

NortEstudios No. 14

Immigration and Entrepreneurship in Texas

**Chronicle of an Experience
(1995-2010)**

Edmundo Treviño Garza

Immigration and
Entrepreneurship
in Texas

Chronicle of an Experience
(1995-2010)

Prologue by Paloma Fernández Pérez

Immigration and Entrepreneurship in Texas

Chronicle of an Experience
(1995-2010)

Prologue by Paloma Fernández Pérez

Edmundo Treviño Garza
Founder of The US Marketer LLC

NortEstudios Collection

Núm. 14



Santos Guzman, *Dean*

Juan Paura, *Secretary-General*

Jose Javier Villarreal Tostado, *Secretary of Outreach and Culture*

Humberto Salazar, *Director of Art and Humanities*

Cesar Morado, *Coordinator of the Center for Humanistic Studies*

Mario Cerutti, *Editorial Consultant of NortEstudios*

Diana L. Mendez, *Executive Secretariat of the Association of Economic History Association of Northern Mexico*

920.9

T813i

Treviño Garza, Edmundo

Immigration and entrepreneurship in Texas. Chronicle of an experience (1995-2010) /Edmundo Treviño Garza (Prologue by Paloma Fernandez Perez). Monterrey, N.L.: Center for Humanistic Studies, UANL, 2023.

150p. (NortEstudios Coleccion No. 14)

1. Biography – Edmundo Treviño
2. Social Issue – Immigration – Texas
3. Business Economy – 1995-2010

©Autonomous University of Nuevo Leon

ISBN 978-607-27-2264-4

Center for Humanistic Studies. University Library Raul Rangel Frias, Ave. Alfonso Reyes No. 4000 Nte. Col. Regina, C.P. 64290 Monterrey, Nuevo Leon, Mexico.
www.ceh.uanl.mx.

All Rights Reserved. The total or partial reproduction of this publication is authorized for educational purposes citing the source.

Printed in Monterrey, Nuevo Leon, Mexico.

TABLE OF CONTENTS

Prologue by Paloma Fernández Pérez	13
How was the idea of a book born?	17
Acknowledgements	20
This dedication goes to...	21
Who are you?	23
The Treviño Family	23
The Garza Family	24
My Aunts and Uncles	25
My Parents	26
The tequila effect. The crisis of 1995. Extreme apprenticeship	27
Life as a Fresh Graduate	32
Quality Group	34
The reason why we moved out of the country	37
The “owner-operators”	38
Identifying the opportunity, opening our first company	43
That 's it! Our First Business	51
Mr. Robert the Angel	51
The construction	53

Latin American culture in the U.S.A.	57
The cultural shock	57
Medical Service	59
Becoming Parents	60
And the kids grew up	63
More about the native language	66
Finally, networking happened	67
The Visa and the Company	69
The ignorance of Openness. Legal Structure and taxes	69
Sales Tax	72
The visa	74
The biggest scare of our lives	75
From the scare to the consulate	77
The angel of the consulate	78
Todd, the angel	79
The Labor Market	82
Visa Applicattion	84
The E-1 Visa	88
Mexican Direct Investment in the U.S. and Job Creation	89
The Positive side of migration	91

The Business Chain	95
From a Workshop	95
The First Distribution	97
After the first round, Now going international	99
The First Importation	101
From distributor to importer	102
International Strategy	105
International Strategy, Express manufacturing, A Great Opportunity	105
If you look for it and try, Extraordinary Things can Happen	108
And we stop selling	109
Local growth becomes National Distribution	111
Distributing to Latin American workshops is not the same as selling to American retailers	114
The strategy worked!	117
The meeting that I did NOT attend but that would forever change my life	118
Don't sell to your customers: Help them resell	119
And then came the exponential growth	121
Slapping a racist with a white glove	126

Growing Pains	129
There are also problems in growth	129
Regional niches within a large country	132
We sell promises and deliver excuses	132
And culture, what does it have to do with niches and aches?	135
The End of this Film	139
Hostile takeovers	139
Jumping back into the void	141
The first is always followed by the second	143
Epilogue	149

PROLOGUE

PALOMA FERNÁNDEZ PÉREZ¹

IMMIGRATION AND ENTREPRENEURSHIP IN TEXAS. CHRONICLE OF AN EXPERIENCE (1995-2010), it's a beautiful retelling of the hardships of a Mexican man and his family who overcame the obstacles of the "liability of outsidership" that most entrepreneurs face when they decide to internationalize and invest abroad, in the end of the twentieth century and the beginning of the twenty-first century. It is an important read, because it provides micro-historical details on the evolution of small Mexican entrepreneurs in the face of business opportunities with the United States immediately after the North American Free Trade Agreement in 1994. This book talks about three important events: first, the relationship between Mexico and the United States and how it proceeded with the beginning with NAFTA; many of the obstacles that those two neighboring countries had to face; and finally, the impact of the major agreements between governments, how this everlasting effort that this small businessmen like Edmundo Treviño Garza and many other Mexicans, like him, who helped increase in Mexican trade and investment in the United States of America.

Since the mid-20th century, theories on international business have been trying to explain why and how companies

¹ Professor of Economic History, Universitat de Barcelona. Founder and Editor, Journal of Evolutionary Studies in Business. palomafernandez@ub.edu, <https://webgrec.ub.edu/webpages/000005/ang/palomafernandez.ub.edu.html>

internationalize. Crossing a border to trade or invest is not an easy job that can be easily done without any risks, and losses, not to mention uncertainties. There is the liability of outsidership, the obstacles a company will face when crossing its comfort zone in its homeland and entering a market in another country. Different languages, different cultures, different regulations, discrimination not only in the streets but also inside offices or warehouses, or even in stores or small businesses. Trading and investing outside that comfort zone, implies for companies and entrepreneurs to be able to overcome with different techniques all these obstacles derived from the inevitable liability of outsidership that an entrepreneur has faced when crossing and entering a new market. Success or failure come on hand when it comes to overcoming these obstacles. Edmundo Treviño's book is one that helps entrepreneurs overcome all these obstacles for the internationalization of businesses, particularly for Mexican businesses in the United States.

The book is also a great example of the strategies for overcoming difficult tasks, and taking into account some of the determining factors that make the successful deployment of these strategies possible: the support networks, especially those of family and fellow colleagues in foreign markets, but most importantly with the implementation of empathy and entrepreneurial ambition, that overcomes the luring impact of failure (and its lasting effects), and sharing the impact of the glorious success (creating employment and wealth).

Economic history usually deals with the economic context and illustrates its evolution with the history of business cases. History with a capital H, deals comprehensively with the complexity of the interrelations between economics, politics, culture and society, but also the biography of its individuals and delves into the complexity and the stochasticity of the process. Carlo Ginzburg's "The Cheese and the Worms: The Cosmos of a Sixteenth-Century Miller" was an iconic reference on how historians could use microhistory, throughout the point of view of an ordinary man, in order to understand the complex era in

which he lived. With his autobiographical chronicle the reader is sent to the North American market, where the Mexican Edmundo Treviño Garza told his story, the tale that allows the readers to emerge into relieving the experience of setting up and conducting business in two completely different lands, Mexico and the United States. To understand what it really means to overcome the liability of outsidership for a Mexican in the United States. Also, how to use this knowledge in overcoming to contribute to what in economic theory is called "reverse innovation", that is, to contribute new ideas, in this case organizational and creation of new businesses, from a background of emerging economies and societies, in the existing business relations within the United States.

Edmundo Treviño Garza shares his knowledge and talks about lessons that we need to teach in the classrooms of Business Schools and Economics Colleges around the world.

First, through the importance of family networks and comradery, together with both formal and informal learning, in the formation of entrepreneurs, and in the internationalization of companies in Latin America. Learning English, it's arbitrage to detect business opportunities between two territories, learning to perceive and use knowledge within the family network to complement the search for solutions to entrepreneurial challenges, maintaining reciprocity in the family or work network to maintain the ability to ask for or give capital that may be needed at strategic moments within the network. These resources made it possible to obtain work, timely business angels, expand the network to obtain new business or maintain existing ones. The personality, classic of the visionary entrepreneur that Edmundo Treviño undoubtedly is, also stands out in the book capable of inspiring, leading, generating trust, creating strength for personal and professional resilience.

Another great lesson is that economics and entrepreneurship are not just theories to be applied, but persons in action. The vision of a historical epoch from the angle of an entrepreneur illustrates the ups and downs and contradictions that exist in a world that

is continuously impacted by the forces of supply and demand, in an economy theoretically managed by major trade agreements. Visionary entrepreneurs like Edmundo Trevino shares the nuances of working back and forth in countries with people of different ethnic backgrounds, business practices and laws. In his book, Mr. Trevino shares the need to distinguish experiences from the country of origin, and apply, modify, and create practices that will lead to success in the adopted country.

¿HOW WAS THE IDEA OF A BOOK BORN?

THROUGHOUT THE UNLEASH OF THE CORONAVIRUS PANDEMIC, I spent most of my time reflecting. During this period, my thoughts were very retrospective. I wasn't thinking just for the sake of thinking. I asked myself a bunch of questions: How did everything start? Who am I? Someone recently asked me on Instagram: "Dude, what do you do for a living?" And I took this question very seriously.

First of all, I must admit that I have other passions: one of them is soccer. When I was younger, I wanted to be a soccer player. I grew up admiring Tomás Boy and many other players. I remember spending my Saturdays watching Don Roberto Hernández Jr. on "*Fútbol al Día*" ("Daily Soccer"). Once it was over, I went to my next door neighbor and we both snuck inside the University Stadium without adult supervision (keep in mind, we were both 12 at that time). We watched the game and when it ended we spent our money in the food truck outside the stadium. We bought a torta for only one peso, it was a good deal! With the money left we could buy a soft drink.

This passion, perhaps accentuated by the nostalgia of not living in Monterrey, made me travel to New York to attend a game in March 2020. The problem is that while I was there with the youngest of my children, the Covid-19 pandemic broke out. We all know what happens next. I was under unimaginable stress; I don't know if it was in my psyche, but, after my return to Houston, I had a terrible headache for several days. My wife wisely recommended that I stay semi-isolated at home for a few weeks.

I had many worries. Besides the virus, I was worried about the economic situation. If everything shuts down, will our businesses survive, do we have to lay off staff? We had just received huge assets from several countries and had a high level of indebtedness. In the midst of all this, I was thinking, “How are we going to pay off the lines of credit; how long will we be forced to close?”

My headache worsened at a high rate. Wondering if I would get the virus, my instinct for business survival made me contact banks. We needed financing to restructure and get through the coming *tsunami*, but, obviously, with the indebtedness we already had, added to the great uncertainty, no bank said “I am the right one”. All my worries were mounting. It was then that, with a good credit history, I took money from some credit card promotions so I could at least keep my family safe for several months. At the last minute, I took out a second mortgage, and we had to start over, but business comes first. Many families depend on it, both here in the U.S.A and Mexico, and therefore, in several other countries.

About a year and a half earlier, I decided to make some changes in the company, so I joined a mentoring group with a somewhat controversial but promising coach (who, by the way, wasn't affordable, which made him even more controversial) with many creative and original ideas. He was the one who influenced me to share my knowledge. I remember that I told him about everything I'd been doing in the United States. He said, “You have a story to tell” and asked me to share all my *knowledge* with the general public; in fact, he suggested that I join the consulting business. This event was meaningful; however, there was a more important occurrence that convinced me to publish the book and that was a *Zoom* session. We had meetings with members of this group where an “anti-crisis” model was proposed. Several concepts were discussed, such as agility, resilience, and others. But the one that caught my attention was the concept of “antifragility”.

This word does not even exist (at least not yet), so I decided to read Nassim Nicolas Talib's book “Antifragile”; where he talks more in-depth about this concept. It revolves around the idea of facing the turmoil of a crisis and after every blow we receive, let's

not only endure and be resilient but even become stronger. The book filled me with ideas, and I decided to be stronger amid this pandemic so that each blow received could help me accumulate the required energy and grow.

So here I am, sharing my thoughts with the help of Doctor Mario Cerutti, co-founder and editorial advisor of North-Estudios. I spent many years regretting leaving my master's degree unfinished. When I concluded my studies, I emigrated to the United States and never completed my thesis. Dr. Cerutti, who had taught the History of Businessmen and Companies in Northeastern Mexico, suggested that I write my history, comparing my experience of moving from Monterrey to Texas. However, I never felt that my experience was worth telling. That is until now.

When I came back from New York, after my “anti-crisis” session, I spent my time in isolation setting several goals and objectives: I studied a lot, read, listened to podcasts, exercised, and pursued businesses I'd never tried before. One day, while I was riding my bike, I was listening to an interview by Carlos Muñoz with Brian Tracy, a great American spokesperson. Someone asked Brian a question and his answer struck me. It was something like: “*Brian, have you ever failed in business?*”

And his answer changed my life. He talked about his past projects and how they never turned out the way he wanted; however, he never saw them as a failure. Then, he would take a pen and paper and write down everything he learned from the experience. Even if he lost money, he also gained a lot of knowledge, which he could later use in the future. “It feels like...”, Brian explained, “... going back to school”. If you've spent money on your education, why won't you apply the same technique to your business journey?”

I followed his advice and I decided to do the same. After trying dozens of projects in the United States, most of which had failed, I asked myself if I had learned anything from each experience. We also had triumphed, but those plans did not work out. I carried them on my back as if they were a big, heavy lump, and on many occasions, I felt that they did not allow me to move forward.

It has been almost twenty years since we emigrated and started our first business. From there, many more were built-in, and already on the computer. I decided to write about every single one of them, and about the learning obtained, at least as a general idea. I shared the document with Jorge Orozco Contreras, our operations manager, who has been working with us for almost ten years. Jorge complimented the file and told me, “Don’t forget these other projects”. I continued to write ideas derived from the learning they brought to me. As I review the document, I realize that we have accumulated a good deal of knowledge and experience. Just from unexplained ideas, I filled fifteen pages and I said to myself, “This is not just any experience; not just anyone knows about it; it has to be told”. And I jumped on social media, put together a team, and started attacking my fear of recording videos and sharing them. Little by little, we got better and better. I was encouraged to contact Dr. Cerutti, and that’s when I was invited to write a book. The idea was suggested to us, and we believed that our experience was worth it. So here I am, sharing in and with NortEstudios, this accumulation of knowledge and experiences.

Acknowledgments

I want to thank God for lending me this opportunity to participate in this accomplishing task. I will also like to thank Mr. Mario Cerutti and some of my colleagues from the Historical Economic Association of the North of Mexico (Spanish: “*Asociación de Historia Económica del Norte de México*”), for your encouraging words that inspired me to write this book. Thanks to my parents, for all their sacrifice and unconditional love, for believing in me, for teaching me the importance of work ethic, for your guidance in making me a kind person, but foremost, as an outstanding professional. To my aunts, uncles, cousins, siblings, friends, in-laws, family, my coworkers and everyone that accompanied me during this venture (I’ve always thought that God has blessed me with your companionship). Mr. Pedro Ferriz, who once told me that: “Crisis often brings new opportunities”. To

Mr. Carlos Muñoz, who made me realize that my experiences and acknowledgements were valuable. To all my friends of the “Mastermind” for their motivation and for valuing me. To Mr. Diego Alcalá, the first to read these lines and for his feedback. And finally, to A. G. Rowdark for helping me translate my thoughts on paper to a piece of writing worth reading first in Spanish, and to John and Barbara McKee who helped me review it and make sure it could be understood by *gringos*.

This dedication goes to...

My friend Javi, who told me that the most important thing in life is to transcend, as he explained that those words meant “someone will remember you”. That’s my purpose: transcending, I hope that the day I die, my children will feel proud of their father. I hope that it serves as an example that anything is possible. I would especially like to dedicate my first novel to my *Principessa* for always being at my side, for believing in me, and for accompanying me on this path of intense entrepreneurship. To our children, your love, your patience, my beloved Gaby, I love you.

WHO ARE YOU?

The Treviño Family

IF I WANT TO ANSWER YOUR QUESTION of who I am and where I come from, first I have to go back in time and talk about my grandparent's entrepreneurial spirit. Mr. Edmundo Treviño Cuéllar was a businessman, an authentic merchant. He worked as a truck driver in the 50's. He also owned stone quarries in Monterrey. He brought merchandise from the United States and resold it. He estimated his earnings by buying and storing grain, only God knows how many plans he had in store. He had over 20 children. mostly with my lovely grandma, to whom he was married.

I admired certain things about my grandfather. As a child, we always looked forward to seeing him. Every time he saw you coming, he would always go to his room. Behind the door he had his lockbox, in which he kept the new currency of the moment (which was nothing in Mexico due to the tremendous inflation in those days). However, for a child, having one of those shiny pieces of metal in his hands was like owning a great treasure. As I grew older, I realized that he helped most, if not all, of his children by giving them a house and, on occasion, some other piece of land, so now as an adult, I am impressed by the tremendous amount of real estate he managed to accumulate. I regret missing the opportunity to talk to him more. I could have learned so much from him! And I can just imagine him now in his sales negotiations. I like to imagine him working on a new enterprise because he was like an idea machine that never stopped.

One day my father told me that my grandpa wanted to buy all the grain that was produced in several ejido areas from Cadereyta. Even though the farmers themselves called him insane, he continued to buy and store the product. Back then the prices were low. Some weeks later, a natural disaster struck that boosted the prices of the grain. My grandpa, with his full warehouses, won the bet. I can imagine the big smile on his face when he collected his massive earnings from the grain sale.

His wife, my grandmother, Mrs. Felicitas Hinojosa, was a descendant of Michoacan parents who emigrated to the United States. She was born in Tulsa, Oklahoma, and she spoke English flawlessly. I loved her accent. A few days ago, I had the opportunity to dig into her personal records and I was pleased to find some documents from her childhood: her birth certificate from Tulsa, her baptism certificate in Gonzáles, Texas, her First Communion certificate in Richmond and her Report Card from her elementary school in Edinburg. She fled from Oklahoma. In those years there were high levels of racial discrimination. She even lost one of her siblings due to this. At the age of 19, she moved to Monterrey. Days later she fell head over heels for a man named Edmundo. She lived as an American citizen all her life, until her passing, although my aunts registered her as Mexican.

The Garza Family

Mr. Juan Garza Garza, farmer and cattle rancher lived in a tough environment, more specifically in an ejido from Cadereyta. He tried to overcome poverty, always envisioning the way he would provide for his children. He had a heart of gold; he had eleven children with my grandma, Mrs. Emma Garza Garza, who he had “stolen away”.

I remember, he used to wake up early at 6:00 in the morning so he could milk the cows. Fresh milk not only provided food but also was used as a feedstock. He sold the fresh milk to a truck that came by to buy milk, and my grandma and my aunts would prepare cheese that they would later sell. Customers came from nearby ejidos to buy these cheeses, as well as eggs from the hundreds of

chickens they had. They obtained wool from the sheep, milk from the cows, and sometimes an animal was butchered for a special celebration.

My grandpa and my uncles also sowed grain, corn, tomatoes, and chili, among other crops. Life wasn't easy back then, especially in the Mexican countryside, many farmers decided to emigrate to the United States.

My grandpa Juan lived some years of his childhood in Texas, most of his siblings stayed here, and later some of my uncles and cousins also emigrated. So, we always had an excuse to go visit our relatives in Houston. It was fairly cheap and it was something we could barely afford but how exciting it was to us as kids every time we were told, "Let's go to America!"

Both my grandparents had an unmatched love for their work. They died at the age of 90, doing what they loved: working.

My Aunts and Uncles

Being part of such a large family, my parents had a lot of brothers and sisters. Each one taught me valuable lessons, but the ones with whom I perhaps identified the most and marked my professional growth were the youngest.

My aunt Emilia Treviño married my godfather, Ricardo Tijerina, who lived a few blocks from the Tec of Monterrey. I remember very well how he and my dad would tell me stories of merchandisers, managers, and great students who graduated from the Tec, and I was so eager for the idea of studying and preparing myself as well as possible. All those memories take me back in time, I can still hear them talking about scholarships and growth opportunities. In recent years I've had the fortune to spend more time with them, and I continue to learn their philosophy of life, love for others, and commitment to friendship and faith in God.

Aunts Tere and Rosy Garza, my mother's younger sisters, who worked with sacrifice and hard work and managed to pursue professional careers, deserve a special mention. They never cease to cause me admiration and respect for how, out of the poverty of the ejido, they managed to get a job and develop their careers:

Tere in primary and secondary education, and Rosalinda as a public accountant and later as an expert in finance. My aunt Rosy helped me a lot: first, she helped me enter high school at the Tecnológico of Monterrey; later, to do an internship in the accounting department that she managed in a transnational company. All my knowledge I owe to them.

My Parents

My parents always strived to give us a better opportunity; my parents were always entrepreneurial. My father, a civil engineer, quickly realized that working for someone else would give him less income than working for himself. So, he preferred to become a tractor-truck driver, owned his unit, and eventually opened a service shop. With his knowledge and hunger, he gradually opened up opportunities. One day he bet big, but things didn't go well. When the deregulation of freight transportation was coming, he thought that the cargo deregulation would allow access to more and better freight. So, he went into significant debt to buy trucks and trailers and took a considerable risk in his repair service company. Unfortunately, things didn't turn out as he had hoped.

The best loads were snapped up by the big carriers. His company only got the shipments that no one else wanted. The low-paying loads and difficult ones were available. A couple of road accidents suffered by its operators put an end to the dream. The total material losses and large cargo losses affected their financial results, creating a spiral of unsustainable debt that practically forced my father to leave the company and return as an employee.

As a child, my mom left home to work and study. In her youth, she immigrated to Illinois, where she worked as a laborer while taking English classes in a church and watching soap operas in the language she still did not understand. She was the one who had the notion to put my siblings and me to study English; she always said that it would come in handy in the future. She always supported my dad in his entrepreneurial career as he spent so much time talking to banks, settling disputes at the Mexican IRS,

negotiating with lawyers, and selling cakes for parties. Not only that, but she also made sure we did our schoolwork. She never gave up in the face of hardship. Never! She's a fighter. Like many housewives, maybe she did not get the spotlight when a child is successful in some field, but boy, did she teach me! And together we learned how to do business.

The tequila effect. The crisis of 1995. Extreme Apprenticeship

I clearly remember that, in the midst of the economic crisis of 1995, I was listening to Pedro Ferriz de Con on the radio. One day he commented that crises are times of opportunity. And I wondered how on earth could I find one. My family was economically bankrupt; we were about to lose our house, the cars were gone, the Treasury and the bank's lawyers were knocking on the door every day, and Pedro talks about opportunities. While I was studying Mechanical Engineering and Administration, I did not realize that, in reality, I was actually in intensive courses in entrepreneurship, financial and fiscal accounting, micro-enterprise administration, economics, money markets and interest rates, exchange market and exchange rate, human resources, preventive maintenance of vehicles, systems, or programming. When things got difficult at home, I started working and studying. The first two years were more of "playing at work", doing internships in the accounting department of Heckett Multiserv, a transnational company where Aunt Rosy was the finance and accounting manager.

For one hundred and fifty pesos a month I would help out for four hours every day. I learned about bank reconciliations, payroll taxes, fixed assets, and so on, and there I saw how the accountants struggled to deliver the monthly closing on the first day of the month at the first hour so that my aunt could report to the corporate office in Pennsylvania at 10 AM. Here I began to see that, even though I was only seventeen or eighteen, I could be useful: suddenly, for example, I was developing little system modules that would speed up certain calculations. Everyone was surprised to see how "Rosy's nephew" did that. At the time

I received an offer from one of the plants to be an accounting assistant, but I wanted other experiences because I wasn't ready for a real commitment.

In 1996 I was fortunate because I was selected by one of the most renowned companies in Monterrey to do my social service: Celulosa y Derivados. In the School of Engineering, other students envied those of us who were chosen to work in the big companies in Monterrey (Cervecería Cuauhtémoc, Cementos Mexicanos, Caterpillar, among others); but in the third month, I had an epiphany. I realized that by helping my family in micro-businesses and projects I learned more, and, at the same time, I was more useful than being a secretary to a maintenance engineer, who only wanted me to make a few graphs that, surely, he did not use.

Finally, he had been asked to do something with me, and, obviously, he wasn't going to risk his job by putting me to work on real things. It was then that, at best, "help me translate this manual" became the most interesting and challenging thing. Sometimes I spend more time in the bathroom splashing water on my face to keep me awake or talking on the phone with friends. Around the same time, my dad got a job as a maintenance manager in a steel scrap recovery plant: he was in charge not only of the heavy machinery but also of the loading units. The business wasn't going well at all, and in addition to the transportation business and having his own repair shop, he had to get this job. I fondly remember, on Sundays, when we would go to the plant to change the oil in the cargo cranes; I would end with up more grease on me than the engines themselves!

Here I learned a great deal from my father and his aggressive preventive maintenance plan. The plant already had four or five trucks ready to be put into the scrap yard; the owner, was desperate because only one or two trucks were working properly, and my dad agreed to implement preventive maintenance. In less than a year the fleet had grown to thirteen trucks, and none reported any problems on the road; the plan had worked. I understood that it was not best to just repair (corrective action), but to avoid repairs

(preventive action). Eventually, this became our first business in the United States. In this same company, they had need for spare parts and components for their equipment. Traditionally they would buy everything from a firm in Houston for the simple fact that they could be serviced in Spanish. Back then I was my dad's "trader": bring me this part, pick up the check and deposit it in the bank, and things like that.

So almost every day I visited the company and often spent time with the purchasing and warehouse people. One day, when they found out that I spoke English, they asked me for a favor. They wanted me to help them with a phone call. This was my first experience in international trade. From then on, I started working with them a few hours a day and started translating maintenance manuals and diagrams, but also developing international suppliers and contacting manufacturers. I remember with great pride how there were parts where I was able to reduce the cost by more than 50%. The owner was a millionaire with admirable business skills. He heard about my work and started offering me a weekly payment, which made me more passionate about my work.

One of the people who has had the most positive influence on my life, my friend Javier Garcia, who was an international buyer for one of Maseca's subsidiaries, began to advise me (he passed me old directories of manufacturers). That's where I started to investigate: I got several proposals from the company and the owner approved that we take a risk, that we start acquiring parts elsewhere. I was more than surprised and proud of what I was accomplishing. I felt like a kid, and it all seemed like a game, but I was actually saving the company thousands of dollars. I learned that there are definitely a lot of opportunities if we get out of our small geographic area and out of our comfort zone.

By then I was doing wonders with my time: at seven in the morning my first classes at the university started, and at half past nine I would rush off to the repair shop, do my shopping job and do the required rounds for the family business; at 2:00 in the afternoon I had to be at Celulosa, at 6:00 I would fly back to school to be late for a class that started at 5:50. At 6:30 I had

German class (by then I had grown tired and bored of studying English), which I was also late for; it ended at 8:00. From there I would run back to the facility to take a couple more classes until 10:00 at night.

