



## **MYL, the vision of two leaders becomes a reality**

Case study prepared by Cristina Iturrioz and Cristina Aragón for the Antonio Aranzábal Foundation and Deusto Business School. The authors are grateful to the company for its collaboration and in particular to Amparo Esparza, Imanol Gil, Itziar Gil and Ignacio Mendoza for their participation in the project. The final version of the case study was approved in April 2019. Translator: Bettertext.

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Mendaro is a small Basque town known for its chocolate factory. However, it was not the cocoa that brought us here, but a family business discreetly located at the entrance of the town. Our Citroen C3 found a place to park easily at the front facade and we stepped out of our car equipped with a laptop and notebooks to enter a clear, bright, and modern space, quite different from any other.

*Talleres*<sup>1</sup> MYL is currently made up of a team of both young and experienced employees, a perfect combination that turns this organization into one which takes care of every single detail. And as soon as we set foot on its facilities in Mendaro, it is apparent from the clean, minimalist and cozy atmosphere that although we are entering a workshop, as the company's name indicates, it is obviously a very different type of workshop. Its obsession-to-detail, the cleanliness, traceability control, design and also, despite perhaps seeming superfluous, very personal aesthetics, characterize this business project.

"I see the company as a form of expression, a living space for myself and for the whole team. My dream is that the company grows, but not at any price; we have to do things well or else I'd rather not to do them at all. We believe in what we do and we enjoy doing it". Imanol Gil, owner of Talleres MYL.

**Image 1. Imanol Gil at the company**



Source: Talleres MYL.

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<sup>1</sup> 'Workshop' in Spanish.

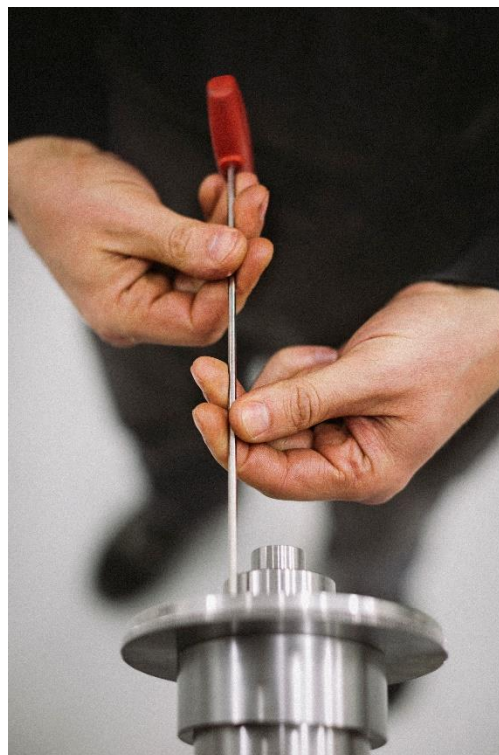
## Striving for excellence: technical knowledge combined with an eye for detail

MYL was founded in 1969 thanks to the entrepreneurial spirit of Manuel Gil Cengoitia. It began as a workshop in Elgoibar, with only 200 m<sup>2</sup>, where in its early days a crucial component of machinery was designed, manufactured and repaired: spindles, or more specifically, pulley heads.

Imanol Gil, who belongs to the second generation of the family, currently runs MYL in Mendara in facilities which cover 1,500 m<sup>2</sup>. And what was created as a workshop through the hard work and effort of Imanol's father has evolved into an organization which focuses on excellence and is characterized by its openness. These features have allowed the company to attract over 200 customers in more than 20 countries.

This striving for excellence has made MYL worthy of the National Award for Innovation in Advanced Manufacturing Technologies in its 12th edition. This award contest was organized by AFM (Spanish Association of Machine Tool Manufacturers) with fourteen other projects competing in it. MYL was also acknowledged for manufacturing a spindle which can grind holes as deep as 2 meters or more in large machine components, such as the inside of turbines, landing gear cylinders and high-pressure pistons used in the oil and gas industry.

**Image 2. Spindle manufacturing**



Source: Talleres MYL.

Its main technical innovation stems from the use of different layers of materials in its internal structure. The benefits of this feature are twofold. On the one hand, it reduces the disadvantages caused by the natural frequencies or resonance modes in the grinding processes without affecting the overall rigidity of the unit; and, on the other hand, it also reduces the vibration that is possibly caused by the misalignment or looseness derived from the use of special transmission elements.

