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Interview no. 1517

Miguel Guerra

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THE UNIVERSITY OF TEXAS AT EL PASO INSTITUTE OF ORAL HISTORY

Interviewee: Miguel Guerra

Interviewer: Manuel Sanmiguel

Project: Hispanic Entrepreneurs Oral History Project

Location: El Paso, Texas

Date of Interview: February 4, 2009

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Transcript No.: 1517

Transcriber / Summary: Daniel Santana

Miguel Guerra describes his background as a native of El Paso and how he established his practice, Total Orthotic and Prosthetic Solutions, Incorporated. He was born in El Paso on May of 1969. While his mother died when he was three years old, he lived with his father who was a self-employed renter of six apartment units. His father's business endeavors encouraged him to become his own boss; he was also weary of experiences working for managers at fast food places such as Jack in the Box, Weiner Schnitzel, and Baskin Robins. Working at Baskin Robins, however, allowed Mr. Guerra to meet his future employer, Michael Martinez, a patron who often conversed with him and owned his own medical practice. Guerra went on to work for Martinez under the condition that he would one day take over the company. Unfortunately, their deal was verbal and not written. Martinez's untimely death left his practice deeded over to Martinez's wife, which provoked Guerra to start his own practice. Mr. Guerra's company provides orthopedic braces as well as prosthetics for amputees; He discusses the various obstacles of starting the practice, such as engaging in the long process of attaining funding, contracts, and constructing a building. He sees his business continually thriving due to increased demand despite the pressures of the 2004 economic recession. His wife, Susan Guerra, has also been essential to maintaining the business due to her expertise in handling paperwork for contracts. His customers are described as mostly the geriatric population as well as diabetics. His company has been recognized as a business of the year and is in the process of hiring another practitioner. He has been involved as a member of the El Paso Hispanic Chamber of Commerce and foresees a positive business environment for future entrepreneurs.

Length of interview 48 minutes

Length of Transcript 21 pages

Name of Interviewee: Miguel Guerra
Date of Interview: 4 February 2009
Name of Interviewer: Manuel Sanmiguel

This is an interview with Mr. Miguel Guerra on February 4, 2009 in El Paso, Texas. The interviewer is Manuel Sanmiguel. This interview is part of the Paso del Norte Entrepreneurs Oral History project. Mr. Guerra, when and where were you born?

MG: I was born here in El Paso in May of 1969.

MS: Where did you grow up?

MG: Here, in El Paso.

MS: Can you tell me a little bit of information about your parents? What did they do for a living?

MG: My mother passed away when I was three years old, and my father was self-employed. He had some rental property that he ran.

MS: Can you tell me a little bit more about this activity by your father? What kind of property?

MG: He had six apartment units that he would rent.

MS: And how did he come about getting those?

MG: He bought them.

MS: And he just rented them out, right?

MG: Um-hm.

MS: Can you tell me a little bit about your education?

MG: I graduated from Jefferson High School in 1987, here in El Paso, and then I went to University of Texas at El Paso, and I received my Bachelors in Business Administration in 1992. And then from there I went into the prosthetics and orthotics program at UT Southwestern Medical School in Dallas, and I graduated from there in 1996 with a Bachelor of Science in prosthetics and orthotics.

MS: What language was spoken at home during your childhood?

MG: Mainly Spanish.

MS: Did anyone in your family operate a business, other than your dad?

MG: No, sir.

MS: Do you feel that your dad's experience influenced you to start your own business?

MG: Yes, in a way, because by him being self-employed or running his own business, it gave him a lot of freedom as far as who he dealt with and just the business part of it, not having to answer to anybody. He was his own boss and I liked that because I worked for other people, and I had part time jobs, and bosses can be pains once in a while. It depends who the person is. Well, I worked at fast food restaurants and most of the managers, there, they like to push people around, and that left a bad taste in my mouth. Kind of like, I'm the manager and that type of thing.

MS: What fast food restaurants did you work for and when?

MG: I don't remember the dates, but I worked at Jack in the Box. I worked at Wienerschnitzel. That was it. Those were the main two. And then for five years, I worked at Baskin Robbins ice cream store.

