conditions in the sector due to the non-compliance of the normative.

CHAPTER 4: ANALYSIS OF STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ACCORDING TO THE ECONOMIC ACTIVITIES OF THE SECTOR OF THE WOOD.

4.1 Introduction

This chapter describes the strengths, weaknesses, opportunities and threats as indicators of enterprises in order to analyze which are internal and external factors that should improve or face through strategic measures; with the additional objective of avoiding or eliminating, likewise, other aspects that could harm to the business.

4.2 SWOT Analysis

It comes from an acronym SWOT in English (strengths, Weaknesses, Opportunities, Threats). SWOT technique analyzes the internal company factors and external factors also evaluates the strategic situation in the environment and since such strategies are going to be implement for the fulfillment of the goals.

4.3 Methodology for the development of the SWOT technique

According to the study design, it was raised seek support from institutions such as the Ministry of Industry and Productivity (MIPRO), the Chamber of Small Industry of Azuay (CAPIA), the Municipal Public Enterprise for Economic Development of Cuenca (EDEC) ; and other institutions to begin with the approach to small and medium enterprises; thus it was possible to survey information phase in which the exporaudit (export audit), which allowed to analyze the administrative, financial, production and sales area; which allowed to evaluate the exporting capacity of the business.

Following the collection of information a SWOT analysis will be applied to each of the SMEs interviewed to establish what should be done with the strengths and opportunities (SO), and in what must be kept a precaution of the weaknesses and threats (WT).

	Factors that should be done to achieve the objectives	Factors that should not be done because it limits the achievement of objectives
Internal factors	Strengths	Weaknesses
External factors	Opportunities	Threats

Based on the quantitative and qualitative data obtained in the exporaudit study, the values have been weighted according to the score obtained. The strengths and opportunities have been expressed to those resulting in the higher score; it means above 5 points. Meanwhile the less score equal to 0 points has been evaluated as the weaknesses and the areas scored with 3 points has been determined as threats.

4.4 Manufacture of modular furniture

Diserval: manufacture of furniture of any material in general. Star product: office stations.

Arquiprod Cia. Ltda.: manufacture of furniture in general. Star product: doors.

Officenter: furniture manufacturing in general. Star product: kitchen furniture.

4.4.1 SWOT - productive activity manufacturing modular furniture: Diserval - Arquiprod - Officenter - Stilo Furniture

Strengths	Weaknesses
<ul style="list-style-type: none"> • Mission and Vision Strategic Plan • Features Competitive Differentiating • It has an internal communication system • They have budgets fixed or handle a financial statement • Products with high added value • Increase Technical processes in boards, the rest even handcrafted. • Make products on request • Carry out marketing plans, promotions, presentations • They have procedures on care and customer service • Meet the requirements of environmental management 	<ul style="list-style-type: none"> • Do not have a productive control system that is modernized, it is handcrafted. • They have not participated in certification projects, quality management, etc. • It is not possible to plan in long term due to market uncertainty • Standards are based on quality, but still not certified. • Do not have a functional organization, or if they have it but it is not defined all tasks • Most have logo and designs, but not registered or patented. • Not considered to be ready to export
Opportunities	Threats
<ul style="list-style-type: none"> • The desire to obtain more information of the market and export opportunities • To have information or project towards new markets • Ability to new forms of financing either their own capital, public or private financial 	<ul style="list-style-type: none"> • Consider that Ecuador is not competitive because the cost of labor • Because of the economic crisis has decreased the total production and staff • Lack of taxation of craft workshops • Products imported from minor costs

Source: Exporaudit applied.

Author: Prepared by the authors

4.4.2 Strategies SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> • Generating projects of diffusion of the products of high value added like: fairs or exhibitions nationwide • Develop a country brand either the wood industry or economic activity for producers. • Develop training in the sales and marketing of timber products. • Promote recycling projects timber waste, in which it can generate other products. 	<ul style="list-style-type: none"> • To develop a plan to implement the technical certifications, which will improve the productivity of raw material suppliers and manufacturers. • Promote and socialize the importance of patents and records.
Opportunities	Threats
<ul style="list-style-type: none"> • Doing networking in which it promotes export and timber industry. • State propose to different plans whether incentives or policies to promote the sector. 	<ul style="list-style-type: none"> • Develop a plan to promote and boost the sector either tax incentives or other public policies to promote the sector. • A study of the impact of imported furniture against local competition based on costs

Source: Exporaudit applied

Author: Prepared by the authors

4.5 Timber Sales

Maderas Valdez: wholesale of wood. **Major product:** floors of wood

4.5.1 SWOT productive -Activity of wholesale timber: Maderas Valdéz

Strengths	Weaknesses
<ul style="list-style-type: none">• Mission, vision and Strategic Plan• Differentiating characteristics representing the business as a competitive one.• It has an internal communication system• It has not had any problem with institutions such as the Internal Revenue Service (SRI) or others.• It has high value-added products.• It performs products on request to meet specific customer requirements characteristics.• It has sufficient sources of suppliers.• Manufacturing processes do not cause damage to the surrounding communities.• Fulfills the requirements for proper operation under ambient conditions.• Commercial channels available for proper distribution.	<ul style="list-style-type: none">• It does not have sufficient formality in organizational objectives which have not been communicated to other workers.• It does not have proper planning of strategic objectives.• It does not have a program or export project.• It does not have enough trained staff in the administrative area.• It has not participated in certification projects, quality management, etc.• It does not have rigid control systems for the activities of the company or for production.• Does not have a specific general budget for the current year, the presence of a deficit in the economic area of the company is ensured.• It does not have enough trained staff in the financial area.• It does not have any kind of information that can clarify the international scene in demand for its products.• It does not protect their business name, slogan or legally designs.• The purchase of the raw material is not based on any technical criteria, rather it is done in a very subjective way.• No staff or an area for marketing and sales.• It does not have enough staff trained in the area of customer service.
Opportunities	Threats
<ul style="list-style-type: none">• Search for new niches local markets• Have information on plans for expansion into new markets.	<ul style="list-style-type: none">• Due to the economic crisis of the domestic market has decreased its total production.• Elevated level of unfair competition.

