

Nourishing a Better World

An Interview with Daniel Servitje, Chairman and Chief Executive Officer, Grupo Bimbo SAB de CV

EDITORS' NOTE Daniel Servitje has served as CEO of Grupo Bimbo since 1997 and as Chairman since 2013. He serves on the boards of Grupo Financiero Banamex, Coca-Cola-Femsa, Mexican Institute for Competitiveness A.C. (IMCO), The Consumer Goods Forum, and Latin America Conservation Council (The Nature Conservancy). Servitje received an undergraduate degree from Universidad Iberoamericana and an MBA from Stanford Graduate School of Business.



Daniel Javier Servitje

COMPANY BRIEF Grupo Bimbo SAB de CV (grupobimbo.com) is the global leader in the baking industry and an important player in snacks. With annual sales of more than \$15 billion, 197 plants, and more than 135,000 associates and 2.8 million points of sale, the company produces and distributes fresh and frozen sliced bread, buns, cookies, snack cakes, English muffins, bagels, pre-packaged foods, tortillas, salted snacks and confectionery products, among others, across 33 countries throughout the world.

Will you highlight the history and heritage of Grupo Bimbo and what have been the keys to the consistent strength and leadership of the business?

Grupo Bimbo is a Mexican company founded 75 years ago. We started operations in 1945 with only four products, 37 associates and 10 distribution vehicles. Its founders, a group of five young entrepreneurs, saw the opportunity to sell cellophane wrapped sliced bread, a significant improvement over existing alternatives, ensuring quality, safety and freshness, and offering excellent customer-focused service. The success of the brand drove not only the geographical expansion of the company, but also the development of other baked products and categories. By 1990, Grupo Bimbo began its international expansion by opening its first bakery outside of Mexico, in Guatemala.

Today, Grupo Bimbo has 197 bakeries in 33 countries in North and South America, Asia, Europe and Africa, more than 13,000 products and 135,000 associates. Its 2019 sales were \$15.1 billion. Grupo Bimbo is what it is today because of the vision of its founders – to always deliver superior quality and excellent service to the customer, nurturing the company's culture where

the person is the center of everything we do, and leaders are always close to the operation and associates.

Another important highlight is that Grupo Bimbo makes business decisions with a long-term vision. We reinvest profits, we always listen to our customers' needs and preferences, we innovate, and we adapt our business to the local cultures and customs of the many geographies where we operate.

How do you define Grupo Bimbo's culture and has it been important to keep a family feel as the business has grown?

Our culture has been evolving for more than 75 years, but it is grounded and retains several universal principles. We believe in serving, we believe in treating each other with respect, fairness, trust and caring (our Golden Rule), and we believe in continuous improvement. These core principles and a few others are the basis of our culture and have been well-received in every geography we have entered, so much so that we share the same Purpose, Mission, and Beliefs in every country and in every language.

We believe that in the end, we are all much more alike than we are different. We also believe that a company is a reflection of its people, and that the people are a reflection of their leaders. This is why we place extra care in

selecting and nurturing our leaders so we share those principles – valuing the human person in their care and a passion for always reaching for excellence in quality and service.

Under your leadership, Grupo Bimbo has expanded into the U.S., Europe and Asia markets. How critical has the international expansion of the business been for the company and will you provide an overview of Grupo Bimbo's global footprint?

Our strategy has been to enter new markets through the acquisition of companies already established and positioned with a brand portfolio who typically have a team of experts that know the business and its local reality. When we arrive at a new geography, we do it humbly and with the conviction that we must learn. We take enough time to understand the market, culture, customs, habits, and at the same time we focus on fully understanding the operation. We are aware that each business we acquire always has best practices that we can adopt at Grupo Bimbo.

Grupo Bimbo's expansion has not only been by geography, but also by incorporating new business units. For example, in 2016 we acquired East Balt Bakeries, dedicated 100 percent to the QSR (Quick Service Restaurants) business. Another example is our own electric vehicles plant, located in Mexico, which has already provided more than 500 electric distribution vehicles to our fleet.

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“At Grupo Bimbo, on the occasion of our 75th anniversary, we renewed our purpose, responding to the challenges of today and preparing ourselves for the challenges of tomorrow. Now our purpose is ‘Nourishing a Better World.’”

Grupo Bimbo has been referred to as “the biggest company you have never heard of.” Is there an effective understanding and awareness of Grupo Bimbo’s business?