MS: Here in El Paso?

MG: Yes. Here in El Paso.

MS: While you were working and studying?

MG: Yes.

MS: What is the present name of your company?

MG: It's Total Orthotic & Prosthetic Solutions, Inc.

MS: Can you describe your business? What's the number of employees? What is the product and service that you offer?

MG: We have seven employees. Sorry, I had to count. And we are in the healthcare field. We provide all kinds of orthopedic braces for the human body, external braces like on appendages and the torso. And then we also provide artificial limbs for amputees.

MS: How old were you when you decided to start this business?

MG: I was thirty-five. Thirty-four.

MS: And what kind of experience did you have in this area?

MG: Well, I had already been working here in town at International Limb & Brace as a practitioner, and you could say I learned the ropes there.

MS: How long were you working at International Limb & Brace?

MG: I worked there six years.

MS: Why did you decide to go into business for yourself?

MG: The company where I worked for, the gentleman that owned that business, he was the one that kinda got me started in this field, and there had always been a gentlemen's agreement that I would come back here to El Paso and work for him after school. And then he had always mentioned to me that his goal was for me to take over his company. But unfortunately, he passed away unexpectedly due to cancer, and then his wife took over the business, and the way she was running the business and her overall treatment of the employees, it was just a very poor work environment. I had planned to run that business and make it my own eventually, either by buying it, partnership, what have you, but after he passed away and she took over, it just wasn't working out. I didn't know what the future held, so that's when me and my wife decided to just go for it and open the business.

MS: Did you work for her?

MG: For who?

MS: The wife?

MG: Yes.

MS: How long?

MG: It was about a year.

MS: Let's get back a little bit – International Limb & Brace. What was the name of this person that got you started?

MG: Michael Martinez.

MS: Michael Martinez. And where did you meet him?

MG: At Baskin Robbins. He was a customer.

MS: He was a regular?

MG: Um-hm.

MS: And how did this gentlemen's agreement come about?

MG: When I met him at Baskin Robbins, one day I just asked him what he did, and he told me and I really didn't think much about it, but then every time he would come in, we would speak and he would bring up, again, his career and so forth. He basically started telling me he was looking for somebody to train and so forth and that caught my attention. One day, he invited me to come over and I looked at his facility, and it caught my attention. And then he offered me a part time job there, and I took it and then I just started growing into the field, into the business there. And I finally quit Baskin Robbins and I worked for him because he was flexible with my school hours and all that. Once he started seeing that I was interested in the field, he started telling me that he had been looking for somebody to take over the company because he was sixty-five, sixty-four, around there, and he wanted to retire. So he said, "I want somebody to take over the reins of the company." He had told me that once I got certified and came back that he would want me to be a partner and eventually run the company. He explicitly – there was nothing in writing, but he always told me I'm a handshake kind of man, and I'm a man of my word. So that's the way it was. Unfortunately, he passed away and then I guess his word went with him.

MS: Just so we're clear, you were working at Baskin Robbins while being in college as well, right?

MG: Yes, sir.

MS: And then you started working for him, and at the same time, you were pursuing your degree?

MG: Yes.

MS: And once you got your Bachelor's in Business Administration, you continued working for him?

MG: Yes.

MS: And then you went to UT Southwestern, and then came back working for him, as well?

MG: Yes. That's what the agreement was. He helped me with school. He paid for some of my tuition and so forth, and the agreement was that I would come back to work for him.

MS: Once you had gotten your certification?

MG: Right.

MS: Let's talk a little bit about the funding for the startup costs of this company. Did you need any funding?

MG: Yes. We had some cash on our own, but we knew that it wasn't enough, so the main source of the funding was an SBA loan.

MS: Can you go into detail about this loan? What were the terms? How did you come about – did you receive counseling?

