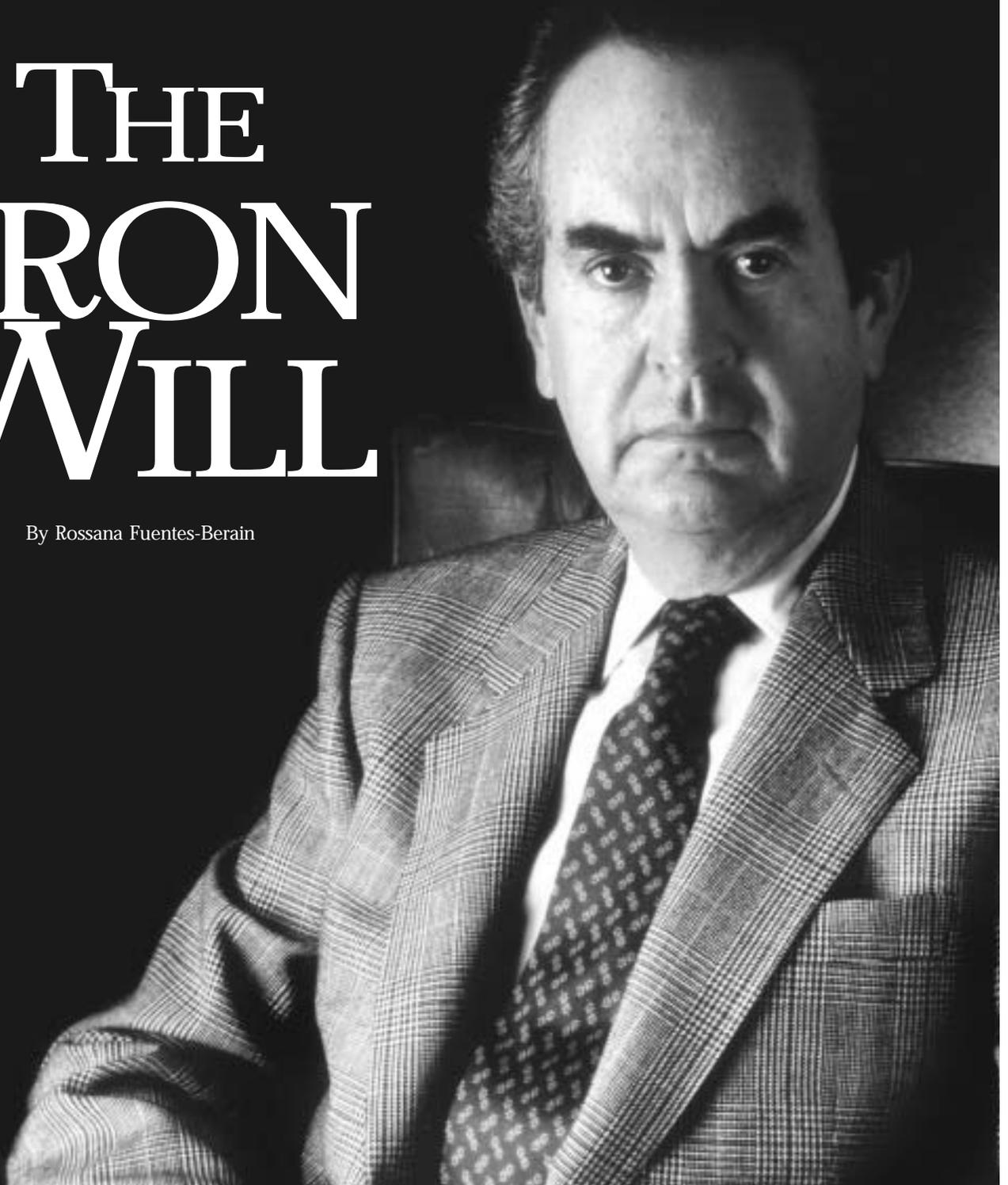


CULVER'S MAN OF THE YEAR

# THE IRON WILL

By Rossana Fuentes-Berain



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*Culver Man of the Year 2001 Alberto Baillères '50, the first from Mexico, is a man of passion and dedication, an entrepreneur, a philanthropist, and a romanticist. He has combined all these attributes and more to establish a life of personal happiness, business success, and national prominence.*

On July 4, 2000, fireworks in the town of Aguascalientes, Mexico, were not honoring the Stars and Stripes, but a 1,212-pound bull named Diamante and Alberto Baillères, who was granted the title of Rancher of the Year by the San Marcos bullfighting board.

