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COMPETITIVE IMPROVEMENT PLAN AS A PRIOR STEP TO THE
INTERNATIONALIZATION OF THE COMPANY MOLINO Y
PASTIFICIO ALEXANDRA MOPALEX Cia. Ltd.

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DEDICATION.

Alexandra Ordoñez

To my family, pillar, and source of love, understanding, and encouragement; thank you for being and being on this versatile path.

To my father, light and refuge, that with his shelter I can emerge and with his guidance, I can improve.

To the memory of my mother, who on this journey into the unknown was a mentor and source of love, wisdom, and example, thanks to her support and advice I have been able to emerge to be.

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To those who are and were part of my professional and spiritual germination.

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To God, for his presence in the transit of our life.

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ABSTRACT

Many of the MIPYMEs of Azuay have not developed their maximum capacity due to the scarcity of resources. In addition, their situation worsens due to the lack of knowledge about improvement methodologies in the absence of resources. The University of Azuay and ProEcuador (now called the exporter's route) conduct a diagnosis, to determine the existence of a baseline of productive units, in addition, the link between MSMEs and the University will be allowed, through the management and development of processes of improvement. For MSMEs learning spaces, for the University, empirical experiences, which allows MSMEs to be competitive in the local market or, if applicable, to export their products, and for the university to train professionals with greater experience in the reality of their environment.

The project will carry out an analysis and diagnosis of the current state of the Company Molino Y Pastificio ALEXANDRA MOPALEX Cia. Ltda. we will use essential information such as its history, its mission, its vision, its organization and above all its objectives, in addition, we will analyze it through tools for competitive improvement. Finally, the improvement plan will be stipulated, consisting of a financial contingency plan in case of emergencies or unforeseen events, a marketing mix, image redesign, INEN certifications, and a phase, process, and life cycle approach.

Keywords: Business, project, organization, export, market.

Chapter 1: Theories of MIPYMES, Internationalization, Innovation, Foreign Trade, and Competitiveness.

Introduction

The constant change in the national economic environment, where globalization is synonymous with growth and acceleration, is undoubtedly a principal factor for the exit of small and medium-sized companies to international markets. This chapter aims to make a theoretical review on this subject, addressing important issues to have a clear idea of the challenge that this entails and what the outlook is for the internationalization of SMEs to be successful.

1.1 Business

The company is defined as a social group in which several people coexist who meet in mutual agreements to achieve common goals. All this revolves around the need to meet these objectives by having an organized structure among all the authors who make it up. Over time, this concept has been evolving and adjusting to the current reality, since business systems have undergone notable changes. added to the need for growth by countries that seek to improve their economy (Rodríguez et al., 2015).

For Bueno (1998), the company is a unit of item seat her factors both technical, financial, and human, located in spatial units or in turn in physical spaces that combined allow maintaining a properly structured organizational structure. Seen in a more global way, certain definitions carry a certain economic, legal component, which is listed within various organizations.

According to Fernandez-Vitora (1996) the company is defined as a large open system whose purpose is the creation of goods already additional y provide services that help improve society, raising awareness about good treatment and respect for all people and the environment, which in turn opens the door to sustainable development.

Caldas et al (2009) defines it as an economic hierarchy that is perfectly combined with both technical and material factors, and the most important, the human factor, to provide a good service to the community, and it's elf always be on the right track towards an economic benefit that favors all its workers universally. As seen in several definitions that in a certain way point to the same thing, today the company is an organized component with a long duration, who's main objective this always focused on trying to satisfy the needs of the markets, offering products or services of quality in exchange for an economic benefit (Palma, 2011).

1.1.1 Items

For the company to meet its long-term objectives and conduct all its activities with solvency, it will need to use certain means to achieve it. In this way, there are two large groups (García-Parra, 2007):

The former largely make up the entire business dynamic, acting on factors to integrate their limitations and in turn improve their results; the latter are somewhat more restrictive because in turn they have limitations in their factors. All this in turn is governed by a person who directs everything and heads the main decisions that are made in the future. The most important elements of a company begin with the human factor, who in turn are classified by their relationships and by their interests, among which we have: administrators, owners, and workers. Between the first two arises the figure of the company as it is perceived today.

Continuing with the business elements, we also have economic goods, which are classified as current or durable depending on how they are produced, then we have the organization itself, which is made up of an authority before a certain human group, which responds to needs that this demand, all this structure and if the business elements are dictated by the businessman who leads the entire organization.

1.1.2 Characteristic

The company arises based on two important characteristics: on the one hand, the economic component and on the other the legal component. (Palm, 2011):

Starting from the economic plane, the company becomes an autonomous unit that produces goods and services, in which it simultaneously integrates, to a large extent, several means such as capital and human labor, and additionally material and immaterial intangible elements, which are redirected by a person who heads the company.

Continuing with the legal plane, the concept is not so clear, but it is about reaching through the vision of the businessman in this way, being a legal and natural person, he exercises a productive activity that focuses on the market in general and carries out a business activity.

However, from a commercial legal perspective, the company is characterized by being an autonomous, patrimonial and complex unit, in which assets, obligations and rights coexist under the tutelage of the employer in charge. Its purpose will be to produce goods and services for a specific market, trying to obtain some economic profit for all the owners, without neglecting the good treatment of its workers.

1.2 SMEs

Small and medium-sized companies have been a great incentive for the development of the economy in general, enhancing employment opportunities for the population, as well as the possibility of generating income for the most vulnerable sectors, reducing economic power, and giving a big push to national products. Their competitive advantage goes from the fact that their size gives them the facility to provide a quick response to changes that may arise in their environment, they are also good suppliers of goods in various national and international subcontracting schemes, which in turn are the support for the creation of even larger national companies (Zuleta et al., 1999).

However, SMEs also have disadvantages: to a certain extent they are quite vulnerable to recessionary cycles and the fall of an economic system; in certain global markets they do not have good adherence capacity since their prices limit them, by themselves they are unable to prevent both technical and non-technical barriers to various markets or also create a barrier to protect their niche and market segment, finally the offers they provide to customers have little added value seen from knowledge and value. As an example of this case, we could mention the Fintech Payphone, a company from Cuenca that is beginning to be disruptive of the markets due to the improvement of financial services,

It is important to point out that SMEs must develop in an environment of continuous growth that allows their improvement and in turn are sustainable over time, always with the clear objective of being durable over time, as already reviewed before, part of the SMEs share theories about the definitions of a company, this in turn leads to the same thing, seeking an economic profit based on the sale of a service, serve to give a great help to the economy of the countries, but they must have strategies that help improve productivity (Carvajal et al., 2017).

1.2.1 Characteristics of an SME

According to Andriani (2003) SMEs have characteristics that make them unique and versatile for the economies of the countries, this author specifically indicates the following (Andriani et al., 2003):

- SMEs constituted as small and medium-sized companies, in some countries they are a majority group of companies that in certain regions or countries exceed 99% of economic units, and in turn new employment opportunities are generated, helping several families and the satisfying the needs of several markets, which in a certain way are not so attractive for large companies.
- They are the starting point for the training and preparation of great entrepreneurs with high human capital and, in turn, the development of millions of people.
- For any country that talks about sustainability, it must have strategic elements that allow it to maintain and develop this sector.
- SMEs grant important actions for the productive and economic development of several countries.
- They generate several jobs.
- They have characteristics that range from small companies to survive to medium-sized companies that already can export.

