

FECIN

FECIN, the symbiosis between members of a family-owned industrial SME

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We knew the way to FECIN, having visited this industrial estate for the same reason a few years back when we interviewed the company Reiner, with whom FECIN shares the same plot. With the sun threatening to beat down, we parked the car in the shade, gathered our things, and set off to learn about the history and business project of this industrial brush manufacturing company.

Three generations of the family

The Endeiza family has lived in Deba for sixty years, although its founder originally came from Mendaro.

- *“After working in a cooperative in Mondragón, my grandfather joined the foundry Fundiciones Endeiza y Cia in Mendaro. There were three silent partners, and my grandfather, who was in charge of the company’s day-to-day running alone, despite only having 10% of the capital. After completing his professional training at Escuela Armería de Eibar, my father joined the business. Everyone thought it was our company. When the partners reached retirement age, they sold the company, and my father and the rest of the staff started working for the new one, which my father didn’t like at all. It wasn’t long before he left his job to plant the seed of what is now FECIN in Deba, where he lived with his family,”* - explains Lourdes Endeiza, second-generation family member and former manager at FECIN.

It was through the son of the Foundry's representative in Madrid that José Endeiza saw an opportunity to be exploited in manufacturing brushes, given there was such a large market to serve. Thus, the entrepreneur José Endeiza alongside Francisco Ortega Puente, father of the market expert Alejandro Ortega Bueno, decided to join forces and create the company. The undertaking of the venture meant investing in machinery and starting to sell brushes. And in 1962, José Endeiza and Francisco Ortega founded FECIN, Cepillería Industrial. The fact that it was a two-partner company did not make it a half-hearted venture. Moreover, on account of what he had learned from the previous experience, José decided to hold the majority of the capital so he could be in charge of the company’s main decisions.

- *“My father was responsible for production, while his partner's son was responsible for sales. As my father used to say, Alejandro could sell sand in the desert. It wasn't long before he obtained part of his father's shares, making three partners, but my father still held onto the majority of the capital,”* - recalls Lourdes Endeiza, second-generation family member and former manager at FECIN.

The two partners had very different profiles. These differences were not only reflected in operational matters, where Ortega's and Endeiza's skills complemented each other, but also in ownership decisions. The Ortegas demanded profit sharing, whereas José Endeiza defended permanent reinvestment in the business. Despite this opposition, José Endeiza never gave in, and the company did not distribute more profit than his partner would have obtained in a normal financial investment.

- *“And so, the years went by with my father working hard in the workshop, and Alejandro travelling and selling. They argued a lot, but nothing serious. They had a great deal of love and respect for each other,”* - recalls Lourdes Endeiza, second-generation family member and former manager at FECIN.

José Endeiza had two daughters. The youngest, Lourdes, was finishing her secondary education at a boarding school in Zumaia. One Christmas, when she was in her final year, her father offered her the chance to return home and start working for the family business. She would only go back to school if the experience did not work out well.

- *“The fact that he offered me a job seemed like a gift. It meant I’d have a salary and live at home; I was delighted to accept. But the truth is that it cost me more than I’d imagined because my father was so demanding,”* - recounts Lourdes Endeiza, second-generation family member and former manager of FECIN.

Lourdes Endeiza became a shareholder in 1975, and after getting married in 1979, her husband, Ignacio Iparraguirre, known as Ina, joined the company to work in the workshop. Although he went on to do very relevant commercial work for the company, these beginnings gave him a complete vision of the business activity. Combined with the skills of his wife, who was in charge of the administrative-financial area, the couple formed a great team, which was reinforced even more by invaluable advisors like José María Olea, whom Lourdes and Ina trusted implicitly and who supported them in difficult decisions.

Despite having dedicated himself entirely to the company, José Endeiza retired without delay when the time came. The business had been his life, but he trusted his daughter and son-in-law and felt it was in good hands. And so, at the age of 68, he retired without any fuss and started doing other things.

- *“When he was in Deba, he used to come every day to walk around the company, though he didn't get involved or interfere in what we were doing; he was there only if we needed him, and to lend support. He even came when he was ill, and when I told him that he didn't have to, he would say that I didn't understand but that he wanted to die here,”* - recalls Lourdes Endeiza, second-generation family member and former manager at FECIN.

