

**Distribuidora Emmanuel | Hector Euceda, owner**

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

**Strengths:**

Hector eagerly learns and promptly makes necessary improvements.

The company is growing, with 2011 being the best of their six years.

Hector has strong, steady demand for his furniture because of the trusting relationships he has with furniture stores in Teguc.

**Weaknesses:**

Hector wants to continue improving his production workflow and employee efficiency.

**Opportunities:**

He makes enough of his current lines for his current clients, but the same clients would likely buy the following lines from him if he were to produce them: dining tables (would need additional equipment) and entertainment systems (has necessary equipment).

Hector has a vision to create 2,000 jobs in the next five years to help tackle his country's massive unemployment problem. To achieve this, he cited faith, discipline and increasing market share (currently about 15% of the Teguc market) as essential. The biggest factor in generating jobs will be opening plants in other major cities, starting in San Pedro Sula where he has existing contacts through his previous job as a salesman. These contacts are in companies totally unrelated to his current Teguc clients. He hopes to open the new plant in 2-3 years.

**Threats:**

Cash flow is threatened by the fact that his raw materials must be paid for in 30 days, whereas his clients have 90 days to pay. Thankfully, they've been paying on time lately.

**2011 Progress & 2012 Goals:**

Acting on Entrust recommendations, Hector instituted a bonus for employees who produce at least 24 pieces in 25 days. This has been effective in increasing production.

Acting on Entrust recommendations, Hector now has company picnics (with piñatas) and has included employee families in a few events. He believes this has improved morale and employee engagement.

Acting on several of Entrust's recommended changes increased his cash flow, enabling him to buy equipment (without a loan) for an additional painting station and hire another painter. This in turn has

solved his bottleneck at the painting station, allowing him to move his inventory quicker, which then freed up capital to reinvest.

2011 revenue averaged 800,000L/42,105USD per month. His 2012 goal is 1,000,000L/52,632USD per month on average. His long busy season is October through June with December being the best month.

He needs to sell 80 pieces per month to break even. He's currently selling 110 and aims to reach an average of 150 per month in 2012.

His 2012 goals include creating 6 more production jobs and 2 new sales jobs.

**Questions:**

Do you have a logo, business cards, and sales brochure? Do you have a portfolio of photos showing all 35 pieces you produce?

Have you found two salesmen to hire? What is your plan to train them?

How will you increase market share in Teguc?

How many clients do you have?

Have you identified your top 25 potential clients?

What impact has your nephew Hector had as the new production manager?

Other than San Pedro Sula, what other major cities do you have good furniture connections in?

Which city in which you have connections (with potential clients) has the weakest competition?

What is your plan to finance the new plant?

**Business Recommendations:**

Make a detailed drawing of the plant's current layout, including dimensions of each room, location of doors and machinery, and flow of employees and furniture components. Please give this to Debbie.

Begin producing entertainment systems in the first half of 2012, and set a timeline to acquire equipment for producing dining tables.

Create a detailed series of steps toward opening a plant in San Pedro Sula, the biggest first step in realizing his goal of creating 2000 jobs.

Travel to San Pedro Sula twice per year and meet with as many potential clients as possible, asking: "What needs are not being met by your current suppliers?"

Meet with Carlos Andino occasionally to compare notes on production efficiency.

Set expected production times for all 35 pieces you produce and post them for employees to see.

Provide employees with written expectations and regularly recognize them (with praise and perhaps a small prize) in front of their fellow employees when you see a good example of fulfilling your expectations.

Identify your top 25 potential Teguc clients and actively pursue them, taking salesmen with you to show them how to build relationships and make sales.

If you don't already have these items, produce a logo, business cards, sales brochure and photo album of all your products.

**Mentor Recommendations:**

Bring Gallup Job Satisfaction Research.

Show examples (including Tree Work Now's) of written employee expectations.

Bring him a furniture catalog.

Bring a production expert.

Bring a video of a furniture plant layout.

Have a production expert analyze his plant layout (after receiving the drawing from Debbie).

**Notes:**

Hector has been married to Delma Munoz for 22 years. She is an executive assistant in a government agency. They have three daughters, age 22, 18, 16. They live only two blocks from the plant.

His niece Jared runs the office.

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Office furniture is mostly made of metal or laminate, neither of which he is equipped to manufacture.

His 17 employees receive slightly higher wages than the industry standard, averaging \$300 per 48 hour work week.