

# Expanding Dreams, Just Like Grandfather Did



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# THE COMPANY

César Burgos Alanís and his brother Sebastián are young entrepreneurs. While they studied their majors at Tecnológico de Monterrey, inspired and encouraged by their grandfather, they decided to emulate what he had done in his youth as an entrepreneur: expand the family legacy. With this background and motivation, they founded the company Conversiones Flora.

Don Arturo started his dream 37 years ago when he founded Recubrimientos Alanís, S.A. de C.V., a company that is engaged in the manufacturing and repairing of industrial rollers mainly for the paper, plastic, and cardboard industries. His dream was always to manufacture paper, he had worked for several years in that industry, but opportunities presented themselves



Image: Freepik, 2023.

| MOTIVATIONS FOR ENTREPRENEURS IN MÉXICO        |        |
|------------------------------------------------|--------|
| To make a difference in the world              | 68.2 % |
| To have more income and/or wealth              | 51.4 % |
| To make a living                               | 53.1 % |
| To continue with a family tradition            | 86.9 % |
| Source. Global Entrepreneurship Monitor, 2023. |        |

differently and pulled him away from his dream. Nevertheless, in 2022 his grandson César decided to take up and make his grandfather’s dream come true, also with the intention of making the family legacy grow.

In the entrepreneurship context, there are four main reasons why an entrepreneur decides to launch his/her own business: to make a difference in the world, to have more income and/or wealth, to make a living (when opportunities are scarce), and/or to continue with a family tradition (Global Entrepreneurship, Monitor, 2023). The Alanís’ case shows at least two of the four reasons. Don Arturo started his business with the intention of having more income, and César is one of the many cases in Mexico where, along with his brother, they decide to continue the family tradition of becoming entrepreneurs inspired by their grandfather.

# GROWTH

The paper industry is still of the utmost importance in the world, the overall commercial exchange in 2022, including international purchases and sales of paper pulp tablecloths and napkins, paper, cellulose wadding, or webs of cellulose fibers was of 19 million dollars (USD) (DataMéxico, 2023).

Conversiones Flora was born in June 2022 with one line of products, called Hana Napkins. They are mainly sold in the Central Market in Mexico City and in the State of Mexico; but they do not discard the idea of expanding their business to a B2B sector to offer their product to restaurants and retail chains where the market niche are women.

Grandfather Arturo has not only been a source of inspiration for this project, but he has believed in his grandchildren, and he even made the initial investment. Thanks to the resources generated by Recubrimientos Alanís, and the unconditional support of their grandfather, the young men were able to purchase a machine to transform paper into napkins; their grandfather also helped with two months' rent to start the operation of Conversiones Flora.

The company only transforms paper into napkins, but Cesar's and Sebastian's dream is to manufacture their own paper by 2028, and to develop new products such as toilet paper until they become market leaders, as stated in their corporate philosophy.

Images. Edi Prast, Lakonicon and Hexagon075 in Flaticon, 2023.



## Mission

"To offer all Mexicans paper products of the quality they deserve at an affordable price".



## Vision

"To be a leading company in the market offering to always improve the quality of our products".



## Values

Trust, solidarity, and empathy.



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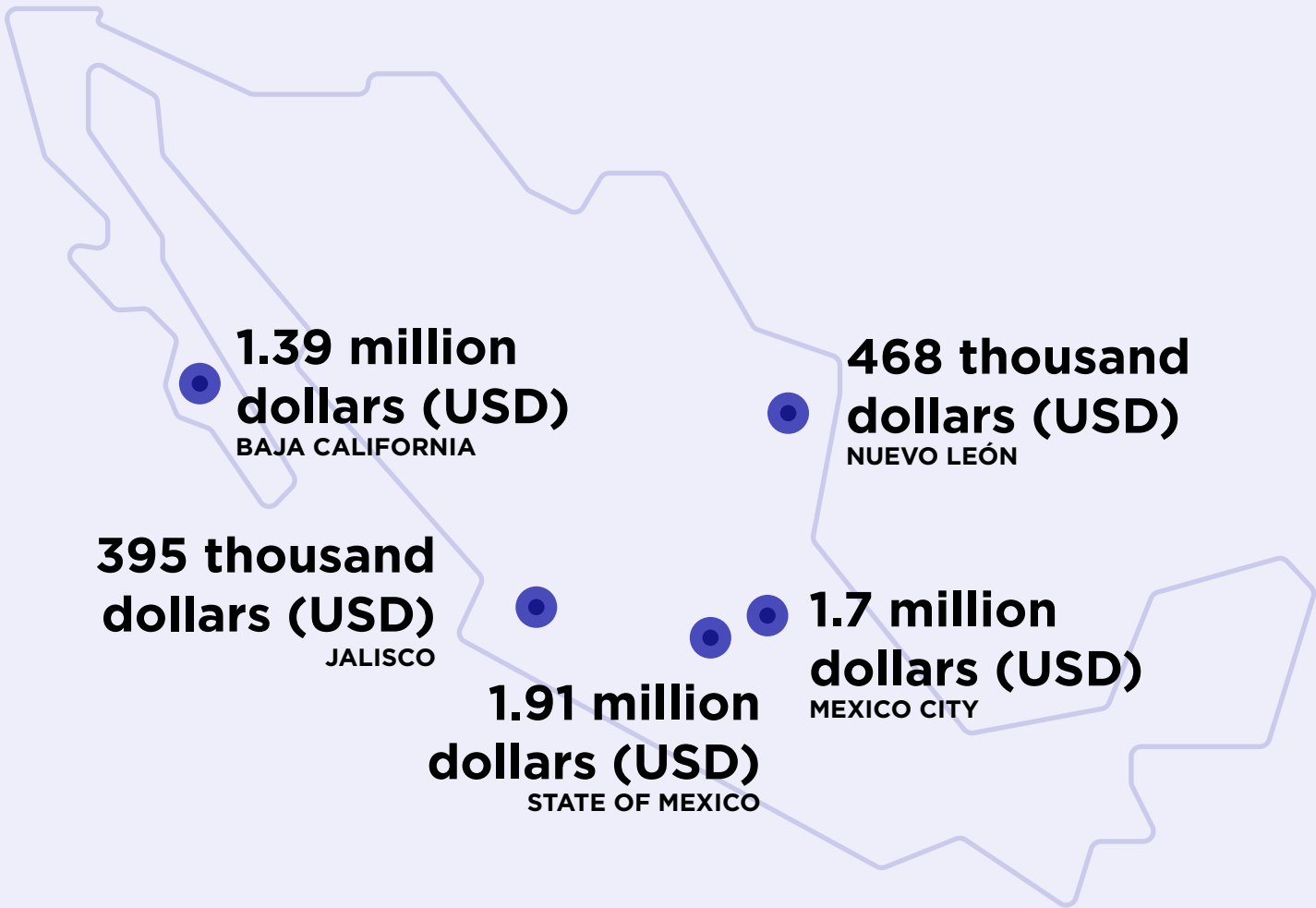