MG: The first thing is that we approached the SBA and we asked them what it would entail to acquire a loan, and then they gave us the application, and they told us what we needed to do. The first thing was we had our business plan. We wrote up a business plan and presented it to them, and explained to them how much money we would need to start up. Once they reviewed our application and our business plan, then, I guess, they liked the idea. They work with banks here in town, several banks, and we had already done some work with Bank of the West, so they worked in conjunction with them for the loan. After we received the loan, they pretty much, for the first two years, they were really strict on – we had to give them quarterly reports to see how the business was going and so forth, and just to keep tabs on how the business was doing. Then we started monthly payments on the loan.

MS: And was it enough?

MG: Yes.

MS: Did you ask for any other loan before or just that one?

MG: We did borrow some money from some family, but the bulk of it was of the bank.

MS: Whose family? Yours or your wife's?

MG: My wife.

MS: Your wife's. Did you use any collateral?

MG: No. No, not really.

MS: What major obstacles did you encounter during the startup phase of your company?

MG: The major obstacles were first getting the building set up, just remodeling the building to the needs that we needed, the patient rooms and so forth, so that was a cost. The other thing was getting our Medicare number and all our insurance contracts because we had nothing, so we had to start from scratch. The good thing is that I always established here in the community and our patient referral sources pretty much just kept sending us work, patients. But the hardest thing was setting up probably the insurance and just waiting to get on insurance lists so we could provide services.

MS: Have you always been at this location?

MG: Yes.

MS: Did you have any technological issues to deal with at the beginning?

MG: No, not really.

MS: Can you tell me about the initial reaction of the community when you opened your business? How was it? Was it acceptance?

MG: Everyone was very supportive, especially all the physical therapists that I work with, and doctors, and when I told them that I was going to open up my own place, they were very happy for me. They were very supportive.

MS: How many years has the company been in existence?

MG: March of '09 will be five years.

MS: And how did you determine the need for this business?

MG: Since I was already working in the field, I knew that there was a need for it. At that time, there was only, I think, two other facilities here in town. Knowing my competitors, I knew that there was a need for better services.

MS: Can you describe the economic conditions in the region when you started your business?

MG: You mean like in the United States or just right here in El Paso?

MS: Right here.

MG: At that time, in '04, the economy was doing well. All the problems that are happening now with the real estate market and with homes, business that are going under – in '04, the economy was strong. I think that being in the healthcare field, it's very different from being in other fields because regardless of the economy, patients need the services. Patients need artificial limbs. They need braces. So, it's like a doctor. People are gonna continue to get sick. Where we have seen an issue is that because of the economy, the costs of buying what we need has gone up a little bit. But for the most part, we've been very blessed and fortunate that we're in this field, the medical field.

MS: What factors help your business grow and expand through the years?

MG: I think the main factors was that I had already established a very good relationship with our referral sources, the doctors and physical therapists, and they were already familiar with our quality of work and patient care. So we've just continued to strive for that, to provide the best possible care for the patients, and the people that we work with, doctors, therapists, they take note of that.

MS: How did you establish such a good relationship with them?

MG: This business is a people business. It's developing a rapport with patients, therapists, doctors, as far as being trustworthy, providing the best quality that you can. Several of our competitors, all they're concerned about is the bottom line. That is very important to any business, of course, but that shouldn't be your focus. The focus should be to provide the best possible care or service, and then the bottom line will come, in my mind. That's the way I see it.

MS: Which years would you consider would be your best financially?

MG: Probably last year.

MS: Why?

MG: Since we opened in '04, our sales have been growing steadily. Last year, we've done the highest sales so far. We've been paying off our debt, the business loans __ (??) and that, so that's why I consider last year our best year.

MS: How did it differ from other years? What did you do differently?

MG: I think the main thing is that initially we had debt. We had the loans, and we were using some credit cards, so we had all that to pay. And now that we've kind of waded through that, you kinda get that monkey off your back, and the sales have been steadily going, and then when you eliminate debt and overhead, you make more profit.

MS: What have been your disappointments?

MG: There really hasn't been a disappointment other than I knew that starting a business, and having a business, would be a lot of work, and that comes with it. I

regularly work very easily anywhere between sixty and seventy hours a week, so that takes time away from my family. So there is a compromise. It bothers me, but now we're actively trying to recruit somebody to come help, so that I can have more free time and spend more time with my family, and do other things. But it just comes with the territory. When you have a business, it takes a lot of your time.