José Endeiza, the founder of FECIN, passed away in 1991. In the following years, Alejandro Ortega offered to sell his 30% of shares in FECIN to the Endeiza family, and they finally reached an agreement in 1993, through which the Endeiza family attained 100% ownership of FECIN.

- *“ I’d always wanted the company. From the moment I left boarding school, I devoted my life to it, while my sister chose another path. Although both sides had recommended it, everything wasn’t formalised, but it had to be done when my father passed away. My husband and I wanted the company, which became our family project. However, when I got to the point that I’d been working at FECIN daily for 50 years, I decided it was time to retire. It was because of COVID that I was forced to do so in a somewhat radical way,”* - explains Lourdes Endeiza.

This second generation of the family, consisting of Lourdes Endeiza and Ignacio Iparraguirre, or Ina, who dedicated their lives to building the company, are Amaia Iparraguirre’s parents, the current manager of FECIN, and the third generation of the family. Once she had completed her university studies, Amaia did not know what she wanted to do. Although she had helped out at some fairs in Bilbao and Cologne, it was not until 1998, coinciding with the last year of her law degree, that she started working as an assistant in the administrative-accounting department of the company. Having taken this first step, it was clear to her after a year that her professional career would develop in the family business.

- *“My parents taught me by example. They didn't help me buy a car until I earned a salary to pay for my petrol. I remember that when I joined the company, they didn't give me an office, instead, I had to learn with everyone else, and I was put in charge of organising the files,”* - Amaia Iparraguirre recollects with a laugh.

Figure 1. Three generations of family management at FECIN



Source: FECIN

FECIN is an example of the quiet, deliberate work of family SMEs which, without grand ambitions or upheavals, carry out their day-to-day activities and where profits are constantly reinvested in the business.

- *"We don't have more than this. Everything we have has been and is for the company,"*
- affirms Lourdes Endeiza.

Family values

José Endeiza was a man ahead of his time. He gave his successor opportunities and empowered her so that she could, above all else, take on the management of the company. He was a hard-working and demanding man, both with himself and with his people.

- *"I worked very hard so that he would trust me completely. I didn't want to be seen as merely 'the daughter of José Endeiza'. I wanted to be worthy of the opportunity I had. My father helped me achieve this because he not only demanded a lot from me, but he also supported me, taking me everywhere with him and consulting me on issues as they arose,"* - recalls Lourdes Endeiza with affection and appreciation for her father.

In the family's memories, the company is thought of as another family member, present in the daily lives of parents and children, both on working days and on family holidays, which were always used to visit trade fairs, customers, and suppliers. It is impossible to imagine a day without the company in the family's life. Not to mention if, moreover, there was an exceptional event in the company, such as when a new machine arrived. Moments that everyone celebrated.

The seed of the business took root in the successors and the third generation, Amaia, who, once she had finished her law degree, clearly felt that her place was in Deba, from where she did not want to move, at the head of the family business.

- *"My grandfather had three fundamental qualities that every entrepreneur should have: he was not afraid of work, he had confidence in what he was doing, and he knew how to adapt constantly to new times. At FECIN, we try to follow these same principles which force us to keep changing to adapt to the needs of our customers,"* - explains Amaia Iparraguirre, the current manager and third-generation family member.

In addition to the values inherited from the first generation, the second generation also left its mark. Ina Iparraguirre was not only an ideal partner in battle for Lourdes, but his role was extremely complimentary. His energy, boldness, and optimism pushed the company to take on challenges and make changes without which the business would not have been able to progress. Ina focused on travelling to open up new markets and was inexhaustive in this endeavour.

- *"He would travel every Sunday to wherever he had to be so that he was there first thing on Monday morning. He used to visit all the representatives, who liked him a lot. He was always the first one there and was totally dedicated to his commercial work. The decisions were mine, but it wouldn't have been the same if it hadn't been for Ina's energy,"* - Lourdes recounts nostalgically when referring to her husband.

In spite of Lourdes being the "boss", given that the company belonged to her, she is convinced that she would not have continued without her husband's support. An affable and dedicated man, bold and frank, he was the one who, as well as opening up markets, proposed social advances in the company.