Source: Exporaudit applied

Author: Prepared by the authors

4.5.2 SWOT Strategies

Strengths	Weaknesses
<ul style="list-style-type: none">• Promote the elevated level of quality control in each production processes in order to increase the number of customers.	<ul style="list-style-type: none">• . Improve marketing and sales area incorporating new personnel trained enough for a formal development of advertising and business promotion and products
Opportunities	Threats
<ul style="list-style-type: none">• Encourage new concrete plans and specific training for the timber sector in Cuenca in connection with export issues.	<ul style="list-style-type: none">• Restructuring plans and conduct market research in order to find new target markets.

Source: Exporaudit applied

Author: Prepared by the authors

Source: Exporaudit applied

Author: Prepared by the authors

4.6.2 Strategies for SWOT

4.6 Manufacture of crafts

Juguetes y material didáctico “Pato”: Manufacture of crafts of wood.

Major product: complements for education

4.6.1 SWOT productive -Activity on making handicrafts: toys and learning materials " Pato"

Strengths	Weaknesses
<ul style="list-style-type: none"> • Differentiating characteristics that it is representing the business as a competitive one. • It has participated in certification projects with the Dutch firm Naya Naya. • It has rigid control systems for the activities of the company and the production. • It has enough trained staff in the administrative and financial area. • It has a specific budget for the development of new projects. • It has not had any problem with institutions such as the Internal Revenue Service (SRI) or others. • It has high value-added products. • Performs products on request to meet specific customer requirements characteristics. • The purchase of the raw material is based on technical criteria related to cost and quality. • Manufacturing processes do not cause damage to the surrounding communities. • It has clear procedures for the application of safeguards. 	<ul style="list-style-type: none"> • Nowadays it does not have enough formality in organizational goals, so they have not been communicated to other workers. • It does not have a program or export project. • Currently it does not have a functional organization. • There are not realized researches national or international market • It does not have any kind of information that could clarify the international scene in demand for its products. • It does not protect its own business name, slogan or legally designs. • No staff or an area for marketing and sales. • It does not have enough staff trained in the area of customer service.
Opportunities	Threats
<ul style="list-style-type: none"> • It desires to export • Information on plans for expansion into new markets specifically on toys and learning materials. 	<ul style="list-style-type: none"> • Total demand reduction. • Elevated level of unfair competition with low costs.
Strengths	Weaknesses

<ul style="list-style-type: none"> • Promoting the high-quality registered under the Dutch signature of the Non-Governmental Organization (NGO) Naya Nayon in order to re-establish its position in the local market. 	<ul style="list-style-type: none"> • Improving dependability in each of the areas of the company to meet the parameters applied exporaudit.
Opportunities	Threats
<ul style="list-style-type: none"> • Encourage new concrete plans and specific training for the timber sector, more specifically in toys and educational materials in Cuenca regarding export issues. 	<ul style="list-style-type: none"> • Analyze all possible new opportunities and strategies to keep the business profitable.

Source: Exporaudit applied.

Author: Prepared by the authors

4.7 Manufacture of furniture of wood

Artemueble: Manufacture of furniture of wood

Major product: bedrooms.

Vitefama: Manufacture of furniture of any material.

Major product: bedrooms.

Burgués: Manufacture of furniture of wood of all kinds.

Major product: doors.

Madeform: manufacture of furniture of wood.

Source: Exporaudit

4.7.1 SWOT -Activity production on manufacturing furniture of wood:

Artemueble, Vitefama, Burgués, Madeform, Furniture DISAR, Santana Furniture, JYB, Mobeline, Megamuebles Belen, Furniture Novoa.

Strengths	Weaknesses
<ul style="list-style-type: none">• They have a marketing plan with detailed objectives.• Differentiating characteristics representing business and competition.• They have rigid control systems for the activities of the company and the production.• They have enough trained staff in the administrative and financial area.• They have not had any problem with institutions such as the Internal Revenue Service (SRI) or others.• They have high value-added products.• They have enough sources of suppliers.• Manufacturing processes do not cause damage to the surrounding communities.• Meet the requirements for proper operation under ambient conditions.• They have clear procedures for the application of safeguards.• Operational support staff ensures that the business runs effectively.	<ul style="list-style-type: none">• Nowadays it does not have sufficient formality in organizational goals, so they have not been communicated to other workers.• It does not have a program or export project.• Currently it does not have a functional organization.• There are not enough researches and information of national or international market• It does not protect its own business name, slogan or legally designs.• No staff or an area for marketing and sales.• It does not have enough staff trained in the area of customer service.• Lack of market research tools for local products• Not hold meetings or alliances with competitors• Santana DISAR furniture and furniture without direct selling point is distribution and fairs.
Opportunities	Threats
<ul style="list-style-type: none">• Markets nationwide to visit.• Analysis of new needs.• New construction markets	<ul style="list-style-type: none">• Suppliers who offer raw materials of low-quality• Disappearance of raw materials.• High international competition in the domestic market.• Law of capital gains (it affects the construction sector, so it affects to people who made furniture's for new houses)• There are not all the necessary raw materials in the country.

