

**Volume VI, Issue 7**  
**March 2015**

# VBR

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Simply said, we go about our work responsibilities looking out for one of two persons. At the end of the day, karma is going to happen. And it's a fact: we actually have some karma control. Discovering client's needs and then doing everything in our power to help the client be more than satisfied with our company's products and services will have a much more rewarding, long-term result. On the other hand, if we propose a product or service that isn't suited to help our customers achieve what they need or want, karma will still be there. And there's a very good possi-

bility the end result won't be as favorable, short-term and long-term, for the seller. Sure, there could be immediate satisfaction, but more repeat customers and referrals come when the priority of whom we're ultimately seeking to benefit is not the person in the mirror.

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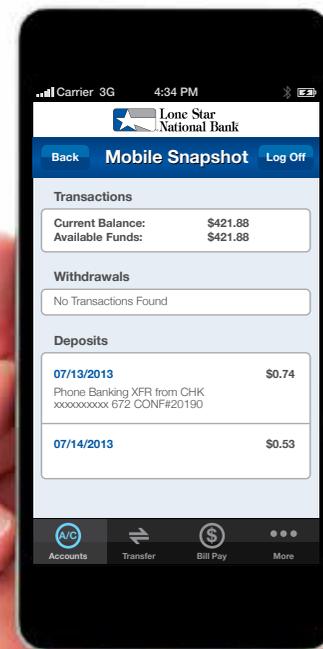
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# Small But Smart: The Microbusiness

By Eileen Mattei

By design and intent, any very small business (fewer than five employees) has had to learn to work smart. The owners can become generalists, willing to handle all types of challenges on their own, or they can choose to outsource non-core tasks. Most rely on technology to operate efficiently and to connect to potential and existing customers.

In fact about 23 million of America's small businesses have no employees other than their owners. Called non-employer businesses, these microbusinesses are almost always sole proprietorships, although a few are partnerships or corporations.

Look at the businesses you deal with in a month: your barber or hairdresser, CPA, attorney, air conditioner and appliance repairman, IT technician, fitness studio and more. These very small businesses have found a niche that suits them and their market. A few may even have plans to grow, but not get bigger.

## Small By Choice

**S. Matt Hamby, CPA**, has had a solo practice for six years, assisted by his wife Kara. "It's a different dynamic when it's husband and wife," he said. The flexibility to come and go is important because the couple has two young children.

While working at a large accounting firm, Hamby saw that dealing with a group of employees takes a lot of time out of the administrator's work day and that the training process goes on for an extended period. "That's a factor if you are the

prime producer of the business," he said. Nevertheless, Hamby might expand in the next few years ... if he finds a self-sufficient CPA. "It will be difficult to find the right person."

The preference for small may be genetic, since Hamby's brother runs a one-man company from his truck. Since 2001, Chris Hamby of **H2O Construction** has operated solo, whether he has taken on commercial construction, remodels, utilities or seawalls. "It is easier that way. I contract everything out." Backed by his engineering degree, he oversees each project, hiring preferred subcontractors only as needed.

"I can focus on getting the job done," he said. And there is another major benefit. "You get to pick the jobs you want to do."

## Chilling Out

"When you think of why you're small, for us it's because it's comfortable and it works," said Eric Watters of **E. Watters Air Conditioning**. "You look at other people's example, hear their stories, and see what having employees entails." His father, Harry, started the business in 1986, "as a means of putting food on the table. From there it grew." Eric began working with Harry in 2004, and in 2014 the company name changed and the younger Watters became the lead man. "We work together. We don't consider either of us the boss."

"There was not a decision to stay small. If we can handle it ourselves, we prefer that route," Watters said. With a more or less sea-



Harry and Eric Watters have found that their two-man operation is the right size for them. (VBR)

sonal business, it would be a chore to make sure additional employees have year-round work.

Since 2001, Suzanne Herzing has operated **Indian Ridge Bed & Breakfast** with one salaried employee and two others as needed. Although Herzing has opened a sister lodge in Costa Rica, she does not intend to grow much larger. "I think the smaller you are, the more capable you have to be," she said. For her, developing diverse talents and deciding to outsource projects like a kitchen remodel are part of the balance needed to run a B&B. The fact that the Travel Channel will feature Indian Ridge on its "Hotel Showdown" series in March is not going to change the business strategy.

Herzing has observed that the more employees you have, the more personalities and headaches you must deal with. "You have to be more diplomatic more often." Having a very small business gives her the freedom to establish a schedule which includes volunteering at Cinderella Pet Rescue.

By day, Will Haraway runs Haraway Construction. On weekends, he's the owner of **License to Carry LLC**, which offers six-hour concealed handgun and basic handgun use courses. "Half the town thinks I'm a contractor, and the other half knows me from teach-

*Young students learn kung fu positions at Bei Shaolin Kung Fu. (VBR)*



ing," said Haraway, who launched his very small business in 2012 as an extension of a hobby.

"I felt like there was a real need for quality instruction. I approach it not from a law enforcement or military perspective, but from the perspective of the average person who has concerns and wants to learn how to handle a gun," Haraway said. "It's fun to teach people. I look at this as a public service. It's not a huge grossing business."

Haraway's website allows people to register for his classes. He also offers family and private

instruction. "A lot of people don't have any intention of carrying a gun. The concealed carry course teaches you about self-defense law, and when it is and is not appropriate to use a gun in self-defense." For the handgun basics, Haraway gives meaningful advice on what handgun is appropriate for the clients, given their size and situation. "I've run into people who really needed to know about using a gun."

