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Alfredo Borrego

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THE UNIVERSITY OF TEXAS AT EL PASO INSTITUTE OF ORAL HISTORY

Interviewee: Alfredo Borrego

Interviewer: Steve Figueroa

Project: Hispanic Entrepreneurs Oral History Project

Location: El Paso, Texas

Date of Interview: February 13, 2009

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Transcript No.: 1528

Transcriber / Summary: Pamela Krch

Alfredo Borrego, owner of Alco Machine Tool and Steel, Inc., surmounted considerable challenges in order to establish his business. He shares the nature of those challenges, his early life growing up in El Paso, and his advice for new entrepreneurs. Born in 1961 to Hector Borrego and Francisca Zuñiga Borrego, Alfredo learned the value of hard work early on as his father demanded that he accompany him on his job as a pool table/bowling alley mechanic. After graduating from Burges High School in 1979, Borrego began working in a Juarez *maquiladora*, but by 1990 found himself unemployed after being laid off. Fortunately, a former instructor from the El Paso Tech Center suggested that they partner together in order to create their own metalworking company. Borrego relates how difficult it was to find banks willing to extend credit and, consequently, how tight money was in the beginning. In fact, for the better part of the first year the partners would either forego paychecks altogether or alternate paying themselves. Eventually, however, Borrego found that his policies of aggressive sales, quality work, and a fair price worked to his advantage as he was able to expand his services through the purchase of better equipment and the hiring of additional employees. At the time of the interview, Borrego has increased his client base to both out-of-town and government entities. In conclusion, Borrego advises new business owners to go for their dreams and to work hard.

Length of interview 22 minutes

Length of Transcript 11 pages

Name of Interviewee: Alfredo Borrego
Date of Interview: 13 February 2009
Name of Interviewer Steve Figueroa

This is an interview with Alfredo Borrego on February 13, 2009 in El Paso, Texas by Steve Figueroa.. This interview is part of the Paso del Norte Entrepreneurs Oral History project.

SF: Mr. Borrego, when and where were you born?

AB: I was born in El Paso, Texas, 1961, May 18. I grew up in the *barrio* of San Juan.

SF: Did you grow up here in El Paso?

AB: I've lived all my life, all forty-seven years here in El Paso, and most of my life, I've lived in central El Paso.

SF: Who were your parents?

AB: My dad was Hector Borrego, and my mom is Francisca Zuniga Borrego.

SF: What were their occupations, Mr. Borrego?

AB: My mom's always been a homemaker, and my dad was a pool table and bowling alley mechanic.

SF: Tell me about your education.

AB: Well, I went to elementary school at Hawkins Elementary, Ross Middle School, and I graduated from Burgess High School in 1979.

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

AB: During my childhood, the language that was spoken was mainly Spanish by my parents, to us. But as we were growing up, me and my six siblings, we would speak Spanish and English.

SF: Which language are you more comfortable with?

AB: Well, I am more comfortable in English, but I'm also fairly comfortable in Spanish.

SF: Do your parents or anyone in your family operate a business?

AB: My dad was always self-employed, but he never did operate a business. He would be like a subcontractor to other companies, but no business operation in the family.

SF: Do you feel that your father being self-employed influenced you to start your own business?

AB: It did because I remember when I was a little kid he would make me go out there and work with him, not if I wanted to go. I had to go, and that's how I got my mechanical inclination. And as I was growing up, I always said, "This is a business that I can get myself into or partner with my dad and make some type of pool table business out of it." But it never did materialize or happen.

SF: What's your present name of your company?

AB: My company is Alco Machine Tool and Steel Incorporated.

SF: Describe your business.

AB: My business is tied into industrial. I have a tool and die shop, machine shop, and it's a metal working company.

SF: How many employees do you have?

AB: Right now we have a total of nine employees. At one time, we had fifteen, and at the current time, we have nine.

SF: So what kinds of products and services do you offer?

AB: What we do, is we do industrial machine work. And by that, I mean we get raw material and metal and form it to the specifications that our clients specify through blueprints, through samples, through sketches, through telephone calls sometimes.

SF: How old were you when you decided to start a business?

AB: It wasn't that I decided to start a business. It was that an opportunity came by in 1990 when I was laid off from a *maquiladora* in Juárez and I ran into my ex-instructor from metal trades at El Paso Tech Center. And he made me an offer to partner with him and work with him and hopefully we could build a company. And that's where it started, and it just evolved.

