A BORN-AGAIN GLOBAL FIRM: *INÉS ROSALES SOCIEDAD ANÓNIMA UNIPERSONAL (SAU)* IN THE TRADITIONAL SECTOR OF PASTRY PRODUCTION*

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ABSTRACT

The literature on internationalisation processes in family businesses has boomed with the emergence of new approaches and different perspectives. One of these schemes analyses the so-called born-again global firms, mostly technology companies, which experienced an internationalisation process after one or more serious incidents affecting it. The case of Ines Rosales extends the frontier of the meaning of a global born-again firm to firms in industries and traditional products. One of its most striking aspects is that the flagship product is centennial and based on basic ingredients. In addition, the production process of the firm mix production by hand and mechanised developments. Inés Rosales shows the ability of a family Small and Medium Enterprise (SME) in a process of internationalisation even in culturally distant markets through the traditional cake of olive oil.

Keywords: internationalisation processes, born-again global firms, Inés Rosales, olive oil cakes, family business

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RESUMEN

La literatura sobre los procesos de internacionalización en empresas familiares ha experimentado un auge con la aparición de nuevos planteamientos que estudian el problema desde ópticas diferentes. Uno de estos esquemas analiza las llamadas born-again global firm, en su mayoría empresas de base tecnológica, que experimentan un proceso de internacionalización tras uno o varios incidentes graves que afectan a la misma. El caso de Inés Rosales amplía la frontera de lo que se entiende por una born-again global firm a empresas de sectores y productos tradicionales. Uno de sus aspectos más llamativos es que su producto estrella es centenario y parte de ingredientes elementales. Además, como elemento diferenciador, en el proceso productivo se mezclan tanto elaboración a mano como mecanizada. Inés Rosales demuestra la capacidad de una PyME familiar en un proceso de internacionalización incluso en mercados culturalmente distantes a través de la tradicional torta de aceite de oliva.

Palabras clave: Procesos de internacionalización, Born-again global firms, Inés Rosales, Tortas de aceite, Empresa familiar

*Dale mis encomiendas, aunque no lo conozco, y dile que me pesa mucho y parte con él de aquesa conserva, que para ti, bien mío, la tenía guardada. Mañana es día de amasijo y te haré una **torta de aceite** con que sin vergüenza puedas convidar a tus camaradas.*

Give him my regards, though I do not know him, and tell him that I am sorry, and share with him these pickles that I had treasured for you, my dear. Tomorrow is baking day and I will make you an **olive oil *torta*** so you may treat your comrades proudly.
Mateo Alemán, *Guzmán de Alfarache*, [1599] Cátedra 1987, p. 486.

1. INTRODUCTION

Family firms, in general, and, more specifically, their internationalisation processes have lately received increasing attention from researchers. The international literature generated over the last few years is ample and has been recently reviewed by Pukall and Calabro (2014). Spanish literature on the subject includes monographs published by the journals *Información Comercial Española* (2009), *Revista de la Historia de la Economía y la Empresa* (2014) and *Journal of Evolutionary Studies in Business* (2016), as well as research works on the internationalisation of large companies, both family firms and corporations (Fernández Pérez and Lluch 2016)[1].

This article studies, from the born-again global firm framework, the firm *Inés Rosales*. The company has the advantage of belonging to a traditional industrial sector (pastry) that is far from the most frequently analysed among high-technology industries[2]. After a huge crisis and a change of hands, the company grew in the national market and, then, focussed its resources on the international market but did not manage to improve its size.

The postulates of Oviatt and McDougall (1994) focussed on rapid insertion processes, about *international new ventures*, and take *born-global firms* as the object of study. These are firms which started as small- and medium-sized companies (with fewer than 500 employees and annual sales below 100 million dollars) (Knight and Cavusgil 1996), whose executive boards saw the world as their market from the start. Cutting-edge technology is basic for the development of innovative products or relatively unique processes; they are present in at least five countries, having been internationalised within an average 3-year period from their establishment and generate at least 25 per cent of their sales in foreign markets[3]. In addition, the sale of their products, the majority of which are intended for industrial uses, typically involves substantial value adding (Knight and Cavusgil 2004; Knight *et al*. 2004; Kontinen and Ojala 2012; Andersson *et al*. 2013).

This theoretical setting challenges all traditional internationalisation theories, because it focusses on early internationalisation, when the whole world is seen as a potential market, and describes the company's simultaneous presence in various physically and culturally distant countries without the need to go through any incremental stages. In fact, these firms apply multiple formulas of international relations, which are simultaneously compatible with each other and encompass from the companies' own

[1] Corporations in Calvo (2008, 2014), Caruana (2009), Caruana and García Ruiz (2009), Vidal (2008a, 2008b), Del Ángel (2012), Arroyo *et al*. (2012), Martín Aceña (2007), Pérez Hernández (2009), Torres (2009a and 2009b) and Virós (2009). Family firms in Puig and Fernández Pérez (2008, 2009a, 2009b), Moreno Lázaro (2009), Fernández Moya (2010, 2013a, 2013b, 2015), Colli *et al*. (2012) and Lindoso Tato and Vilar Rodríguez (2014). Small- and medium-sized firms in Guillén Rodríguez (2004, 2005) and Álvaro Moya (2009). Spanish cooperatives in Guillén Rodríguez (2005). Internationalisation processes prior to 1959 in Martínez Rus (2008), Fernández Moya (2009a, 2009b, 2012), Goñi Mendizabal (2008, 2009a, 2009b), San Roman (2009) and Fernandez-Roca (2014).

[2] There are only a few examples of internationalised companies manufacturing traditional products, including *Haitoglou*, the Greek *halva* producer, which follows the pattern described by the school of Uppsala (Plakoyiannaki and Deligianni 2009). However, the number of companies applying the born-global firm scheme is even smaller. The olive oil producer *Hijos de Ybarra* is one of the few exceptions (Fernandez-Roca 2014), as is also the case of *Pioneer Wines* (Graves and Thomas 2008).

[3] A review of the different theoretical propositions can be found in Kuivalainen *et al*. (2012) and, with further detail, in Gabrielsson and Manek Kirpalani (2012). Leonidou and Samiee (2012) offer a critical vision according to which these are companies that are simply internationalised very quickly.

marketing channels, through alliances with large distributors or retailers, commercial agents, individual distributors or even franchisees, to establishing subsidiary firms in highly consolidated markets (Solberg 2012; Schueffel *et al.* 2014)[4]. These enterprises enjoy sales-associated scale economies in various markets at the same time; this allows them to increase their sales and reduce their costs per unit. In addition, thanks to the new information technologies, the firms' executive boards have direct access to clients around the world and receive information at high speed. Finally, these companies are ambitious and audacious in their internationalisation decisions and show no risk aversion (Knight *et al.* 2004; Leonidou and Samiee 2012).

The concept of *born-again global firms* — or re-born-global firms, as defined by Schueffel *et al.* (2014) — emerged from the born-global firm idea (Bell *et al.* 2001, 2003, 2004; Olejnik and Swoboda 2012). These were firms already solidly established in their domestic markets but which had not been really motivated or interested in expanding their activities to foreign markets until they suddenly decide to implement a rapid internationalisation strategy (2-5 years from their first international operation). This strategy is often the result of a «critical incident» or, in most cases, of a combination of «critical incidents» usually involving a change in ownership and/or management, but also mergers or acquisitions. In consequence, the companies usually end up internationalising 25 per cent of their sales (Kalinic and Forza 2012; Kuivalainen *et al.* 2012; Nummela *et al.* 2014)[5]. More specifically, Graves and Thomas (2008) defined the three aspects determining the internationalisation process: (i) the extent to which the owning family is committed to the process and the new strategy; (ii) the amount of financial resources available for internationalisation and the actual will to invest them in it; and (iii) the ability to develop or acquire the organisational capacities required for the process.

[4] Among business internationalisation theoretical frameworks, the Uppsala gradualist model (Johanson and Wiedersheim-Paul 1975; Johanson and Vahlne 1977, 1990) is the one most frequently used. This model considers the internationalisation process as a series of incremental phases and has recently integrated networks and internationalisation opportunities as factors, given that firms are more interested in the liability of outsidership than in the liability of foreignness (Johanson and Vahlne 2009). A second model is found in the eclectic paradigm (Dunning 1993, 1997, 1998; Casson 1997, 2000), which combines basic transaction cost analysis with the incorporation of institutional elements, and has also been updated to include strategic alliances and network relationships as elements favouring the internationalisation process (Dunning and Lundan 2008). The Linkage-Leverage-Learning model (Mathews 2002a, 2002b, 2006) is a third option that can be applied to small- and medium-sized family businesses in peripheral countries, especially to the so-called «dragon multinationals» (Della Corte 2014).

