

REPRINTED FROM DECEMBER 2002

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BEYOND BIG MACS

EOY Award
Winner
John Lopez

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BEYOND BIG MACS

John Lopez almost missed the chance of lifetime. Today Lopez Foods is thriving as a result of his entrepreneurial zeal.

BY JANET PEREZ

JOHN LOPEZ MIGHT NEVER HAVE BECOME the entrepreneur he is today had McDonald's taken no for an answer.

In 1990, the well-known fast-food retailer approached Mr. Lopez, a longtime franchise owner in Los Angeles, about becoming part of the company's supply chain by buying a meat processing plant in Oklahoma City. He declined, but McDonald's persisted.

"Eventually they came back and showed me some numbers, showed me the potential of a business in Oklahoma," he says. "The blood started flowing again. The entrepreneurial spirit really started to take over, and I had to take a look at it. And I was hooked."

Two years later, Mr. Lopez was the president and CEO of Lopez Foods, a meat processing company supplying product to McDonald's, Wal-Mart Supercenters, and Sam's Clubs. As a result of his enviable success over the ensuing decade, Mr. Lopez was named **Hispanic Business** magazine's Entrepreneur of the Year (EOY) during an October 10 gala at the Pacific Palms Conference Resort in the City of Industry, California. The annual award recognizes a Hispanic entrepreneur who has exhibited uncommon drive and civic responsibility.

Sponsored in part by UPS, this year's EOY gala attracted more than 300 representatives from the worlds of business, politics, and the

SELECTION OF THE ENTREPRENEUR OF THE YEAR

This year's **Hispanic Business** Magazine Entrepreneur of the Year (EOY) was selected from a pool of more than 200 candidates nominated by **Hispanic Business** readers and Hispanic CEOs. An analysis of financial performance for 2000 and 2001 narrowed the pool to 15 finalists in five categories: Manufacturing, Retail & Franchise, Services & Finance, Latina, and Rising Star (CEOs no more than 35 years old). A panel of judges then reviewed the finalists' application data and scored their responses to questions regarding business performance, management, employee training and development, and involvement in fostering entrepreneurship.

The judging process requires EOY nominees to submit sensitive company financial data and is therefore strictly confidential. Judges and all those concerned with selection of the EOY Award are committed to maintaining that confidentiality.

This year's judges were Violeta Bermudez Pardo, a partner in PriceWaterhouseCoopers, Florham Park, New Jersey; Guillermo Bran, chairman of Bastian Capital Corp. in Los Angeles; Lucia De Garcia, CEO of Elan International in Irvine, California; Michael Lizarraga, CEO of TELACU in Los Angeles; and Juan Mencia, CEO of The Cube Corp. in Sterling, Virginia, and winner of the 2001 EOY Award.



Hispanic Business publisher Jesús Chavarría (left) congratulates 2002 EOY Award recipient John Lopez during the magazine's gala at the Pacific Palms Conference Resort in the City of Industry, California. The October 10 event was attended by more than 300 people.

EOY PHOTOS BY MICHAEL HEWES

media. Henry Cisneros, former secretary of the Department of Housing and Urban Development, delivered the evening's keynote address. Soledad O'Brien, co-anchor of NBC's top-rated "Weekend Today," emceed the event.

"Selecting a winner was extremely challenging. Each year it seems that more impressive Hispanic entrepreneurs come to the fore," says Lucia De Garcia, CEO of Elan International in Irvine, California, and one of this year's EOY judges (see sidebar).

"Mr. Lopez's success shows that Corporate

America has begun to recognize the talents of Hispanic entrepreneurs."

The EOY selection process is rigorous and highly competitive. Finalists are selected on the basis of financial performance, management, employee relations, business development performance, and encouragement of entrepreneurship. More than 200 candidates vied for this year's EOY Award.

Mr. Lopez spent the first 10 years of his professional life working at a handful of banks in the Phoenix area. The experience proved unsatisfying.

"I found out I really didn't have what it took to get ahead in the banking community. You had to be in the 'in crowd' to get ahead," Mr. Lopez says. "In the beginning of my career, in many jobs, I felt that there was some prejudice out there. But I also felt proud of who I was and where I came from. My family was able to give me a solid background."

With his wife's encouragement and his grocer father's example, Mr. Lopez left the corporate world and "decided to get involved in what was then called the *movimiento*," he says.