My second experience in international trade was very informal but real, demanding, and challenging like a few others. Many times, Mom would pick me up on a Friday night at the School of Engineering and we would drive to Houston to get there in the wee hours of the morning, get some sleep and go out to the neighborhoods to the garage sales. We would look for products in good condition and at prices low enough to market them in Monterrey.

Then we would go to stores to buy new and used appliances, which we also brought with us. The stressful part was the bridge. We had to negotiate with customs and pay as little tax as possible. That really made me sick to my stomach, but every peso saved was an increase in the profitability of the product and the possibility of getting ahead. I think we sold hundreds of washers, dryers, and refrigerators. One day a friend called me to tell me that he wanted a warranty; that the washing machine he had sold to his brother had broken down and was only eight years old. Hahaha! How hilarious. What amazed me the most on these trips was to see the tremendous opportunities that can open up with such simple things, and the huge price differentials between one country and the other. How is it that a practically new bicycle that can cost a few dollars in Houston and in Mexico becomes an item with much more monetary value?

Similarly, eating tropical fruit in Texas can be a luxury, while in Tampico my mother-in-law put bags of mangoes on the fence for anyone who wanted to take them, because the trees gave too much and she didn't want them to go to waste. Little by little, we discovered opportunities on both sides, both to take and to bring. One day we started with a Nissan car, then we hitched a trailer to it, then a small pickup truck, then a bigger one, until our trade was done by professional carriers, which eliminated our extreme days on the road.

After a thousand anecdotes, of knowing all the international crossings of Tamaulipas and Nuevo León, we began to be recognized by customs officials on both sides; of once even running out of gas (failure due to my bad calculations of fuel consumption by bringing a refrigerator as a parachute in the truck); of avoiding accidents; of storms and changing tires in the desert; of being chased and extorted by municipal police; of seeing armed commandos up close, or losing merchandise on the road. The list, in short, could be endless. For years we traveled like this: hundreds of road trips. While many of my university classmates met for fun or went to the club, I drove and drove. Without a doubt, those thousands of kilometers meant a lot of thinking, reflecting, and learning. Little by little, we got by at home. During the first years of my adolescence, Dad had registered several business names and, with enthusiasm, took bank loans to grow his micro-enterprises. He has always been an expert and lover of maintenance, but no one has taught him how to manage the administration or, more delicately, the fiscal side. A very young cousin of mine did the accounting and unfortunately, when taxes had to be paid, my dad would only say: “There is no money”; and my cousin, without giving him any further explanation, would settle for filing zero returns, which was the most typical mistake. Obviously, at that time the Treasury Department did not react so quickly, but if you got hit, you got hit. Gradually, the tax requirements began to escalate, until they turned into multiple audits from which we obviously did not get off easy.

My mom looked everywhere and got an “accountant” who only made firewood from fallen trees. After scamming us with charges for doing nothing, she took us to Lupita Aguilar: a guardian angel, who took our case and began to advise us and negotiate with auditors to gradually free up certain processes. Those were very hard years, but I thank my father for them. If he had not made so many mistakes in his fiscal strategy, I would never have learned so much, nor would I have developed the passion I have for always getting involved in a dramatic way in the administration of companies, in facing audits with peace of mind, learning so much

about fiscal issues, as well as legally paying as little as possible to the tax authorities. At the age of sixteen I was already getting invoices everywhere, seeing how to pay suppliers, and preparing payroll, among other things. It is obvious that college gave me academic preparation that never gets in the way and abstract thinking that is super necessary in the business world. But these years of suffering with family businesses, undoubtedly, made me who I am. For many, these events could be considered failures, but for me, over time, they became an asset. I am talking about a wealth of experience that not just any recent college graduate could have.

Life as a recent Fresh Graduate

By the time I graduated from university, I felt much more prepared than the vast majority of my classmates. In addition to being fluent in English, I had already learned German; but the best part was that I already had experience in accounting, purchasing, collections, finance, and lending. And all in the flesh.

As a good recent graduate, naturally, the environment tells you: look for a job. I didn't have much trouble getting placed. Soon I was a design engineer in a driver's company in which they had an alliance with Japanese investors, where at 8:00 A.M. you had to go out to the parking lot facing the street and suffer the embarrassment of people passing by on the street seeing you doing exercise routines with annoying little music.

Eventually, I discovered that half of my coworkers would take refuge in the bathroom while the warm-up was going on. The other issue was that this company, or at least the department in which I worked, suffered from acute juveniles: daily, from 7:50 to 8:00; Mondays from 8:30 to 11:00 we would meet with the department manager so that he would read us some newspaper article he had read, give us certain reports, and we would all take notes as if we were going to have an exam the next day; on Tuesdays, the meeting lasted all afternoon with the area managers; on Wednesdays with your direct boss; on Thursdays with your colleagues; and on Fridays with my grandmother. In

view of all this, the obligatory question was: what time do you work here?

So, I ran away and found the job of my dreams: international buyer for a German-American company. I was going to be able to speak English and German! An excellent experience in which I was able to contribute a lot and I was earning well. But I started my master's degree in economics and my priorities changed, plus the job had a disadvantage: it was in Ramos Arizpe, Coahuila. Crossing the mountains every day in winter with the danger of fog and reckless drivers, convinced me that the disadvantages were not worth it.

In this company, I began to apply much of what I had learned in the previous years. It was difficult to develop suppliers because 90% of what we bought had to come from our plants in Michigan and Germany. However, it gave me the ability to attack supply problems, and inventory turnover, and to expedite deliveries. I realized that the purchasing process was very important for any company, especially if you sell products. Without material, there is no sale and a lot of salespeople and annoyed customers. So, I started working with warehousemen, billing people, and even the sales staff to see how we could improve delivery times, communication between us, or access to information.

I learned that to sell well you need to buy very well, and not just negotiate a good price. It is always necessary to schedule delivery dates, control consignment inventories, evaluate and optimize credit terms, obtain discounts for prompt payment, prepare the presentation of the products, and determine shipping methods and transfer times. So many tools that I have not stopped using to date.

I fondly remember that I preferred not to go out to lunch and take advantage of that hour to be trained via telephone from Detroit on how to use the procurement software of our parent company. The company would buy my groceries and I could use a house they rented for outsiders. I'd rather stay late at night than go out for a beer with my coworkers - it's amazing how much progress you can make from five to nine at night when everyone

has already left! But I was the only odd one out; everyone else was leaving because they thought “I don’t get paid for staying late”. And I was giving the extra without asking for anything in return. It was the simple desire to get ahead, and the hope that one day my boss’s boss would notice and give me my boss’s job. My biggest success was one day when a group of warehousemen got up the courage and stood up in front of my boss to ask him if they should report directly to me and not to him. Of course, he didn’t accept, but what an incredible feeling to be seen as a leader by a group of colleagues, and not because I led them, but because I listened to them because I asked them how my work affected theirs and saw how to solve it. Then, obviously, they were also concerned to see how it affected me favorably.

Quality Group

One day I received a proposal from a couple of young entrepreneurs, Mauricio Arcq and Melesio Gonzalez, owners of Grupo Quality. The idea was to start an international trade business, a promoter of Mexican products to the United States. My salary would be a third of what I earned as a buyer, but they promised me that we would grow together. It caught my attention so much that I decided to join them without thinking much about it.

This represented a few months of a lot of learning but zero sales. I think two things failed us: first, we focused for a very long period of time on a single project that in the end was not realized; and second, we thought we could sell from the desk of our offices just by sending quotes and letters by fax. Now, after dozens of import and development projects of multiple Latin American products, I understand that this practice was not exclusively ours: most company owners or directors still think that from their office they will be able to develop all the right commercial strategies for the North American market and get customers in clusters. We see the U.S. market as being so big that we dream of generating millions of dollars easily, without investing much. Of course, it doesn’t work that way. I will discuss these experiences at length later.

After a few months of trying and failing to close the export plan, I was invited to join another company, now as a customer service manager. Basically, I was a complaint catcher. In a cleaning services company, it is not easy to fight against extreme staff turnover and absenteeism, while trying to maintain a quality standard that is too subjective for the customer. The best I could do was, again, help other departments solve their problems, to try to minimize my own, and that earned me a short time as the company's general manager. Managing close to four hundred employees is not easy, especially when you are only twenty-four years old.

But here comes another period of extreme learning. In less than two years I was able to learn from audits by the Ministry of Finance and the Mexican Social Security Institute. On one occasion an auditor told us: "I didn't find anything wrong but I can't tell that to my boss. He wouldn't believe me and would run me off, so I'm going to put this amount to pay". Unbelievable! Within the negative, there is always something positive, and that was that I practically became an expert in taxes and payroll obligations, as well as in understanding employee-related costs and what kinds of strategies can be used to get around them.

The environment was far from simple. Payroll costs represented a large percentage of the total cost and almost fixed the selling price. On the other hand, clients did not want to pay more and there was no room for maneuver, especially in a hyper-competitive market where there were dozens of providers offering the same services. All this necessarily forged a character and a creative way of thinking to put out fires on a daily basis.

I learned a lot and they let me grow as much as I wanted, but my destiny was definitely elsewhere. The trips to Houston made me look for a different life project, and with the entrepreneurial spirit and the support of Gaby (Gabriela Lárraga), my wife, I decided to leave this great job, a very good salary and emigrate looking for the *American dream*.

THE REASON WHY WE MOVED OUT OF THE COUNTRY

DEFINITELY WE ALL HAVE AN entrepreneurial spirit inside us, at least that is my opinion. The problem is that many times we don't dare for fear of failure, of what people will say, or simply for the memory of a negative experience in the past. It was thinking with the perspective that made us leave Monterrey. I don't think we even had a clear objective at that time. Obviously, we wanted to make money, but we wanted to support the family, have a better quality of life, and not go through an economic crisis again. I am sure that, without realizing it, the fear of debt, of uncertainty, of being on the verge of losing everything again, moved me in a big way. It wasn't long ago that we had just emerged from a tsunami of commitments, which took us several years to overcome.

On the other hand, Gaby and I were still in our honeymoon period. We always thought things would work out, I was coming off a meteoric rise in my job. We were full of confidence, and when the idea of trying a business in Houston came to me, we didn't think too much about it. I clearly remember Gaby's words: "If you want to go, I'm not from here, so it won't hurt me as much as it does you". She lied to me: it was very hard for both of us to let go of friends and family, of the city and the food, of so many things (although this, in the long run, ended up helping us develop an area of a business opportunity that I will tell in detail later on). So, I resigned from my position

as general manager and, to everyone's surprise, we moved to Houston. We were living in a nice apartment in Monterrey, in a good area, no luxuries but very comfortable, and we traded it for the discomforts of an RV. It was not easy. I still remember that, at the beginning, we even slept in the cabin of a client's truck while we were getting properly established. These nice anecdotes now seem like a dream.

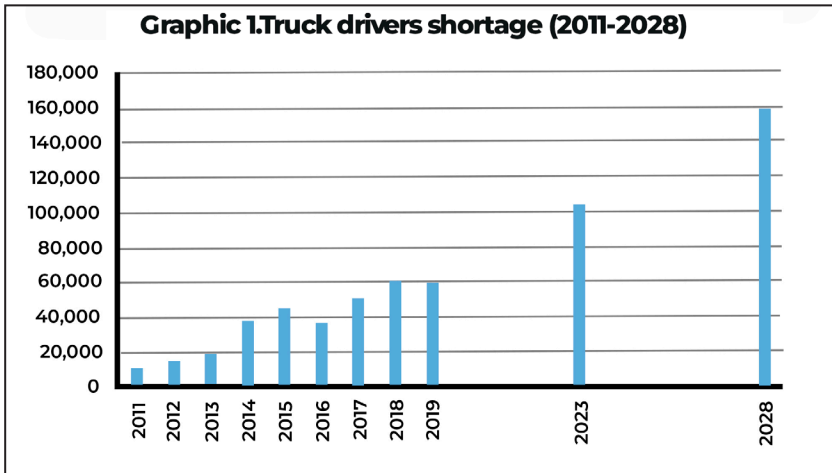
Our initial plan was to come and work for about five years, save money and go back to Mexico to look for a job again, but with capital perhaps to buy a house. The unexpected thing was that we never thought we would be so passionate about the business that was about to start, and that made us stay longer and longer. We have been established in the United States for almost nineteen years now, and we see our return as a distant prospect. Since we had been traveling to Houston on weekends for years, and since I was born, I had been hearing about trucking in the family, we were "putting up our antennas" and paying more and more attention to the subject of transportation services. The truth is that there was not much planning; we just decided one day to see how to open a truck repair shop.

Our experience was mainly in the area of corrective maintenance. That is, diagnosing, repairing and changing damaged parts in trucks; and we decided to partner with a person with extensive experience in performing oil changes to trucks, the service par excellence. This partner had been working in different places for years, so he was known in the field and, in theory, it would be easier for him to attract customers.

The "owner-operators"

The transportation industry in the United States has the peculiarity of having a large labor force of owner-operators, the "man-truck" as they are known in Mexico. They are drivers or operators who also own their own vehicles. This is how they can generate more income and in theory, become more profitable, or at least that is what they feel and think. In the neighboring country, there has been a significant shortage of drivers for years (Graph 1).

Bar chart 1
Truck driver shortage (2011-2028)



According to the American Trucking Association (ATA), since 2005, when this shortage of heavy truck drivers began to be documented², the problem has worsened and is expected to continue to grow in the current decade. Among the consequences is the high turnover of personnel, motivating large transportation companies to “fight” in the labor market for these operators, offering better salaries and benefits, and, at the same time, raising their socioeconomic status.

With the exception of the mortgage crisis years (2008 and 2009), this deficit continued to intensify without interruption through 2019, and while it may have slowed during the current pandemic, as the economy has recovered the trend has resumed and worsened. One of the factors that has caused this deficit, in addition to the growth of the economy and freight volumes, is that drivers who are retiring due to age are not being replaced by younger ones because the younger generation is not attracted to this type of occupation. The most notable consequence, of course, is the increase in the average age of operators.

² https://www.ntea.com/NTEA/Member_benefits/Industry_leading_news/NTEANewsarticles/Aging_trucks_create_more_service_opportunities.aspx?fbclid=I-wAR3mkimdcKilEbdqvwYYSwODX5Hop5g6odQWuQdIt9cJ37I30kwxgv209PU

If we additionally analyze not only the quantity but also the quality and preparation of the drivers, the situation becomes even more complicated because there is a large number of operators without the correct training and experience in the industry, creating other negative side effects such as insecurity on the road and additional costs due to higher insurance premiums.

One way to convince these operators is to assign them a new or semi-new unit, which is more comfortable and reliable, taking into account that drivers are paid mainly per mile traveled. Obviously, it would not be very pleasant for them to suffer breakdowns on the road that cause them to lose hours or even days. As a result, large companies are continually investing large sums in renewing their units, often through leasing schemes, in which after a period of time the company turns in the truck and leases a new one. According to the National Truck Equipment Association (NTEA), large fleets typically replace their vehicles every three years.³

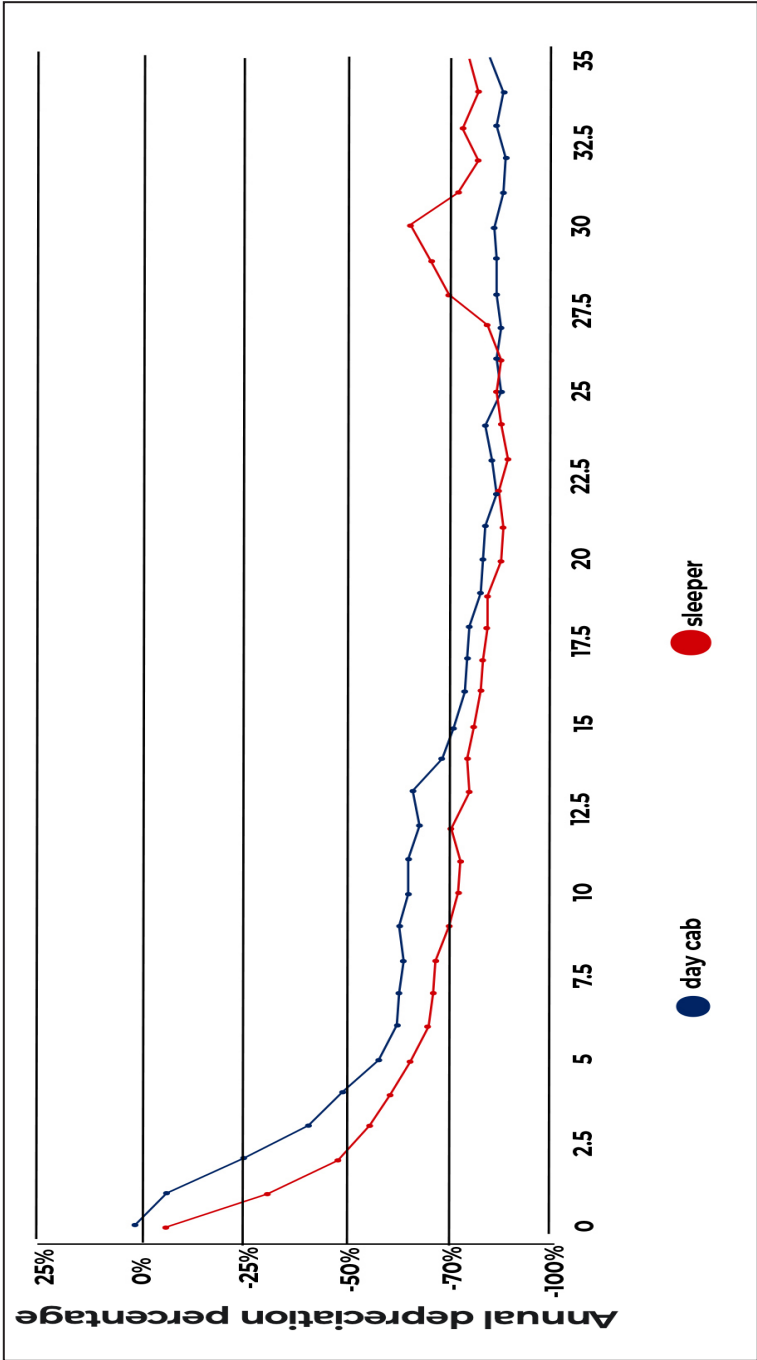
Here, in a way, another industry is generated: the resale of “pre-owned” units, trucks with many miles driven but in good condition, and very recent models that, at first glance, attract buyers but hide important maintenance problems. Obviously, these units are offered at much more affordable prices because the vehicles depreciate very quickly. According to a study published by equipmentwatch.com,⁴ in approximately two and a half years a truck will have lost 50% of its value and almost 70% after the first five years (graph 2).

The important thing here is the seductive words that incite the employee to become independent, and with some money saved, the search for a used truck begins in the innumerable lots that exist of “good, nice, and cheap” vehicles. Not to be forgotten is the availability of credit in the U.S. economy, in addition to traditionally low-interest rates compared to those of Latin American countries.

³ https://www.ntea.com/NTEA/Member_benefits/Industry_leading_news/NTEANewsarticles/Aging_trucks_create_more_service_opportunities.aspx?fbclid=IwAR3mkimdcKilEbdqvwYYSwODX5Hop5g6odQWuQdlT9cJ37I30kwxgv209PU

⁴ <https://equipmentwatch.com/intel/equipment-values-market-data/heavy-du-ty-truck-used-price-depreciation-due-high-utilization/>

Graph 2
Depreciation index for heavy vehicles



So, with relative ease, this person fulfills his or her dream of acquiring a truck and becoming independent. Faced with the tremendous shortage of drivers, transportation companies were created that no longer own the units, but hire these truck drivers to transport their clients' cargo. These companies sometimes only report the trailers as part of their assets. However, the most important thing is that it is these trucking companies that hold the cargo, which they get from various contracts. In a way, these companies externalize the major operating expenses by contracting with these micro-entrepreneurs.

Information published by the Owner-Operator and Independent Drivers Association (OOIDA) estimates that there are 3.63 million Class 8 heavy-duty trucks in the United States, and that about 22% (approximately 800,000) belong to micro trucking companies that own between one and six units, with almost half a million in the country.

These owner-operators become something similar to the “Uber” of cargo transportation, although without a digital application. In many cases, the cargo is procured by an agent or “broker” who assigns it to the highest bidder.

This is where a niche market (and tremendous opportunity) is created within the sector. As mentioned above, large fleets replace their units after a few years, but the interesting thing is that during this period since the vehicles are new, maintenance activities are practically non-existent: they are limited to very specific jobs, such as engine oil changes or tire replacements.

Thus, small fleets or man-trucks acquire units with several hundred thousand miles traveled, with significant repair needs and hidden defects in apparently new or pre-owned vehicles. So, just as hundreds of thousands of micro-transporters are appearing, so too are countless suppliers providing services to this industry. The advantage is that it is relatively easy to get a few customers, as owner-operators are always looking for new options to reduce the tremendous maintenance costs they can surprisingly face.

There is no need to do a lot of sales work or participate in auctions or bidding with the big companies; all that is required is promotion and offering services directly to the decision-makers: in this case, the owners of a single unit.

Identifying the opportunity, opening our first company

During a visit to an existing workshop, we met a person who wanted to become independent but did not dare to do it on his own. In addition, the lack of capital did not help him. He decided to form a company but, I would say, in a somewhat innocent way. It was not legally established, but we would work for a while in his name. We didn't have the slightest idea of how a business was legally constituted, and we wouldn't know until several years later.

With the little start-up capital, my family had available, we bought some tools, equipment, spare parts, as well as oil inventories. The partner knew some Americans who had several businesses and properties in a good area and rented a piece of land. A roof was built there, a cement floor, and a shipping container used as a tool storage area. After hiring a carpenter uncle of mine who built us a mini wood office, we started our operations.

We basically copied the business model of the other shops in Houston; we offered more or less the same price levels (maybe slightly lower) and implemented some ideas on how to treat customers. Our priority at that time was not to differentiate the business but to earn revenue to survive. Gradually mechanics and helpers were hired. Customers started coming in and the project began to flourish.

I have often thought about how and why it is that Hispanic customers decide to go to a small, newly established business. On the one hand, I want to be very optimistic and assume that somehow, we want to help each other; that the vast majority of Hispanics have suffered to come to this country, to find a job and improve their quality of life, and that makes us feel compassion for someone who is starting up and in a genuine way, we are

willing to be supportive. I once heard my friend Javi say that the act of helping others is actually a selfish act: we do it not so much to help but because we want to feel good.

On the other hand, I have come to think that we Latinos pretend to feel superior to others. There have been so many generations through which we have lived oppressed, most of us in poverty, that when we have a business, even if it is tiny but, at the same time, a little bigger than that of our peers, we feel we have a certain power over others. I have treated hundreds or thousands of drivers since we opened our first business, and I believe that many customers, especially Latinos, are a bit arrogant, with a mentality something like: “if I am your customer and you offer me a service, then I am “better” or more powerful than you because your business depends on me”.

After almost twenty years living in the United States, I have seen how the white Anglo-Saxons support each other and the African-American or “black” population protect each other. Asians, especially of Indian or Pakistani origin, own many gas stations. I once asked a friend who owned a business why this happened, and he explained: when I arrived, the community first gave me a job and then offered me support to own my own business; likewise, when someone else comes, I am obligated to help them.

I apologize beforehand, but this is not easy to hear among us Hispanics in the United States. The bad joke about the bathtub of Mexican crabs that can stay uncovered, and won’t get out because they will find each other to stay down and avoid the success of others, seems to be real. We compete with each other instead of cooperating. It is often frustrating to go over each other’s heads in order to grow.

I have no doubt that we started to get customers because, on the one hand, they wanted to help us, and on the other hand, they felt superior to us; but also, because we started to offer a different service that was liked and generated sales. Many of the businesses we were competing with were actually sort of operators, but of

truck service or repair. Many mechanics without professional training - rather empirical - had learned the trade as employees and one day decided to become independent, but without having a business vision or the intention of professionalizing their activities.

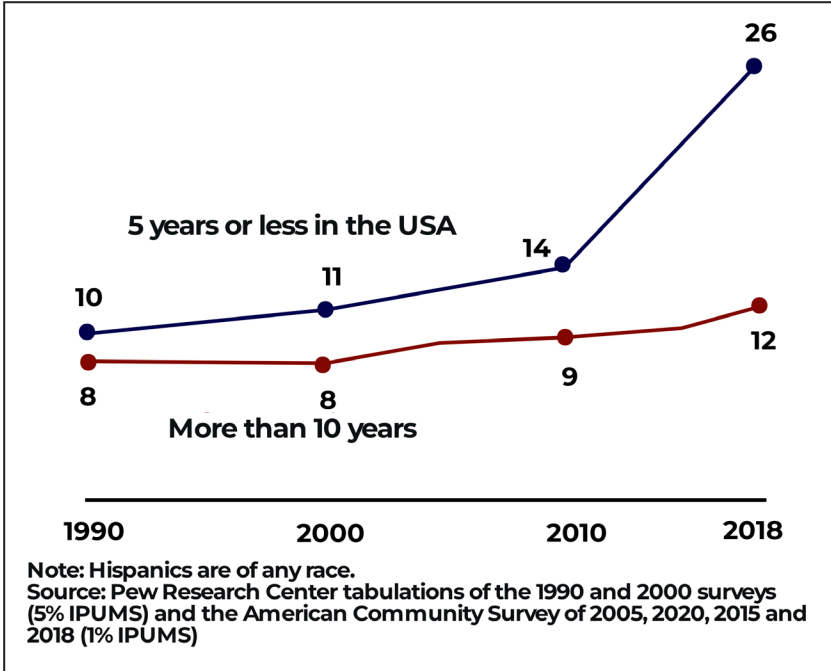
That is where we found our niche. We started with something very elementary: using the computer to perform administrative operations. When you are born and educated in Mexico you think that in the United States everything is better than in your country, everything is much more advanced. Finally, it is what was projected to us from the first world. Even today, in 2021, there are many, many small businesses that buy a receipt slip from a stationary store and give it to their customers as proof of services.

Using skills and knowledge in systems that I had acquired in Mexico, I decided to create an Excel sheet and try to “automate” the creation of the invoice and its printing. I remember that there were clients that told me:

I like coming with you because I love the invoice; it looks like a real receipt. If one day I am audited, this does look credible, not like the ones they give out in other places: a federal treasury auditor will never validate them for me because anyone can buy them and take them as they please.

As for the services, we created a vehicle inspection format with which we sought to find worn or damaged parts or components that could represent a risk for the driver or possible accidents on the road. Through more than one hundred inspection points, we began to captivate clients because we “do inspect trucks” and we tried to offer an added value or plus that many began to appreciate. In fact, without realizing it, we began to discriminate against customers. There was a large group that took this overhaul as an opportunity to “squeeze every penny out of them”, they felt offended and preferred not to come anymore, while others took it as a superior and high-quality service.