[5] The literature offers comparative analyses of the definitions of born-global firms (Gabrielsson and Manek Kirpalani 2012, p. 5) and of these definitions with those of born-again global firms (Olejnik and Swoboda 2012, p. 487; Olejnik 2014, p. 28). A comparative exercise on the different types of companies is found in Sheppard and Mcnaughton (2012), who conclude that, on average, born-again global firms are larger, older and less prone to invest in R&D than born-global firms.

More recently, Dimitratos *et al*. (2010) identified another category, the *global smaller firms*, characterised by a certain type of entrepreneurial orientation, which includes a specific attitude towards risk, innovation and competitive aggressiveness, so that promptness in internationalisation is not the only relevant dimension[6].

The present research integrates the usual internationalisation channels in the study of small- and medium-sized firms. Three options are thus considered: (i) that of traditional small- and medium-sized companies, which are gradually internationalised and establish themselves in nearby markets with the main objective of surviving and growing; (ii) that of born-again global firms, which are initially focussed on their domestic markets and then suddenly internationalised as a result of critical events such as changes in ownership or management; and (iii) that of born-global firms, which are rapidly internationalised soon after their creation, so that they are simultaneously present — independently of the distance from the firm's headquarters — in various foreign markets, where their products, developed according to the foreign demand, sell especially well[7]. Into this general setting, Kontinen and Ojala (2012) introduce several dimensions in order to qualify the various strategies used by companies for their internationalisation. These include (i) time, referring to the speed and pace of the process, (ii) scale, considered in relation to foreign sales and (iii) scope, meaning the number of countries in which the firm operates (Kuivalainen *et al*. 2012)[8].

For the purposes of this article, case study methodology is especially interesting because it makes it possible to gain deeper knowledge of the phenomena under analysis, and has emerged as a relevant methodological approach for qualitative researchers (Plakoyiannaki and Deligianni 2009; Dimitratos *et al*. 2010; Leonidou and Samiee 2012). The present research can in fact be defined as a «positivist case study» (Leppäaho *et al*. 2015, pp. 1-2)[9]. Case studies are used in scholarly research for the purposes of empirical description and classification, theory building and testing, clinical diagnosis, professional preparation, and programme evaluation (Hamel 1993; Yin 2003; Flyvbjerg 2006). In a widely cited article, Eisenhardt (1989) proposed them

[6] On the other hand, Lopez *et al*. (2008) established the differences between born-regional and born-global firms.

[7] A figure included in Graves and Thomas (2008, p. 153) didactically compares these three options.

[8] «The academic body of literature on reborn or born-again globals is small» (Schueffel *et al*. 2014, p. 422). Sheppard and Mcnaughton insist on the same idea: «There are few empirical descriptions of born-again global firms and few investigations of how they may differ from their more studied born-global counterparts» (2012, p. 46).

[9] As Leppäaho et al. pointed out: «The case study methodology is likely to continue to play a significant role in the FB area. Case study is a powerful methodology that can be employed in an inventive and rigorous way to arrive at a more fine grained contextual understanding of FB phenomena, and to advance research in the field» (2015, p. 11).

as an ideal methodology for exploring an empirical phenomenon and building theory based on the evidence collected (Guillén and Garcia-Canal 2010).

The article is structured in six sections. After this opening section, the second part focusses on the presentation and criticism of the research sources. A born-again global-like *Inés Rosales* has a prior history of expansion across its national market that excludes any attempt at internationalisation, a history that is summarised in the third section of this work. The fourth section describes how *Inés Rosales* emerged as a born-again global firm after the disruptive events that led to a new family (Moreno) taking over its ownership and management, shortly after the previous shock of its near dissolution. The reborn *Inés Rosales* inherited the artisanal manufacturing tradition of the old firm, but had a clear international orientation that included a strategy to enter several markets at the same time, a global mentality and the product flexibility required to sell a high percentage of its output abroad (Kontinen and Ojala 2010; Olejnik and Swoboda 2012)[10]. At the end of the process here described, *Inés Rosales* has not only become an internationalised company but, since the opening of a subsidiary in 2015, also a multinational firm[11]. The fifth section concentrates on *Inés Rosales*' economic-financial results with the purpose of discovering the positive effects that internationalisation may have had on the firm. The analysis is carried out through an in-depth scrutiny of the actual results and a benchmarking, counterfactual, analysis of the results that *Inés Rosales* would have had if the internationalisation process had not taken place (Buckley and Fernández Pérez 2016).

Finally, the conclusions section confirms the relevance of the case here presented, given that *Inés Rosales* does not fit the usual pattern of knowledge-intensive companies as specified in the literature. It manufactures a traditional, almost artisanal, product, the olive oil *torta* (Lubinski *et al*. 2013, p. 8), and, in spite of the difference in size, its attitude is, in some ways, similar to

[10] The article is focussed on *Inés Rosales* as a born-again global firm, but it would also be possible to study it from the point of view of its combination of family enterprise and internationalisation process. In this case, an interest would emerge to find out whether the family defines the internationalisation strategy or the strategy is imposed on it (Gallo and Sveen 1991; Gallo and García-Pont 1996). The family's weight in the company's decisions might be greater in small- and medium-sized firms than it is in larger family businesses, although recent research works on small- and medium-sized firms have questioned the idea that their family character hinders their expansion into foreign markets (Puig and Fernández Pérez 2009a, 2009b; Lubinski *et al*. 2013; Fernández Pérez and Lluch 2016). In addition, studying the internationalisation of a family business makes it possible to apply an interdisciplinary approach that combines both history and management to define the company's contribution to the exploitation of international entrepreneurship opportunities (Gil López *et al*. 2016, p. 183).

[11] Lubinski *et al*. (2013, p. 9) define internationalised companies and multinational companies as «firms that control operations in more than one country as opposed to internationally active firms that merely export from a single home base», and family firms as «companies significantly influenced by a family, usually through ownership and/or management».

that of large Spanish multinationals in the food industry (Guillén and Garcia-Canal 2010)[12]. In this sense, *Inés* Rosales, like other Spanish multinational agro-food industries, was a second-line competitor some years ago and has now become a global company (see Table A3 in the Appendix) without the need of a technological basis. *Inés Rosales,* like other agro-food companies, made a huge investment (see Figure 1) in order to gain scale improvements (Guillén and Garcia-Canal 2010). However, and far from those patterns, the internationalisation of *Inés Rosales* started in distant countries, which would appreciate the *torta* as a healthy food (see Section 4). Within an 18-year period, stretching between 1996 and 2014, *Inés Rosales*' exports have reached twenty-five countries, accounting for 20 per cent of its sales.

2. SOURCES

The present research combines personal in-depth interviews and an examination of documents and data gathered from the company's archives and from commercial publications (Yin 2003). Direct information about *Inés Rosales* prior to 1985 is practically non-existent and bibliographical references are very scarce and extremely general[13].

Consequently, the reconstruction of the history of *Inés Rosales* is based on the information provided by the firm itself and collected during three interviews conducted with Juan Moreno Tocino, the company's current owner. The official history generated by the firm gives rise to difficulties already underlined by the literature (Rowlinson and Hassard 1993; Delahaye *et al*. 2009; Rowlinson and Delahaye 2009; Suddaby *et al*. 2010), because companies tend to construct their own thinking and their own myths according to later needs and justifications[14]. Delahaye *et al*. (2009, p. 31) point out that almost all companies produce historical accounts of their trajectory, either through formal texts making up their corporative history or through their «who we are» section on their websites.

On the other hand, the interviews with the current owner (conducted on 17 September 2015, 3 May 2016 and 25 November 2016) assumed the risk of presenting Juan Moreno's activity as a mechanism to achieve legitimacy, status and reputation (Suddaby *et al*. 2010). This possibility was consciously sidestepped by referring to the available sources, namely the company's

[12] The Spanish multinationals studied by Guillén and Garcia-Canal (2010), such as Freixenet, Ebro-Puleva and Grupo SOS, have expanded worldwide and are very different from the SME *Inés Rosales*,

[13] For instance, the book *Sevilla, Pueblo a Pueblo* (several authors) does not include any references to *Inés Rosales*.

[14] «History is a social and rhetorical construction that can be shaped and manipulated to motivate, persuade, and frame action, both within and outside an organization» (Suddaby *et al*. 2010, p. 147).

notarial deeds of incorporation, transfer to the new owners in 1985 and capital increase of *Inés Rosales SAU*. The interviews combined the interviewee's free speech with questions that had been previously defined in order to gather detailed information on the beginnings of *Inés Rosales* as a born-again global firm.

