

PART A: PROFILE OF BUSINESS

La Casita de los Bombones is a small factory devoted to the artisan elaboration of chocolates with special fillings. It is located in Albacete, in the autonomous community of Castilla-La Mancha (Spain), within the agri-food companies in the Romica Industrial Complex. The manager is José Manuel Cuenca Cano (42). The current company is the outcome of a joint project between José Manuel Cuenca Campos (master artisan chocolatier) and José Manuel Cuenca Cano (his son, artisan chocolatier), which originated from the need to develop a final degree project for the Agronomy Engineering Degree (with a specialisation on Agri-food industries) José Manuel Cuenca Cano was studying. With his father's help, he started to refine the project of a chocolates factory whose main characteristic will be the filling of the same, as it is elaborated with typical products with Protected Denomination Origin (PDO): *manchego* cheese, rosemary honey, and wine. The combination of technical knowledge (José Manuel Cuenca Cano, the son) with the artisan and traditional knowledge (José Manuel Cuenca Campos, the father) produces three types of chocolates: *quesicos de la Mancha*, the *bombón de bodega*, and the *rocas artesanas*.



The *quesicos de la Mancha* are the leading product, as they are chocolates that have a *manchego* cheese shape and they are filled with a cream that results from the secret and special combination of *manchego* cheese, rosemary honey, and a red wine with Protected Denomination Origin. The *bombón de bodega* is a chocolate shaped as a wine barrel and filled with a cream that can be from three different types of wine (dry fine wine with PDO Jerez, sweet Pedro Ximénez wine with PDO Málaga, and red breeding wine of the PDO Rioja) and covered with three types of chocolate according with the type of filling (white, with milk, and dark chocolate respectively). The *rocas artesanas* are a traditional chocolate from Albacete that result from mixing dark chocolate (70% of cocoa) and whole, toasted almonds. Given the special and unique characteristics of the products, their clients are specialised and gourmet shops.

PART B. THE FAMILY DIMENSION OF BUSINESS

The family antecedent goes back to the grandfather of José Manuel Cuenca Cano, Rafael Cuenca, of Cordovan origin, baker and owner of a workshop (*La Cordobesa*) in the late 40s and early 50s of the 20th century, in the city of Albacete. By the end of the 50s and the beginning of the 60s he decided to incorporate the pastry shop into his business, hiring a master pastry chef who made the production; it is important to highlight that at this time cakes were an exclusive and luxury product for an impoverished society that was beginning to develop socioeconomically in a provincial capital of the interior of Spain, as Albacete was. Of his 4 children, 3 of them went to work in another region, but José Manuel, after studying Teaching and Education, decides to devote himself to the pastry, learning from the master pastry chef of the father's business and later from master pastry artisans of the Spanish Levante (currently, Valencian Community), a region that has a great pastry tradition. Afterwards he is self-taught and in the 70s he introduces

in his father's business several techniques and products not known in the region in the pastry and chocolate elaboration. By then the name of the pastry business was *Dulcinea*, and it was located in a very central place of the city. After different personal and family vicissitudes, in the early 90s he resumed pastry business with the name of *La Casita de Turrón*, reaching great fame for the elaborations of cakes and chocolates elaborated by José Manuel.

José Manuel has two children, the Cuenca Cano brothers: a son and a daughter. The sister of José Manuel (son) leaves to study her university degree and finds work outside the region, so she disassociates herself from the family business. In 2003, José Manuel Cuenca Cano discusses with his father the orientation he wants to give to his final year project. Given the extensive knowledge, experience and contacts of his father, he finds great support to outline his ideas and specify details. In the end he decides to design a chocolates factory and it is in the market study of the different types of chocolates (depending on their filling, the way of elaboration and the styles according to their origin) when he notices that there are no chocolates that are typical of the region of Castilla-La Mancha nor that they have a special, characteristic of the area, filling. They come up with the idea of chocolates filled with typical products of the region: cheese, wine and honey. After different tests done by father and son in the bakery shop, they get a kind of chocolate that they decide to put on sale as a trial product, but that turns out to be a great success. They analyse the possibility of incorporating these chocolates to the pastry offer permanently. The problem is that to produce them in greater quantities they require another type of equipment and a greater investment; this is so in such a way that the idea would only be profitable with the acquisition of a factory that specifically produces the chocolates. The final project includes a business plan that analyses the economic and financial viability of the same, and José Manuel (son) decides to present it to the "Young Entrepreneur" prize of the Association of Young Entrepreneurs of Albacete (in the category of 'projects', since the project has not been developed yet) and to the IDEA program of the Regional Government of Castilla-La Mancha (regional government) in the 2004 edition. The project is approved and endowed with € 15,000 conditioned on the start-up of the business.