1.2.2 Theories of SMEs

As mentioned before, both small and medium-sized companies are of great importance in any economy, something to note is that they all have a similarity in that their capital comes from two or more people, and can be from any sector, whether industrial, commercial, or family. , in turn have a minimum of 11 workers and can reach up to 250, they are usually family businesses, since the same owners manage them and based on this, certain problems related to lack of experience tend to arise (Martínez & Arreola, 2017). Starting from this, theories arise about SMEs, among which we have:

1.2.2.1 Financial Hierarchy Theory

This theory explains how companies always prefer their internal funds and only resort to separate financing if the money they have is not enough. Here the tax savings are in the background, which in turn generated by interest and retaliation for not having enough money to pay the debts and obligations of the company. Here, investors have little knowledge about the value of the company and the movements they make. The theory of asymmetric information is related to this, since in it one of the two parties does not know the detailed information, an example is when in a company the managers know the projects of each investment in depth compared to the investors, who they only expect a higher return on investment.

1.2.2.2 Life cycle theory

This theory explains that the business life cycle begins when a company is about to settle and in turn grows when the company begins to have more income, in a certain way this theory covers certain variables such as the time the company must be in the market, number of workers when sales are generated. For this theory, the life cycle of a company is made up of 3 phases, the first has to do with the development and growth of

the company, then the companies continue with their work and their growth continues and finally, they age, all in this cycle they go through problems (Martínez & Arreola, 2017)

1.2.2.3 Agency theory of Jensen and Meckling

This theory mentions the problems that owners and directors of an organization or company have about interests, it commonly occurs in large companies, but it can also occur in small or medium-sized companies, considering that most of the Sometimes SMEs are made up of family members and their actions are not dispersed. In addition, this theory analyzes the way in which certain company owners provide them with certain power over other people who could be some type of advisor, and how their moral capacity also influences their decisions or their interests, taking advantage of their influence for their benefit and not for the company. The good thing about this theory is that it can be presented in any type of organization and its workers, according to their status, will be able to make certain malicious decisions.

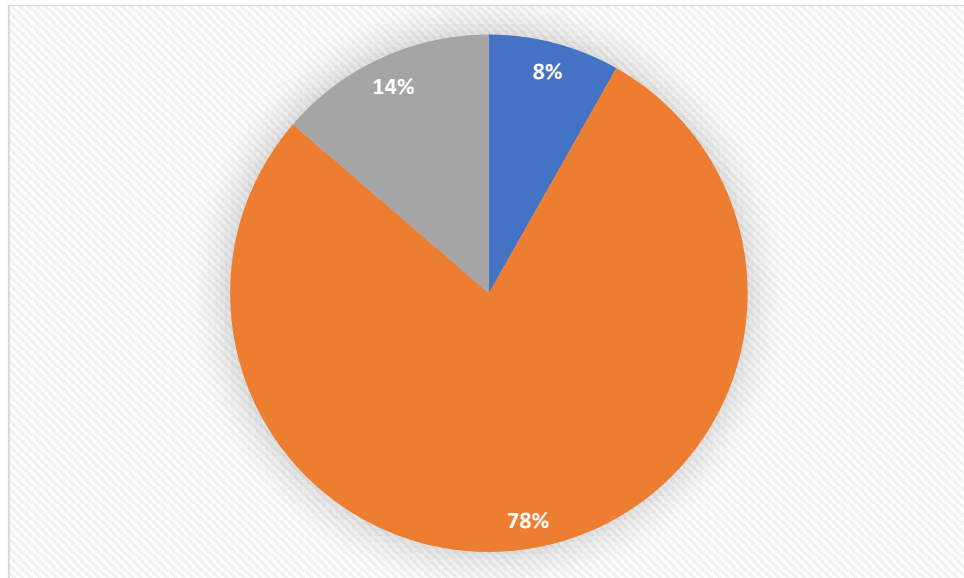
1.2.3 SMEs in Ecuador

SMEs in Ecuador analyzed based on what is indicated by the National Institute of Statistics and Censuses, comparing with the information that is also obtained from the internal revenue service (SRI) in this way it is known that:

There are around 69,569 SMEs in the country, of these 8.20% are small companies, 78.12% are medium-sized and 13.68% are newly established companies, and if all of this is added to both medium and small companies in the country, these represent 9.87% of all businesses nationwide.

Figure 1:

SMEs in Ecuador



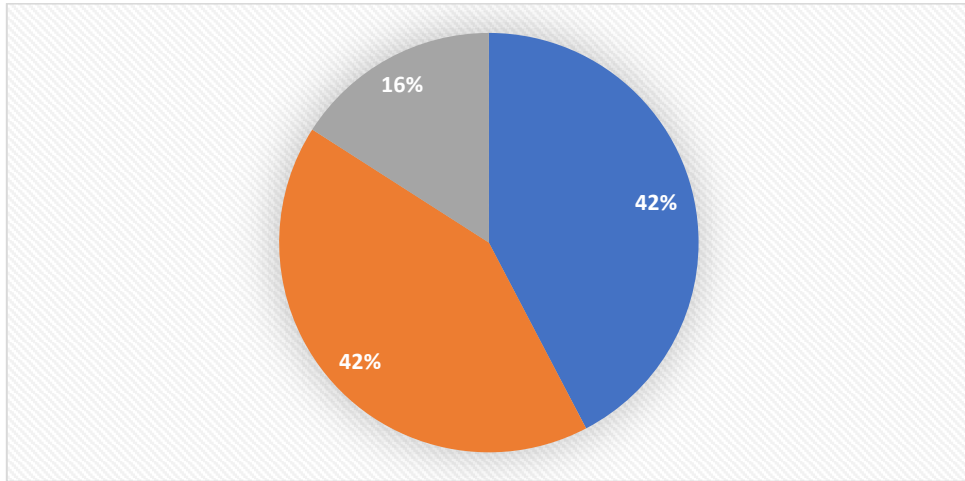
Own elaboration.

(INEC, 2012).

In the same way, according to INEC data, the importance of the main economic sectors in Ecuador considered, starting with the commercial sector, which in its total is equivalent to 38.97%, followed by services, which represents 38.43%. and finally, agriculture with 14.67% (INEC, 2012).

Graph 2:

Trade in Ecuador



Own elaboration.

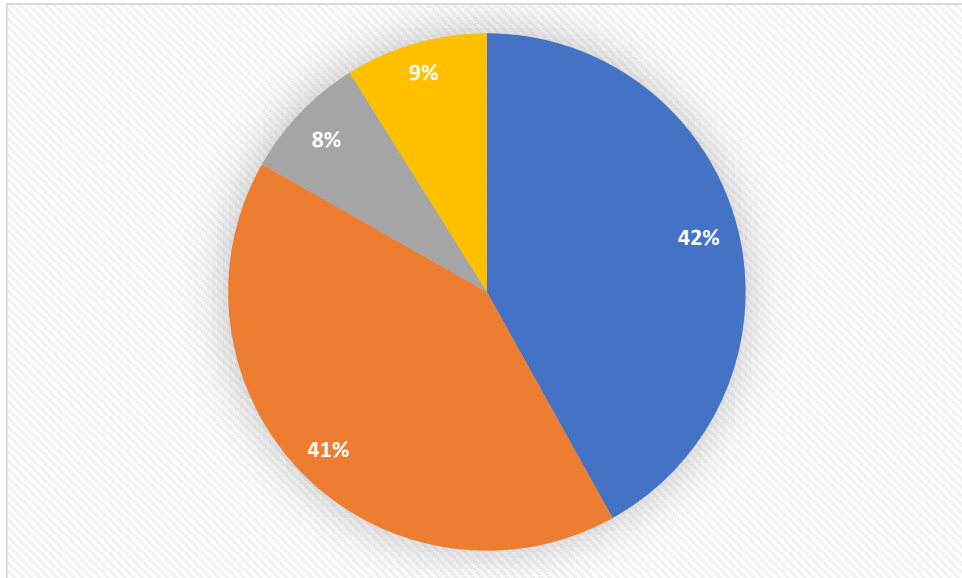
(INEC, 2012).

