

# Latino Leaders

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## The Business of Meat Packing:

An Exclusive Interview with

# John C. López

Chairman of the Board, Lopez Foods, Inc.

By Wendy Pedrero

John López is a happy man. Every word he exerts is living proof of that fact, and he is quite proud and excited to say it. But beyond all of that excitement, beyond all of his proud achievements, there is the story of a man whose goal of searching for more still remains partly unfulfilled. This is the story of a man whose growth, dedication, tenacity and hard work set him in the path of not just success but posterity, yet a man so humble and down-to-earth that all that really matters to him to this day are his family, his friends, and oddly enough, his employees.

John's dreams started much like any other child's. "I was always a dreamer and I loved sports," says John, "and I used to dream someday I would be up to bat, bases loaded, our team is behind 3-0 and it's a full count, and I'm out there batting, and of course, I hit the home run that wins the game for my team.

For John, those dreams that take place in childhood were the building blocks of his determined character.

Born to working parents in the *barrios* of Glendale, Arizona, John remembers growing up in the poor part of town, but surrounded by love. "Somehow our parents gave us enough loving to where we felt proud of who we were, of what we had, though we didn't have a lot...but we forgot about it, until we started integration and we went to school on the other side of town and, my God, we were walking there on sidewalks, and they had paved highways, many parks, better schools... and that left a big impression on me as a child. Something needed to be done about that."

Later on in life, and after holding various simultaneous jobs, John's father

managed to save enough money to buy into a small supermarket. It was John's first encounter with the concept of entrepreneurship, and at the time, he didn't find it very attractive.

Eventually, John's father purchased the entire store and an adjacent lot, which he started offering for community meetings with the goal of organizing the community and to develop leadership in the city so that they could in turn take care of the existing inequities. When the time came to choose one overall leader, John's father was the chosen one.

"He was the guy that was putting it together," he says, "and when the time came to select a leader, they picked him." John's father went on to become a city Councilman, although somewhat reluctantly because he only had a sixth grade education. With his help and involvement, the community started progressing.

### Getting Ahead in Life

From a young age, John displayed all the characteristics of a leader. "I was always involved in leadership roles. I can remember my cousins and I playing war

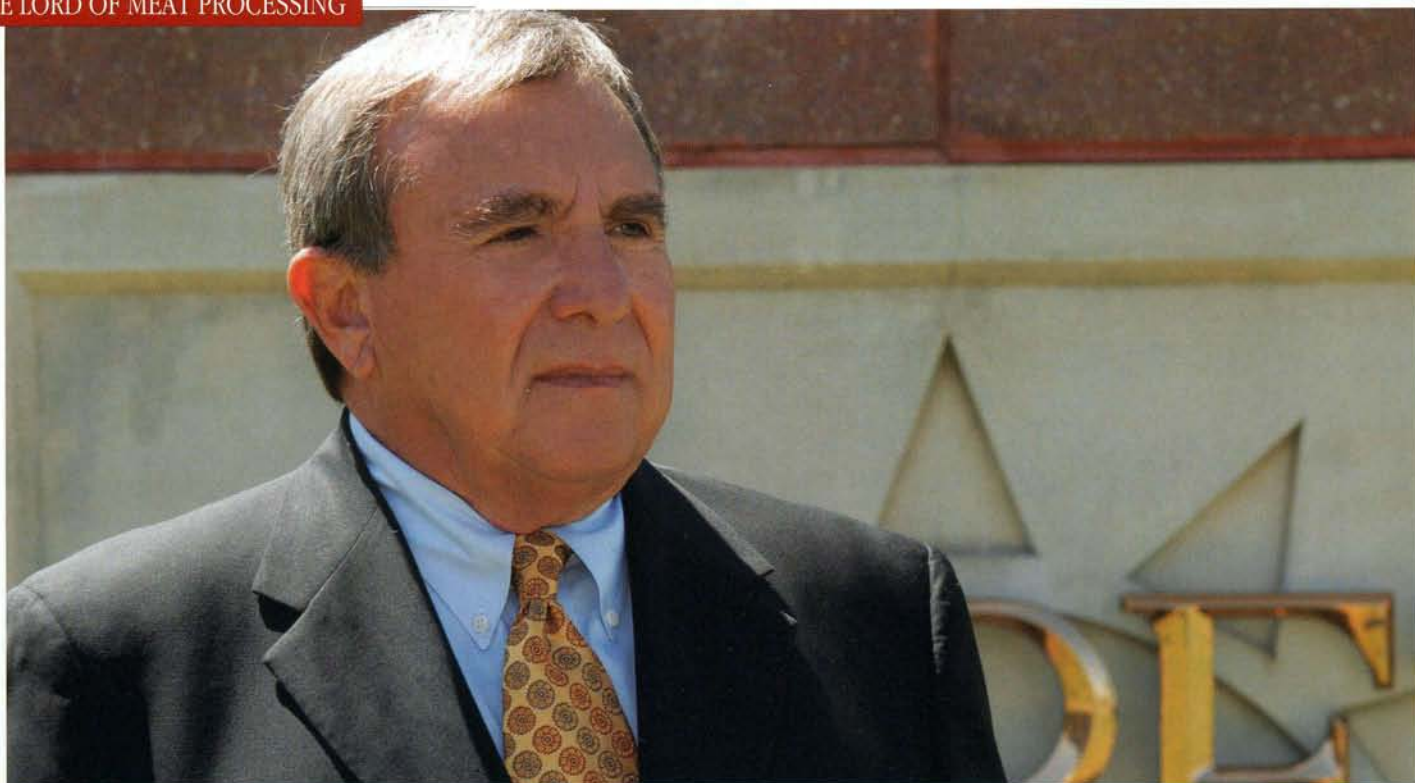
in the backyard, and my cousin once told me 'the only problem I had was that you always played the captain. I could never get beyond sergeant,'" he laughs, and adds: "I wanted to get ahead in life. I wanted to be successful in life, whatever that meant. I didn't know what that meant then. I just felt, to do that, I had to be part of paving the road to get there. Today, I'm still that way. It's a God-given skill, I think. I also think my parents had a lot to do with that."