Finally, the documents provided by the firm have also been used, in particular its internal report on the company's internationalisation strategy and its accounting documentation, which included *Inés Rosales*' annual accounts from 2008 to 2015, sales data by both country and year, and product and year, and the costs and investments associated with the internationalisation process.

3. INÉS ROSALES CABELLO AND *INÉS ROSALES*: FROM THE ORIGIN AND SUCCESS OF A TRADITIONAL PRODUCT (THE OLIVE OIL *TORTA*) TO ITS CRISIS

The history of *Inés Rosales* starts back in 1910, when Inés Rosales Cabello started the adventure of producing olive oil *tortas*, first at home and later on an industrial basis. The olive oil *torta* is a traditional Andalusian recipe for a homemade pastry made with natural ingredients: unbleached wheat flour, extra-virgin olive oil and aromatic spices (aniseed, sesame seed and natural anise essence). The olive oil *torta* is flat and round (12 cm in diameter) and its dough combines all the above-mentioned ingredients. Even today, *tortas* are handmade and then put in the oven until they are cooked. The result is a crunchy cake with a salty-sweet flavour and a touch of anise.

Inés Rosales Cabello lived in a village called Castilleja de la Cuesta, which is very near the city of Seville, on the road from Seville to Huelva. She started very modestly, with a homemade production that women from the village sold at crossroads, coaching inns — later on, bus stops — and at the nearby old Seville train station. This ambulant sale of olive oil *tortas* to travellers at transit points facilitated the product's expansion to other Spanish regions, and it was not long before the *torta* became the first sweetmeat commercialised far from the place where it was produced.

The transition from homemade production to a more industrialised activity took place only in the 1920s, when Inés Rosales bought an oven from the village bakery and, a little later, invested 6,500 pesetas in new equipment[15]. At the beginning of the 1930s, she introduced the waxed-paper wrapper that allowed optimal preservation and maintenance of the *tortas*' properties and quality, as well as easier transportation[16].

[15] During this period, the factory produced 6 million *tortas* a year (Cambra-Fierro and Vázquez-Carrasco 2010, p. 68).

[16] *Inés Rosales*' website, www.inesrosales.com, visited on 12 May 2016.

Inés Rosales Cabello died in 1934 and her brother Esteban Rosales Cabello took over her responsibilities at the firm. Very soon, the outbreak of the Spanish Civil War paralysed activity at the factory due to lack of raw materials. When the war ended, the firm announced the resumption of its activity[17]. In the 1950s, Francisco Adorna Rosales, Inés Rosales' only son, entered the firm.

In the distribution of olive oil *tortas* across Spain, the role of Andalusian emigrants moving from their hometowns and villages to other Spanish regions such as Catalonia, Madrid or the Basque Country in the 1950s and 1960s was essential[18]. The increasing demand for *tortas* led to the modernisation and mechanisation of certain phases of the production process, incorporating new ovens and machinery, although the *tortas* themselves were still handmade. In those years, the products were also diversified with the introduction of the *torta de polvorón*[19], the almond *torta*[20] and the *cortadillo*[21].

The 1973 economic crisis also had an impact on *Inés Rosales*. Sales clearly decreased while labour conflicts broke out in what was a labour-intensive factory, where the employees moved rack ovens and the kneading of the dough and the wrapping of the *tortas* were still done by hand. If the seasonal character of the production is also considered — the *tortas* could not be made during winter because the wet weather spoiled the dough — it is easy to understand why the company's bad results had a negative impact on the atmosphere of social peace in the factory[22].

At the same time, the olive oil *torta* came to be regarded as an outdated product and was displaced among young people and children by the booming industrial bakery products entering the Spanish market in those years with aggressive marketing campaigns targeting these segments of the consumer population[23].

When the new decade started, serious problems were threatening what was already a «loss-making badly managed» firm. This is why in 1980, Francisco Adorna Rosales, owner and manager of *Inés Rosales*, decided to

[17] So that its clients could «buy at the usual selling points at the usual prices», Seville edition of the *ABC* daily newspaper, 1 August 1939.

[18] This was also the case with Spanish and Italian olive oil exports, which were associated with the Spanish-Italian emigrant population in Argentina and the United States (Ramon I muñoz 2003; Fernández 2004).

[19] A small cake with a characteristic cinnamon and anise flavour covered with a fine coating of powdered sugar.

[20] With the same texture and ingredients as the traditional *torta*, but with small bits of sweet almond on top.

[21] A double layer of dough flavoured with cinnamon and lemon and filled with cider.

[22] Interview with Juan Moreno, 17 September 2015.

[23] These were the years of success for doughnuts and other industrial sweetmeats like *Tigretón* («Big tiger», a rolled sponge cake filled with apricot jam and cream and covered with chocolate) and *Pantera Rosa* («Pink panther», a sponge cake filled with cream and coated with a pink-coloured cover). http://www.bimbo.es/productos/merienda/bimbo

change the legal form of the firm and transform it into a public limited company (*Inés Rosales SA*) with a capital of 13 million pesetas. He persuaded his nephews, José María and Juan Carlos Bermudo Lecumberri, to join the firm and draw up a business plan for it[24]. They made a diagnosis and suggested implementing an *Expediente de Regulación de Empleo* (ERE, employment regulation plan), an option that their uncle totally rejected, mentioning the family's honour and commitment to preserving the tradition and protecting the employment created[25].

Given the impossibility of relaunching *Inés Rosales SA* without dismissing anybody, Francisco Adorna Rosales, who was childless, decided to sell the firm. The purchaser was the Sánchez Romero Carvajal group, who appointed Pedro Lucas Robles Garrido as the new manager. He implemented the ERE and used the distribution network of *Osborne* (another company owned by the Sánchez Romero Carvajal family holding) to sell *Inés Rosales*' *tortas*[26]. The new management undertook a series of transformations in the production process (the *tortas* were now made mechanically, saving money but losing authenticity) and the packaging process (the *tortas* were now packed in cardboard boxes, which were cheaper but, because they absorb the moisture, made the *tortas* lose their properties and expire earlier). These changes lowered the quality of the product and led to a constant decrease in sales, negatively affecting the firm's profit and loss account. In addition, given that the mechanisation process was externally financed — the company's own resources were very limited — the financing costs increased consequently and led, together with the falling revenues, to the firm not being able to face its payment commitments.

4. A BORN-AGAIN GLOBAL FIRM IS BORN: THE NEW *INÉS ROSALES*

A *born-again global firm* is a company with a prior history and no interest in foreign markets that responds to a critical event by undertaking a quick internationalisation process of global scope. *Inés Rosales* outlived two of those critical events, rather than just one. The first took place in 1985 and almost led to the company's dissolution due to financial and sales problems. The second affected the company between 1996 and 2004, during the confrontation (see below) that ended with Juan Moreno becoming the sole owner of the firm.

[24] Interview with Juan Moreno, 17 September 2015. Deed of incorporation of *Inés Rosales SA*. Archive of *Inés Rosales*. In November 1983, the share capital was increased to 27 million pesetas. Deed of capital increase of *Inés Rosales SA*. Archive of *Inés Rosales*.

[25] In Spanish legislation, an ERE is a collective dismissal plan that affects a large number of employees in a work centre or company.

[26] In those years, the *Sánchez Romero Carvajal* holding was increasing and diversifying its activities, leaving behind its heavy dependence on pork products, especially ham.

From a corporate perspective, *Inés Rosales* went through a transition phase that lasted from 1985, when it was acquired by the new purchasers (Juan Moreno Tocino, the brothers José and Antonio Ponce Jiménez, and Juan López), who divided their shares into equal lots (25 per cent each), to 2004, when the firm became the property of the Moreno family[27]. The acquisition implied reducing the share capital to zero in order to restore the equity balance, destroyed as a result of the company's accumulated losses, and a capital increase of 20 million pesetas in which only the new shareholders participated[28]. In reality, the disbursement of those 20 million pesetas never took place, because the sellers presented a fake accounting record of the firm, given that the actual financial discrepancy was larger than the one reflected in the company's documents[29]. Thus, the new owners used the 20 million pesetas to rebalance and reorganise the firm, with 15 million pesetas being used to help to take care of the firm's imminent payments.

The company's original share distribution was modified around 1990, because only Juan Moreno and Juan López subscribed the capital increase carried out that year. Each of them now held 26 per cent of the business. Between 1992 and 1993, José and Antonio Ponce (who were in disagreement with their two partners) sold their shares for 90 million pesetas to a company called *Arroyo Pérez SL*, which thus acquired 48 per cent of *Inés Rosales SA*[30]. Juan Moreno immediately responded to this operation by purchasing Juan López's 26 per cent of the business to guarantee his position as majority shareholder[31]. These changes took place during a period in which distributors were losing their specific weight in the commercialisation of bakery products because large sellers were buying directly from the producers.