- *"He introduced the shorter working day during summer. He was the one who made improvements,"* - acknowledges Lourdes, second generation of the family business.

Figure 2. Ina and Lourdes, FECIN's second generation



Source: FECIN

Like so many other companies, FECIN had to face the 2008 crisis, which affected it somewhat later in 2012. That year saw the company suffer financial losses for the first time in its history and, in those difficult times, the family put the business project before other interests, giving priority to keeping the company afloat over other alternatives.

- *“The company has never made a large profit, but we have always been able to pay everyone well and on time. Conducting business with dignity and earning a salary for me and the 20 families that depend on the company is enough for me. By doing this, we’re already fulfilling our role,”* - states Amaia Iparraguirre.

These family values of tireless work and commitment to the business project, sustained over time, have undoubtedly generated relationships of trust, both within the company and externally in the market.

Regarding the company itself, it is worth noting that FECIN is a small community, with a total of 18 people in 2022, five working in the office and the rest in the workshop. From its beginnings, the close relationship between the family-management and staff has led to an informal way of communicating, i.e., without an established dynamic of meetings or formal written communication, which speeds up decision-making. Such a dynamic is possible thanks to a close and trusting relationship with management and ownership.

- *“The family has always been there, from the founder, who must have been a workshop person, and later Lourdes, who was always available and was complemented perfectly by Ina, who, although less present due to his commercial work, knew all about workshop matters. There has always been a great deal of trust, proposals have always been well-received, and we’re all aware of everything that happens in the company. The family has always been open to listen to you, and you can feel their trust and closeness, which is appreciated immensely,”* - Josu Gerenabarrena, production manager.

Figure 3. The FECIN team in front of the company premises



Source: FECIN

This trust develops as a two-way process. Inevitably.

- *“We count on a team of highly committed people who work meticulously and conscientiously, people who get involved in dealing with problems, who are capable of changing working hours and coming in at night to load the machines, if need be, so that the orders go ahead. This is a real luxury. We try to recognise it and pay them back by being as flexible as we can,” - Amaia acknowledges.*

In terms of external relations, FECIN's customers are ironmongers and industrial suppliers. The family has always respected its customers, and today, not disappointing the customer comes first, as the company seeks to generate confidence while also improving the satisfaction of the final consumer of its products.

- *“We are a brand that conveys confidence, and we don't want to disappoint. A few years ago, we recalled a batch of products because we were warned by a supplier that there might be a defect. Regardless of the cost, I decided that transparency came first, and although it could have been damaging for us to acknowledge a possible defect that was probably not going to have any impact anyway, we still decided to take a step forward and withdraw the batch from the market. Even though, as it turned out later, it wouldn't have caused any problems.” - Amaia Iparraguirre, the current manager and third generation of the family owners.*

Moreover, it is precisely because FECIN is a smaller company than its competitors, which are either multinationals such as Osborn, Lessman, and Kullen or much larger national companies, that it is more flexible. FECIN's small size allows it to be more malleable, and thus it is perceived as more approachable, creating confidence, and leading to reliable results by being better able to adapt to what its customers require (including providing special services and smaller batches).

Internationalisation, a constant commitment at FECIN

FECIN has gradually developed a highly diverse range of brushes, suitable for a wide range of applications for industrial end users, provided by FECIN's distribution network of industrial wholesalers and hardware dealers.

In the early days, when Ortega was responsible for the commercial area, foreign sales of their products were strongly promoted. Ortega's contact with the market brought the company not only sales but also novelties that were uncommon in the surrounding companies; for example, Fecin had the first fax machine in Deba.

In the second generation, Ina was, in fact, the company's first salesman. It was with him that the international expansion began. Even during family holidays, he took the opportunity to visit trade fairs and factories.

His work was boosted by Toolex, a consortium promoted by the Basque Government, where Ina was a key player. This export group brought together six companies from the sector in the area to develop joint actions in foreign markets.

- *"My husband was among those who travelled the most promoting Toolex. Over time though, we wanted to put someone else in charge of the commercial work, and after different experiences, we found invaluable people who have helped us greatly to develop our place in international markets,"* - recounts Lourdes.

