



Chapter I:

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I have always had a strong entrepreneurial spirit. I think of it as *determinación*²—it has led me to where I am today. The road I chose has been a difficult and exciting one from my beginnings in Mexico City to my current home in Los Angeles, California. *Determinación* helped me build a multimillion dollar corporation from my tiny kitchen more than twenty-five years ago.

I come from a privileged background compared to the rest of my countrymen, as I was born into a middle-class family. However, I have never considered myself above anything or anyone. I am a hard worker, a motivated individual, a strong woman, all qualities required of entrepreneurs. Anyone who can create opportunities for herself can achieve what I have achieved. All it takes is *determinación* and a belief in oneself.

To understand where I am as a Latina entrepreneur today, it is necessary to share where I have been. This work is not an autobiography, so it will not delve into every detail of my life. It will take you through the most definitive moments, the ones that shaped me into the entrepreneur and woman I have become. My objective is that this exercise in self-description will help those who want to start or

² Spanish words will appear throughout this chapter. The literal translation for *determinación* is determination; synonyms include willpower, resolve, and fortitude.

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continue their own business. It is not an easy road, but if I had to do it all over again, I would not change a single turn.

Natural-Born Entrepreneur

It was natural for me to become an entrepreneur after seeing my grandparents and father have their own business. One grandfather was a lawyer and the other owned an auto shop. One of my grandmothers was a piano teacher, while the other made beautiful 1950s-style hats. My father, Arturo Sobrino Pellón was one of the best civil attorneys in Mexico City. He loved the law and was an amazing public speaker thanks to his strong personality, which I inherited. Always in a suit, he instilled the value of professionalism and appropriate presentation. He always wanted me to be a lawyer, but I had other plans.

My mother, Alicia Franco Saavedra, chose to be a traditional Mexican mother instead of continuing to work when she married my father. One talent she greatly developed as a homemaker was making gelatins. Eating gelatins is an ingrained custom in Mexican culture and she was well-known for her treats. Every time we were invited to a celebration, my mother made large, two-layered, fruit-filled gelatin desserts. Everybody loved them. The gelatin-making skills my mother taught me along with the entrepreneurial spirit my father and grandparents passed on to me would one day merge in the formation of Lulu's Dessert Corporation.

First Foray Into Business

At fourteen years of age, after accidentally finding out about a dangerous case on which my father was working, I realized the dependency my entire family had on him. I saw a necessity, as many young Latinas do, to help my family in the immediate sense, and not necessarily wait to "become a lawyer."

Instead of going to a university, I choose to enroll in a vocational career to join the business world sooner. I received a certificate as a private accountant and executive bilingual secretary from Helena Herlihy Hall (HHH), an all-girl Catholic school in Mexico City. After graduating from HHH at the age of seventeen, I was full of energy and ready to conquer the world. Fortunately, I was lucky to get a job at IBM a day after graduation. In the information-systems department of seventeen men, I was the only woman. A few weeks after I started working at IBM, I found out they wanted to train the first woman to become a systems programmer in Latin America. My supervisor did not believe a woman would be interested in or capable of working on computers in 1969. I *was*, and after being asked about it, I told him that I would prove that “Mexican women are capable of anything.” He agreed to send me, but on one condition: If I failed any of the courses, I would be removed from the program immediately.

My male coworkers, the majority of who had engineering backgrounds, thought I would not understand COBOL or perforating cards, and that I would become frustrated working at night on the IBM 1401 computer system housed in a refrigerated room. Back in the 1970s, women in Mexico were not treated as men’s equals in the business world. I realized my advantage right away: They did not think of me as competition. I tried harder than they did, worked longer than they did, and learned a lot more than they did. I had something to prove, not only to them but to myself, and I did it with *determinación*. It was no easy task, but I was not going to give up. In finishing this program, I earned everyone’s respect, especially that of my boss. My certificate said I was the first female “Systems Programmer” in Mexico.

Becoming the first female Systems Programmer confirmed that business, not law, was the right choice for me. I also realized I could exceed other’s expectations. However, most important was the realization that I could maneuver my way through a bunch of testosterone, not only because I’m a woman, but because I’m a capable woman.

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Without this experience it would have been impossible to make it through the male-driven obstacles in my career.

The Search for a New Adventure

I was ready to move on. I was no longer passionate about the solitary work I was doing with computers; I needed to work with people. My next endeavor would be business-oriented but I was not sure what field of business I would pursue.

After a short self-financed trip to Europe I continued with my business journey. I found a job in the Groups and Conventions Department for Fiesta Palace Hotel in 1971. It was my first glimpse into public relations and the tourism industry.

At the Fiesta Palace Hotel I was trained on how to organize various events from conferences to corporate workshops and weddings. One of my successes was organizing promotional events for the Caesars Palace and Circus Circus hotels in Las Vegas. Caesars Palace was so happy with my work they offered me a job in Las Vegas three months before my wedding. I decided against it and instead, spent time organizing my wedding in Mexico. I enjoyed my job at the Fiesta Palace Hotel very much thanks to the experiences I had and the people I met, however, it was not challenging enough. My entrepreneurial spirit did not allow me to work for someone else for long.