Author: Prepared by the authors

4.7.2 SWOT Strategies

Source: Exporaudit applied

Author: Prepared by the authors

Strengths	Weaknesses
<ul style="list-style-type: none"> • Developing a marketing and advertising brings over the potential of economic activity in manufacturing furniture of the sector of wood. • Developing a proper advertising and promotion on products and its constant improvements in relation with added value. 	<ul style="list-style-type: none"> • Promote partnership between the supply chain of timber. • Alliances to reduce costs in planning fairs in different locations nationwide.
Opportunities	Threats
<ul style="list-style-type: none"> • Promoting partnerships as well as technical assistance for the specific needs of SMEs in the timber sector. • Protecting legally trade names and designs to avoid or reduce the presence of unfair competition. 	<ul style="list-style-type: none"> • Generating a cooperation plan research and development potential to reduce costs products. • Analyze new sources of suppliers to avoid dependence.

4.8 Furniture of wood and metal

Moblime: Manufacture of metal furniture. **Major product:** metal chairs

Source: Exporaudit applied

4.8.1 SWOT -Activity productive manufacture of metal furniture: Moblime	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Mission and Vision Strategic Plan • Organizational objectives in the short, medium and long term • It has proper planning • They are differentiating and have competitive advantages over other companies • It has one functional organization • It has been trained and have been part of providing training in different areas with the (EDEC) • It has an internal communication system • They made production on an individual basis as well as mass production 	<ul style="list-style-type: none"> • The export area is not handled, only they exported once by the company SwissContact. • Received trained on quality standards, but still not certified • No information on foreign trade, export and current information. • It has not patented designs • No quality standards but they have INEN in some of their products. • They require better manage the brand and the commercial area
Opportunities	Threats
<ul style="list-style-type: none"> • Deliver and distribution of furniture in other cities and agreements with the chain Mi Comisariato • They are looking to expand into other markets or outlets 	<ul style="list-style-type: none"> • Chairs imported from China destroys the competition in the market due to the difference of prices with the national costs. • In Ecuador iron is not produced and it is one of the raw material for the chairs of Moblime.

Author: Prepared by the authors

4.8.2 SWOT Strategies

Strengths	Weaknesses
<ul style="list-style-type: none"> • Creating a system of cooperation between SMEs teaching, where there is an exchange of knowledge. 	<ul style="list-style-type: none"> • Mechanisms to encourage investment or alliances of sources of raw materials
Opportunities	Threats
<ul style="list-style-type: none"> • Promoting local projects that identify new markets 	<ul style="list-style-type: none"> • Generate policies of import quotas of products that are produced locally.

Source: Exporaudit applied

Author: Prepared by the authors

4.9 Carpentry

Unpluss: activities of final carpentry for the completion and ended. **Major product:** doors.

Madernova: activities of carpentry. **Major product:** wardrobes and beds.

Muebles Chelita: provision of services in carpentry. **Major product:** dining rooms, closets, furniture of room.

Source: Exporaudit applied

4.9.1 SWOT - productive activity on carpentry services: Unpluss, Madernova, Furniture Chelita.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Differentiating characteristics representing the business as a competitive one. • They have rigid control systems for the activities of the company and the production. • They have enough trained staff in the administrative and financial area. • They have not had any problem with institutions such as the Internal Revenue Service (SRI) or others. • They have high value-added products. • Request products to meet specific customer requirements characteristics. • It has sufficient sources of suppliers. • Manufacturing processes do not cause damage to the surrounding communities. • Meet the requirements for proper operation under ambient conditions. • They have clear procedures for the application of safeguards. 	<ul style="list-style-type: none"> • Nowadays it does not have sufficient formality in organizational goals, so they have not been communicated to other workers. • It does not have a program or export project. • Currently it does not have a functional organization. • They have not made any national or international market research. • It does not have any kind of information that could clarify the international scene in demand for its products. • It does not protect its own business name, slogan or legally designs. • No staff or an area for marketing and sales. • It does not have enough staff trained in the area of customer service.
Opportunities	Threats
<ul style="list-style-type: none"> • Access to new technologies that can be applied to boards industry • Expand its production line in terms of variety of designs • Incentives for SMEs in the timber sector to bring machinery. 	<ul style="list-style-type: none"> • Imported furniture and accessories. • Excessive national competition around the city.

Author: Prepared by the authors

4.9.2 Strategies SWOT

Strengths	Weaknesses
<ul style="list-style-type: none"> • Generate programs for proper promotion of products with high added value nationwide. 	<ul style="list-style-type: none"> • Increase formality in the administrative areas of enterprises in order to present its image as an attractive option for consumers to gain confidence in them. • Protecting legally trade names and designs in order to avoid loss in the number of customers due to unfair competition.
Opportunities	Threats
<ul style="list-style-type: none"> • State propose different plans to export incentives or policies to promote the timber industry. • Create interprovincial alliances to plan events that can contribute to the promotion and advertising of concerned business. 	<ul style="list-style-type: none"> • Develop a higher-level in the area of marketing and sales, in order to position in the market by preventing the presence of imported products is of great impact.