Graph 3
Percentage of Hispanic immigrants aged 25 and older with a bachelor's degree or higher, by length of residence in the U.S.



Overtime we learned that in the U.S. labor market, unfortunately, the majority of the Latin American immigrant population has no professional education, much less business or customer service training (Figure 3). According to the Pew Research Center,⁵ In 1990, only 10% of Hispanics in the U.S. had a bachelor's degree or equivalent, and while these percentages have risen over the past two decades, there are industries such as transportation and its suppliers that have fallen behind because, ultimately, people with higher levels of educational attainment are not interested in repairing trucks.

This means that service businesses do not necessarily offer repairs carried out in the best conditions, with the best-trained

⁵ <https://www.pewresearch.org/fact-tank/2020/04/07/education-levels-of-recent-latino-immigrants-in-the-u-s-reached-new-highs-as-of-2018/>

technicians or the most appropriate tools and equipment. For this reason, many customers feel disappointed and even distrustful when visiting other businesses, and when we carry out this inspection, they think that we want to take advantage of them as perhaps others did.

Regardless of whether we liked the inspection or not, we kept attracting more clients until we reached the point where we could no longer fit on the rented land. Regarding this, by the way, the owner never disclosed that it was residential, causing us multiple problems with the inspectors of the municipality (or “city”, as they call it here). And so the fines started to fall.

During that time, we studied the U.S. tax framework in detail. I came with a very solid learning experience from Monterrey, and I wanted to better understand how things worked. We had a spare parts supplier (the owner of the company was of Pakistani origin) who took a liking to us, I don’t know if it was because of the volume we bought from him or because he genuinely wanted to help us. I think it was a mixture. The truth is that he was the one who helped us to legally open our first company.

My mom had moved to Chicago at a young age and had a social security number that was assigned to her while she was working. Thinking it was necessary to have one (I later learned that it was not required), we decided to use it to open the company in her name. A “corporation” was opened, with a legal structure very similar to those of Mexican corporations. The document we were given to support the incorporation was a fax that came back from the Texas state office. It came with the registration receipt. The same person helped us obtain a taxpayer number and a state sales permit. With all this paperwork you can go to the bank and open a checking account. After a few weeks, we formally had a business.

We then began to separate our invoicing from our partner’s, and to keep our own financial accounts and human resources, sharing the payment of expenses such as rent and utilities. As we grew, we gradually generated small savings that we dreamed of using for a down payment on our own land. Without realizing

it, this drove us apart, and eventually, the partnership was dissolved.

My family and I were hungry to grow, to improve not only our present but our future, and we were willing to sacrifice our comfort. We preferred to live in very modest conditions, depriving ourselves of luxuries, in exchange for generating the longed-for savings. And our partner? No: his needs were shorter term; he had embarked on a mortgage to buy a house. After all, he had been here for many years, working hard, and now that he was realizing his dream of owning his own business, he wanted to enjoy its achievements.

We decided not to give up on our goal and started looking for land. For months the owner of the truck parts store kept us hoping to help us buy a piece of land he had seen and apparently was negotiating on our behalf, but no progress was made. More and more frequent visits from the inspectors threatened to shut us down. The intimidation we were subjected to was strong. I still remember when one of them left us a summons to appear in court. The nervousness and tension of being there with dozens of people waiting to talk to the judge I would not wish on anyone. What will they tell us? Are they going to lock us up, deport us or close the business? The resolution was just one more fine, more expensive for repeat offenses, but with a payment plan.

We were urgently looking for a piece of land. The partner had someone else's proposal: a lot very similar in size to the one we were looking for at the time, but for which they did not ask for a down payment to grant the loan. I had managed to ask for information and meet on several occasions with a "gringo", a man who at first glance might even seem racist, but who in a certain way identified himself very much with our project and ourselves, who was now a millionaire real estate investor, he had amassed his fortune after starting out almost the same way we did. He had worked as a mechanic in a truck shop. Mr. Robert when he was able to become independent, he set up his own shop, where he later resold trucks, later used parts, and even started repairing and marketing small private airplanes. Mr. Robert ended up acquiring

huge properties. One of them was offered to us at the same price as the one promised by our partner, but slightly more than twice the size.

Since the partner had no funds, he decided to try to move into the land without a down payment, and we chose to move into Mr. Robert's. We didn't even know where we were going. Little did we know what we were getting into. It was the summer of 2002 and gradually that friendship or partnership degraded. We kept our nerves on edge about the construction of the workshop, while the partner continued to figure out how to get along without us. The climax came at lunch on December 31 of that same year. He asked us to leave the workshop we shared as soon as possible. Finally, it was he who had signed the lease and we did not appear in the document. He threatened to take legal action to evict us if we did not do so soon, regardless of whether or not we were ready with the new workshop. He would tell us that he had new partners who demanded that he get rid of us almost immediately. Not the best way to start a new year at all. We never saw it coming. That's how our partnership ended: we were getting ready, now, to start what would truly be our first business.

THAT'S IT! OUR FIRST BUSINESS

Mr. Robert the Angel

DURING THE CONSTANT MEETINGS I began to have with Mr. Robert to ask him questions about the land and, in a way, negotiate his purchase, I had great confidence in him. I admired him greatly, I loved listening to his stories. He had done a lot of business over the years with Latinos, mostly Mexicans, and in fact, he would tell me how he would fly his private jet with friends and clients to Ciudad Victoria, Tamaulipas, to take them hunting or fishing without any kind of permit. He would laughingly tell me: "I love your country. You get permits there when you land. In the sphere of that trust, one day I told him that we did not have enough money to build the workshop and also make the down payment for the loan, so he proposed to rent us the land for two years so that we could build, start operating and raise the necessary capital to buy the land, or at least make the down payment. That is how we signed the rental contract approximately in July 2002 and started paying him monthly (although we were so scared and intimidated by the inspectors of the municipality that we did not want to move immediately, waiting first to build so that it would not interfere with the permits or inspections of the project; finally we were in the first partnership, and we had no urgency to occupy the new facilities until they were ready).

This is where we ran into a big wall: we had no idea how to build; we were in the United States but we could not do things the way we did in Monterrey: build and then, if an inspection was

ordered, get the relevant permits. We were foreigners and we did not want problems. After all, we were embarked as a family in the business of our lives.

I don't even know how I came across a retired architect who, from his home, processed the building permits at the municipality. First, we had to prepare all the plans, do some soil mechanics studies and with that we could start. For that, he already had quotations from various metal building manufacturers, and we had decided on someone from San Antonio. This manufacturer, in exchange for a first payment, would deliver the building plans; together with the site plans, the architect had to design the concrete base, the electrical system, plumbing, and other installations.

Due to the fact that he was not very up to date, or that he had become accustomed to working with companies with unlimited resources, and added to our inexperience, the road to obtaining the permits and being able to start construction became torturous. Coverage of these requirements was constantly postponed. The plans were continually rejected, and each change required weeks: we talked about the preparation and discussion with the architect and the time it took for the municipal staff to review them. In the meantime, the land remained in total disuse, but every month we continued to pay rent to Mr. Robert.

When that fateful December 31 arrived, with an expansion project in hand, it seemed that everything would be lost again. Remembering it, I feel again the emptiness in my stomach that I experienced that day: the same emptiness that hit us every time a lawyer knocked on our door when we were broke in Monterrey; the same emptiness I felt when we negotiated with the tax auditor; the same emptiness that appeared every time we crossed the border back to Mexico loaded with products for resale.

I believe in God and I definitely think he has angels among us. The first thing that came to my mind was to ask Mr. Robert for advice. He might even have had some other property to rent to us while we finished building, but we didn't know if we could afford to pay two rents. When I arrived and told him what had happened to us, he came out of his office and said to Margie, his assistant:

“I’m going with Armandou to see some land” (he never knew how to pronounce my name correctly, but I didn’t care; I never corrected him).

He immediately went to a particular lot, located a block away from the one we were renting, and told me: “This one is perfect for you to set up temporarily. In fact, if you set up in one way, it has no view of the street and no inspector will bother you.” It was an “L” shaped lot: one side was behind another business and you couldn’t see from the street if a truck was being repaired. But just as the inspectors wouldn’t see it, neither would potential customers.

As we headed back to the apartment that Mr. Robert was using as an office, I fearfully, embarrassed and shyly asked him how much the rent would be for the new property. I still remember his answer, and almost burst into tears as I did so, “Does it seem cheap enough if I give it to you for free?”. I had no words to answer him. I didn’t know how to thank him. We arrived back with Margie, he asked her to give me the keys to the padlock, to take down the rental sign, and informed her that we would be using that land until we could move to ours, once the construction was finished. Furthermore, we would not pay for the electricity and water we would be using. I had never thought that a millionaire gringo would become a guardian angel and protect us in that way.

That’s how we prepared the move in an express way, and the following Monday, when the former partner arrived at the business, we were gone. Just as he surprised us days before by running us off, now we want to return the gift by not sending him information about our departure...

The construction

As I mentioned, months ago, I had secured a retired architect to obtain the building permits. He designed the electrical and plumbing installations, but always with the project of a large company in mind. The detail was that we no longer had capital available, especially now that we had been forced to move to another location with the respective loss of sales and the expenses of moving and reinstallation.

We had heated discussions on how to reduce the investment in his design to the minimum possible, but he claimed he could no longer afford it. In designing a project like ours, city guidelines set rules not only for the electrical installation, but also for lead lines: plumbing lines, the size, and spacing of bathrooms, ventilation, air conditioning, the torque or tightness of the screws that hold the beams and tension cables of the metal building, the position of the doors, the emergency exit sign, the maximum presence of combustibles inside the building, fire extinguishers, lighting, the need for a grease trap in the drainage, parking spaces for cars with spaces reserved for the handicapped, with their respective accesses to the workshop and, what ended up being our Achilles heel, the rain drainage.

Since the land we acquired totaled approximately one hectare, the municipal government wanted to know how we were going to manage the rainwater, and where it would be stored or channeled. Wow! I doubt very much that the authorities in Mexico have such a plan for public roads, and it turns out that in the United States they ask private companies to do it! And we got stuck. Since we only had access to one street, which had no sewer system or open storm drainage, as is very common in the U.S., the architect intended to use almost a quarter of the land for the construction of a water retention dam, connected to a subway piping system. And I wondered: how on earth were we going to be able to pay for that?

After months of being stalled by this procedure alone, and having the rest of the plans approved, I took the initiative to visit the stormwater department, encouraging them to approve us without making a design as described. Our architect had already stepped aside in the negotiations while we continued to suffer from the lack of resources due to low sales.

Nine months of leasing had passed. When we finally got the project approved and could start construction, the stormwater department realized that we would only be building in a small area and that most of the rainwater would seep underground, so we didn't need major design changes!!!! Blessed decision...

although only made after many months and thousands of dollars wasted on rent payments.

The subject continues, now, to get more interesting. In the U.S., not just anyone can do installations, especially electrical, plumbing, air conditioning, heating, and ventilation. These jobs have to be performed by technicians certified by the same municipalities, so the costs increase (these technicians, when hired for a “commercial” project, significantly increase their prices). I do not know if it is because they think that it is a company that raises money, or if it has to do with greater risk and liability.

We finally found out who would be in charge of the concrete and reinforcement of the building, only to discover that the base was oversized. With the excuse that it would be used to repair cargo trucks, the architect adapted the design as if it were for war tanks. He made the construction more expensive for us and at the same time the poor contractor lost money because he did not review the plans properly before quoting. Every step of the way in construction we have to pause and wait a few days for the government inspector to come and give the go-ahead. More days add up. Obviously, we never budgeted for all this and the funds ran out, which forced us to try to make progress in the evenings on what we could: cleaning, painting, and so on, to save a few dollars. This is where other angels appeared: friends like Elio, Isa, Luis, and Javi, who lent us money. It was not easy to go to family and friends to ask, but as foreigners, it was not easy in this country to get financing, especially if the business had no credit history, or no assets to pledge as collateral.

My aunt Rosy had commented some years ago that she wanted to start a business but did not have the courage, and we needed capital to finish. So we swallow our pride: I remember very well how Gaby and I, with all the embarrassment in the world, offered her to partner with us. She accepted and we were able to finish. In August 2003 we finally finished the construction, got the occupancy permit and happily began our move into the workshop we had dreamed of.

LATIN AMERICAN CULTURE IN THE U.S.A.

The cultural shock

AS ILLUSTRATED ABOVE, although a large proportion of Latinos who have migrated to the United States in recent years have a higher level of education, a professional with a college degree is unlikely to work as a heavy vehicle driver, with few exceptions. And if we add to this the fact that not everyone in Texas is Mexican or, even more so, from Monterrey, the cultural difference becomes abysmal. To the “güeros” (blondies) we might all look Mexican, but among us, there are important differences; at least that’s how we felt since we arrived, and it took us years to recognize them and adapt.

When we opened the business, I came from a very administrative office job, where I was expected to dress very formally. Therefore, when I arrived in Houston almost all of my attire was that way, and since there were no resources to invest in clothing, I had no choice but to go “formal” to work. Although I didn’t strictly wear a jacket and tie, the simple fact that I wore a shirt and dress pants was enough to create a barrier with the customers. They liked the service and attention we offered, but they didn’t take me as one of them, nor did I feel I wanted to belong to their group. They did not consider me as a junior or “purruris”, but I gained respect as they perceived that they were being served by a different business with an interesting proposal.

With the mechanics or employees, things were not much different. To begin with, in almost all cases I was much younger

than the more experienced ones. It did not “click” with them that I was their boss, senior partner, or owner of the company. However, I had already experienced that in Monterrey, and in a certain way I had learned to put up with, first mockery or distrust and then to wait for my ability and preparation to gradually become evident in order to be respected; above all, my intention was that they understood that I was not there to command or give orders but to create a team that would provide a better service, and that my knowledge was at the disposal of that team. This way of acting is not very common, since among Mexicans we are used to “f.k each other” (excuse the French); and among Latinos in the United States things are not very different.

Through the day-to-day I got to know the way of thinking of the employees, and I began to respect the stories, sometimes horror stories, that I heard when they had migrated to the United States, especially from Central America, to the point of feeling ashamed of being Mexican when I learned of all the abuses that many of them suffered when passing through our country: extortion by the same authorities, women sexually assaulted, life at risk aboard trains, crossing deserts, for example. To culminate, in many occasions, once they had reached their destination, the mafia of the trafficking of undocumented immigrants abused them by asking for thousands of extra dollars for their release.

Thus, during the first few years, we were not integrated into any social circle; we were totally unadapted, working fourteen or fifteen hours a day, seven days a week, with all kinds of strategies: first to survive and then to generate income that would allow us to save and pay the down payment on the land. This had two effects: on the one hand, whirlwind trips to Monterrey to visit family and friends, which little by little helped us to develop suppliers and products; and on the other hand, a disconnection from the Texan culture, a loss of opportunities to create a network of contacts in Houston that could help us in the future. Attending traditions and customs to better understand how things work, the simple knowledge of topics that would help us “break the ice” at the beginning of a conversation. Over time we realized its importance.

Medical Service

One of the issues that has been most difficult for us to digest intellectually and economically is that of medical care. Doctors in the United States are not as accessible or easy to reach as in Mexico. It is practically impossible to have their cell phone number to call them or send a message and get a response. Everything has to be done during office hours, appointments must be made, and the doctor can only be seen after filling out endless paperwork with the receptionist, passing by one or two nurses, and then, yes, after a long wait, you can finally talk to the doctor. If you feel unwell and it is urgent, you do not have to call the doctor's office but go directly to an emergency room (which, by the way, has spread like a plague in recent years... and so they charge!).

The first encounter with the medical service was when a customer's driver had the idea of reaching into the engine compartment to check the belt adjustment. Unfortunately, he did so just as one of our technicians was about to start the engine for some tests.... As he started it up, a couple of fingers flew through the sky! Without thinking we called 911. Within minutes, the ambulance arrived to take him to a public hospital, where he was treated. Unfortunately, the driver was unable to recover his fingers.

What were our fears? First, we would be billed for the medical services; second, and perhaps more seriously still, a lawsuit from the client or his driver. In a start-up business, it was obvious that we had no insurance; we didn't even know where to get it. We had heard terrible stories about the cost of medical services. We had also seen both on television and on billboards the advertising of multiple lawyers reporting how they were winning million-dollar settlements in accident claims. The bills started coming in the mail. Two thousand dollars for an ambulance to take the injured driver. Another several thousand for the operation by the doctor. Others more from the hospital; then consultations, rehabilitations, and the driver's employer simply told us that everything was our responsibility since the

accident had occurred in our business, regardless of the fact that the driver had nothing to do there. Moreover, months of disability were coming for the poor man, so we had to pay him a weekly salary. It was a huge blow to our finances. The first thing we learned was to negotiate, and we discovered that medical providers offer discounts if you don't have policy coverage. We asked ourselves: how is it that without insurance you get everything cheaper? I mean, if you need a service with insurance, it might cost you a thousand dollars, but without insurance it can be less than half that. I am not saying that it is useless or that it is not a good investment to have a policy; what I am saying is that price differentials simply do not make sense. On this basis, the first thing to do is to negotiate; tell the suppliers that you do not have insurance, that you do not have that amount of money to pay, and even less in cash, so they should accept a payment plan. It took more than a year to overcome the blow, but the best thing was the attitude of the injured party, who accepted that it had been his mistake to put his hand under the hood; but it also helped that no lawyer would have much interest in suing a business without large assets to cover a large sum of money between a court sentence. It was for this reason, too, that the injured party promised not to take legal action. By this time, we had managed to overcome the bitter pill, to avoid a lawsuit.

Becoming parents

The next stage was when Gaby became pregnant and we were expecting the arrival of our first child, Emilio. We were faced with the dilemma of giving birth in Houston or returning to Monterrey, where it would be significantly cheaper. Although we had never stopped paying for medical insurance in Mexico, there was the problem of citizenship: when he was born in Mexico, we would have to get a visa for Emilio, and it would not be immediate. In addition, when he came of age, we would not be able to help him and he would have to return to Mexico without having lived there. On the other hand, how much would medical care in Houston cost? It was a big dilemma.

We were very lucky to find a doctor from Tampico who had been practicing in the United States for years. Someone told us that his office had a prepaid plan with discounts for people without health insurance. He recommended that we approach the hospital to discuss a similar plan. The detail of those plans is that they only included the essentials: any complication, anesthesia, treatment, medication, extra days, everything, everything would be extra, and God only knew how much....

Since we could come and go to Monterrey, all the tests that Gaby required (sonograms and lab tests, among others) would be performed there. It was a great help. In Monterrey, the gynecologists had equipment at their disposal to perform the necessary ultrasounds. In the United States, on the other hand, only a couple of ultrasounds are performed for the duration of the pregnancy, and they are not done by the same doctor: you have to go to a specialist.

One might think that people with limited resources, even undocumented immigrants, suffer more than those who, like us, theoretically have a better income. However, on many occasions they have access to certain public services that may even be free, although perhaps sometimes they are not the best (for what we see in Mexico, I think they are). The detail in our case was that when you have an investor visa (I will talk about this later), you should not use public resources. You come to invest to generate jobs and pay taxes, not to take advantage of the U.S. government. And, obviously, the fear of getting into trouble that will cause the visa not to be renewed is enormous. That is why we avoid taking advantage of public programs at all costs.

On the other hand, more than one might ask why we don't purchase health insurance. A family policy can represent an investment of several hundred dollars a month. A family could spend up to a thousand dollars or more, and usually, those who have insurance are employees of large companies: since they have hundreds of workers, they can negotiate discounts and better conditions. Although the law does not require companies to offer

health insurance, the larger ones do provide it as a benefit. What the law does require is that the company, if it offers it, pays at least half of the policy, although only the employee's coverage, not that of his or her family members. Therefore, the dependent pays a portion of his or her insurance plus the total for the spouse and children; on numerous occasions, this may be proprietary for many families.

In a small company with three or four workers, significant discounts are not achieved. Viewing the company as part of our personal finances, the investment was too high for us. In addition to not being very easy to find, we decided to take the risk, especially because the premium payment for medical services would more than double the cost of insurance (this barbarism is widespread in Texas), and consultations or procedures would not be much different without coverage. Obviously, this was not advisable because we were gambling that we would never have a major event. Thank God our two children came into this world through natural childbirth and without complications, so beyond the prepaid plan we did not have to shell out any additional resources.

There is definitely considerable stress in such a situation, added to the "daily" stress of running a business seeking to consolidate in a foreign country. The cases that are experienced over the years and the stories that are heard about the medical service could be endless. I still remember the time when Gaby took Emilio to an emergency clinic because he had dislocated his arm when she was holding him to keep him from trying to run across the street: the little joke cost more than eight hundred dollars, while the visit to the doctor barely lasted ten minutes.

I also experienced it firsthand. One day I was not feeling well, and I asked Gaby to take me to an emergency room for a consultation. I had been running a fever and something didn't make sense to me. My suspicion pointed to my kidneys because years before I had been told in Mexico that I had kidney stones. The super diagnosis this time cost a few hundred dollars. "You have influenza," they tell you, even though I tested negative;

“everyone has it, and therefore so do you.” In search of a second (and more reliable) opinion, my mother did me the favor of taking me to Monterrey. Within a couple of hours, I was diagnosed that one of my kidneys was obstructed by a large stone, which was deforming and enlarging almost three times above normal. I almost lost it. God only knows whether or not I could be writing these words today. The lousy diagnosis in Houston cost me more than the deductible for a week of hospitalization, surgery, and care in Monterrey. Back home I had the opportunity to meet Dr. Raul Chapa, who answers me on his cell phone or WhatsApp. In the United States, although I managed to get an excellent urologist, he only answered an e-mail message through an online portal, and almost always through a nurse. It seems that in the United States medical work, with certain exceptions, is more office-based: from 8 to 5. I don’t know if we will ever be able to adapt to that, especially when we compare the personalized attention, they provide south of the Rio Bravo.

And the kids grew up

Gaby and I have always had the great fortune of belonging to close-knit families, and just as my mother was attentive to the grandchildren, there was no lack of aunts of the children who supported us during the months of newborns; but gradually we were facing certain dilemmas of every immigrant, and that normally few people talk about. Worse yet: at the time everyone wants to tell you what to do, and unfortunately the opinions turn in multiple directions and only confuse you more.

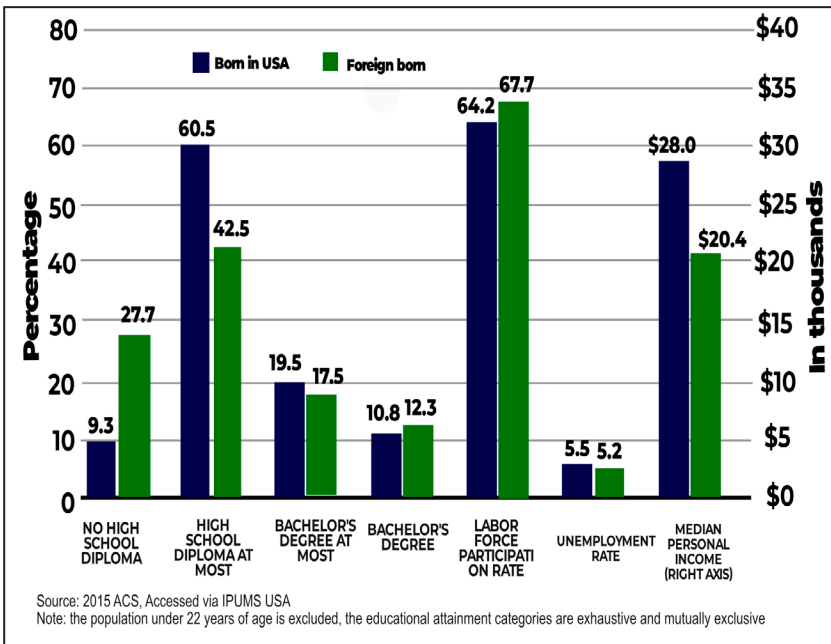
Of course, we always spoke in Spanish, and that’s what the babies listened to. The first time out of the bubble for Emilio was when we enrolled him in daycare. Right off the bat, the service was not cheap. Nearly two hundred dollars a week not everyone can afford and, at the same time, it is very rare to find marriages where only one of the spouses works. The cost of living is high and the income of both is required. But equally, it is not to be assumed how a very high percentage of one of the two salaries

goes to pay for childcare. This is even more complicated if we imagine having more than one child.

According to the Center for American Progress (CAP), a family at the state average could spend between 13% and 18% of their wages on childcare for a single child.⁶ The same institute has found that, despite the high cost of the service, its quality is not necessarily extraordinary. Families are therefore faced with a difficult dilemma as they want their children to spend time in a place that offers comprehensive development in their first months of life. To compound the problem, it has been found that in the United States, one in three Hispanic children lives in poverty.

Graph 4

Degree in Immigrant Population Studies in the U.S.



⁶ <https://www.americanprogress.org/issues/early-childhood/reports/2018/11/15/460970/understanding-true-cost-child-care-infants-toddlers/#:~:text=On%20average%20it%20costs%20%241%2C230,center%20in%20the%20United%20States>

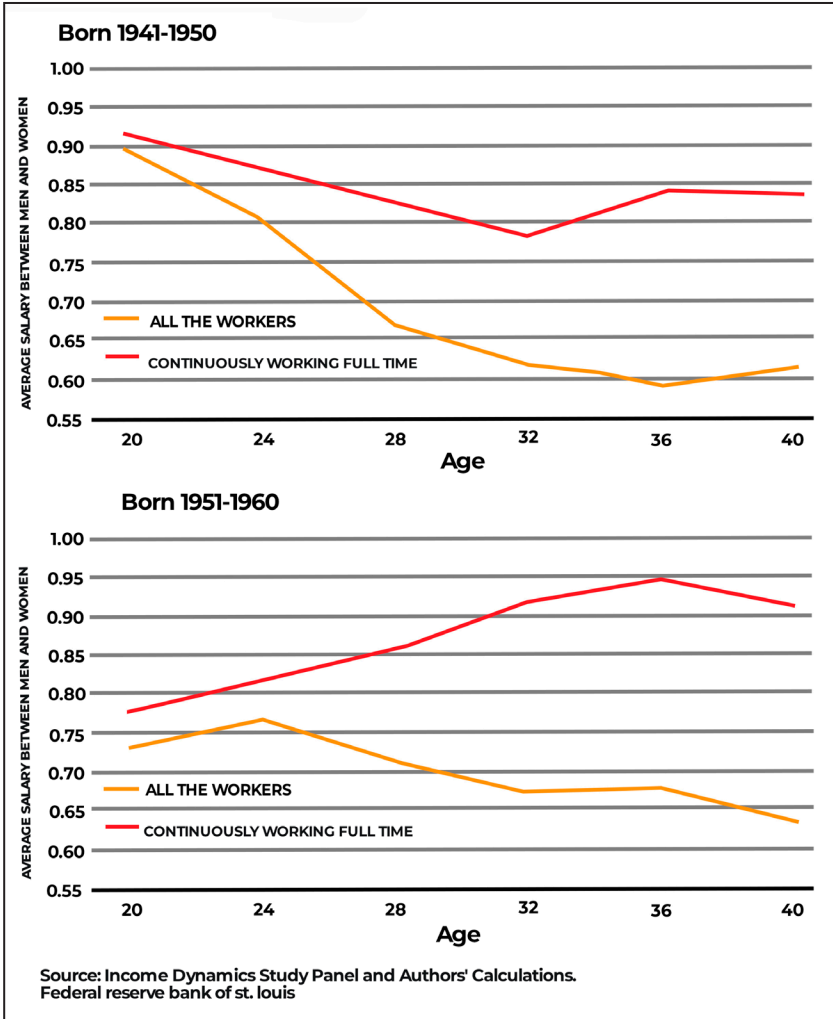
I believe that immigrant women have it even harder. On the one hand, when they work, they have a double negative impact on wages: because they are women, because they are foreigners, because they are unskilled, or because they do not speak the language. Then, when they become mothers, they lose even more “value” in the labor market, and their income is diminished. In another study published by the same institution, which compares women with men in this group, there is another very important distinction in the salaries earned by people born between 1940 and 1960 (graph 4). This research found that mothers who return to work after taking a few years off to care for their children usually receive lower incomes than those women who never stopped working. And the gap between men and women is still significant, especially the older they get.