Grupo Bimbo is the largest baking company in the world. However, while we currently have presence in 33 countries, we only have 4.2 percent of market share. In many countries where we operate, we are known for our iconic brands such as Bimbo, Takis, Entenmann’s, Sara Lee, Thomas, Oroweat, Dempster’s, Villagio, Bon Matin, New York Bakery Co, for example. In many others, as we have entered through acquisitions, we are recognized through those existing brands. In countries like Morocco and China, for example, we’ve decided to offer a portfolio under the Bimbo brand as well.

We believe that the way to increase the knowledge of the company and its positioning is through our extensive portfolio, fulfilling our commitments with consumers, the community, the planet and other stakeholders, as well as through a robust local and global communication strategy.

How has Grupo Bimbo adapted its business to address the challenges brought on by the pandemic and how proud are you to see the way Grupo Bimbo’s workforce has displayed strength and resilience during this challenging and uncertain time?

The health crisis due to COVID-19 started in Wuhan, where we have a manufacturing facility. Before the pandemic spread to the entire world, we had already experienced some of the difficulties and shared best practices with our operations. As part of an essential industry, our responsibility was to ensure the availability of our products, and at the same time, offer our associates a safe workplace. Among our most immediate and relevant actions were implementing all preventive measures in work centers and vehicles, offering safe work environments for associates, and ensuring the supply chain was secure so all essential ingredients remained available. We were privileged that the manufacturing of our products was most in demand during this period and that our direct store delivery model helped us meet our customer needs.

These have been very difficult times for all of us and without the work and dedication of each of Grupo Bimbo’s associates, we would not have been able to fulfill our

responsibility and commitment to society. At Grupo Bimbo, now more than ever, we reaffirm that we are part of a great family where we take care of each other and together we move forward, as we have done on previous occasions.

Grupo Bimbo is a purpose-driven company and deeply engaged in the communities it serves. Will you discuss your views on the role of business as a force for good in society and the need for leading companies to address global challenges?

The purpose of a company is its reason for existing and it goes far beyond generating money. It must guide everything we do, inspire us – all of us who work in it – to get up every day. It is our contribution to the world and what we do for society. The role of companies must be precisely that - their purpose.

Companies must assume the commitment and responsibility to move firmly towards a sustainable operation, we must bet on quality and the most advanced technologies, as well as having leaders who inspire with the most prepared minds and open to innovation. Above all, we must act as a good corporate citizen who contributes to the development of the communities where we live and serve, and at the same time, promote equity and talent.

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What do you see as the keys to effective leadership and how do you describe your management style?

At Grupo Bimbo, we want leaders to be capable of communicating the company’s purpose with clarity and passion and always treating their associates with our Golden Rule, which is to treat each other with respect, justice, trust and affection. We believe that the best leader is the one who presents the vision of a desirable future and who helps his team to achieve it. He or she is someone who sets ambitious goals, and supports and guides his/her team, removes obstacles and empowers his or her associates to achieve those goals. Likewise, these leaders value diversity and foster a true sense of belonging among their associates.

I would say that most of my style was acquired by following the example of two great leaders who were the founders of the company: my father Lorenzo Servitje and my uncle Roberto Servitje. I think people would describe me as curious, active and challenging of the status quo. I really like being close to where the business happens, in the marketplace and at our plants and sales centers.

Are you able to take moments to reflect and appreciate what you have accomplished or are you always looking at what is next?

I do take the time to take a break and reflect on and appreciate the past, but I am always looking forward with a long-term vision. I think it is important to celebrate achievements, but also to accept new challenges, both personal and professional. This motivates us to do more, set more ambitious goals as people and as a company. Within Grupo Bimbo, every associate at every level of the organization has a business plan that we regularly review. It aligns and connects everyone’s work to the broader goals of the business and is adapted to each associate’s working environment. It is a tangible way to guide, track and appreciate our successes.

Did you always know that you wanted to join the family business and what has made the family dynamic for Grupo Bimbo work so well?

Grupo Bimbo has always been part of my life; since my childhood, in our family conversations, and in my relationship with my father and other relatives. You could say that I have been associated with Bimbo even before being born. In Grupo Bimbo’s history, there have only been three CEOs, and two of them were original founders. I am the third and, in my case, my boss, who trained me and who continues to be my mentor, has always been my uncle Roberto. My father had his role as father, advisor and mentor, but he never was my direct supervisor which I think was beneficial in my growth and professional development.

Grupo Bimbo was not conceived as a family business. It has always had much clarity in its structure, in its business objectives, as well as in its philosophy. Grupo Bimbo became a public company in 1980. Since then, the founder families have been represented on the Board of Directors. Grupo Bimbo applies the best corporate governance practices across its entire business. ●