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*Guests in the luxurious rooms at Indian Ridge B&B never guess that only two people keep the inn running. (VBR)*



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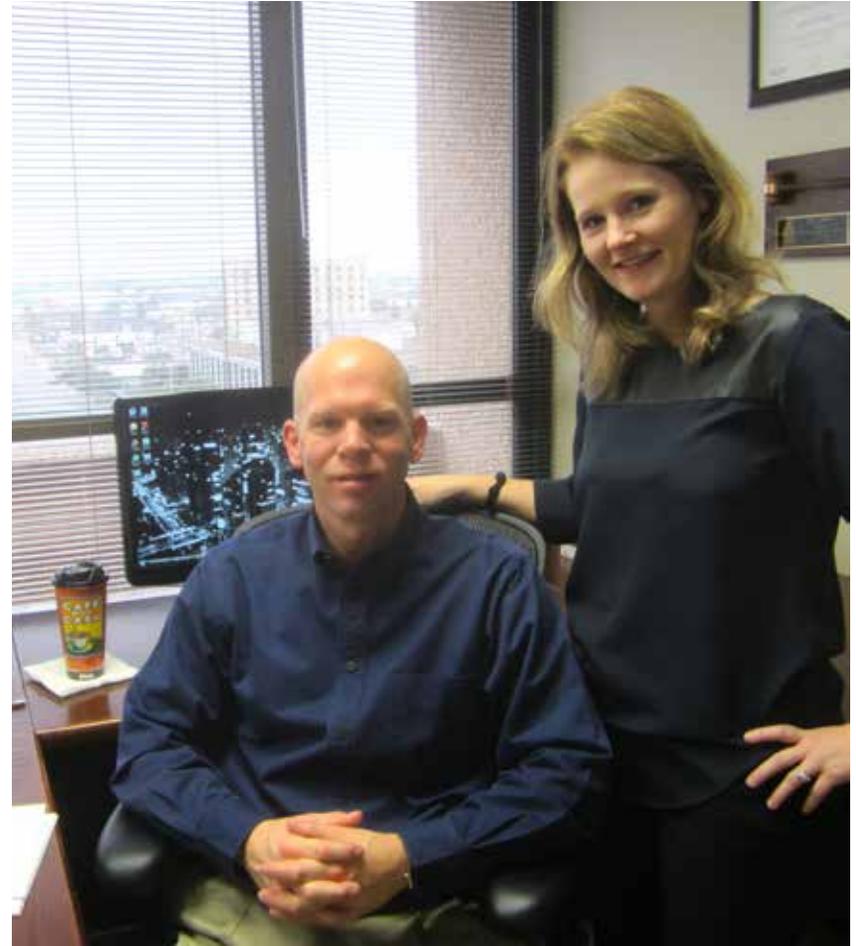
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Suzanne Herzing runs Indian Ridge B&B, which will be spotlighted on the Travel Channel's "Hotel Showdown" in March, with one employee. (VBR)

Matt and Kara Hamby have learned to function as a team at the Harlingen accounting practice. (VBR)



therapist Lisa Porter, contracts with home health and nursing agencies to provide physical therapy to patients Valley-wide. "For us, the benefit of being small is we are able to maintain close relationships with the patients," she said. For four years, she has been able to balance seasonal variations in the demand for therapy with the availability of individual physical therapists she can call as needed.

"It works well. It allows therapists to work for multiple small offices," said Porter, who has no fixed plans to grow her business.

Scott Kimak, who began **Bei Shaolin Kung Fu Center** 20 years ago, knows a similar reason to stay small: "I know all the students and their parents. They are not just a number to me." The business has evolved to include **Xtreme Cheer** and tai chi classes. Now in a more visible location on Business 83, Kimak teaches with his son, brother-in-law and two cheer coaches in rooms filled with tournament trophies.

In February, Kimak began leasing space to a brand new business, **Fourth Quarter Athletic Training Center**. Adrian Cavazos's recent UTB degree in exercise science enabled him to branch out from the family business, First Choice Trucking. For several years, he had led conditioning classes at his church. With the opening of Fourth Quarter, he invested in gym equipment and has formalized the unconventional training which employs kettle bells and other equipment not normally used in gyms to develop strength, agility and conditioning. "I've always wanted to do this and to help people get healthy." He has women's, men's and co-ed classes four nights a week.

For more information, call *Fit In-Home Therapy* at 495-6953; *Fourth Quarter* at 200-6100; *H2O Construction* at 495-6953; *Matt Hamby CPA* at 428-4300; *Bei Shaolin* at 425-2468; *Watters Air Conditioning* at 428-8366 and see *indian-ridge-bb.com* and *licensetocarryllc.com*.

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# El Yaqui: Making a Better Chip

By Eileen Mattei

“You have to have thick skin,” said Rafael Pacheco Jr., co-owner with his father of El Yaqui Mexican Products. “It’s impossible to run a business without it. My dad has thick skin, and nothing stops him. He brings a lot of positives, including faith.”

The Pachecos’ perseverance, business plan and product, a tortilla chip made of high-grade masa and imported Mexican spices, won the first Ruby Red Ventures’ \$25,000 entrepreneur grant in March 2013. They used part of the Ruby Red money to buy the machinery assembly which mixes the dough, cuts it into tortilla chips and then cooks it. “Twenty-five thousand dollars might seem like a lot, but it goes quick.”

The senior Pacheco had been running a meat market and moved into making tortilla chips, when he was slowed down by health problems. His son returned to the Valley, and they went into business together in 2012. “For us to come out with a tortilla chip company, it was divine intervention,” said Pacheco. “I look up to those people who have stayed with it, staying 100% positive through difficult situations.”

*Rafael Pacheco Sr. and Jr. have built El Yaqui’s product line from fresh-made chips under the Totopos brand and tiny and regular size tortillas under the Don Rafa brand. (VBR)*



His father, of course, is one of those people.

“Dad told me, ‘Tell me the problem and we can work on it.’”

Their tortilla chips, sold under the Totopos label, are available in Hidalgo County

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*Rafael Pacheco Jr. hold the mold that cuts tortillas into chips before the are fried at El Yaqui’s factory. (VBR)*

H-E-Bs and other grocers. In late January, Pacheco learned from H-E-B in San Antonio that several Houston H-E-Bs want to carry his products if he can get them delivered to their stores.

Pacheco recalled that, "I've heard no a thousand times. We have had doors closed on us." And now doors are opening. "It's not easy to get into H-E-B. It takes time. But once you are there, you are in good hands. Their professionalism is outstanding. The trust they display for their vendors is incredible."

"The idea with our chips is freshness. There's a big difference," Pacheco said, between Totopos chips and other locally made chips, which are typically made from stale tortillas.

But El Yaqui's owners knew what needed to be done early on. "Demand is up and we keep growing," he said. The company now has two machines making chips and a third that makes tortillas and small taqueras, a product line El Yaqui moved into last year under the Don Rafa label. A fourth machine will be arriving soon at the factory in a Mission commercial park. Tortilla factory equipment throws off a lot of heat, so the crew works at night. They recently stayed until 3 a.m. to fill an unexpected order for an international company that might contract for private label production.