In 1970 he began helping minority small-business owners develop business plans, secure sources of financing, and identify opportunities through the NEDA (National Economic Development Association) in Phoenix. A year later, he joined what was then called the Southwest Council of La Raza, which eventually became the National Council of La Raza. In his eight years with the organization, Mr. Lopez founded and ran Southwest Investors Inc., a minority small-business investment company.

"We started financing Latino businesses all over the country. As a result of that, I financed some people in McDonald's, and that opened my eyes," he says. "I realized I had all the attributes that McDonald's was looking for, and I realized that my real goal in life was to become an entrepreneur."

In 1978, Mr. Lopez and his family pulled up stakes and moved to Los Angeles, where he opened his first McDonald's franchise. By 1992, Mr. Lopez had four family-run restaurants, with annual sales of about \$8 million and 175 employees. His passion for business turned into a passion for the McDonald's corporate philosophy, and he became involved in »

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UPS was the primary sponsor of this year's EOY Awards Gala. Other sponsors included City National Bank, Delta Airlines, Dewar's, Enterprise Rent-A-Car, Fannie Mae, Ford Motor Co., Goldman Sachs, Hewitt, *La Opinion*, Radio Super Estrella, TELACU, Union Bank, and the U.S. Postal Service.

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the company's leadership programs.

"In that realm I was introduced to McDonald's head people - the president, chairman, marketing people, supply people," he says. "I think my passion showed."

That led to the day in 1990 when McDonald's came to him with a life-changing opportunity.

"Because of his excellent reputation in our business, he was very much sought out by McDonald's to become a supplier," says John Hayes of Oakbrook, Illinois, senior director of the company's U.S. supply chain. "John [Lopez] really rose to the occasion. He threw himself into that role 100 percent. At first he said no, that he wasn't interested, but it's very much like John to get excited about a new challenge, and in essence walk away from a very successful business and take on something entirely new. He needs challenges."

After all the papers were signed and the finances settled, Mr. Lopez once again moved his family, this time to Oklahoma City, where he took over Normac Foods. The plant, whose primary function was manufacturing beef patties for McDonald's, had been built in 1971 and operated as a subsidiary of Wilson Foods before being sold and renamed Normac Foods in 1989. Wanting to preserve the corporate character of the company that had supplied them for so long, McDonald's went

looking for someone to take over who shared the company's ideals.

"They needed to get someone in there to carry it on into the 21st century," Mr. Lopez says. "In this case, McDonald's wanted to bring a Latino into their supply chain. That was when they approached me."

The company, renamed Lopez Foods in 1995, grew steadily. First-year sales in 1992 were just under \$143 million. By 2000, sales were just over \$173 million. Then the company took off. In 2001, a year in which many companies were

struggling, Lopez Foods posted sales of more than \$347 million. (Lopez Foods was ranked 13th on this year's **Hispanic Business** 500® list on the basis of tentative 2001 revenues of \$342 million.) The company, which employs about 300 people, recently expanded plant capacity in Oklahoma City by 28 percent to 180,000 square feet.

Mr. Lopez says expansion and diversification have enabled the company to prosper in hard economic times. As McDonald's sales cooled in the new century, Lopez Foods sought new clients.

"Our goal for the first five years was to solidify our company. Although we were very happy with McDonald's, and still are, we wanted to diversify. We knew we had to go out and get some additional customers," he says. "That's where the Wal-Mart Supercenters come in. They have very positive feelings toward the Latino community. They know who their customers are and they respect them."

With the new business, Lopez Foods added a new 500,000-square-foot plant, Carneco Foods in Columbus, Nebraska, which is run through a partnership with IBP, one of the world's largest producers of beef and pork. Lopez Foods has also started operating a plant in Guatemala City.

"I think McDonald's played a role in helping him think bigger than he had been at the time," says Mr. Hayes. "But John's a self-made man. He started with little and has made much, and it's not because of McDonald's or because of anyone other than John."

"We have given him some opportunities, but it was John who reached out and grabbed them and did more with them than the original opportunity seemed to offer."

Despite his success, Mr. Lopez hasn't forgotten the *movimiento*. Just as he did in Phoenix and Los Angeles, he continues to help and inspire Hispanics in Oklahoma City. Ernie Gomez, fund development director for the Latino Community Development Agency in Oklahoma City, says Mr. Lopez has given the city's relatively small Hispanic population, especially its business owners, a say in local affairs.

"He is always willing to be a voice and be there for Hispanic business owners. He hasn't forgotten them," Mr. Gomez says. "He's always had a hand behind him reaching back to help others!" o



Former HUD Secretary Henry Cisneros delivered the keynote address at this year's EOY gala.