The owners of *Arroyo Pérez SL*, who had mistakenly thought that by purchasing those shares they would get hold of most of *Inés Rosales*' capital, opposed all subsequent shareholders' meetings and undertook legal proceedings on the basis of disloyal administration[32]. Those proceedings

[27] Capital reduction and increase deed of *Inés Rosales* (8 November 1985). Archive of *Inés Rosales SAU*. Juan Moreno Tocino used to be a merchant seaman but became an entrepreneur and worked for some time for *Inés Rosales*' main competitor, *Tortas San Martín de Porres*. He now assumed the position of Director General at *Inés Rosales SA*. José and Antonio Ponce Jiménez had previously worked as distributors of pastry products and marketers of the *tortas* produced by *Inés Rosales* and *San Martín de Porres*. Juan López used to be a baker in the city of Toledo.

[28] Capital reduction and increase deed of *Inés Rosales* (8 November 1985). Archive of *Inés Rosales SAU*. The list of machinery available in *Inés Rosales SA* around 1985 shows that the firm's inventory valued the main installation in 56 million pesetas and the ancillary machinery in 1 million pesetas. List of machinery belonging to Francisco Adorna Rosales. Archive of *Inés Rosales SAU*.

[29] Interview with Juan Moreno, 17 September 2015.

[30] Mentioned in *Inés Rosales*' general shareholders' meeting minutes of 19 November 1990. Archive of *Inés Rosales*.

[31] Interview with Juan Moreno, 17 September 2015. Mentioned on *Inés Rosales*' general shareholders' meeting minutes of 20 June 1991. Archive of *Inés Rosales*.

[32] *Inés Rosales* general shareholders' meeting minutes of 13 December 1991 and 25 June 1992. Notarised request of 6 October 1992 including as an item in the agenda of the next general

ultimately caused the ruin of *Arroyo Pérez SL* when the court ordered the attachment of most of its shares in *Inés Rosales*, which, after being auctioned, ended up in Juan Moreno's hands[33]. Finally, in 2004, the company sold the remaining shares to Juan Moreno. He thus became the only shareholder of *Inés Rosales Sociedad Anónima Unipersonal* (SAU), a single-shareholder firm which nowadays belongs entirely to *Corporación Alimentaria SA*, a corporation whose shareholders and owners are all members of the Moreno Pedrosa family (Juan Moreno and his offspring)[34].

From the point of view of production and marketing, the first decision that the company made in 1985 was a massive repurchasing of the stock of *Inés Rosales* products that was still in the hands of the distributors (~70-80 per cent was recovered). The remaining 5 million pesetas of the 20 million provided by the new shareholders were used for this operation[35]. The objective was to restore consumers' trust in the company by removing from the market those products that did not meet the quality standards. The second major decision was to return to the old packaging and the original production system, since the new owners were sure that the cardboard packaging and the mechanised manufacture of olive oil *tortas* were the two factors that had affected sales most negatively.

Customers immediately perceived the change and, as soon as June 1985, employees at the factory were working overtime to meet the increasing demand for *tortas*. Nevertheless, the seasonal character of the production was still an obstacle, considering the under-use of the firm's industrial capacity. The solution was found in 1986 through a plastic packaging heat-sealing machine, originally designed to preserve biscuits, which *Inés Rosales* adapted to its own needs. The use of this machine made it possible to produce and sell olive oil *tortas* during the winter, notably increasing the factory's productivity[36].

It was in 1996 when the *Inés Rosales* factory moved from its original site in Castilleja de la Cuesta to its current and larger premises in the village of

(*footnote continued*)
shareholders' meeting «a corporate liability action against the company's administrators». Archive of *Inés Rosales*.

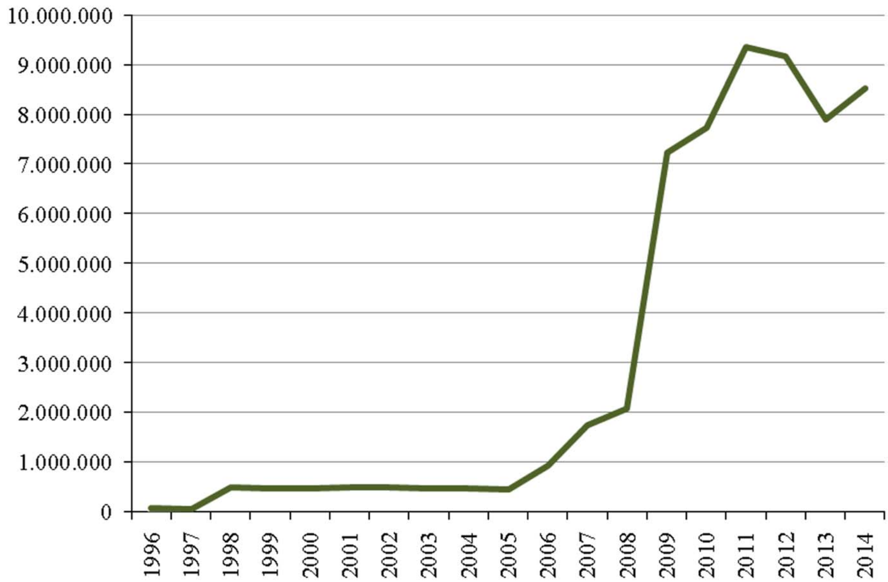
[33] Ruling of Seville First Instance Court No. 20 of 19 January 2001: 250 shares for 7,543 pesetas. Archive of *Inés Rosales*. Deed of acquisition of shares seized from *Arroyo Pérez SL* and auctioned on 6 September 2001: 250 shares for 6.8 million pesetas. Archive of *Inés Rosales*.

[34] In total, 300 shares for 3,000 euros on 31 December 2003. Deed of acquisition of shares belonging to *Arroyo Pérez SL* of 19 April 2004. Archive of *Inés Rosales*. The Spanish Law on Capital Companies defined single-shareholder firms as those «in which the total number of shares into which the share capital is divided belongs, originally or unexpectedly, to one single shareholder, so that this shareholder is considered the owner of all the company's shares». Royal Decree 1/2010, approving the final text of the Law on Capital Companies.

[35] Juan Moreno, who drove a truck across Spain with this purpose, personally undertook this repurchase operation. Interview with Juan Moreno, 17 September 2015.

[36] Juan Moreno discovered the machine on a trip to Italy. Interview with Juan Moreno, 17 September 2015.

FIGURE 1
EVOLUTION OF INVESTMENT AT *INÉS ROSALES SOCIEDAD ANÓNIMA UNIPERSONAL*



Source: Calculated with data from SABI (*Sistema de Análisis de Balances Ibéricos*, Iberian Balance Sheet Analysis System) database.

Huévar del Aljarafe. This move made it possible to expand and modernise its facilities (incorporating a continuous oven and an in-house designed automatic packaging machine). After 2004, when the company's ownership was fully in the hands of the Moreno family, a major investment process was initiated at the factory (Figure 1).

The internationalisation of *Inés Rosales* was driven by several factors[37]. The first of these was the confirmation that a mature domestic market offered limited options for further growth. Second, the so-called «democratisation of transport», that is, the modernisation and streamlining of transport means, which allowed the company to reach customers wherever they were at increasingly reduced prices and without having to ship large quantities of products[38]. Of course, the third and most relevant element was the product itself. In Spain, the olive oil *torta* is a low-value product

[37] The ways towards internationalisation taken by *Inés Rosales* coincide with the ones described in the literature. See Madsen and Servais (1997), Knight *et al*. (2004), Gabrielsson and Manek Kirpalani (2012).

[38] Interview with Juan Moreno, 3 May 2016.

commercialised as a low-price, traditional and nostalgic product, whereas in foreign markets *tortas* are a differentiated product that fit in with healthy food consumption patterns because they are handmade with wheat flour and olive oil and contain no preservatives, food colourings or additives[39].

The firm prepared itself for the challenge posed by the internationalisation process by sending its managers to international fairs and meetings where they could gather information about the different countries and market possibilities, which helped analyse the perception of the product and contact potential distributors (Cambra-Fierro and Vázquez-Carrasco 2010). Even though the internationalisation process had in fact started earlier, in 1998 the firm formally created an export department. This department was responsible for introducing and placing olive oil *tortas* in Spanish imported goods stores, positioning the whole range of products in relevant gourmet stores, incorporating the *torta* as a permanent item on the menu of international Spanish restaurants and looking for «distributors who could endorse the product, caring for it and preserving its image before the consumers» (Cambra-Fierro and Vázquez-Carrasco 2010, p. 70). Thanks to these efforts, olive oil *tortas* have become, in new destinations, a product for health-minded middle- and high-income customers.

