Enrique Ramon

Pabisan

“ I saw an opportunity to delight customers with the best bread in Mexico. ”

COUNTRY	Mexico
INDUSTRY	Consumer
EMPLOYEES	880
YEAR SELECTED	2010
WEBSITE	www.laartesa.com.mx

COMPANY SNAPSHOT

How do you compete with the Mexican bakery giant Bimbo in its home market? You don't have to. Enrique Ramon has turned a single storefront bakery into a multi-million dollar business by capitalizing on the gaps in the baked goods market in Mexico. To maintain his edge, Enrique focuses on specialty products such as gourmet, low-sugar, and gluten-free bread. Pabisan's business lines now span several markets to include a high-end retail bakery franchise called La Artesa, wholesale production for leading domestic supermarkets, and exports to American supermarkets. Enrique's Puebla-based factory centralizes production and offers a combination of high production capacity and flexibility that is unparalleled in the Mexican market.

A lifelong resident of Puebla, Mexico, Enrique founded four businesses by the time he was 24 and has a knack for succeeding where other entrepreneurs fail. At 17, Enrique's mother lent him money to buy a used tanker truck, which he then used to resell water to residents and small businesses in Puebla. Without an office, he painted his home phone number on the side of the truck and ran the company from his living room. After earning enough money to buy two more trucks, he moved on to selling diesel, an operation he ran while attending university. When Enrique graduated from the University of the Americas Puebla in 1985 with a degree in industrial engineering, it was no surprise that he wanted to start another business. Since his father co-owned a flour mill, Enrique decided to try his hand in the bakery market.

While nearly half of the bakeries in Puebla failed over the past two decades, Enrique has deftly adapted his bread business to suit the market over the years. Starting in 1986, Enrique borrowed money from his father and opened a bakery, growing modestly from a single branch to four locations over eight years. In the early-1990s, the bread business in Mexico changed. Supermarkets and convenience stores began carrying freshly-baked bread, quickly putting more than half of the family-owned bakeries in Puebla out of business. Instead of succumbing to the market trend, in 1993 Enrique began selling bread to the convenience stores that previously posed his fiercest competition. Pabisan now delivers freshly baked bread to more than 2,000 commercial clients and over 25 cities along 32 routes. This rapid adaptation taught Enrique a valuable lesson: the best way to operate with higher margins was to develop new products and push market trends, not react to them.

This realization spurred Enrique's transformation from a small city entrepreneur to a businessman with an international vision and Pabisan's evolution from an industrial bakery to a food engineering company. In 1998, Enrique hired food engineers, and instead of buying more ovens, bought industrial flash freezers. In 2000, Enrique moved back into retail, this time with a non-commodity good. Enrique opened a gourmet bakery chain called La Artesa, where dough frozen in the Pabisan factory is baked and served fresh all day to a middle and upper middle class clientele. **The key to La Artesa's success is low overhead costs (centralized production allows for much more efficient use of retail space) and a more desirable product – bread that's always fresh from the oven.** La Artesa has become a respected local franchise with 35 locations across Mexico.

With his retail business reestablished, Enrique sought to capture higher margins in the specialty bread market. He created Diabread, a low-sugar brand for diabetics, and Kvalitet, Mexico's first domestically produced gluten-free brand which are now sold at Walmart's across Mexico and in a growing network of supermarkets in California. With its focus on high margin specialty breads and middle and high income retail sales, Pabisan has the potential to grow quickly in both the Mexican and American baked goods markets Throughout the 2000s, Pabisan expanded quickly, opening franchises cross Mexico and produces 300,000 pieces of bread per day at its centralized factory in Puebla.

Enrique has shown that by continuously innovating, dedicated entrepreneurs can succeed in even the most staid markets. While half of annual revenue is generated through Pabisan's low-margin distribution routes, the company's higher margin lines of business are growing quickly and have the potential to provide hundreds of jobs in Puebla.