

Can't get a good tortilla here? That premise, plus entrepreneurial spirit, launched Hola Nola Foods

The Advocate (11/28/2015) – Ted Griggs tgriggs@theadvocate.com
Three years ago, former Zapp's Potato Chips executives and minority shareholders Kevin S. Holden and Rod Olson found themselves in unfamiliar territory. They wanted to quit.

Both worked for Utz Quality Foods Inc., which acquired the Gramercy-based chipper in 2011 following founder Ron Zappe's death. Olson had been one of Zapp's first delivery drivers and risen through the ranks, becoming president after Zappe's death. Holden, chief operating officer, started his first company as a teen. He had founded and ran two chip companies before coming to Zapp's. Both men were minority shareholders in Zapp's, and Utz had bought those shares and signed them to two-year contracts.

If Olson and Holden hadn't completely arrived, they felt like they finally had a seat at the big kids' table, Holden said. But the chairs were never comfortable.

"You're an entrepreneur in a half-a-billion-dollar corporate structure. That's a square peg in a round hole if you've ever seen one," Holden said. "(At Zapp's) we would jump from thing to thing, finances and packaging and seasoning and what kind of machine to buy."

With Zappe in charge, product development went something like this: What do you think would taste good? OK, let's try it, Holden said. If everybody liked the seasoning's final version, Zapp's had a new flavor.

Sometimes it worked. Sometimes it didn't. The key lime pie flavor, for instance, was mouth-shudderingly bad.

But there were also hits. "Let's try it" allowed Holden to develop the Voodoo flavor. And always, work was fun.

Utz, well, Utz had its own way of doing things, Holden said. The corporation advised Olson and Holden to limit themselves to a single area, say sales or production or purchasing.

"The Utz people were nice. They were friendly. They're successful. They're doing really well," Holden said. "But I was an alien being as an entrepreneurial guy."

There were processes to follow, market research to consider. Holden knew he had to escape.

It took a little longer for Olson to realize that the end of his Utz career and his contract had the same expiration date. Utz had its own strategic plan. Olson just wasn't part of it. Instead, he would be part of Holden's.

Holden would be Hola Nola's founder, Olson the co-founder.

By this time Holden had already told his wife, Georgia, the good news/bad news. The good news? They could live anywhere in the country. The bad news? He needed a job. The Holdens had been in Louisiana for less than two years. But Georgia, who spent most of her life in California, loved Louisiana. She told Holden to find something here. She wasn't leaving.

"So Kevin, with a lifetime of food manufacturing experience, said, 'What can I do? What hole can I fill?' " Olson said. "Georgia said, 'Well you know, you always complain that you can't get a good tortilla here.' So that was the genesis of Hola Nola Foods."

Holden informed Utz of his plans. He was a chip guy. He knew nothing about tortillas. But he quickly learned that Louisiana was one of three states without a tortilla factory. The others

were Mississippi and Wyoming.

He also discovered the tortilla business might be a pretty good way to make a living.

In 2001, U.S. tortilla sales were a little more than \$4 billion, according to the Tortilla Industry Association. By 2011, tortilla sales were close to \$9 billion, and this year sales are expected to reach \$12.1 billion.

Tortilla Industry Association CEO Jim Kabbani said the group expects tortilla sales to grow at an annual rate of 9 percent through 2020.

There are a lot of factors driving growth, including:

Growing numbers of Hispanics, through both immigration and high birth rates. The Hispanic population jumped from 22.4 million in 1990 to 47.8 million in 2010 and is expected to hit 59.7 million in 2020.

The adoption of “healthier eating habits,” with people substituting tortillas/wraps for bread. Tortillas outsold white sandwich bread in 2010. At some McDonald’s, customers can get their Big Mac in a wrap.

Tortilla makers adding new products, including kosher and gluten-free items, to enlarge their customer base.

Holden immersed himself in tortillas. He visited small factories. He attended a tortilla trade show and signed up for tortilla-making classes. Other tortilla makers were generous, sharing business tips and even the recipe for tortillas once they realized the factory would be in Louisiana.

There are hundreds of tortilla factories in the United States, but the business is largely regional, Holden said.

Holden and Olson also scoured the country for used equipment. They couldn’t afford new. They bought pieces all over the

country, including a mixer from Turnbull Bakery in New Orleans, which closed after 100 years in business.

The two men also tapped some old connections. The Geismar factory site came through Salco, which had done all of the major improvements and expansions for Zapp's.

But Holden and Olson still needed a name for the company, something that said Hispanic and Louisiana. Holden suggested Casa Gonzales since the factory is in the Gonzales area.

"My wife didn't like it at all, and she kept bugging me – 'I don't like it, I don't like it.' " Holden suggested Casa Nola. Better, but still no bueno. The company remained unnamed until one night, when the Holdens and their little boy settled in to watch their nightly episode of "Curious George." In the episode, George meets a little boy in the park, who takes George home for lunch. The little boy walks in and says, "Hola, Mommy!"

"Georgia turned to me, and I turned to her, and we both said, 'Hola, Nola.' And that was it," Holden said.