The tortilla market is large, Pacheco admitted, "but it's very competitive. A lot of people from Mexico put in tortilla factories and that brings the price low. But at the end, quality wins out." El Yaqui and Exquisita are the region's only tortilla companies that use the most expensive corn flour sold by Maseca. One of the hardest parts of manufacturing is consistency, he said. But sales growth indicates consistently good products. The level of physical and emotional effort that El Yaqui has required while competing with larger companies surprised Pacheco. But perseverance is paying off, too.

Pacheco believes that supporting local companies generates Valley employment. "There are a lot of businesses in the Valley with a lot of potential, and a lot of people like my dad, who have so many creative ideas."

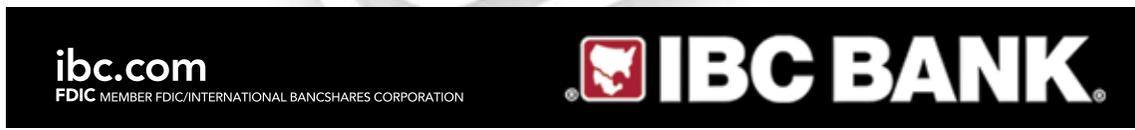
Last year Pacheco encouraged his friend Pilar Gonzalez to enter the Ruby Red Ventures completion. She won first place with her yogurt based DipIt dips and went on to be a winner in H-E-B's Primo new products competition. Now the two have an informal partnership. When she is demonstrating her dips, he provides the chips. When he is providing samples of his chips, she supplies the dips.

For more information, see Totopos El Yaqui on Facebook or call 888-315-9221.



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# Choosing a Recipe for Success

By Eileen Mattei

“Franchising is a model for doing business, a recipe for success,” said Stephen Maeker, who has held director level positions at franchises such as Mr. Gatti’s, Mobile Oil and Jack-in-the-Box. He and his wife own a franchise, and he is an independent franchise consultant.

If you research the 3,000 franchises in the U.S., you will find that not all franchisors are created equal, Maeker told attendees at a SBDC forum. He equated the science used by matchmaking site eHarmony (where he met his wife of 10 years) with the science and matchmaking required to find the right franchise for you. Approximately 99 different industries are covered in franchising with choices ranging from retail concepts such as food, fitness, hair care, medical and automotive to service franchises for home improvement, cleaning, home inspection, education and non-medical home health care.

The advantages of going with a franchise include their proven system which provides the potential for fewer mistakes; name brand recognition and marketing; training and support from the franchisor; tax deferrals and resale assistance. One study found that 90% of

franchisees are still in business after five years, compared to 10% of non-franchise start-ups. Disadvantages include adhering to strict standards and procedures and paying franchise fees and royalties.

Entrepreneurs who like to have things their way are not well suited for a franchise, Maeker said. “You must follow the rules. Ex-military personnel often make great franchisees, because they know the importance of following rules to a T. If you cannot play nicely with others in the sandbox, a franchise might not be for you.”

The Franchise Disclosure Document is the most important element in investigating a franchise, Maeker said. Each FDD, which he called the bible of a franchise business, covers the same 23 items, but the relationships, responsibilities, and obligations set forth in those items vary widely, depending on the franchisor. Key items covered are the Estimated Initial Investment, Franchisor’s Assistance, Territory and Financial Performance Representation, which may or may not include revenue and profit projections. The items delineate the fees and initial investment costs, site location, territory size, restrictions on what a franchisee may sell and where they buy their products, the revenue and profit models of existing franchises, and

Stephen Maeker. (Courtesy)



much more.

One of the first things to look at in the FDD is how much litigation the franchisor has faced, Maeker said. “None is best.” That means the franchisees are happy with the relationship with the franchisor. Another important focus is

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the Initial Fees. “You often see incentives to buy multiple units.”

It’s important to investigate what the franchisor does to help the franchisee get established and stay profitable. Some provide site analysis and access to a national realtor who negotiates with a landlord. “They don’t want you to fail,” Maeker said, and that’s why they set a minimum net worth and liquidity so candidates don’t come in undercapitalized. It deters potential franchisees if a franchisee is unable to make a success of the business.

Typically, it takes two to three months to investigate buying a franchise, Maeker said. In that period, the potential investor/owner should be participating in webinars and conference calls, doing research including a thorough review of the FDD, visiting existing franchises, and asking franchisees if they would do it all over again. He emphasized the importance of keeping in mind that the fit between franchisee and franchisor must be mutual. You cannot plan to go in and change the franchise’s established culture

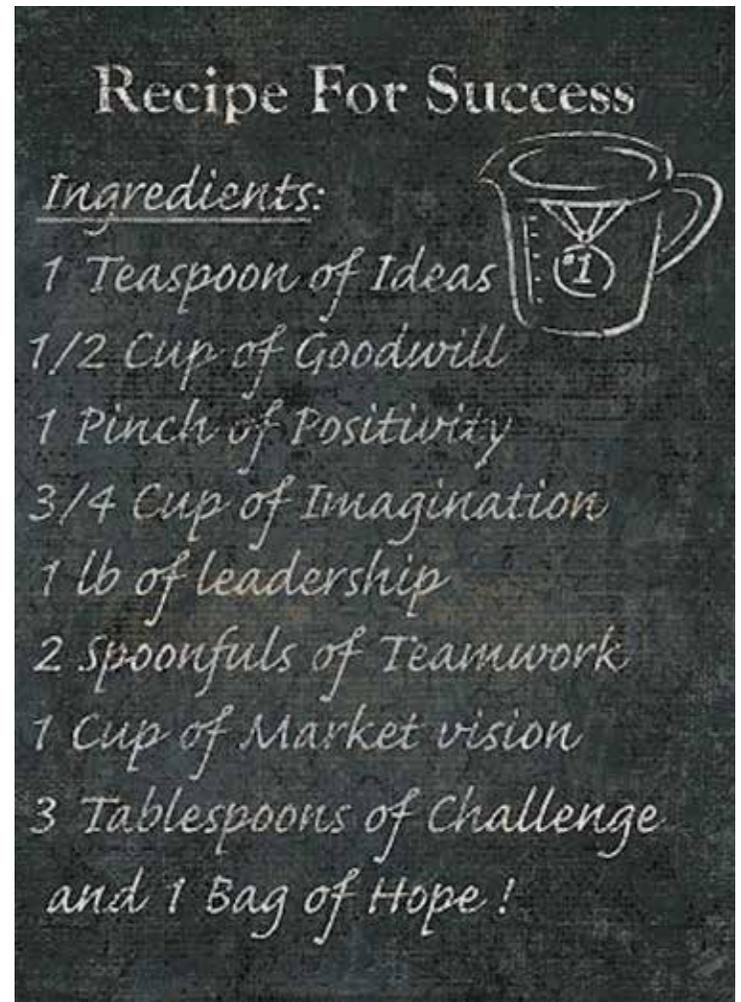
Due diligence and valid questions at this point include how long it takes to break even and realistic sales projections. When approaching existing franchisees, Maeker recommended being respectful of their time and remembering that franchisees can be an invaluable source as you get

your business up and running.

