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Secret Ingredient

Vice president of finance **Miguel Lugo, Jr.** adds new thinking to **Goya Foods, Inc.**'s family-business recipe

By Matt Alderton | Photos by Sheila Barabad

"Bean counter" is one of the worst things you can possibly call an accountant. In the case of Miguel Lugo, Jr., however, it's actually true. As vice president of finance for Secaucus, New Jersey-based Goya Foods, Inc., the largest Hispanic-owned food company in the United States, it's his job to know, among other things, how many beans his company sells, how much money it costs to make and distribute them, and how much it should sell them for in order to make a profit.

The bean counting stops there, however, as Lugo has positioned himself to be much more than a back-office bookkeeper. Instead, he works hard to be a strategic business partner to fellow senior leaders, including Goya CEO Robert "Bob" Unanue, the oldest of six members of the Unanue family's third generation, who work actively in the business their grandparents—Spanish immigrants—founded in 1936.

Miguel's Aha Moment

Tell us about the moment when you had a clear realization of what your direction should be (either personal or professional).

Moving to Puerto Rico for the first time at the age of 14 [and] discovering what it meant to be Puerto Rican. Discovering my family's culture [and] seeing others like me who were bicultural living between the United States and Puerto Rico.

"The finance organization must provide basic services to the business—paying vendors on time, paying employees, and ensuring accurate accounting and reliable financial reporting," says Lugo, who joined Goya in 1996 as director of finance. "But that's not enough. You've then got to add value with insights and cost-saving opportunities, working side by side with operations and senior management to help them improve processes and focus on the right opportunities."

It was his ability to deliver added value that got Lugo his job at Goya to begin with. At the time, executive vice president Joseph "Joey" F. Unanue was in line to succeed his father, Joseph A. Unanue, as president of the company. As part of his plans for Goya's future, he decided to establish a new director of finance role that could help position Goya for a new phase of strategic growth. The company currently sells more than 2,000 stock keeping units (SKUs), including not only beans, but also olive oil, salsas, coconut milk, rice, tortillas, yucca, mango nectar, and countless other Latin-American staples

"Up to that time, we often relied on our outside CPA and other outside professionals to help us address certain business and systems issues and opportunities," Lugo says of Goya. "Joey and the other Unanues saw a need and opportunity to increase our in-house capabilities to take our business planning, control, accounting, and reporting processes and systems to the next level."

Although Joey passed away in 1998, his vision lived on in Lugo, who felt himself uniquely qualified to help Goya grow. The son of Puerto Rican migrants, he spent his childhood in transit, moving frequently as a condition of his father's career in the US Air Force. Lacking a permanent home, he embraced the only roots he had: those from his culture.

"My family moved to Puerto Rico in 1971, a few months before I began high school," recalls Lugo, who lived on a base with many other military families of Puerto Rican heritage. "Those were very impressive years for me. It was a great experience, getting to know other Puerto Ricans like me who were raised in both the American and Puerto Rican cultures."

Being surrounded by his heritage, food, music, and traditions inspired Lugo so much that he ventured to make it a key driver in his career, going so far as to learn Spanish—his parents spoke it, but didn't teach it to their children—and pursue jobs in Hispanic markets. When he graduated from college, for instance, he told potential employers that he wanted to work in Miami, San Juan, or Houston.

"I wanted to go to markets where there was a big Hispanic population so that I could leverage my Spanish and my culture," says Lugo, who started his career as a staff accountant in the San Juan office of Price Waterhouse—now PricewaterhouseCoopers—in 1979. "Throughout my career, I've felt that you have to work at something you like, but can leverage; for me, that's my cultural background and experience."

Lugo spent nine years with Price Waterhouse, after which he spent six years at PepsiCo and two years at Wilson Sporting Goods, at various points managing the finance function for both companies' Latin American divisions. When Goya eventually offered him a position, it was a chance to leverage his culture and his competencies as a key partner in a closely held business.

"The opportunity to work directly with the business owners was something I was looking for," Lugo says. "It was an opportunity for me to be the CFO in a significantly sized company as opposed to the CFO of a division of a large company, which I had done already. I was ready for that, the next step in my career."

In the 17 years since, Goya has grown exponentially alongside the US Hispanic population. As the company's senior-most financial officer, Lugo has been a valuable member of the leadership team, having helped Goya transition leadership from the second generation of Unanues to the third in the early 2000s. He says his proudest achievement, however, isn't succession, but rather the people and process improvements he's helped put in place to grow the company. "The keys to my success are the right people, systems, and processes," he says. "You can't support the business the way an outstanding financial organization should unless you have great people and good systems and processes."

Among the first things Lugo did upon joining Goya was assemble a team of financial controllers and credit managers who could partner with the business in order to build pro-growth infrastructure. Likewise, he initiated a strategic review of the organization's IT systems, which have been and continue to be transformed with new data warehouse, ERP, demand planning, warehouse management, cost, and profitability systems touching all areas of the business, providing greater efficiencies and visibility into operations and performance. More recently, he's partnered with Goya's IT department to upgrade the company's e-commerce capabilities and systems—results of which include more collaboration with the company's business partners, greater efficiencies, and faster cash flows—and led a restructuring of Goya's Spanish distribution business in response to the Eurozone economic and debt crisis.

"The economy has been challenging over the last few years," Lugo says. "Growth in our more mature markets has slowed, and we are giving increased attention to potential opportunities for growth through mergers, acquisitions, or alliances."

Clearly, there's a lot more to finance at Goya than counting beans.

Recalls Lugo, "When I started my career at Price Waterhouse, one of the partners came in and asked the staff accountants, 'How do you see yourselves?' One of the guys said, 'I'm an accountant,' and he said, 'No, you're a salesman; you may have studied accounting, but you're always selling yourself and the firm.' I'll never forget that ... [As accountants] we're not just auditors and compliance guys; we're businesspeople."

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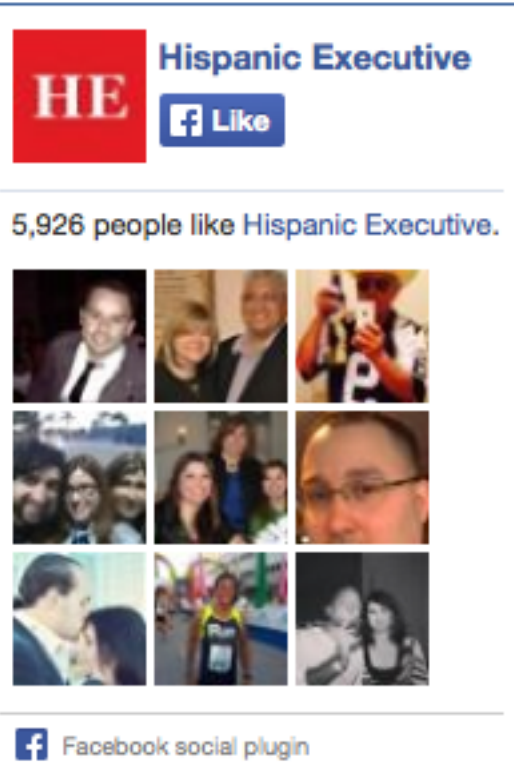
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