Born and raised in Mexico City, wearing his smart business suit, his embroidered shirt proudly displaying a capital B – the family insignia – and his polished Bostonians, one would not think of this perfectly combed, gray-haired, gentleman as a rancher.

But Alberto Baillères is a man of passions.

He is passionate about bullfighting, one of Mexico's national *fiestas*. An art, it would be called by people who appreciate performances (*faenas*), such as the one that Enrique Espinoza "El Cuate" offered with Diamante on a sunny afternoon during the San Marcos Fair 2000.

Short of facing the bull himself – which he thought about doing as a child – Baillères became a ranch owner, both in Mexico and in Texas, where he now raises first-class cattle.

Passion and discipline are what he cherishes most in life. And he has had plenty of both since his Culver years (1947-1950) as part of the Black Horse Troop.

Architecture, music, nature, hunting, fishing, golf, boating, diving, horseback riding, reading, traveling, the Mexican economy, marketing, education . . . There is a long list of things in life for which Baillères feels passion enough to invest his money and, most of all, his discipline; the discipline to learn about them and to become, like in the case of bullfighting, a force to be reckoned with.

For these reasons, The Culver Academies honored Alberto Baillères '50 at an April 27 all-school convocation as the thirty-third Man of the Year and the first from Mexico. The award is presented to that graduate who is highly respected in his or her profession and has made a significant and noteworthy contribution to society.

Alberto Baillères is the second son of a man whose entrepreneurship and philanthropic deeds have made a huge impact on Mexican society.

Every time a young student walks into the hall of "the Mexican MIT," the *Instituto Tecnológico Autónomo de México* (ITAM), the bronze statute of its founder, Raúl Baillères, salutes him or her.

Seven secretaries of state in the last decade, a Central Banker who ruled Mexico's economy for more than fifteen

years, and thousands of other multidisciplinary professionals – who might be less visible but not less important to Mexico's quest for development – have graduated from ITAM.

All were guided during their school years by the conviction of patriarch Raúl and son Alberto that a liberal education based on academic excellence and the search for truth and justice are essential to build a nation's sustainable social order. Don Raúl and his son have put their money where their mouths are. For fifty-three years, in good and bad business cycles, they have paid out of their personal earnings for most of ITAM's operational expenses and for its largest investments.

### **Like Father like Son**

After Mexico's 1910 revolution led to sweeping land reform, Raúl Baillères Sr. left Silao, his hometown in Central Mexico, with no money and almost no formal education.

As a young man, his talent as a silver trader helped him climb the world financial ladder within the Mexican office of the Chase Manhattan Bank. During The Depression, Raúl Baillères gave up the security of a paycheck to

try his luck at buying out investors – mostly foreign – who wanted cash.

He first established *Credito Minero y Mercantil*, a savings and loans operation specializing in mining and trade credits, then *Crédito Hipotecario*, a mortgage bank. Then he made an important investment in a brewery, *Cerveceria Moctezuma*, and late in his life he bought out an American mining company, *Peñoles*.

That was the outset of the family business.

According to Mexican tradition, the group would be led by its founder with the help of the first-born son, Raúl Jr. But the premature death of Alberto's elder brother, a 1945 Culver alumnus, at the age of twenty-nine, had a sweeping effect on the family. Gone were Alberto's dreams of following an academic career.

A straight-A economics major, with plans to pursue a master's degree at the London School of Economics, Alberto Baillères had to rise to the challenge and help his father run the companies.

Those Culver years of discipline, he acknowledges, helped him put up with both the pain of having lost his beloved brother and the idea that his life would be changed forever. He could not pursue a career as a man of thought; he had to become a man of action.

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After an outstanding performance by his bulls, Baillères is joined by matador Miguel Espinoza, 'Armillita,' in the Plaza Mexico, 1994.