That said, it is clearly observable that trade is one of the main activities within the national economy, especially recently given the rise in income and the higher rate of consumption. Likewise, the service sector is the one that has the most weight, since it can develop with less investment and agriculture, forestry, livestock, and fishing will be responsible for giving Ecuador many opportunities for growth.

Now, if SMEs and their influence on the national economy are analyzed, it is found that 41.96% is the percentage of trade, followed also by services that is equivalent to 41.33%, 7.88 for agriculture and finally the manufacturing industry with 8.91%, (Jara & Gutiérrez, 2014).

Chart 3:

Exports in Ecuador



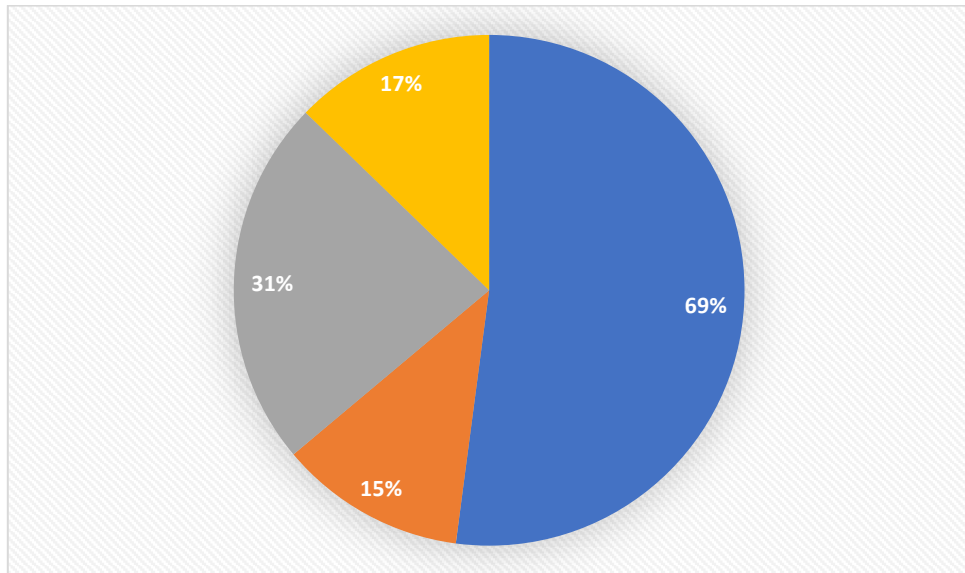
Own elaboration.

(INEC, 2012).

Regarding exports, large companies are equivalent to 94.43% of the market, compared to only 5.52% that SMEs represent as a whole, dividing small companies with 1.04%, 1.13% the medium categories A and 3.35% the medium-sized companies, but category B, (category A being understood as those companies that invoice less than \$100,000 per year and category B those that invoice more than \$100,000 per year). Most of the exports are in the manufacturing industry with 69.7%, and trade with 15.18%. However, of the total exports carried out by SMEs, 60% are carried out by category B companies and followed by category A companies, with 20.52%, but compared to general statistics, trade is found with 37 0.05%, followed by agriculture with 31,

Chart 4:

SME statistics year 2012



Own elaboration.

(INEC, 2012).

Corroborating this information, about SMEs within the country, up to three years is the duration of a company, having a mortality rate of 80%, in the same way another statistic indicates that most businesses die after a decade, where survival entirely depends on size and finally 28% of new companies close after the first year of operations (INEC, 2012).

1.3 Internationalization of SMEs

The growing acceleration that derives from globalization has had a significant impact on the economy of companies that think about internationalizing. Entry into higher volume markets has evoked interest within SMEs. Two important approaches can mention that try to measure this behavior when exiting other markets, among which we

have: the theory of internationalization and the Scandinavian model (Asensi & Martínez, 2003).

1.3.1 Theory of internationalization

This theory starts from the imperfection in certain markets. Some unstable negotiations that originate in turn from a position of power, in addition to high or low prices and intervention by governments. All this will lead to the growing internationalization of said products to seek greater efficiency in their activities, already with a view to crossing their borders (Asensi & Martínez, 2003).

According to Buckley and Casson (1976) there are four groups of factors that must be considered for internationalization to new markets:

1. Regional factors: features that have to do with geography and social aspects that in turn are linked to the market.
2. Industry factors: types of market and products.
3. Business factors: skills that the company has when internationalizing.
4. Nation factors: international fiscal relations.

The biggest problem in this theory has to do with the deterministic nature of the model, and how intermediate steps could eliminate when expanding the company internationally (Durán & Úbeda, 1997).

1.3.2 Scandinavian model

This model talks about the expansion that the company will have internationally as part of its evolutionary process; thus, it will go from not exporting to exporting. In this way, to create a commercial network that will allow it to export and in turn have branches

abroad, where the company will be involved in more international markets. The Scandinavian model, when it considers an evolutionary character, committing resources and its operations abroad, immediately introduces the antecedent on the place of exports. All companies will begin their expansion based on the closest markets, and subsequently, they will expand in a wider range (Asensi & Martínez, 2003).

In this same model, Renau (1996) points to two factors as triggers that have to do with the expansion of a company, thus being proactive on the one hand, such as excess installed capacity of a competition, and government factors on the other.

1.3.3 Innovation model

This model is considered traditional and results from a series of innovations that occur within the context of SMEs. This process results in a series of stages before internalization and specifically seeks to classify all its development by stages, instead of explaining how all companies go from one stage to another. Models such as the idea of exporting to nearby countries, or the idea of exporting to increase the sales rate, seek shortcomings in each of the stages or previous ideas that suggest that the company is ready to expand to other markets. (Andersen, 1993).

In each stage, the more progress is made, the greater the degree of innovation will be, and it highlights the companies that are related to technology, since they are very innovative companies, building a fairly strong digital market. Initially, they should expand to countries that are psychologically closer, considering export policies that should not be the same as those of more industrialized countries, that is, not copy their export programs. He also explains that especially small and medium-sized companies can

export successfully. The export is not limited only to large companies, the size does not affect the behavior of the market (Bilkey & Tesar, 1977).

1.3.4 Uppsala Model

This theory emphasizes organizational learning as the engine that drove the internalization of a certain company, which consists of small steps for the company to increase its participation in the international market. Four stages to total internalization are derived from here, among which we have (Johanson & Wiedersheim-Paul, 1975):

1. Stage 1: Non-regular export activities.
2. Stage 2: Export through an independent representative.
3. Stage 3: Establishment of a branch abroad.
4. Stage 4: Foreign production and manufacturing.

Each of these stages is restricted to a specific market. The advances in stages also suggest a greater investment and number of resources, since they contain different information than that of the original market. The first suggests that the company in question did not make any kind of commitment and does not have any information for the new market. The second indicates that the company has an open channel to the market and receives information about it. The third means an information channel that is controlled by the market, which allows the company to have control over the information. The fourth means a greater commitment of resources (Johanson & Wiedersheim-Paul, 1975).

1.4 Competitiveness and Innovation of SMEs

The innovation and competitiveness of SMEs are complementary processes, that is, it allows them to diversify from stagnant products throughout Latin America. According to data from the World Bank, the number of total products imported stagnated at 4,600 products between 2010 and 2014, especially in primary products and raw materials (ECLAC, 2012).

SMEs that commonly export are affected by SMEs that do not, these in turn are relegated to a general category, which has to do directly with the amount of their sales or also with the number of employees, which is a great diversity of companies (Urmeneta, 2016). In fact, competitive and innovative SMEs are considered companies that already have sales abroad, that is, in addition to sharing the needs of their countries, they also seek competitiveness in other markets, thus marking great productivity for their companies. However, they find it difficult to finance them, but generally SMEs that share innovation and competitiveness traits share specific traits (Dini et al., 2014).