Source: Exporaudit applied

Author: Prepared by the authors

4.10 Conclusions

In this chapter was analyzed the SWOT of each of the economic activities of the companies interviewed in the last chapter; that's why it will be described in a general form some of the conclusions:

- Strengths in the economic activities from 20 companies; they count in the administrative part with a basic structure in it's organization, mission and vision. In the production they have a high added value, that's why they are recognized not only locally but nationally as "Cuenca furniture" with good quality and warranty. This has allowed to be diverse with the designs starting with special furniture or furniture made in series. In the sales chapter not all the companies have clear procedures referring to the client service, but, due to their experience and knowledge they have gained good name and prestige.
- Opportunities in the administrative area, it means that they can get experienced people to work in the different areas of the company; in the financial part SMEs count with incentives to bring machinery; in the production area each time there's more offer in technology to work in timber as lacquer, sponges, locksmith, etc., so the techniques will innovate, and in the sales area there are some companies that seek new markets niches so they will not stay in a single market.
- The most relevant Weaknesses are in the administrative area because they do not have a proper planning and if they have plans they are very basics; companies said it is due to the current economic situation of the country. In the financial area, despite they are up to date with SRI, some of them just carry a basic accounting method of incomes and expenses, so it doesn't allow them to keep new lines to launch or count with investments in the areas they need. In the area of production, there's no indicators of quality or national or international certifications about quality or procedures; companies mostly are certified of best product or participation in fairs; however is needed to measure the efficacy of all the resources that the company has to keep going accordingly to their goals.
- The most important Threats found in the study are the ones in the administrative area. The most competitive factor are the salaries in other countries being compared with the highest salaries in Ecuador. In financing area, even though there's incentives, the interest rates for acquisition of new assets usually are very high or the bank requirements are not available to be reached to all SMEs; in the productive aspect the raw material imported is essential because there's no any kind of production of it in the national market. The only production elements that can be found in Ecuador are timber and sponges. Also a big threat is the acquisition of imported furniture and the sale of them in lower prices. In the sales area a threat considered is the informality of many craft workshops.

5. CONCLUSIONS

Through an analysis of the sub timber sectors, according to the study can be concluded that:

- From the twenty interviewed companies in Cuenca, most of them make products with high added value as it is considered that, not only locally but nationally, Cuenca furniture is a representative of quality and has warranties, the same recognition has allowed a proper specialization in the manufacture of furniture, having as result to get customized designs or serial production.
- One of the strengths of the sector, focuses on the geographical situation of the country but more important as canton because it's easy to find diverse types of timber species, offering a big variety of products in any type of timber material.
- The state promoted public procurement as one of the incentives to support SMEs. However, due to the situation of the economic sphere of the country it is difficult to develop planning work because of this instability. For this reason the companies already stopped hiring more staff and even has come to dismiss people because many companies are still in the market for government purchases and as drastically decreased demand, sales and even the number of existing factories in the canton have decreased.
- Accounting or financial aspect of most of SMEs are reflected by financial statements of income and expenses, so that does not allow them to analyze the long term if they wish to make new lines launch or have investments for improvement projects in areas they need.
- In the area of production, there is a lack of quality indicators and legal certifications, whether these national or international. As for the final product or procedures, most companies only are involved in product exhibition fairs.
- The raw material supply for manufacturing subsector furniture is available nationally; however, the locksmith, upholstery technologically advanced tools and processes are necessary acquisition through import because there is no production of such goods within the country. This factor directly influences the production costs and competitiveness at local and international levels.
- One threat to the sector are the imports of substitute products from different markets, especially China, a situation that causes the presence of a cheaper product directly affecting prices and local sales.
- Because of the law of surplus value, there was a contraction in the construction sector indirectly affecting timber factories that supported this line, circumstance that caused the closure of businesses and dismissal of staff.

- Public policies and incentives are not sufficient to generate further growth in the timber sector because it is cheaper to produce and buy in neighboring countries like Colombia and Peru, for that reason, we are not an attractive market for the investors.
- A competitive factor is based on the hiring of labor, as compared to low wages in other countries, interest rates for the acquisition of new assets are usually very high or involve banking requirements that not everyone is available to fulfill as is the case of SMEs.
- The lack of associativity timber furniture subsector does not allow to increase the growth of this in several ways either: sales, experience, knowledge, innovation, investment, among others.
- Most SMEs know from sources that offer information on exporting their products to new destinations, search tools or customers they could get.

6. RECOMMENDATIONS

- Boost trade shows local products, nationally and internationally, in order to take advantage of the prestige earned, using it as a tool of differentiation sector.
- It requires fostering partnerships, not only as a competitive element in the markets, but because cost advantages obtained in storage, purchase of equipment, fairs, advertising broader, etc.
- Search for alliances and agreements for training, research for improving brand, production processes and funding for the sector, possibly creating a portfolio of quality suppliers increase the value added.
- Culture awareness certification for products look as attractive reaching the demands of international markets.
- It is required to measure the effectiveness of all the resources that the company has to go according to their goals.
- Provide information or generate export programs nationwide to all SMEs, with an emphasis on manufacturing subsector furniture and boards.
- To train the different SMEs in the timber sector, not only in related economic activities but seek training in other areas such as finance, production processes, value chain, administrative aspects; even though, they are empirical because not all businesses have such information for their growth.