Companies usually start their internationalisation processes by exporting to countries that are close to theirs in both language and culture. *Inés Rosales* made a different choice and selected its targets first among countries in northern and central Europe (the Netherlands, France, Belgium, Germany, Norway, Finland, Sweden and Denmark), where it had to face the competition of domestic sweetmeats, and then within the Anglo-Saxon market (United Kingdom, United States and Australia)[40]. All these countries had a double common denominator: (i) a healthy food culture, which conditions the consumers' purchase decisions and promotes healthy products for which they do not mind paying a higher price; and (ii) a high-income per capita that allows consumers to access those high-priced products[41]. The main challenge was introducing the product in markets with cultural entry

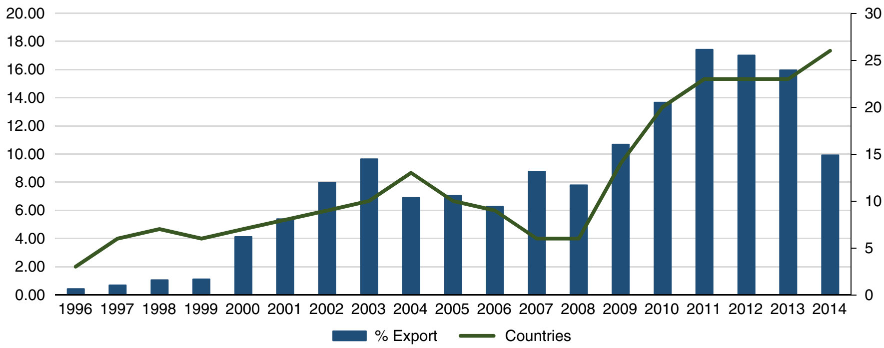
[39] The firm uses extra-virgin olive oil as a differentiating element, profiting from the growing consumption of olive oil in the world and its association with a healthy diet. Executive summary of the company's global internationalisation strategy (2015, p. 1). The expansion of the Greek company *Haitoglou* was also encouraged by the new eating habits in Europe and North America, which made it easier to sell a natural product like *halva* (Plakoyiannaki and Deligianni 2009, p. 45).

[40] «Nuestra percepción de la internacionalización no es la de un mercado donde 'colocar' productos, sino que es una fuente continua de inspiración, de reto, de nuevas propuestas… es lo que nos está dinamizando y dando alas para crecer y hacer de nuestra apuesta algo diferente que ofrecer en cada momento» («Our perception of internationalisation is not that of a market in which to 'position' our products, but that of a continuous source of inspiration, challenge, new propositions … This is what is pushing us and giving us strength to grow and to transform our effort into something new to offer every time»). Executive summary of the company's global internationalisation strategy (2015, p. 4).

[41] In Spain, a 6-*tortas* package costs 1.50 euros, while in the United States the cost is ~6-7 dollars (*Inés Rosales* website).

FIGURE 2

EXPORT SALES AS A PERCENTAGE OF TOTAL SALES AND NUMBER OF COUNTRIES TO WHICH *INÉS ROSALES SOCIEDAD ANÓNIMA UNIPERSONAL (SAU)* EXPORTS



Source: Calculated with data provided by *Inés Rosales SAU*.

barriers against it. In these cases, new eating habits needed to be introduced; in other words, customers had to be taught how to savour an olive oil *torta*[42].

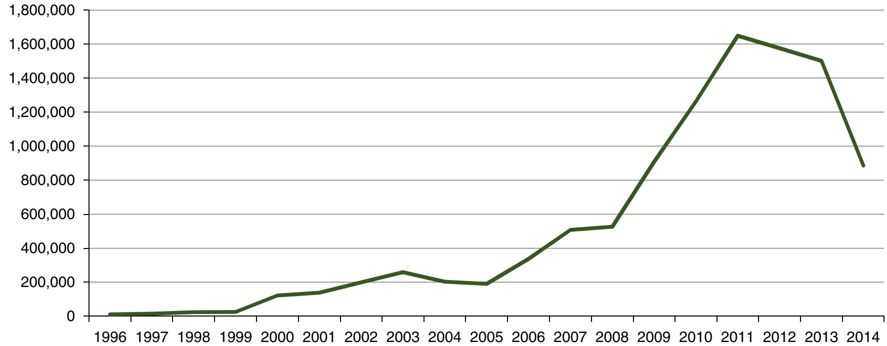
The export plan designed in 1995 was implemented 1 year later, when exports were made to three European countries, although initially their sales barely accounted for 1 per cent of the firm's turnover (Figure 1 and Table A1 in the Appendix). During this first phase, the number of target countries slowly increased to seven, but the 1 per cent of the turnover barrier was not clearly overcome while the sales were concentrated in European Union countries (Tables A2 and A3 in the Appendix). The effort of entering markets where customers were not used to buying foreign manufactured agri-food products and then consolidating the company's presence in those countries slowed down the search for new markets.

The first 5-year period of the 21st century brought a leap forward in the number of countries to which the firm exported (thirteen) and in the percentage of export sales (around 9 per cent). The destination countries were still within the EU (with Germany, Belgium, France and the United Kingdom in the first line) and accounted for almost 95 per cent of the firm's exports, but there was already a timid approach to the North American market (Figure 2 and Tables A2 and A3 in the Appendix). In 2002-2003, the firm experienced a slight upturn, and the number of countries to which exports

[42] Cambra-Fierro and Vázquez-Carrasco (2010) explain how the firm showed its customers how to eat an olive oil *torta*. In order to facilitate the introduction of *tortas* in England, the word «biscuit» was added to the product's name and the image of a cup of coffee was included in the package. In the United States, the product is labelled as a snack, and, in Canada, pairing it with whisky is recommended.

FIGURE 3

EXPORTS OF *INÉS ROSALES SOCIEDAD ANÓNIMA UNIPERSONAL (SAU)* (EUR)



Source: Calculated with data from SABI (*Sistema de Análisis de Balances Ibéricos*) database and annual statements of *Inés Rosales SAU*.

were made increased from nine to thirteen. This success was the consequence of greater experience and of the product's consolidation in several foreign markets.

The beginning of the second half of the decade (2004-2005) brought a setback in relation to the percentage of sales in foreign markets and the number of countries the firm exported to, but not in absolute numbers. With the exception of 2005, these numbers kept growing during the whole period. 2006 saw the consolidation of the expansion in the North American market with sales multiplying by ten in the United States (Table A3 in the Appendix).

From 2006 onwards, exports have increased constantly, both in absolute numbers and as a percentage of the firm's total sales (Figure 3). However, *Inés Rosales* concentrated its foreign market activity in six countries only: Belgium, Germany, Switzerland, United Kingdom, France and United States, which accounted for 50 per cent of the company's total exports in 2007 (Table A2 in the Appendix). It was after 2009 that exports reached a double-digit percentage, accounting for 17 per cent of turnover in 2011 (Table A1 in the Appendix). Sales more than doubled between 2007 and 2010, rising from 0.5 to 1.2 million euros. The United States' vitality as a foreign market and the company's consolidation in north European countries were responsible for most of those sales. However, in 2014 sales actually dropped to less than 1 million euros because of a decline in the North American market (*infra*) (Table A2 in the Appendix).

Until 2008, *Inés Rosales* concentrated its export activity in a small group of European countries and the United States. However, from 2009 onwards, the number of countries to which the firm exported clearly expanded from fourteen in 2009 to twenty-three in 2011. The firm was busy consolidating those markets until 2013, but later spread to other countries in South America, Asia and Oceania, until it reached twenty-six in 2014 (Table A1 in the Appendix). The available data show how *Inés Rosales* has worked to consolidate the European market's sales volume at around 200,000 euros.

Not only did the firm's strategy focus on incrementing the number of destinations for its exports, but it also insisted on the healthy character of its products. Obtaining quality and Kosher certifications allowed the company to expand the customer base by including both Jewish and Muslim consumers and everyone interested in healthy eating habits[43].

In its search for new European and North American customers, the firm has diversified its products and adapted its flagship product, the traditional olive oil *torta*, to new experiences[44]. Selling in northern European markets had an impact on the production of *cortadillos*, which were traditionally made with lard and have now been transformed into a fat-free product[45]. The North American market forced the replacement, in the traditional olive oil *torta*, of anise, which is associated with alcohol consumption, with cinnamon and orange[46]. In addition, the North American demand for a product that is closer to a salty snack has led to the commercialisation of savoury olive oil *tortas*[47].