Selecting a franchise should not be left to passion. “I advocate the only way to buy is to educate yourself,” said Maeker. “Often people will make mistakes and buy based on factors other than their core competence.” Like other businesses, you need to identify a need that your franchise will meet. He also discussed being wary of a “lemming effect,” noting that because something is hot today does not mean that it will be tomorrow.

You cannot get into a franchise with only pocket change. Some franchisors offer in-house financing assistance. A strong credit score combined with some liquidity is good for prospective lenders to review. Maeker said franchisees frequently use IRA rollovers to finance their entry, “betting on yourself.” He also suggested SBA funding.

*For more information, see [stephen-maeker.franchise.com](http://stephen-maeker.franchise.com) or call 713-397-4615.*



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# A Conversation With... Danny Boultinghouse

By Eileen Mattei

“Most of architecture is about making stuff up, coming up with concepts. That fits my persona, and it sounded like fun,” said Danny Boultinghouse, principal at Boultinghouse Simpson Gates Architects, looking back on his entry into the field.

After graduating from the University of Texas with a degree in architecture, Boultinghouse worked for an architectural firm in his home town of Corpus Christi. Soon he became a principal in the firm and in 1972, was sent to open a Rio Grande Valley office. He never left the Valley, although he did leave that firm to work solo and with other firms until the formation of Boultinghouse Simpson and Associates in 1990 with John Gates becoming a principal in 2012.

“To be a good architect, you have to have compassion and relate to people,” said Boultinghouse. A sense of informality and humor helps: an E.T. mannequin confronts visitors as they enter the McColl office, and the

conference room is dominated by a full size suit of armor claspng a T-square. There is no sense of star-chitects here, and no impression that the architects are more important than the client.

Boultinghouse explained that architects function in part like translators. “I must see what the client wants to see in their building, so I can show them what it looks like and how it works. I have to get inside their head to find what they are looking for. It’s their building, not mine. They are going to pay for it, work in it, live in it. If the owner is happy, I’m happy. I measure success in satisfied clients.”

“Our niche is unique projects,” Boultinghouse said. “First, because it’s a lot more fun and the challenges are greater. It’s not as profitable as doing every day buildings like K-12 schools, because you are shifting (conceptual) gears on every project.” Their work includes Amara Hospice, the award-wining McAllen City Library in a repurposed Wal-Mart, Temple Emanuel and MOST History in Edinburg. Much of South Texas College’s McAllen campus was designed by the firm, and Boultinghouse values the ongoing relationships with the staff there.

“My strength is the concept: what I think the clients need. I hand it off to more gifted team members, but watch it closely. I don’t have the discipline for details, but I do know to engage people who are smarter and better than I am.” Robert Simpson along with Gates balance concepts and details. “We’re a good team. I have been in the right place at the right time and had a lot of help.” He himself uses an old-fashioned drawing board and a vintage electric eraser to draw his concepts, while the rest of the firm uses Auto CAD 2015 and Revit software.

“We’re equally interested in making a good living and in giving back to the community,” Boultinghouse said. “The architectural profession has an obligation to their communities. We understand planning and what impacts the quality of life. We owe it to our community to offer to get involved. In fact, we like to do community projects. We rarely make a profit on a project like RGV PAWS (an animal shelter and adoption facility), but it’s a feel-good project.”

On a personal level, Boultinghouse has an inability to say no to community organizations. He has received numerous professional and personal



honors and chaired at least eight civic entities ranging from the McAllen Heritage Center to the McAllen Planning and Zoning Commission. He co-founded Leadership McAllen in 1980, and, 34 years later, he is still involved in the program which has exposed about 1,000 individuals to community involvement options. “There are tons of opportunities to take leadership roles in your church and community organizations.” Again, during his service on boards, he has delved into the big picture concepts.

“I’m not a formal person,” said Boultinghouse, happy that a person doesn’t need to wear a tie to excel in the Valley. His office has display boxes filled with projectile points he has found, including one he’s identified as being made about 8,000 years ago. “That’s humbling; to think you might be the first person to hold this in thousands of years.” If he hadn’t gone into architecture, Boultinghouse might have become an archeologist.

“The community now does not relate just to city limit lines. We all pulled together, and it made a huge difference for UT-RGV,” he said. “What’s good for Mission and Pharr is good for us. I sense new energy in everybody, like the sun has come out,” he said. With medical, manufacturing, educational and service sectors growing, businesses across the Valley stand to benefit. Boultinghouse Simpson Gates is among them, and Danny Boultinghouse is ready to design more unique buildings. “I have to have something to do. I’ll be here forever.”

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# Preventing Fraud and Cybercrime

By Eileen Mattei

When the conversation turns to banking, the hot topic is credit and debit fraud, according to Adrian Villarreal at an IBC seminar on cyber liability held at the McAllen Chamber of Commerce. "It is not if it has affected you, but how much. Unfortunately, there are a lot of people out there every day trying to steal, although they are not waving pistols. They commit their robberies through electronic means."

With the role of cash and checks shrinking dramatically in business transactions, all companies are on the front line for cybercrime as more and more revenue flows through debit and credit card transactions.

Approximately one-third of data breaches occur in businesses with fewer than 100 employees. Medical facilities are particularly vulnerable, with 94% having had at least one breach within the past two years. A data breach is the unapproved disclosure of information either through a careless action, such as leaving a customer's information visible on a monitor, or from a concerted intrusion into your system by professional, criminal hackers or a disgruntled ex-employee.