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8. ANNEXES

ANNEX 1 List of all Micro, Small and Medium enterprises delivered by different institutions.

	RUC	Nombre	Categor	Actividad económica	Contacto
1	SIN RUC	MANUALIDADES DAZUR	-	Artesanías de madera	2875814
2	0190316246001	DISTRIBUIDORA IVAN GARCIA	-	Venta de productos de belleza	4173698
3	SIN RUC	DE LA TIERRA EN MADERA	-	Artesanías de madera	2842232
4	SIN RUC	IVAN RÍOS	-	Artesanías de madera	2860096
5	SIN RUC	KALA MOBILIARIO Y DECORADORA	-	Artesanías de madera	2838042
6	1703548667001	GRUPO FORESTAL Y MADERERO ROLAVI	-	Actividades de aserrado	2883500
7	SIN RUC	MUEBLES NOVO	-	Fabricación de muebles	4080529
8	SIN RUC	ECUANOR WALK THE FURNITURE IDEA ECUADOR CIA	-	Mueblería	-
9	SIN RUC	MAREL	-	Mueblería	-
10	0190166570001	CARPINTERIA Y TAPICERIA INTERNACIONAL CIA. LTDA	GRANDE	Fabricación de muebles	2809445
11	0190115151001	CARTONES NACIONALES S.A. CARTOPEL	GRANDE	Cajas de cartón	2860600
12	0190110001001	COLINEAL CORPORATION CIA. LTDA.	GRANDE	Fabricación de muebles	2806631
13	0190342824001	BURGUÉS CIA. LTDA.	MEDIANA	Fabricación de muebles	2885611
14	1400145072001	VITEFAMA	MEDIANA	Fabricación de muebles	4086454
15	01903161718001	AKTUELL MOBEL S.A.	MEDIANA	Fabricación de muebles	2802489
16	0190325903001	IDEA ESPACIOS	MEDIANA	Fabricación de muebles	4041938
17	0103298353001	MUEBLES VERA VAZQUEZ	MEDIANA	Venta de muebles	2847348
18	0190349527001	MADERPALLET CIA. LTDA.	MEDIANA	Fabricación de pallets	2876752
19	0190370828001	RECREA MUEBLES CIA. LTDA.	MEDIANA	Fabricación de muebles	2387161
20	0190342875001	ROWOOD MADERAS CIA. LTDA.	MEDIANA	Fabricación de muebles	2901215
21	0190345785001	ZONA MUEBLES ZONMUE CIA. LTDA.	MEDIANA	Venta de muebles	2849239
22	SIN RUC	ECUAMUEBLE CIA. LTDA.	MEDIANA	Fabricación de muebles	481332
23	0190400646001	GREENRAL S.A.	MEDIANA	Confitería	0993283421
24	190377407001	ECUAMADERAS	MEDIANA	Venta de artículos de muebles	2386914
25	0102935517001	DECOMUEBLES	PEQUEÑA	Fabricación de muebles	2891346
26	0100652403001	DISERVAL	PEQUEÑA	Fabricación de muebles	2820331
27	0190328570001	CREHABIT	PEQUEÑA	Fabricación de muebles	0984167322
28	0300494739001	SERVIMADERA	PEQUEÑA	Fabricación de muebles	4087498
29	0190060047001	CARDECA CIA. LTDA.	PEQUEÑA	Fabricación de muebles	2863053
30	0102279262001	JIMENEZ GALERIA FUSION	PEQUEÑA	Fabricación de muebles	4085960
31	0102298569001	MADERAS DE MONTAÑA MAHAVKAV	PEQUEÑA	Fabricación de muebles	2818352
32	0190326764001	MUEBLES BIENSTAR	PEQUEÑA	Fabricación de muebles	2898820
33	0190353478001	MUEBLESA	PEQUEÑA	Fabricación de muebles	2898904
34	1001450079001	HORTEGS	PEQUEÑA	Fabricación de instrumentos musicales	2809334
35	0190072630001	PRODUCTOS ROMOTT	PEQUEÑA	Fabricación de colchones	2860111
36	0103082913001	MOBELIQUE	PEQUEÑA	Fabricación de muebles	2882989
37	0190169448001	SOLRODAES CIA. LTDA.	PEQUEÑA	Explotación de bosques	2853461
38	0100035625001	"PATO JUGUETES Y MATERIAL DIDACTICO"	PEQUEÑA	Fabricación de juguetes de madera	4088833
39	0101807113001	ARTEMUEBLE	PEQUEÑA	Fabricación de muebles	2838101
40	0100870583001	LINEAAI MUEBLES	PEQUEÑA	Fabricación de muebles	4195174
41	0301027124001	MADERAS VALDEZ	PEQUEÑA	Fabricación de muebles	4173257
42	0300410693001	MUEBLES MADEFORM	PEQUEÑA	Fabricación de muebles	4104857
43	0602029985001	MUEBLES BELLO HOGAR	PEQUEÑA	Venta de muebles	2820006
44	0102496688001	OFFICENTER	PEQUEÑA	Fabricación de muebles	2476389
45	0190345076001	MADENZACORP	PEQUEÑA	Fabricación de muebles	4137259
46	0190085503001	MUEBLES CARRUSEL	PEQUEÑA	Fabricación de muebles	2843303
47	SIN RUC	CUENCA MOBILIARIO CUENCAMOBLE CIA. LTDA.	PEQUEÑA	Fabricación de muebles	2875514
48	SIN RUC	QUIMUR IMPORTACIONES CIA. LTDA.	PEQUEÑA	Venta de muebles	2476389
49	0190393852001	IFERI DECORACION CIA. LTDA.	PEQUEÑA	Venta de muebles	4103965
50	0102305406001	UNPLUS	PEQUEÑA	Fabricación de muebles	2888128
51	0101300424001	STATUS GALERIA	PEQUEÑA	Fabricación de muebles	4110230
52	0104137559001	TALLERES GATITA	PEQUEÑA	Tapizados y retapizados	0999137767
53	0103040614001	MEGAMUEBLES BELÉN	PEQUEÑA	Fabricación de muebles	4114458
54	0100847201001	MUEBLES CHELITA	PEQUEÑA	Servicios de ebanistería y carpintería	2898892
55	0101095180001	MOBLIME	PEQUEÑA	Fabricación de muebles de madera y me	2838425
56	0101795110001	MOBELINE	PEQUEÑA	Fabricación de muebles	2898371
57	0102916954001	STILO MUEBLES	PEQUEÑA	Elaboración de muebles y ebanistería	2845718
58	0103563103001	MUEBLES DISAR	PEQUEÑA	Fabricación de muebles	4126776
59	0101957470001	SANTANA MUEBLES	PEQUEÑA	Fabricación de muebles	2821409
60	0101173664001	GEMA MUEBLES	PEQUEÑA	Fabricación de muebles metalmeccánica	4104768
61	0190325903001	EXPOPALLET	PEQUEÑA	Fabricación de pallets	4101529
62	0105067276001	OVELINEA 2	PEQUEÑA	Fabricación de muebles	2855863
63	0104729231001	MULTILINEAS	PEQUEÑA	Fabricación de muebles	4087907
64	0101619674001	PADILLA NICOLA JOSE THOMAS	PEQUEÑA	Actividades de tapicería	4121231
65	0101711026001	ERGOLINE	PEQUEÑA	Fabricación de muebles	2844659
66	101859072001	QUINTANA GUIRACOA LUIS MACARIO	PEQUEÑA	Servicios de restauración de muebles	4132660
67	102935517001	DECOMUEBLES	PEQUEÑA	Fabricación de muebles	2891346
68	101693133001	MADERAS	PEQUEÑA	Fabricación de muebles	4100649
69	101383552001	MADERAS NOVOA	PEQUEÑA	Fabricación de muebles	2898872
70	102017225001	KIRANA	PEQUEÑA	Fabricación de muebles	2889462