Within this international expansion operation, the entry into the U.S. market was certainly the most successful one, and it has been the main source of export revenues for *Inés Rosales* since 2006, accounting for 82 per cent of the firm's export sales and 14 per cent of its global sales. The choice of the United States, due to the resemblance of its consumption patterns to those of the United Kingdom, was also influenced by the fact that North American consumers have the habit of exploring products that are good for their health[48].

[43] Executive summary of the company's global internationalisation strategy (2015, p. 5).

[44] Interview with Juan Moreno, 3 May 2016. The firm offered new products, as did the companies studied by Knight *et al*. (2004, p. 654), who underlined the importance of «product innovation and intensive marketing/image management».

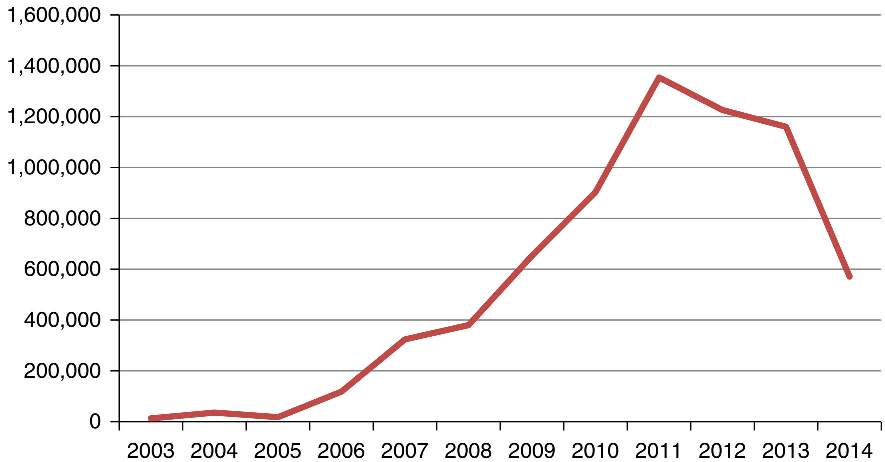
[45] In fact, the production of traditional *cortadillo*s was reduced from 133,000 kg in 2013 to 36,000 kg in 2015. The old *cortadillos* were substituted by new fat-free ones, of which 75,000 kg were now produced. Information provided by *Inés Rosales SAU*.

[46] Nowadays, *Inés Rosales SAU* produces several types of sweet olive oil *tortas*: the original olive oil *torta*, the sugar-free original olive oil *torta*, the Seville orange original olive oil *torta* and the cinnamon original olive oil *torta*. These last two varieties were originally created for the U.S. market and account for 5 per cent of the total production of *tortas*. Information provided by *Inés Rosales SAU*.

[47] Savoury olive oil *tortas* are made with either rosemary and thyme or sesame and sea salt. They account for 4 per cent of the total production. Information provided by *Inés Rosales SAU*.

[48] «En Estados Unidos se comercializan las 5 variedades de tortas y estamos lanzando 2 productos tradicionales … adaptando su packaging y formato al mercado estadounidense» («In the United States, five varieties of *tortas* are already commercialised and we are now launching two traditional products […] adapting their packaging and their format to the United States market»). Executive summary of the company's global internationalisation strategy (2015, p. 2).

FIGURE 4
SALES OF *INÉS ROSALES SOCIEDAD ANÓNIMA UNIPERSONAL (SAU)*'S PRODUCTS IN THE UNITED STATES (EUR)



Source: Calculated with data provided by *Inés Rosales SAU*.

The expansion strategy in the United States included some of the patterns described in the literature (Solberg 2012), first of all, the selection of a network of small-scale healthy products distributors. Bonds of trust were then created with them and soon *Inés Rosales*' products accounted for 50 per cent of their turnover[49]. In those years, sales augmented progressively, from the initial 13,000 euros to a figure in excess of sales in European countries as a whole in 2007 and reaching sales of over 1 million euros in 2011 (Table A2 in the Appendix).

The problem came when a larger group purchased the original distribution network, for which *Inés Rosales*' products represented a much smaller share of the business. After several consecutive takeovers of one distribution group by another always increasingly larger one, *Inés Rosales*' products ended up accounting for less than 1 per cent of the distribution decisions. In 2012, the loss of relevance of Spanish olive oil *tortas* in the perception of the new North American distributor led to a drastic fall in sales, which was even sharper in 2014 (Figure 4).

Consequently, in 2015, *Inés Rosales SAU* decided to create *Inés Rosales USA* (*IRUSA*, New Jersey) as a subsidiary in the United States. As a result, the

[49] Interview with Juan Moreno, 3 May 2016. The importer was Blue Marble Brands, belonging to UNFI, a large distributor of natural products in the United States and Canada, so that 55 per cent of the production was actually distributed by UNFI. Information provided by *Inés Rosales SAU*.

Spanish parent company could decide and control the distribution strategy and objectives without depending on third parties[50]. Assuming the commercialisation and distribution of its production in the United States through this American subsidiary has transformed *Inés Rosales* into a multinational company.

IRUSA imports the products from Spain, which arrive in the United States in containers, and then sells them to North American distributors (local, regional and national) and to specific retailers that have been collaborating with the company ever since the times of the old importer. IRUSA works mostly with brokers, who are the actual commercial force of the company in the United States. These are commercial representation and marketing companies that develop all sales and merchandising activities in those states where IRUSA is not physically present. In some cases, they also work as intermediaries between the company and the distributors, alongside whom they manage the different promotions[51].

Inés Rosales is thus focussed on its internationalisation process, not only in relation to its profits, but as acknowledged by the *Executive summary of the company's global internationalisation strategy*:

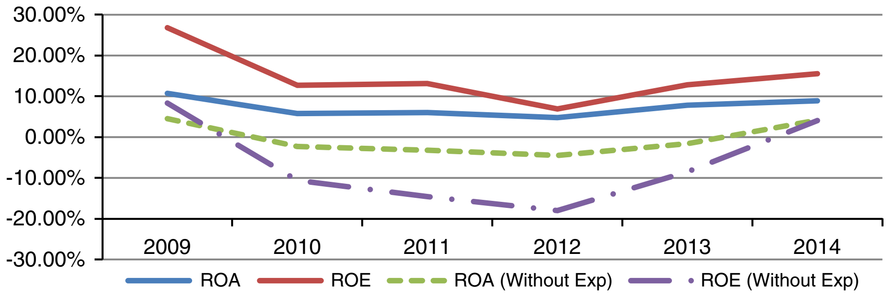
> *Para el 2016 se espera que las Cifra de Facturación Internacional alcance un 30% de las ventas, para alcanzar en el 2020 un 80% de facturación internacional. Este escenario es justamente antagónico al actual, donde la cifra de exportación alcanza un 25% del total facturado*[52].
>
> We expect that the International Turnover will reach 30 percent of our sales in 2016 and then 80 percent in 2020. This scenario is exactly the opposite of the current one, where exports account for 25 percent of the total turnover.

5. THE INTERNATIONALISATION STRATEGY OF *INÉS ROSALES*: AN ANALYSIS OF ITS FINANCIAL RATIOS

The next step in this research is to evaluate the results of the company's internationalisation strategy according to the main profitability ratios, comparing the real data with those calculated in relation only to production and sales in the domestic market. The calculation was done replacing the value of sales, costs and investment in foreign markets with the value that would have been obtained had that percentage of the production been sold in the Spanish market (Table A4 in the Appendix). All the indicators (Figure 5) evidence the same fact: that the firm's internationalisation strategy is actually

[50] Interview with Juan Moreno, 3 May 2016.
[51] Interview with Juan Moreno, 3 May 2016.
[52] Executive summary of the company's global internationalisation strategy (2015, p. 2).

FIGURE 5
PROFITABILITY OF *INÉS ROSALES SOCIEDAD ANÓNIMA UNIPERSONAL (SAU)* WITH AND WITHOUT EXPORT REVENUES



Source: Table A4 in the Appendix.

a survival strategy, the results of which prove its effectiveness when compared with those that would have been obtained had the strategy not been implemented.

The mature domestic market stimulated the implementation of the company's internationalisation strategy. Until that moment, domestic sales had oscillated between 8 and 8.5 million euros, but export sales allowed total sales to reach a figure between 8.5 and 9.5 million euros.

The low EBIT (earnings before interest and taxes) reflect *Inés Rosales*' production costs, which are high due to certain costly inputs of the production process required to maintain the product's quality. Thus, in the best scenario, EBIT do not reach 800,000 euros for sales that are close to 8.5 million euros. The best result obtained for the margin, which puts the EBIT in relation to sales, is 9.14 per cent (2009), certainly a low figure, which means that the company earns 9.14 euros for every 100 euros sold. The lack of improvement in the margin over the years (it fluctuates between 4.8 and 8.15 per cent) confirms that only a rise in sales would make it possible to maintain and increase the company's earnings.