"Companies are responsible for protecting their clients' information, from credit card data and social security numbers to health details, and more," said Harlan Garrett with IBC Insurance Agency. Medical facilities, constrained by HIPPA and the Affordable Care Act, are required to safeguard patients' information. The shift to electronic records, in part, should help to reduce data breaches.

Yet across various industries, breaches can occur when devices do not have data properly erased before being discarded or when employees fail to log off securely after accessing patient information, or when customer data or sensitive data is mailed to the wrong person.

Do you have a policy where no one can work on your computers, point of sale equipment and even the air conditioning unless the boss has notified the supervisor that a specific repair company is coming? Target's massive breach came in through the climate control remote system at one store. Kroger's was breached by a third party contactor. Other breaches have come through credit card sales being sent unencrypted over WiFi.

Security breaches result in bad publicity, charge backs, occasionally fines, and the loss of customers' trust. And there's more bad news: data breaches hit businesses large and small with direct costs. Depending on the size of your company, you may have to pay for credit monitoring service for two years for those whose data was breached. The average cost to

notify about a breach is \$66-88 per person, and even higher for medical. Currently a data breach costs a company \$188 per person in the U.S. Garrett gave an example of a business with ten employees and one retail location which incurred data breach expenses totaling \$190,000 to cover notification and credit monitoring for employees and customers.

While U.S. banks have been using credit cards with magnetic strips for 25 years, European institutions years ago changed to credit cards with microchips and PIN numbers. Microchips make credit cards more secure and the use of PINs prevents check-out staff from handling your card. Today in France, for example, the use of chip and pin cards has reportedly reduced credit card fraud by 80%. In response, the fraud industry migrated from Europe to America since credit cards here still use magnetic strips which are easier to hack. By October 2015, all American banks must have switched to microchip-encoded credit and debit cards known as EMV, for European MasterCard Visa standards. Tied to that shift is another drastic change for businesses.

"If the merchant does not have a reader machine that accepts chip-based cards, beginning in October, the merchant has to assume 100% responsibility for all fraudulent activity. That's a huge incentive for merchants to update their equipment," Garrett

said.

Besides encrypting your files, securely disposing of outdated electronic equipment and reviewing procedures with cybersecurity in mind, one other security backup exists. Cyber liability insurance, Garrett said, covers first- and third-party risks associated with a business's information. First-party risk covers damage done to the business owner, including paying for notifications and credit monitoring. Third-party risk is when someone sues your company because their information was stolen.

Garrett said most cyber liability policies offer an audit to determine if your system and procedures make your company susceptible to hacking. "A lot of people assume if the information is in a computer, it is secure," he said, "but if it is not encrypted, it is vulnerable."

Post-breach under a cyber liability policy, a forensic computer technician determines what records were hacked, under what circumstances, and, sometimes what specific files were copied to an outside source. A policy typically provides crisis management and public response assistance after a breach.

See [ibcinsuranceagency.com](http://ibcinsuranceagency.com).

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# Honi-Do's Sweeten the Home Front

By Lori Vermass

In the Harlingen area, you might glimpse a truck pulling a little black trailer with a charming claim emblazoned in gold across its side. Once again, Jimmy Vasquez, owner of Yur Honi-Do's R-Mine, is hustling to the hardware store for supplies or en route to another minor home repair job. As he discovered after starting the business about three years ago, the Valley certainly offers plenty of opportunities for this kind of work. "Since February 2012, it's been pretty much nonstop for me," said the 56-year-old handyman, who averages about four or five projects a week.

When Vasquez decided to start the business, he was relocating from San Antonio to return home to the Valley. He didn't research the home repair market, taking the chance that doing work that he enjoys, which includes interior painting, mending fences, minor plumbing and dishwasher replacements, and providing good customer service would make all the difference. His first big project involved renovating an entire bathroom, which lies a little beyond the scope of what he normally does.

"I gutted it completely," he said, not only learning more about bathroom renova-

Jimmy Vasquez and his all-important business partner, the little black trailer. The logo design cost him \$500. (VBR)



tion than he anticipated but also establishing a solid reputation with a client perfectly positioned to help him attract even more business: a real estate agent. "She knew a lot of people. I just hit it at the right time."

Next came a six-month stint working on a family's series of projects that involved converting a barn for domestic use. The first job during this project, which Vasquez said was one of his most memorable, included building the framework for a fireplace and installing its insulation. He worked with the customer to build it, who said to him, "We're going to learn how to do this together." After a mason completed the brickwork, the family called him to take a look at the finished product. "They were sitting there in their pajamas. They were so excited. It was a cold day, but you could feel the heat coming out of it. It was so worth it. That's probably the most unique thing I've done in my life."

Vasquez's business was off and running after that family's projects. Harlingen residents saw his trailer and the calls kept coming. That little trailer has proved to be a crucial business asset, his "best advertisement," Vasquez said. "I've seen people looking at it, wives pointing at it while nudging their husbands, like they're saying 'See, this is who we need.'" ("Honi-do's" are odd jobs that a wife wants her husband to do around the house.) He purchased

the vehicle when he started the business, and added the name soon thereafter. "People get a kick out of the name," even though some clients don't initially understand what it means, particularly younger generations. "Some of them have asked me, 'Is it a flower?'"

Dressed in a cap and a long-sleeved work shirt with his company's name, Vasquez evinces a professionalism and conscientiousness that pleasantly surprises clients. "I keep my appointments. That in itself is a big thing for folks. They say, 'You showed up.' I'm also up front and honest with people. I want to treat them like I want to be treated," which includes the way he calculates his rates. He doesn't charge by the hour, but by the project and the materials it requires. "I'm not out to gouge people. I itemize everything." The pricing allows Vasquez's clients to know exactly what materials and labor are involved and how much he will charge them. "I never ask for money up front; pay me only after I've completed the project. So far it's worked out."

Vasquez doesn't plan to expand his business, even though he's discovered that there's demand throughout the Valley for the services he offers. After doing work around Alamo, he was inundated with requests. "I had



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people coming left and right asking for my business card, and if I could come over. There's a lot of work to be done over there. I wish I could Xerox myself six times and do it," but his commitment to providing quality one-on-one customer service tempers those ambitions.