Finally, according to a study published in 2017 by the Banco de la Reserva Federal de San Luis (*Federal Reserve Bank of San Luis*).⁷ 27.7% of the U.S. migrant population does not even have a high school diploma, compared to only 9.3% of the U.S.-born population (Figure 5). This is surely directly correlated to the average income level. While the migrant population earns \$20,400 per year, non-migrant citizens earn \$28,000, almost a 30% difference. This discrepancy is definitely abysmal.

In addition, women face the problem of childcare, which further complicates the situation. Many have to decide between staying at home and reducing their income or going out to work very hard to earn just a little more. We lived through it: although Gaby’s salary was no less important than her contribution to the administration of the company, thanks to which I could focus on its operation and commercial strategy. What she added up to was very necessary for our venture.

⁷ <https://www.stlouisfed.org/publications/regional-economist/second-quarter-2017/comparing-income-education-and-job-data-for-immigrants-vs-those-born-in-us>

Graph 5
Median Wage Gap in Immigrant Population in the United States



More about the native language

For many years we had crossed the border to visit our relatives in Houston. From our regal viewpoint, we had always criticized how my little cousins did not learn Spanish well, just as their parents did not speak English well. In addition to the difficulty

in communicating with each other, we saw how the kids lost much of their connection to their roots. And this was only the first generation... not to mention the following generations.

So, we decided not to go through the same thing. For starters, we found a way to get Mexican satellite TV service. That way, if they watched TV programs, at least they would be in Spanish. Spanish was always the language we spoke at home. That's how the children grew up: as Mexicans living in Mexico. But obviously, it took some work when they started playing soccer, or going to school, or when it was time to stay with the neighbors. The poor people didn't understand. Our assumption was that English was a simpler language than Spanish and that they would learn it easily, especially as children, and that it was important for them to maintain our language as much as possible, especially in the first years of elementary school.

We had to drive miles every day so that they could attend a school that offered bilingual instruction, which would allow them to continue learning in Spanish: although it was not 100% like ours, it was as close as possible. It was a sacrifice because, in the end, not all educational institutions offer this program; most, rather, do not. The problem lies in the insufficient number of trained teachers and insufficient government financial resources for these programs.

We don't know yet if our efforts and hundreds of hours of driving will be worthwhile, but seeing them now, sitting at the table playing dominoes as a family, by candlelight, in the middle of a winter storm that has left us without electricity, and speaking Spanish without the Texas accent, leaves me more than happy and satisfied.

Finally, networking happened

When Emilio entered pre-kindergarten at the age of three, we gradually began to meet other families who, like us, wanted their children to learn Spanish: either because it was the only language their children spoke because they were newcomers to the United States, or because they were interested in preserving it.

It all started because a pediatrician told us that at a certain age the child should be able to say a certain number of words, and since he was missing a certain number of words, he recommended speech therapy. I thought it was no big deal but, in the end, it was a state government program that Emilio, as a U.S. citizen, was entitled to, and for us, it only required giving a tip to the therapist. She was the one who recommended that he start in pre-kindergarten even though he was not yet of age. So, we started taking him a few hours a day.

It worked for us because, right off the bat, we got to know a different area of the city. We were so focused on the business that we only knew our way from the house to the shop. We discovered new supermarkets and also a sports club where the kids could play soccer and we started to meet our first friends. We had the opportunity to buy with many sacrifices a house in an upper middle-class area, and that allowed us to meet people with academic preparation, with similar tastes and ideologies, so we finally began to socialize; and, with that, to open ourselves to other cultures. We began to live with North Americans, Anglo-Saxons, Afro-Americans, and others, and to learn from them and their customs. This is extremely necessary to be able to function better in this market, whatever the professional activity.

THE VISA AND THE COMPANY

The ignorance of openness. Legal Structure and taxes

ON MANY OCCASIONS I'VE THOUGHT that if I had analyzed or had available information regarding the implications of starting a new business in another country (where the legal, labor, business, commercial and other frameworks are not known), I surely would not have done it. I also think that I would have liked to know it: maybe we would have saved months or years of work and, above all, a lot of resources invested for at least some economic stability.

When we started the company, we did so without any statistical information. We simply analyzed what we thought was an area of opportunity, a niche, but all based on feeling and without economic foundations. The day we got a partner we said yes, let's do it, and from there things took us.

For a foreigner, there are two options before establishing a company in the United States. You can either form a C Corporation or a Limited Liability Company, or LLC. In the former, the owners are partners, while in the latter they are members. Corporations pay a tax on the income generated; if the partners decide to pay dividends, then, when they receive them, they must "accumulate" them or report them in their personal declaration, being subject to the mentioned tax. For LLC's the tax treatment is totally different: the company as such does not pay taxes on profits, but, after deducting operating expenses from income, distributes the equivalent of the profit to each member; the latter, even if the money has not been transferred to them from the company, must report it as personal income and pay the corresponding taxes.

In addition, in the United States, the opening of companies is regulated at the state level, not at the federal level as in Mexico. Federalism is more extensive in the United States: many taxes are not federal but state taxes and each state imposes its own tax rate and tax base. There is a debate about which state a company should register in to avoid tax burdens, but the biggest savings are obtained by large companies that operate at the national level and not by small businesses that are just starting operations.

There are several states in this country that have an income tax: that is, just as the federal government, through the Internal Revenue Service (IRS, equivalent to Mexico's Ministry of Finance), levies a tax on the taxable profits of companies, so do some states, and there is even an analogous tax for individuals. When you are used to paying income taxes, it does not seem so different for us. I think it is other taxes that are more difficult for us to understand, since at the state level there is a *franchise tax* or the *sales and use tax*, which are very different from those existing in Mexico, or even exclusive to the United States.

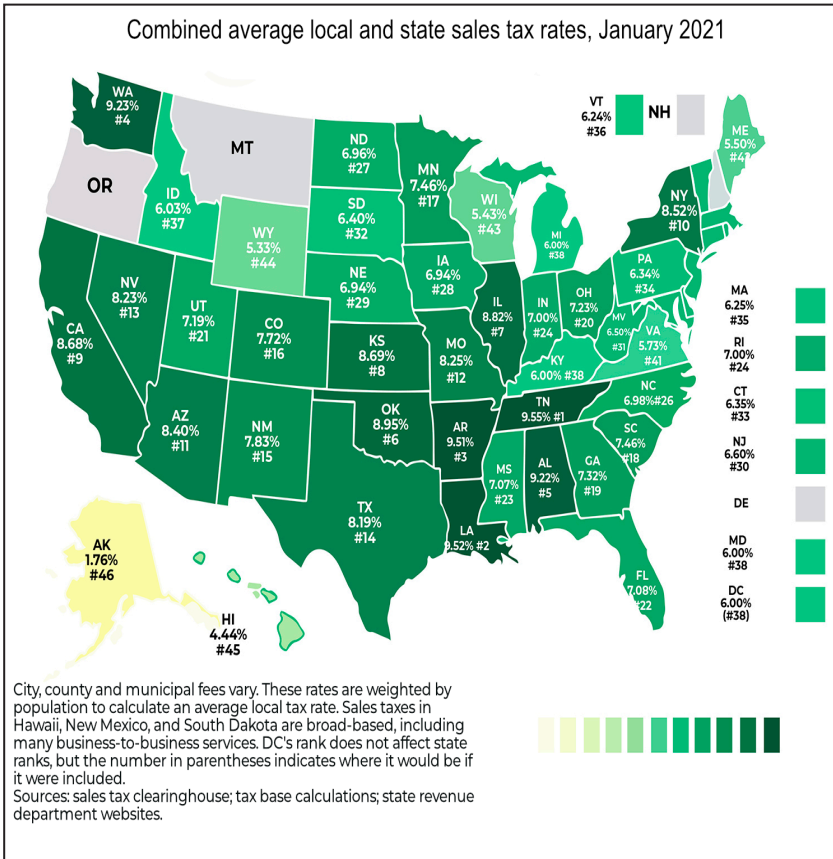
The *franchise tax* is calculated in several ways and follows different rules. It can be a tax on total sales, profits, capital or inventories. It is complex to understand and a bit more complex to calculate, especially considering that not all states apply the same rules. I believe the most "popular" tax among the entities is the *sales tax*. Each state has a state tax rate. Sometimes a small percentage is added for municipalities or special cases. Normally it is between 6 and 9.55%, with the exception of some states that do not have it or where the rate is very low. In the Tax Foundation's records, you can see the average rates by state.⁸ (map).

This case seems to be the equivalent in Mexico to the value-added tax (VAT), although the big difference is that the sales tax is a tax that is only paid by the consumer or end user of a good or service. In the case of Mexico, it is passed along the value chain (hence its name). Everyone in the chain charges it and in theory, everyone pays it, although there is a negative effect on the cash flow of companies. In the United States you are obliged to charge

⁸ <https://taxfoundation.org/2021-sales-taxes/>

it only if you sell to the end-user or consumer; otherwise, your customer is exempt and the transaction is not taxed. Actually, from my point of view, it is much simpler than VAT itself. But, to begin with, understanding how it works and its rules means breaking with deep-rooted mental schemes that those of us who have worked in Mexico in the business and private spheres bring with us.

Map
How high are sales taxes in each state?



Looking at things from that perspective, I am convinced that we were very lucky because we definitely did not know anything. I think that any businessman who, like us, is looking to emigrate, should be informed, and although today there is a

lot of information on the internet, on many occasions it can be overwhelming and instead of helping, it confuses the interested party. For us, they opened a C-Corporation, leaving us adrift to learn as we went along. Something like “with these papers, you got from the state of Texas, go to the bank of your choice, open your checking account and get to work!”.

Sales Tax

The first issue to consider is *sales tax*. The first weeks or months were of analysis because this tax has a direct impact on the price that customers will pay for the products or services they purchase. In Texas the percentage reaches 6.25%, plus 2% in some municipalities such as Houston.

It may not seem like a very important issue, but when we decided on the land, we bought we never thought about this tax, and it turns out that if we had looked for the property a few blocks away from where we are today, the municipality would be different and the tax we would have to charge our customers would be lower. Then we could have had slightly higher prices, which over the years would have represented hundreds of thousands of dollars of additional income. As time went on, we realized that the location also did not help us to get a visa to qualify for permanent residency by investment, but I will discuss that later.

Although this tax is not normally included in product prices, the consumer will review the total amount paid and not just what was actually spent for the good, so it is definitely important to analyze it when submitting quotes. This is where I applied much of my administrative background and found an opportunity to differentiate ourselves: if the invoice breaks down the labor and spare parts used in the repairs made to customers, the work is exempt from sales tax, so instead of quoting customers a price that includes everything, we decided to separate it and thus save them a good amount of money in taxes, and they perceive that they “spent” less on the service.

As I mentioned in previous sections, Latinos are very distrustful of us, and drivers are even more distrustful of mechanics who

perform repairs. In light of all this, small administrative tools can significantly help reduce customer stress. The detail was that I studied this particular tax over several weeks. But I didn't really learn it fully, but rather focused on what the customer will perceive; years later, when the first audit came to us, I would understand that it was even more complex than I have presented it so far.

And since I mention that first review of our tax experience, I will share several lessons: first, the auditor is also a human being who is only doing his job, so we must treat him with dignity and respect and he will return the courtesy; second, that it is very important to get advice from an expert when facing these audits and see how to reduce the possible impact of errors or omissions to correct them before the authority detects them; third, the "I did not know" does not apply, and it costs money. Finally, maintaining administrative order will always be highly appreciated by whoever is performing the audit, and administrative and accounting orders will always decrease possible surcharges or fines. Our first experience with the state government actually went from being a situation of maximum stress to a great opportunity to generate knowledge that has become very useful over the years and in the face of various reviews by other government agencies. I always remember the day I talked to my family and told them:

We know the competition is not reporting taxes properly. We see how they charge and grow based on that strategy, but we are not from here, and I don't want to have problems with a foreign government; I want to sleep peacefully and, although we are not as profitable as others, we are going to pay taxes.

I am not sure if I would have dared to define such a sharp line in my tax strategy if I lived and had our business in Mexico. In our country it hurts a lot to pay taxes, and tax evasion seems to be the national sport of more than a few companies. It is not that in the United States it does not hurt: the government simply gives back more through better services and infrastructure, which in turn allows entrepreneurs to find a clearer legal framework and a more fertile market that stimulates entrepreneurship, generates

more employment, and translates into more government revenue. In this way, a virtuous circle is created that helps to improve the quality of life of its citizens: God Bless America.

The visa

One of the issues that has had a very strong impact on our lives is immigration. I refer with this, above all, to the famous visa. It is very rare for us, those of us from the north of Mexico, not to have a relative with years of having migrated illegally and who, one fine day, after a long time, has been able to “get papers”. The information that always reaches us in Mexico is that the way to get them is through a relative who requests or “petition” you before the immigration authorities, and after many years you get access to a visa or residency to stay legally in the United States. You may also hear stories (less frequently) of a friend who was hired by a company and got a visa. Or maybe someone who went to work as a teacher and the same government supported him or her. But how can I get one? And here ignorance flourishes again. I am convinced that there is terrible misinformation, and entrepreneurs need to know more about the subject because, obviously, this is going to cost us a lot of time, money, and effort.

As I mentioned, my family and I identified an opportunity, and one day we simply decided to start a business in Houston. We did it with zero planning or, at least, the planning we did was not enough. We just jumped into the void, without a parachute. The company was legally incorporated, partnerships were formed, properties were rented, we decided to build the workshop, buy inventory, hire personnel, risk all the capital we had available and, at the beginning, we did not think about the visa. We did not do so until, little by little, we started to react and began to ask ourselves: who assures me that when I am crossing the border bridge, and the immigration officer asks me where I am going or why I am coming, he will let me pass? What will happen if one day someone else tells us not only that we cannot pass today, but that we should revoke the visa; my business, who is going to take care of it? Will I lose all my money, will someone take it, how

can the Mexican consulate that I saw when I was driving along the freeway near downtown Houston help me, and how the hell will the big businessmen manage to have companies in the United States? A few days ago, I heard that the Azcarragas of Televisa bought a part of Univision in Florida, and the Zambrano's of Cemex acquired multiple cement companies in Texas, but how do they manage to visit the companies, is it only for ultra-millionaires, is there any program for micro-entrepreneurs, is there any program for micro-entrepreneurs?

The biggest scare of our lives

Some of my questions became real situations. I remember as if it were yesterday when I was detained at customs, and as I write these lines, I feel again the knot that formed in my stomach. The most bizarre part of that moment was that this did not happen when I was entering the United States, but when I was leaving.

Traditionally the most used border crossing was Laredo. That afternoon there was incredible traffic of vehicles, and an uncommon slowness. Gaby and I were returning to Monterrey. An *American* customs inspector had a laptop computer hanging around his neck. He was walking among the cars typing information. Apparently, he was entering license plate numbers into the system, and he did so after passing through an area where, a few months earlier, they had installed cameras that, we assumed, were X-ray cameras.

We were still traveling in a car with Mexican license plates, a Nissan Tsuru that I loved but that, in this case, had already spent several months interned in the United States. From the moment we saw the agent with the aforementioned device we began to feel that something was wrong. We thought he was going to realize that we had enough time in Texas and, therefore, was going to detain us and take away our visas. It seemed that we had telepathically called the agent: from a distance he turned and walked towards us. First, he asked me to stop, and then asked a question: "are you bringing more than ten thousand dollars in cash? I immediately thought, "if I were bringing them I wouldn't be driving this *Tsurito*". I replied very confidently, "No. The

problem came to me when he said, “Sir, I am going to repeat the question, are you bringing more than ten thousand dollars in cash?”.

When they ask a question with such insistence and degree of certainty, you doubt who you are and what your name is. After my second refusal, the officer stopped the traffic and asked us to go to a checkpoint. Gaby and I were very nervous, we didn’t know what to do. Hundreds of questions were circulating in our minds: why did he stop us, what for...? Once there we were met by a new agent and he asked us many more questions: “Did you understand what my partner asked, are you carrying more than ten thousand dollars in cash? At one point I was about to say, very confused by so many questions, “I even think I do, but I have no idea where, because in my wallet I doubt it is more than two hundred”.

They asked us to get out of the car and separately took us to a small room to ask us more questions while a couple of officers checked the vehicle with a trained dog. I think we experienced some of the most difficult minutes of our lives. You answer questions without knowing if you are making mistakes or what kind of consequences there will be. What will Gaby be answering, will our testimonies have congruence? Let’s hope they don’t take away our visa...”.

Of course, they didn’t tell us why or how we had been *chosen* for the search, but the agents and the dog were looking for cash. Since we didn’t have any, we had no problem, and they let us go... but not before telling us that money has a scent and how the dog could detect it. It is amazing what they can know about us with the help of the technology they have.

Maybe the boxes with documents we had in the trunk alerted them. Our fear was their possible interference with those papers. After all, we brought a large number of invoices of sales, purchases, or expenses pertaining to the business; we took them to Monterrey to account for them and organize them with the assistance of an employee we had hired who would work remotely (since then, without calling it that, we had already implemented the *home office*). The concern was that, if they asked us why we

were bringing those papers, we would have to tell them that it was from our business and that, to them, it had the appearance of being something illegal. After all, we had a tourist visa... and we didn't know if it was legal to operate a business in the United States under that immigration status. When we arrived in Monterrey, we were still trembling....

When we were calmer, we thought we could not go on like this. But we had no idea where to start. In our minds we thought that the immigration lawyers were in Houston, not in Monterrey. On the other hand, we felt that they only dealt with residency matters and work permits for people with family members. It never occurred to us to talk to anyone to find out if, because we had businesses, we could initiate any paperwork. We were definitely not Lorenzo Zambrano or Emilio Azcárraga.

From the scare to the consulate

When I was a student, I used to visit the offices of the now-defunct Bancomext in the Cintermex convention center, where I even took some international trade courses since my dream was for our family business to sell in the United States. When I passed by there, I would see the commercial representation office in San Antonio, Texas. After the scare we had in Laredo several years later, it occurred to me to go to this office. I thought to myself that if they were there, it was to promote business in Texas. Maybe they were even helping us with the visa process.

When I asked, either they saw me as *very green*, or rather, *not looking very green*, they did not help much. The only thing they did was to recommend me to go to the American Chamber of Commerce (*the famous American Chamber*). I figured that this agency really only worked with U.S. companies established in Mexico, but I made the call anyway. The chamber officials were a bit nicer. They suggested I call where I least expected: the American Consulate in Monterrey (as if my body needed more adrenaline than I had released in Laredo). They gave me a phone number and I decided to dial. This was one of the most important phone calls of my life. I still remember turning the dial on the

phone we had hanging in the kitchen of the house where I grew up. I confess that I did it in dread of the possible outcome. I was transferred from one phone extension to another until I finally got through to the right person: on the other end of the line was the consul who could take care of my matter.

The angel of the consulate

A super nice woman, whose name I did not know but whose advice carried a touch of divinity, very attentively solved my doubts. The main one: who assures me that the officer on the bridge will let me pass to visit my business? She told me that, even if I was a foreigner, it was not a crime to own a company in the United States and that, in fact, the famous B tourist visa was actually “two visas in one” (that is why it is designated B1/B2). The first “B” corresponded to tourism, while the second one covered business tourism. With the latter, you could visit your company as many times as you wanted, although, of course, whether they would let you cross the river would always depend on the criteria of the immigration officer on duty. Unfortunately, they were not distinguished by their understanding and attention to the visitor: their job included being suspicious of everyone in order to stop the flow of undocumented immigrants.

During their enlightening conversation, the consulate angel explained to me that there were different types of visas and that, indeed, a businessman could apply for one of them to stay and live legally in the neighboring country, and thus supervise the operation of his company. In fact, I could do the process myself, although it was always more advisable to work with a specialized lawyer to guide me in order to have a better chance of success.

This conversation gave us great peace of mind and, above all, hope. Now the job would be to find a good immigration and business lawyer. Unfortunately, the only legal professionals I knew were the ones who advertised on radio, television and billboards in Houston. Just listening to the way, they spoke “Espanol” (*Spanish*), none of them inspired much confidence, and even less so after hearing the horror stories about migrants

deceived by firms that promised to complete the process and the only certainty was the money they charged for advice.

Todd, the angel

Back in Houston, some friends invited us to a “farewell” meeting with former co-workers who were returning to Mexico after living in the United States for several years. One of the questions we all asked was about the type of visa they had and how they had gotten it. It was helpful because they recommended a good lawyer, and I immediately decided to call him. The one I contacted first could not help us, but he transferred us to another colleague. That’s when another angel came into our lives: Mr. Todd Rubin. After telling him about our case, Todd cleared up a lot of doubts and, above all, dispelled the idea about that restrictive provision regarding investing more than one million dollars to be able to enter the country as an investor. It turns out that there was yet another visa, the E-2, which Americans call a *treaty trader*; something like a trader operating under an international treaty. Basically, this visa is granted to business owners who are citizens of countries with which the United States maintains so-called “navigation” treaties. The important thing to have access to this visa is to invest a substantial amount depending on the line of business, create jobs, and pay taxes. But how much did this *substantial* amount represent?

The law does not define a specific amount. The amount depends very much on the line of business, and Todd explained it to me with an example that I still remember: “Maybe for an aerospace company, investing half a million dollars is not enough, but for a laundry, ten thousand dollars is enough”. His recommendation was to surpass the “psychological barrier of one hundred thousand dollars”. The hard part was that we didn’t have that amount, and the business was already operating with the capital we had managed to invest. Furthermore, Todd told us that the origin of the money had to be proven. It was also necessary to prove that the transfer had been made from a personal account and directly to the coffers of the business.

We disposed of several assets we had left in Mexico: we had a few trucks and trailers that were gradually sold; we exchanged dollars and made transfers (I discovered that exchange houses not only handle cash but can also exchange pesos for checks issued by *U.S. banks*). We had to be very creative to come up with the figure. In fact, at first, we came up short; since we had already purchased a lot of tools and equipment, Todd commented that we could also include in-kind transfers, so we were able to reach the investment he had recommended.

At the same time that we were working on the investment verification, we were in the middle of the construction of the building for the new workshop. This was the beginning of our next challenge: verifying job creation. For visa purposes, employment is defined as having people under your care, who are formally hired and registered with different government agencies. All costs derived from the employment relationship are deducted and/or applied as a basis for the payment of certain taxes. Another issue we did not know about.

At that time, it was not so common or popular to deposit directly to your account to your employees, so we also paid by check. Out of ignorance, we did not have them registered in payroll as real employees, and we did not withhold taxes from them either.

In the United States, it is very common, especially in informal or start-up businesses, for workers to be paid by check for their full salary, without any taxes being withheld. At the end of the fiscal year, they are responsible for filing their personal tax returns with the federal government. The company, in this case, is only obliged to report the total amount received by these individuals in an informative declaration. The detail lies in the fact that the law does not consider them as employees but as subcontractors, a kind of *outsourcing* (a figure so popular in Mexico in recent years).

These subcontractors or independent agents are not outside the law, but the concept applies only to people who are not part of the company's organization chart and, in theory, have their own work tools and insurance. Our lawyer, accountant, plumber,

and electrician, among others, fall into this category. In short, a customer-supplier relationship.

Many employees were also accustomed to receiving their pay in cash or getting it immediately from one of the many “check cashing” companies.⁹ These are gas stations, stores, supermarkets, pawnshops and small banks that charge between 1% and 3% for deducting checks. Wouldn't it be easier, in this case, to open a bank account, deposit the check and one business day later withdraw the money from your bank's ATM and not pay any commission? (I didn't know if people felt safer having the cash immediately or if they had already spent it and needed to make other payments, or if they needed to get some beers for the weekend).

Then we embarked on another odyssey: How did I explain to the workers that now they were going to receive 10 to 20% less, because we had to calculate taxes and that the discounted money was not for us, but for *Uncle Sam*?

Thus began a laborious task: the employees, accustomed for months to receiving their salaries without discounts, suddenly did not agree to receive less. Remember that we were not dealing with educated professionals, but with mechanics and helpers who did not understand taxes and to whom these changes generated uncertainty and distrust. In the meantime, our plan was to continue complying with the requirements as soon as possible in order to process the visa.

We started explaining to the employees, one by one, and almost no one agreed. Todd had set me an initial goal of having at least three. But in order to register them as real employees, that meant not only withholding taxes but also reporting to various government agencies the data and income of each employee. The bad news was that several of the potential employees did not have their legal status 100% in order.

We had to gradually replace employees. If one resigned for any reason, we replaced him or her with someone who “had papers,”

⁹ This form of payment is widely used to pay employees and even in customer-supplier relations. We are fortunate to have important customers, and they pay us for the sales we make by sending a check by mail. Unthinkable in Mexico.

although finding them was not so easy. On the one hand, the workers were human beings, with families and needs. How do you kick them in the ass and leave them on the street? On the other hand, we were so used to hiring anyone who came knocking on the door, and now we had to meet multiple requirements, implement certain processes and screen them, which was an administrative task we didn't know about. Todd recommended how to screen them, though without probing too hard because there was a danger that an interviewee would sue you if they felt that so many questions or probes were discriminating against them based on race or color. It was certainly a big learning curve.