*Photos provided*

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And for every time Alberto Baillères has faced a big challenge in life, he says his memory goes back to that moment as a teen-ager passing through Culver's Iron Gate with mixed feelings of relief and satisfaction.

The Culver experience has helped him conquer his own internal fears.

"You must remember that I went to Culver speaking no English. As a young boy who came from a close-knit family, it was, to say the least, a hostile environment for me. The military discipline, the prejudices that we Mexicans faced at that time, some due to sheer racism, some out of ignorance . . . It was not easy, not easy at all."

Students from Mexico, such as Baillères, Emilio Azcarraga '48, Othon Velez '49, and others used to come home for the holidays. It was a long way back and forth.

They traveled from Mexico City to the border town of Laredo, Texas, driving from there to Houston. They flew again on a DC-3 to St. Louis and on up to Chicago, taking the train to the South Bend, Indiana, station, where a taxi finally drove them to Culver.

A tiresome and long journey.

One Christmas, Baillères was not able to make one of those endless connections. He arrived at Culver two hours late. The officer that greeted him accepted no excuses. Baillères argued that even his father, a shareholder of the Mexican Airline Department, was not able to get a ticket for an earlier departure. The colonel told him calmly, but firmly, "Well, tell your father to come and march for you." Baillères' answer was simply, "Yes, Sir."

The officer made him march in the freezing cold for several hours every day while the other cadets were on class breaks.

"There was nobody there but me, no father, no family, just me. That's the way I often felt during the three Culver years in which I pushed myself not only to survive but to conquer a place."

It was a good training for life. Often Baillères has had to do exactly the same thing: conquer a place for himself.

In his early thirties, his father passed away, just at the time they were moving into retailing, a new and unknown business area.

Baillères had two sisters, a widowed mother, and his own family to look after. Not to mention his extended family – the 7,453 employees who worked in the companies.

The easy way out was to let one of the elder, more-experienced, and well-known of his father's partners take over, while sitting at the side and waiting until he gained more experience and people got

to know how he would act without his father's advice.

That, indeed, was what some would have wanted him to do. No way. Alberto Baillères bit the bullet once more and concentrated night and day on gaining the confidence of the family partners and the minority shareholders.

"This is the time in which I gained the Howard Hughes reputation. I became almost invisible for my friends and for society because I realized that I needed all my energy to be with my family and run the business. There was almost no time for doing anything else," he said.

Under his leadership, the family businesses were consolidated. He bought new companies, established others, and crystallized all of them into what today is *Grupo BAL*, one of Mexico's leading economic groups.

He became the youngest member ever of the *Consejo Mexicano de Hombres de Negocios*, a board of the leading businessmen that acts as an informal consulting body to the



Baillères as CEO of Moctezuma Brewery, 1961

highest Mexican public authorities in all their major economic decisions.

Here, Baillères can dwell on another subject that he is passionate about: the Mexican economy, its history, its strengths, and its weaknesses.

He loves the intellectual challenge of getting out the daily balance sheets and focusing on the macro economy and on the political and social issues that have a bearing on it.

## Building a Palace

The first *Grupo BAL* business whose fate totally depended on Alberto Baillères' leadership was a retail company called *El Palacio de Hierro*.

It was established in 1898 by French immigrants known as "Barcelonetes," after the town in the mountains of northeast France where they came from. In Baillères' early years *El Palacio* (The Palace) was much more than a shopping place for Mexico's emerging middle class. Nevertheless, by the late '60s the department store had lost its original flavor.

When *Grupo BAL* bought the prestigious stores, they were rundown. The merchandise was not that selective, and the shopping experience was more like walking into a dungeon than entering a palace.

Two of Baillères' long list of passions came in handy to turn things around: architecture and marketing.

He smiles proudly when asked about the latest construction of a *Palacio de Hierro* store, a ten-story, red-brick building shaped like a pyramid located in the trendy Polanco neighborhood.

This interview is conducted in a corporate office of that building, constructed by Javier Sordo Madaleno, a Mexican architect known for his monumental works like Plaza Monterrey (1975), Bosques de las Lomas (1975), and Perisur (1982).

It is spring, and part of the decoration is simply a room with a view. Up the avenue one glances at the Jacaranda trees. Their light purple flowers are reminiscent of a Cezanne oil painting.