My First Business

My first business was called *La Florería Inglesa*³. I really enjoyed flowers and because I was already purchasing flowers wholesale for the events I organized, it made sense to start a business within the same industry. With personal savings and no business plan but a lot of confidence, I started in 1972. This is something I recommend to burgeoning entrepreneurs so they don't lose income: Start a new venture *on the side* first; keep your day job.

³ *La Florería Inglesa*: The English Flower Shop

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I asked my mother to help with the flower shop while continuing my job at the Fiesta Palace Hotel. Since the business began to flourish, I opened a second flower shop at the Hotel Del Prado three years later.

While still at the Fiesta Palace Hotel, I started organizing events at other venues around the country. That is how my second business, Turismo Copsa was born that same year, 1975. I didn't know it at the time but I was creating the first company specializing in organizing groups, conventions, and events for various companies throughout Mexico. I hired six employees and added a Travel Groups Division months later, sending Mexican tourists to Las Vegas, Los Angeles, and San Francisco.

My business was doing very well; it was so successful that an international office was needed to keep up with the demand of my services. This is where I must point out that my plight to come to the United States in 1982 was different than that of most other Latino immigrants. I had the means to hire an attorney to help me incorporate and start my third business, Mexico and Westside Connections, Inc.

Even though the decision to expand to the U.S. was made primarily because of business growth, there was a personal underlying reason. The promise of a new life with my husband and five-year-old daughter was very enticing. Also, coming to the United States would fulfill one of my greatest dreams: Disneyland. Who knew that one day I was going to promote and bring Mexican tourism to Disneyland?

Journey to the U.S.

You have to keep in mind that at that time, Mexico's border was not as open for trade as it is now. Importing clothes, toys, food, or other things was difficult. This was something I did not understand when I was younger, and even when I started Turismo Copsa. My curiosity for doing business in America was always present. It was difficult to understand why my world was limited to a border.

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Traveling beyond that border gave me the opportunity to work in the country I had always wanted to visit, and to open the border to tourism.

While I know that I was not the first and only person to open the border for business between the two countries, it felt very rewarding to start building bridges. Fortunately, I was able to obtain my immigration documents as an investor. I got an L-1 Visa to work in Mexico and Westside Connections, Inc., exclusively. It was not a difficult process then because I arrived as an investor transferred by my Mexican company. However, to have that paperwork for my future endeavors was very useful.

Before I left, I first had to tell my parents that I wanted to leave Mexico and temporarily move to the U.S. My family in Mexico thought I would be back in a few months; no one considered that I would one day live in the United States. I left my Turismo Copsa office in Mexico City in operation in 1982 and sold my flower shops. The hardest part for me was leaving my family who I love dearly.

The words “immigrant,” “minority,” and “Latina” were not part of my vocabulary before coming to America. It is important to understand that with a huge population, Mexico is a large country with rural and metropolitan areas. I come from Mexico City, the capital, with around twenty-five million people. Most Mexican immigrants in America do not come from Mexico City; rather, they come from smaller rural areas of Mexico.

It was a real shock to be called a minority because I came from a big homogenous city. Today I am proud to be called a Latina because I see it is an advantage. I try to take advantage of whatever privileges are associated with being a woman-owned firm or a Hispanic-owned firm. Latina or Hispanic, both of these labels are positive and I am proud to be called either one.

I opened my first Mexico and Westside Connections, Inc. office on Century Boulevard across the street from LAX, but a few months

later something happened that changed my plans, my future, and ultimately, my life.

Life Decided by the *Peso*

I watched in horror as the value of Mexican pesos plunged against the U.S. dollar in 1982. One day the peso was worth a good amount, and the next day, it was worth almost nothing. This horrible devaluation killed my travel business. It made my services prohibitively expensive for a predominantly Mexican clientele. The country plunged into chaos. Nothing was the same since the economy had suffered so terribly. My business took a dive and worse yet, my going back to Mexico was not the best idea.

I was scared of the economic and political situation in Mexico. I heard of atrocities occurring there because people needed goods and services and suddenly the money they had was worth almost nothing. Fear was ever present and I did not want to expose my family or myself to the dangers of such uncertainty. On top of that, my husband did not want to stay in U.S. Reluctantly, he agreed to stay for a couple of years because of the turmoil going on in my country.

I was determined to hold on to my travel business. I tried to develop it by offering tourism from the U.S. to Mexico, but I failed miserably. To develop any kind of business, a network is needed, whether it be to generate customers or for support and idea generation. I did not have that.

My husband and daughter were the only support system I had. No colleagues or business partners were around to turn to. One of the hardest things for an immigrant was not knowing anyone. Ultimately, I had to stop trying to send tourism to Mexico. Some people could not even afford food; next to nobody could afford to travel.