The Labor Market

Another aspect was the labor market. In the United States, there is a significant shortage of truck drivers, a situation that is equally evident in many other professions or trades. Multiple publications have analyzed and addressed this issue. The U.S. Bureau of Labor Statistics¹⁰ reports that by 2022, approximately 67,000 new diesel service technicians will be required just to replace those retiring, without considering the 75,000 additional drivers the industry will need for its own growth (graph 6). According to the *TechForce* Foundation, the technician shortage will increase in the coming years, and could reach more than 600,000.¹¹ The following graph shows the marked labor shortage according to the publication *Autoworld*, with information from the same Foundation.¹²

We began to notice this situation almost two decades ago. I would add another problem to the availability of labor: lack of experience. In this country, young people with no education or academic degree are not willing to invest time in learning a trade. They jump from one job to another or even from one profession to another, they are only looking for an immediate income, so

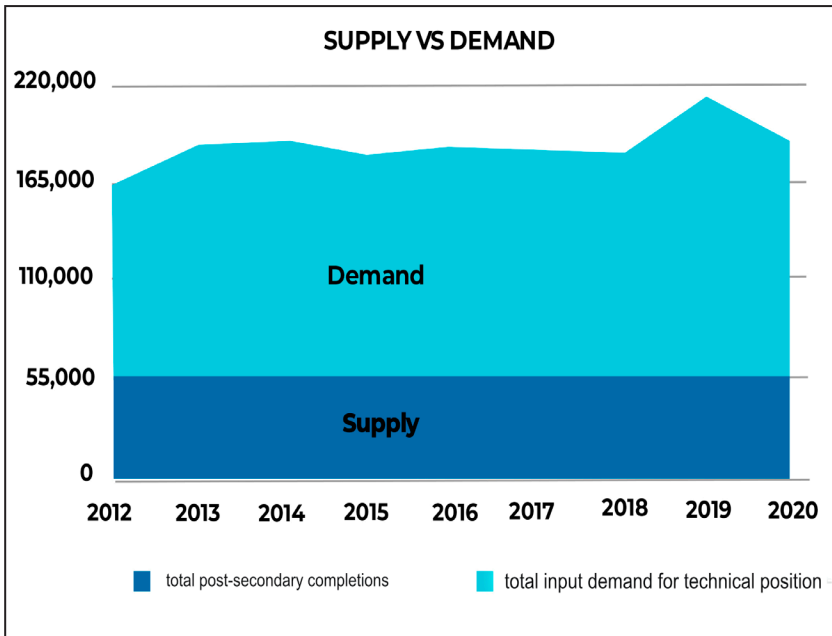
¹⁰ <https://www.fleetowner.com/fleet-management/article/21692967/is-the-technician-shortage-becoming-a-catastrophe>

¹¹ <https://www.repairedrivenews.com/2020/09/02/techforce-finds-technician-shortage-continues-to-worsen-notes-covid-19-might-help-supply/>

¹² <https://www.autoserviceworld.com/tech-shortage-continues-to-worsen-new-study>

they do not develop talent or skills for the future. In our case, we were used to hiring people almost immediately, without conducting research or testing them. If they presented themselves as “experienced mechanics”, we were led to believe that we had discovered a “chickpea in a poke”.

Graph 6
Technician Job Vacancies



The scheme also had its drawbacks, and we realized that these “experienced” personnel caused us headaches rather than benefits because they made many mistakes, were negligent, or their service was poorly executed. So we began to make a series of decisions that changed our course: first, to stop hiring “mechanics” and go for apprentices and assistants; second, to redefine the portfolio of services to be offered and give up those that were not profitable enough, and that increased responsibilities or caused headaches. As we moved away from repairing engines and transmissions (to concentrate on brakes, wheels, suspension, steering, alignment and oil changes), we also refined our recruitment and hiring

system. When we interviewed them, we asked them questions like “Do you have experience?”. If their answer was no, we hired them right away. We preferred to know that they didn’t know, and that they needed to be trained and coached. If they were willing, they would grow with us.

It wasn’t easy, but that’s how we gradually got those three magical employees that Todd was asking us to have to fill the eye of the officer in charge of reviewing the visa application. Now it was just a matter of keeping them on staff, waiting for the time to file several tax returns and having all the proof that we met the second and third visa requirements: generating jobs and paying taxes.

Little by Little, we learned how to register employees with the state government, since it has a commission that administers unemployment insurance (it is an employer’s tax). Then we became familiar with the taxes and their withholding rates for reporting to the federal government. At the beginning, we did it manually, and we continued to do so until we acquired an accounting software that, with the payment of an annuity, allows you to simultaneously calculate payroll and manage the taxes to be paid.

Visa Application

It took us about a year and a half to prepare the company and put together the dossier. Todd accompanied us throughout the process: for example, making dozens of phone calls, and without charging us until we formally started the process. That’s why I think he was an *angel*. No lawyer does that, and we have confirmed it over the years with at least ten others: they all charge an upfront fee just to sit down and talk.

A super file was prepared, construction was documented, dozens of photographs were taken, copies of contracts and invoices were prepared, copies of payroll payments, taxes, state, federal and municipal tax returns were included, as well as permits, licenses, ads in telephone directories (still in use), internet pages, advertising brochures, checks, deposits, and personal and company bank statements to prove the investment. It also included letters from family members, proof of education, IDs, and even a detailed

letter from Todd explaining the project and our business plan to the Consulate. There were hundreds of pages that made up this large package. After multiple communications between Todd and the U.S. Consulate in Monterrey, we finally had the long-awaited interview. The date had arrived. The time had come...

Gaby and I felt more nervous than when we were getting married, or when we had our Tsuru checked, that time at the cinterview. Our meager patrimony and our family's income hung on the decision of a single person. The consul as the judge had in his hands all the power to grant or deny the opportunity to make our American dream come true.

We prepared, studied the file, tried to memorize some numbers, and prepared and rehearsed answers to possible questions, always keeping in mind what Todd had recommended. "Just answer what they ask you," he had told us. "Nothing else." We were dressed very formally; I even wore a suit. I hadn't worn one in years. I don't remember eating breakfast with so many nerves (more like I must have had diarrhea...).

We arrived at the consulate. Todd had told us to enter through the front, not through the entrance for those applying for tourist visas. From there we noticed differential treatment. The Nuevo Leon police guards treated us as if they were the consul or Americans. With an aggressive and distrustful attitude, they asked us what we were doing there and why we were there. When we mentioned the magic phrase, ("We are processing an E visa"), the treatment changed; they almost apologized to us. Gaby and I didn't understand why. "You guys come this way please," we were told. "Sit down here, put yourselves in the shade, we will be right with you". We didn't understand either, we were totally out of place. At the same time, they showed a very bad attitude towards other people, especially the elderly and humble, and treated them rudely.

We handed over our arsenal of documents and were asked to wait. We were photographed, fingerprinted, and again asked to wait. Actually, it wasn't long because we weren't waiting in line. We remained seated in a special area, not mingling with the

others. Not too much time had passed when we were called to window 9. The wait had been very short but the nerves made it eternal. We had a strange feeling of “I just want this to be over” but, at the same time, “I don’t want to go through the interview”. We were not afraid, it was dreadful.

Our turn came and the officer greeted us in Spanish. He asked if he could continue the interview in English. I thank my parents because since I was 8 years old, they put me to study the language. He asked us some questions about the business, what it did, about construction, and so on. Meanwhile, he flipped through the long file, basically checking the information we presented. Our hands and our whole bodies were sweating; I felt drenched. Butterflies were fluttering in my stomach. At that, he asked Gaby a couple of questions and after she answered, the officer told us (and I remember it like it was yesterday):

The business is just starting up, I can’t give you visas for five years. I will give it to you for two years only, and if we see that the company is doing well, you can always keep renewing it, and surely for those five years. When do you need it? I can try, if the system responds to us, to give them the passports back with their printed visas today afternoon. Otherwise, they can come back for them tomorrow.

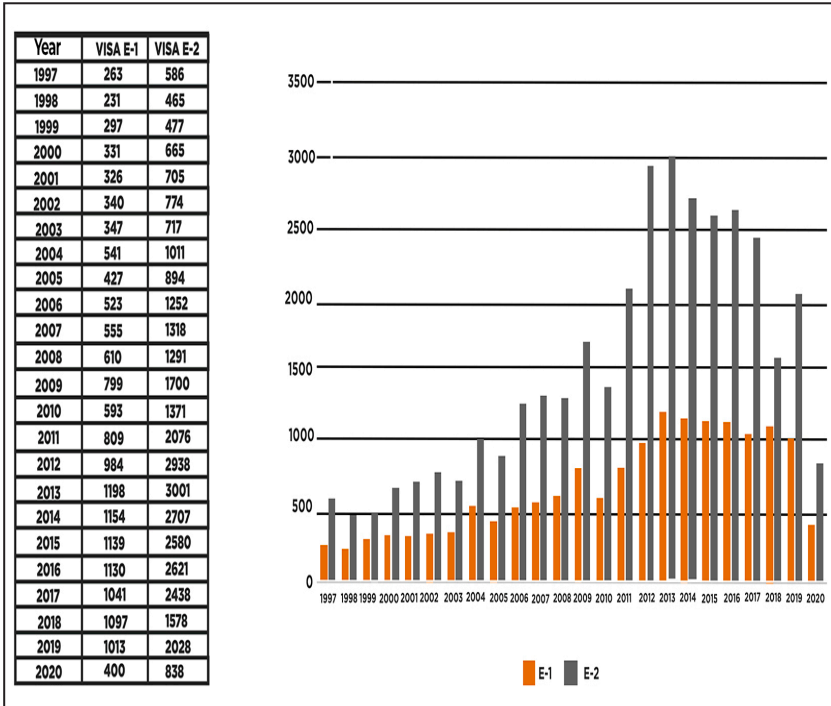
Of course, we said yes, and thanked him and left the consulate. We could not believe it. We made it! Months and months of preparation culminated in the long-awaited visa approval. We called Todd and informed him. God bless you always Todd and also to the officer who approved the visa. That same day we received our passports, grabbed our car, and immediately drove to the border to cross with our new visa. At the bridge, most of the officers did not even know what an “E-2” visa was.

We didn’t even know it ourselves. At that time this type of visa was still not very popular. In the first years of the 21st century, no more than 800 were granted to Mexicans,¹³ and they gradually grew in popularity (graph 7). Perhaps they were an escape route

¹³ <https://travel.state.gov/content/travel/en/legal/visa-law0/visa-statistics/nonimmigrant-visa-statistics.html>

for businessmen wanting to flee the insecurity that was beginning to worsen in Mexico and Nuevo León, as well as their difficult economic conditions.

Graph 7
Trader visas to Mexicans per year



I clearly remember a subsequent visit to the consulate to renew it, in August 2011. When we left, Monterrey felt very strange. When we arrived at an aunt’s house, she asked us if we didn’t know what had happened: a casino had just been burned down in Monterrey and dozens of people had died inside. I met business owners who, as a result of these similar events, tired of extortion by organized crime, kidnapping attempts, government corruption, and fearing for their lives and those of their families, applied for this type of visa and emigrated to Texas. In fact, it was very common to meet families who had come with a tourist visa and, having already bought a house and enrolled their children in

school, were looking for a lawyer to help them regularize their situation, often without the slightest idea of what business to start to achieve a change of immigration status.

During the last two years of President Vicente Fox's six-year term, insecurity began to be felt strongly. In December 2006, the newly elected Felipe Calderón launched Operation Michoacán,¹⁴ declaring war on the drug cartels. At that same time, applications for E visas skyrocketed: they did not stop growing until 2013 when they reached their peak and showed a gradual decline. By the way: in 2018, due to the tightening of President Donald Trump's immigration policies, "applications" for this type of visa decreased dramatically. In reality, the procedures or rules had not undergone changes. It was rather the fear instilled by the rhetoric and policies of the aforementioned president, with which he managed to make many not want to emigrate.

Another important point of the decline of this visa in recent years is the need for annual renewal. U.S. law establishes that these visas may be granted for up to five years. However, in reciprocity to the Mexican government's changes in granting visas to U.S. citizens, the validity was changed to only one year for Mexicans in the United States. And the process is not at all simple, especially if one considers the thousands of dollars that must be disbursed to pay the fees of the lawyers who carry out the process. More than one Mexican businessman, upon seeing a recovery or improvement in the perception of security in his country, got tired of renewing and preferred to return.

The E-1 visa

Figure 7 also shows a sister visa or close relative of the E-2 ("treaty investor" visa): the E-1. It is the one that can be applied for by owners or managers of companies engaged in promoting bilateral trade between Mexico and the United States. Although obviously an investment is still required, in this modality the most important thing is to demonstrate that of the total sales and/or purchases in the United States, the majority are related to Mexican companies

¹⁴ <https://www.excelsior.com.mx/nacional/2016/12/12/1133699>

(that is to say, the majority of their sales are exported, and/or half of their purchases are imports). This type of visa exists to support companies that depend on foreign suppliers or clients and is granted so that they can grow and generate income with the contribution of foreign executives. Obviously, what is sought is the creation of better-paying jobs in the United States with the corresponding taxation.

Mexican Direct Investment in the U.S. and Job Creation

There is abundant statistical information at the macroeconomic level regarding foreign direct investment in Mexico, a subject that is frequently mentioned as an achievement of our state and federal governments. The idea is to get international companies to come to Mexico, establish themselves and create jobs.

It is very common to hear that this or that transnational company decided to *bless us*, and thanks to the great work of government X a plant was brought to city Y; that this company will invest so many millions of dollars and that it will generate Z number of direct jobs and so many indirect jobs. What few people know is what they *gave* to the *kind* company to convince it to adopt this decision.

But there is also an exodus of small and medium-sized Mexican entrepreneurs abroad, particularly to the *United States*. And this is not talked about. In fact, there is almost no information to be found, especially because, again at the macro level, it is mixed up with the big movements. For example, if Bimbo invests several hundred million dollars to buy a regional bakery in the United States, in that fiscal year the numbers skyrocket, and of course, it does not allow us to see the participation of small businessmen *who also* decided to invest north of the Rio Bravo.

Although we do not know for sure how much each Mexican invested, nor how many jobs their capital generated, some of these calculations could be made on the air. Let's see. I have interviewed at least a dozen lawyers over the years, and each one has his or her opinion as to how much should be invested to obtain the E visa. If we take into account that most of them are in

a range between one hundred and two hundred thousand dollars, we could use a midpoint as a reference for our calculations.

So, and taking 2013 as an example, when 3,001 E-2 and 1,198 E-1 visas were issued, we have a total of 4,199 visas. If we multiply them by our 150 thousand dollars of investment, we obtain a direct Mexican investment of SMEs in the United States in excess of 600 million dollars: a figure that more than one governor would be happy to announce as an achievement of his administration. Similarly, one could try to guess the number of jobs generated by the paisanos who have emigrated to the United States through these visas. At the time Todd commented that, at a minimum, we had to generate three jobs. Others said five. We took four for the new calculation and proposed:

$$4,199 \text{ visas} \times 4 \text{ jobs} = 16,796 \text{ total jobs}$$

As a famous sportswriter would say: “¡Uff, uff y recontra uff! (“Yikes, Yikes, Big Yikes!”) In 2016, the newspaper *Excelsior* published the big news that Audi was opening a new company. The then governor of the state of Puebla, Rafael Moreno Valle, along with Mexico ‘s Secretary of Economy, Idelfonso Guajardo, were self-congratulating themselves for the creation of just over 4,000 jobs.¹⁵

I could not say for sure what the economic investment of each one of us who emigrated with this type of visa was, but I am convinced that the jobs we generated are many more than the sixteen thousand estimated in the calculation shown above. Most of my acquaintances or friends who have this type of visa generate many more jobs than we do, and I have even seen companies with more than 250. At the time, no one cared about that micro-entrepreneur who decided to take almost all of his assets and risk 100 or 150 thousand dollars in the United States. Today, in a more fertile market, that same entrepreneur turns over millions of dollars a year, generates hundreds of jobs and pays a considerable amount of taxes.

¹⁵ <https://www.excelsior.com.mx/nacional/2016/09/30/1119956>

There are other types of visas. Several of them even make it possible to obtain permanent residence in the country after several years if certain requirements are met. But in some of them, as is the case of the EB-5, the investment levels are higher: they can even be more than one million dollars, and in many occasions, they promote *more passive* activities, not necessarily related to that of a true entrepreneur or micro-entrepreneur. Based on this analysis, I will stick with the E visas.

The Positive side of migration

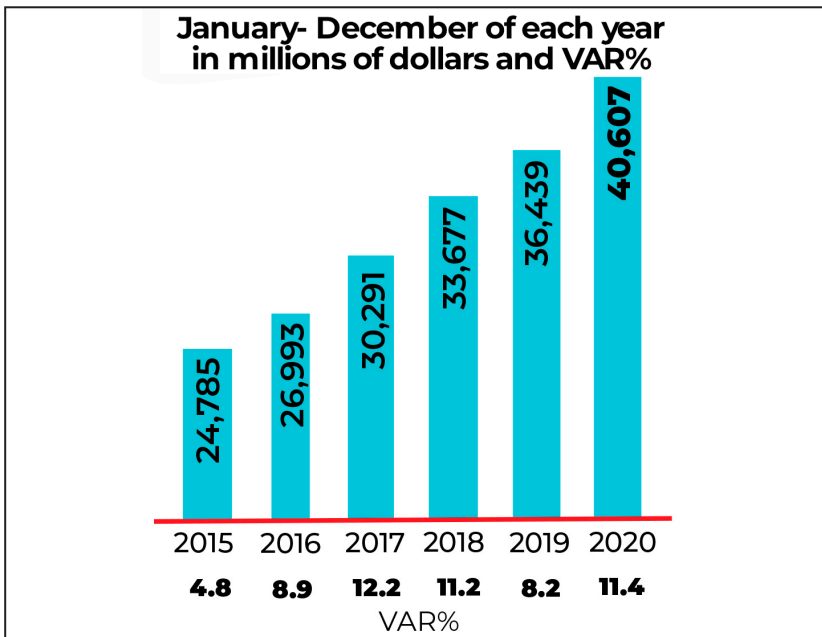
During the pandemic unleashed by the novel Coronavirus, I discovered a way to learn about different topics: listening to podcasts on a digital platform. I have my favorites, most of them related to business and entrepreneurship. In one of them, I heard how it is frowned upon for an entrepreneur to take his company - and his capital - to another country. In the example, a Spanish citizen had emigrated to Andorra in search of better tax treatment and quality of life for himself, his collaborators and their families.

The expert participating in the *podcast* commented on his own experiences and mentioned that he was sometimes called unpatriotic, ungrateful and I don't know how many other adjectives (some not very nice). However, he also referred to the case of an engineer who was offered a job in a more advanced economy, as well as a better salary. The professional migrated, but he was not seen as a bad person, but rather as part of a brain drain. Unfortunately, he had not found a better option for his family in the country and "had to leave". But he was not crucified; rather he was justified, and to some extent considered a victim. The commentator asked why the same attitude could not be taken with the businessman.

As Mexicans living in the United States, we often meet people who have emigrated, but most of them come from economically and culturally less favored classes. Mexican governments have traditionally considered them heroes; those countrymen whom one day risked their lives to cross the Rio Grande or walked the desert to seek their American dream and give a better life to their

families, are the objects of great admiration and respect. These same compatriots who have transcended borders send juicy remittances to their families. They manage, without a doubt, to help cushion the lack of opportunities and poor living conditions caused by inadequate social and economic policies and the tremendous historical corruption of our governments: and they also prevent our country's social problems from reaching greater proportions.

Graph 8
Remittance income in dollars



In 2020, despite the pandemic, these same heroes sent a record 40.6 billion dollars to Mexico, a figure that continues to grow. In terms of foreign currency generation, remittances from the United States are already more important in relative terms than other industries that, in principle, should be the most representative. A graph published by *El Economista*¹⁶ shows how, since 2015, cash

¹⁶ <https://www.eleconomista.com.mx/economia/Mexico-recibio-40606-millones-de-dolares-en-remesas-en-el-ano-de-la-pandemia-20210202-0052.html>

remittances have been growing at impressive rates (graph 8) and provide pure oxygen to our stagnant national economy.

Obviously, it would be almost impossible to obtain a figure of how many of these remittances originated from the businessmen who emigrated, but they must certainly contribute. What personally strikes me is that many of the businessmen I know did not get rid of one hundred percent of their companies in Mexico and, rather, in some cases, they boosted them thanks to their presence in the United States.

First of all, the operation of the “American” business of many of us E visa holders has also generated employment in Mexico. I know of a large transportation company in Texas, for example, that has all of its logistics personnel operating from Mexico: about fifteen people who have found jobs with very competitive salaries and, at the same time, represent a considerable saving for the company because their salaries are lower than what would be paid to a less qualified employee in the United States.

It is very common to hear from fellow business owners that their management or some activity of their operations continues to be carried out from Mexico, so I wonder: how many jobs will be generated in our country by Mexican companies operating in the United States? If in 2013 we were 4,199 entrepreneurs with E visas, and each one created three jobs in Mexico, then we are talking about almost 12,600 jobs. Again: these figures are very interesting and more than one politician would like to boast about them. If we add to this the fact that these jobs normally have remuneration levels above the average that the same professional would receive in another national company, then how big is the effect? If these businessmen had stayed at home, would they have generated those same jobs? If so, would they have paid their employees better wages?

I am left with so many questions, I imagine my life in Monterrey before leaving, my operations, my job, my micro business, and the truth is I do not see how from my own company I could have generated the number of jobs that we have now in my homeland, offering administrative, tax, auditing, purchasing, logistics,

marketing or advertising services to my ongoing businesses and projects in the United States (ten, as of today). We even have a dozen collaborators who have started to generate income for our organization by providing the same services to external clients, all operating from their homes in Tampico, Ciudad Victoria, Pachuca, Tulancingo, Puebla, Guadalajara or Monterrey. Blessed be the technology that allows us to communicate almost for free via *WhatsApp*, email, or virtual conferences in real time. It is the most famous *Home Office* to which I referred before but in its maximum international expression! (In the following section I will report in greater detail how all this started in our case).

A great doubt remains, which I describe here: was it really negative that these unpatriotic, treacherous, bad Mexicans, ungrateful, mean, and unscrupulous businessmen decided to look for a more fertile market, with more opportunities, and that they took their capital, founded a company, gave more security to their family and emigrated? I propose that businessmen should also be recognized as heroes because I am convinced that they do not forget their roots and many generate jobs, send remittances, consume Mexican products and vacation in their places of origin and on the beaches of our country, contribute a lot to the national economy and, although indirectly, also pay taxes worthy of consideration.

THE BUSINESS CHAIN

From a Workshop

MY INITIAL STRATEGIES AFTER OPENING THE BUSINESS and we were able to start having some clients, consisted in keeping strict administrative control, generating a lot of information and, later, analyzing it: all with the intention of identifying areas of opportunity in the purchases of supplies used in the operation of the workshop.

Almost from the start, and since I had already acquired a *software* for accounting, invoicing and recording expenses, I offered my sister-in-law Rosy (who recently graduated as a public accountant, and with an unattractive salary) to join our team, to support us remotely from Mexico to manage the day-to-day administration.

Through the years I realized the importance of keeping the accounting numbers up to date, as well as the severe problems that are generated when the accountant is only used to fill out tax returns and say how much you have to pay to the tax authorities. In our case, being foreigners, we wanted to ensure that everything is in order and in order; let's not lose sight of the fact that from the beginning we were afraid of a review by the authorities.

This is how we began to manage and, above all, to acquire important knowledge, to the extent that when we had to file our first annual returns, Rosy and I managed to discover mistakes made by the accountant we had hired. After a couple of years, we stopped using him and decided to study the law in more depth in order to handle the tax accounting ourselves.

One of the recommendations suggested by the accountant was to separate our business into several legal entities. The objective was to protect our assets from lawsuits since, he said, we were exposed to legal action from both employees and customers because of the business we were in. He explained to me that it was very common in the United States for companies to manage real estate, machinery (or also known as, *holding*) and equipment through a holding company, and in a separate entity to keep employees as “service providers”. We followed the recommendation, although it obviously made our administrative operation complex.

As the months went by, we generated a great deal of information, especially in the area of repairs. The statistics indicated which were the most popular, so we activated our cost improvement plan. We prepared a list that we converted into requests for quotations. I enthusiastically went out to visit the Houston parts stores and asked for their bids. Several days passed, but no one answered. Although I had come from working in Mexico in companies that required the utmost formality in the process, my techniques proved to be totally out of place in Houston in our industry.

It was with some surprise that I decided to revisit some of the parts stores. I even had the opportunity to be met by one of the owners. I handed him the list, and he said, “Why don’t we make things easier? Tell me how much you pay when you buy all this stuff, and I’ll beat the prices”. To my “lineage” of international buyers this was more than an insult, so it became a personal challenge. I decided to make an effort to find better suppliers. I almost promised myself that I would not buy anything locally in the face of so much apathy.

I turned to the internet. I started faxing and emailing the same list to out-of-town businesses. I started to get responses. Right off the bat, I found better prices. I had to invest more money and raise the value of the order to amortize the cost of shipping from other states but, incredibly, buying products in Georgia or Miami began to reflect in better numbers.

We found a manufacturer of steering axle components that we liked very much. They had a warehouse from which they supplied their local distributors. Another supplier we found in Florida offered us a very attractive price, so we placed an order. The product arrived to our satisfaction, and we continued to buy from them. We decided to order a larger quantity so that the distributor would support us with the shipping cost, but when we increased our order to over three thousand dollars he agreed not to co-bill us for freight. Our margins were improving. We were surprised that these components were arriving from the warehouse located in Houston, and almost at the same time a representative from the factory visited us.

The First Distribution

At that time, we were working in a temporary workshop, with very precarious facilities, while we were getting permits to build on the land we were renting from Mr. Robert. The mechanics were working outdoors. We had no roof to protect them from the sun or rain. There was no concrete floor to stabilize the work, or to allow us to get under the trucks. The bathroom was portable, with a water connection for washing hands. We used two shipping containers: one as an office, one as a warehouse.

I fondly remember those days in that office: serving customers, invoicing, staying late into the night to account for the day's movements, arranging spare parts in the container, feeling that we had a large inventory available.

The same day we purchased material from the Miami supplier, John McKee arrived. A typical “*gringo*” in his 50's, with blond to gray hair, very fair complexion, blue eyes. He introduced himself as a representative of the manufacturer of the spare parts we had just purchased. He entered the container and, after a few moments of hesitation, asked: “*What's going on here?*” More than wanting to know what was going on, he was more concerned about why a workshop that was not a workshop, operating inside a deteriorated container, was buying an interesting amount of spare parts from the company who sent it. I remember saying to Gaby, “Looks like

we're in trouble. It seems to me that they are going to block us, that they won't allow us to continue buying in this way to protect their local distributors.