This special acknowledgement recognizes the constant technical innovation of products throughout the existence of this company, something which was a personal obsession of the company's founder, Manuel, who was always relentless in his search to improve the products he manufactured.

## The founder's passion for his products

"My father grew up in a very humble family. His father died when he was only six years old, and he lived with his mother, grandmother and an uncle with Down syndrome in a very small house in Elgoibar. Without a doubt, all this left a mark on him. My father was a fighter, an entrepreneur and above all, a tireless worker".- Imanol Gil, owner of Talleres MYL.

When Manuel Gil was only thirteen years old, he combined his training in industrial engineering with working in a carpentry shop. He later began working as an apprentice in the technical department at JARBE, a machine tool factory in Elgoibar which manufactured milling machines. In those days, there was a surge in machine tool production in Elgoibar and several of the best workers founded the company RECTIMAC, which later changed its name to DANOBAT. Back then, DANOBAT was not a workers' co-operative, but an actual business owned by the eleven workers who founded it.

"In 2004, DANOBAT recognized the contribution of the founding partners and a special meal was organized where they were paid tribute to".- Amparo Esparza, wife of the founder.

DANOBAT grew and had up to 100 workers in 1965. This is when an opportunity arose to join the Cooperative Group Mondragon (MCC) and thereby it changed its status into a co-operative.

"My father didn't want to continue in the co-operative. He sold his shares in DANOBAT and in 1969, together with Lorenzo Odriozola, founded Talleres MYL (Manolo and Lorenzo). In addition, my uncle José Mari joined as a partner, and the three partners became equal shareholders. In 1984 Lorenzo died and my father bought most of his shares. Then in 1993 Uncle José Mari also sold his part. And this is how my father went on to own 100% of Talleres MYL". - Imanol Gil, owner of Talleres MYL.

Since DANOBAT made the spindles or bought them from suppliers, when Manuel left the co-operative, he agreed that they would be their spindle suppliers. Thus, Manuel started providing pulley heads and shortly after also electrospindles, which was something new for them.

In this regard, the founder, Manuel Gil, was determined to master the different techniques, and this eventually led MYL to offering products aimed at sophisticated clients with high demands, both in terms of quality and technological development. Manuel's extensive technical knowledge meant that he could manufacture any existing spindle on the market and his constant obsession with improving productivity and reducing final costs for their customers has allowed MYL to be able to respond to their customers' most specific needs.

"He was a determined, hard-working man, who enjoyed working. In fact, he was always working, he didn't retire..." "He was also generous, especially with hard-working people. 'You have to compensate those who work hard' he used to say". - Amparo Esparza and Itziar Gil, wife and daughter of the founder, respectively.

**Image 3. Manufacturing process in the early days**



Source: Talleres MYL.

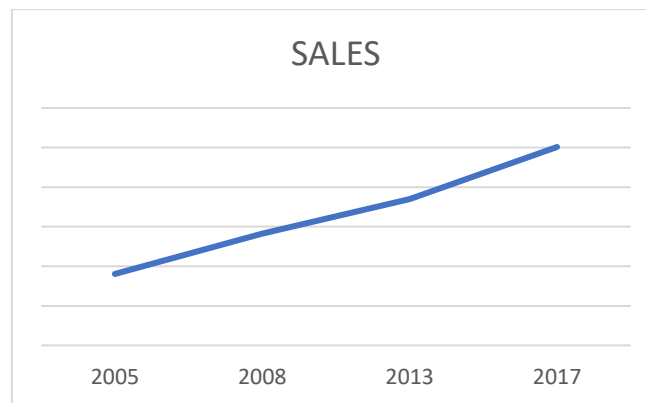
More than two decades ago, MYL's founder saw the opportunity to expand their repair service. Up until then, they had only repaired their own spindles, but they also wanted to be able to repair any kind of spindle produced on the market. Indeed, MYL has been characterized by its technical knowledge of special spindles, but mostly by its vast knowledge on a wide range of spindles, which this company has manufactured, adapted or repaired throughout its 50 years of existence.

Thanks to its state-of-the-art technology and engineering capabilities, today MYL is not only able to repair or adapt any type of spindle, but also to replace any of its damaged original components, through the design and manufacture of these components in its own factory. By means of software specifically designed for MYL, it can respond to the challenges posed by clients in a unique and personalized way.

