

Section III

The Past and Future of Entrepreneurship in Latin America

Testimonial 1

Uruguayan Young Entrepreneurs Association (AJE)

Testimony of Florencia Alvarez-García

I repeatedly think, if we fail in an organized way, we don't understand the transitions of change. If we fail without order, we are sinning in leadership.

The new vision of Latin American entrepreneurship is deepening its connection with people and their societies, and the purpose takes on as much relevance as the value proposition. The main currents in companies and the region are B companies, triple impact organizations, the circular economy, donut, orange, purple. Social evaluation is becoming more and more popular not exclusive to public policy but social organizations, and the great challenge is to make the social impact profitable. This new vision has a strong root in the transformation and transitions of the development model since it does not want to promote the image of a successful entrepreneur at the cost of environmental impact, increase in inequality gaps, or underdeveloped organizational cultures, but rather a vision focused on the future – to new values and cultures of collaboration, resilience, sustainability, diversity, inclusion, cohesion, and networks, which define the goals of tomorrow's innovation.

One of the pillars of AJE is to reconvert the image of the entrepreneur in society and achieve the transformation of the collective image of entrepreneurship. AJE is characterized by the heterogeneity in the drive to entrepreneurship, and its engine of change is based on leadership since its social value is built on the diversity of people, sectors, sizes, origins, and experiences. This does not allow us to generalize how entrepreneurship has changed individual contexts. However,

the impact of AJE and its entrepreneurs on future entrepreneurship opportunities can be highlighted. People join the organization to share work values, assimilate and face the challenges of the undertaking, and empower the young voice of a country and a region.

The very reason for being of the AJE community is in the power of exchange, learning by learning by doing, mentoring, and the scalability of synergies. I believe that AJE changes the personal and social context of the entrepreneur who has a lot of uncertainty ahead of him because it accompanies him in the solitary process of leading and forging his path. Although to generate fundamental changes, evolution, and personal development, the effort is not to be part of a network, but to personal growth.

In my opinion, the changes and successes are based on the leadership role. Even when entrepreneurship is not successful, a new world of growth and personal empowerment opens up. Success is based on new capabilities and building autonomy, rather than on the business itself. I firmly believe in this, that is why I joined Red Wara, a Bolivian-Uruguayan social enterprise, which generates a mentoring system for women who have the idea of entrepreneurship to empower them as people. It is not that it does not matter that the business does not work, but the focus is on how skills – technical and soft – can make a difference for the future.

Testimonial 2

Grupo Lamosa

Testimony of Federico Toussaint Elosúa, President

Interview with Mario Cerutti
Monterrey, Mexico, February 2020

Federico Toussaint Elosúa is an Industrial and Systems Engineer graduated from the Instituto Tecnológico y de Estudios Superiores de Monterrey. He is currently President of Grupo Lamosa SAB de CV. Toussaint Elosúa's participation is very representative of something that characterizes the Monterrey factory (north-eastern Mexico): he is part of the third generation of a family that took over "Ladrillera Monterrey" in 1929. His grandfather Bernardo Elosúa Farías (graduated civil engineer at Massachusetts Institute of Technology) was an entrepreneur who assumed risk and control of the factory, which had been established in 1890 by American investors. Bernardo Elosúa Muguerza (son of the reorganizer of "Ladrillera Monterrey" and uncle of Federico Toussaint), inherited the responsibility of running the company.

Toussaint Elosúa has been a director since 1989 of the already called Grupo Lamosa. He was selected to replace his uncle Bernardo Elosúa Muguerza when he

passed away in February 1993. At 37 years old, the young engineer had to accelerate his auscultation of the universe that he was beginning to command. As he remembered:

“I got in a bit like opening the files and beginning to understand the business.” Toussaint Elosúa came from the Celulosa y Derivados (CYDSA) petrochemical company, where he directed the Plastics division: “The CYDSA experience was my master’s degree, a living master’s degree because I had to learn how to structure businesses, develop strategic thinking, and be a very executive person.”

When he was appointed CEO, he already had a postgraduate degree in Business Administration from the “Instituto Panamericano de Alta Dirección de Empresas.” He assumed the presidency of the firm in 1998 when a radical organizational transformation plan was already underway. His leadership and entrepreneurial skills were evident in May 1994 when, in a lengthy journalistic note, he summarized:

A year and a half ago we carried out a study to analyze Lamosa’s different businesses. We decided to carry out a group restructuring and an administrative reorganization. Four divisions were created based on the types of businesses that the group has: a) Ceramic coatings, b) Sanitary ware, c) Adhesives and d) Real estate development (...) All production lines were replaced, they were made again. That change is finished and now, with modern technology and greater being more competitive, it is looking to increase the export markets.

Bernardo Elosúa (1998)

In a more recent interview (February 2020), Toussaint Elosúa recalled what should have been done with the three divisions considered basic in Lamosa (Chemical-mining, Ceramics, and Plastimetal):

In the mining division there were factories that supplied the company with raw materials: a) the gypsum mine, and b) the mines for the ceramic material. This division also included the sanitary section; But not only were businesses in turmoil, but we also concluded that we had old plants, technologically speaking, operating with high costs and producing ugly products. We couldn’t make beautiful or competitive products. But you couldn’t change everything overnight.

It was impossible to speed up the changes: the old Ladrillera still worked, the one that came from 1890. Toussaint continues:

I tried to separate and disaggregate things a bit. I started to say – let’s try to separate the businesses. My hypothesis about the toilets section was, for example, that it was a different business than the flats. Therefore, each one needed to be organizationally responsible. The mines and some other things weren’t worth it. I started closing deals and selling. For example, the brick in Mexico already tended to leave the market, and then decisions were made, for example, to close the “Ladrillera” itself, the one that represented the birth of the company!

To consolidate its presence in the markets, Toussaint and his renewed team not only dared to close the old “Ladrillera” in 2004 but also to leave Monterrey and invest in different regions of Mexico. Factories were installed in Tlaxcala, San Luis Potosí, and other places in the central region of Mexico. The new plants are dedicated to producing coatings and were equipped with imported technology, mainly Italian.

The transformation process was just beginning: the aim was to turn Lamosa into an internationally competitive group, taking advantage of the possibilities of the Free Trade Agreement for North America (NAFTA). Toussaint wanted to consolidate Lamosa’s presence in the US markets. In 2007, with an investment of more than 800 million dollars, the still small Lamosa acquired Porcelanite, which was a Carlos Slim company, which led the production of coatings in the Mexican market.

With this transaction, the size of the firm doubled, and expansion abroad had not stopped. After selling the toilets section (2014), and ending the real estate business, Lamosa acquired the Belgian group “Etex Plantas” and its subsidiary businesses installed in Colombia, Peru, Chile, and Argentina. In 2020, during the current COVID-19 pandemic, Toussaint also bought the Colombian company Eurocerámica. With these purchases, the cycle announced in 1994 was being fulfilled:

Lamosa and Mexico – said Toussaint Elosúa then – are entering a global competition in which we can no longer strengthen our strategies only from the domestic market. We visualize Lamosa participating efficiently at the international level, that is, with 50% of its production in the domestic market and the other 50% dedicated to other markets.