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Mayáhuel: Sustainable Mexican Leather

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A FRIENDSHIP THAT MAKES THE GRADEW

Silvia and Rebeca are united by an over 10-year great friendship. They met in Florence when they were 19, their nationality and hobbies were their first coincidences. They were separated for several years. Rebeca worked in the furniture industry, specifically in the research and material development area, and Silvia in the fashion industry. Although they were in different areas, they both are witnesses to the environmental footprint caused by synthetic and real leather.

Silvia and Rebeca met again in Mérida (México) several years later in a sustainability

Image: Pvprouductions in Freepik, 2024.

Since before The Colony, hemp was used to manufacture baskets and other objects, during *The Virreinato* and many years later, it was cultivated in hemp plantations.

international congress. They shared the same dream: to generate a sustainable solution that substituted the synthetic and animal origin leather. This idea led them to do research and take as a basis the manufacturing of plant origin leather where pineapples and apples were used in other countries. With the results of their analysis,

the friends developed their own proposal: the use of maguey, a representative plant of Mexico that is best known for the processing of one of its varieties to obtain tequila, but which is also a very important source of fiber, together with some other plants of the same family (agave), such as hemp, especially in the southeast of Mexico.



TIME FOR ENTREPRENEURSHIP

Maguey is an excellent biodegradable alternative, no irrigation is necessary (rainwater is enough), no herbicides or pesticides are needed. 200 liters of water are necessary to produce one kilogram of biomass, which, compared to other plants that need one thousand liters to produce the same amount, represents an advantage; thus, it is sustainable raw material.

After checking this proposal together and being convinced of its feasibility, Silvia and Rebeca came to the crossroads of reaching a tough decision: quitting their respective jobs which had enabled them to grow professionally and were a source of economic stability. They ignored those who assured them that it would be crazy to quit their jobs for something uncertain and started their adventure taking the strengths of both and the common purpose. Their goal was to be part of a better future favoring a positive change for everyone with a company that would go beyond profits through a product that would reduce the ecologic footprint of today's fashion and furniture industries which use synthetic and animal origin leather.

Image: Los Muertos Crew in Pexels, 2024.



With the growth of their project, the entrepreneurs' objectives include encouraging the maguey economy and favoring producers.

THE COMPANY

A couple of years after doing research and developing the new textile material based on maguey, they decided to launch their product in an international fair of synthetic leather products in Milan, Italy, where it had great acceptance due to its innovation and sustainability. The product made a great impression, especially because it is a sustainable material that is biodegradable, and toxic & paraben-free.

The company created by Silvia and Rebeca, which they called *Mayáhuel*, achieved the quality necessary for their customers, thanks to the mixture of maguey and cotton fibers. The resulting leather is a product with the necessary weight and resistance, enduring, and breathable. Due to its quality, it can be used in the textile industry to manufacture clothes, footwear, bags, and several accessories, as well as in the automotive and furniture industries to upholster seats, chairs, and couches, among others.

Mayáhuel is a young company that possesses a maguey crop field in Oaxaca, a processing plant in Monterrey, 50 direct employees, and 500 indirect collaborators.

Silvia and Rebeca hope to have sustained growth due to the necessary sustainable trends in the goods production processes.

Parabens are a wide family of compounds derived from the p-hydroxybenzoic (PHBA), mainly used as preservatives in cosmetic products, and we can also find them in food and medicines. They are considered as pseudo-persistent pollutants (CONASI).



Image. Freepik, 2024.

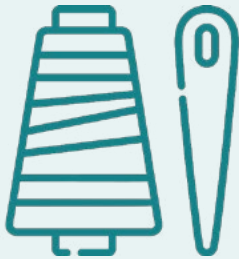
The objectives of the young entrepreneurs are to consolidate their project and achieve greater presence in the international markets that lead the automotive and fashion industries, especially in the United States and several European countries.

Their main customers are in the fashion and the automotive industries, however, in the last few years they have also dabbled in the aviation industry.

Despite being a relatively new company, it can be said that today *Mayáhuel* is gaining ground in the market, and it is expected to be a leading company in the future, therefore, consolidated. As part of their client portfolio, today we find important sports clothes and automobile brands.

Images. Freepik and Vector Stall in Flaticon, 2024

The main products offered by *Mayáhuel* are:



MAYÁHUEL

aimed at the fashion industry.



MAYATRIZ

aimed at the automotive industry.



MAYÁHUEL LE

limited edition, is the luxury product of the company.

THE FASHION INDUSTRY

The fashion industry, one of the main customers of the textile industry, is experiencing a significant transformation due to climate change. With the UN's support, this industry is looking for more sustainable business models which will enable a significant reduction of the environmental impact, as well as the accomplishment of the Sustainable Development Goals (UN).

In 2018, the UN declared an environmental emergency in the fashion industry sector. Since then, the concept of "sustainable fashion" started having a stronger growth with designers and brands. To face consumers' demands, they are betting on the use of "preferential raw materials, which have better results, environmental impact, and social sustainability compared to classic production" (UN,2023).

Image: Freepik, 2024

Source: UN, 2023.

