



Application 5.18

EL CANTERO DE LETUR: PURPOSE, VALUES, AND SUSTAINABLE ENTREPRENEURSHIP

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In 1989, choosing to produce organic dairy products in a small village in the Sierra del Segura region appeared to be a rather irrational decision. The organic food market was virtually non-existent in Spain, large dairy companies competed primarily on cost, and many rural areas were experiencing depopulation, population ageing, and a lack of economic opportunities.

It was in this context that El Cantero de Letur was founded, an agri-food company based in Letur (Albacete, Spain) dedicated to producing organic milk, yoghurt, and other dairy products. The project was conceived and promoted by Francisco Cuervo. To raise the capital required to launch the business, he relied on the support of several friends who shared his values. He encouraged these friends, together with his wife, Pilar Lecina, to join the venture. Rather than responding to a clear market opportunity, the initiative emerged from a personal conviction: to demonstrate that it was possible to build an economically viable company without compromising the well-being of people, animals, the land, and the rural environment.

In a letter written to his friends to encourage them to join the project, the founder described the purpose of the venture as follows: "To create life and employment in such a way that the health of the land, the animals, the people who work on it, and those who consume its products is enhanced". From the outset, the project was built around the idea that the company needed to generate profits to remain sustainable, while also contributing to the social and environmental well-being of the territory in which it operated.

Entrepreneurship driven by values

The decision to commit to certified organic production was the company's first major strategic decision and also one of its riskiest. At that time, demand for organic products was extremely limited, and specialised distribution channels were virtually non-existent. Furthermore, organic production involved higher costs and more demanding production processes. In those years, producing organically seemed to run counter to prevailing market trends. While large dairy companies focused on efficiency and cost leadership, El Cantero de Letur chose to differentiate itself through quality, sustainability, and consistency with its values.

The project faced significant uncertainties:

- Consumers might neither understand nor value organic products.
- Securing certified supplies could prove difficult.
- The company faced the prospect of sustained financial losses during its early years.
- It had to compete in an industry dominated by large corporations.

Part of the initial investment came from an inheritance received by Paco Cuervo, who decided to allocate those resources to the project. The company therefore emerged not only as a business venture





but also as a personal and family commitment. In the early years, losses were persistent, and the project's continuity depended largely on the conviction of those who had invested in it. Nevertheless, the company remained committed to its original orientation.

Purpose and connection to the territory

From its inception, El Cantero de Letur maintained a strong connection to its local territory. The company was conceived not merely as a dairy-processing business but as a project embedded within the local community. Its objective was not only to sell organic products but also to contribute to the economic and social development of a rural area with limited employment opportunities. The company began generating stable jobs in the region and collaborating with local farmers and suppliers. Over time, this relationship with the territory became one of the most distinctive characteristics of the project.

Sustainability was not understood solely from an environmental perspective. It also encompassed concern for maintaining economic activity in rural areas, creating employment opportunities, and preserving a way of life closely linked to the local territory. Decades after its founding, the company continued to strengthen its commitment to the local community. One example occurred after the severe flooding caused by the DANA weather phenomenon in Letur, when the company actively supported the affected community.

Building a competitive advantage based on intangible resources

Over time, the organic food market in Spain expanded. This change enabled El Cantero de Letur to consolidate its economic viability progressively. The company broadened its product portfolio, gained access to new distribution channels, and increased its market presence. However, growth did not alter the project's original principles.

A significant portion of the company's competitive advantage came to be based on intangible resources that had been developed gradually over time:

- The reputation associated with the authenticity of the project.
- The trust established among consumers and distributors.
- The accumulated expertise in organic production.
- An organisational culture grounded in sustainability and social commitment.
- The legitimacy derived from its close relationship with the local territory.

These resources were difficult to imitate because they did not arise solely from a commercial strategy. Rather, they had been built gradually through a series of consistent decisions maintained over many years. The company competed not only through the physical attributes of its products but also through what those products represented to many consumers: authenticity, consistency, and commitment.

Growth and new strategic challenges

The expansion of the organic food market created new opportunities for the company but also generated new challenges. As the company increased in size and expanded into larger distribution channels, several risks emerged:

- Losing part of its original identity.
- Increasing organisational complexity.
- Facing intensifying competition.





- Competing with large corporations that had begun to incorporate sustainability into their marketing and positioning strategies.

The central strategic challenge increasingly revolved around a key question: how to grow without losing the authenticity of the founding purpose.

After the founder became seriously ill in 1993, one of the company's partners, Juan Leralta, together with his wife Pilar Lecina, assumed leadership of the business. Following the death of Francisco Cuervo in 1999, the company continued to operate while maintaining its original strategic orientation. Leadership subsequently passed to his son, Pablo Cuervo. This continuity reinforced the perception that sustainability and purpose were not merely communication tools but rather integral elements of the organisation's identity.

Decades after its creation, El Cantero de Letur faces a new strategic dilemma. The growth of the organic market offers opportunities for expansion and professionalisation. Still, it also increases competitive pressures and the risk that the original purpose may be reduced to a simple marketing argument.

Can a company grow and compete in increasingly broader markets without losing the values and authenticity that gave meaning to the project from the very beginning?

Sources of information:

<https://elcanterodeletur.com/>

<https://asobio.org/2023/06/29/conoce-asobio-empresas-cantero-de-letur/>

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