"My father died at the age of 85, but up until he was 84 years old, he still came to work every day. He was a tireless worker and the company was his life". Imanol Gil, owner of Talleres MYL.

MYL is currently regarded as a benchmark for other European spindle manufacturers. In recent years it has increased its presence in Europe's spindle manufacturing and repairing market sector, mainly in Germany, Sweden, Romania, France, and the United Kingdom. Regarding the sale of products manufactured by MYL, it competes in highly demanding markets, such as Germany and China. MYL's challenge is now Japan and it is already working towards its presence in the Japanese market. In fact, its participation in JIMTOF, the Japanese International Machine Tool Fair, has meant a qualitative leap in its market positioning as an excellent manufacturer, given the high product performance demanded by this market. This is the main challenge of MYL today: to be a leading spindle manufacturer in the foreign market.

**Figure.1 MYL sales evolution (2005-2017)**



Source: Authors' calculations from SABI.

## The value of information: The role of information technologies in MYL

Despite innovation having always been a part of MYL, it is only seven years ago that the company set up a professional R&D unit. This department is equipped with the main design and development tools, although the objective is not that the team of this department are the only ones working on innovation, but rather to encourage all the staff to get involved and promote this spirit of innovation throughout the entire organization. To this end, a great deal of effort is put into fostering this attitude and strengthening the interrelationships between this unit and the rest of the departments.

Imanol Gil, who spent his entire childhood among spindles, joined the company in 1987 whilst studying marketing at university and completing his studies in languages.

"When I joined MYL, our main customers, DANOBAT and GER, were located in Elgoibar and the company had 12 employees. Since I spoke several languages, right from the start, my father ordered me to visit fairs and other companies. At that time, I made a contact in a large manufacturer, GAMFIOR, which then had almost 200 employees and we became their customer service in Spain". - Imanol Gil, owner of Talleres MYL.

In addition to his travels abroad, Imanol dedicated himself to developing MYL's information systems from scratch in his early years at the company. In fact, he had a clear vision that it was through ICT, which was virgin territory for the business in those days, that he would be able to have the freedom to create something new of his own which would add value to the company.

"My father gave me a computer because 'it was the future'. In 1986, the company's first computer was an NCR. I had to learn about computing, and besides travelling and dealing with administrative and bank issues, I began working on the information system. In those days, nothing was digitized in the company. I put a lot of effort into this area and I could see how this improved our business processes". - Imanol Gil, owner of Talleres MYL.

Imanol went to classes with the software provider and learned programming. Gradually, he coded the products and entered customer data into the system, etc. The company went from using delivery notes with carbon paper and typewritten invoices to adopting new ways of working which were consolidated some five years later with the purchase of computer terminals for collecting data and completing work reports. During this computerization process, new software was installed which helped the company to manage costs, sale prices, orders, receipts of material, work reports, etc. Digitalization was implemented gradually in all administrative areas of the company as well as in the production area. The company also purchased AutoCAD 2D software, which Imanol learnt how to use on Saturday nights by drafting designs with the app, which had first been drawn up on paper. It can be said that today MYL is 85% digitized.

#### **Image 4. Computerization at MYL**



Source: Talleres MYL.

Thanks to this effort, MYL currently has an invaluable database with information on all the spindles they have repaired all over the world, whether they are manufactured by MYL or by other companies.

"Our 45-year history of repairing and designing spindles has given us invaluable knowledge, as well as an extensive and valuable database, allowing us to efficiently meet and even anticipate the specific and most demanding needs of our customers". - Imanol Gil, owner of Talleres MYL.

This data availability enabled MYL to offer a customized service much to the delight of their biggest clients to whom it was directed. This way they could guarantee a quality customer support service regarding the design, manufacture and repair of any type of spindle their clients required.

MYL has since then consistently invested in ICT, enabling the company to track their products, which is one of the most distinguishing characteristics of the company.

"For many years now the whole manufacturing process and all documentation at MYL have been completely digitized. This allows us to have full control over the different processes, to offer customers total transparency regarding the evolution of the product and to be very flexible in terms of our response".- Iñigo Mendoza, manager of Talleres MYL.

Our information system not only gathers, manages and makes use of the company's internal data but it is also through this advanced technological monitoring system, together with ongoing contact with our customers and the projects developed in collaboration with technological centers, that the management of the firm can anticipate the future.