71	0190318664001	CLASSIC COLLECTION KARPINTESA	PEQUEÑA	Fabricación de muebles	2875514
72	0190367460001	ALDANA SILLAS CIA. LTDA.	PEQUEÑA	Fabricación de muebles	2901094
73	0190384969001	MUEBLES DESIGNHOME HOMENCA CIA. LTDA.	PEQUEÑA	Venta de muebles	-
74	0190391051001	ARGMOVE CIA. LTDA.	PEQUEÑA	Venta de muebles	-
75	0104318597001	MADERNOVA	PEQUEÑA	Fabricación de muebles	0989830365
76	0300410693001	MADEFORM	PEQUEÑA	Fabricación de muebles	4104156
77	0103153425001	MUEBLES J y B	PEQUEÑA	Fabricación de muebles	4039139
78	0190095711001	MOBEL MARK	PEQUEÑA	Fabricación de muebles	2806933
79	0101683217001	TALLERES MAKKI	MICRO	Fabricación de instrumentos musicales	0990411978
80	0901344374001	TALLERES MADHER	MICRO	Fabricación de muebles	2250682
81	0102808649001	DISEÑO Y TALLADO	MICRO	Fabricación de muebles	4096666
82	0924237761001	DIANA PAOLA ROMERO GARZÓN	MICRO	Artesanías de madera	0968697745
83	0101015543001	ANA MARIA LEON GORDILLO	MICRO	Confección de prendas de vestir	2819253
84	0104781661001	BRINCA LA TABLITA CARPINTERIA INFANTIL	MICRO	Fabricación de muebles	0989515749
85	0190134997001	HUGO MARCELO ABRIL GALÁN	MICRO	Venta de comidas y bebidas	2174230
86	0300389541001	MANUEL CRUZ JUELA JADÁN	MICRO	Venta de productos varios	0989742458
87	0101335511001	LUIS ARTURO MATUTE ARSENTALES	MICRO	Artesanías de madera	2809968
88	0190423298001	ROLDÁN ÁLVAREZ	MICRO	Artesanías de madera	-
89	0102788452001	LUDI ART	MICRO	Artesanías de madera	4032344
90	0100023498001	MUEBLERÍA BOLÍVAR	MICRO	Fabricación de muebles	2822011
91	0190119572001	DEKORUM CIA. LTDA.	MICRO	Fabricación de muebles	2812812
92	0104829353001	ECO STILOS	MICRO	Fabricación de muebles	2475430
93	0101615094001	CENTRO MUNICIPAL ARTESANAL	MICRO	Artesanías de madera	2845854
94	0101867174001	MUEBLES COVI (INNOVACENTRO DE LA MADERA)	MICRO	Fabricación de muebles	2809299
95	0102980067001	DETALLES MUEBLES	MICRO	Fabricación de muebles	2800798
96	0150883502001	ECUADOR HANDMADE	MICRO	Artesanías de madera	0995405329
97	0101494730001	LINAJE MUEBLES	MICRO	Fabricación de muebles	0995503532
98	0101786747001	GALERIA ARTES DEL BARRANCO	MICRO	Artesanías de madera	0987642429
99	0104040431001	JUAN FERNANDO HIDALGO CORDERO	MICRO	Artesanías	2885714
100	0101675718001	MIGUEL ILLESCAS	MICRO	Artesanías de madera	2862654
101	0103623898001	ANANDO ARTE Y DECORACIÓN	MICRO	Artesanías de madera	4111706
102	0102122546001	QUIMERA	MICRO	Fabricación de muebles	4104363
103	0101559540001	GALERIAS KAROLINA	MICRO	Fabricación de muebles	2821160
104	0102408267001	SERVIMUEBLE	MICRO	Fabricación de muebles	0984713002
105	0103774832001	TALLARE	MICRO	Artesanías de madera	2837942
106	0104612908001	EDISON CHRISTIAN SOLA TENEPAGUAY	MICRO	Artesanías de madera	4189549
107	0103772026001	AMBIENTAR	MICRO	Fabricación de muebles	4097537
108	0190334104001	SERVIMUEBLE CIA. LTDA.	MICRO	Venta de muebles	-
109	0190345920001	TERMOTEC PVC CIA. LTDA.	MICRO	Fabricación de muebles	2858229
110	0101417632001	MUEBLERÍA YOLITA	MICRO	Venta de muebles	2829703
111	1704072998001	TOP LINE	MICRO	Fabricación de muebles	-
112	0102210770001	DISEÑO Y CONFORT	MICRO	Alquiler de bienes inmuebles	-
113	0102297504001	CRÉDITOS LAURYVAN	MICRO	Venta de muebles	2841083
114	0301218756001	KARPINTESA	MICRO	Fabricación de muebles	0997562857
115	0100230945001	INDUSTRIA MADERERA DEL AUSTRO -IMA	MICRO	Alquiler de bienes inmuebles	2861571
116	0101813137001	GUZMAN NOVILLO EDGAR ENRIQUE	MICRO	Venta de productos lácteos	4040336
117	0103208195001	MARIA AGUSTA PAUTA SERRANO	MICRO	Artesanías de madera	2892379
118	0190147622001	SEGUNDO ELOY AYABACA GUILLERMO	MICRO	Fabricación de muebles de construcción	2857532
119	0106545122001	LAIA	MICRO	Venta de prendas de vestir	2825941
120	0105724926001	JUAN ANDRES GALARZA	MICRO	Prestación de servicios profesionales	0983112954
121	0105674782001	ARTEMMA ARTE Y RELIGION	MICRO	Artesanías de madera	4082744
122	0102193091001	ABRIL INSUASTI STANDS CIA. LTDA.	MICRO	Fabricación de muebles	4092339
123	0190150070001	FORCONT FORMAS Y CONTRASTES COMPANIA LIMITA	MICRO	Venta de muebles	-