SF: How many years have you been with your company?

AB: This August will be nineteen years that I've been working by myself with the company.

SF: Did somebody encourage you?

AB: Yes. It was, again, it was my instructor, Mr. Frank Flores, the late Frank Flores that was an instructor at El Paso Tech Center for something like almost twenty-eight, twenty-nine years.

SF: What experience [did] you have in that area [of] your business at the time when you decided to open the business?

AB: The only experience I had was that I was just a machinist, a regular machinist, a worker. I didn't have any experience. And everything that I know about business I've learned along the way. I figure I went to the school of hard knocks, and it's cost me quite a bit of money by the mistakes I've made, and hopefully I won't repeat them again.

SF: Tell me about the economic conditions when you started your business.

AB: The economic conditions when I first began were not so much outside economics. It was internal economics of learning to run a business, how to go about getting employees, how to go about getting loans, how to go about getting work for the company. That was very hard at the very beginning. But once you start getting little contracts of work, then things start to turn a little bit easier.

SF: Any technical issues at the beginning?

AB: A lot of technical issues in learning how to invoice correctly, understanding terms. Those were mainly the technical issues that I had back then.

SF: Did you need funding to start it, the business?

AB: At first, what we would do on the funding part was that we wouldn't pay ourselves. And we were pretty much dirt poor. And one thing led to another. We started getting a little bit of money. Mr. Flores would take a paycheck one week.

I would take another one the other. We would alternate until we started growing the company and we started having a little better cash flow. After we started having some cash flow, then I hired my first person. And things just started working a little bit better. But it took awhile. It took a better part of a year to really start getting cash flow in and settling down.

SF: Any loans from family, friends?

AB: I would ask my mom for loans even though she was on Social Security (laughs), at the lowest level of Social Security. I would ask her, and she would loan me some money. It took me a while to pay her back, but I would pay it back. But one thing that I did find out was that the banking here in El Paso would not lend you any money. Nobody wanted to take a risk with you.

SF: Did you have any kind of business plan when you started?

AB: Well, yes, I did, but it was all inside my head, and it was to get work, do it right, invoice it, and in thirty days get paid. I mean, that was the business plan that I started with back then. But it has evolved now into the more complex business plan that I have nowadays.

SF: So when would you say you actually formalized that business plan?

AB: I would say that it probably took about anywhere from three to five years to really formalize a business plan, an attack plan of how I was gonna run the business, what kind of work I was gonna need, what kind of money I was gonna need, what kind of funding was gonna be needed to purchase certain machines so that I could get more work, more detailed work.

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

AB: The first two obstacles that I encountered were getting into companies, getting into knowing the people that actually know the technical parts of the companies because I would always have to go through purchasing. And purchasing people, they really don't know much except, We need this, or, We need that. And when you get into technical situations, you always need to talk to the people that are using it, to the engineers, to the maintenance superintendents. So that was an obstacle to get to those people. That was the first one. The other one, again, is funding. Some of the customers wanted certain types of product, and I was not able to give it to them because I did not have the equipment. And when I would go to the banks to get loans, they wouldn't give you any loans. So I had to go out of state into leasing companies.

SF: What factors helped your business grow and expand through the years?

AB: An aggressive plan, good work, quality work, at a fair price. I think those are the three factors for any business.

SF: Which years would you consider to be your best, financially?

AB: My best year in business was back in 2006. Well, actually, I had two good areas. Nineteen ninety-eight to 2000 was very good. And 2006 and 2007 were also very good.

SF: Describe major successes that you have experienced as business owner.

AB: I guess my first success was when I was able to land a real high tech CNC machine, my first CNC machine, which at that time cost me \$60,000. And I was able to land that deal. And the reason for that being because it opened a lot more stuff, more parts that I could offer my customers. And then the second biggest success was when I was offered this current company that I own, Alco Machine. I used to have Ajax Metal Cut, and I was offered Alco Machine. And I bought

this company, and I merged the two companies: Ajax Metal Cut, Alco Machine. Merged the employees, merged the customers, and that has been probably my biggest success to date.

SF: What about disappointments?

AB: Disappointments, after 2001 when the economy went down and I had to let go of six employees at the time. And another major disappointment is what I'm going through right now with this current situation in 2009. We had a good year, not a great year in 2008. But 2009 is just totally bad.