MS: What role has your family played in the growth of your business?

MG: Extremely important. I mean, my wife is my partner. She basically is the business manager. She takes care of all the insurance contracting, the day-to-day operations of the office and so forth. And then my family has always been extremely supportive, especially her. She helped us. When we first started setting up the business, she was a fulltime nurse, and she did a lot of the backstage scenes of getting everything arranged and meeting with the contractors that helped us remodel the building because I was still working at the other place.

MS: At International?

MG: Um-hm.

MS: Have you transitioned your business to include other family members?

MG: No.

MS: What do you think has contributed to your success?

MG: I think the main thing is that I love what I do. You've always heard that if you enjoy what you're doing that you will be successful, no matter what it is, and I truly believe that. If all you're working for is money, you're gonna be miserable

because you're not gonna be a happy person. You may have money, but you're not gonna be happy and that affects your performance.

MS: What challenges have you faced growing your business as a Hispanic?

MG: I guess, in El Paso, you're not really a minority. I think El Paso is 75 percent Hispanic? So being Hispanic, that's a majority here. If anything, it's helped. That's just the way I see it.

MS: How? How has it helped?

MG: Well, the fact that we are here. A lot of our competitors, they don't speak Spanish. I don't see how, in El Paso, where the majority of our patients speak Spanish, I don't see how you can do what we do. It's just hard to communicate with the patient. When you develop the rapport of speaking to somebody in Spanish and understanding what they're complaining about, and so forth, or the issues that they're having, it just develops a good relationship with the patient.

MS: Let's talk a little bit about your market. What is the market that you serve?

MG: As far as like our patient—

MS: What's your customer base?

MG: The majority of our customer base is probably elderly, over age sixty, the geriatric population. Unfortunately, here in El Paso we have a very high incidence of diabetes, and that usually uncontrolled diabetes will lead to some kind of circulatory problems and that leads to an amputation. We have patients from all ages, of course, but probably a good 55 percent of our patients are elderly.

MS: And do you have patients that come in from another town? Or just here—it's a local—

MG: Southern New Mexico. We have patients from Las Cruces, Alamogordo, Deming, and all these little surrounding neighborhoods, and we do have some patients that come from Juárez, but the majority are from here.

MS: What percentage of your customer base is Hispanic?

MG: I would say a good 70 percent.

MS: And what makes you different from your competition?

MG: I think the main difference, and actually, I know the main difference is that I try to treat my patients as I would my family. I think it's extremely important to have trust with a patient and that they don't feel like they're a number. And I think we strive to work towards that, and a lot of our competitors don't. They just—patients are money, are a number, and sometimes, eventually, they will feel that way and they won't be happy.

MS: Let's go back a little bit. When you first started your business, did you do any research about the market so you could come up with a business plan, or was it just experience that you had developed through the years?

MG: It was experience, and I didn't do any like research as far as how many amputations are done per year because that's very difficult to find out, first of all. Hospitals usually don't release that. But I worked in the field, I knew the field, I knew the competition, and I knew what our sales volume was at International, so I was able to extrapolate a plan and present that. This is what El Paso does at this, how many facilities and so forth, so that's how I came about it.

MS: And what is the competition right now?

MG: Right now, it's probably the most competitive it's been. There's a total of five companies, now, here in town.

MS: Can you name them?

MG: There's us – Total Orthotic & Prosthetic Solutions. There's Hanger Prosthetics & Orthotics. There's Precision Prosthetics & Orthotics. There's Custom Orthotics & Prosthetics. And then, most recently, a new one came in. I think they're called – this happened over the last few months – West Texas Artificial Limb, I think it's what they're called.

MS: What percentage of the market is yours?

MG: That's hard to say. Without knowing what the other facilities do, I really can't say.

MS: I'm not looking for a specific number, just an estimate.

MG: I would say we're probably close to, I don't know, 20 percent, 25 percent, around there.