It is also true that many SMEs focus on already recognized market niches, largely because their competitiveness problem prevents them from competing against the volume and prices of other large companies. For example, with exporting SMEs, the need for innovation originates in foreign markets, but their size also becomes an obstacle, for which it can also be a point in favor since it gives them dynamism in the face of certain market conditions. Now, by not considering that certain SMEs, among them, we have exporters that meet valid export criteria and have certain competitiveness compared to others, are not considered challenging for the international market, to a certain extent they only comply with government aid ,

To complement this information, the specific case of the Ecuadorian company Pacari will be used. This company was successful thanks to its business model and its value proposition that highlights, first, the reality with which chocolates are made, that

is, what the day-to-day production of chocolates is like, since they work directly with the farmer. Second, the self-generation of resources for the development of their products, as in the case of other large companies that have financial support from different sources and allow them to develop their product, not the case of this company. Thirdly, the purpose of the company, which, unlike its competition, leaves aside the profitability of the company somewhat and seeks to become a symbol of identity for the country, specifically with the various types of chocolate it offers,

1.5 Foreign trade and its benefits

Foreign trade is defined as an exchange between goods and services that occurs in each country with the economies of different countries or regional areas; This analysis is based on theories that, based on history, provide essential information about its beginnings (Calduch Cervera, 2018).

1.5.1 Theories of foreign trade

Among the main theories mention two: the advantage absolute and comparative advantage.

1.5.1.1 Absolute Advantage

Adam Smith (1776) in his book *The Wealth of Nations* mentions the productive capacity of each country, thus obtaining his theory, which indicates that, thanks to the specialization in production, certain goods in the countries will be more efficient, will be achieved with fewer resources and will be of higher quality. In addition, this theory indicates that different countries provide the same goods, but being more efficient than others, this in turn translates into the fact that if there were no foreign trade or exchange between countries, the countries would only specialize in products that gave them a competitive advantage, since its resources would go directly to very efficient industries

because exists more competition, understood in this way because countries are capable of producing goods with good quality, with greater efficiency and at a lower cost (Daniels et al., 2013).

1.5.1.2 Comparative advantage

In this theory, the validity of the so-called absolute advantage is evaluated against the version of comparative advantage, and it is also deepened. David Ricardo also indicates that there are more efficient countries, producing even more than their resources, these countries will have to consider the cost of their opportunity when producing their goods to do it more efficiently (Rozas, 2016).

For Daniels, comparative advantage in a way says that profits in countries can be made more efficiently regardless of whether other countries do not produce the same goods. In other words, a country wins if it allocates its resources to a certain product that performs it better and, in turn, is more efficient. Similarly, international exchange is also important because it gives more possibility of consumption in each country (Daniels et al., 2013).

A valid example is that of Costa Rica and the United States, which have an absolute advantage in coffee and wheat bit's climatic conditions. But the US has a comparative advantage over wheat against Costa Rica because they can produce more and at the same time reduce costs. Here the production cost is focused a lot, since it is always tried to be lower and if for some reason they make it cheaper elsewhere, its production level should prevail (Daniels et al., 2013).

1.6 Business Sector

Next, each of the tools that will be used in the future of this research will be analyzed, to have the theoretical resource and be able to apply it in the best way.

1.6.1 Plague Analysis

This tool is used for the strategic analysis that defines the environment of a company, through an analysis of all the external factors that compose it. The reason for using this tool is to have a description of the entire context and environment where the company operates. For this, it considers all the external aspects that are important in business performance (Quiroa, 2020).

The analysis of the entire external environment is useful for any company, of any type, since it facilitates decision-making, especially when you want to have short, medium and long-term strategies. This analysis is also known as PESTAL, before it was only the name PEST and political, social, economic and technological factors were analyzed, but the acronym EL or AL was added due to the importance of ecological or environmental factors (Quiroa, 2020).

1.6.2 Canvas Model

East method used to quickly analyze and create business models. I know visualize in a way of canvas, wherein in turn, it is divided into two main aspects that have to do with the business itself and revolve around the value proposition of each of the companies that apply it. This model is used to convey the idea of a project and to translate it into a valid business model (Carazo, 2017).

This model is called live since it is modified as it is developed, also according to customer validation and the emergence of new ideas. This model was created by Dr.

Alexander Osterwalder and the generation of business models is expanded in the book, this same model is integrated into the lean-startup methodology, which is based in turn on creating, delivering and attracting customers through a validated learning (Carazo, 2017).

1.6.3 Marketing Mix

The marketing mix, is a strategy that focuses on the internal aspects of a company and serves to analyze basic situations of its daily activity. This type of analysis has been used a lot in recent decades, since McCarthy proposed it in 1960 and defined four variables for companies when it is time to analyze their operation and define internal goals and objectives (Sánchez, 2015).

If the study is deep and correctly carried out, the combination will be key for subsequent decisions within the company, in the search for future business challenges. Due to its simplicity, the marketing mix is considered an essential tool for companies around the world when planning operations and tactics related to marketing, fulfilling the objectives set from the beginning (Sánchez, 2015).

Episode 2

2.1. History

Molino y Pastificio Alexandra Mopalex is a SME founded by Federico Ñauta G., who started their business activities in August 2000__. The company has 8 employees, it is located at Calle Carlos Tosi 2-80, first Industrial Park. From the beginning, the company set itself the goal of improving every day and being more competitive, to become an excellent producer of pasta and noodles, always maintaining the authentic flavor with an artisanal touch, which has allowed it to obtain awards and recognition. Because of all this, Molino y Pastificio Alexandra Mopalex plans to expand internationally, but for this, it will have to comply with certain previous steps.

2.2 SWOT

Table 1

Foda of the company Molino y Pastificio Alexandra Mopalex

<p style="text-align: center;"><u>FORTRESS</u></p> <p>Product and product quality for sale to the public.</p>	<p style="text-align: center;"><u>CHANCE</u></p> <p>Having entered the market since 1972. Registered trademark. Noodle with low price and high quality.</p>
<p style="text-align: center;"><u>WEAKNESS</u></p> <p>Not being able to compete against the big brands in the country. Price of products offered to the public. Not much room for expansion.</p>	<p style="text-align: center;"><u>THREAT</u></p> <p>Rise in raw material costs. Government policies. Low competitive prices.</p>

Own Elaboration

2.3 Mission and vision.

- The company's mission is to provide a unique, special service with quality to all customers in the city of Cuenca and the country.

- The vision is to expand as a company to places where customer service cannot be reached and to provide good service to them.

2.4 CANVAS model

For an internalization plan in the company Molino y Pastificio Alexandra Mopalex, a CANVAS model was then carried out to clarify various aspects related to the company, to fully understand its business model.

Table 2

Canvas model of the company Molino y Pastificio Alexandra Mopalex

Key Allies	Key Activities	Income Source	Value proposal	Customer segments
-Modern food and higher corporation -Industrial Milling	-Marketing and sales through social networks. -Product expansion. -Different way of selling and delivering the product. -Top quality raw material.	The only source of income is the economic part in the purchase and sale of raw material to enhance noodles.	Molino y Pastificio Alexandra Mopalex is dedicated to making pasta: spaghetti, tagliatelle, macaroni, lasagna, cannelloni, noodles, whether cooked or not, with couscous. -Wholesale and retail -Competitive prices -Quality Products -Direct distributors in the local area.	-Sale within Cuenca and distribution to commercial chains. -Population between 28-65 years. -Lower and middle class. -People in general. -National and foreign clients. -People who like quality products.
	Key Resources -User Support -Vehicles for distribution -Machinery for the manufacture of noodles		Channels -Direct sale to the public. -Commercial chains. -Stores and pantries.	









Cost Structure	Customer Relationship
<ul style="list-style-type: none"> - Salary of employees. -Cost of machinery. -Acquisition of raw material. -Product coordination and distribution costs. 	<ul style="list-style-type: none"> -Attract and retain new customers, creating a good relationship with the company. -Get customers to feel satisfaction for the treatment, the products, and the price. -Get customers to look for the brand when buying pasta for their daily consumption.