After graduating from high school, John won a scholarship to play football in college. That experience was bound to be short, however, as two years into college John fell madly in love with his bride-to-be (he is still happily married to her) and after having two children, he decided to return with his newly formed family to Glendale, Arizona, where he found a job.

Since his parents had expected him to finish school and he didn't, John felt like a disappointment. "I was a disappointment in education, but I never lost my traits: my desire, my competitiveness, and so on."

Because he remained discouraged by the long hours of hard work that his





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father put into his business and that are so typical of entrepreneurial ventures, John decided to go into banking instead.

"I learned very quickly that it was very difficult to be successful in banking unless you had mentors or came from money or had more education than I did, and I had none of those. In those days you didn't find a lot of bankers with the last name of López, or Sánchez, or so on."

Disillusioned with the industry, he moved on to other things. Next in line was a stint at an organization formed by Latinos named NEDA (National Economic Development Association), who through funding provided by the Department of Commerce developed lending packages for Latino entrepreneurs in the area.

The job was deeply satisfying, but the work was hard, the hours long, and he suddenly realized that he was replicating the conditions that are typical of entrepreneurship.

Concerned with the well being of his family, John started thinking about other possibilities, when he was approached

to become a member of another organization called the Southwest Council of La Raza, the precursor to today's NCLR. "I was convinced that this was a good organization, and six months later I applied for a job there, and I became one of the first staffers of the SCLR when it formed in Phoenix." In almost no time, John became a program manager for the organization, and he remained there for nine years.

### **The Next Steps**

After spending nine years at NCLR, John, ever the challenge-seeker, began to feel the need for change. About the same time, he became acquainted with McDonalds.

"They asked me to get some Latinos involved in McDonalds as franchisees. We successfully helped some Latinos get in business, but what I also saw was a plan. I started thinking: 'It's time for John López to start doing something for himself. It's time for John López to start looking for a way to help his family.' By helping

other Latinos become successful, I saw the plan, I saw their model, and they had tremendous brand recognition..."

So, John decided entrepreneurship, after all, was the way to go. And though at one point McDonalds offered John a job within the corporation, John declined, choosing instead to become a franchisee.

He finally applied for a franchise, and upon being accepted, he moved to Los Angeles, where his first franchise opened in 1978. Although the move wasn't welcomed by the family, John knew it was the right decision. "I believed in the product, I believed in the brand, and they give you the structure, they give you the business process to make it... My wife said: 'It's what you want, I know you're going to go anyway, so I might as well go and be happy.' She knew that I was a driven man."

As it turns out, it was the right decision. Speaking about the outcome of taking that chance, John reflects: "It



was exactly what I was looking for. Mind you, I was broke. We had saved up and scraped in order to have enough money to get in... In order to get in you had to have 25% equity injection into the business, so I became very creative with numbers and with cash, and I was very fortunate that McDonalds allowed me to be creative."

It was at this point that John learned his first big lesson in business. "You've got to trust," he says. "You've got to trust people, and I had to trust McDonalds." That trust built a relationship that in 14 years yielded four different stores. Today, all three of John's daughters are owners/operators of multiple McDonalds' restaurants.

### On to Bigger and Better Things

One day during John's glorious years as a franchisee, McDonalds approached him with a business proposition. "They said: 'We think that you would be an excellent supplier for the McDonald system.' I said: 'Okay, talk to me'. So, they said: 'there is a plant that's going up for sale in Oklahoma City...'. And I thought: 'Here we go again... Let's move.'"

