Valuation of Small and Medium Enterprises (SMEs) in Mexico

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Abstract:

The purpose of this work is to relate the concepts of Corporate Strategy with the foundations of Finance, mainly in what refers to real assets, corporate strategy and its relation to the creation of value.

The main objectives of our work are:

- To reach an approach where corporate strategy concepts may be applied in the SMEs.
- To make this approach useful in the SMEs decisions, mainly because the companies are using real assets that have an opportunity cost, and the main difficulty is that in most cases financial assets related to the real assets do not have a sound financial market.
- To valuate, even without a sound financial market, whether the SMEs in Mexico are creating economic value added.

The specific objectives of this work, due to the fact that it is a conceptual and documental work are:

- To find out the main characteristics of the SMEs in Mexico
- To find out the main characteristics of the real assets in which these SMEs invest.
- To find out and explain how corporate strategy concepts are related to real assets
- To adapt the use of EVA Model (Economic Value Added Model) to the SMEs in Mexico.

After realizing all these work we will try to create or adapt a model of value that may be applied to SMEs in Mexico. The work began with the historical foundations of the SMEs in Mexico, the corporate strategy concepts and the financial concepts known as Economic Value Added (EVA).