"I've gradually learnt about the different products and processes. After my father retired, I was appointed to my current position, and what I've always tried to transmit to the people who make up MYL is its founding spirit; that is, a care for the product and a closeness, but also the need to be avant-garde in terms of traceability, innovation and the incorporation of technology in order to shape the organization's future. I always picture MYL as a great laboratory which is highly technological and where each person does their work with the greatest of care and is constantly learning in collaboration with others". - Imanol Gil, owner of Talleres MYL.

**Image 5. MYL's digitalization at all levels**



Source: Talleres MYL.

## 1987-2008, MYL on an international level: From local customers to foreign clients

When Imanol joined the company in 1987, a few national companies such as DANOBAT and GER were their main customers and the level of exports was low.

"When I was only 18, my father sent me to a fair in Chicago and he told me: 'Take the money and these bottles of wine with you so that they deliver the material to the fair on time'. It didn't work. I was just a kid and didn't know how to handle the situation. I had my dinner on my own at the hotel every night, and was so overwhelmed by it all that I lost 6 kilos in two weeks" - Imanol Gil, owner of Talleres MYL.

In those early days, foreign trade was basically the joint trips of manufacturers, which were organized by the Chamber of Commerce and the Association of Machine Tool Manufacturers. Under the umbrella of these two organizations, manufacturers of machine accessories, such as Fresmac or Horma, could visit international fairs together.

"My father didn't speak English and so we didn't sell a lot abroad in those days. He began visiting trade fairs with me. On one of our trips, we made a contact in an Italian company, GAMFIOR, which was a large spindle manufacturer with about 180 employees. Since they had no presence in Spain, we reached an agreement to act as their customer service here in Spain". - Imanol Gil, owner of Talleres MYL.

At the beginning of the 90s, commercial activity started to open up and as orders increased, more staff was hired. After Imanol's trip to the United States, the company broke into the North American market.

"It was in 1993 when MYL was hit by one of its worst crises. Some of our clients left us with debts and my father, who at that time was already 62 years old, became heavily indebted. We didn't have anything. My father tried to pay the company's debts from his savings, so that it wouldn't close down. We had nothing, and for a year and a half we had a terrible time; we didn't even have money to pay the transporters when they arrived." - Imanol Gil, owner Talleres GYL.

The crisis left behind several empty factories due to the closure of certain local firms. Against this background, and thanks to an opportunity offered by Mendaro's town council, they decided to move their business to some facilities in Mendaro, which were more than twice the size of the first workshop in Elgoibar.

"In 1998 when we had the chance to buy new facilities in Mendaro, where we would have more space to organize ourselves, it was quite clear to me and also to my father that it was a good opportunity. And in spite of the investment involved, we took the step." - Imanol Gil, owner of Talleres MYL.

**Image 6. The new facilities**



Source: Talleres MYL.

These new facilities made it possible to think big and to invite important clients, such as Peugeot and Renault, who had begun to buy from MYL. The company began to consolidate its position internationally. It was then that Manuel saw that there was enough space and the possibility to launch a new project, and so he decided to promote the manufacturing of a new type of machine in which considerable investments were made. These investments meant that the company went from a turnover of 2 million euros to almost 5 million euros today, and from 14 to 37

employees, i.e. more than doubling the size of the company, both in terms of turnover and employment, especially in the last 6 years.

"We didn't have the proper staff to work with the machines and it became my father's personal project. There was no team to lean on, but it was his dream. It could have gone well, but we had problems. It was an ambitious project. Even though we had invested a lot, it failed, and I believe it was because we didn't have a skilled team. For more than five years, everything the company earned was reinvested in this project". Imanol Gil, owner of Talleres MYL.

## The company, the work and the life of its founder

Throughout the years, Manuel has encouraged family members to join the company. After Manuel's eldest son, Imanol, joined the company in 1987, Manuel's second son, Xabier, also joined the company in 1991. Xabier had a course in electrical studies and started in the workshop where his role was in the technical area of the company. Their younger sister, Itziar, entered the company in 1995 and her husband, Iñaki, finally joined in 1998. A few months later, Manuel's son-in-law left, and the only family members in the company were the founder and his two sons. Imanol was the founder's right-hand man in the areas of sales, customer relations and management, while Xabier was in the workshop and supported the company's production area.