Own Elaboration

2.5 Product portfolio

Chart 5

Company products

<p style="text-align: center;">Small Tie Noodle</p> 	<p style="text-align: center;">Noodle type letters and numbers</p> 
<p style="text-align: center;">Orzo noodles</p> 	<p style="text-align: center;">Small Pennoni Noodle</p> 
<p style="text-align: center;">Large Pennoni Noodle</p> 	<p style="text-align: center;">Machine gun Noodle</p> 
<p style="text-align: center;">Chifferi type noodles</p> 	<p style="text-align: center;">Large Tie Noodle</p> 

<p>Maccheroni type noodles</p> 	<p>Aneli type noodle</p> 
<p>Small perline noodle</p> 	<p>Large perline noodle</p> 
<p>Small Chifferi Noodle</p> 	

Own Elaboration

2.6 Export Audit

The Export Audit will be a valuable tool to determine if Molino y Pastificio Alexandra Mopalex is suitable for export, or at the same time, what process is it in? For this, internal strengths and weaknesses, threats and market opportunities will be analyzed; Different variables will be considered to obtain the information.

For the development of the Export Audit, an approach was made to the managers of the company, who stated what their objectives are around it, then an internal diagnosis will be made and determine what is the way for it to reach internalization. A field work was carried out taking several models of Export Audit, for these values were established to the answers of the staff of Molino y Pastificio Alexandra Mopalex.

The numbers used to classify the answers were from 0 to 3, which in turn indicated whether the company reached the parameters to export its products based on continuous improvement. The highest rating is 3 and refers to “Compliant or Key Success Factor”, the lowest is 0 and indicates “Not Compliant”. The tables were categorized by departments, with the information that was previously obtained, which in turn will give an accumulated percentage to determine the state of the company, thus determining weaknesses and strengths of Molino y Pastificio Alexandra Mopalex.

Table 3

Rating table:

APARTMENTS	QUALIFICATION	ASSESSMENT
Compliant (FCE)	3	10%
Compliant	2	8%
Partially Compliant	1	4%
Fails	0	0%

Own Elaboration

2.6.1. Administrative area

Table 4

Administrative department

ADMINISTRATIVE DEPARTMENT			
	Qualification	%	% Accumulated

1. Are you clear about what business structure is currently managed?	3	10	10
2. Is your business planning based on mission and vision?	3	10	20
3. Does the company have objectives for its administration?	3	10	30
INTERNATIONALIZATION			
4. Is the Import as a next objective to be achieved?	2	8	38
5. Are the needs of the local market considered?	3	10	48
6. Do the different departments have any notion about products to be exported?	2	8	56
7. Is it different from your competition?	3	10	66
8. Do you have a business model?	0	0	66
9. Do all areas of the company have continuous improvement processes?	1	4	70
10. Has the company had support for its business proposals?	2	8	78
11. Is the company registered as an exporter?	0	0	78
12. Do you consider that the company is positioned in the market?	3	10	88
13. Do you currently have divisions by departments in the different areas?	3	10	98
14. Do you currently have trained personnel for export processes?	0	0	98

TOTAL, DEP. MANAGEMENT	98%
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Own Elaboration

For the analysis of this department, key points were used, which are aligned with the improvement of the company. The company is listed as a company and is represented by a president. The business development objectives are focused on the noodle production market at the national level, so its owners constantly try to ensure that the quality of their product is maintained.

Continuous improvement processes are being implemented day by day and will be the result of better quality in its products and in dealing with its employees. The company obtained a percentage of 98% in this analysis, which indicates that they are well on the way to a possible export process, although improvement is needed in some points, but they are solvable above all as a company structure.

2.6.2. Financial

Table 5

Financial Department

FINANCIAL DEPARTMENT			
	Qualification	%	% Accumulated
1. Is there an assigned budget for an export plan?	0	0	0
2. Cash flow and reporting review	1	4	4
4. Do you have a review of expenses for exports?	1	4	8
5. Does the company have external financing?	1	4	12

6. Would the company be willing to commit its assets to export its products?	3	10	22
7. Are they subject to credit?	3	10	32
8. Do you know the time over which the cancellation of products is required when exporting?	1	4	36
9. Do you know how long the company could take on debt to improve production and thus be able to export?	1	4	40
10. Do you know the budget allocated for the improvement of the company?	1	4	44
11. Does the allocated budget meet any criteria?	3	10	54
12. Do you have any financial study for an export?	0	0	54
13. Do they have a RUC and affiliation to the Superintendent of Companies?	2	8	62
TOTAL, DEP. FINANCIAL			62%

Own Elaboration

The questions for this department were focused on an export plan for their products. The company is not yet affiliated with the superintendent of companies, but it has a RUC. In addition, the company still does not have an assigned budget for a possible export of its products, and it does not clearly know the way to do it.

Molino y Pastificio Alexandra Mopalex does not have fixed financing, but sometimes resorts to banks for this, but it is not clear how long they would consider borrowing. The company obtained a score of 62% in this department, making it not so favorable for a possible internalization.

2.6.3. Production

Table 6

Production department

PRODUCTION			
	Qualification	%	% Accumulated
1. Does current production meet customer demand?	3	10	10
2. Do you consider that your products are attractive for an export?	3	10	20
3. Is the raw material always available?	2	8	28
4. Are the execution times good?	3	10	38
5. Do you implement quality control policies for your products?	3	10	48
6. Are you constantly improving and innovating your products?	1	4	52
TOTAL, PRODUCTION			52%

Own Elaboration

Within this department and as it is already considered a consolidated company, production has quality standards that are met each day. At all times, the product is available for distribution, and it is considered that they are very attractive for the national

market. An important point is that the raw material due to external situations rises in price or there is a shortage of it, but it can be supplied in advance and not have problems.

Quality control policies are always oriented so that customers enjoy the product and prefer them over the competition, since it is a very demanding market, they are aware of the innovation and improvement of their products to attract new customers or retain new customers. those who already have.

2.6.4. Sales

Table 7

Sales department

SALES DEPARTMENT			
1. Do you have a manual for the sales process?	2	8	8
2. Do you know for sure what your best product is?	3	10	18
3. Do you have return and sales policies?	1	4	22
4. Do you know the local market demand for related products?	3	10	32
5. Do you know prices of the same product in other countries?	2	8	40
6. Is the staff trained to sell new products?	3	10	50
7. Could you expose your product to a potential market?	2	8	58
8. Do you have defined your target markets?	2	8	66

9. Does the sales staff follow any process within the company?	2	8	74
10. Do you hold regular meetings to evaluate your performance?	1	4	78
11. Do your products stand out from the competition?	2	8	86
12. Do you have a monthly sales budget?	3	10	96
TOTAL, SALES DEPARTMENT			96%

Own Elaboration

Molino y Pastificio Alexandra Mopalex sales department, as in any company, is especially important for its growth and expansion, especially because internalization is planned. Sales policies are not so clear and for which they should be better defined, especially for an organizational issue, always focused on providing better service to their customers.

The client portfolio that this company has also been due to its trajectory and positioning within the market, they have a sales budget and always emphasize the fact that they are artisanal products, where they take care of important details for possible sales. This department obtained a score of 96% that is reflected in its time in the market, in addition, every certain period the sales percentages increase and its number of clients also increases.