Figure 4. Ina in front of the FECIN stand at an international trade fair



Source: FECIN

Ina's work enabled sales in countries such as Argentina and Colombia, with exports reaching around 15% of the company's turnover in 2005. This percentage has since increased to 40% and has been maintained over the last 20 years with some fluctuations.

Today this export effort continues owing to a team that incorporates the knowledge and skills needed to be present internationally, thus improving how international markets are run in offices.

- *"One of the things that surprised me when I arrived in 2004 was that there was one office, belonging to Toolex, which translated business correspondence into English. The process was very slow compared to how we do it now that we manage the commercial correspondence inside with our own resources."* - Eñaut Berasaluce, commercial administrator at FECIN.

Moreover, it has allowed the formidable work of the previous generation to be maintained and to advance further.

- *"The skills needed have been incorporated, and Amaia represents a generational change. Thanks to all this, we've maintained the markets that had been opened and entered new ones in the Middle East and North Africa, like Morocco, and Tunisia".* - Eñaut Berasaluce, commercial administrator at FECIN.

From automation to digitalisation

From its early years, the company was already equipped with mechanical machinery, something of a breakthrough in the production of industrial brushes that used to be made manually. However, it was impossible to introduce any efficiency-enhancing measures in the first workshop due to its layout and size. These limitations were solved when the family moved their business from the first location to new premises in Itziar. In fact, they were the first company to settle on that site, which was later filled with other businesses.

The move in 1992 was a turning point, with the new plant having sufficient space for production to be organised more efficiently. That was the beginning of the transformation of the entire production process which, since 1992, has been modernised and transformed, reducing manual work and improving efficiency. Nevertheless, the automation and digitalisation process that has continued to the present day has seen its fair share of challenges and obstacles.

"We suffered a major setback when a local machinery company refused to supply us because it supplied one of our competitors. But we managed to get another manufacturer in the area and were able to expand our production. In recent years, though, most of our machines have been purchased from an Italian manufacturer," - says Lourdes Endeiza.

Figure 5: Machinist with a FECIN brush



Source: FECIN

After discovering that manufacturer, the first transfer machine was delivered to FECIN in 2000. Owing to its success, together with all the commercial work, FECIN brushes became highly appreciated and in such demand that the challenge was to respond to it. In those early years, the company invested in one machine per year, and the change was radical, with each new arrival allowing at least a four-fold productivity increase.

In addition to the investment effort made by the owners, the way of working had to be different to control the stocks generated by the new pace of production. The arrival of the first IBM computer was a major event in the company. It was thought that office work would be reduced, but this was far from the case. On the contrary, the work multiplied as they had to code all the references, a task mainly taken on by Lourdes and José Maria Olea.

- *“IT has always been an important area here. The previous generation has made it easier for us to be computerised, as they were prone to incorporating technology right up to the last moment.”* - Eñaut Berasaluce, commercial administrator at FECIN

Thus, transforming the production process required immense effort, with several changes made to the plant layout and the production process having to be digitalised.

- *“When I joined the company, the production process was organised in single-phase operations, i.e., the machines were organised by type, and there was no production process layout as such.”* - Josu, production manager at FECIN.

By 2005, the company was already digitalised to a certain degree having implemented a customised management programme. At that time, it was an ERP whose modules, sales, administration, and production worked independently. Although these elements would not be integrated until 2011, the workshop operations were nonetheless optimised.

The first reorganisation of the plant layout was undertaken in 2007 and the machines were located by process. Investing in automation, redefining the production process, and changing the layout were indeed important, but it was the digitalisation of the plant that has been the most relevant lever in that it provides FECIN with detailed knowledge as to how much it actually costs to produce something or information on its stocks.

- *“The previous generation also took this issue seriously. There was a management information system and another one for production. In fact, they had made a great effort since long ago to codify the entire catalogue, prices, etc. My mother spent many hours on all this,”* - Amaia acknowledges.

Once the workshop had been reorganised, FECIN tackled the process of interconnection, i.e., integrating workshop data with management information. Almost simultaneously, the plant was restructured in 2012 to incorporate machines, the aim being to configure cells where each process could be carried out from start to finish.