If the internationalisation effect is taken out of the equation, it is possible to see how the company's performance declines. The firm's meagre profits suffer significantly when the sales drop; in any case because of the costs. The worst data, with losses estimated over 323,000 euros, justify the need to compensate the above-mentioned cost structure with higher sales. The relation between EBIT and sales, that is, the margin, would be negative had the internationalisation process not taken place. The margin would have fallen as low as −4.48 per cent, causing a major problem to the firm, given that sales would not have brought profit but losses and the situation would only have been solved by increasing the turnover. Without export sales, *Inés Rosales*' margin would have remained negative, although it would have improved to around 3.54 per cent, a poor figure nevertheless, considering that the impact of the financial costs (interests) has not been removed from the equation.

The firm's turnover, with or without internationalisation, oscillates between 100 and 120 per cent. In both cases, the values are high and reflect that, despite the handmade nature of *Inés Rosales*' products — artisanal products usually provide a higher margin and a lower turnover — the low margin obtained from their sale implies the company's need to increase its total sales under all circumstances as a key element in their profitability strategy.

In consonance with the turnover, return on assets (ROA) values run parallel to margin values, so that the observations made regarding the margin also apply here. It is possible to conclude that, the larger the assets, the higher the cost structure, although higher production costs do not always imply higher sales. The analysis presents positive ROA values when exports are included and negative values when the export effect is not taken into account.

A negative ROA value has an immediate impact on the return on equity (ROE). It is important to remember that the ROE depends on three basic factors, two of which are directly related to it, while the third is inversely related. Thus, the company's ROE increases with higher ROA and leverage values, and decreases when the cost of debt rises. In this specific case, ROE values are very positive when the internationalisation effect is included, reaching 26 per cent the first year, falling to a minimum of 6.92 per cent in 2012, and later improving to 15 per cent in 2014.

When the internationalisation effect is dismissed, the scenario is radically different, because ROE values would turn negative in the period between 2010 and 2013 because of the firm's losses, which, unless capital increases were approved, would inevitably undermine the firm's shareholders' equity. Without the support of the foreign markets, the ROE drops from −10.59 per cent to −18 per cent and the accumulation of losses makes the firm's equity shrink to half its value, thus compromising the company's future viability. From a legal point of view, it would certainly constitute grounds for dissolution.

The firm's total assets, which have an impact on the profitability ratios, increased during the first 4 years until, in 2013, they declined following a concentration process that allowed the firm to reduce its assets and to slim down the financial structure in the form of debts, thus lessening the financial costs and the risk of insolvency (Table A4 in the Appendix). The results of the internationalisation strategy were not directly affected by this, but they were indeed indirectly influenced, considering that the slimming down of the economic structure and, as a result, of the financial structure, became a competitive advantage in the access to external resources to be used for new investments.

6. CONCLUSIONS

The literature explains that born-again global firms do not necessarily have to be young, as born-global firms are. In fact, they are usually high-tech companies with a long history focussed on the domestic market which, after a critical incident, re-emerge as rapidly internationalised companies capable of selling, within an average 5-year period, up to 25 per cent of their production in foreign markets.

Inés Rosales SAU is a born-again global firm, which, after 75 years of history in the Spanish market, overcame the critical events that led to its near demise, as well as the later confrontations between new investors. It is finally driven by the Moreno family since they took over as majority shareholder in 1996 and single owner in 2004. *Inés Rosales*, in the absence of growth of the national market, undertook an internationalisation process. It was, therefore, the owners' will and commitment to implement this new strategy. The role played by Juan Moreno in this process is close to an «international entrepreneurship», defined as «the process of creatively discovering and exploiting opportunities that lie outside a firm's domestic markets in the pursuit of competitive advantage» (Zahra and George 2002, p. 61). This process is intimately associated with born-global and born-again global firms and represents a new and necessary evidence, considering that the contribution of business history to the field of «international entrepreneurship» is limited (Gil López *et al*. 2016).

The time sequence of this born-again global firm's development shows that its internationalisation began in 1996 and was reinforced in 2004. The scale of the process increased progressively, so that the volume of total sales in foreign markets leaped from 5 per cent in 2000 to 18 per cent in 2011. The scope of the process also increased with time, in such a way that the three countries to which the company exported in 1996 became nine, 5 years later, and expanded to twenty-five in 2014. In 2015, the internationalisation process entered a new phase with the establishment of IRUSA in the United States, transforming *Inés Rosales* into a multinational firm. The internationalisation of *Inés Rosales* has been parallel and, at the same time, predisposed by, on the one hand, the diversification of its products that has helped to open new markets, and, on the other, the modernisation of the production process, with the use of a continuous oven and an in-house designed packaging machine.

The economic-financial results of *Inés Rosales* conclude that the internationalisation strategy made it possible to solve the problem represented by a very mature domestic market (in 1985 dissolving the firm was thought to be the only way out) by taking advantage of the benefits of scale and scope. *Inés Rosales*' financial ratios are positive thanks to internationalisation, and they seem more positive when compared with the results that would have been obtained if this strategy had not been applied. High production costs associated to the quality of *Inés Rosales*' products demand that the firm increases its export sales in order to maximise earnings and achieve margins that are more plausible. The financial ratios are in line with the success of the company's internationalisation strategy.

The case of *Inés Rosales* widens the field of what is understood as a born-again global firm in the direction of integrating companies that belong to traditional sectors and sell traditional products. One of the most remarkable aspects is that this firm's flagship product, rather than being technology-based, as the literature on born-again global businesses affirms it should be, has been produced with very basic raw materials for over a hundred years. Moreover, in the production process of olive oil *tortas* both manual and mechanised techniques are used, which is another differentiating element. Despite the diversification of *Inés Rosales*' products, implemented with the purpose of responding to the particularities of the international demand, the traditional olive oil *torta* is still the firm's cornerstone.

In summary, cases such as that of *Inés Rosales SAU* prove how a small company with a limited market is not synonymous with technological backwardness or a predictable failure trajectory, and show the capacity of small- and medium-sized family businesses to adapt themselves to changes and to internationalise even in markets that are culturally distant from their own.

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APPENDIX

TABLE A1
EXPORT SALES AS A PERCENTAGE OF TOTAL SALES AND NUMBER OF COUNTRIES TO WHICH *INÉS ROSALES SOCIEDAD ANÓNIMA UNIPERSONAL (SAU)* EXPORTS

Years	Exports (EUR)	Total sales (EUR)	No. of Countries	% export	% domestic	Average export/country (EUR)
1996	10,996	2,600,494	3	0.42	99.58	3,665
1997	15,234	2,189,739	6	0.70	99.30	2,539
1998	23,367	2,188,761	7	1.07	98.93	3,338
1999	25,100	2,248,376	6	1.12	98.88	4,183
2000	122,100	2,957,847	7	4.13	95.87	17,443
2001	138,300	2,565,384	8	5.39	94.61	17,288
2002	199,100	2,493,402	9	7.99	92.01	22,122
2003	258,900	2,683,342	10	9.65	90.35	25,890
2004	203,200	2,946,756	13	6.90	93.10	15,631
2005	191,000	2,711,344	10	7.04	92.96	19,100
2006	336,743	5,368,599	9	6.27	93.73	37,416
2007	508,000	5,792,497	6	8.77	91.23	84,667
2008	526,500	6,745,390	6	7.81	92.19	87,750
2009	907,110	8,484,274	14	10.69	89.31	64,794
2010	1,262,715	9,239,410	20	13.67	86.33	63,136
2011	1,648,531	9,458,558	23	17.43	82.57	71,675
2012	1,575,209	9,254,120	23	17.02	82.98	68,487
2013	1,501,449	9,411,135	23	15.95	84.05	65,280
2014	885,601	8,920,941	26	9.93	90.07	34,062

Source: Calculated with data provided by *Inés Rosales SAU*.

TABLE A2
DISTRIBUTION OF SALES BY REGION

Country/ year	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
European Union	10,966	15,234	23,367	25,100	122,100	138,300	199,100	245,900	209,700	172,000
United States	0	0	0	0	0	0	0	13,000	36,000	18,000
Rest of the world	0	0	0	0	0	0	0	0	500	1000
Country/ year	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	
European Union	215,300	184,000	146,500	179,411	259,366	176,406	215,219	229,369	206,166	
United States	118,443	324,000	380,000	652,897	903,217	1,353,848	1,226,078	1,160,323	570,823	
Rest of the world	3000	0	0	74,803	100,132	118,278	133,911	110,753	108,612	

Note: *Inés Rosales Sociedad Anónima Unipersonal (SAU)* (EUR).
Source: Calculated with data provided by *Inés Rosales SAU*.