"He was a father in every sense of the word. He was very determined, and he told me to come and work for the company. I was here for a few years, and I left in 2005 when my second son was born" - Itziar Gil, daughter of the founder.

The years passed and, despite his age, Manuel was still the head manager and the sole administrator of the company in the year 2000, with Imanol as second in command and in charge of customer relations and the sales area.

"My father was in total control of the workshop; I've never had nor ever will possess his mechanical knowledge, which he also never shared; I've always focused on organization, management, designing good catalogues, investing in digitalization, ... This has been my field". - Imanol Gil, owner of MYL.

Thanks to the development of management, the enterprise that started as a workshop has given way to an internationalized, digitized and competitive company. For this reason, when the 2008 crisis hit the Basque economy, MYL enjoyed a wide customer diversification with international clients which acted as a buffer and, in spite of the crisis, MYL continued to grow.

"We needed more staff and to put new talent in strategic posts and give them responsibilities. My father did not open up easily to people from outside the family, and he did not want outsiders controlling the company. Conflicts weren't spoken about and it wasn't until my father was gone that they came to the surface". Imanol Gil, owner of MYL.

After the founder died in 2013, the family came into conflict. They finally reached an agreement in September 2017, by which Imanol took over the business. He bought the shares from the rest of the family members and also set up financial compensation for his mother and second brother.

"Imanol has given the company a new character, and its ways are completely different now. He cultivates a spirit of excellence and he loves design. He also needs to feel comfortable at work and he wants everyone who works here to feel comfortable too. Imanol is concerned about every detail, about the company's image ... in fact, he is the soul of the company, and this is what makes MYL different". - Iñigo Mendoza, manager of Talleres MYL.

### Image 7. Decision-making at MYL



Source: Talleres MYL.

## A team of professionals, a new way of doing business

Imanol did not wait to form a team with which he would feel comfortable and with which he could take joint business decisions. Although a management team was formed in 2015, it was in 2017 when the team was actually set up: a manager from outside the family, Iñigo Mendoza, was hired in 2014, a production manager, a technical department manager and Imanol himself, which started running the new MYL.

"I want to focus on the company's professionalization. I hope in the very near future we will have a new sales director and I will no longer have that role, and that also we will be able to hire a financial controller for our management team. I want to be surrounded by people whom I can lean on to develop our business project. We are growing, and we have an exciting project which we have invested a lot in, and we need people who are creative and contribute to the project". - Imanol Gil, owner of Talleres MYL.

MYL's current staff firmly believes in the values of innovation, knowledge, and openness and interrelationships among the people who make up the business project.

"It is these interrelationships that feed our know-how and have been the fundamental pillar of the company's growth in recent years. We all form part of an ambitious plan of life-long training and we've signed collaboration agreements with universities and technological centers from our area". - Iñigo Mendoza says, manager of Talleres MYL.

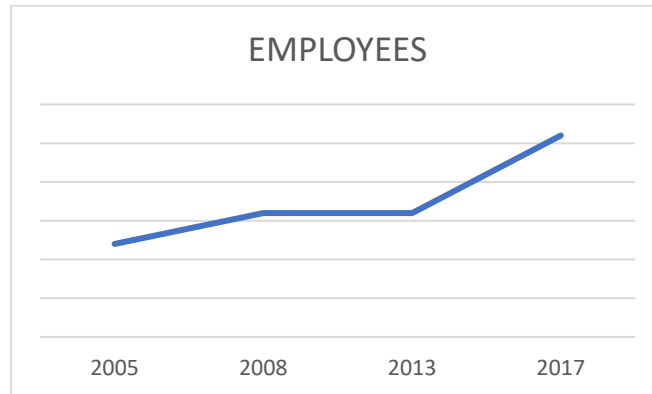
**Image 8. MYL's values**



Source: Talleres MYL.

In recent years Talleres MYL has made a competitive leap and this transformation process and growth has been due to the hiring of young talent.

**Figure 2. Employment evolution at MYL, 2005-2017**



Source: Authors' calculations from SABI.

The incorporation of new staff has come hand in hand with a collaboration agreement with the universities and technology centers of the area.

"This young talent has been crucial to facing the future with an optimistic outlook. We've brought in a great deal of human value, which is now essential for strengthening the company's position both in foreign markets and in new competitive sectors which our company is now entering". - Imanol Gil, owner of Talleres MYL.