Good, old advertising copy comes to mind: "A Palace with a room with a view . . ." I feel surrounded by Alberto Baillères and the marketing passion that has put him on top of the advertising campaigns of several of his consumer businesses.

He turned around the *Palacio* stores by establishing a new procurement system. He would buy only top-class labels. He renewed all stores and got personally involved in the decorating details. He instituted a personalized sales process and located five new stores in places where a new generation of clients could easily get to them.

And then, he crowned his managerial changes with a very aggressive marketing campaign that brought back the meaning of shopping at *El Palacio de Hierro*.

"I wanted it to be a whole experience, a way of life. Either you are or not *totalmente palacio*



Baillères speaks at an ITAM gathering.

(totally palace)." He passed that idea on to the Teran Advertising Agency for the store's campaign, which became one of the most successful ones in Mexico's recent history.

Indeed, Mexico City is full of huge billboards with provocative almost poetic phrases that invite you to shop at *El Palacio*. My favorite: "Women know that in everyday life there are fewer white knights, but luckily there are more and more Palaces."

But for Baillères, keeping his retail business at the top of the class is not only a question of dollars and cents. He adamantly stresses the fact that as other Mexican retailers sold their shares to international corporations, he has retained control of his.

"In my life I have two loves: my family and Mexico. Deep inside of me I think that it is impossible not to think on national terms when one makes a business decision. Therefore, if our companies are owned by Mexicans, we have a better chance of competing internationally."

In the thirty-four years that he has run *Grupo BAL*, he has given flesh and bone to that business mantra.

The company now has 26,848 employees. In other words, in a country with a particularly strong demographic problem, under his leadership job opportunities rose 260 percent.

As for competing internationally, *Metalúrgica Penoles* is now the largest silver mining operation in the world.

On the financial side of the company, *Grupo BAL's* insurance company *Grupo Nacional Provincial* was the leading force in its field for twenty-two years until three companies merged with a mixture of local and foreign capital and took the number one spot. But not for long, say people within the company.

With this solid business success, it is surprising to hear Alberto Baillères describe romanticism as one of the leading elements of his managerial skills.

"One has to be romantic about his work. Being an entrepreneur is an art more than a science, an art that few people fully understand," he said.



Baillères inspects one of the silver mines of the Penoles Mining Group, 1998.



The Baillères family at the wedding of daughter Tere (center) and Gonzalo Hevia (to her right). From left to right are: Juan Pablo W'76, Raul, Alejandro '79, Alberto '50 and wife Teresa, Xavier '80, and Mauricio W'75. A son, Alberto Jr. '78, is not pictured.

Some time ago, he recalls a conversation in which a physician asked why he didn't let one of his sons run part of the business right away. Baillères' response was "why don't you pass on the scalpel to your daughter and invite her to help you in a surgery. They will take over, yes, in due time. This is a career that needs training."

Alberto Baillères has six sons and a daughter. He jokes about the fact that he and his wife, Teresa, were so worried about the possibility that the family name would not be passed on – after his brother Raul's death he was the only bearer of it – that they went to Rome on their honeymoon and asked the Pope for a male heir.

"He gave us six in a row! The youngest one is a girl, the best thing that could have happened to us. She is the 'Jewel of the Crown.'"

Like father, five sons attended Culver: Alberto '78, Alejandro '79, Xavier '80, Mauricio W'75, and Juan Pablo W'76.

Teresa and Alberto have been married for forty-five years. People who know them say it is seldom that they are not together. They travel together, sharing their passion for the outdoors, for music, for everything.

"The most important thing in life is to find a proper balance. I consider myself a very happy man. I am healthy. I have a wonderful family. And I have been able to accomplish a lot of things. I have not failed my father, nor my teachers at ITAM or Culver. I feel very honored to have been named Man of the Year."

With a serene smile on his face he glances at the small statute of a bullfighter in full dress sitting at the coffee table.

While I am preparing to leave the Palace, I remember a couple of verses that Alberto Baillères quoted from his mother's favorite poet, Amado Nervo:

*"At the end of my tough road I see that I was the architect of my own destiny . . .*

*Life you owe me nothing!; Life we are at peace . . ."*

A perfect balance sheet for a romantic businessman.