- *In 2011, we started working with an IT services company to integrate the production side with sales and administration, which until then had operated alongside each other." - Josu, production manager at FECIN.*

After years of growth, FECIN advanced in the digitalisation of the plant in 2016, computerising data capture and allowing products to be divided into lots and traced. All of this was not an end in itself but was done to improve customer service, the biggest challenge being to integrate production and management efficiently.

- *"When we introduced the automatic machines in 2006, I remember we received a massive order that was incredibly stressful, but we went for it and tried to meet deadlines. We had no experience whatsoever with such a large, customised order. It was tough for us, but the reward of being able to do it was tremendous. There's been an evolution; today, we're much more prepared to face challenges, and it's thanks to digitalisation that we are better equipped to tackle these challenges." - Josu, production manager.*

Brand image in the face of increased pressure from the business environment

The company finds itself in an increasingly complex environment. Competitively, FECIN has always served its customers within 24-48 hours, with all this implies in terms of planning and stock. Meanwhile, supplier deadlines have lengthened, leading to a difficult puzzle to solve.

- *"On the one hand, the end consumer is becoming more and more demanding, while on the other hand, the intermediary is taking fewer and fewer risks and passing them on to us. Coupled with the risk of lack of supply, all of this makes the puzzle increasingly difficult to solve," - Amaia points out.*

This situation has had an impact on the company's profit and loss account, which has seen its margins shrink over the last decade. Profitability can be affected by different factors, like external issues, as in the 2010 crisis, or when costs have to be assumed for matters such as traceability and certifications, which are demanded by the market. Finally, customers are working with less and less stock, and the haphazardness of the customer, previously mitigated by the intermediary, is now transferred to the manufacturer. All of which amplifies uncertainty while reducing the company's profits.

- *"The company has changed a lot recently. Since 2010, the profitability of the business has gone down. Matters that didn't need resources before now need them, leading to high expenses. Everything is more complex now,"- reflects Lourdes Endeiza.*

Figure 6. Two types of FECIN brushes



Source: FECIN

The investments mentioned above in automation and digitalisation have helped FECIN prepare itself to become more profitable and handle larger orders in the future. A future where FECIN wants to play a leading role and mark its identity through its products. Whereas it once manufactured brushes, today, it produces FECIN brushes, i.e., with its own name and image, a guarantee of the company's product and service.

- *“A controlled recklessness is always good; otherwise, there would be no changes. We've taken the plunge and have just changed our corporate image. It's an important step, as it reinforces the brand, which is great.”- Josu Gerenabarrena, production manager.*

What is in store for tomorrow?

The year 2022 saw FECIN celebrate the 60th anniversary of its founding in 1962. Due to the efforts of these three generations and the community that formed around the company, FECIN is now a third-generation family business. Moreover, it is one of the leading Spanish companies in the industrial brush sector, with its brand present in more than 50 countries worldwide.

- *“A company is not just about numbers, but everything it can do. FECIN changes and evolves because its people and the environment in which it operates change. We have to constantly review our vision and business criteria to keep moving forward.” - Josu Gerenabarrena, production manager.*

Figure 7. The FECIN team celebrating



Source: FECIN

The company as a whole learns from experience, both from their failures and successes, such as when they received that massive order and managed to deliver quality products on time, thanks to the involvement of the entire FECIN team. That challenge taught them the limits of their capacity, and today, they would know how to assess their offer, but it is also proof that their strength lies in their unity and commitment.

- *“You make an effort, and then you’re rewarded for it in that it’s recognised and compensated for. If this weren’t the case, it wouldn’t work. If you always gave and got nothing in return, it would be impossible.”* - Josu Gerenabarrena, production manager.

Figure 8. The FECIN team at the company's 60th anniversary celebration



Source: FECIN

No company moves forward without the involvement of its members. The future of FECIN is in the hands of its members, who today have more autonomy than ever. It is a time of growth and opportunities for both the non-family managers, who already have a broad background and have integrated the principles and values of the family, and for the family, who continue to lead the business. Together they are defining the direction of this industrial SME, which must deal with challenges it has never faced before.

Today, proud of its history, FECIN has introduced itself onto the market with a refined identity and a perfected product which are its best weapons to conquer the new generations of distributors and industrial suppliers.