

## Víctor Calderón

Arccanto



“ I saw an opportunity to provide small and medium sized businesses with access to 'smart' credit. ”

<b>COUNTRY</b>	Mexico
<b>INDUSTRY</b>	Financial Services
<b>EMPLOYEES</b>	20
<b>YEAR SELECTED</b>	2008
<b>PARTNER</b>	Arturo Merino
<b>WEBSITE</b>	<a href="http://www.arccanto.com">www.arccanto.com</a>

## COMPANY SNAPSHOT

As an important member in the small community dedicated to spurring growth among promising Mexican businesses, Endeavor Mexico has found new support in its initiative. Meet ArCcanto. Victor Calderón Cuevas and Arturo Merino Licea are the entrepreneurs behind ArCcanto and have led it to become a financial intermediary that aims to provide small and medium-sized businesses (SMEs) with access to credit. Since project-financing and other non-operational debt (investment-financing) in Mexico has always been restricted to large companies and carried out by investment banks, their initiative offers much needed support. Most commercial banks will not even lend to SMEs (other than offering working capital loans), severely limiting the ability of these companies to pursue debt-financed expansion. Complicating matters further, most SMEs lack a CFO and often rely, instead, on the basic financial skills of their owner or a general accountant. In attempting to tackle these problems, ArCcanto is the first of its kind in Mexico—an external CFO that enables SMEs to grow faster and obtain larger amounts of credit in better conditions. ArCcanto is currently helping Endeavor carry out its mission of supporting Mexico's most talented high-impact entrepreneurs by serving two Endeavor entrepreneurs, Daniel Espinosa and Café Punta del Cielo, in procuring long-term financing.

The two entrepreneurs were inspired to take on their current roles by the years they spent working in commercial banking developing the desire to improve the banking system of which they were a part. Victor received a B.A. in accounting and an MBA from the prestigious Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM) before beginning his career in the corporate finance division at Bancomer—Mexico's second largest bank. Arturo also received a B.A and a Master's degree in finance from ITESM and also went on to work at Bancomer, managing a portfolio of commercial loans for clients in diverse industries throughout Mexico, while teaching accounting and finance classes to undergrads. Although the two entrepreneurs share similar backgrounds, their paths did not cross until 2004 when they worked together as Senior Relationship Managers for Scotiabank's capital markets division in Mexico. As the two youngest Senior RMs in their department, Arturo and Victor had ostensibly attained their respective "dream jobs." However, ten years in commercial banking had also opened their eyes to problems in the credit market for small and medium-sized businesses. Seeing opportunity in inefficiency, the two bankers decided to become entrepreneurs.

In 2004, Arturo and Victor resigned from Scotiabank and began working on ArCcanto. The early stages of building the business were often a struggle: the pair worked tirelessly out of Arturo's apartment for six months, exhausting their rolodexes searching for clients. But in 2005 they achieved a major breakthrough when they allied with the Mexican Secretary of the Economy to procure loans for SME's under US\$100,000 that were guaranteed by the Secretary's fund for small and medium-sized businesses (Known as Fondo PyMES, Spanish for SMEs Fund). During 2006, ArCcanto provided credit for more than 300 SMEs and became the principal partner of the Secretary of the Economy. The alliance quickly paid dividends, which brought ArCcanto national recognition and a platform to launch its more ambitious program, ArCcanto Capital, which Arturo and Victor saw as the future of the company.

ArCcanto Capital enables the company to obtain loans of over US\$100,000 for small and medium-sized businesses, making ArCcanto the first financial intermediary in Mexico to solely target SMEs in the US\$1 – US\$50 million sales range. By developing strong relationships with Mexico's ten largest banks and other financial institutions, ArCcanto has been able to obtain credit for its clients by providing a "one-stop-credit-shop" where they have access to and choices between various lenders and types of financing. Because the company is keen to protect its reputation among lenders, it performs rigorous due diligence before presenting clients to lenders, extensively prepares clients for the credit-application processes and provides on-going follow-up to monitor their evolving credit needs. Of all the clients authorized for credit by ArCcanto, less than 1% have been rejected for financing and not one has ever defaulted!

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## ENDEAVOR AND ARCCANTO

Endeavor Mexico has helped the Entrepreneurs obtain government funding, in addition to mentorship on organizational structure and support with staff recruitment. Arturo and Victor have participated in an Immersion Tour and Entrepreneur Summit.

Demonstrating commitment, the Entrepreneurs have worked with Endeavor on the financial review of potential and current Entrepreneurs, many of whom have become clients.