

Executive Takes Chance on Pizza, Transforms Spain

MADRID, Spain—Leopoldo Fernandez was earning \$150,000 a year as an executive in Spain with Johnson & Johnson when he decided to open a pizzeria on the side.

“Keep in mind, I knew nothing about pizza. My job was about selling hear: valves, heart monitors, surgical instruments,” said the 47-year-old Cuban American, a former marketing director for the U.S. medical supply company.

Six years later, Fernandez is the president of TelePizza, a multinational company with projected sales of \$120 million this year. By year’s end, the Madrid-based pizza businessman’s name will adorn more than 200 outlets in ten countries. The company, one of the first to answer a need for convenience goods in modernizing Spain, may even be the world’s fastest growing pizza china, according to a recent issue of the trade magazine Pizza. Today and research by TelePizza.

“I thought I’d just open five little stores and keep my job at Johnson & Johnson,” recalled Fernandez in an interview as he puffed a \$5 Cuban cigar. Two small Cuban flags are placed on his desk top.

Success came “so quickly my biggest problem has been keeping on top of the growth- money management, people , training. Most new businesses grow at 10—20 percent yearly. We’ve grown at 10 percent a month since we opened,” Fernandez said.

After his first shop prospered in Madrid, Fernandez left his job, sold his house and stocks, and cobbled together \$300,000 to put into the business. From then on, new pizzerias opened rapidly, first in Spain and then abroad.

At the time TelePizza began in the late 1980s, pizzas were available in Spain only in Italian restaurants, and Spain still modernizing, there home delivery of any food was rare. But with more women in the workplace and was a growing need for convenience foods. TelePizza’s success is widely credited with setting off a boom in home-delivered fast food in Spain.

Hundreds of motorbikes now ply Madrid’s streets delivering everything from pizza to traditional specialties like Spanish tortillas (egg and potato omelettes) and paella.

Like the Domino’s chain of U.S. fame, TelePizza’s pies come fast—the company guarantees that pizzas will arrive in under 30 minutes, depending on where customers live. They are fairly affordable, with a pie for up to four people costing \$13, compared with \$6 for a McDonald’s quarter pounder, fries, and Coke, undelivered.

Some say Spain’s growing appetite for fast food is undermining the country’s healthy Mediterranean diet. “There’s a saying, when we were poor we made better eating choices than we do now,” said Consuelo Lopez Nomdedeu, a nutritionist with the government-run National College of Health. But Fernandez dismissed such complaints. The key is variety in the (lid,” he said. “I wouldn’t eat pizza daily or hamburgers (nor would I eat) Spanish dishes like lentils or garbanzos.”

Along with crediting the untapped Spanish market for his success, Fernandez noted that growing up as an immigrant in the United States probably also helped. Like many other refugees fleeing the Castro revolution, Fernandez moved to Florida from Cuba in 1960 with his parents.

“An immigrant has to find ways to succeed because he’s on the bottom,” said Fernandez, who also has worked for Procter & Gamble Co., the leading U.S. consumer products company.

“Here, my advantage is that I understand Spanish mentality better than Americans do, and I understand Americans better than Spaniards do,” Fernandez said.

So far, his recipe for success is working. Fernandez said TelePizza outsells its threebiggest rivals in Spain—Domino’s, Pizza Hut, and Pizza World—combined. The company has a fleet of more than 2,000 motorbikes in Spain and sells 25,000 pizzas daily in the Spanish market.

About two-thirds of TelePizza outlets in Spain are franchises while 90 percent of the 40 stores abroad are company- owned. In addition to Spain, there are TelePizza outlets located in Mexico, Colombia, Chile, Portugal, Belgium, Greece, and Poland—with stores in France and Brazil set to open before year’s end.

“We plan to go into the U.S. in due time,” Fernandez said. “For now we are maturing and learning from growth markets.”