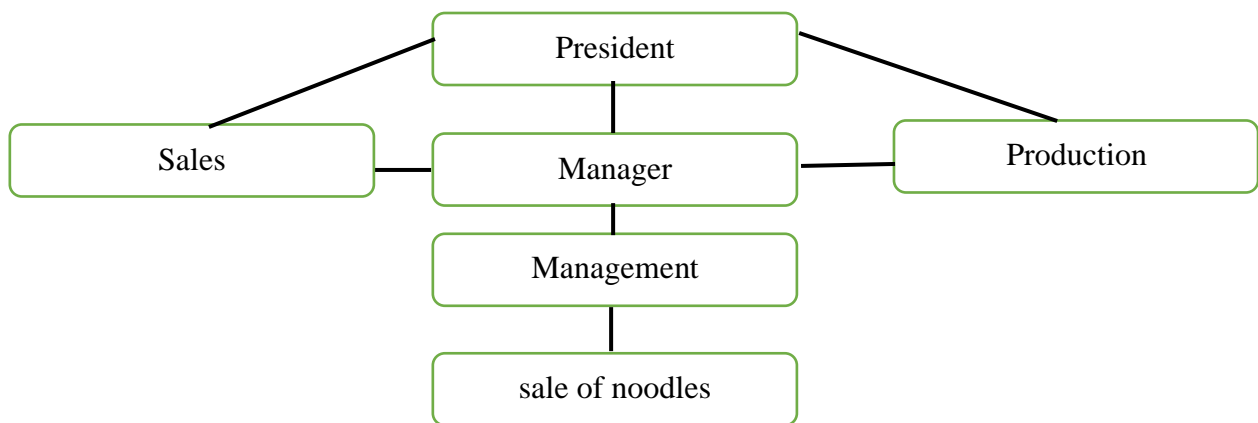
2.7 Organization chart

Molino y Pastificio Alexandra Mopalex, chaired by Gloria Adita Mendieta Álvarez, has divisions by departments, its organization is mostly vertical, which gives it greater clarity when distributing functions within the entire company, and gives greater

control of work position which has definitive lines of command. It has trained professionals with experience in their areas and specific activities for each function throughout its structure.

Chart 6

Organization chart



Own Elaboration

2.8 Market to which you offer your products

The main markets where Molino y Pastificio Alexandra Mopalex sells its products are Azuay province, Cañar province, Oro province, Loja province

Chapter 3: Competitive Improvement Plan

3.1. Improvement plan

An improvement plan is defined as a series of sequences and steps that a company performs to obtain better results, and several points must be considered so that its execution results in the best way. One of the most important considerations is that the plan must be well-defined and executed in the best way, that is, all operations must be carried out on time because there are several factors that can influence the development of this plan.(Beltran & Neira, 2021).

Another factor of great importance is the willingness of the entire team of collaborators, since they must accept the changes as they are proposed for of them and the company, these being the use of new work techniques, improving automation processes that affect cost and time. Any positive change within the plan so that the company can identify errors in the execution of its processes and how to improve them, provide feedback and measure their effectiveness, to always be in continuous improvement(Beltran & Neira, 2021).

Next, an improvement plan for the company Molino y Pastificio Alexandra Mopalex is detailed based on the main objective of the internalization of its products, guided by what has been seen in previous chapters, considering its current situation as well as its strengths and its deficient areas. as well as their weaknesses, each of them will be identified and used for the development of this chapter.

3.2. Financial Area: Financial contingency plan

Bearing in mind that a financial contingency plan is a tool that allows you to analyze risks in the face of any unforeseen situation, below is a set of measures to take

and consider for the support of the company if something unexpected and so that it can continue with its operations.

3.2.1. Evaluation

ASSESSMENT
Fixed costs of the company per month \$2,668 (salaries + monthly expenses)
Fixed costs in the next 3 months \$8,000
The administrative department led by Ing. Alexandra Ñauta M. will oversee evaluating the proposed expenses
Fixed costs of payments to suppliers \$30,000

3.2.2. Planning

Main goal	Strategies	Means
have cash liquidity	CAPEX needs	Administrative department staff
	-Purchase of new computer equipment to renew the current ones. -Purchase of new software for the company used for inventory management.	
	OPEX needs	
	-Minimum support of 3 months for payroll payment.	

	<p>-Basic service expenses for the next 3 months.</p> <p>-Payment of 3 months to suppliers.</p>	
--	-------------------------------------------------------------------------------------------------	--

3.2.3. Viability

Viability
Request a credit policy from a financial institution if the money is not available.
Have more than one choice of banks to execute this action.
Possibility of opening new shareholders in the new market to enter.

3.2.4. Execution

Execution
Have the opening availability to go to the Pichincha bank and request financing, specifying that if the money is not used, it can give interest and only the money necessary for the company is used.
Analyze possible critical scenarios for the company, such as a reduction in sales or not having money to pay suppliers.
Analyze possible scenarios for increased sales in the possible incursion of new markets, considering the growing demand for working capital.
If production is affected by an issue of competitiveness and demand, the steps to follow are: the issue of product quality will be analyzed, comparing them with those of the competition to see what level it is at, in the same way if production is high keep the same quality. The second point to consider is the issue of volume, if you have a large

order, know how to supply in a way that meets the agreed deadlines. Finally, the issue of market prices, considering the product that is sold the most, it may be considered to match them, or in turn implement some type of promotion that allows the reestablishment of production in the company.

If the crisis goes through a period of 2 months, the increase in production will be restored to normal levels. If the situation turns into a crisis lasting 6 months, the sale of products with the highest percentage of sales will be prioritized over others, thus reducing the portfolio of products to be offered. If the crisis lasts a year or more, essential jobs will be prioritized over others in the company, to avoid production and distribution costs, returning to normal when the situation provides a favorable opportunity for growth, reestablishing job and productivity.

3.2.5. Recovery

Recovery					
Establish the impact of damage and economic conditions after having overcome the crisis.					
Determine the cash flow after having overcome the crisis, in this way there are two possible scenarios, one before the crisis with a profit margin that is positive and another scenario where the profit margin is not so high; however, it is not reported losses.					
Alexandra Mopalex Cash Flow					
<i>Normal scenario before crisis</i>					
Income	month 1	month 2	month 3	month 4	month 5
Sales revenue	20,000	22,000	27,000	23,000	21,000
debt collection	3,000	2,500	2,800	1,600	3,100
Other income	800	1,000	500	350	750
Total income	23,800	25,500	30,300	24,950	24,850
Expenditure detail					
Light	200	210	215	205	210

Water	fifty	55	60	52	55
Telephone	80	76	91	87	80
Expenses in consumption	330	341	366	344	3. 4. 5
Purchase of supplies	9,000	10,000	11,000	10,000	9,000
Interests	300	300	300	300	300
Wages	6,000	6,000	6,000	6,000	6,000
Admin and Sales	1,500	1,300	1,500	1,300	1,600
Taxes	2,300	1,800	2,200	1,850	1,900
Amortization	0	0	0	0	0
Operating Expenses	19,100	19,400	21,000	19,450	18,800
Total expenses	19,430	19,741	21,366	19,794	19,145
NET BALANCE	4,370	5,759	8,934	5,156	5,705
Alexandra Mopalex Cash Flow					
<i>Post-crisis scenario</i>					
Income	month 1	month 2	month 3	month 4	month 5
Sales revenue	9,000	9,500	9,500	8,000	9,500
debt collection	1,500	1,700	1,200	1,000	1,500
Other income	100	350	200	180	250
Total income	10,600	11,550	10,900	9,180	11,250
Expenditure detail					
Light	200	210	215	205	210
Water	fifty	55	60	52	55
Telephone	80	76	91	87	80
Expenses in consumption	330	341	366	344	3. 4. 5
Purchase of supplies	5,000	6,000	5,550	3,500	6,500
Interests	300	300	300	300	300
Wages	2,500	2,500	2,500	2,500	2,000
Admin and Sales	600	500	600	550	450
Taxes	1,100	900	850	700	700
Amortization	0	0	400	400	400
Operating Expenses	9,500	10,200	10,200	7,950	10,350
Total expenses	9,830	10,541	10,566	8,294	10,695
NET BALANCE	770	1,009	334	886	555

Avoid cutting communications with interest groups. For example, a priority group of interest for the company are all the suppliers of the raw material for the elaboration of its products, with them special attention will be paid due to the issue of purchasing supplies with discounts or opening of a line of credit for a major purchase. Another group of interest is the distributors of the products, some of them due to the crisis are also not operating, in that case having new options of distributors meeting quality standards such as delivery time, product status, to comply with the Best Quality.