With no business to keep me here, my parents, relatives, and husband began pressuring me to return to Mexico. I felt cornered, depressed, and above all, desperate. After all the hard work I had

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put into coming to the United States, my efforts were going to be tossed away. This was very emotionally and physically draining.

To top it all off, the food here was different, and having to give up a more comfortable lifestyle was difficult. The language barrier made it difficult too. Everything was strange to me because it was in English; *estaba sola*⁴.

Loneliness was tearing me apart. Suddenly, I doubted myself and my decisions. I asked myself, “why are you doing this?”

It took some courage, but I analyzed my situation and found that my entrepreneurial spirit reminded me of *determinación*. This was the beginning of the adventure that has defined me as a Latina entrepreneur, the adventure of Lulu’s Dessert.

The Beginning of Lulu’s Dessert

One day I was looking for the traditional Mexican dessert that is a staple in my native Mexico, ready-to-eat gelatins. I couldn’t find them in stores in Redondo Beach, where I was living. I started doing research by visiting grocery stores in my area but could not find any. Since my mother taught me how to make the gelatin dessert, I would go to Tijuana to buy ingredients and make gelatins from scratch. They were delicious, just like I remembered. It was great because it allowed me to teach my daughter how to make the *gelatinas*⁵ I loved so much. We spent countless hours in the kitchen working on perfecting our three-colored, layered masterpieces. Those hours were wonderful; they form part of my fondest memories as a mother and entrepreneur.

After sharing gelatin samples with my neighbors and others, I began receiving positive feedback. Most of them had never seen gelatin made in different shaped molds before. They had only been exposed to the powder mix in a box from brands like JELL-O and Royal.

All the people with whom I shared my *gelatina* loved it and thought I could make a business selling it. I didn’t know what I was

⁴ *Estaba sola*: I was alone

⁵ *gelatinas*: gelatins

getting myself into; however, the entrepreneur inside me was curious and ecstatic. I had finally found my niche. I had a winner! I found something about which I was passionate. I cannot emphasize enough the importance of passion when it comes to starting your own business. If you have passion, you will be able to stand up to anything that gets in your way. Passion gives you energy; it gives you hope; it triggers *determinación*.

I started looking for information on the food industry. The Health and Human Services Department required that I open a legal establishment out of my home if I wanted to sell my product to the public. My lawyer recommended that instead of opening another corporation, I create a DBA (Doing Business As) and add it to the business that brought me to the U.S., Mexico, and Westside Connections Inc. That is how my fourth business, Lulu's Dessert Factory, was founded in 1982.

Looking back, I realize what a large, blind risk I took. Food manufacturing required an exponentially larger capital investment than any of my previous businesses. I began with a \$50,000 cash investment, and later added the sale of two real-estate properties as needed. This was how Lulu's Dessert began.

Branding

Brand names summon a clear image in our minds. Companies spend millions of advertising dollars each year to promote brands, but I never had that kind of budget. Instead I needed to develop a catchy name. A name was needed to get my business up and running, so I went next door to my neighbor's and brainstormed. About a hundred different names were suggested, and then I told him about my nickname, Lulu. He immediately suggested I use it.

That idea was not appealing as I was very shy. Naming the company after myself seemed too boastful. In my country, one does not promote

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their products with their names. But I soon realized that, in America, it was a widespread and typical practice. It did not take long to convince me. We came up with the simple, but self-descriptive name that has carried my product throughout the years, “Lulu’s Dessert Factory” (which has since become a Corporation). From that point forward, my brand has been myself. I get out there and put my face on Lulu’s Dessert; we are one and the same, inseparable. In lieu of a big advertising budget, I have played an instrumental role in raising my profile and keeping my story in front of my consumers to create brand loyalty.

The first thing that comes to the mind of a Latino entrepreneur is a *tiendita*⁶, so I opened a gelatin store that was 700 square feet in Torrance, California. My rent was \$400.00 a month. I had to exchange my pesos for dollars, and found, unfortunately, that many pesos became very few dollars. Thankfully, it was enough to open my little store. It was a small Hispanic-style eatery for which I bought all new fixtures and equipment. I was very proud of this new accomplishment. There, I sold Mexican style sandwiches as well as coffee, juices, cookies, cake-sized gelatins, individual-figurine gelatins on a *papelito*⁷, and other desserts. All of these products were prepared by me the night before. This still required a weekly trip to Tijuana to buy my ingredients, as I did not know where to find them around my neighborhood.



Grand Opening of My *Tiendita* in Torrance, California

⁶ *tiendita*: small retail store

⁷ *papelito*: small paper

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Unfortunately, nobody understood my products and I was not selling enough. After three months I was very tired, opening the *tiendita* from 8 a.m. to 9 p.m., Monday through Saturday. It was so tiring that I was ready to give up and close the store.