In the summer of 2004, the decision is valued and finally taken by father and son. They create a company, with a capital contribution of 50% each. The patent of the industrial model, the filling and the commercial name are registered, and the equipment is purchased. José Manuel Cuenca Cano will be the business manager and artisan chocolatier, José Manuel Cuenca Campos will be the master artisan chocolatier. The new company is a 'spin-off' of the family bakery, initially located in the pastry shop. The first customer of the new chocolates is the family's own bakery. A period of diffusion of the new product in fairs of crafts, in fairs of agri-food products, gourmet, regional products, etc. and distribution begins at the regional and national levels.

Considering the results of the first campaign, in October 2005 they face a strategic decision: the demand needs more production, more production space and more dedication. They decide to locate themselves in the current location, making a new workshop. It is decided to use the commercial name of *La Casita de los Bombones*. José Manuel (father) decides to sell the bakery and dedicate himself exclusively to the new business as a master chocolatier. Father and son start a new business journey. Nowadays, after years of working together, José Manuel (father) has left the work of making chocolates and is currently only co-owner (Figure 1).

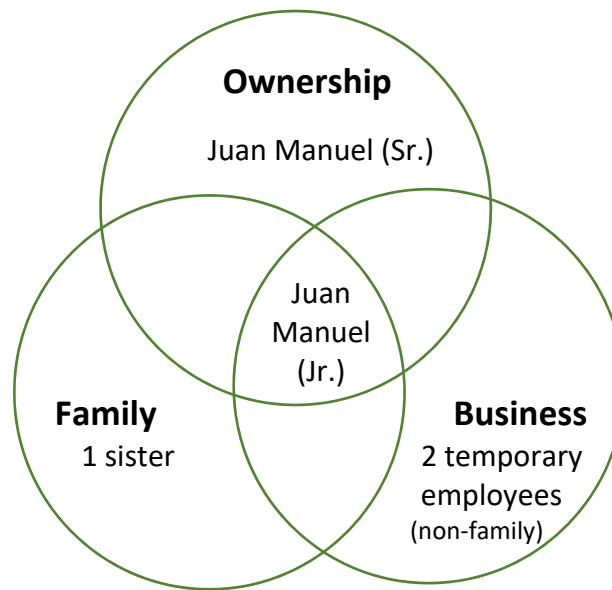


Figure 1 – La Casita de los Bombones 3-circle diagram

PART C. CHALLENGES & OPPORTUNITIES OF BUSINESS GROWTH & SUCCESSION

The main challenges faced by *La Casita de los Bombones* are two: a) the progressive expansion towards new markets, including international ones, and b) the diversification, in this case related to the incorporation of new products that reinforce the position in the markets and favour their growth. Regarding expansion, given the small size of the business and its limited staffing, any effort in this direction requires great dedication, which is currently possible depending on seasonality, but which limits the markets' expansion. On the other hand, the specialization of José Manuel Cuenca Cano, as master chocolatier artisan, also hinders the delegation of functions, either towards production or towards the search for new markets. The current marketing model, based on a majority but dispersed customer (gourmet stores), the direct commercial management with customers and the direct distribution of the product is very adjusted to the current size, but would require an adjustment to support growth, which should be stepped and very controlled.

As for the diversification, constant innovation for the search for new complementary products is a good strategy, but it entails several risks. For example, the fact of recently incorporating a traditional product such as *rocas artesanas*, may be able to encourage its chocolate competitors to make a chocolate with a filling of a mixture similar to theirs, that is, a product that would compete directly with its main product (as it represents 50% of its production), which until now they offer exclusively. *La Casita de los Bombones* produces *rocas artesanas* with 70% cocoa chocolate, compared to 50% of other chocolate makers, but this does not seem a significant difference, so it is perceived as a direct competition. In addition, to this day there have been no imitators, which is another potential threat, but, even with the industrial registration of the product and process, *La Casita de los Bombones* is not free from the emergence of imitating companies attracted by the growing business success. The same happens with its competitors of typical regional products and desserts, which could enter to compete offering also chocolates. The best option to avoid these reactions is, as it is currently done, to design new products. There

are 5-6 products on which trials are being carried out; and, if successful, they would maintain that advantage by differentiation (which is based on José Manuel Cuenca's artisanal know-how) and would also cover new markets.

In terms of internationalization, in addition to selling in Europe, *La Casita de los Bombones* has already sold its product in the United States, so it has the registration number of the FDA (Food and Drug Administration) and it would be easy to enter this market, with the help of other typical Spanish artisan products.

As for the succession at the head of the business, it is soon to consider how, when and with whom it will be done, as it was only 12 years ago that father and son started working together and recently José Manuel (father) has retired from production work; however, José Manuel (son) must address a succession program in a few years, in the medium term.