As long as his physical condition holds up, Vasquez expects to continue offering repair services for the next ten years. The prospects look good. The handiwork has so improved his physical fitness that he feels like he's in the best shape of his life since his 20s. "Who needs to go to the gym, when you're lifting cement blocks and climbing ladders all day?"

To contact Vasquez, call 956-202-1300.

Vasquez has meticulously organized the trailer's interior. "I've had so many compliments on it. My livelihood is in there." (VBR)




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# Staycation - Port Tour

By Eileen Mattei

If you missed seeing the massive aircraft carriers Forreстал, Constellation and Saratoga towed to their final berths at the Port of Brownsville, you can still see these behemoths up close. At least three Valley companies offer entertaining cruises of the Brownsville Ship Channel, taking you past the unique ship-breaking yards and the carriers as well as the shrimp basin and marine oil rigs under construction.

I boarded the Osprey at Pier 19 with 31 others, all of us excited about spending four hours on the water and taking a look at the nation's largest ship-breaking hub. Plentiful outdoor and upper deck seating allowed us to bask in the sun, enjoying the salt air and sights, while the large, enclosed and refurbished cabin provided a refuge during cloudy moments.

Christy Atkinson, who sailed for seven years as Pirate Queen Ruby on Port Isabel's Black Dragon pirate ship, provided light-hearted, informative and audible commentary as the Osprey crossed the Laguna Madre and passed through the Long Island swing bridge (the only such bridge in Texas). She chatted about

the Spanish shipwrecks in 1554 which spilled treasure onto the sands, the history of the original and current causeways, and the Gulf Intracoastal Waterway.

Soon we were slipping past the Customs and Border Patrol station and the homes on Long Island

channel cruise passengers get long, close looks at obsolete vessels from aircraft carriers to freighters. The aircraft carrier Forreстал began being recycled one year ago by All Star Metals. (VBR)



toward the monstrous submersible oil

rig, whose tower is visible as you drive into Port Isabel from Highways 100 and 48. Retrieved from the Gulf of Mexico, the mobile driller is temporarily beached not far from the permanently-beached Russian drilling ship and Texas Pack, where Gulf-caught shrimp are sorted and packed.

After the TIFT dock and the wharf for the submarine-pipe-laying ship, Subsea 7, Atkinson pointed out the islets ringed by mangroves and aflutter with gulls, black-necked stilts and herons. Soon the Osprey moved into the Intracoastal Waterway and turned into the 200-foot wide Brownsville Ship Channel, a marine highway 42 feet deep. From this point it is 15 miles to the Turning Basin at the Port. Three shrimp boats with nets raised on trawler arms glided by, on their way to Brazos Santiago Pass and a month of shrimping. Coastal plains bristled with Trecul's yucca and cactus on both sides of the channel. Two dolphins arched through the water and began riding our bow wave.

The Osprey turned to starboard to bring us into the Brownsville Shrimp Basin, the home port of 130 trawlers. We tied up to a dock, where a Zimco spokesman told us about shrimp boats: how and where they catch shrimp and freeze them on board, their crews and equipment. This fervent proponent of domestic, wild-caught shrimp handed over a cooler of boiled, Gulf shrimp for us to sample. Verdict: two claws up.

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Osprey guide Christy Atkinson, right, provided information on the aircraft carrier Constellation which arrived at a shipbreaking yard in January. (VBR)



Trawlers are docked in the Shrimp Basin, just east of the Brownsville Ship Channel. (VBR)



As we continued southwest down the channel, ships filled more of the horizon. Hulks of obsolete freighters awaited recycling into scrap metal. Shipbreakers work from the inside out, removing fixtures like bunks and stoves and hazardous materials, and then work from the top down, Atkinson told us. When the hulk is reduced nearly to the water line, it is dragged into a side channel and winched onto shore as the metal is cut away.

If you saw the Forrestal when she arrived at All Star Metals in February 2014, you wouldn't recognize her now. The superstructure is gone; the deck where planes were catapulted onto missions has disappeared. Atkinson pointed out the boom floating in the water around the ship to absorb and contain spills, leaks and debris. Versed in the ship's awards, she also told about its tragedies, including a fire off of Vietnam that became a lesson of what not to do with a shipboard conflagration.

Reduced to a stained metal shell, the Forrestal still commanded respect.

We came abreast the Saratoga at Esco Marine and heard the clang of metal on metal. 'Windows' were cut into the hull for ventilation and light while the inside of the ship was being gutted.

Further on, Atkinson challenged us to determine if a docked cargo ship was empty or not. "Look at the water line," she said, reminding us of the black stripe that circled the hull.

We pulled near the Constellation, which is the biggest ship to ever enter the channel and the sister ship of the Lexington in

Corpus Christi. Commissioned in 1961, it was deployed to Vietnam and the Persian Gulf. The ship has been the scene for several

television shows, movies and the video "Jet Fighter."

Heading home to Pier 19, most passengers opted to play chalupas in the cabin, while a few preferred to watch the laughing gulls flying in front of the setting sun.

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# The Right Place at the Right Time

By Eileen Mattei

“Hidalgo and Cameron will be the two fastest growing counties in the U.S. between 2015 and 2019,” predicted John Adams Jr. Currently business development manager for Knowledge Engineering at Texas A&M TEEK and a national consultant on economic and industrial development, Adams was the keynote speaker for the NAAMREI Regional Manufacturing Summit. Surging medical, manufacturing, education, transportation, energy and aerospace sectors are creating a regional dynamic that is retaining, attracting and growing companies which are bringing in new, value-added jobs, he said.

“You are on the map. Invite everybody and his brother here and make sure they see what you are doing,” Adams said. “Forget about what is happening across the border, just rock and roll.” A recent FBI report listed Brownsville as the safest of Texas’ 24 metro area; McAllen ranked in the top third.

“Do you realize what you are doing here?” Adams asked. The two counties’ \$4 billion in current infrastructure projects are more than the entire state of Oklahoma is spending on infrastructure.

*Walker Smith and Eduardo Campirano confer during the Manufacturing Summit on the growth their ports are experiencing. (VBR)*



The summit’s morning sessions concentrated on industrial development’s reliance on a strong regional infrastructure: roads, rail, international bridges and seaports.

When a region provides strong infrastructure, development occurs and tax revenues (property and sales) rise. Highway extensions and connecting corridors are well along or scheduled across the Valley. Rio Valley Switching Company has increased signalized crossings.