3.3. Marketing Area: Marketing Mix

3.3.1. Product

The products of the Molino y Pastificio company help prepare a pasta-based meal with an easy and accessible preparation process for everyone, optimized in preparation and production times.

3.3.2. Price

Prices will be focused on new markets, considering the competition. As a differentiating strategy, discounts will be applied for new and recurring customers, trying to cover all market segments, also considering their level of purchase and loyalty. The final price of the product is \$1.22 and will be focused on the cost of production, and the type of market to which it is intended to reach, comparing prices with the competition, taking these factors into account to arrive at the final price.

3.3.3. Square

The distribution is aimed at wholesalers such as supermarkets, minimarkets, and stores in the city of Cuenca-Ecuador and the expansion to the Peruvian market, in

addition, it is planned to open one more place to be able to acquire it online, in the countries.

3.3.4. Promotion

The promotion of the products will focus mainly on advertising on social networks such as Instagram and Facebook so that customers have access to purchase and at the same time to suggestions for the preparation of noodles and pasta, also so that they recommend to their acquaintances and the quality of the product can be disseminated with more magnitude.

3.4. Sales area: Approach of phases, processes, and life cycle

3.4.1. Service alliances after the sale

The strategic alliances that are formed constitute a strong tool for the consolidation of the business and the maintenance of its clients, since both always seek their mutual benefit. In this specific point constitutes the service alliance to increase forces achieving a common goal, for the company Molino y Pastificio we have the following:

- Cross-selling: include services for the sale of necessities such as grains and non-perishable products.
- Customer reward: Molino y Pastificio will establish a system of bonus rewards to customers in amounts of 5 to 20 dollars depending on the recurrence of their purchases, which can be redeemed in a maximum period of 2 months from the delivery of this.

3.4.2. Alliances for the distribution of your products

The distribution of products consists of intermediaries that cover the distance between the producer or supplier and the client, adding a value for the transfer of the

latter, also considering the distance, time, and condition of the product. For the company Molino y Pastificio, the alliances that suit it to distribute its products are:

- H&Z Distributor
- P&M marketer
- DYCOM

3.4.3. Alliances to develop products

For the company Molino y Pastificio, the development of new products is important due to the variability of the market and its possibility of growth and expansion, considering its internalization, with products that respond to the needs of customers and are attached to the environment and reality of the company. Considering that the company is based in Cuenca-Ecuador, the alliance to develop products would be with the company Proyecta Alimentos SA.

The same ones that promote food safety, through innovation and research, through training for the entire company focused mainly on the food industry. Starting with the creation of products with a line of noodles and pasta, considering the regulation that these products require in the national territory, ensuring the appropriate qualification to be able to distribute it, that is, the alliance with this company goes from start to finish.

3.4. 4. Alliances to build retail distribution channels in global and local markets.

In the business sector, distribution channels are the resources that produced to move a product until it reaches its final consumer, that is, it is the means that the company chooses to distribute its product to the final consumer, always based on efficiency and cost-effectiveness. These distribution channels are made up of companies that provide these services and in turn validate their products and offer potential negotiation with future customers about prices, delivery methods and the amount of product needed.(Cedeno, 2021).

Within a distribution channel, three important actors participate: producers, wholesalers and finally retailers, its importance mainly lies in the fact that through a third person or company a product reaches the largest number of consumers and therefore its sales volume grows. In some cases, the producers do not have their distribution network, which is why these channels facilitate the approach to these new markets, since they transport the products safely with the commitment that they will reach their destination safely.(Cedeno, 2021).

Specifically for the company Molino y Pastificio Alexandra Mopalex, the potential distribution channels could be: sales by catalog that could increase sales and knowledge of the product in cities on the coast of the country. Alliances with companies to open stands as cooperative alternatives for distribution in consumer fairs nationwide. For the opening of distribution channels for Peru, the distribution of online products should be considered as suggested by Carrillo (2017), Lima is the city with the largest distribution network and a large door for the opening of new markets, for this It will have sufficient logistics for the physical delivery of the product to the final consumer, and may be companies that deliver products to consumers or, in turn, deliver them through deliveries.

3.5. Internationalization proposal that allows a growth of the company based on its improvement plan

3.5.1 Analysis of the Ecuadorian market

Within the national market, export growth is related to several components, from its comparative advantage, access to technology, administrative policies, commercial blocks, geographic location, to human capital. Based on the analysis of the Ecuadorian market, exports meant 18% of GDP in 2017, which emphasizes the importance within the local economy, which means a claim within the Ecuadorian market. Most of these exports

are classified as oil and non-oil; Within the first group are crude exports, which represent 6%, and the second mentions agricultural products, such as shrimp or bananas (Mora et al., 2020).

3.5.1.1 Requirements to export

Now, within this research, the internalization of the company Molino y Pastificio Alexandra Mopalex proposed. For this, the previous requirements to export must be considered.(National Customs Service of Ecuador, 2021):

- Have the Unique Taxpayer Registry.
- Have no tax debts.
- Obtaining the digital certificate for electronic signature.
- Have previously installed the Ecuapass.
- Exporter registration in the customs computer system.
- Restrictions of the products to export.
- Export clearance procedure.
- Identify the documentation required to export.

3.5.1.2 Analysis of the national market for noodles and pasta

According to the National Financial Corporation (2020), there are 22 companies dedicated to the production of pasta and employ around 2,353 people, with Guayas and Pichincha being the provinces with the largest number of factories. Since 2016, the production of pastry products and noodles add up to \$367 million of added value, with a share of GDP of 0.53%. The activity shows a positive variation that increases by 1% year after year. The level of imports in 2020 was \$1.21 million, which implied a reduction of 64% compared to the previous year.

Since 2016, the United States has been the country's main trading partner in noodles and pasta, with a 26% share, closely followed by Spain. On the contrary, the level

of imports decreased due to the 45% surcharges on these products that have been applied since March 2015. Peru is the main supplier of products for noodles and pasta with a 65% share. Regarding the analysis of financial indicators in 2020, ROA, ROE and Net Margin, these presented a negative variation compared to 2019. The ROA in 2020 for every \$100 of assets generated \$11.88 of net income. ROE For every \$100 that was invested by shareholders, the company earned \$23.05 in net income. The net margin in the same year for every \$100 in sales left over for the owners \$10.21 of net income(National Finance Corporation, 2020).

3.5.2 Analysis of the Peruvian market

Speaking about the market and starting with the economic issue, Peru has had remarkable growth lately, reaching figures in 2017 and 2018 that go above +4%. In this way, it ranks as the fourth emerging country that most promises about investment. Among its main economic activities are agriculture, fishing, mining, construction, and commerce (Castro et al., 2021).

Foreign relations have always had strong political and cultural ties with nearby countries, as well as with the United States and Japan, with whom they have maintained strong diplomatic relations since the 19th century. In terms of imports, steel products are the most prominent, followed by construction equipment and machinery, as well as irrigation systems, electronics, and textiles. Within the topic of exports, they are based on fuels, minerals, fishing, fruits, vegetables, and vegetables (Castro et al., 2021).

Regarding the issue of imports, Peru in 2020 involved several learnings and challenges, as well as changes in its patterns and ways of working, both nationally and globally. Regarding foreign trade, not only exports affected, but the entire global

economy around the world. In January and February 2021, imports from Peru reached US\$ 7,265 million, 3.5% more than in the similar period but in 2020(COMEX PERU, 2021).

