

## **Papyros | Irma Aguilar, owner**

Mentoring Guide | Prepared following the January 2012 visit by Evan Keller (author)

### **Strengths:**

She provides attentive and friendly customer service that is beyond what her larger competitors offer.

Papyros has convenient parking and is open an hour earlier than her competitors (8 instead of 9). But she closes at 5:30 for safety reasons and an armed security watches the building 24/7.

She has “free” rent and security as the store is in the apartment building (12 furnished units) she manages for her parents.

Her two employees have been with her for 3 (Wendy) and 11 (Catalina) years respectively.

Since the office where she does her law work is in the store, clients have access as she says “to the owner of the circus, not just the clowns!”

Papyros is agile enough to offer speedier delivery than their competitors.

Papyros has been in the same location for 9 years and nearby clients enjoy the convenience.

### **Weaknesses:**

The business is not currently profitable and it has a high interest rate loan which Irma hopes to pay off in 2012 from her attorney income.

Her products (photo copies and school supplies) have low profit margins and are usually purchased in very small volumes. Average revenue per sale is quite low, so even if they're busy making copies all day, there won't be much profit.

### **Opportunities:**

Irma hopes to involve her son (Jose) and two daughters (Carla, Gabby) in the business - each as 20% owners. Jose is moving back home from college soon and may get involved. Irma hopes to open 2 new stores in 5 years, but is waiting for a partner she can trust (given all the time she devotes to her law practice and being property manager of her dad's apartment building). She'd want to keep the stores small to retain a personal touch with clients.

### **Threats:**

Utiles, her leading competitor, has three large stores that sell to both retail and wholesale clients. When they slash prices in February, August and December, Papyros cannot compete.

### **Questions:**

What monthly sales volume do you need to break even?

How many wholesale clients do you have? What percentage of your revenue do they comprise? Are there opportunities to expand your wholesale accounts? Can you get exclusive rights to be the wholesaler for certain brands?

Does Papyrus pay for electricity?

What kind of gifts would you like to sell? Thinking of the beautiful original paintings in your living room, is there demand for an upscale art gallery?

### **Business Recommendations:**

In efforts to move toward profitability, look for opportunities in all three ways to increase profit – raise prices, sell more, reduce expenses.

To be a more viable business, Papyrus needs to significantly adjust its business model. One route would be to offer some products or services with higher profit margins. Another would be to nurture significant growth in her wholesale accounts (to profit through high volume).

It seems that you are more passionate about running a gift shop (as she did in the past). If you offered gift items that were unique, beautiful and of superior craftsmanship, this could solve your profit-margin dilemma. You may consider making a small gift section in your current store as a test.

Since your passion is in the relationship with clients, not in the product itself, perhaps you can do some research on what products your friends have a hard time finding. Or perhaps you can offer a service that is related to your other endeavors (real estate, legal field).

As we discussed, expanding to new stores is recommended only after: your high interest loan is paid off, you have a trusted partner (given all your other responsibilities), your current store is profitable (even if you had to pay for security and rent), and your new store business model has a strong competitive advantage.

### **Mentor Recommendations:**

Examine her logo and give her feedback.

Look at the signage outside the store to see if there are opportunities to better attract the eyes of passersby.

Bring a video of school supply stores in the U.S.

Brainstorm viable business models with her that align with her passions and fit into her schedule.

### **Notes:**

An outside accountant does the books.

Papyros is legally registered and pays taxes.

40 of her clients make purchases at least twice per week. Her best clients are individuals paying retail (since the margin is higher and they pay immediately).

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