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

AB: I would say I always like to think that it's 50 percent is luck and the rest is what you do with that luck. And NAFTA has been good to my success. Pretty much hard work, determination.

SF: What role, if any, has your family played in the growth of your business?

AB: Well, I always have a motto and it's not to have my family working in my business, because I had some bad experiences with some family members, not from my immediate family, but from other family members. But my whole family has always encouraged me to do pretty much anything that I want to do. So, encouragement.

SF: What challenges have you faced growing a business as a Hispanic, particularly?

AB: Here in El Paso you don't really face challenges as a Hispanic because I deal with a lot of Hispanics, but I deal with other races too. But the biggest challenge has always been banking. Banking has always been a challenge for me. But now at this present time it's not so much a challenge because I have learned to get lines of

credit working through my bank, learned to work with the SBA and currently I am working with getting other certifications. So the biggest challenge has always been working with the banks.

SF: What percentage of your customer base is Hispanic?

AB: That's hard to pinpoint because the majority of my companies, I'm gonna say 90 percent of my companies are Fortune 500 companies tied into the *maquiladora* business. So there are a lot of Hispanics that work in those fields or a lot of Hispanics that are plant managers. But as far as the percentage of being Hispanic, I wouldn't be able to tell you.

SF: As a business owner, have you experienced any discrimination?

AB: No, I haven't. Here in El Paso I'm happy to say that I haven't.

SF: On the other hand, do you enjoy any advantages of being Hispanic?

AB: Yes, again, working with the *maquiladora* industry, there's a lot of Mexican nationals that work there. And me being Hispanic and speaking Spanish helps a lot.

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

AB: There's different rankings. There's different ways that you could measure that, I believe. With the companies that I deal with I'm gonna say nine. With companies that I don't deal with like the Chamber of Commerce and other companies I'm gonna say maybe six.

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

AB: Yes, I have. I expanded the market by I got some companies that are in California through the internet. I got a company in Arizona, which moved to Ohio. And I do work for Homeland Security out of Virginia, out of Albuquerque, Del Rio, San Diego, Nogales, Marfa, Texas. So, yes I have. And Lockheed Martin in Fort Worth.

SF: You mentioned you do business in Juárez. Have you done any (in??)other parts of Mexico?

AB: No. Strictly in Juárez.

SF: To what extent have you been a spotlight as a Hispanic business leader?

AB: I didn't understand.

SF: Do you see yourself as a business leader? Like a pioneer or a role model?

AB: Oh, no. I just see myself as a regular Alfredo Borrego that owns a tool and die shop. I don't see myself as a leader in anything as far as that. Just a businessman, that's all.

SF: Are you a member of the El Paso Chamber of Commerce?

AB: No, I'm not.

SF: What about the Hispanic [Chamber of Commerce]?

AB: No, I'm not.

SF: No. How would you characterize the relationship of these two chambers, like to one another?

AB: Well, I'll be honest. There should not be a black chamber of commerce. There should not be a white chamber of commerce. There should not be different chamber of commerce. There should be one chamber of commerce working for the needs of the whole region, of the whole city, of this whole area.

SF: (You did??) mention that you're affiliated with the Small Business Organization, right?

AB: Yes, I am.

SF: Has it assisted you with your business operation?

AB: It does sometimes. Not always. But it does. There are some times where being affiliated with the SBA, small business, for a line of credit. But pretty much that's about it.

SF: Looking back on your business what, if anything, would you have done differently?

AB: Well, I wish I would have taken a course earlier in life in business management. If I could do it again, that's what I would do. But pretty much that's the only thing I can think of right now.

SF: What dreams do you have for your future?

AB: I don't set big goals or big dreams. All I'd like to do is maybe when I'm sixty-five, seventy, have everything paid off and have a nice comfortable life. That's pretty much it.

SF: What advice would you offer a Hispanic starting a business?

AB: Go for your dreams and work hard at it because nothing is given to you. You've got to go and take whatever there is to take.

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

AB: Definitely better. Definitely better. And by that, I mean that nowadays we see a lot of Hispanics out in the field, Hispanics that own different companies, Hispanics that are suppliers to me when back then it was different.

SF: This ends the ends the interview with Alfredo Borrego on February 13, 2009.
Thank you, Mr. Borrego.

AB: Thank you.

End of Interview