



## **Mercedes' Key Move: *Making Suppliers Feel Like Partners***

Name: Mercedes LaPorta

Age: 50

Company: Mercedes Electric Supply Inc.

Location: Miami , Florida

Year Founded: 1979

Initial capitalization: \$15,000 from proceeds of home sale

2004 Revenues: \$20 million

### **Mercedes' Story:**

Stripped of everything by the Castro regime, Mercedes LaPorta's family moved from Cuba to Chicago in 1960, and it took her father nearly a decade to amass enough capital to open a little grocery store. But Dad's grit inspired his daughter to become an entrepreneur when she grew up.

From the get-go, she learned quickly from what life brought her. At the age of 23, while working in marketing for A&P grocery stores in Hispanic neighborhoods around Chicago , she helped A&P deal with a local Mexican boycott of their stores. She sat down on the other side of the negotiating table from none other than Jesse Jackson. "I knew at that point I could hold my own in a lot of situations," Mercedes says.

Shortly thereafter and ready for running her own business, Mercedes moved with her husband to Miami for an opportunity to open a Sylvania distributorship there. "We stuck every dime we had into our first truckload order of Sylvania lamps," she says.

A quarter-century later, Mercedes Electric has \$20 million in annual revenues, 43 employees, more than \$2 million in inventory and a fleet of seven vehicles. And the company is only now starting to break into the corporate market in a big way.



### **Making Suppliers Feel Like Partners**

From the start, savvy Mercedes realized that it would take far more than her status as a minority-woman owner to build her company to the scale she wanted. At least as important was her philosophy about suppliers: By selecting the right ones and demonstrating loyalty to them, Mercedes believed, she could garner lots of advantages.

First, Mercedes had to pick the right partners. As she was trying to build her fledgling business, she decided that she could only afford to work with dependable industry leaders, such as Sylvania , for lamps and other goods, and Square D for vital industrial commodities such as plates and outlets.

Then, Mercedes determined to “single-source” her relationships with almost all of these suppliers. “In 26 years, I’ve carried only Sylvania lamps,” Mercedes says. “And South Wire has been my only wire supplier. They’ve been my vendor for probably 24 years.”

Don’t overlook the boldness of this particular Key Move: In the distribution business, almost every company adopts a strategy of multiple sourcing so that it doesn’t become too vulnerable to control by – or disruptions at – any one supplier. But Mercedes was crazy like a fox: She knew that as she grew, she would obtain significant leverage as a prime customer of these suppliers as long as she demonstrated allegiance to them.

“I’ve stayed important to Sylvania ,” she says. “We’ve gotten to know the president and vice president of Square D. I just went to one of their key-management forums in Palm Springs and had dinner with them. So I’ve got relationships that I’ve developed not just with the sales guy who calls weekly but also with higher-up people. And that’s what has kept them from taking us for granted.”

So, if Mercedes can’t seem to get through the thick skull of a local rep over a pricing or inventory issue, “we won’t hesitate to call the president” of a supplier. These relationships also have helped Mercedes obtain big extra discounts from suppliers when she’s aiming to win a major school-board or commercial supply contract.

If she hadn’t adopted her partnership strategy, Mercedes believes, “I couldn’t have competed with the national distributor chains. This is such a competitive business, with such low margins, that I feel that I wouldn’t be in business today.”

## **Mercedes' Bonus Insight:**

From the start, Mercedes knew how to take advantage of any edge she could find. At a time when few American small businesses tried to export, she managed to make sales throughout Latin America , where her brother represented Sylvania . And in an era when few women—especially from ethnic minorities—owned businesses, Mercedes didn’t hesitate to capitalize on her rare status.

“I became certified by the government as a disadvantaged woman and won the lamp business for the Miami-Dade School Board, which is one of the largest districts in the United States ,” she says. “The first year that contract was worth a couple hundred thousand dollars in lamps, which for a business our size was substantial.” My advice is to take advantage of whatever edge you can find.



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