MYL has incorporated this talent in an organized way, establishing formulas to guarantee the participation of all workers in different projects that are aimed at improving and optimizing products and processes.

"I think the most important change was made when I entered the company. There was a reluctance to share knowledge and the family was even more afraid of opening up the company to others. The idea of having a manager from the outside was unacceptable to the family. However, with Imanol, we have opened up doors. Instead of each of us keeping what we know to ourselves, we take advantage of collaboration and openness. This is the only way to advance quickly". - Iñigo Mendoza, managing director of Talleres MYL.

Today's business project has added excellence in managing knowledge, technology and innovation to the excellence of its products, which is the founder's trademark and the company's cornerstone. All this means that MYL can provide continuous and unfailing support. MYL is not only a company. It is an underlying philosophy, a way of working. A form of personal expression that is perceived in everything: the office, the catalogue, the packaging, the business cards, ...

"What characterizes us is the way in which we are different. Each company is a world unto itself, but hardly any firm takes it to this extreme. The company has been completely rebranded: its logo, packaging, business cards, catalogues (We were even congratulated on our catalogue!). For example, our packing boxes are so special that in some large company warehouses they're kept because they're attractive... All this is Imanol's undertaking". - Iñigo Mendoza, manager of Talleres MYL.

**Image 9. Packaging at MYL**

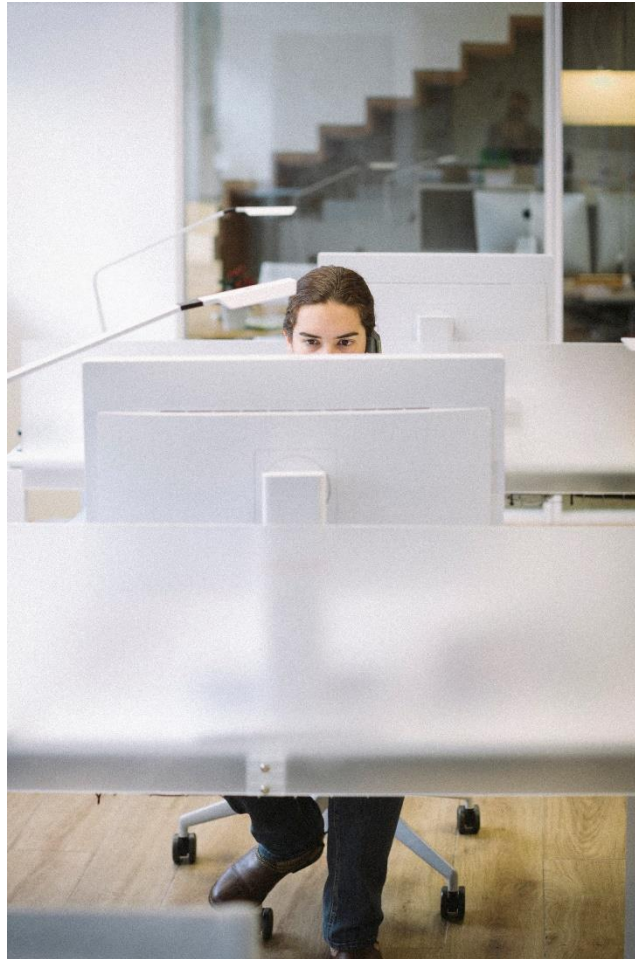


Source: Talleres MYL.

MYL has several projects already in mind for the future, projects which require ongoing innovation.

"I need people to spur the project on, that the umbilical cord that ties them to me is cut; people who suggest new things, without me getting involved, without leaning on me, because otherwise we get too comfortable. The main idea is that others also lead the way, contribute, provide the company with new ideas within the technical area, the customer service area, ... which I do not see at the moment". - Imanol Gil, owner of Talleres MYL.

**Image 10. Working at MYL**



Source: Talleres MYL.

The company focuses on innovation and projects in order to grow, penetrating new markets, conquering new spaces and gaining experience as a team. The new leader of MYL has a vision of an organization that can overcome the tension between people, between managers and workers, to move forward motivated by an exciting project in common; a company that positions itself as the largest European spindle repair company group within the framework of a corporate group that is being created; a company that launches a new winding unit and thereby expands its current offer; and, in the midst of all this dynamism, a company that pauses to celebrate its 50-year anniversary... because half a century does indeed deserve to be celebrated!