From *Tienda* to Factory

Instead of giving up, I decided to convert my *tiendita* into a small factory. If customers couldn't find me, I needed to find customers. My product had to be put into retail stores and I needed to find a way to do just that. That is when I put the gelatin in a single-portion clear cup, designed my label, and began looking for customers. Because I was introducing a traditional Mexican dessert, I needed to find first-generation Mexicans who would understand the cultural and even emotional value—the nostalgia—of gelatin. The Mexican community in Los Angeles concentrated itself in various sections of the city. Redondo Beach, where I settled, was not one of those places.

I realized there were also a lot of second-generation Mexicans who would be interested in a cultural-food desert, such as my gelatin. There were a lot of Latinos in places like Wilmington, Carson, and Long Beach, and I set out to find them. My tactic was to pursue mom-and-pop stores in those cities. At first, the store owners laughed at my product. They didn't understand the concept because I didn't have any competition. They asked why people would buy the gelatin if they could easily make it at home. After convincing them of the convenience of the ready-to-eat product, I asked their permission to leave it at the store on a consignment basis at no risk to them. I knew if they let me put the gelatin in their refrigerator, they would see that the deserts could be sold.

***Jarrita* in Hand**

One day I delivered to a store in the morning and by late afternoon I received a phone call. The owner said, “*Señora*⁸, please come back; your *gelatinas* are sold out and we need more.” This phone call

⁸ *Señora*: ma'am

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motivated me. I still hold those difficult times close to my heart. It is important to remember that fundamentally, the business started with only basic ingredients combined with *determinación*. I started by producing three hundred cups a day. Each gelatin had three layers, so I actually had to fill the cups 900 times, armed only with my *jarrita*⁹, my apron, and my recipe book. Those objects are now part of the *Latinas: The Spirit of California* exhibit at the California Museum for History, “Women and the Arts” in Sacramento.

This business was an experiment for my husband, my daughter and for me. It was an adventure for all of us to a certain point, because we had not yet decided that we were going to live in this country permanently. My family in Mexico was confused and amused by my entrepreneurial pursuits. They couldn’t comprehend that I was making a living selling a dessert. They laughed because they pictured my business as a pushcart on the streets of downtown Los Angeles. My father was ready to see me return as a big failure and I did not want to give him the pleasure of saying, “*te lo dije, hija*”¹⁰. I worked very hard to make it in America; my *determinación* was incredibly strong.

Off to a Running Start

Two months later representatives from The Boys Markets were visiting mom-and-pop stores, trying to understand what Mexicans ate and bought. Remember that twenty-five years ago, only tortillas and salsas were found in supermarkets. The reps found my products and contacted me through a food broker. They explained the job of a broker and we started doing business together on a commission basis. When they gave me an order for one thousand cases I said to them, “I do not think it is going to be possible to produce one thousand cases. Do you know how much work that is?” So I had a good problem: *growth*. I needed a plan for financing, production, shipping, and giving terms to my customers. Having no credit with a bank, I decided to invest the last of the savings I brought from

⁹ *jarrita*: little jar; pitcher

¹⁰ *Te lo dije hija*: I told you so, daughter

Mexico to take the company to the next level. I was very excited about my adventure. It was now time to take a big leap; consignment was no longer an option because I had started a full-fledged business.

By 1984 I had moved from the little store in Torrance to an industrial building in Gardena. The building had been an auto body shop. After purchasing it, I converted it into a small food-manufacturing plant. There, I felt more like an industrial manufacturer. I began hiring employees, finding suppliers, inventing and designing a filler system, and buying more equipment. I spent at least five difficult years working on a formula that had a sixty-day shelf life. I continued the development of a full line of gelatins in different sizes. All of them are favorites of mine, but my mother's favorites were, and still are, the creamy ones.

The Power of Free

To promote my products, I gave away free samples in supermarkets. This rudimentary method was the only form of marketing I knew of, but it gave me the opportunity to receive feedback from customers. This is what marketing companies call "focus groups"; but I did it informally, and most critically, personally. The lesson here is that you have to get to know your consumers. Being amicable and responsive is incredibly important. Each contact you make is a potential marketer for your product, and combined with word-of-mouth advertising from these consumers, the markets for your products can increase exponentially.

Another well-learned lesson is that the Hispanic community is fiercely loyal. However, it takes a lot to be able to capture its loyalty. A product has to be of great quality, affordable, and innovative in order to capture our attention. I am glad I learned that early on.

To expand the business I decided to process other food products in my plant. These included pickled carrots, coated soy peanuts, and liquid vanilla. However, when my customers complained about my

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gelatins tasting like *chile*, I investigated and found that gelatin is like a sponge; it absorbs everything in the air. Little by little, I discontinued the other lines. The lesson here is to *stay focused on what you are doing to be the best in one category*.

