

## **LOAIZA FAMILY VALUES**

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Although he had several weeks to prepare before coming, Omar Loaiza was visibly nervous as he scanned the students' expectant faces in the introductory entrepreneurship class. The retired owner of the Loaiza Family Holding Company, Omar wondered how he could help the students understand what it was that had allowed him to overcome many of the obstacles he had experienced in his life. Should he begin by talking about working in the family's leather factory? Or with the theft of money that led to the creation of the Society of Friends cooperative? Omar worried there was no way he could properly convey whether his personal attributes, ingrained habit of viewing problems as opportunities, or his Colombian values were what had led him and his family to move forward under challenging circumstances to create the Loaiza Family Holding Company. He decided that, after sharing some of his life story, he would ask the students to assess the relative importance of these factors to his family's success.

### **A Rural Colombian Upbringing and Family Values**

Omar Loaiza, the oldest of nine children, was born in 1953 in rural Sonsón Antioquia, Colombia. His father initially ran a small candy factory out of the family's home but subsequently moved everyone to Madrid Cundinamarca, a little town 21 kilometers from Bogotá, Colombia, where

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The authors developed the case for class discussion rather than to illustrate either effective or ineffective handling of the situation. The case and its accompanying instructor's manual were anonymously peer reviewed and accepted by the *Journal of Case Research and Inquiry*, Vol. 5, 2019, a publication of the Western Casewriters Association. The authors and the *Journal of Case Research and Inquiry* grant state and nonprofit institutions the right to access and reproduce this manuscript for educational purposes. For all other purposes, all rights are reserved to the authors. Copyright © 2019 by Monika L. Hudson, Maria Del Pilar Gomez Vallejo, and George L. Whaley. Contact: Monika L. Hudson, University of San Francisco, 2130 Fulton Street, San Francisco, CA 94117, [mhudson@usfca.edu](mailto:mhudson@usfca.edu)

he thought there might be more business opportunities (see Exhibit 1 for a map of Sonsón Antioquia, Colombia). Here, Omar's father established a leather goods factory, consisting of a sewing machine and 5-6 employees producing suitcases and briefcases. All of the family's children – no matter how young – helped with production. If the children's hands were too small for other tasks, they were given glue sticks to attach hardware to the leather materials.

### Exhibit 1. Map of Sonsón Antioquia, Colombia

Source: Wikipedia



As part of the class discussion, Omar talked about how the children sacrificed play to work in the factory. He indicated that learning how to defer gratification at such tender ages helped the family develop a strong work ethic, an interest in learning new things, and financial discipline, with a strong emphasis on working together. He pointed out that he and his younger brother Mario emerged as the family's business leaders, leveraging different skills. Mario had an engineering degree, liked to "think outside the box," and stressed risk-taking, problem-solving, and sharing. As the older brother, Omar indicated that he was the one with planning and implementing skills. He said he felt his self-direction and achievement orientation complimented his brother's creativity and openness to change and, as a result, he became the

family's key business decision-maker. Finally, Omar noted that the social commitment of the entire family assured that they reinvested in their community as their ventures grew.

As students questioned Omar about how he guided the various ventures to success during his formal career (as outlined in Exhibit 2), he reiterated that he felt moving forward was always a necessity, not a choice, and he knew he could always count on his family.

### Exhibit 2. Loaiza Family Key Events Timeline

Source: Authors' notes

Year	Key Company Events
1953	Omar Loaiza was born in Sonsón Antioquia, Colombia, the oldest of nine brothers and sisters.
1972	The Society of Friends was formed, using savings from the Loaiza family's manufacturing venture as well as savings from other community members, after the family's original savings were stolen.
1975	Madrid Transport Society Juan XXIII SOTRAM S.A was formed by Omar and his family together with fellow community car owners to provide public transportation in the rural areas where they lived.
1983	Industrial Division Ayicar S.A. was founded to manufacture the first bus to supplement the transportation services provided by the Madrid Transport Society Juan XXIII SOTRAM S.A.
2006	Fuel Service Station Sotram S.A. was established as a service station to supply fuel to the Transport Society's vehicles.
2006	The Intermunicipal Transport Terminal was created and used to purchase a parking lot to centralize Industrial Division Ayicar bus storage; purchase financing was provided by traditional bank loans.