As for the countries of origin of the merchandise that enters Peru, China became its main supplier with US\$2,145 million, 29.5% of total imports, followed by the US with US\$1,495 million, representing 20.6%. Brazil follows with US\$490 million, 6.7%; Mexico with US\$278 million, 3.8% and finally Argentina with US\$198 million, 2.7%. China and Brazil were the ones with the highest growth, with an increase of 12.9% and 34.6%, in contrast to the first two months of 2020(COMEX PERU, 2021).

Among the main products imported to Peru are crude oils with a value of\$220 million; Diesel 2 with US\$ 203 million; cell phones with US\$ 212 million; yellow corn with US\$186 million; laptops with US\$ 160 million. Other products that had favorable gains were cargo products that reached US\$71 million; highway tractors with US\$40 million; motorcycles with US\$ 66 million and medicines for human use with US\$ 55 million (COMEX PERU, 2021).

Regarding the tariff barriers that Peru has, the issue of the tax burden at the time of importation should mention first. This is not a problem because 70% has a 0% tariff and the remaining products can request a reduction in tariffs due to various FTAs signed by the government. The second has to do with the tax burden of the product before it imported. To say that the cost of administrative procedures is not known with certainty in relation to the time to be used, to emphasize that the Peruvian state has been improving its systems so as not to create illegal tariff barriers.(Legal Nexus, 2018).

3.5.3 Internationalization proposal for the company Molino y Pastificio Alexandra Mopalex

3.5.3.1 Trade agreements between Ecuador and Peru

Peru is located in the central-western part of South America; it is one of the most biodiverse countries in the world with the highest production of mineral resources. The issue of foreign trade has been the most striking in terms of investment recently for the Peruvian government. They have signed trade agreements with the US, China, Canada and also block agreements between Mercosur and CAN, specifying more agreement with the European Union(Herrera & Rosero, 2022).

As a result of the Peace Agreement in 1998, trade with Ecuador grew rapidly, boosted in the same way by the signing of the agreement to accelerate and deepen free trade between the two countries, which established a zero tariff for any bilateral exchange. About 80% of Ecuador's exports to Peru made up of oil. Its value estimated at US\$ 1,065 million in 2021. Peru became the third destination for crude oil in the previous year(Herrera & Rosero, 2022).

Ecuador's offer constitutes more than 1,000 distinct products, of which only 50 manage to reach more than US\$1 million. Regarding imports from Peru, among the more than 2,000 products that are purchased, liquefied petroleum gas stands out, whose value in 2021 was US\$ 223 million. The total value of exports in 2021 reached US\$ 1,335 million, while imports reached US\$ 1,035 million(Ortiz & Dilas, 2021).

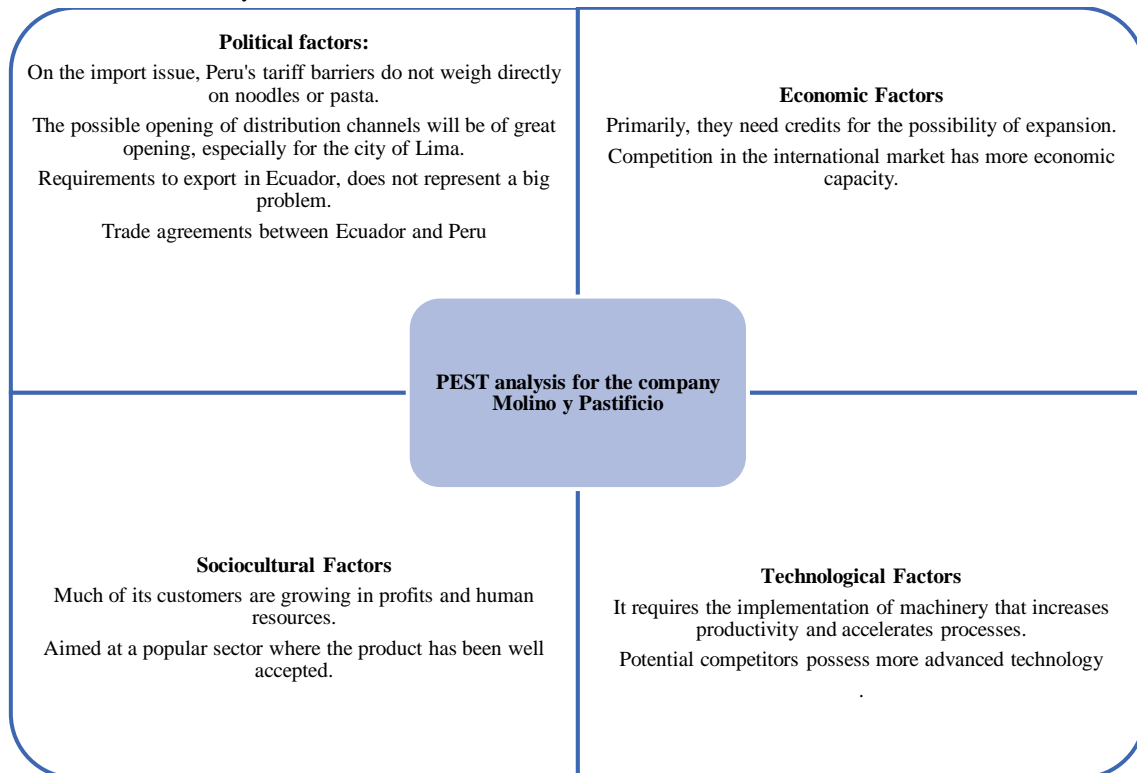
Due to this, Ecuador has been able to maintain a positive balance with Peru recently, based on oil exports to the neighboring country. Exports from Ecuador to Peru grew by 42% the previous year, after having suffered a 46% drop due to the pandemic in 2020. On the other hand, Ecuadorian imports from Peru show growth levels since 2016,

reaching 56 % of imports for that year. The trade balance for Ecuador is around US\$ 300 million in 2021(Ortiz & Dilas, 2021).

3.5.3.2 PEST analysis

Chart 7

PEST analysis



Own Elaboration

3.5.3.3 Product adaptation

According to a study conducted by Salazar (2021), 45% of the entire Peruvian country consumes noodles and pasta and its consumption is preferred directly purchased in the market, in addition to buying it in warehouses and supermarkets, preferring the packaged presentation. The commercialization of noodles in Peru is growing at 3% per year, but in contrast to 2020, consumption would be maintained, reaching sales that exceed \$1,000 million throughout the country. It should be noted that the effect of the

pandemic brought very negative consequences, but specifically with this product, it was actually the opening of other cheaper brands.

Continuing with the effects of the pandemic on the acceptance of products in Peru, packaged noodles represent 90% of the market, which grew in the past six months by 5% of the population that prefers to buy them in markets. 45% goes directly to this sales channel, while supermarkets keep 25% and warehouses 27%, with a clear preference for their purchase. Another relevant fact is that the noodles and pasta market in Peru moves 360,000 tons a year(Salazar Castro, 2021).

4. Conclusions and recommendations

After having completed, the following work can be mentioned:

- The company has the necessary resources for its internalization as analyzed in chapters 1 and 2 due to its time in the market and the quality of its products.
- In the Export Audit carried out in chapter 2, a percentage of 98% was obtained in the administrative area and 96% in the sales area, indicating clear strengths within the company.
- It is also recommended to strengthen the financial and production areas because in their analysis they did not obtain high percentages.
- From all the scenarios analyzed, it can be concluded that internalization would be successful, considering the Peruvian market for this expansion.
- According to studies analyzed for this research, it is concluded that the acceptance of the product in the Peruvian market would be good.
- International relations with Peru favor the possibility of internalizing the company.
- Regarding the cash flow scenario in both, the company's profits remain stable, with a short recovery period to return to the same margins.

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