In August 2013, a year after leaving Utz, Holden and Olson opened Hola Nola. The company sold tortillas to grocery stores and thin tortilla slices that Mexican restaurants could fry into chips.

From the beginning, local grocers embraced the tortillas, Holden said. Harvest Market in Geismar became one of the company's biggest customers.

A few months after opening, Hola Nola got a call from a buyer at Rouses Supermarkets. Managing Partner Donny Rouse wanted the tortillas in all of its stores, including those in Mississippi and Alabama.

Two years after opening, Hola Nola's tortillas, fajita and taco seasonings and wraps are in close to 150 grocery stores

in south Louisiana.

The company's products include a spinach wrap made with actual spinach – a rarity today – and the crawtilla, a crawfish-boil flavored wrap offered seasonally.

Last month, Hola Nola received an invitation to a Target Webinar. Holden and Olson were puzzled. It turned out that the Target buyer who handles tortillas had pulled Hola Nola's sales figures for Baton Rouge, New Orleans and Lafayette.

"The first quarter of next year we go into all the Targets in the Gulf region – Louisiana, Mississippi and Texas," Holden said. "So the success drives additional success. We would never have even called on Target yet, but they ended up calling on us."

This month, Hola Nola made its first shipment to Market Basket, which has stores in western Louisiana and Texas. Hola Nola also has found a north Louisiana distributor.

All those connections will be a key part of Hola Nola's most recent endeavor: tortilla chips.

In August, Hola Nola celebrated its second anniversary, and the end of Holden's and Olson's noncompete agreements with Utz, by launching a line of chips. One month ago, retail chip sales had grown to half that of tortillas. Hola Nola is now its own biggest tortilla customer.

And the company is moving into another lucrative area.

According to the Snack Food Association, close to \$3.9 billion worth of tortilla and tostada chips were sold in the 12 months ending Feb. 22. Doritos and Tostitos brands accounted for roughly 65 percent of the total.

Hola Nola plans to add a seven-worker night shift in mid-January. The company is already looking at expanding its factory in the second half of 2016.

For now, Holden and Olson are having fun again. They are gleefully anti-corporate. They make chips the same way Los Angeles restaurants did in the 1940s. Their marketing – demonstrating the chips in grocery stores – is straight out of the '50s. The model for “Nola” is an amalgamation of models for Mexican advertisements from the 1940s. The conference room contains a couple of racks of their products and a few bags from competitors. Both men admit it’s been months since they looked at the latter.

Holden and Olson hit upon the old-fashioned approach by asking people to name their favorite tortilla chips. Inevitably, consumers named the chips at their favorite Mexican restaurant.

Back in the day, Mexican restaurants made fresh tortillas throughout the day, Holden said. Anything leftover was sliced up, fried and served to customers with salsa the next day.

So Hola Nola tries to duplicate that experience. Part of that involves packaging its chips in what Holden says is the industry’s first microwavable bag.

“You throw it in the microwave, warm it up, pop it open, and it tastes exactly like when you’re at the restaurant,” Holden said, “because nothing’s better than that thin restaurant tortilla chip warm at the restaurant.”

Hola Nola may also be the only company making tortilla chips with coconut oil, Holden said. Others use hydrogenated soybean oil or shortening.

Coconut oil is a healthier choice, and it melts at the same temperature as butter, Holden said.

As soon as the chips hit your mouth, the coconut oil goes liquid, which gives the chips a buttery feel.

Although coconut oil costs more, Hola Nola’s overhead is

lower, so it can offer a premium product for a lower price, roughly 80 cents a bag less than national brands, Holden said.

Olson said the coconut oil and the microwavable bag are two things that separate Hola Nola from competitors. Another is the bag's clear plastic pane, shaped like a fleur de lis, Olson said. The shape helps people further identify the product with Louisiana and New Orleans.

If that's not enough, Hola Nola's labeling says the chips are "hand-cut in Louisiana." There are subtler reminders. Hola Nola's logo includes the same shade of blue found on the Spanish street signs in the French Quarter.

"Louisiana is known for great food," Holden said. "If you say hand cut in North Dakota, I don't know if people are going, 'Oh, North Dakota, they got some good food. They're in North Dakota, it's got to be good.'"

He and Olson burst into laughter at the thought of North Dakota's fine cuisine.

It's good to have a sense of humor when the company's top executives must frequently man the phones or the delivery trucks. But they see this limitation as part and parcel of Hola Nola's old-fashioned approach. Forget viral marketing. In-store demos connect Hola Nola to its customers in real time. Once people try the chip, they buy the chip, Holden said.

"I don't know how else small companies are supposed to compete unless you just absolutely do the opposite of what the larger ones are doing," Holden said. "And I feel like we're in the food business at a really neat time."

Fifteen or 20 years ago, the food business was dominated by the biggest companies, Holden said. Everybody wanted to eat at McDonald's, and family-owned stores were closing.

“But now all of a sudden there’s this renaissance, especially in food,” Holden said. When people go on vacation, they don’t want to eat at the same restaurant chain or shop in the same retail stores, Holden said. Consumers want something authentic and regional.

Hola Nola plans to make sure they get it.

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