Ready-to-Eat

Lulu's Dessert Corporation has been credited with being the first company to introduce the category of ready-to-eat gelatin dessert in individual portion sizes to the supermarkets of America. It took my major competitor, Kraft Food's Jell-O, eleven years to catch up to where I began in offering a similar product and when they did catch on, they jumped in with everything they had. They hired actor Bill Cosby to promote their gelatin in ready-to-eat individual portions. I thought I was going to disappear, but thanks to the advertisements, Bill Cosby was educating the consumer about ready-to-eat gelatin. My sales started increasing, and the category expanded.

Staying Connected With People Outside

It is important to stay in touch with people outside your work environment to bring in fresh ideas. In those days I couldn't find a network of business people with whom to communicate. There was no Internet, nor was I aware of any conferences to attend. I decided to take night classes on different subjects at the local community college. This was a welcome distraction from the hard work of running a company and allowed me to think outside the business.

“Million-Dollar Baby”

Financially speaking, I didn't have a salary for about three years since I let the company function with its own profits. One day my bank mentioned that I could apply for a Small Business Administration (SBA) loan. When I asked what the loan was, the

banker explained that it is a low-interest loan that the government guarantees—a program to help businesses. I prepared a business plan with a consultant for the first time in my life, and applied. In 1989, I received a 504 SBA loan of close to one million dollars that gave me the ability to expand and buy a larger building. This allowed me to move Lulu's to the next level; this time it was a 15,000-square-foot plant in Huntington Beach, California.

Personal Disappointments

Sometimes to make things happen in business, family time and relationships suffer. It is not that one prefers the business to family; it is simply that one does not see this occurring until it happens. Unfortunately, my personal life was not going well. I did not have my then-husband's support; instead, he made me believe that I didn't have the right to be successful. The relationship was deteriorating after many years of struggle. Moreover, I painfully lost legal custody of my daughter Lourdes. After many years of fighting in court for her custody, I had to let her go based on her wishes. More traumatic to me was the fact that I had lost her emotionally.

I was extremely vulnerable and in my attempt to move on, I entered a new relationship in which I had my second daughter, Monica. After dealing with another man who didn't accept me as an independent woman, but before getting into more trouble, I left him.

I continued to focus on the company. Enthusiastic about my loan and the growth of my sales, I was able to dedicate more energy and thus recouped some lost time. Obtaining my SBA loan was difficult, as was moving into my new plant in Huntington Beach in Orange County, California. Finally, in 1989, I had a new beginning.

Moving to the Huntington Beach plant took much more time than I had anticipated. There were about nine months' worth of permits to remodel the building and work with the city. I was suffering financially since I was operating the Huntington Beach and the Gardena plant at

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the same time. I had a budget but it was not enough and the money ran out before I could finish improvements on the building. I had to look at new financing and take risks working with new banks on different types of loans and leases. While I was in this process and working with one of my vendors, I realized the plant was too big to produce only gelatin desserts. So there I went again: I created a new company, this time with a 50/50 partner.

Fancy Fruit Corporation

In 1990, my new partner and I put our strengths together and sealed this new partnership with a simple handshake. I knew how to make *gelatinas*, while my partner knew how to make *paletas*¹¹. This was the start of my fifth business: Fancy Fruit Corporation. This time around, I had no initial capital, but I did have more experience. By now, I understood the American way of living with debt and paying interest. There was a time when there were more than twenty loans financing both Lulu's Dessert and Fancy Fruit. This came from a strong desire to diversify to a new food category. There was excitement in creating another new company from nothing. We built our own equipment in house and were producing *gelatinas* and *paletas* in the same production room. It wasn't long before we had growth problems for both companies.

Fancy Fruit provided me with a lot of knowledge about a different division of the food industry. After all, one was a frozen, and the other was a refrigerated product. Again, I didn't have any idea what I was doing but I was learning and my partner, with his engineering background, was helping me to improve the machinery for Lulu's. I did very brief research on the marketing side.

Given that *paletas* are also a very well-known product in the Mexican community, I thought everything was going to work out, and that we would be able to combine Lulu's Dessert and Fancy

¹¹ *paletas*: ice cream bars

Fruit sales. A year into working with both products, I realized they were completely different worlds. I learned the deli buyer is different from the frozen-food buyer. We needed two different types of distribution channels, and thus different sales departments, different distribution trucks, and so forth.

Costly Exporting

My export experience began with my shipping Fancy Fruit bars around the world far too soon. I was not prepared to go to that level yet. One day we received a call from a customer who wanted to export our fruit bars to England. He came to the U.S. and bought one in a store. He found he liked it and wanted to export it to the UK. We were very excited when he visited us to order the first truckload. We asked him for payment in advance. The second truck was on consignment basis, and it took him six months to pay. The third truck took him a year to pay. In conclusion, we didn't know that we could request a *Letter of Credit* to guarantee the sale. Ultimately, the same scenario played out in Chile, Australia, New Zealand, and Puerto Rico among others.

