

SAPECO

Karitas Foundation Inc.

December, 2004



Compañeras y Compañeros,

Feliz Navidad y a happy new year to all of you (this is how my 3 years old son, Rodrigo, now speaks, about half and half, English and Spanish.)

SAPECO will be celebrating 15 years of work in Cuernavaca this coming year. Fifteen years of hard work, of success and of failure, of pain and of joy, and of a different future for well over 50 people who have, at one time or another, worked together with us. Through this work and experience, and a process of prayerful reflection, I have felt a *call* to apply my commitment to people made poor in a new way. I am still in a process of discerning what form this will take and what additional education I may need.

The *call* is about what I see as a common need among many social and alternative business organizations, what I call spiritual accompaniment. I define this accompaniment as reflecting internally, psychologically on changes we are facing externally. For people made poor this may mean recognizing how they have been, or are being taken advantage of and exploited, while at the same time they become conscious of how they, in-turn, oppress others. It's about being honest with yourself and others. And it's about accepting yourself and others. This process may lead me to study theology, psychology, or labor relations, perhaps at both a seminary and a secular university. I believe this may be an essential, and often missing, ingredient for the success of these movements. I plan to do this while continuing to offer vital support to the projects.

Your support over the years has been crucial in making all this possible and we all hope this coming year brings good news for all.

Saludos,
Erik Friend

INTRODUCTION

It's been another very difficult year in Cuernavaca, Mexico: a stark contrast of small shops closing and large mega-marts opening up. Wal-Mart has become the largest single employer in Mexico, while many family owned businesses cannot survive. People who have kept their jobs love the low prices, as do the growing underemployed and unemployed majority; those large extended families that live on the salary of a single breadwinner can do it better shopping at Mega markets. One must ask how long can this marvelous "system of survival" last. Right now the money is still coming in as more foreign retailers are buying land and constructing buildings, but what happens when they stop building new ones, when we have enough of them? We will have enough of them soon, I think!!

The automotive repair industry seems to get the worse of this. Many repair shops are closing. There seem to be a few principal reasons for this: 1) The government's financial policies, in accordance with free-market/free-trade ideologies, requires monetary stability; this means financing has become an option (car dealerships) 2) Free-trade has brought in cheaper, imported cars, and 3) Between extended warranty plans and higher automotive technology many people go to the dealerships for service instead of going to independent repair shops.

Frisan Automotriz



In March of this year Frisan celebrated its 10th year

Frisan, the first and most successful of the cooperative businesses, has felt this change and is trying to respond to it. They have recognition as a high quality repair shop for late model

vehicles. They realize that times to come and their desire to expand require them to grow beyond their present level of capability. This means becoming better mechanics with an understanding of electronics and computer control systems. But it also means improving their administrative skills. I have been meeting with them regularly in an effort to try to develop a formal business structure starting with a mission/vision statement. This is an exciting time for them, but it is also very difficult, as it requires them to stretch to greater capability while disciplining themselves to rules and responsibilities. It will be an interesting year. They are on the right track.

Transmisiones Estrella

Estrella, on the other hand, has become another victim of these changes. In May of this year they called me in for a meeting. They owed a lot of money; they had gone three weeks without any salary; they were fighting among each other, and could not continue. I had identified the two-year threshold as an important and difficult one in Frisan's history; the personality change of going from co-workers to co-owners seems to come to a head at that stage. The internal conflict they were going through, combined with the market realities, were too much to bear. I would also add to the formula another big difference between the Frisan and the Estrella story. When Frisan became employee-owned they started a process of acquiring the property of the shop itself. Though things were pretty bad among them at the two-year threshold they realized they had made monthly payments during that time toward really owning it all, equity in something undreamed of for their families from many generations past. Estrella, however, did not own anything except a few tools and the very abstract value of good will, if there was, in fact, any real value to that in the present market conditions.

Funding Status of SAPECO

Operational Costs,	4,000.00
Salaries,	18,200.00
Curriculum and training costs,	2,500.00
Seminars and Travel,	5,500.00
Project investments	2,000.00
TOTAL PROJECTED COSTS	32,200.00

EXISTING PROJECTS	8,500.00
FUNDING NEEDS FOR 2005	\$23,700.00

Tax deductible contributions can be made to the work of SAPECO through Caritas Foundation Inc., a 501(c)(3) tax-exempt organization.

RETURN FROM

PRH

On several occasions over the years participants in our projects have gone through self-help retreats offered by an organization call PRH (Personality and Human Relations). These have been crucial in helping assimilate the changes people are experiencing in their lives due to our process of empowerment. Through our participation and the relationship we have developed with the facilitator we hope to make these retreats a regular and annual event open to all.

Autonomia Libertad en Movimiento

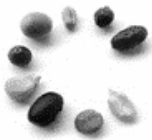


Eduardo "Lalo" Garduño on his Tricycle

The Bicycle project, "Autonomia, Libertad en Movimiento" (Autonomy, Freedom in Movement" is moving along very slowly but, nonetheless, we have made another prototype trike which my partner "Lalo" uses himself (he has cerebral palsy). In a combined effort to raise consciousness about these tricycles, as well as to try to find interested participants in design and production, we made a presentation for engineering students at a local university. The school itself is very supportive, though no students have come forward yet. We will be presenting at other schools over the next few months.

Fundación Comunidad A.C.

Our work with Fundación Comunidad A.C. has grown considerably. Fundación Comunidad is a



Fundación
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local non-profit organization dedicated to bettering the welfare of the poorest within the state. The projects they support include health and nutrition programs for school

children, seed capital for micro development projects (organic farmers for example), rehabilitation for people with disabilities, and educational programs. I have helped them

review project proposals and evaluate the results of previously funded projects. Most recently we have been helping in the rewriting of the organization's Mission and Vision statements and redefining its operating structure.

One of the most exciting things about our work with Fundación Comunidad is that some of the past beneficiaries of our projects are now volunteering time to help raise money and offer expertise to Comunidad's affiliated projects: Ivan Madero from Frisan Automotriz (auto repair) and Vicente Gonzalez from Don Vic's Pollos (chicken farming).

ECOPLAST

The plastics recycling business continues its work in face of economic perils related to a highly deflated economy as well as competition from very inexpensive Chinese imports. Their main products are plastic anchors for use in concrete walls and special anchors for coaxial cable for satellite and cable TV. They have actually been able to increase their market share by creating an alliance with a producer of other products sold in hardware stores. They now have a presence in many other parts of the country thanks to this alliance. We certainly hope efforts to recycle can continue to be economically viable. Unfortunately a business like this would not be viable in the US, it is only viable here because of the low profits that the worker-owners are willing to earn.