PART D. THE ENTREPRENEURIAL DIMENSION

The main competitive advantage of *La Casita de los Bombones* is the specialization in the manufacture of a very differentiated product (Figure 2), whose key is the mixture of the filling, which is based on the combination of typical regional products: cheese, wines and honey. The 'secret' of the mixture is in the knowledge and experience achieved by the master chocolatier artisan (José Manuel -father-) who has transmitted it to his son. Its suppliers for fillings are important regional leading companies of very high-quality products and a specialized company, for chocolates. It is noteworthy the use of wines from the PDO La Mancha, Jerez, Málaga (Pedro Ximénez) and Rioja. The main characteristic is that it is an innovative, original product, very careful in its artisan elaboration and in the design of its presentation (cheeses, barrels, and rocks).

The production season runs from September to January, with two periods of more demand (March 19th, with the celebration of Father's Day and the first Sunday of May, with the celebration of Mother's Day). This comprehends around 30 weeks of production, with an average rate of 2,000 units per day. The production focuses on three products: the *quesicos de la Mancha* (50%), the *bombón de bodega* (30%) and the *rocas artesanas* (20%) -a complementary product, recently introduced, which reinforces the commercial presence of the other two-. The rest of the season is devoted more intensely to maintenance, testing new products and administrative and commercial tasks.

Its main customers are the gourmet and select products stores (60%), specialized wine stores (20%), pastry shops (10%), hotels, restaurants and catering services (7%) and on-line direct sales. line (3%). They are mostly local (10%), regional and national clients (85%) and a small proportion are international clients (5%, mainly from the United Kingdom). They arrive through direct commercial management, attending fairs, shows and markets of gourmet products, artisans, typical, Christmas, etc., participating in food markets and through advertisements in specialized magazines of the sector. The main form of distribution is direct delivery (60%), through distributors (20%) and through independent multi-portfolio commercial agents (20%). Their main support are their suppliers and their specialized clients.

Key Partners <ul style="list-style-type: none"> • Quality Suppliers • Specialized clients 	Key activities <ul style="list-style-type: none"> • High innovation in products • Introduction of complementary products 	Value propositions <ul style="list-style-type: none"> • <i>Expertise</i> of master artisan chocolatier • (Secret) mixtures for filling 	Customer Relationship <ul style="list-style-type: none"> • Direct commercial management • Fairs and typical markets: gourmet, Christmas, typical regional products, etc. • Gastronomic markets • Specialized gastronomic magazines 	Customer Segments <ul style="list-style-type: none"> • Gourmet stores • Wine stores • Pastries stores • Hotels, restaurants and catering services • On-line
	Key Resources <ul style="list-style-type: none"> • Highly differentiated product • High quality of filling and chocolate (suppliers) 		Channels <ul style="list-style-type: none"> • Direct distribution • Dealers • Multi-portfolio commercial agents • Own Store 	
Cost Structure <ul style="list-style-type: none"> • Raw materials • Maintenance and innovation 		Revenue Streams <ul style="list-style-type: none"> • Sale of artisan chocolates 		

Figure 2: La Casita de los Bombones' Business Model

PART E. FAMILY ENTREPRENEURIALISM: LESSONS & CONCLUSIONS

The keys to the success of *La Casita de los Bombones* are: a) it counts on the great **knowledge** and long **experience** of José Manuel Cuenca Campos as master chocolatier, who has been able to transmit it his son, José Manuel Cuenca Cano; b) it has found a product that allows a high **specialization** (only chocolates) and an exclusive **differentiation** (by innovation), based on a 'secret', the mixture of the filling of the chocolates, a virtuous combination of selected raw materials; c) the originality and **quality** of the products used for the mixture, all of them of guaranteed origin, coming from producers under the PDO; d) the **marketing model**, based on a majority customer (gourmet stores), with a very defined target audience, direct commercial management with these stores, and the direct distribution of the product; and e) the forecast of a controlled and programmed progressive **growth**, through the incorporation of other varieties of chocolates (**strategy of related diversification**) based on innovation, with new products and designs destined to new markets, among them the **international markets**.



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NOTES:

PROTECTED DENOMINATION OF ORIGIN (PDO): *Denominación de Origen Protegida (DOP)* is an EU designation referring to food products specific to a particular region or town conveying a particular quality or characteristic of the designated area. The Spanish Ministry of Agriculture, Fisheries and Food (MAPA – *Ministerio de Agricultura, Pesca y Alimentación*) regulates the quality of Spanish foodstuffs via a labelling system which establishes, among other things, a *Denominación de Origen* for the country's highest quality produce. A semi-autonomous governing body (*Consejo Regulador*) exists for each region and for each food type, comprising skilled, impartial members who investigate the quality, ingredients and production process of each product, ensuring they attain specific quality levels. They report to a central council at national government level but are normally based in the largest population centre of a given region and are responsible for enforcing its geographical limits. Products labelled *Denominación de Origen Protegida*, apart from being of superior quality, are expected to carry specific characteristics of geographical region or individual producer and be derived from raw materials originating within the region. Like most of these designations, a fundamental tenet of a PDO label is that no product outside of that region is permitted to bear the name.

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