There came a point when we could not afford to put out all the receivables. The company continued producing with the financial support received from Lulu's Dessert. My partner and I traveled to all these countries trying to collect our money and found out that it is very difficult to legally collect because each country has its own laws. Once goods are out of the U.S., you lose control. We needed to hire legal advice in each country, and found it to be very costly. Years later, I learned that the U.S. Commercial Service from the Department of Commerce, through the information they provide, could have saved us from making the mistakes we made. At the same time, the U.S. Export-Import Bank could have provided financing if we had known about it. The lesson learned through my impulsiveness was that there is a lot of free and valuable information available, but you have to do your research.

Complications

By mid 1992 so many difficulties had occurred that I was ready to give up and close my business. On top of everything, my father passed away from diabetes complications. As I sunk into a deep depression, other things started falling apart. We were exporting *paletas* around the world and had a large amount of receivables that we could not collect. I was trying very hard to keep both companies going but it did not look promising.

Due to the 1992 L.A. riots that year, I lost the Gardena plant. People burned many properties in the area and nobody wanted to buy it. I was forced to return the building to its previous owners. Compounding my problems, I lost my home in Torrance since the recession in the early 1990s had made interest rates skyrocket. My company was behind on taxes and the IRS was ready to close my doors if I didn't pay up. I borrowed money from my parents, and my brother Arturo also helped me keep going, but the debt was too big this time.

I prayed to God, asking Him for help. I was desperate, but Monica, my youngest daughter, gave me the strength to continue. Giving up was not an option. Fortunately, my employees also gave me the energy to go back and fight for the companies. One day while looking at the conveyors, I realized that thousands of customers depended on our products. I couldn't fail the customers who had supported and been loyal to Lulu's for so many years. Also, there were many people that depended upon my decisions: suppliers, banks, brokers, distributors, and especially my employees. I had to believe in myself and thus I reverted to my *determinación*.

I moved into a small apartment close to the plant to grieve the loss of my father and to figure out what I should do. That gave me some time to resolve my problems one by one. I sought support and started talking to mentors who helped me better understand the business and the different options I had, and helped me learn from my mistakes. Thanks to these experiences, I became a stronger

woman. I continued to develop more desserts using common sense and studying my customer's needs.

How I Developed Our Best-Selling Item

Creating my best-selling item—the twelve-pack of assorted, single-color gelatins—came from a realization I had while shopping at a grocery store. I saw a customer buying several cups of Lulu's Dessert. She put them all in her arms; then she put them in her shopping cart and walked back to the produce department to get a plastic bag in which to place her gelatins. That is when it occurred to me to put together a family pack; it was my job to accommodate her needs.

The next day, I started experimenting with a piece of cardboard and the cups of gelatin. I placed twelve cups on the cardboard, shrink-wrapped them, put a label on them, and presto! The twelve-pack was born. We introduced it to the market for testing and to this day, it is the number-one-selling item in the company. This is an example of how important it is to understand your consumers' needs, and immediately act on your findings.

As soon as the product hit the shelves, competitors imitated the idea. When a company or a product is successful, it always runs the risk of being imitated. However, Lulu's Dessert has always been the innovator in the gelatin category, and no one will ever take that away from me. There are certain things that cannot be patented, but for those that can be, make sure you consult a lawyer to guide you through the trademarking steps.

Real Estate: A New Business

Lulu's Dessert needed to expand again and this time I wanted to build a plant. Since I was becoming familiar with buying and leasing buildings, I decided to do it myself. That is how my sixth business, Arroyo Vista was born in 1997. Arroyo Vista was created for the

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purpose of building a state-of-the-art plant for Lulu's Dessert. I bought four acres of land in Rancho Santa Margarita in Orange County and began the planning and legal processes. It took me about two and one-half years to obtain permits and everything else necessary for construction. All this time, the Huntington Beach plant was in operation.

We were ready to start construction on a Friday, when I received a phone call from one of my suppliers on Tuesday of the same week. He convinced me to visit a plant that was going on sale in the city of Vernon. I fell in love with the plant in Vernon as soon as I saw it. A life-changing decision had to be made between continuing the construction in Rancho Santa Margarita or taking the available plant. I could not sleep that night and the next day, I met with the construction team and analyzed the Vernon-plant offer.

Even after Baskin Robbins (the owners of the property) learned that I was very interested but I was not financially prepared, they accepted my position and decided to finance me. I signed to buy a multi-million-dollar property for Lulu's Dessert Corporation and Fancy Fruit, which I had fully acquired a year earlier. I was very scared, but thrilled! After all the effort that went into the new plant project, I had to take my losses and start manufacturing at a larger scale as soon as possible.

With Risks Come Rewards

As I look back, it is hard to believe the number of risks that I took for my business, starting with the \$400 in rent I paid in 1982 for my *tiendita*. I then spent thousands of dollars for the Gardena plant, and then millions for the Vernon plant. This is how small businesses contribute to the U.S. economy. As far as the construction project with Arroyo Vista, I made a profit when the land was sold, but took my losses of about a million dollars when the project was never built.