As best I could I told the visitor what our intentions were, the work we were doing in the workshop, how we wanted to differentiate ourselves and, above all, how the components he was promoting played a significant role in our business plans. Even in my research I had developed some visual tools that helped to easily identify the number of parts required in each vehicle. By studying the manufacturer's catalog and defining some variables, I had developed a methodology that allowed me to offer these parts to my customers in an expeditious manner. Not even they, as manufacturers, had anything like it.

John was very surprised when he heard what I was telling him. He never thought that in those old containers he would discover our vision and preparation. I still remember clearly how he pulled out a couple of catalogs, a list of prices and a credit application from his briefcase and said, "Fill out this application and if you get approved in the credit department, you're going to buy directly from the factory. Just remembering that makes me misty-eyed because, even today, that's very hard to do. From those old containers we were becoming factory distributors. John was yet another angel in our lives. He has since played a very important role in several projects. Years later he told me everything in confidence, including what went through his mind (a nice anecdote that we laughed about).

When John left, I immediately reviewed the price list. By switching from buying in Houston to bringing in from Florida we were able to decrease our cost by 20 to 25%. When we saw the dealer price offered by the factory, we couldn't believe it: we were reducing our cost by as much as 30%. Within a few weeks we had access to a price so attractive that we could be very competitive with customers, while granting us profitability on a product we had never offered before. I filled out the application and within a few days we had an open line of credit and were able to place our first order.

After the first round, Now going international

As we gained sales for these items, we gradually increased inventories and, in turn, gained John's confidence, to the extent that he offered us other distributorships. Enthusiastically, we invested and reinvested in more parts. In a way, this kept us alive as we struggled through the difficult situation of working in the sun and dreamed of our finished shop. By the time we moved we were buying from several factories, and had cut back considerably on local purchases.

Once we got our visa we began to travel more frequently to Monterrey, no longer afraid to cross the border. We missed our friends and family so much that, any chance we got, we would take the car and Highway 59 to Laredo. We sacrificed hours of driving in exchange for a few minutes of affection. There is a lot of homesickness when you are a long distance away. But the trips began to give us a lot of information. Eventually they made us into what we are now. Little by little, the trips back from Monterrey were no longer on Sundays: sometimes we stayed until Monday or arrived as early as Friday to contact repair shops.

When I was a teenager and learned to drive cars, my dad turned me into his "trader": "*bring me this, bring me that, go here, go there...*". Since he had trucks and a service shop, he would order spare parts for me. Little by little I became familiar with the names of the parts and, at the same time, I got to know many suppliers. With such a wealth of workshop experiences still fresh in my memory, I began to visit those who years before had been the subject of my daily rounds during the summer "vacations".

There are certain parts that in the U.S. market are only available as a "kit", or package. In Monterrey I discovered that we could buy them separately. I clearly remember how the leaf of a suspension spring, which was frequently damaged, was sold as a package for \$260 in Houston. In Monterrey I found establishments that sold it to me for less than \$40. That was when I started to bring (whenever I could) two or three pieces in the trunk of my car. These leaves,

which we used for repairs, were sold for 160 dollars. We saved the customer a lot of money and, at the same time, we made a considerable profit.

I started to enjoy it as if it were a sport. The development of suppliers derived from the possibility of finding more parts in those conditions. I remember another one that, incredibly, had a profound impact on our future. We had a very good customer, Tom Probasco, another very nice “güero” who asked me to replace the hood supports on his truck. These parts could only be found at new car dealerships. We are talking here about a small rubber part that outrageously sells for 35 dollars. I still remember that I was ashamed to charge for that part because I knew that something so simple could not cost that much. It was nothing more than an abuse by the dealerships (years later I discovered that the one who was really abusing was the manufacturer of the trucks, who sold that part to the dealer).

It was one of those days when I was buying springs in that store in Monterrey. Suddenly I saw a part similar to the one we had installed on Tom, although it had a different shape because it was used on a different type of truck. I asked the manager if he could get me Tom’s part. He replied that he did have it, and offered it, he said, of better material. The price: a little less than 90 pesos. In those years the exchange rate was about ten Mexican pesos and a fraction to the dollar. This piece, which days before I had bought in Houston for 35 dollars, I found in Monterrey for less than nine. I went crazy! I asked the seller how many he had in stock: “How many do you want?,” he said. I got brave and asked for 50. He picked up the phone to call someone else and when he hung up, he told me that in a couple of hours he would have them ready.

I was so happy, I didn’t want to leave the place. I asked him about other parts of that brand, and he showed me a catalog. I didn’t know many of the parts because what we used to buy in Houston was not always offered by this supplier. I looked through the catalog for a while, trying to identify any other opportunities. I asked the manager if he could give me the volume, but he refused: it was the only one he had and he needed it for his own

use. I continued browsing; when I finished, I realized that the manufacturer had several branches, including one in Monterrey, whose address I tried to memorize.

It was getting late and we were planning to take the highway back to Houston, so I loaded the parts, put them under the seat and drove to the border. I was brimming with happiness, but a little worried: would I be able to sell 50 pieces that I had never really paid attention to before Tom's truck? I was very lucky because at the bridge they let me through several times after informing me that the pieces were just samples. At a certain point the border protection agents inspired some fear in me: they recommended that I see how to do an informal import, which, besides being very simple, would save me trouble.

The First Importation

Upon discovering such competitive and high-quality parts, I took the above-mentioned recommendation very seriously. One fine day I made a much larger purchase and drove my truck to the Colombia Bridge, which connects to Laredo, Texas. I was carrying a box full of spare parts; I had invested about two thousand dollars, which for me was a huge purchase. I happily followed the traffic of cargo trucks and entered the vicinity of the fiscal precinct. When it was my turn at the inspection booth, the officer asked me what I was doing there with a pickup truck. When I informed him that I wanted to make an informal import, he told me with surprise that this procedure was not done there. After making a few calls, and hurrying me so that I would not stop in line, he sent me to the intensive inspection area. I parked in the indicated area and handed over the invoice for my purchases.

They explained to me again that this procedure was not carried out there, and that the import manifest had to be generated by a customs broker even though it was a document that they designated as informal. I had understood everything backwards and now I was wondering how I was going to get out of the matter.

My truck was full, I looked to the Mexican side and my stomach churned at the thought of the number of times I had

argued and negotiated with customs officials when, in my youth, I used to take garage sale items to Monterrey. I asked the officials if they could give me the name of an *American* customs broker who could do the paperwork. They replied that, as federal government employees, they could not recommend a company.

At that moment someone passed by and took pity on me. Was he a real agent or just another angel? He gave me a name and phone number and asked me to call. I took my cell phone and dialed the number. The people on the other end of the line listened politely and sent a person to sort my products and pick up my documents. They asked me to wait (after all, what choice did I have?), and someone would come later with the import manifest. Several hours later the envoy from the agency arrived and we presented the document to the agents, who processed everything in the system. After a big scare, the payment of the customs agent, several hours of agony and a lot of learning, they released me and I was able to leave for Houston without any problems whatsoever.

I don't know how many years have passed, but to this day I still work with the same customs broker. It is no longer the informal procedure, nor am I the one who carries out the physical movement of goods, although for a while I continued to do it that way. In fact, it was my mother who became our *official carrier* for several years. What was clear is that this informal import had only the name. It is always necessary to get proper advice before importing any product because each one has a special classification in the tariff code; there are items that have restrictions or require different permits. In some cases, they may pay some tariffs, although in Mexico, under the Free Trade Agreement, they do not apply when there are certificates of origin (relatively easy to issue since the company itself fills out the form, and it is only a matter of the customs agent having it on file in case an audit is ordered).

From distributor to importer

With the confidence of having a customs broker to help us with the import formalities, we decided to be more aggressive in our

research and search for opportunities in Monterrey. I vaguely remembered the address or brand of those parts I had found much cheaper; I wondered if I could get an even better deal than the dealer where I had purchased them.

On the next trip, before returning I decided to go back to the warehouse. I was served by a salesman. When I told him where I was from and where I was doing business, we were joined by the branch manager, with whom we chatted for a while. It turned out that the company had already tried to sell in the San Antonio area, but had failed and had moved to San Diego, California (it seemed that they were praying to every possible saint to penetrate the U.S. market!)

What seemed very attractive to Victor Zertuche, manager of this company, was that they had no customers in Houston. In response to this, he offered me all his support in the project. He quoted me that piece for just under \$9.00 at \$7.76. Even happier, I asked him about other parts that might work. He began by training me, recommending other parts, and promised to reimburse me or exchange them if he could not sell them. Although I decided to buy for only about four hundred dollars, I felt I was taking a risk because most of those parts we had never sold. Their apparent safety, on the other hand, inspired confidence.

A few weeks later I went back and decided to buy some more of the variety, while at the same time I restocked the ones I had already sold. The purchase was now \$800. Somehow, I also inspired confidence and enthusiasm in Victor. He insisted that I go to Guadalajara the following November, to an exhibition where they were setting up a booth: he wanted to introduce me to his bosses, and mainly to the owners of the company. Victor thought that some support could be obtained in the inventory, perhaps through consignment. He felt that if they gave me a push the project could grow. I have lost count of the angels that have crossed our path, but I will always be grateful to Victor for his vision, and because over the years success materialized in a way that neither he nor I could have imagined.

At the same time that I started buying from this company, I continued to work with some distributors while looking for more manufacturers. I remembered that a long time ago my dad had taken vehicles to a factory-shop for other types of parts, and I contacted them. They were pleasantly surprised by the possibility of starting an international business since they only sold regionally in Mexico, particularly in the big cities. And they believed in me.

INTERNATIONAL STRATEGY

International Strategy, Express manufacturing, A Great Opportunity

WE STARTED TO BUY LINE PRODUCTS from their catalog, and gradually developed some special pieces for the American market. Knowing their almost artisanal capabilities, and also their extremely flexible production system, we detected a great opportunity: to work with very low-volume parts that were difficult to find outside the agencies. We started to save used, unusable (and sometimes new) parts, send them to the Monterrey plant as samples and develop them in a few days (sometimes in hours), and have them ready for the market. I remember very well how, years later, we had an extraordinary event with this company. We secured a distributor in Dallas who, in turn, was supplying parts to a freight forwarder with yards in Houston, San Antonio and Dallas. It turned out that this transporter had acquired a batch of trucks of a certain make and model - at least twenty vehicles, practically identical - that after a few years began to require components that the Monterrey production company handled. Curiously, one of the parts required by these units reported a delivery time of no less than two months because neither the agency nor the assembly plant had it in stock. And without a \$300 part, the truck, worth over a hundred thousand dollars, could not be moved: it could easily be fined by the police and forced to remain out of circulation.

One of these vehicles was stalled in San Antonio. Between the dealer and the carrier, we agreed to have the used part removed. One Friday morning I drove from Houston to San Antonio, picked it up and headed to Monterrey. By the afternoon I was home, and

early Saturday morning I went to the factory. I had already warned them about the urgency of the project, and they were waiting for me. The technician in charge of development reviewed the part and told us that it would be ready in a few hours.

They invited me to lunch, we talked about our projects and how things were going. We laughed for a while and, two or three hours, a mash and a good coffee later, the new part was ready. I drove back to San Antonio, and by Saturday night I was delivering the part. First thing Monday morning the vehicle could be in operation. I wish I had been on site when the terminal attendant received the part and it was installed without a problem.

Another time a distributor took me to visit a very strong *American* bus company. The buyer, when he found out what we were making, took us to the main workshop where they had several idle units: they needed a part that the assembly plant itself told them would take two months. How can a carrier survive with vehicles valued at hundreds of thousands of dollars if he has to wait two months for a \$200 part? We convinced them to lend us a used part. I spoke with the owner of the factory we represented, and told him of the great need and, above all, the enormous opportunity to keep the business. I flew to Mexico City with the sample, took it to the plant, and the engineering department immediately got involved in the project. Less than a week later one of the technical support engineers came with me to Dallas. We brought several parts for installation. I was delighted to see the mechanics and other staff working to solve the problem in record time. There is no doubt that, when we put our minds to it, we can get incredible results.

There have been many more similar events: in recounting them, I relive them all over again. Remembering them brings up the following reflections:

1. I am convinced that in Mexico we have the skills to achieve incredible things. We can be artisans, not only to create decorative objects or colorful attire but also to produce items in many industries. This gift, this talent, could be put

to better use thanks to the geographical advantage we have over the Asian giants, which are concentrated only in large volumes.

2. I have witnessed many *small opportunities* being seized. I have seen micro-businesses identify and exploit micro-niches and, over time, become very profitable businesses. It happens because when they start their operations they have no competitors, and customers pay higher (but not unfair) prices. In our case, customers saw the added value our business offered, and bought without complaint. The big competitors did not even notice our existence, and for many months, or even years, they did not react.
3. It gives me a certain mental pleasure to see a customer highly satisfied and, at the same time, *admired* by the extraordinary work done by our teams. I am not sure if the money they paid for the parts gave us as much satisfaction as providing excellent service.
4. More than a reflection, in this section I would like to ask a question: what are we willing to do for the customer? I often see business owners or managers complain that customers do not value our proposals, and try to pay the lowest price. Then, we must also ask ourselves: what are we willing to offer them? It seems unfortunate, but most of the time we do not offer anything extraordinary, which turns us into a simple commodity, although we expect to be paid as if we were a *premium* product.
5. How many opportunities are presented to countless industries located in specific regions of a country as vast as the United States? In every culture, in every language spoken, in the desert, in the mountains? It frustrates me to think that we are not taking advantage of them, and worse, we are not even seeking them out. Our universities should prepare us better for this type of exercise; from my point of view, they should turn more frequently to the United States, not only to work in maquiladoras, but to prepare us with the goal of establishing operations of a different nature.

If you look for it and try, Extraordinary Things can Happen

Back to the subject of the company that Victor Zertuche worked for in Monterrey, I remember when he insisted that I go to Guadalajara: so much so that I went to the expo on November 16 or 17 years ago. Gaby said: “I will never go with you to an expo again. You stop to talk at every stand!”

I felt like a kid in a candy shop. I wanted to take everything back to Houston. I saw opportunities everywhere and many manufacturers interested in working with us because “we came from Houston”; I was already part of the great *American dream*. I left with many contacts and numerous quotes. Gradually more opportunities opened up. I loved studying catalogs, comparing prices, and weighing the pros and cons; after all, the fashion in our business was to reinvest in inventory.

Where things didn't work out so well was at Victor's company: although he and his immediate boss were kind enough to assist me, it wasn't possible to talk to the owner; the then US operations manager didn't find my business attractive (it was a simple workshop, and his goal was focused on big fish). On that occasion, I returned with a bad taste in my mouth because the main objective (to talk to the owner of the factory) was not achieved. Victor also felt sorry and kept insisting.

But things definitely happen for a reason. I continued to be confident in the plan, buying parts. Since I had no company in Mexico, I didn't require an invoice, and the owner was suddenly receiving dollars in cash. That's what started to get his attention. One fine day he told Victor that he was waiting for him in San Antonio: since he would be on vacation there, they would come to visit us. We prepared a lot for this visit. We cleaned the workshop, arranged the pieces, and identified those we had bought from him. We had an advanced work of references against the competition. When the entourage arrived, they loved the shop, our passion for the project, our entrepreneurial spirit. The owner offered us importer's prices and authorized an inventory on consignment. He also gave his approval for us to work in Texas, mainly in the Houston area, on an exclusive basis.

Thus began a great adventure: after simply buying for our service center, such competitive prices forced us to look for clients in the city, hire salesmen, define strategies and give a remarkable turn to our business. That piece that Victor sold us at \$7.76, the plant was offering it at \$2.76! I began a titanic task of market research. I analyzed every competitor I could find, item by item.

I checked prices, compared designs, looked for areas of opportunity, and competitive and comparative advantages and disadvantages. I also ran tests in the shop (which eventually became a research and development lab) and, without thinking about it, I became an expert in that product line. I memorized our part numbers and those of our competitors, as well as their prices. I self-sabotaged the plan of attack with more preparation. The dread of being turned away from customers motivated me to prepare better. I worked to the point where I had no more excuses.

The initial objective was to visit the parts stores or distributors from whom we were buying locally and offer them the product. I clearly remember my first visit. I arrived at the counter with the catalog and a sample in my hands. I stood in front of the friend who was attending to me and I pitched him my proposal. In a way, it was something comfortable for me, because this friend had helped me with data, and was waiting for my visit. He brought me to the owner (a gringo), to whom I explained everything. He asked questions of his counter salesmen. While I wasn't sure what was going on, he said, "Take a note". He started dictating numbers and quantities; I was getting my first order!

And we stop selling

I visited more parts store but not all of them bought from me. It made noise to them that a garage wanted to sell to a parts store. It was a duck shooting at shotguns, and some owners were even annoyed by the situation. How was it possible that this guy had that line, and we didn't? Most of them turned us down, in every meeting, I had with the factory the question was always: how are we doing? From being a question to see if we needed support, more inventory, or technical support, it gradually became a question to

put pressure on us. Finally, they were investing capital to get results, they wanted sales, and patience was slowly running out.

Then we decided that we did not have to sell to the stores, but rather compete with them and go directly to the workshops. We hired a couple of salespeople, gave them a lot of training (we even went on a two-week tour of Mexico), visited plants, conducted talks, and tours, and ran tests. We were ready to go back to prepare for our attack. We used all our experience in the workshop to estimate our competitors' needs and offer them solutions but, above all, small business opportunities. Gradually we learned that if we showed them not only spare parts but also the money they could make from them, customers would take more notice of us. The workshop gave us information every day, we saw parts that were hardly ever replaced and we wondered why. We talked to customers, we launched offers to experiment and learn, and then we offered that learning to those who were our competitors but, at the same time, could be customers of the new operation.

In this regard, I remember many anecdotes. One of them in particular. Victor, who years later emigrated to Houston and became our workshop manager, asked me why a certain part was not being sold when he, in Monterrey, was placing hundreds in a single month. We decided to launch a promotion: customers who wanted to replace the part would not be charged for labor. The mechanics began to check all the vehicles that came to the shop to offer the promotion. It turned out that one day one of the drivers got annoyed with Victor to the point of almost hitting him because he felt that they were trying to *pull on his leg*. The customer's version of the story was that the suggested parts did not exist in the trucks. Victor kept his cool. He asked the driver to allow him to demonstrate that the part did indeed exist and that his truck needed it. The mechanics disassembled a component that somehow kept the part hidden. In the end, it became clear that the part did not exist because it was totally destroyed! The part was replaced and the customer left satisfied.

We learned on that occasion, precisely, that often customers are unaware of the existence of a specific part and its importance,

or simply, if it operates “hidden”, there is no way to revisit it; therefore, they do not know the condition it is in. Although informally, we created a form of training and began to promote this method among the other workshops to earn a few dollars. They are not buying a part from us, but we are helping them to get some extra money. The objective changed: you are no longer asking a customer to buy from you, but to let you help them grow. It’s a radical change!

Local growth becomes National Distribution

We learned and, more importantly, became passionate about the line, small opportunities were created and tried one at a time. Salespeople visited customers all over Houston. Soon after, they began visiting San Antonio, Austin, and Dallas; gradually more sales were being made. We found small niches and discovered the needs of some specialized companies. With the expertise of the workshop, we sought to solve their problems. Before we knew it, our numbers were growing significantly.

At the same time, the factory, which had a warehouse and sales office in San Diego, was making its own effort in the market. As the months went by, however, some management dissatisfaction with the employees of the U.S. operation began to show. The factory owner called me from Mexico and asked if we could meet with the new general manager. The meeting would be in San Diego and his assistant would make all the arrangements. Two days later I met with them, although I was suspicious of the reason. I was almost certain that they wanted to close their office and look for options to operate in the United States. I prepared a presentation with a “plan of attack” detailing how to penetrate the market to grow sales.

During lunch I explained my impressions, explained my ideas, and suggested that we should not focus on selling to large clients: I commented that they had been trying for years and had only obtained one, a relatively large one, in Canada. And that was not enough to make the California operation profitable. I was thinking more along the lines of looking for smaller distributors;

not spread out all over the country, but located in denser areas, and from there try to grow. I talked to them about California and the East Coast, but the priority should be to dominate the Texas market. From there we could continue to grow north and northeast. I recommended that they let me run the operation as the exclusive distributor for the country. The great advantage would be that they would not have to rent warehouses or pay employees. I only asked for their support in some advertising activities, attendance at exhibitions, and support in the development of new products.

I still remember the engineer's words: "Edmundo, we are calling you because we want to close the office, and we want you to take care of it". For this, I had already been offered a job on several occasions, but I had always refused because my entrepreneurial spirit would not allow me to do so. Besides, I already had my business, how could I leave my company to work as an employee? Therefore, they had no choice but to accept my proposal. They asked me to be in charge of the whole moving process, which I started immediately, I couldn't believe my happiness! That first purchase at the Monterrey store was turning into an exclusive nationwide distribution!

I reviewed the inventory and noticed something interesting: more than half of what they were offering was not viable in the US market. I wondered, who came up with the idea to ship this? The idea had come from a technical support engineer at the plant. For obvious reasons, in the end, it was not validated, and for years the financial resources were wasted on components with no potential, no rotation, and deterioration. No wonder they didn't sell!

How important it is in export or commercialization projects in an unexplored market, to first validate the needs of customers, check if they really exist, and then define how to operate. Over the years, I have heard many proud manufacturers say: "This is what we have always sold. This is how we have done well in Mexico, and this is what we are going to sell in the United States." Years later they return with losses, sometimes in the millions, and, at the same time, with great frustration: the failure of their American dream and the idea that this was not for them.

When talking with the assistant office manager (who had resigned weeks before), I discovered that the client portfolio was very small and that there were special price negotiations with each one of them, which caused enormous confusion. Worst of all: zero sales in all of California (not even in San Diego, where there is considerable purchasing power and a great need for parts because it is a densely populated area). You can't be profitable in those conditions. You live in Southern California, and you don't even think of trying to sell there? It's like operating an ice cream factory in an area where there are many schools and parks, but thinking of selling in Disneyland, on the other side of the country.

Now it's easy for me to understand. It is clear to me that the first step to having some success in the United States is to achieve some form of profitability, or at least break even. From that platform you can think of big fish, big distributors, or chains; but if you are losing money on a daily basis, it is impossible. Patience and economic resources are quickly exhausted. We dream so much of a big client that will make us millionaires that we despise small businesses that can offer us oxygen to breathe, but mainly because they make decisions more quickly, can be passionate about our product and can also help us learn about the market, to find areas of opportunity. With all this, we can implement better strategies that will become a real business plan that will open the doors of large consortiums.

I went back to Houston and developed another price list. I contacted each of the few customers in California first, advised them of some changes and that we hoped to provide them with better service. On a case-by-case basis, I had discovered that there were even customers who were losing money on every sale. Even though the price was higher than the cost, we offered to pay for shipping: here profitability evaporated. Difficult decision, but we told the customer that he would have an immediate, gradual price increase, so as not to affect him so much, but that he would be given the same treatment as the national distributors.

First change: no more special negotiations. The commercial plan was standardized. Obviously, there was a risk of losing customers. The essential question was whether it was really worth

selling just for the sake of selling and losing money. I, at least, did not have the resources or the factory grant; so, I said “better not to have them as customers”. Of course, several of them left soon after. Those who valued the brand, the product, and the support, stayed and started to add up.

Distributing to Latin American workshops is not the same as selling to American retailers

We had taken an incredible step in achieving that distribution. We now had a great opportunity in our hands thanks to the factory’s backing and the popularity it enjoyed in Mexico.

However, there was a big problem: I had never sold to distributors operated by Anglo-Saxon owners. So, I turned to one of my personal angels, John McKee. I told him about the project, the product, the opportunity, the catalog, the price lists, and other details. I asked him to help me represent the line along with his partner, Don Richburg, in the states where I was already located and that he would help me with recommendations with other representation agencies to achieve national penetration. He agreed and began offering the product, although he only got a few clients over several months. In addition, the level of sales achieved was very low, which led him to resign and say that they were not the right people to help me.

We were left on our own, and the factory was putting more and more pressure on us. The new sales manager threatened at every meeting to take away my exclusivity and reluctantly allowed me to attend some events. In every exhibition where we presented, we always found new clients, but it was never enough; they pretended exponential growth in sales while the only strategy they had was to put pressure on me. They set sky-high sales targets based on the size of the market. They were unrealistic and unsystematic. Their logic was: If we sell X amount in Mexico, we have to sell 20 times more at the exhibit! So, we are talking about the typical mistake of Mexican businessmen. They make unfounded numbers from their desks, based on statistics from we don’t know where, or “because when I went on vacation, I realized the potential”.

There are many ideas like that, and equally distorted, about the *American* market. So, on our own, we had to start to pick up the pieces. Hard, because we had no distributors outside of Houston, but we didn't have the luxury of waiting for the next convention to take place before we could find customers. It forced us to travel, first regionally. We started "bypassing" the distributors and again selling directly to the shops, but not in Houston: we went to San Antonio, Austin and Dallas, and gradually we got customers, although at a very slow pace because it is not easy to serve those who are used to buying everything in another city (in addition to the fact that they were not usually willing to have surplus inventory in their facilities).

In times of difficulty and crisis, I believe, the best things about us come out. Under constant pressure from the factory in Mexico, we were forced to continually develop strategies. Although most of them did not work, they were providing experiences that allowed us to improve our offer every day. As the months went by, we changed catalogs, developed visual sales tools, created new parts, tested and improved many others and, above all, got to know the market so well that we became experts in the field.

And that, in the long run, made us grow. It was perhaps a couple of years before good old John agreed to work with us and represent the brand again. The most interesting thing happened through his partner, Don, who lives in Dallas. It turns out that we already had several shops and small companies buying our products, but not as much as we would have liked because the distance affected us. So, Don introduced me to the manager of a parts store, a friend of his for many years. Don recalled that they had previously prepared and installed product displays for various brands. At one point he noticed that the store's *lobby* was totally abandoned, and he thought it might be a great opportunity to position ourselves. We proposed to Steve, the manager, that he allow us to place pieces on his shelves, and whatever it was, we guaranteed it would sell. If it didn't, we gave him his money back.¹⁷ In the inventory proposal, we used what we learned: we

¹⁷ This was a spontaneous idea. Over time we polished it a lot and it became an

included only merchandise that we knew would sell. In addition, we offered territorial exclusivity¹⁸; that is:

For an undetermined period of time, we would not look for another distributor in the city, we would pass him the clients we had obtained as well as the new ones that contacted us. As expected, Steve asked his people for their opinion and compared some prices, which I knew by heart; I even knew the prices of the competition, which surprised him, especially when he realized that I was giving him truthful data, duly documented. In the end, he decided to accept our proposal. I went back to Houston very excited to prepare the order. We never talked about quantities, only about placing a *stock* for his *lobby*.