The Port of Brownsville, the largest land-owning port authority in the nation, is home to the largest domestic fabricator of offshore oil rigs, is the center of the American shipbreaking industry and its Foreign Trade Zone 62 leads the nation in value of exported commodities. Five multi-billion dollar LNG projects are in various phases of regulatory assessment and due diligence. The Port of Harlingen handles 70% of the gasoline products for the RGV and 90% of the fertilizers used by the region’s farmers.

“When the Burgos comes in, it is going to be twice as big as Eagle Ford,” Adams explained, and much of the traffic will be routed through Brownsville. “You haven’t seen anything yet. The companies that develop it are going to treat northern Mexico as if it is offshore.”

Adams, who served as Florida’s secretary of commerce and was involved in Space Florida, said “NASA is out of business. Commercial space (business) is what we have.” Because of SpaceX, the Rio Grande Valley has been featured in every aviation magazine. Technical and manufacturing jobs will be opening up for the private launch facility that is expected to send a Falcon rocket aloft monthly.

“I don’t know if you realize about 1,000 employees are already directly and indirectly in the

aerospace business,” including jet engine refurbishing. ULA, a Lockheed Martin-Boeing joint venture, has built rocket assemblies in Harlingen that have delivered 85 satellites into orbit in the past nine years. NASA has awarded contracts to both SpaceX and Boeing to build and launch space vehicles capable of delivering astronauts into orbit and to the International Space Station.

Additionally, this-shoring, the phenomenon of manufacturers relocating to Mexico and into south Texas, is underway.

Be prepared, Adams said, because all these developments mean that an incredible variety of suppliers and sub-contractors are needed and will be needed for multiple industries: testing labs, automotive and aerospace components, medical gases, office designers, vehicle fleets, HR, packing material, IT, food service and much more, including tourism.

Adams identified the region’s Achilles heel as workforce development. Companies cannot find the people they need. The shortage is not only the absence of technical educational programs, but in getting students to enroll in them. “Manufacturing today is not about labor intensive jobs,” said Norwood Fedie, president of Harlingen Manufacturers Association. “It’s all high tech, unlike what most people here recall. Parents are still concerned that manufacturing plants will close down, move away and the kids will lose their jobs. But this is not your father’s manufacturing era.”

“Little did we know, two-and-a-half years ago,” Adams said, that the businesses in the region would be stepping over the threshold of such an exciting future.

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# Nu-Co: A Record of Perfection

By Eileen Mattei

Gerado (Jerry) Nunez, owner of Nu-Co Tool Inc., has machined eight million parts for Ford and never had a part rejected. "We haven't had a reject in 30 years. I'm proud of my guys working here. I've taught them that you do good work, and you follow the rules." The first tenant in the North Edinburg Industrial Park, he had been a toolmaker for decades before opening his company in Texas about 15 years ago.

Nunez, 75, was an original Winter Texan in the 1940s and 50s, living in Indiana in the summer, and coming south to Pharr with his family to attend school while his father worked vegetables and citrus.

Nunez learned while working various jobs: apprenticing in a foundry, picking cotton, barbering, doing television repair and fixing machinery. In 1963, he began an apprenticeship at an Ohio machine shop. "I've been machining ever since," he said. He earned the rank of toolmaker and learned how to run more machines, how to build machinery from scratch, and how to price his work and sell his services.

In 1980 he started his own tool shop

*Nu-Co owner Jerry Nunez and his daughter Sylvia Nunez-Garcia take pride in the toolmaking shop's reputation for products with no defects. (VBR)*



in Ohio which soon grew to \$1 million in sales.

Nunez became Borg Warner's number one supplier, producing thousands of gears for transmis-

sions. He produced the first 15 transmissions, excluding the housing, for the Viper car. Westinghouse, Grumman, Ford, GM, GE and

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Proctor & Gamble were among the companies he designed and produced tools for. He produced the equipment that made the first patterned paper towel.

In the late 1990s, Nunez opened a machine shop in Alamo, returning to the Valley where he had family ties. The Ohio shop, dependent on the automotive industry and heavily invested in machinery, faltered in 2001. Nunez refused to file for bankruptcy and eventually paid off millions in debts. "I thought it was the end of the world. It was very hard for the family, but we came back," he said. He credited people at his church who, through their support, "showed me the way back." After a brief stint in downtown Edinburg, Nu-Co moved to the northern outskirts in 2004, where Nunez named the industrial park's streets Liberty and Independence.

Despite the setbacks, Nunez said he hasn't gone out to look for contracts in 25 years. "People come to me." While Nu-Co still has automotive customers, his largest customers today are in the mining industry. He also machines parts for the medical industry and pointed out staff working on water meter components. Given his location, it is surprising to learn that only one customer is south of the border.

Early on, Nunez, a straight-forward man, realized that it was important to him to train future toolmakers and make sure they were being treated right. He used similar tactics training his children: he planted 10 acres of tomatoes and had his son and daughter pick them. "I was teaching them what you have to do to survive." Both got college degrees.

Nunez said he has his immediate family and his shop family. "I'm thankful to God for sending me those guys," he said. He believes those 18 men do the work of 45 and they are well paid. Each knows how to do multiple jobs which leads to promotions. Nunez has an uncommon take on priorities. "Your job is number one, then you can take care of your family. You've got to be the best."

Nunez admitted he could have retired long ago, but noted he has cut back to an 80-hour week. "I'm having more fun now. This is my life."

Nunez' daughter Sylvia Nunez-Garcia is the company's chief financial officer and her children work at Nu-Co while attending college. Nunez's son in California runs a machine shop catering to the aerospace industry.

Because Nunez believes his children and grandchildren are not interested in taking over Nu-Co, he has decided on a novel resolution. When the time comes, he intends to turn the business over to his employees. Not the property nor the machinery, but the name,

On the Nu-Co shop floor, Jerry Nunez and two toolmakers check calibrations on a water meter component. (VBR)



the reputation, the customers, he said. "I told them 'I want you guys to wind up having it.' You're not supposed to take it with you, so I won't. I believe we're all like farmers: we sow the seed, watch it grow, then harvest it."

Nunez is a strong proponent of experienced toolmakers and other professionals training the next generation at technical colleges. "You are only as good as your teacher." He believes that without hands-on role models teaching, there are not going to be skilled

toolmakers in the future.