The plan to move again in 2000 to Vernon included making a decision about whether or not I should move Fancy Fruit, which had been in operation for ten years at that point. However, lack of capital

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was once again an obstacle. Lulu's Dessert was my priority so I decided to stop manufacturing with Fancy Fruit. Being an entrepreneur involves making difficult decisions that you may not personally want to make, but are financially forced into.



Vernon Plant in 2000

Another lesson to learn from this is that you can always look to outside investors to keep your company afloat. Back then my way of looking at business did not allow me to see this because I was overwhelmed. The company shouldn't have closed and at this point it would have been operating in the Huntington Beach plant if I had had financing.

I was under a lot of pressure to increase production since many customers were waiting while I was busy building plants. Finally, we moved to the 64,000-square-foot Vernon plant and organized a grand opening for our customers, suppliers, friends, and the community. I was very proud. At last, my staff was going to have the space they deserved, the parking, a number of bathrooms, a lunchroom, a lab for quality control and a large warehouse to store materials and refrigerate product. It had everything we needed; it was the state-of-the-art plant that I'd always dreamed of owning.

During the time I spent working on the new plant, I did not pay attention to the competition. They started copying all of my products and taking away some of my customers. It was time to get back to what I do best, innovating and branding.

The Media

According to the U.S. Census Bureau, by 2020, there will be more than 59 million people of Hispanic origin living in the United States, and by 2050, there will be 100 million. According to the Center for Women's Business Research, "More than a third . . . of firms majority owned by women of color are majority owned by Hispanic/Latina women." As a result, more attention was being placed on Latinos by the media, and I eventually used that to my advantage.

In 1998, the media began paying attention to me. After I'd gone unnoticed for years, *The Orange County Register* called one day to request an interview that was published soon after. From that point on, it snowballed and I could not stop it. Since then, I have been on numerous covers, featured in countless articles, and made many television appearances.

It is a great time in American history to be Latino. Slowly, I have become engaged in the process of building the Lulu's Dessert brand. As a result, I spend every moment working on Lulu's Dessert, whether at the factory or at networking affairs and special events outside the office. I have been recognized with many awards and am involved in numerous boards and community events, thanks in part to media coverage. All of these things have been instrumental for my company and my self-improvement.

Awards

In 1998 the chairman of the Latin Business Association (LBA), Hector Barreto, awarded me the LBA "Woman of the Year Award." This award opened the door of the Los Angeles business community for me. Then I received the Avon Award in New York in 1999 where I was treated like a queen. The event was held at the Waldorf Astoria. My daughter and my mother, Alicia, along with the rest of my family

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and friends—a total of thirty—five people—came to New York to celebrate this accomplishment with me. I was in heaven and living one of the best moments of my life.

That was where I gave my first speech as a Latina entrepreneur; I was so nervous but at the same time, proud of being at the podium. My family later asked why I was recognized since I was just a business owner. In Mexico, there is only recognition for very high government officials or scientists. I explained that because America's economy moves constantly, the country is good at motivating the small businesses and creating jobs and wealth.

I have great memories of every award received and conference attended. I have been motivated by and learned so much from other entrepreneurs and their stories. We all go through a similar process and learn from each other. This was when national coverage of my story and company was in full effect. For example, articles were written about me in *USA Today*, *The Wall Street Journal*, and *The Washington Post*. There was also a piece on CNN in Spanish and an interview by Peter Jennings of ABC News. Many articles have been particularly important in raising my profile among Spanish speakers in the U.S. and throughout Latin America. One of them appeared in *La Opinión*.

My good friend Robert Bard, publisher of *Latina Style* magazine, wrote an article entitled “How Sweet It Is: The Creation of a Dessert Empire” about my story and put me on the front cover of his magazine in 2002. I felt very honored when I saw my picture on the front cover of the most important magazine for Latinas. This article has become part of the portfolio I send to my customers.

I was also lucky enough to attend a global conference in Bermuda for Leading Women Entrepreneurs of the World where I met highly successful women from all over the globe. It was news to me that women could own private jets! I felt surrounded by powerful women that are contributing so much to the world. They had businesses

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much larger than mine but we all had the ability to embrace risk, and *determinación*.

Receiving awards not only increases your profile as a business owner, but also helps your company's credibility, and draws even more media exposure. I have been fortunate to receive countless awards, many of which I will not mention here, but that have brought me joy and pride.

Political Networking

Since 1999 I have been invited to a number of events in Washington, D.C. Aida Alvarez, former SBA administrator, invited me to give testimony of my company and the SBA loan I received. This gave me the understanding of the power of networking, as well as a glimpse into how the government works with businesses. I have been to the state department with Secretary of State Colin Powel, visited former Treasurer Rosario Marin, and have met senators and congresswomen. All of that gave me an understanding of the political world, and led to the opportunity to visit the White House. It is important for small-business owners to understand how they can benefit from our political system.