MS: And who is the majority?

MG: I think Hanger is the largest right now.

MS: Now, we may have already covered this, but as a business owner have you experienced any discrimination, for being Hispanic that is?

MG: I have no proof of that, but I've felt like it is.

MS: You've felt it?

MG: Yeah.

MS: Can you please elaborate on that?

MG: It's been just with some of the local companies that we were first trying to establish contracts with. It just seemed like some of the companies were just looking for excuses not to give a contract or so forth. I don't have any proof but it was obvious that they—I don't know how to describe it, but you just feel it and you see it.

MS: Was it on a business standpoint? What kind of contracts were you looking for? Were they business contracts?

MG: Yeah. Business.

MS: Of what kind? Providers?

MG: Like to be a provider for a particular agency and so forth.

MS: And how did they manifest this discrimination? What notion can you give me? Can you provide an example?

MG: I don't want to, and I refuse to, fall into the category because that's a very easy thing to do, as far as, like, always blame race. I don't like doing that, but on one instance I remember I was trying to get a contract to this nursing home, and I'm not gonna name any names, but the supervisor of the nursing home happened to be white, Anglo, and they had just opened the nursing home. I went to try to establish a provider contract with them, and the competitors were also trying to

get their business. They seemed to make it more difficult for me. They just kept asking for more information, and just kind of, piddly things. I didn't get the contract and later I actually was good friends with a therapist that worked there, and he told me later that, while he was working there, he heard through the grapevine that the supervisor didn't give me the contract because— It wasn't really pertaining to race like I didn't give it to him because he's Hispanic, but it was like they were leaning towards the other company because they were Anglo. But again, there's no – and I don't believe that – and I think you'd be naïve to think that it doesn't happen, but it does. There's discrimination against Hispanics, blacks, Orientals, everything. It's improved a lot, but it's still there.

MS: On the other side, does your company enjoy any advantage of being a Hispanic owned business?

MG: Most definitely.

MS: Can you elaborate on that?

MG: Just by the fact that I'm Hispanic and I speak Spanish, that's a big advantage in a town where the majority of the people are Hispanic. I've run into many patients that have told me personally, I went with you because you speak Spanish and you're Hispanic. They've told me, I was over there and I didn't like the gringo. So that's racism, but that's where it has helped. I don't know how it would be if I was in a town where it was turned around and it was 70 percent white and 30 percent Hispanic. I don't know how it would be there. I can't say. But that's where it has helped.

MS: On a scale of one to ten, how do you rank your acceptance into the local business community?

MG: I would say about a nine.

MS: What would you do different to get a ten?

MG: Grow the business and have another practitioner. The biggest problem that I have right now and it's a good problem to have, but at the same time, it's not good because I'm busy. Sometimes it gets crazy, and when I first opened, somebody would call on the phone and I could say, yeah, well you can swing by today if you'd like or tomorrow. And now I'm finding myself to say, I can't see you until next Thursday. And that's not good because people need service. They can very easily pick up the phone and say, no, that's too long to wait. I'll go somewhere else. So that's what I need. I need another practitioner and more help to be able to see our current patient load.

MS: Have you expanded your market beyond the local area?

MG: Just the surrounding southwest New Mexico and that's about it.

MS: To what extent have you been spotlighted as a Hispanic business leader?

MG: Well, last year we were nominated and received the Hispanic Small Business Person of the Year.

MS: Who nominated you? How does that process—

MG: Bank of the West nominated us, but it's through the Small Business Association (Administration??), the SBA. They keep tabs on who the new businesses are, and they have these yearly awards, and usually the people are nominated by the bank or the business community, some of the people that participate in the SBA and so forth.

MS: Do you see yourself as a business leader?

MG: Yes. Yes, I do. Anytime that you provide a service to the public, especially in a profession like the healthcare field and (a physician??). a hospital where you're actually – what am I trying to say? It's not like opening up a hamburger stand where you serve food. It's more involved. You're actually providing a service that makes a difference and that's the way I see it. So, in a sense, I consider myself a leader in that sense, that you're in a field that makes a difference. The fact that, just opening a business, it's a very big challenge. I don't know if that answered the question.