The passion with which the Alanís brothers have started this business is proved with facts: only one year after starting operations, Conversiones Flora is already selling approximately 17 tons (2.500 bales per month). They have a 92% installed capacity, and this represents a production of around 2.500 bales considering losses and strikes. Effective sales are 2.300 bales per month.

Conversiones Flora has already created eight jobs to cover the Production, Human Resources, Sales, and Management departments. They operate in two shifts: six persons in the production area (three in each shift), and the two brothers are in the administration. Additionally, they have a salesperson (not an employee) who makes 15 pesos (MXN) as a commission for each bale sold. This affects the bale price by 4%, that is, the bale price absorbs the sales commission.

It is worth mentioning that the morning shift is of eight hours' work, and the afternoon shift, of seven; 60 bales are produced in each shift. If growth continues, it will probably be necessary to have a third shift.

In 2022, the Mexican states with more international purchases were:



Source. DataMéxico, 2023.

# FUTURE PLANS

The career of these entrepreneurs is just getting started, so they want to dabble in other states of the Mexican Republic to expand their sales and continue with the family legacy through the growth of the brand Flora in the retail market. This in itself is a major challenge, as they would be facing well-known brands, which could be regarded as giant brands, such as Kleenex and Regio, among others.

Their current sales channels are the central markets where the market moves by price. Therefore, to break into that market, the entrepreneurs carried out research about all their competitors and defined two strategies: differentiation and price. They are competing against three strong brands: La Prueba, Marley, and Vanta Paper, from which they are around 15 pesos (MXN) below. They are differentiated by size, quality, and the cleanliness of color in white napkins, where they are stronger.

Image. Topntp26 in Freepik, 2023.



The company also manufactures brown napkins, which are cheaper, but their strong product is the white napkin.

# EXPECTATIONS

At the beginning, the strategy they followed to break into that sales channel was selling the napkin with no brand, but they have progressively moved to selling with their brand Flora. This transition has been gradual as some customers ask for the unbranded napkin.

Expansion will bring logistic challenges: the average cost for delivery expenses in Mexico and Mexico City is between 25 and 30 pesos (MXN) per bale, which is already considered in the final sales price of 360 pesos (MXN) per bale. They are aware that if they go into other states the price will increase, but it cannot go over 10%, as they would be out of the market price.

The plan is that dabbling into other states will help them to position their brand “Hana”, as the idea is only to sell branded products, and if they achieve good positioning, they can move to the retail market. Their current value proposition is based on offering customizable napkins with higher quality and better prices, they know that the retail market can represent an adjustment; nevertheless, both César and Sebastián are convinced that they have everything to achieve it.



**Napkins, just as many other products, have different sales seasons throughout the years (December is the highest season due to the holidays).**

Image. Gpointstudio in Freepik, 2023.

# THE DECISION

The expansion plan will imply purchasing a second machine and carrying out a market analysis to learn the purchase capacity at the sales points in the states where they can dabble in, including costs, distance, and purchase capacity.

The company has not needed to invest in marketing due to the type of channel where they sell their product and because they sell all their production. If they expand into the retail market it will be necessary to do it, but they cannot go over that already defined 10%.

César and Sebastián are checking which states can be attractive and they are wondering: which project planning and management processes must Conversiones Flora consider starting their expansion plan to other states of the country successfully, considering time, costs, and quality?

# REFERENCES

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