Once in Oklahoma, John took over the operations of the old plant, which was a major meat supplier for McDonald's, and he never looked back. "I'm a team builder. I build teams. I surround myself with the best people I can, but made it very clear to my team [when I came] here in Oklahoma City that they were going to train their future bosses. That was not an option. But at the same time, as a team, I gave them the opportunity to become part owners of this company. And now, as a result, I have a core management team here in Oklahoma that are share holders of the company."

That is precisely how John managed to attract the talent of the company's current CEO, Ed Sánchez. John found Ed's talent, coincidentally, at McDonalds.

"We'd always been associated through McDonalds," Says Ed. "He was an owner/operator and I was a company executive. We became friends, we attended social gatherings and meetings, and that's how we began the friendship...and we kept that relationship."

When Ed left McDonalds, he was the President of the Latin America and Canada division, but he had hit a crossroads. "I had to make more of a personal



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decision than a business decision. I was traveling a lot, and I had a 10 year old and an 11 year old and I wasn't spending a lot of time with them because of my travel schedule, so I was ready to make a decision and John was looking for someone.

"It all just kind of came together," adds Ed. "John said: 'I'm looking, you're looking, so why don't we look together?' And we were able to work out a partnership."

As the President and CEO of Lopez Foods, Ed is now responsible for running the overall business operation. Still, Ed's background wasn't in the meat packing industry so, in order to learn the business and better serve the company, Ed decided to work just about every position that exists in the plant. His effort has paid off in a big way. Ed has been able to help run and grow the company more than efficiently.

There is no doubt that he has a tremendous respect and admiration for John. Says Ed: "What I admire most about John is his entrepreneurial spirit. He is very driven. He is as driven today as he was 15 or 20 years ago. He also has a tremendous vision."

Once all the pieces were in place, John set out to turn the old plant into a state-of-the-art provider for McDonald's. The changes that he brought on when he took over caused some attrition, mostly from individuals that didn't share John's vision, but today, he has a fully rebuilt company and a very productive team.

**What Lies Ahead**

Next in John's plans? To grow Lopez Foods into a billion dollar company. "Getting there is one of my dreams. So far, most of my dreams have come true. And we have plans to get us there.

"But to grow, you have to let go. No man is an island and can do everything by himself. You've got to have the right people around you, and you've got to have the ability to let go. You've got to find the right people and you have to let them

**LOPEZ FOODS, INC.**

- Lopez Foods, Inc. is centrally located in Oklahoma City, OK
- The nation's largest Hispanic owned meat processing company
- The nation's 11th largest Hispanic owned company
- Ranked among the Top 25 Elite Red Meat Companies in the U.S.
- Beef products under the *Prairie Ridge*, *Red Canyon Ranch* and *Northern Plains* brand names
- Lopez Foods, Inc. is the largest Hispanic owned meat supplier to McDonald's, Sonic, Wal-Mart Stores, Inc. and Sam's Club
- Pork products under the *Country Cousin* brand name
- January 2, 1992, John C. Lopez purchased the company
- Named Lopez Foods, Inc. in 1995
- Customers include: Applebee's, Burger King, McDonald's, Sam's Club, Sonic, Tyson and Wal-Mart Stores, Inc.
- 200,000 square foot plant
- Facility produces frozen ground beef patties, frozen partially and fully cooked sausage patties and sliced Canadian-style bacon
- 2006 revenues approximately \$500 million (company-wide)
- Total employees 575 (OKC) / 1,100 (company-wide)

**CARNECO FOODS**

- Carneco Foods is a beef processing facility located in Columbus, NE
- A joint venture with Tyson Foods (formerly IBP)
- 102,000 square foot plant
- Produces 45 million pounds of ground beef chubs annually
- Produces 70 million pounds of frozen hamburger patties annually
- Produces 30 million pounds of tray-pack ground beef annually

**CAMPOS FOODS**

- Campos Foods is the newest addition to the Lopez Foods family, coming online in 2005 and located in Caryville, TN
- A joint venture with Advance Food Company
- 80,000 square foot plant
- Produces all fully cooked frozen beef, pork and chicken products
- Produces hamburger patties, sausage patties, meatloaf, Salisbury steak, rib patties and a variety of flavored and coated chicken products

run the operation." With his meat packing business thriving, John has decided to delve into other business ventures. He now has a construction company called Sueños, and he recently got approved by the Choice Hotel System as a franchisee. "They have a new brand by the name of Cambria, and that excited me. It's going to cater to the higher end of the hotel guest population. It's going to compete

with hotels like the Hilton Honors, Marriott Courtyards, and the like.

"I think that with my ability, I can do well in hotels. It's always been a dream of mine, to do something else big. I want to leave something else for our children and our grandkids. Maybe some of them won't want to be in the meat business... but something will be there for them."

No doubt there will be. As long as John can dream, there will always be something new to achieve, something new to discover and most assuredly, another legacy left behind. 🍖



Lopez Foods, Inc.

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