THE FASHION INDUSTRY

This industry consumes more energy than the one of aviation and expeditions together, additional to the excessive consumption of other resources like water.

2.5

**trillion dollars (USD)
are billed worldwide.**



10%

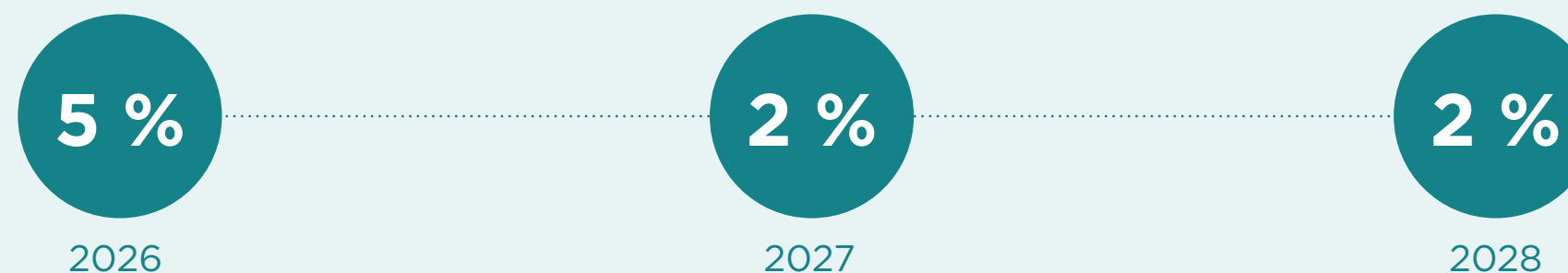
**of greenhouse effect global gas emissions are
the result of large supply chains and the high
energy consumption in their production.**

FINANCE AND EXPECTATIONS

Mayáhuel's participation in Milan's International Leather Fair marked the start of their consolidation and since then they have kept a constant growth in sales.

At *Mayáhuel*, decisions are reached by Silvia and Rebeca in consensus, and financial planning is an aspect that both find crucial for the consolidation and growth of their entrepreneurship. They are pursuing the implementation of better administrative controls and to increase their presence in international markets, benefitting from the requirements for sustainable products in the different industries, particularly in the fashion, automotive, and furniture industries.

Rebeca and Silvia calculate that by 2025 the annual growth will be the same, but their calculations for the following years are:



The percentage of growth for the next few years was calculated considering a very moderate scenario with the purpose of reaching a decision with conservative foundations.

Regarding the International markets that Silvia and Rebeca are trying to break into, they are thinking about the United States, Europe, France, the United Kingdom, Italy, and Germany. This represents a challenge that

adds to the ones they have already identified, such as the reduction of the current ecological footprint of the textile industry, and to encourage the maguey economy that includes the producers' benefit.



Silvia and Rebeca have looked up information and have found key data, that is:

1. At the end of 2023, the ethical fashion market closed with an approximate value of \$8.2 billion dollars (USD) (Orús, 2024a).
2. Europe is the region with deepest penetration in the use of preferential raw materials, defined as those that have better results, environmental impact, and social sustainability compared to classic production, when manufacturing clothing (Orús, 2024a).
3. In 2022, the sustainability degree of the fashion-related products was a fundamental factor in the final purchase decision of 60% of users (Orús, 2024b).

Image. Freepik, 2024



4. "In the United States and the United Kingdom, over 341 thousand Google searches are registered every year regarding sustainable fashion" (Orús, 2022).
5. According to a survey carried out in October 2023, 76% of the French who were surveyed, buyers of active and casual style brands worry more about the sustainability of the products than the previous year; in Italy this was 74% whereas

in the United Kingdom and the United States it was 70 percent. The country with the lowest percentage was Germany with 64% (Orús, 2024c).

6. The weight of sustainable fashion in the global industry today represents 5% of the total billing of the sector, and it is expected to surpass 6% by 2026. It is still relatively low as this kind of articles have a higher price (Orús, 2024d).

THE DECISIONS

Rebeca and Silvia have asked for help to a financial consultant to prepare the adequate information for decision-making. They believe it is necessary to have a master budget by 2025, as well as the projections of financial statements for the period 2026-2028 using the financial ratios method. In December 2024, the company requested a 10-year bank loan for \$31,200,000 pesos (MXN) , at a 16% annual interest rate, with even payments of \$3,120,000 pesos (MXN) every year, to be paid as of 2026, after a two year period of grace.

It is important to learn the current financial situation of the company regarding their profitability, solvency, operation, and debt to compare it to the projections that are going to be made. Similarly, it is substantial to consider that drawing from the projected financial statements, funding needs are identified, or, to determine whether there will be enough profitability and solvency to plan the growth in the United States' and European markets. The latter, to establish at least one new factory that will be able to tend to these markets; this means having at least \$200 million pesos (MXN) by 2027, whether their own or a combination of own capital and long-term loans. Is it a profitable option to grow in international markets? Can the company maintain the indicators projected according to their predictions? Which efforts will this need?

See Excel with financial information [HERE](#).

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