Walking through the clean and well-organized tool shop, Nunez noted one other advantage of having design and build capabilities. His crew was tooling a replacement part for one of their own machines, saving Nu-Co about \$20,000.

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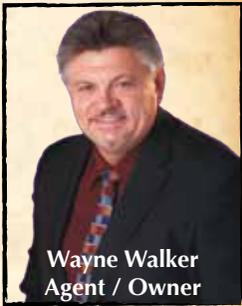
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# Latin American Manufacturers

By Eileen Mattei

The 13 Latin American manufacturers who came to the Rio Grande Valley under the auspices of the U.S. State Department's LA Idea program had definite goals in mind. Some wanted to find suppliers for their businesses; others were seeking an optimal location for a U.S. expansion along with leads to partners; others sought appropriate technology.

Their time in the Rio Grande Valley, split between UTPA and STC, immersed them in advanced manufacturing best practices and additive manufacturing techniques like 3-D printing. They also were introduced to the region's compatible culture and openness to business. South Texas is not only the front door to the U.S. market, but it provides easy access to millions in the Mexican market, Gus Garcia, executive director of Edinburg EDC, told them.

In Chile, Peru, Colombia and Mexico, the business owners are involved in manufacturing pet supplements, mining equipment, a wide range of electronics and software as well as food products. Seminars, tours and networking events provided technical information while promoting import and export opportunities.

*Columbian German Acevedo has developed a wearable airbag for motorcyclists and is seeking a South Texas partner. (VBR)*



"We are hoping they will invest in this area," said

Henry Oh, executive director of Texas Manufacturers Assistance Center at UTPA. "We are very excited and they are very excited."

"At least half of them have real possibilities of expanding in the U.S., while others are still exploring options," said David Fonseca of the Coastal Bend Business Innovation Center, who shepherded the group to the Valley. "Wherever we can, we try matchmaking, to connect them to suppliers. People they talk to here pay attention to them. They feel they can make a difference."

German Acevedo, for one, is intent on finding a U.S. location to produce the wearable airbags he developed for motorcyclists. The former Colombian naval officer, who headed his nation's naval research and development center, came up with the product after realizing that 10 times as many people died in motorcycle accidents than are killed by the terrorist group FARC yearly. With Latin American and European plants producing Airbags, Acevedo had investigated Florida, California and Massachusetts as possible locations and decided against them.

"We have been looking for a place to land in the U.S.A.," said Acevedo, founder, patent holder and chief innovation officer of Airobag, also known as Tech4Riders. "You need a local market to make it sustainable and profitable. You can create a brand, proudly Texan." Texas, he noted, has over 407,000 motorcy-

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clists and each year about 500 of them are killed in accidents. “That’s one in every thousand. That’s a huge problem.”

Acevedo developed the Ai-robag as part of a holistic, smart rider program. The best safety system a motorcyclist can have is the brain, he said. The company’s training program calls its graduates pilots, emphasizes positive elements, discipline and the technology involved in riding smart. The Ai-robag vest is specifically designed so the pilot feels cool and fashionable. The stylish vest lies flat until its ignition cord is disconnected from the motorcycle during an accident. In less than one-tenth of a second, carbon dioxide cartridges inflate the vest to protect the chest, back and neck.

Acevedo said it’s easy to develop an innovative product. The hard part is introducing a product that is brand new. He mentioned the reward in taking a group of young people, training them, graduating them as pilots and returning them to the system. “They change the system.” Motorcyclists in Colombian law enforcement and the military now use the Ai-robag.

“We get two different types of salaries,” Acevedo said. “One is from the company, and the other is when clients call and say, ‘I had an accident, and I wasn’t injured. I want to buy

UTPA engineering professor Jianzhi Li described using a 3-D printer to manufacture a part. (VBR)



another one.”

“Finding money is easy,” said Acevedo, about his search for a Texas partner. “But we are looking for the right investor, a local partner who is motivated by the impact on the market and saving lives. We are not just a company. Our mission is to save lives of motorcyclists.” His company has other innovative products advanced in the pipeline.

And he was just one of the entrepreneurs in-

terested in doing business in south Texas. Fonseca envisions the Valley and Coastal Bend becoming a hub of Latin American soft landings, given the language and cultural compatibility.



Carmen Aracena of Chile and Henry Oh of TMAC at UTPA listen to Manuel Camacho of Colombia talking about locating suppliers. (VBR)

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# In the Spotlight



Top Left: Valley International Airport and Southwest Airlines celebrated their 40th anniversary in February, starting with plane rolling under a welcoming water arch. (courtesy)



Top Right: Brad Patterson and Debra Farst of the Texas Historical Commission presented a certificate of National Recognition to Cheryl LaBerge, Harlingen downtown manager, for annual progress as a designated Main Street community. Since the 1980s, Downtown Harlingen, a public improvement district established to foster economic growth in the historic city center, has gone from abandoned to more than 90% occupancy. Today there are more than 170 businesses and organizations in the 18-block downtown district. (VBR)

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Pictured left to right: Diann Bartek, Ray Cowley, Jeana Long

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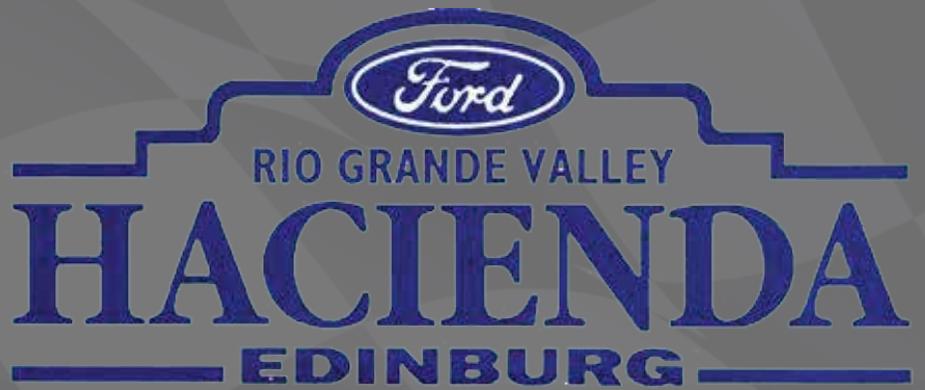
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