TABLE A3
DISTRIBUTION OF SALES BY COUNTRY

Country/year	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
Belgium	4.67	4.30	3.70	0.00	76.00	62.00	65.00	95.00	83.00	52.00
Germany	2.50	3.20	6.70	5.00	7.00	14.00	10.00	27.50	30.00	34.00
Andorra	3.80	3.60	4.60	3.90	3.70	4.00	2.20	7.00	9.00	7.00
Switzerland	0.00	1.13	1.70	0.60	2.70	6.00	6.00	4.40	6.00	8.00
United Kingdom	0.00	0.70	0.80	0.60	0.80	14.00	13.00	16.00	11.00	8.00
France	0.00	2.30	5.20	14.00	31.00	28.00	35.00	39.00	43.00	59.00
Italy	0.00	0.00	0.67	0.00	0.00	8.00	64.00	52.00	20.00	2.00
The Netherlands	0.00	0.00	0.00	1.00	0.90	2.30	1.70	1.50	3.00	2.00
Portugal	0.00	0.00	0.00	0.00	0.00	0.00	2.20	3.50	3.00	0.00
United States	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13.00	36.00	18.00
Malta	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.20	0.00
Algeria	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.00
Slovenia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.00
Mexico	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Argentina	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Australia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Czech Republic	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TABLE A3 (*Cont.*)

Country/year	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
China	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Zealand	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sweden	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guatemala	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Japan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Singapore	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
No allocation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hungary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dominican Republic	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Finland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arab Emirates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Colombia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Norway	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chile	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Luxembourg	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Romania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Austria	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TABLE A3 (*Cont.*)

Country/year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Bulgaria	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Lithuania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Peru	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Poland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	10.97	15.23	23.37	25.10	122.10	138.30	199.10	258.90	246.20	191.00

Country/year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Belgium	68.00	69.00	35.00	0.00	0.00	1.35	1.00	1.40	5.87
Germany	60.00	62.00	53.00	32.00	41.69	37.04	39.86	80.41	56.52
Andorra	0.00	0.00	0.00	0.00	4.01	0.91	0.00	1.80	0.00
Switzerland	13.00	18.00	20.00	11.59	9.86	23.80	18.42	13.13	10.85
United Kingdom	47.00	12.00	2.50	46.31	99.63	18.67	67.26	33.92	27.88
France	26.00	23.00	36.00	63.10	61.97	56.42	70.71	69.06	68.71
Italy	1.00	0.00	0.00	2.37	1.60	2.84	2.57	4.74	16.37
The Netherlands	0.30	0.00	0.00	17.02	23.10	3.08	1.15	0.58	2.86
Portugal	0.00	0.00	0.00	4.10	4.39	3.73	3.50	3.63	0.00
United States	118.44	324.00	380.00	652.90	903.22	1,353.85	1,226.08	1,160.32	570.82

TABLE A3 (*Cont.*)

Country/year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Malta	0.00	0.00	0.00	0.00	0.00	0.00	1.12	0.00	1.07
Algeria	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Slovenia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mexico	0.00	0.00	0.00	6.19	5.45	7.54	21.33	21.57	9.90
Argentina	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Australia	0.00	0.00	0.00	56.03	32.37	33.08	26.52	22.01	22.76
Czech Republic	0.00	0.00	0.00	2.22	4.31	13.85	2.34	0.80	0.00
China	0.00	0.00	0.00	0.71	5.92	3.47	4.03	1.31	14.32
New Zealand	0.00	0.00	0.00	9.14	13.04	10.97	8.11	8.40	6.73
Sweden	0.00	0.00	0.00	3.45	8.01	3.28	0.00	1.27	0.38
Guatemala	0.00	0.00	0.00	0.00	1.06	1.04	0.00	0.00	0.00
Japan	0.00	0.00	0.00	0.00	25.00	52.17	53.34	50.75	47.99
Singapore	0.00	0.00	0.00	0.00	1.32	2.73	0.00	0.00	0.00
No allocation	0.00	0.00	0.00	0.00	16.10	8.92	5.84	0.00	0.00
Hungary	0.00	0.00	0.00	0.00	0.68	0.62	0.00	0.00	0.00
Dominican Republic	0.00	0.00	0.00	0.00	0.00	7.27	5.96	0.00	0.74
Finland	0.00	0.00	0.00	0.00	0.00	1.88	3.36	11.54	3.96

TABLE A3 *(Cont.)*

Country/year	2006	2007	2008	2009	2010	2011	2012	2013	2014
Arab Emirates	0.00	0.00	0.00	0.00	0.00	0.00	4.14	3.80	6.17
Colombia	0.00	0.00	0.00	0.00	0.00	0.00	4.64	2.92	6.10
Norway	0.00	0.00	0.00	0.00	0.00	0.00	2.38	0.00	0.00
Chile	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.01	2.99
Luxembourg	0.00	0.00	0.00	0.00	0.00	0.00	1.55	5.99	2.61
Romania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.09	0.00
Austria	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19
Bulgaria	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50
Lithuania	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.21
Peru	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.04
Poland	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.16
Total	336.74	508.00	526.50	907.11	1,262.72	1,648.53	1,575.21	1,500.44	891.70

Note: *Inés Rosales Sociedad Anónima Unipersonal (SAU)* (thousands of EUR).
Source: Calculated with data provided by *Inés Rosales SAU*.

TABLE A4

COMPARATIVE ANALYSIS OF THE PROFITABILITY OF *INÉS ROSALES SOCIEDAD ANÓNIMA UNIPERSONAL (SAU)* WITH AND WITHOUT EXPORTS

Profitability	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Total assets[1]	7,227,360	7,729,479	9,347,892	9,177,513	7,901,612	8,511,887
Interests	124,814	113,818	186,288	227,330	176,693	138,056
Total debt	4,803,650	5,102,912	6,488,726	6,113,841	4,461,882	4,526,164
Shareholders' equity[2]	2,423,710	2,626,567	2,859,166	3,063,672	3,439,730	3,985,723
Cost of debt	2.60%	2.23%	2.87%	3.72%	3.96%	3.05%
Profitability with exports						
Sales	8,484,274	9,239,410	9,458,558	9,254,120	9,411,135	8,920,941
EBIT[3]	775,256	447,454	561,877	439,399	617,963	757,760
EBT	650,442	333,636	375,589	212,069	441,270	619,704
ROA[4]	10.73%	5.79%	6.01%	4.79%	7.82%	8.90%
Margin[5]	9.14%	4.84%	5.94%	4.75%	6.57%	8.49%
Turnover[6]	117.39%	119.53%	101.18%	100.83%	119.10%	104.81%
ROE[7]	26.84%	12.70%	13.14%	6.92%	12.83%	15.55%
Financial leverage	198.19%	194.28%	226.94%	199.56%	129.72%	113.56%

TABLE A4 (*Cont.*)

Profitability	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Profitability without exports						
Sales	8,049,617	8,634,359	8,668,637	8,499,332	8,691,691	8,491,606
EBIT	327,000	−165,207	−230,601	−323,881	−115,769	300,412
EBT	202,186	−279,025	−416,889	−551,211	−292,462	162,356
ROA	4.54%	−2.29%	−3.21%	−4.48%	−1.60%	4.17%
Margin	4.06%	−1.91%	−2.66%	−3.81%	−1.33%	3.54%
Turnover	111.65%	119.84%	120.60%	117.68%	120.35%	117.95%
ROE	8.34%	−10.62%	−14.58%	−17.99%	−8.50%	4.07%
Financial leverage	198.19%	194.28%	226.94%	199.56%	129.72%	113.56%

Note: EBT: earnings before taxes.

[1]The total assets are the amount of resources that the company uses for the development of its activity.

[2]The shareholders' equity represents the surplus (or lack) of the company's assets as compared to its liabilities. It includes the shareholders' original investment, the earnings that have been retained for internal expansion and the current year's profits or losses.

[3]The earnings before interest and taxes (EBIT) eliminates interest and direct taxes, which have no actual effect on the firm's economic activity.

[4]The return on assets (ROA) is the result of dividing the EBIT by the total assets. It represents the return of the company's activity per euro invested.

[5]The margin shows the relation between EBIT and sales. It represents the return of the company's activity per euro of sales.

[6]The turnover is calculated by dividing the sales by the total assets and has a special impact on firms with narrow margins, because of its leverage effect on the margin.

[7]The return on equity (ROE) is calculated by dividing the EBT by the shareholders' equity.

Source: Calculated with data provided by *Inés Rosales SAU* and SABI (*Sistema de Análisis de Balances Ibéricos*) database