ANNEX 2 List of Companies candidates to the study who did not participate

1. Madenzacorp
2. Carrusel
3. Maderpallet
4. Cardeca
5. Mobel Mark
6. Mueblesa
7. Status gallery
8. Jimenez gallery
9. Linea A1
10. Carpintería Internacional
11. Crehabit
12. Bello Hogar
13. Muebles Vera Vásquez


ANNEX 3 Table of qualifying for the Exporaudit

CALIFICACION		
CUMPLE (5pts)	PARCIALMENTE (3pts)	NO CUMPLE (0pt)
Si cumple y usa	Cumple o usa	Ninguna
Si cumple y usa	Cumple o usa	Ninguna
Si cumple y usa	Cumple o usa	Ninguna
Tiene	Cumple o usa	Ninguna
Si ha exportado	No ha exportado, pero tiene expectativa	No ha exportado, no quiere 0 pts.
Si cumple y usa	Cumple o usa	Ninguna
Si cumple y usa	Cumple o usa	Ninguna
Si cumple y usa	Cumple o usa	Ninguna
Si cumple y tiene	Solo participa	Ninguna
Si cumple y usa	Cumple o usa	Ninguna
Si esta agremiado	No participa pero si pertenece	Asociatividad social no cumple
Si cumple y usa	Cumple o usa	Ninguna
Si cumple y lo tiene	Tiene conocimiento pero no personal	Ninguna
Si cumple y tiene	Tiene pero no archiva o no usa de manera apropiada	Ninguna
Si cumple y usa	Cumple o usa	Ninguna
Si cumple y usa	Cumple o usa	Ninguna
Si cumple	No tiene por producto o solo precio final de venta	No tiene nada
Tiempo completo	Medio tiempo	No lleva contabilidad
Si cumple personas expertas	Si tiene área financiera pero no con personas suficientes	No tiene personal capacitado
Alto	Medio	Bajo
Capital propio	Instituciones financieras	No tiene nada
Si es que tiene uno	Si es que tiene más de uno	Dispone de mas de dos credito
No tuvo problemas 2pts	Trabas que han sido resueltas	Si tuvo problemas 0pts
Si tiene y la usa	Si tiene pero no es necesaria	No la tiene
Si ha realizado	Si conoce los mercados de exportación	No ha realizado
Si ha realizado	Si conoce los mercados de exportación	No ha realizado
Si ha realizado	Si conoce los mercados de exportación	No ha realizado
Si ha utilizado y dispone	Si solo conoce	No ha utilizan ni conoce
Alto	Medio	Bajo

