



Feature No. 20: Cuadritos



At first glance, Hector Gonzales' decision to inexpensively feed 93,000 people a day may seem like an act of philanthropy, but if you ask him he will inevitably explain that the most sustainable, long-term social initiatives are the ones that are profitable. It is with this remarkable business sense that an ambitious entrepreneur in the dairy industry sought to fight hunger and malnutrition among Mexico's 26 million low-income inhabitants by treating them as an untapped market.

Hector initially saw an opportunity when he learned that Mexicans discard over 17,000 tons of food daily. He decided to design a food reprocessing service that would make use of this resource to help ameliorate widespread hunger in the region. Utilizing his background in chemical engineering, Gonzales found that he could sanitize and process expired goods including yogurt, soymilk and vegetables to create safe food products with enhanced flavors and high nutritional value. He immediately began working with producers, such as Danone, to collect their waste and repurpose it for the creation of delicious cookies, instant soups, yogurt drinks and soy powder with high concentrations of up to 50 percent protein.

Cuadritos products not only cater to low-income groups by providing a good source of much needed protein, but also provide an affordable solution, with packages meant to feed one family for a week priced at \$3.20. Cuadritos is able to maintain its low costs by relying heavily on inexpensive soy protein, which is about half the price per kilogram of protein from beef. This leads to dramatic reductions in price; the company's soymilk, for example, is produced for less than half the cost of producing regular milk. Cuadritos also caters to low-income consumers by avoiding expenditures on expensive packaging, choosing to focus instead on creating rich, high-quality products.

This not only stimulates strong demand for the company's services, which reach more families than any individual food bank in Mexico, but also ensures that the Cuadritos solution to national hunger is sustainable, as it earns a small profit on every sale. This private sector approach is the foundation of the success of Hector's business model and his partnerships with the public sector have increased distribution heavily, allowing Cuadritos to supply 51 food banks across the country.

Looking forward, Hector plans to expand operations with the development of a new plant that will be capable of producing 4,000 tons of food per month. He is currently raising investment for this infrastructure and is confident that with the proven success of his model, the cost of building this facility will be recovered in three to four years. Cuadritos is pioneering new solutions for malnutrition in Mexico by treating its low-income target market as customers, not beneficiaries and generating positive social, economic and environmental outcomes in the process.

For more information about Cuadritos, visit www.cuadritos.com.mx or see the company's profile at www.new-ventures.org.

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