MS: That's fine. Are you a member of the El Paso Chamber of Commerce or the Hispanic Chamber of Commerce?

MG: Yes, and we're a member of the Better Business Bureau.

MS: Has any of these business associations been beneficial to you?

MG: Yes. They're very helpful in providing new information on upcoming events and laws that might be coming up that may affect the business and that type of thing.

MS: Do you request that information or it's automatically filtered to you?

MG: When you become a member, then they provide it to you.

MS: How would you characterize the relationship that you have with these organizations?

MG: I mean it's just a working relationship. I don't depend on them greatly or anything like that, but it's good to be a part of them.

MS: Looking back on your business, what would you have done differently?

MG: Probably I would have started sooner (laughs). I had been thinking about it for a while, and that was always one of my dreams to open my own business. Because of the relationship that I had with this gentleman, I kind of held back, as far as when I should have opened the business. Looking back, now, I should've done it. Knowing what I know now, but like they say, hindsight is 20/20, but I would've liked to have opened it sooner.

MS: You mentioned the word *dream*. Starting your own business was a dream of yours. When did this dream come about?

MG: Back when I was a kid, high school, even junior high, that area. I guess it's because of my dad, since he was self-employed. You just see that usually if you have a nine to five job with no motivation, it's just a job to get a paycheck to pay bills, usually you're not gonna get anywhere. My dad as an example, he used to work for a trucking company, and it was just a hellhole. It was a nine to five job. Actually, he would work more than nine to five. It was just a backbreaking job, and he was just a person to do the work, and he wasn't appreciated. He ended up getting hurt, and when he got hurt they just booted him out, and that's what led him to purchase that rental property. So I saw that. I never wanted to be in that type of situation where you fully depend on somebody else for your livelihood. That's just me. I've always thought that. I always saw myself as working for myself.

MS: What dreams do you have for the future?

MG: My dream is to grow the company, have a multi-office business, and maybe go (grow??) into Las Cruces, New Mexico area. The bad thing about El Paso is that it's very isolated. It's very isolated from the rest of Texas, so there's not a whole lot of room to expand locally. It's just basically here in town and maybe have a satellite or two and that's about it. There's room for growth in Mexico, but I'm

not sure. Right now, I'm not really focused on that. Our main focus is here in El Paso and southern New Mexico.

MS: What advice would you offer Hispanics starting a business today?

MG: The most important thing is to, if they consider starting a business, first they have to want it. It's very easy to say, I wanna start my own business, but it's a lot of work, a lot of risks, and first they have to want that, to take that risk. And second, you have to open a business that you know, that you have experience with, or that you're gonna be working with somebody that knows that business. If you don't have that, it's hard enough as it is to start a business. If you don't do your homework and you don't know the business, you'll probably fail.

MS: Do you feel the business climate is better or worse for Hispanic business owners today than when you started the company?

MG: Better.

MS: Why?

MG: It's only been five years, but I've seen more promotion. Like I've been seeing commercials on TV for the SBA advertising, and I never saw that when we started thinking about opening the business, so they're actually promoting. Just the other day, I saw a report on one of the midday shows that the SBA is giving loans on 401k retirement plans based on your 401k. They never offered that before. There was a story on a gentleman who started Batteries Plus, or one of these national chains, and he opened one probably five years ago, and from what I've heard, they've done well and they've opened up another one. And he was saying how he borrowed money from the SBA and so forth. And then some of the members of the SBA were on the show promoting this 401k focused or based

loan program. So in that sense, it's easier. I think it's easier now. There's more opportunities to be able to open a business.

MS: Do you consider yourself a pioneer?

MG: No. I mean people do this every day. I mean I'm a pioneer in my family. I'm the only one that has opened a business, a venue. Actually, no I'm not the only one. I've had a couple of aunts that tried opening restaurants. But pioneer, no. I don't think so. I think a lot of people have walked my road.

MS: Mr. Guerra, thank you for your time.

End of Interview

DRAFT