### A Favorite Story

Omar decided to share one story from his experiences to demonstrate how he and his family began their transportation services in response to both a family and community need. He noted that *The Society of Friends* saving cooperative had hired a bus to take people to a party in the town of Madrid, about three hours from where they lived. They left their village early in the morning and arrived around 10:00 a.m. to help prepare for the event. However, at about 2:00 p.m., the bus driver told them: "*Listen, I'm leaving, because I have to be in Bogotá at 6:00*

*p.m. and I need to take you back and then get there."* Omar's dad got visibly upset and said: *"This is wrong, but we have to leave because otherwise we do not have any way to go home."*

As they returned to Sonsón Antioquia, the savings cooperative members decided, *"We must buy a van."* Omar replied: *"A bus, not a van. We're going to buy a bus."*

When they got back, cooperative members realized they actually did not have enough money to purchase a bus. However, after some thought and many conversations, Omar, his family and their friends decided that the best way to respond to this problem was to invite owners of private cars, that in many cases were old and dilapidated, to be part of a transit association. The new firm, which became SOTRAM, S.A., began transporting villagers to surrounding areas. Mario and Omar met with the owners of the vehicles (which were also called *"pirate"* cars) and said: *"Let's work together. You have cars, we also have some, then you can rent or lend us yours, whatever you want."* Omar pointed out that the creative characteristics his family and neighbors displayed in forming the transit operation was just one example of how the collective managed to *"turn lemons into lemonade."*

### **Formation of the Loaiza Family Holding Company**

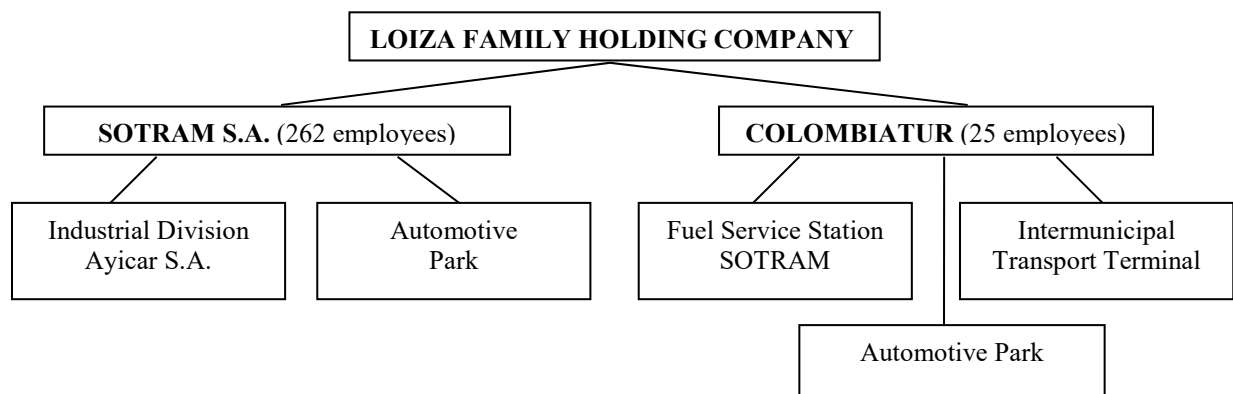
As their empire began, the family invested their leather factory earnings into *The Society of Friends* savings cooperative, which was formed after the family's savings had been stolen from a previous financial cooperative. Omar's father served as the family's investment adviser and their mother was the new cooperative's treasurer and secretary.

The various Loaiza businesses were created as the company continued to grow or when specific family members saw key community needs that were not being met. The resulting enterprises usually began informally, and business plans were not developed until there was a need for expansion financing, as was typical in this region of Colombia.

The *Society of Friends* savings cooperative ultimately became SOTRAM, S.A. From 1972 to 2006, the family used funds from SOTRAM for the subsequent development of a bus factory, two fuel service stations, a municipal and inter-municipal bus terminal, and a regional transportation business. Over the years, Omar reorganized each business unit into a consolidated holding company (see Exhibit 3).

### Exhibit 3. Relationship Among Loaiza Family Ventures

Source: Authors' notes



When the Bus Factory was developed in 1983, Omar inserted a new firm, Industrial División Ayicar inside SOTRAM, S.A, alongside the Automotive Park venture. When the Fuel Service Station SOTRAM was created in 2006, a new Automotive Park and the Intermunicipal Transport Terminal was developed, and all three ventures were organized inside a company that was renamed Colombiatur.

**Exhibit 4. Omar Loaiza**

Source: Omar Loaiza, A link to photos of SOTRAM can be found at [SOTRAM, SA](#).

**Conclusion**

Students learned even though Omar and his family did not have well-developed business plans prior to moving forward with their enterprises, they never gave up! In his presentation, Omar discussed family values and behaviors from across his entire career that he felt helped turn what might have been problems into opportunities, resulting in the businesses shown in Exhibit 3.

In the end, he asked the students if they thought his personality, style and business behaviors matched those of successful entrepreneurs and entrepreneurial concepts they had learned in class. Specifically, he wondered aloud, was it something special about him, his family or the Colombian culture that made their ventures successful or could anyone do what he and his family had done?



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