*Editor's note: Rossana Fuentes-Berain lives in Colonia Roma, an old part of Mexico City. She is the president of the Investigative Reporters and Editors chapter in Mexico (Periodistas de Investigacion) and, along with a group of colleagues, is trying to push forward reforms on information in Mexico. She also serves as a professor the Instituto Tecnológico Autónomo de México (ITAM).*

*Fuentes is a specialist in economic and foreign policy and has traveled throughout the world. As a financial and diplomatic correspondent, she has covered issues that have an impact on Mexico's current or future outlook. Fuentes is the only Mexican print journalist to have interviewed President Bill Clinton (December 1994) and the only one among her peers to have talked one-to-one with both President Clinton and Canadian Prime Minister Jean Chretien about North America's most pressing issues.*

*Fuentes is a mass communications graduate of Universidad Autónoma Metropolitana with a master's degree in journalism from the University of Southern California.*

# Mexican homeland, Culver soil provide the nutrients for Baillères' personal growth

By Jan Garrison  
Assistant Director of Publications

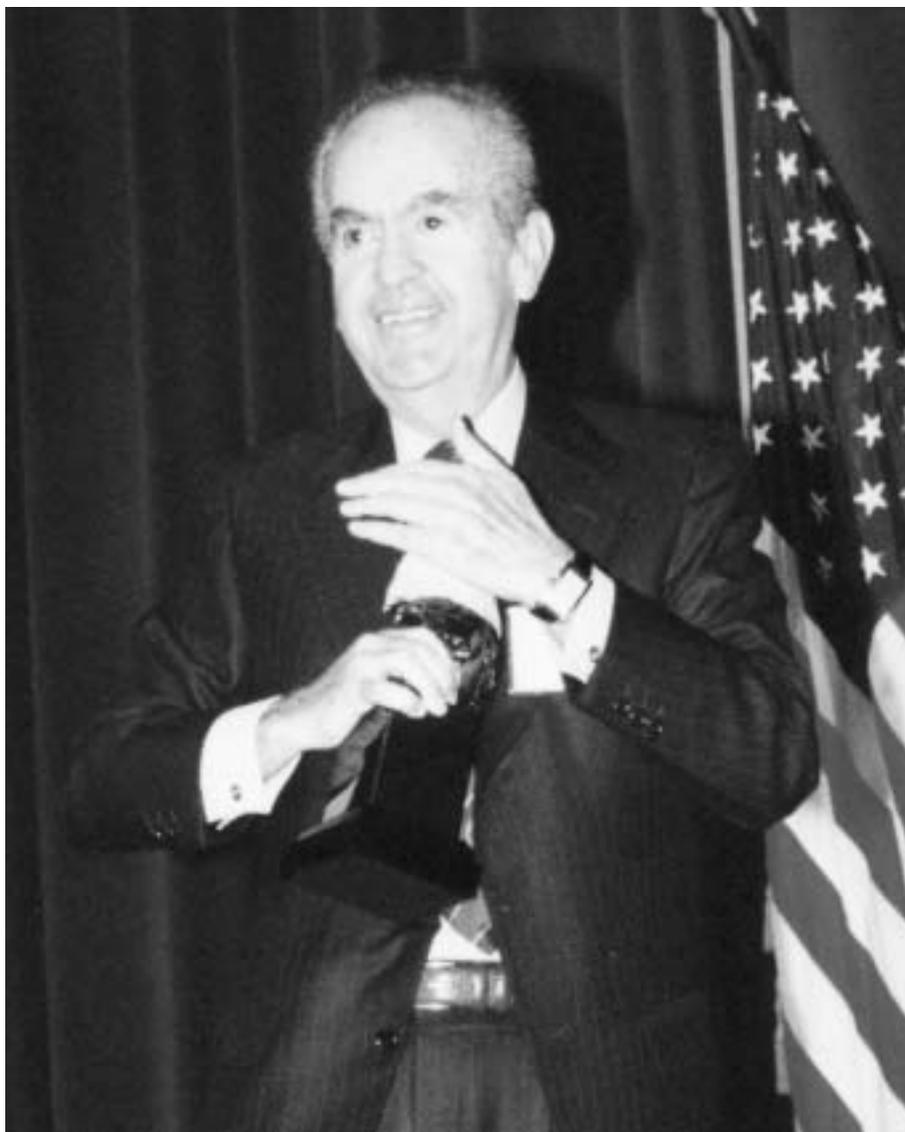
**F**or Alberto Baillères '50, a man's life is truly a reflection of nature.