In 2002 I got a call from the White House asking me to represent small business in America at the Economic Forum at Bailey University in Waco, Texas. I prepared a list of suggestions so the government could better understand the needs of a small business. For example, access to capital, worker's compensation, insurance, and taxes. Access to very important people is a very valuable asset to anyone, especially small-business owners. I sat next to prominent political figures; one of them was Vice President Dick Cheney. One of the best moments was being introduced by Hector Barreto, SBA Administrator, to President George W. Bush who spoke to me in Spanish and told me his favorite Lulu's Dessert was my flan. The next day, to my surprise, my photo appeared in *The Washington Post*.

Manufacturing

The most frequent question from people interested in producing food products involves manufacturing. Following is the list that you must be prepared to have at least a basic knowledge of, if going into the food manufacturing industry: Health Department regulations and inspections, Food and Drug Administration (FDA), Occupational Safety and Health Administration (OSHA), product development, food technology, quality control, purchasing costs, designing equipment, maintenance, refrigeration, government relations, trucking, financing, marketing, branding, sales, distribution at all levels, merchandizing, human resources, legal, accounting, construction, and public relations.

Twenty-five years ago, I did not have a clue about the complexity of food manufacturing. I also did not have a background in food processing. I had to teach myself and at the same time, hire the right people to take care of the different departments. As a consequence, I made some very costly mistakes but also learned crucial aspects of the business.

I did not consider outsourcing until I needed to become more competitive and cost-effective. Due to the constantly increasing cost of operations in California and higher costs in fuel, I had to be creative and find a way to continue in business without moving out of California. I began researching food companies that were successfully outsourcing nationwide. This business model appeared more enticing. The most important aspect of outsourcing is to have complete commitment from both parties so that both may benefit. For many years, I thought my value was in controlling everything: manufacturing, distribution, marketing, and sales. But one of the benefits of outsourcing is the ability to focus on what you do best, in my case, it was marketing, sales, and distribution of Lulu's Dessert. Therefore, I decided to give outsourcing a try. I sold the plant and negotiated to stay in the same building in 2004.

Now I am able to negotiate for the best price among competing bidders around the country. I now have the opportunity to avoid the

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long-term investment that manufacturing requires. My recommendation to those interested in food processing of items such as salsas, juices, candies, or family recipes, is to start the way I did, by making a small investment to test the market. Then looking for a company that has similar ingredients and equipment to what you want to produce. Keep in mind that you need a certain volume to guarantee the co-packer, and you probably have to invest in your own packaging at the beginning. This is less complicated than opening your own manufacturing plant.

In order to protect yourself and your product, you should hire an attorney to prepare a nondisclosure agreement as well as the details of the contract. You will avoid a lot of headaches and investment by concentrating on what you do best. However, this does not mean you should close the doors completely on manufacturing.

After outsourcing the manufacturing, we moved the corporate offices out of the plant and started focusing on the vision, marketing, product development, and distribution of our products. Now my new strategy is to leverage the brand and build strategic alliances with new partners to take Lulu's Dessert to the next level.

Determinación Pays Off

If I had to go back thirty-five years and do this again, I would do it exactly the same way. Lulu's began with a little help from sugar, water, fruit, passion, and the desire to fulfill a dream. I never thought that this dream would become my life. It has been more than an adventure to go from helping my mother make her gelatin in Mexico to employing Mexicans (95% of all my employees) to make gelatins in the U.S.

Now that I am more open-minded, my story as a successful Latina is not over yet. I am in the process of making historic decisions for my company and myself. I would like to see my daughter Monica continue with the same *determinación*. My desire is that she, too, will fulfill her American dream, whatever it turns out to be.

As I am finishing this book, I am traveling with the Mayor of Los Angeles, Antonio Villaraigosa, as part of his delegation to Mexico

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City. This historic trip highlights for me the privilege of being both Mexican and American. Looking toward the future, the process I began when I first arrived in the United States of building bridges with my businesses is now more resonant than ever as the world becomes more connected.

Advice

To share my story with the younger generation of would-be entrepreneurs gives me great satisfaction. When I was starting out, I was entirely on my own. I did not have any role models or anyone to whom I could go for advice and as a result, I made a lot of avoidable mistakes.

I advise you to maintain a balanced life. Be sure to have a social, personal, and spiritual life, and not dedicate all your time to work. This may be difficult at times, but will positively impact your business in the long run.

Seek support when needed. Those who are afraid to ask spend more time and resources to find the answer. Learn as much as you can and set goals based on what you learn. Many go to conferences or read and do not follow that up with action. Find a mentor; having someone with experience to see things objectively is invaluable.

Stay true to your roots. I made it a point throughout my career to keep my Mexican ties, and even get involved in Mexico's economy and social programs. After all, my products are Mexican desserts and I am simply extending that tradition to the United States.

After thirty five years of being an entrepreneur, I still don't know it all; I learn something new everyday. I am open to new ways of doing business and I would like to take Lulu's Dessert to the next level. My story is far from over; I look forward to sharing more with you in the future.

Be persistent. **Have *determinacion*.**