Here I decided to take risks and be aggressive. We prepared a list of products close to ten thousand dollars that I could modify if for any reason they did not approve it. We loaded everything onto a trailer that we hitched to the van. I drove to Dallas the following week before the idea cooled down, and I cleaned the *lobby*, displays and shelves. I laid out the pieces as I pleased, labeling them so they would be easily recognized by the sales clerks. I cataloged the items by application. After a full day's work, the *lobby* was rejuvenated.

I gave a training talk to their employees, helped them enter the parts information into the system, and we were ready to go. I was still nervous because Steve didn't know how much I had bought (when I told him, he asked me to split the total amount into two invoices so as not to affect the purchasing manager's bonuses). I agreed and thus began an arduous but wonderful story with this new distributor. Instead of focusing on many customers, it could be much better to help this new distributor succeed with the line and use this positive case to get more and better customers.

excellent sales tool and, above all, a tool to differentiate ourselves from the competition, "The Sales Guarantee".

¹⁸ Another idea that I pulled out of my sleeve. No national manufacturer offers territorial exclusivities, they all want to have several distributors in the same city, but my way of thinking was different, if I don't have distributors in the whole country, and there are tens or hundreds of cities where I have no presence, why not leave alone and decisively support a distributor for a long time instead of looking for a competitor.

This is another point on which I have consistently disagreed with Mexican factories. Many entrepreneurs desperately dream of selling their products in the U.S., but the vast majority have no clear idea of how to do it. They usually think that a blue-eyed, blond, well-dressed, Spanish-speaking “*güero*” like “*El Piporro*” will knock on their office door asking them to please sell to him, that he will pay in advance and that they can deliver their merchandise at whatever price they want and whenever they want. This Prince Charming doesn’t even exist in Disney movies. That is why when they go north, they want to get a lot of customers, without order, without planning, without concrete proposals that go beyond “Tell me what you need and I’ll quote you”.

From the start, they assume that their product is the best and that customers will go crazy for its high quality and low prices. As if they had no competition... And if they already got a customer in such a city, obviously it is because many must be waiting for their product; so “since we are here, we are going to visit their competition and take over the whole market”. Obviously, that spoils everything. They have no patience and no desire to work hard, let alone invest; no time and no money. They want quick and easy wins, something we know doesn’t exist. The effect is that they end up not being able to sell in the United States.

The strategy worked!

The truth is that we gained new clients with these strategies, but most of our resources were focused on dominating the Dallas transportation market. For at least two years we accompanied Steve and his team to visit them. Sometimes we did it on our own, but always promoting the store, advertising that our products were available from the merchandiser Steve ran.

We were breaking many patterns and paradigms. No national manufacturer of any component would commit to regional exclusivity. No manufacturer was sending employees to make sales on behalf of the distributor. No company representative visited the store once or twice a month to check that the lobby was still spotless, stocked with merchandise. I still fondly remember

Steve talking to colleagues or his bosses saying, “I’ve been in the industry for over twenty-five years and I can’t remember the last time I had something exclusive!” And it was common for him to mention how a manufacturer would provide him with an employee to help him increase his sales.

What we noticed little by little was that Steve’s numbers were improving not only because of the marketing of our products: they were also feeling side effects in other lines, and little by little their store began to stand out in the chain to which they belonged. More and more, the Dallas branch was attracting attention, and Steve kept complimenting us, my company and our product, our plan. Such was the flattery that we constantly came up in conversation with his boss. One day Steve called me (by then he was more than a supplier-customer, since we had developed a great friendship), and said: “My boss wants to meet you. I’ll let you know when he’s coming. It’s going to be necessary for you to come all the way from Houston and drop by the store, as if it were just another day that you come to check everything. The day came. Steve called and said, “Tomorrow you need to be here at 9:00 am.” I got up at 4:30 am and headed to Dallas. I arrived along with Don, punctually, as if it was just another visit, and got to meet the president of the company. I detailed to him what we were doing and what our ideas were, but more importantly, the opportunities I saw in his chain of over one hundred and thirty stores.

His name was John R. He was a very simple person who, despite flying in a private jet and with hundreds of people in his charge, listened attentively. He made it very clear that he could not, *by fiat*, make the entire chain buy from me, but what he could do was recommend me. And boy did he do that, and in a very original way. At the same time, he didn’t compromise on anything. He handled it all brilliantly.

The meeting that I did NOT attend but that would forever change my life

Steve’s company held regular meetings between management and regional managers. John R. came up with the idea, strategically,

that the next meeting should be in Dallas. Logistically speaking, this made sense because Dallas is a major air traffic *hub*. It was important to John to share what the best stores in the country were doing so that others would replicate their practices and, thus, be able to match their good financial results.

At the end of the meeting, John R. took the regional managers to visit Steve. How I wished I had been there the moment they walked in and saw the *lobby* full of our products! I wondered what was going on. Steve told them about the line, the super business plan, technical support, variety, distribution efficiency, exclusivity, sales reps. It seemed “out of this world” to them. Several regional managers asked Steve for my contact information.

Without realizing it, we were developing a sales methodology - a real business plan - with which, more than promoting a product, we were helping our distributors to generate new sources of income, with almost no risk, with low competition, and exploiting very specific regional niches: it was a unique training system, an incentive program and territorial exclusivity... Wow! As I write these lines, I feel the same nerves as when we inaugurated a spare parts store. It was our great contribution and our greatest source of learning.

Don't sell to your customers: Help them resell

This whole plan can be summed up in one sentence: “The idea is not to sell products to our distributors, but to make our customers sell more to their customers”. With this, we will obviously have loyal partners who will passionately and happily market our products.

The idea seems really simple, but believe me, it is very, very difficult to implement. Our mentality is dominated by selling immediately, not by helping our customers. It's a three-hundred-and-sixty-degree turn in our thinking structures; not every company is willing to even try it.

I often comment on social networks¹⁹ that Latin American businessmen, when they plan to sell their products in the United

¹⁹ I daily post in all social media platforms my experiences at: [@edmundotrevino.usa](https://www.instagram.com/edmundotrevino).

States, immediately think of the size of the country and its markets and the many millions that could be earned there. From the outset, they dream of large customers or distributors whom I call “Blue Princes”: those whom one day will appear at the doors of our factories, ask to speak to the owner, and tell him that their product is the best in the world according to “previously conducted research”, and that the visitor is willing to pay for everything in advance, at whatever price, and even to wait as long as the factory requires. Oh, and I forgot: he has no problem with them selling to his competitors as well. Is it funny? Believe me: it’s more real than you can imagine.

It is too much arrogance just to think that we operate a successful company in Mexico, that we have been in the market for many years, that these strategies have taken us where we are, and that now we only have to copy the scheme and apply it with gringo clients. And that’s how you get to the expos, to visit clients. Obviously, most of them do not walk. To sell in the United States it is necessary to think and act like an *American*. Adjust the proposal, be very flexible, and humble, and accept that in a new market it is not very useful to dominate another one, especially if it is in the Third World.

An average businessman would never have worked for a couple of years in Steve’s store offering exclusivity in his city, putting a salesman at his disposal and everything we included in it without naming a business plan, and even less knowing that the store was part of a chain with 130 other establishments. What a *traditional* businessman would have decided to do is to go to the corporate office first, go to the head office to get the whole group of stores, and not waste any time. Very, very few times have I seen these visits to the corporate office make progress: you are attended by people who know the least about your product; they are buyers, not product developers; and much less, salesmen. The result sounds obvious: zero sales within the chain because the bureaucrat in charge is in a *job security* position. That is, guarding the job or, as the saying goes: “stop being a try-hard”. Nobody makes decisions, and the dreamed-of chain does not end up buying.

In these almost twenty years of living in Texas I have seen many try and then come back with millionaire losses. That's why I speak out in my social networks and value the publication of this book. My primary purpose is to encourage success. Going back to the business plan (and toning down a bit the constructive criticism to entrepreneurs), I add that it should not be static: it has to be constantly improving, adapting to new needs and also to the response of competitors.

And then came the exponential growth

It turns out that that meeting to which I was not invited, and which Steve kindly called as the best sales agent of our brand, presenting our products and our business plan to the regional managers of that chain, changed our lives. Weeks later I was contacted by the Southern California manager and asked for catalogs and information. I sent everything right away, but our poor customer follow-up system made me forget about the prospect for at least a couple of months.

A flash in mid-October, in the midst of the financial crisis triggered by the real estate crash, brought this project to my mind. I called the person who had contacted me weeks earlier. Although there is never an excuse for forgetting a client, we were going through very difficult times: the economy had taken a brutal downturn a year earlier. Hurricane Ike had passed right through Houston, destroying homes and knocking out power to the entire city. It took weeks, and in some cases months, before the city was back on the grid at 100%. Our business was without power for approximately three weeks. We were operating with portable generators that did not allow us to operate beyond 20% of our capacity. November came and, with it, a sharp drop in the stock markets. It seemed that the brakes of the economy had been tightened with great force, and it remained that way for at least a whole year. After fifteen or twenty vehicles a day, our business was receiving one or two at the most.

Well, I called that person in California. He commented that my call was very timely because the next day he had the year-end

closing and planning meeting with all the managers in the region (about thirteen stores). He asked that I send him a presentation explaining our product to show during the meeting, get feedback, and decide if a business relationship could be initiated. I don't remember if tools like we have today were available then to organize video conferences. Everything was face-to-face. The meeting would be held in Anaheim, and they would spend a whole day discussing proposals and products, including ours.

I expressed my desire to attend the meeting, although the regional manager (whose name I only remember was Frank), did not think it would be possible because it was being held the next day. He said he would consider me for a future date, and I wondered when the next one would be! With the urgency of making sales in the midst of the terrible times we were going through, I asked him to allow me to be at this meeting. I remember clearly when he told me that if I thought I could be present the next day at one of his stores in South Los Angeles, he would give me half an hour to present at 2:00 o'clock. I readily agreed. As soon as we ended the call, I made my travel arrangements. It was Monday at noon, and I had just 24 hours to get there.

When I logged on to the Continental Airlines (now United) website, I saw the fares for the flights. I wanted to die. A round trip ranged from six to seven hundred dollars. That was too much money. I couldn't afford that kind of money. I thought of checking flights to closer cities (Austin, San Antonio, Victoria, Dallas). I found a flight from the same airline that cost \$300 from San Antonio to Houston. It was the same flight from Houston to Orange County that cost \$700. No way: I bought the cheap ticket and prepared samples, catalogs, brochures. I told Gaby (with me in the office) that I was leaving for Los Angeles that very afternoon. One more proof that I was crazy. I went home, grabbed some presentable clothes, drove to San Antonio, called some friends, slept in their apartment and at five in the morning, I boarded the plane.

The time difference with the Pacific coast gave me a couple of hours more. Before noon I had a rented car and was at a hotel near the place where the meeting would take place. I gathered

all the information, rehearsed the presentation (by the way, I already knew it by heart), and took a nice bath. But I was very, very nervous.

I arrived on time for the appointment. I was greeted by Frank, grateful for the effort of being there. In a pause, he asked me to enter the room to prepare the material. All the managers returned. Frank introduced me with words that still resonate in my head and fill me with pride:

Gentlemen, this is Edmundo Treviño. He represents a factory. I would like to tell you that never in my working life had a representative of a company called me to ask for an appointment, and the next day to take a plane and fly from the other side of the country to be here. This shows his professional quality. I cannot force you to buy his product, but I will ask you to listen carefully to what he is going to explain, and to tell him in a serious and honest way at the end of his presentation if you are interested in the product or not. Do not waste your time. From what I heard from one of our branches in Dallas, this is a great opportunity for our company.

Frank had just met me... and he was already saying that about me. I introduced myself and talked about the company and the technical benefits of the product, but most interestingly, I told them how my line and my brand could help generate new revenue. These were sales that they did not have and that they all needed to make. I explained the commercial program and how the experience in Dallas had been. We were confident that this could be replicated in the region. They asked questions to check what I was telling them, about competitor pricing, part numbers, availability and so on. Everything was correct. He was amazed at the knowledge I had of the market. I think I made one of my best presentations that day; more than one manager stood up to shake my hand.

Several congratulated me and promised to be in touch. They had a general inventory at fiscal close the last week of October, but after that date they would be willing to give it a try.

When I talk to Mexican and Latin American entrepreneurs about the importance of making extraordinary efforts to differentiate ourselves, to attract the attention of our customers, both existing and potential, I feel that they take me for a fool. It's maddening to see that the only thing they care about is to sell, or rather, to be bought, because they are not really willing to work hard to sell. That day, I am sure, had a very strong impact on my relationship with these people (finally, more than clients or a company, they were people). Many times we let go of opportunities to create friendships and relationships that, in the long run, can give us not only income but also great satisfaction.

I returned to Houston and this time I followed up closely on the project. The host store agreed to start with an order that I had suggested, modified with many products that did not apply to my taste but which I did not want to discuss. I was finally being given an opportunity I could not pass up: it was my first store on the other side of the country, in a region where our factory had a warehouse but no customers. From Houston, on the other hand, we had managed to enter this market. The appointment would be the first week of November.

I had weeks to plan the trip. I told the only salesman we had available that we would drive to Los Angeles in SUV with a trailer in which we would carry not only the initial order but the equivalent of three of the suggested orders, with the product I recommended because the idea was to attack that market for two weeks.

I asked for a two-month trial period. I was not prepared to fail. If necessary, we would take care of getting the sales to the stores; and if we were successful in convincing a customer, I wanted to be sure to have the product available for immediate delivery rather than waiting for it to be shipped from Houston.

The week before the trip, while the warehouse staff was preparing the parts, I did some market research and prepared some routes close to the California store for my salesman to visit as many machine shops as there were to promote the product. We started driving on a Saturday at noon and 24 hours later we were

arriving at the hotel. Well, almost. Because of the high adrenaline rush, we didn't check the fuel tank and ran out of gas a few blocks down the road. We solved the problem and went to rest.

At night we rented a car. On Monday at eight o'clock in the morning, my representative was on his way to make the first visits to the garages. He had a price list with industry-standard margins, samples, and catalogs. The plan was for our new customer to market the line from that day one. Meanwhile, I was in the store setting up the lobby area: cleaning, organizing the initial order and preparing for the training meeting with both the counter and field salespeople; and talking with customers who were coming into the store to examine the product. More than one showed interest and that caught the attention of the others.

Near closing time, my salesman returned. We ordered some pizzas and held a meeting to train the customer salesforce how to sell the product, as well as its advantages and prices. We closed the meeting with a flourish: orders from customers that had come in during the day. They couldn't believe it! They were fascinated by our work. The next day we went out with the field salesmen to visit more customers. Divided into two teams, we managed to make a few more sales.

Frank and his purchasing manager, Sal, were on top of things and were the first to be interested in moving on to other stores: the success had been immediate. They had already spoken to the branch managers, who were interested in hearing about the results of the last two days. Of course, they were amazed when I told them that the trailer was ready with products and that they could start as soon as possible! On Wednesday we showed up at the second store, and on Friday at the third store. While my partner was still working with the salespeople *on the streets*, I was training staff and preparing the display areas.

The sales figures were favorable. Sal was asking when we could start up more stores. A conversation that had become almost mandatory for everyone. I asked for the product to be shipped directly to Las Vegas, and the following week we drove with Sal to start operating that store. Everything was going smoothly.

Slapping a racist with a white glove

On the Southern California project, there was only one store that showed no interest, but Frank almost forced the manager to start with us. All stores were moving products quickly, and none should be left out. So, on a second trip that December I was asked to go to Bakersfield, a small town a couple of hours north of Los Angeles. There is a lot of oil and gas exploration in this region, as well as agricultural fields.

The manager and the counter salesmen were not happy to have a new project thrust upon them. From the moment I arrived, I didn't feel the best vibes. As I got out of the car and arranged the product on the shelf in the lobby, I received negative comments and questions in a sarcastic tone from the main counter salesman, who claimed to have many years of experience. Apparently, his intention was to make me see that this product would not sell in that region. He was trying to intimidate me, making comments behind my back and in a low voice. I could perceive his discriminatory attitude towards me and our project.

I was burning with anger. I have no idea where I found the strength to control myself and not answer him as he deserved. I took a break and decided to call Sal, the purchasing manager, Frank's right-hand man in the region. By that time, Sal and I had been working together so much that we had become friends. So, I decided to call him for advice on what to do. He got very upset and told me he would call the manager right away. I asked him not to: I just wanted him to know that I would do my job in the most professional way, but I made it clear: if it were up to me, I would prefer not to be with them. However, my commitment to the company remained strong as it was stronger than to a couple of backward sales reps.

In the afternoon I was introduced to the field salesman and we agreed to work the next day on his route. I went to rest and try to forget the bad time. Early in the morning I showed up at the store, prepared catalogs and samples and we went to promote. I was fortunate enough to get under the trucks and identify problems and parts they needed. Customers showed interest to the extent

that several of them placed orders with us. That day was one of the best days of my life in terms of sales: every order they placed with us, even if it was very little, felt very pleasurable. I just wanted to see the face of the fool at the counter when I handed him the orders he was going to have to fill.

The salesman I worked with was a gentleman in his 60's, super nice, to whom I had the confidence to tell about the previous day's episode. He asked me not to make a big deal out of it. My revenge came too quickly. I arrived at the store and personally made sure to deliver all the orders. The single day's sales had been approximately double the amount of product I had stocked in the lobby, so it was necessary for me to call Sal to get approval for an additional shipment of merchandise to meet customer demands. As for the individual in the store, he had no choice but to shut his mouth and, without much expression, take the orders I gave him and enter them into the system.

In the United States, there is such a thing as racial discrimination, but there are not many misfits. The cold, white "gringo" that is presented to us in the movies hardly exists.

Although they think differently and have a culture not so similar to ours, they do not dislike us either and wish for our doom/downfall. They are human beings, and we should not forget that we are human beings too. We Latinos also discriminate, and not only against the dark-skinned, but also against the white, the indigenous, the fat, the skinny, the bald, anyone who looks different from us. Therefore, my proposal is that if one day we feel discriminated against, we should act intelligently and respond in the best way possible.

Years later I had another similar ordeal while visiting a shop in Ohio. The owner of the store, when I held out my hand to greet him and introduce myself, bluntly rejected my handshake and asked for my *Green card*, that is, proof that I am a legal resident in the country. That's how *my temper got the best of me*, although I answered him with sarcasm. I told him that if I was illegal, I could cross the river as many times as I'd like because I had a very good "coyote", and that if in fact he needed hard-working

and responsible people for his business, in less than a week I could get them for him, like a slave trader. The guy must have been almost two meters tall, about 70 years old. His face went from red to purple, but not without going through twenty different shades. It was a heavenly miracle that he didn't die of courage. As best they could, they got me out of there and took me to where I was to give the training talk to the employees. When I finished, and he could see the level of academic preparation I had and, above all, my knowledge of the product, of the industry and how useful it was for his business, he had no choice but to shake my hand and gave a sincere apology, but at the same time, he gave me excuses as to why he had treated me that way initially.

I also remember and still laugh at a person close to the owners of the company I represented when, at a celebration for the 25th anniversary of the company, they asked me to tell my story from the beginning to where we had reached. I spoke for maybe fifteen minutes, and when everyone was applauding, that person got up from the table and, in a loud voice, began to say that I had reached a market that was waiting for me; that it was ready for our product and that my experience had no more merit than theirs promoting in a region of Mexico, where the business environment was more complicated. At first, I had not grasped or did not want to grasp, that the event was dedicated to foreign distributors and that is why there was no mention of their work. While she was talking, images of all the vicissitudes she had faced and overcome, such as these cases of discrimination, appeared in my mind like movies. And I said to myself: this lady doesn't even speak English, what makes her think she knows the situation of the industry in the United States? Something that became clear was that our Latino blood has a hard time recognizing the success of someone similar to us. We are back to the joke of the crabs pulling down the one who wants to get out of the bucket.

GROWING PAINS

There are also problems in growth

IN THE MIDST OF THE NOTABLE SUCCESS of the Southern California stores, Las Vegas and Phoenix joined the ranks. Meanwhile, we were getting calls from other regions. Gaby and I were visiting relatives in Dallas when I received an email from the regional manager of Ohio and Pennsylvania. He wanted to know when we could present the line to them. We had two options: we could either wait two months after the start-up commitment to California was finalized, or take a whirlwind 24-hour trip to Cincinnati.

I bought a plane ticket for a week later, booked a hotel room, asked if I could parcel some boxes and if they could receive them and hold them until the day I arrived. *No problem.* I confirmed the appointment, asked the warehouse guys to prepare an order I had as suggested and we put it in transit to the hotel.

I continued my work for the week. The day came, I took the plane, arrived at the airport in Ohio, rented a car and drove to the hotel. The timing couldn't have been more accurate. As I was about to park, I saw the UPS truck and the clerk unloading some heavy boxes. They were ours. I stood next to them and we lifted all the material into the truck. The weight almost lifted the front tires. I checked in at the front desk and went to the room to get some rest and go over the next day's presentation. I had every intention of selling the product we had sent.

It was winter. Not only was it very cold, but it was also snowing. I drove early to the office where I had been summoned. When I

arrived, the regional manager and one of their store managers, who had traveled all the way from Pittsburgh for the meeting, were already waiting for me. They were two very friendly and knowledgeable people. I gave them a presentation, we answered questions, talked about prices and the niche we were attacking, as well as strategies and other things. They were more than happy and asked me when we could start. I told them that we could start that same day, that my car's shock absorbers were about to burst after supporting the weight of the sample order I was bringing, and that I didn't want to return it to Houston by courier. In fact, if they had said no, I would have been in big trouble because I would have had to get new boxes and repack the parts. We had put so much weight in them that they would hardly hold another day.

The gentlemen burst out laughing. They couldn't believe our aggressiveness in sales. They made a phone call and told me that at noon they would meet me at the Dayton store: there we would put our line on sale. They congratulated me on my strategy, my confidence, as well as my professionalism, and we parted ways. We would be in touch in the coming weeks to discuss other stores.

Without realizing it, I was beginning to experience what they call *Business Growing Pains*.²⁰ On the one hand, the business plan that had worked for us required a significant financial effort to meet the need for displacements, as well as a great human effort; on the other hand, the exponential growth we were experiencing was putting our inventories and our ability to respond to our distributors' customers at risk.

For years we concentrated on dominating the Houston market, on getting promoter customers who valued our products and who would give us the opportunity to grow in knowledge and, later, in sales in order to be sustainable. Then we decided to attack nearby and important cities, San Antonio, Austin, and Dallas, where we were fortunate to meet Steve, and, together, we gradually advanced in the local market. It took us a couple of years to find

²⁰ Information can be found in the web, but his article got my attention <https://www.entrepreneur.com/article/247173>

the right business plan to locate new distributors. We developed with the factory dozens (if not hundreds) of new part numbers to prepare our offer, and to make the range as complete as possible, exploiting micro niches. Hard work over many months or years.

Suddenly, from being a regional company with few customers, a world of work came to us that we were not ready for. We didn't have the human resources or the financial capital to hire new people. We barely took the risk of moving a chip from one company to the distributor's board, even though it meant investing over a long period of time. The problem was that the investment was coming out of our already battered workshop, the one that fed us, although it was indispensable to continue exploring projects. We seriously neglected our *core business* to dedicate ourselves body and soul to a new one that excited us because of its growth potential.

Our business plan included not only technical support and back-up but also sales support for the distributor. We did a lot of work for and with them. It was radically aggressive and there was nothing like it in the industry. In fact, in almost twenty years of living and operating in the United States, I have never seen any manufacturer work so hard to promote their line through distributors. Nor such a comprehensive plan. We're not marketing geniuses: it's more the case that companies don't usually jump in and risk everything on a project that was not only labor-intensive (in terms of time spent sitting in front of the car windshield), but also financially viable. In general, few are willing to do so.

If we wanted to keep growing at that rate, we needed many, many more hands. But in order to have them, first we needed financial resources, and then we had to find a way to train the staff. How were we going to get the employees to become experts in the products in a matter of weeks, when it had taken us years? We were faced with the dilemma of either hiring the staff and compromising our finances, or slowing down the opening of more stores and training more staff. Would we continue to sell as long as our bodies and debt would hold out, or would we risk the success of the new marketers by narrowing the business plan?

Regional niches within a large country

Every time we opened a new store and visited customers with their salespeople, we discovered new needs or at least different needs from what we were used to in Texas. For some reason, in Los Angeles, the garbage collection companies had chosen a certain brand with certain, very peculiar, characteristics as their preferred truck. Even though they were competing companies, they all had very similar fleets. The detail was that this type of truck was not very popular in Texas, so our stock of parts for that application was marginal or non-existent.

We often believe that the United States is a country where all cities are the same. That its market is totally homogeneous. In Mexico, we grow up seeing large *American* franchises multiply and expand throughout the country, which makes us think that all Americans like exactly the same thing and that with one product we can attack the entire market.

It sounds obvious that within our offer there are (or should be) products or services that go to the average customer, but we must take into account that it is in those markets where the competition tends to be. When everyone is fighting for the same thing, it is difficult to stand out. However, in that local niche, in a specific industry, we discover an area of opportunity, a possibility to serve a customer that no one is looking at, with a very limited or almost inaccessible offer. Over the years we have discovered many regional niches, and numerous micro-opportunities in very specific industries. Specific industries that have led us to a certain market dominance. You don't have to catch the biggest fish to feast.

We sell promises and deliver excuses

Now that I work as a consultant and talk to Latin American business owners, I frequently meet those who dream of dominating the American market, selling to the biggest companies, or almost obliterating the competition and keeping their customers. When you look at their companies, they do not even dominate their domestic market, they do not have the capacity to produce 2%

of the consumption in the United States or really differentiated products; they seek to sell only because “I am cheaper”. They have been trying for years without success to penetrate the market, and in their plans, they continue to include large customers.

I wonder why we should, as our only strategy, sell to someone infinitely bigger than us. Why not look for customers of a similar size to our company, or even smaller? Why not first learn from those customers, improve our offer and, with some knowledge, develop strategies to operate with larger ones? Most of them do not like to hear these questions, they even ignore them. They lock themselves into their paradigm and think: “It’s not our case; we can do it.

About three years ago I met someone at an expo who, over time, became one of our biggest clients. A curious and simple man who was walking through the room where we were showing products, and who shyly approached us to ask questions. It was the beginning of more than a year of work in product development, visits, talks, and negotiations so that, finally, one day, he decided to give us a test order. It was no small thing: a whole container of auto parts to be produced in Colombia.

After spending hours with this person and making several trips, he asked me a question that struck me, and that encompasses the idea that I propose in this section. Within an international trade negotiation, prices, minimum orders and shipping methods are discussed, but also delivery times.

It was the question that interested him too much. At first, we didn’t understand the question. We understood it to mean “what is your turnaround time?”, but not the idea he was trying to convey. I appreciate that he took the time to exemplify, to clarify that whatever time frame I told him was not a factor in his purchase decision, but rather a tool for planning his purchase.