Si puede mejorar	Desconoce	No puede mejorar
Si dispone	Se encuentra en la mitad	No tiene
Si tiene	A medio camino	No tiene
Si cumple	Medio camino	No cumple
Si tiene	Si solo cumple uno bien controles o características	Ninguna
Si puede	Desconoce	No puede
Mecanizado	Semielaborado	Artesanial
Escala		
Si dispone	Muy poco espacio o no lo utiliza	No dispone
Si cuenta	Ellos mismos o alguien más que se encarga	No tiene para mantener
Si cuenta	Irregular o rotación inestable	No tiene
Si tiene un criterio	No utiliza, pero si sabe de criterios	No tiene
100% nacional	Mitad	100%importada
Si cumple con un procedimiento	Conoce de los procedimientos, pero no usa	No tiene procedimientos
Si cuenta con un avaluado	Cumple, pero no tiene la certificación no se hace responsable de la contaminación	Ninguna
Cumple con el manejo y aprovechamiento	Si solo tiene un buen aprovechamiento o bien un buen manejo	Ninguna no tiene
Programas que cumplan y usen	Cumplen, pero no tienen	No tienen ningún programa
Conoce y cumple	Conoce y no cumple	Desconoce
Si cumple personas expertas	Si tiene área financiera pero no con personas suficientes	No tiene personal capacitado
Si tiene	Tiene material, pero no de sus productos	No tiene
Si está diseñado y registrado	Solo tiene diseñado	No tiene
Por todos los medios	Solo cumple uno	No tiene ningún medio
Si dispone definido	Tiene un presupuesto irregular	No tiene
Dispone	Dispone de uno de los dos	No tiene
Si cumple	Tiene personal, pero no especificado para el servicio al cliente	No cumple
Si tiene	Dispone de un conocimiento, pero no tiene procedimientos específicos	No tienen
Si tiene	Tiene canales eventuales	No tiene
Si cumple	No tiene definido procedimientos, pero si los aplica	No tiene

RESULTADOS			
1	calificación	81-100	El negocio cuenta con la mayoría de los aspectos necesarios para iniciar un programa de exportación
2	calificación	61-80	El negocio tiene potencial pero requiere desarrollar ciertas competencias para la exportación
3	calificación	41-60	El negocio debe aun trabajar más, para desarrollar el potencial exportador
4	calificación	21-40	El negocio aun no está listo , pero se debe trabajar en las áreas que requiere para alcanzar el potencial exportador
5	calificación	0-20	El negocio aun no pueden , porque deben mejorar y seguir trabajando en áreas que requiere para alcanzar el potencial exportador

ANNEX 5 Training guild of master craftsmen of timber and related Azuay



Ministerio
del Trabajo

Oficio Nro. MDT-DRTSPC-2016-0529-O

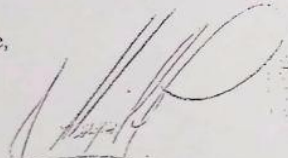
Cuenca, 07 de marzo de 2016

PRESIDENTE	QUITO CALI RAFAEL MARCOS
VICEPRESIDENTE	ILLESCAS AVILES VICENTE ALFREDO
TESORERO	MARCA TACURI LUIS REMIGIO
SECRETARIO	GAVILANES CRUZ CESAR GABRIEL
PROSECRETARIO	VIDAL ALVEAR MARCOS RENE
VOCAL DE ORGANIZACIÓN Y DISCIPLINA	MURILLO VELASQUEZ JOSE TARQUINO
SUPLENTE	PEÑA CASTRO ANTONINO
VOCAL DE DEFENSA Y LEGISLACION	CHICA GUTIERREZ JUAN ARTURO
SUPLENTE	GARCÍA GUERRERO HUGO MARCELO
VOCAL DE ASUNTOS SOCIALES	TAPIA QUIRINDUMBAY MARIA TERESA
SUPLENTE	PEÑALOZA MOROCHO TOVIAS ORLANDO
VOCAL DE CULTURA Y DEPORTE	DOMINGUEZ SANCHEZ JULIO MARCELO
SUPLENTE	TINOCO PINTADO JOSE PATRICIO
VOCAL DE PRENSA Y COMUNICACIONES	SANCHEZ PESANTEZ JORGE EFREN
SUPLENTE	ALBARRACIN LUNA PEDRO
ASESOR ARTESANAL	PEÑA CASTRO EDILBERTO DE JESÚS
BIBLIOTECARIO	PEÑA ORBE JAIME RODRIGO
SUPLENTE	PERALTA BACUILIMA HONORIO VIRGILIO

El cumplimiento de las normas previstas en el Estatuto dentro del proceso de elecciones, veracidad de la información y documentos presentados para el presente registro, es de exclusiva responsabilidad de quienes conforman y representan a la organización artesanal GREMIO DE MAESTROS ARTESANOS DE LA MADERA Y CONEXOS DEL AZUAY

Con sentimientos de distinguida consideración.

Atentamente,



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