He told us about his experience. Years ago he met a Mexican company that convinced him to go international, that is, not only to buy in the United States from his traditional suppliers but to import products at more competitive prices. Thus began his adventure. That manufacturer promised him “the pearls of the Virgin Mary”

and, obviously, he fell in love with it. It was unbelievable to them what they would receive, so he started importing. The first two or three purchases were perfect. Everything was delivered as stipulated. But the next ones, little by little, started to fail. The product did not arrive intact or had aesthetic flaws. Delivery times varied and were not met. Then, the product that the manufacturer wanted to send arrived and not the one the customer had ordered. He decided to travel to visit the manufacturer and understand their problems. He realized that, as the manufacturer grew and found new customers, he delivered to them, but not to the old ones: either he had promised too much, or he was out of his depth and sooner or later the deliveries would fail.

Our friend took advantage of the trip to meet a second Mexican manufacturer and diversify his purchases. Eventually, he discovered exactly the same business culture. They delivered at the start, then they would fail him and try to keep him happy by explaining *the reasons* why they had not delivered on time (the problems were always *someone else's*). The excuses were typical: “The supplier didn’t deliver on time, the billing secretary got sick, the old man in charge of a process died, people miss a lot of work during the holidays, it’s because of this, it’s because of that, it’s because of...” (I propose a book of excuses: who can help me study them?)

Months went by and then it dawned on me. I started to open my eyes and I realized something that is a generalized problem: most companies and their owners and managers act like this: none of them wants to take responsibility, we like to throw the hot potato to the first person who comes along. The problem is not ours.

The factor that we do not take into consideration is that the market is saturated with competitors, it is a sea full of sharks ready to eat our client, who is listening to the sirens’ song that try to convince him. Although we invest a lot of time in the difficult process of getting a customer, we do everything to lose him quickly due to pride (“I have the best product”). And we take it for granted that he will put up with our failures.

We sell promises and deliver excuses! That's why our friend and potential customer insisted that I tell him the actual delivery time, and that we didn't promise things we couldn't deliver: we had to consider that it would affect them to run out of inventory because it represented lost sales. By not having the product available, the consumer would go to someone else. In their case, the decision was not whether we would deliver in a short time: it was a factor in planning purchases so as not to affect the sales process.

If Mexicans were different from Colombians in these matters, why should he trust us? His question was difficult to answer. Finally, I am Mexican. But I said something he liked: "although I represent a Colombian factory at the moment, and being Mexican by birth, I have many years working in the United States, and I understand your needs. If it is of any use to you, I will be committed to making sure that the factory does not fail to deliver". And the sale was made. Ensuring that we don't fail is a constant work, it never ends: at the first opportunity, the Latin culture wants us to relax...

And culture, what does it have to do with niches and aches?

Going back to the growing pains and the experience we were facing, in addition to the human resources that would allow us to continue the growing operation, we ran into another drawback. As I mentioned, the niches and micro-niches we were attacking created areas of opportunity, but at the same time, we discovered that in the United States there are regions that behave or maintain a different dynamic. Customers in a California metropolis do not act or have the same needs as those in a small town in Oklahoma.

Every time we entered a different area, our consumer statistics went into the trash. What was a top product in Dallas was not so top in Los Angeles and some products we had never sold before were extremely popular. Our inventories suffered tremendously because we had to gamble on buying more from the factory. Products that we didn't have in *stock* had to be stocked. The

problem was that the response times were not what the new distributor wanted to hear. That put pressure on the engineering area of the factory. Not only to develop new products in a hurry but also to generate ways to respond quickly to new needs.

Management is not necessarily celebrating. Not only because they now have to invest in new resources to produce, but also because there is a dispute about increasing the line of credit to our company when the plan was to reduce it. Customers become disenchanted and stressed because, in the midst of a great economic recession, we create another business within theirs, a great light of hope for new and necessary sales, and when they achieve them, they do not find the product to meet their needs.

In addition to the income statement and the statement of financial position, there are other financial statements: among them the cash flow²¹. The most important thing is not the report, but the information it gives you, as well as the understanding of the decisions it helps you make. After years of investing in promoting the line, sales were growing strongly and our income statement was finally reporting a profit. But our debts kept increasing in tandem, and at the time I couldn't understand why. Now I can say that the problem was obvious. Although sales were growing, resources were going into inventory that had to be paid to the supplier, and by the time the parts were sold and we were able to collect from the customer, it wasn't necessarily before we paid the manufacturer. Our financial needs were going up. Big growing pains, which felt more like childbirth.

And this is also where business culture comes in. In Mexico, producers are used to marketing what they already produce, not necessarily what the market or consumer requires. Since there are not many options, it seems that the market adjusts to the supply, to what is available. If you like it, fine. If you don't, sorry, it's what's available. But in a hyper-competitive market

²¹ If you type "financial statements" into Google, many quotes will appear explaining the types of statements. I recommend that, if you own a business or want to own a business, you should learn more about this. It will help you a lot in the future.

like the U.S., supply is plentiful. Even more so in a globalized world, where competitors of any size can attack open, unlocked economies, presenting so many options that the consumer has total decision-making power. The Mexican businessman, leader in his territory, with a very big ego and certain economic success, will hardly accept that in a market of a different nature he is no longer important and that, humbly, it is better for him to start from the bottom. Countless times I have heard business owners say: “We will develop the products you mention or the versions you need for the American market, but why don’t you start with what is already there? How can I explain to this *tycoon* that what he was manufacturing no longer had a place in the United States, that the market was asking for something different?”

And to finish reinforcing the idea, it is necessary to clarify that I am not a blue-eyed güero. It is not usually attractive to have a dark-haired Mexican come in and tell an entrepreneur what to do. Our business is smaller than a successful factory, no doubt, but we have a big advantage: we are connected to the target market, and the sensitivity that gives us, the information we have access to, is ultimately what companies should be looking for. Success in the United States, or in any new market or segment, requires maximum flexibility and agility. Those who plan to sell the same old thing are destined to fail.

THE END OF THIS FILM

Hostile takeovers

IN READING BUSINESS REVIEWS AND BOOKS I often came across the concept of Hostile Acquisition or Hostile Takeover. It wasn't clear to me exactly how they worked in practice, but I'm sure I was involved in a couple of them within a few months.

In the midst of this exponential growth, and with the aforementioned pains, an extra concern was added to our business: the factory that supplied us in Mexico. Occasionally, the owners heard about the prices at which we sold their products. Something that they sold us at \$3 dollars, was sold at \$25 on the market. They would make calculations of what it would represent if they billed the price to the public. I made them see that that price was the final price, but that there were several intermediaries; that maybe we could sell that piece for \$9, but it didn't mean that their margin was a third of ours. Unfortunately, they were not listening. The sirens' song was too seductive to understand the other side of the issue: the costs, both fixed and variable. Those huge operating costs: the holding of a warehouse, lease payments, insurance premiums, salaries and other employee compensation, and the promotional expenses to achieve what was being achieved after many years.

And it was here where a big threat arrived: "If you do not accept that we participate as partners in the marketing company in the United States, we will reopen an office in California; we already have the person who will move to start operations

next January”. They promised to respect the current clients and “share” the territory between the two offices. And their argument: “Finally, it is too big and you cannot handle the package alone”. Their assertions sounded as if they had been successful in previous years when they had maintained offices in California.

It was November and there were two months to find a solution. Although we had received this threat countless times, this time we felt it could happen and, above all, that there was too much to lose. How do you negotiate when the fire is burning your business, when you are on the verge of bankruptcy, with excessive debt, and with a project that has just begun to grow, while your manufacturer is about to make a decision that will destroy what you have worked so hard for? No way. Someone has the upper hand. You don’t own the ball, and it’s not in your court. If you want to continue playing, you have to continue in the position they tell you to play, not the one you want or the one that suits you best.

After several weeks, and thinking more coldly, we had no choice but to accept and enter into “negotiations” to see how we could give up as little as possible at the highest value. Without the slightest idea of how to value a growing company, which in addition to debts had accumulated losses, how can you set the price of the portion to be sold just for a potential?

I remember that meeting with the future partners. Reviewing the only two financial statements I knew, the income statement, as well as the fact that in previous years we had not made any money, and how they were surprised by what I presented to them, the picture was not at all what they expected: a great personal enrichment derived from value creation. Another interesting aspect was that they did not plan to contribute cash to the company to finance it: they wanted us to accept inventory as an equity contribution, which was obviously much cheaper for them. The cost of the investment was reduced to 40%.

So, after a couple of hours of review, we had *new partners* who held half of the capital of our trading company without having received anything in return; if anything, the opportunity

to continue dreaming of a better future. Without it appearing in the news, the first hostile takeover in history at the micro level (at least mine) had just been consummated. The most terrible thing was that we were on the side of the newly acquired.

Jumping back into the void

As I mentioned above, the business was practically bankrupt. I remember that night when I could not sleep and I commented to Gaby that maybe the next day we would not open anymore; we did not have enough to pay suppliers, maybe not even the workers; what we lacked the most were sales. The recession had put the credit lines with the bank and the suppliers at full capacity. We were months behind in payments and our visa required a business deal: otherwise we would return to our beautiful and beloved Mexico.

After closing the negotiation to cede half of the capital of the distribution company to the Mexicans, I decided to take oxygen again and see everything positively. At least, among all the suppliers, I was getting the most important one, the one to whom the most money was owed, to be more patient. They were also owners and they were interested in our continued growth. In this new stage, I decided to take advantage of their networks in several countries to propose other businesses that I had identified, but for obvious reasons, I did not try.

For starters, the new partners liked our workshop. They wanted to replicate the model in other cities or countries, but in particular they were attracted by a piece of equipment we had that they had never seen or heard of before: the simulator. In my sport of visiting every convention, there was, months before, in Florida, I met a company that promoted a device that allowed you to check multiple components of a truck with advanced technology. It seemed incredible to me. With some skepticism, I talked to the people in charge and they made me a proposal: take the device to Houston, install it, and, finally, perform tests on as many trucks as we wanted without any cost or purchase commitment. We kept in touch and in a couple of weeks we received the equipment.

An engineer came, installed it and for two or three days we checked vehicles for free. We had invited many customers to come and visit us and give them a free demonstration. The *VIS-Check* guy got us several thousand dollars in sales. We really needed those greenbacks! Another executive from the vendor came in, but this time to talk numbers. Scare me panther! We went to the container that served as an office and he presented me with the price: about one hundred and fifty thousand dollars. The important thing was that they came up with a financing scheme. We had to fill out a series of forms and a company in the financial sector would lease us the equipment for five years with a monthly payment of fewer than three thousand dollars. In three days, they had gotten us more than that, so the first payment was settled. I also clearly remember the family meeting held to discuss the project. The conclusion we came to was that the worst that could happen was that we would go bankrupt, our credit history would go down the drain, the business would close, we would lose everything, and we would have to start from scratch in Monterrey. With or without the simulator, we were already very close to that scenario so, for the first time in a long time, we were looking at a risk-free decision. The only possibility was to win. I remember an extraordinary meeting with the employees in which we openly discussed the situation with them and asked for their opinion regarding the possible investment. We explained to them that we had to change even the remuneration scheme, and as a result, several workers resigned that same day. With all the problems imaginable, we trained some of the employees who stayed on and gradually began to achieve sales that allowed us to at least keep the establishment open. Somehow we became resilient (I did not understand the word resilience in business until the beginning of the pandemic, many years later).

Well, when we demonstrated the simulator to the factory owners, who were already our partners, they could not believe it. They saw a huge opportunity because many of the parts they manufactured could be tested with this equipment. Dollar signs appeared in their eyes as they imagined equipment like that all

over Latin America, generating sales. I knew that the company that created the simulator was Australian and that just a couple of years earlier it had begun operating on the continent, but only in the United States and Canada. So, I negotiated with them to allow us to be their representatives south of the Bravo River and up to Patagonia, to which they agreed. They put us as a condition to buy a couple of old pieces of equipment they had for demonstration. The factory supported us financially, and a couple of months after the signing of the new partnership we were already sending a team to Sao Paulo, Brazil, to participate in the most important auto parts exhibition in South America. In January we started the partnership and by April we were already doing demonstrations in “*portuñol*”.

The first is always followed by the second

In every project there are difficulties. I cannot say that taking a simulator to Brazil was not complicated. But what I want to remember is the beautiful experience of how dozens of people gathered around the area where we did the demonstrations. It was a cameraman, a presenter, and me, moving that truck like a toy. The stars of the expo, and we were in the spotlight. I learned Portuguese, at least the technical one, and during breaks, I chatted with clients, socialized and shared tequila with my new partner. Little did I know that I was about to inaugurate a new negotiation: that of the second hostile takeover.

In one of the many demonstrations we conducted, employees from a factory arrived and commented that they would be bringing executives from that company later. The simulator had so attracted their attention that they wanted to see it at the highest levels of their organization, including an *American* who was with them (their partner). The Brazilian company manufactured brake parts, something that could be tested with the simulator and was in no way in competition with us. In fact, I knew which company they had partnered with to serve the U.S. market.

How many times have we heard that people are sometimes waiting for a flash of lightning to hit us in the brain and illuminate

us. You might think I am crazy, but when the “gringo” arrived at our space at the fair, something made me think that this American company wanted to buy the Mexican factory that, now, was my partner. In a few seconds several images went through my mind. I perceived, without even knowing that person, some isolated events that had happened to me while I participated in some exhibitions or visited clients, and that at the time I had not grasped or understood. In that minuscule and sparkling lapse of time, everything became very clear. I immediately spoke to the owner of the factory in Mexico and said, “Engineer, do you see that gringo in the suit outside? He wants to buy your company. He almost dropped his pants. He asked me how I knew, and I just explained what had just happened to me seconds before. So as not to be distracted by customers, we asked the gringo to come back at the closing time of the expo for privacy. I was never a regular drinker of alcohol, but at that meeting I had several tequilas. One of them did not speak Spanish while the other did not speak English. So, there I was, translating with fear. Indeed, the American wanted to negotiate to take over the factory. He had been trying unsuccessfully for almost two years to talk to the owners, and since it was a public company because it was listed on the stock exchange, it had to follow certain procedures; it was also governed by rules established by financial authorities that could not be evaded. It had occurred to the multinational corporation that the commercial area of the U.S. consulate in Mexico City should be the one to contact the factory. The owners, upon hearing of the American consulate, were frightened and did not return the call. “What does the gringo government want us for?”. Thank God they did not return that call; otherwise, the negotiation would have taken place without me being present.

The only decision taken at that *tequila* meeting in Sao Paulo was that the negotiation should not last more than 60 days. Whatever the outcome, there was no time to lose. Now that I am writing, years later, I realize that it was a great initiative by the engineer. So, two weeks later, the Mexican delegation went to Houston and from there to the small town of East Texas, where

the main office of the firm with which we would be negotiating was located.

After a tour of the factory, they gave us a presentation with several executives, in which they shared their points of view. They let us see what they thought of our product, our company, and my business strategies. With all American arrogance, they told me how they, aided by virtually unlimited financial resources, could exponentiate our line, sell more expensive, and obtain higher margins. They gave us a lot of data. Actually, I was the only one who understood because I knew the market and the industry in that country. I knew who they were talking about and I knew them because one of our companies was even a customer of theirs. The engineer understood half of what they were saying because of the language barrier, and his junior son who came with us was reading the news and chatting with his friends.

We had lots and lots of discussions about how to conduct the negotiation, but it was clear to me that, again, I didn't have much power. I did not own the factory and could not compete with such a titan. The engineer talked about simply ceding the distribution, pushing me aside with the promise of some protection. Meanwhile, I was consulting on my own in Houston and a voice said to me: "Those gringos are desperate and they have resources. Ask them for money. There was disagreement within the company in Mexico as to whether they should sell it or simply enter into an agreement or business alliance. I resisted the deal with all my might in order to avoid the acquisition. I was afraid, now, that I would lose everything.

The date came when the Americans were to visit the factory. I showed up two days early. We cleaned, set up, painted, and, above all, discussed a plan. My proposal was to request a sum as compensation to get the trading company (in which we were partners with the factory) out of the way and use the information they had given us in Texas. I prepared a price proposal in which the *Americans* would have the margins they were looking for, at the high prices they presumed to sell, while the factory would take additional income because they would sell at higher prices than what they were billing me.

After the tour, there would be lunch and a presentation at a golf club. Technical issues were discussed, which they were not interested in. They asked for a break and turned to me, “Edmundo, let’s take a ten-minute break, and when we come back we need you to get to the point and tell us how much you want.” Hahaha! I laughed in English because that *break* was spent in the bathroom with instant diarrhea after the question. I was gambling with the future. I explained on the blackboard the proposed pricing structure and with legs shaking we said we agreed to formalize a commercial alliance in which they would become the exclusive distributor for the entire country in exchange for a sum I had never seen in a negotiation. They stood up from the table instantly and said they accepted, although as they did not have the power to authorize that sum, they would present it at the next board meeting and persuade the shareholders to approve it. We took them to the airport and they said goodbye to me as “the million dollar guy”, although it wasn’t really the figure.

The engagement was highly polished, rules were established, they sent us a very comprehensive contract that their legal department drafted for them, and for a couple of months, I worked on the new pricing structure, going through each of the hundreds of part numbers that were being handled. Months of a lot of stress because the agreement with the factory was by word of mouth only. We were partners in an *American* company that did not have something signed with the Mexican company²². In my case I was working on how to get out, like digging my own grave.

I got sick frequently during those months. The doctors who examined me did not find any illness: it was the damn stress. As I went through the complete business restructuring, I was worried about our long-time customers, the ones who had given me their trust and from whom I had distanced myself for obvious reasons. I was concerned that my agreements with them would not be honored. A part of the business plan that had made us grow

²² Which I recommend to always avoid because in this case it eventually caused me to break the friendship and business relationship with the owners and the factory. When there is a will, it is always better to put everything in writing.

solidly, if not all of it, was going down the drain. But there was no choice. A second hostile takeover was consummated.

The *Americans* only negotiated down some items, and asked for terms to pay subject to certain sales goals, but they gave a significant down payment. By August 2010 the agreement was signed. As a public company, they had to make it known immediately. Very early in the morning, the news had spread like wildfire and by the time we got home several customers, friends and representatives had already questioned us about it. They had not received the information from us. In any case, they would find out sooner or later. That same day the treasurer of the company in Mexico announced an extraordinary deposit. The process had been completed. All that was left was for the company to deposit the amount that corresponded to us, which it did a few days later.

Those were days of great satisfaction because, in the blink of an eye, the debts of the workshop, which had almost gone bankrupt because of this project, were cleared, and now it was stronger than ever. We paid off the mortgage, settled overdue balances with suppliers and, above all, gained a lot of peace after many, many months of work and, towards the end, intense pressure.

EPILOGUE

I CANNOT SAY, AS IN FAIRY TALES, that from then on, we all live happily ever after: in the business world there are no moments to stop. I once heard the great marketer Horacio Marchand rightly say that business is like riding a bicycle: if you stop pedaling or try to go backward, you fall. The only option is always to go forward.

Then came a lot of things. It was a period of transition, of handing my baby over to other people who would now take over, of gaining what I had never been able to in my life. But at the same time, I felt an emptiness that led me to a kind of work depression. No project excited me for years until different people insisted that my experience could be useful in other projects. It was this that got me back on track. We faced lawsuits, accidents, new demand spikes and market crashes, price hikes. Business never ceases to confront us with challenges.

In these almost twenty years in the United States, I have tried dozens of projects in numerous countries, and although most of them did not work out, today it is clearer than ever to me that every experiment is a source of learning. We pay to go to school to learn. I am willing to pay and take risks in a business to accumulate knowledge and experience.

I have not sold a company again, nor experienced hostile takeover, but I have been able to take an international company from zero to significant levels of turnover several more times. *Every day I look for new projects because my new purpose, my passion, is to democratize the conquest of the American market;

that not only large companies can sell their products and services, but also, take advantage of the variety of technologies available today, small and medium-sized companies that have always been left out of international markets can achieve this goal. I hope that my experience serves as an ignition for many companies; that it gives them a spark; that it fuels the need to expand into this great market; that it can fertilize employment and professional growth opportunities for many people; that my mistakes are not made by other entrepreneurs; that the obstacles we have faced can be avoided and that those who come after us can go much further. With all my heart I hope that this book and what we publish daily on social networks will help to achieve this.²³ My purpose in life is to transcend. I hope that future entrepreneurs will remember me as the person who helped them make their dream come true: to conquer the trials of doing business in America.

²³ You can find me on Instagram, Tiktok, Facebook and YouTube as: @edmundotrevino.usa and LinkedIn by my name. I love to personally answer messages, so if there is anything I can help you with regarding the American market, I am here to serve you.

Series editoriales del CEH

Serie NortEstudios

1. La caída del algodón en México (1957-2020). El conflictivo ascenso de Chihuahua
Luis Aboites Aguilar.
2. Españoles, algodón y empresas en La Laguna. Trayectoria y herencias de un gran terrateniente
Mario Cerutti y María Isabel Saldaña (Coords.).
3. Semillas, insectos, agua y energía. El algodón en La Laguna (1880-1960)
Eva Rivas Sada.
4. La agricultura comercial en Sinaloa en el siglo XX. Diversificación, reconversión y cambio tecnológico
R. Arturo Román Alarcón y Arturo Carrillo Rojas.
5. Chihuahua: Un acceso de modernidad. Algo de su vida económica entre 1880 y 1920
Ricardo León García.
6. La inversión estadounidense directa en el norte de México
Ramiro Villasana Villalobos.
7. La minería en la conquista del septentrión dorado. Historia del imaginario, proyectos y economía
Eduardo Flores Clair.
8. Inmigración y emprendimiento en Texas. Crónica de una experiencia (1995-2010)
Edmundo Treviño Garza.
9. Perfiles protagónicos en el noroeste de México
David Piñera, Araceli Almaraz, Mario Cerutti.

10. Imigração e empreen- dedorismo no Texas. Crónica de uma experiênciã (1995-2010)
Edmundo Treviño Garza.
11. Constrabando nato del Seno Mexicano. Actores, rutas y prácticas de comerio ilegal por el norte de Tamaulipas (1821-1858)
Benito Antonio Navarro González.
12. Colonia Cuauhtémoc. Vida cotidiana de una colonia obrera en Monterrey (1957-2020)
Azucena Garza.
13. El sistema bancario porfiriano y las aportaciones de Enrique C. Creel
Ricardo Solís Rosales.
14. Immigration and entrepreneurship in Texas. Chronicle of an experience (1995-2010)
Edmundo Treviño Garza

Serie Cuadernos del Centro de Estudios Humanísticos

1. Construyendo la región. La idea del noreste mexicano en Isidro Vizcaya Canales
Edgar Iván Espinosa Martínez.
2. ¿Demasiado Ortodoxo? La ética dialógica de Martin Buber
David Jiménez Martínez.
3. Re-sentimientos de la Nación. Regionalismo y separatismo en Monterrey
Aarón López Feldman.
4. Filosofía del pensamiento complejo. Una reflexión sobre Edgar Morin
José Luis Cisneros Arellano.
5. Creencia en el purgatorio. Perspectiva desde la Filosofía de la Cultura
Beatriz Liliana De Ita Rubio.
6. Historia y patrimonio industrial de La Fama, Nuevo León
Juan Jacobo Castillo Olivares.
7. Narradoras del norte: Adriana García Roel, Irma Sabina Sepúlveda y Sofía Segovia
Michel Monter Arauz.
8. Joaquín Sabina. Estética y simbología de la desesperación
Justo Zamarro González.
9. Los desahogos del desterrado. Destierro y legislación literaria en las Memorias de Nemesio García Naranjo
Víctor Barrera Enderle.

10. Historia y literatura. Tres contextos: Conquista, Reforma y Revolución. Ludivina Cantú / Óscar Tamez
José Luis Cavazos / Celso José Garza (Coords.).
11. Las filósofas que nos formaron. Injusticias, retos y propuestas en la filosofía. Aurora Georgina Bustos Arellano
Mayra Jocelin Martínez Martínez (Coordinadoras).
12. Borear la paz. Singularidad y poder en el pensamiento político de Hannah Arendt
Heidi Alicia Rivas Lara.
13. La Acción Católica en Monterrey: Una generación con carácter social, 1930-1971
Jesús Treviño Guajardo

Colección: Memoria del Noreste

1. El Patrimonio histórico documental de Nuevo León.
César Morado Macías.
2. Transacciones económicas en Monterrey, 1856-1865.
Síntesis de las escrituras del notario Tomás Pacheco.
Ma. Magdalena Álvarez Hernández.
3. Capital comercial entre la República y el Imperio,
1866-1870. Síntesis de las escrituras del notario
Tomás Pacheco.
Ma. Magdalena Álvarez Hernández.
4. Aspectos económicos del Monterrey preindustrial,
1871-1883. Síntesis de las escrituras del notario
Tomás Pacheco.
Ma. Magdalena Álvarez Hernández.
5. Del ferrocarril a las metalúrgicas, 1884-1890. Síntesis
de las escrituras del notario Tomás Pacheco.
Ma. Magdalena Álvarez Hernández.
6. Auge industrial de Monterrey, 1891-1894. Síntesis de
las escrituras del notario Tomás Pacheco.
Ma. Magdalena Álvarez Hernández.
7. Tesoros de la Sierra Madre. Guía de los acervos
históricos del Archivo General de Nuevo León.
César Morado Macías.
8. Desde la cantera: Comentarios a las tesis sobre Historia
presentadas en la FFYL de la UANL, 1981-2019.
César Morado Macías y César Herrera.
9. Durante la República Restaurada: Catálogo del
Periódico Oficial de Nuevo León, 1870-1875.
César Herrera y Osvaldo Aguilar.

10. Recuperando la memoria. Batalla de Monterrey (1846). Documentos e interpretaciones.
César Morado y Pablo Ramos (Coords.).
11. Perfil de Jesús Ávila Ávila. Archivista e historiador mexicano.
Emilio Machuca Vega.
12. Javier Rojas: Investigador, docente, promotor de la historia.
Oscar Abraham Rodríguez Castillo. Coordinador.
13. Diario de un misionero del Colegio de Guadalupe por el obispado de Monterrey, 1855-1857
Lucas Martínez Sánchez.
14. Ni bárbaros, ni salvajes... Apaches y comanches en Nuevo León, 1836-1881
Jesús Gerardo Ramírez Almaraz.
15. Junta Local de Conciliación y Arbitraje de Nuevo León. Antecedentes, funcionamiento y extinción
Héctor S. Maldonado

Immigration and Entrepreneurship in Texas.
Chronicle of an experience (1995-2010) this
book was printed in October 2023. It's the
author's responsibility to care for the work.
Cover design: Nancy Saldaña, Editorial design
for virtual and printed publication: Concepcion
Martinez Morales. Translated to English by
Daniela Alejandra Baez Martinez and reviewed
by John and Barbara McKee