"A man's life is a journey throughout the seasons and, like a tree, life springs from its roots," he told students and parents April 27 during Spring Parents Weekend at the 2001 Man of the Year ceremony. "Like trees also, men are built on the foundations of their roots."

Baillères spoke warmly and repeatedly about the importance of nourishing one's roots with a good mixture of "strength, courage and character," and how Culver's soil provided the right nutrients for that personal growth.

"Life is a gift bestowed by God and brought to earth by the seeds of everyone's mom and dad. Genetics, family care, and education are everyone's main root," he said. "My seed was germinated, raised, and nourished in Mexican soil. It fed me and fertilized my soul with high values and a rich culture dating back more than 3,000 years. There, I met my beloved wife and together and ever close to each other, we lovingly raised our seven children.

"My parents' wisdom and generosity allowed my callow roots to nourish in



Embraced by the Culver community, Alberto Baillères embraces his Culver Eagle.

*Photos by Jan Garrison*

Culver's foreign soil. At this magnificent greenhouse, they were strengthened by the sense of honor and loyalty, and the imperative of respecting others, either officers or troops. Culver taught me the uncompromising call for duty – the value and courage needed for self-control, the

life," Baillères said.

After graduating, Baillères attended ITAM, the university and economic institute founded by his father in Mexico City. At ITAM, "my roots fed from the rigorous analytical reasoning and the broad scope of vision provided by economics."

meaning of personal responsibility, and the awareness that achievement is based on merit and work.

"A tempered character prepares men to face the tempests and trembles of life. Character deepens and endures the roots of life by allowing the trunk to keep growing and holding it firmly in place. My character was shaped by my former nourishment and supplemented by a suitable dose of military irrigation at Culver.

"My transplanted roots were hosted in Indiana's rich soil. Far from my family, friends and country, it was my first long stay abroad. Survival required painful adaptation to a new environment, a different language, another culture and foreign people. The breeding process which I suffered in new soil made me abandon my parochial vision of the world – and also prepared me to face future and coming challenges in my

Baillères started his career in the family business “and enriched myself with my father’s wisdom and vision.” While still growing as a person, Baillères knew that the “number and thickness of my roots, the size and strength of my trunk, all made me ready to face and shape my destiny.”

That destiny came when his father died. Just thirty-two, Baillères assumed the leadership of a conglomerate that included mining, banking, brewing, and retailing. His taking over also coincided with nearly twenty-five years of turbulence in Mexico’s economy and government.

“In such a predicament, for an instant my memory took me back in time to feel like a bewildered and homesick plebe arriving at Culver,” he said. “However, the strength, courage, and character sourced by my roots, the vision and knowledge provided by my nourishment, not only allowed me, but induced me to face such a challenge without ever considering the easy way out.”



Alberto Baillères, *Roll Call*, 1950

Baillères said his “thicker bark and foundations” helped him survive and strengthen the family holdings during “a barren” quarter-century: The brewery merged with another and the bank was confiscated by the government and never recovered. But “new sprouts arose and today are becoming prosperous branches”: Two insurance companies were bought and merged, a new brokerage house and pension and annuities companies were founded, water management and power generation ventures ripened, and new endeavors blossomed in retail, mining, and medical services.

Now the Mexican economy is thriving, in many ways thanks to Baillères’ dedication to his roots. Many of Mexico’s top economists and policy-makers have graduated from ITAM, as did eighty percent of the team that negotiated the North American Free Trade Agreement (NAFTA) for Mexico.

Though U.S.-Mexican relations are better than ever, there is a great deal to be done, Baillères added.



Accompanying Alberto Baillères '50 (second from left) from Mexico to Culver for the Man of the Year Ceremony in April are left to right, Gov. Patricio Martínez, Manuel Arango '54, Gov. Juan Carlos Romero, and Bernardo Quintana '59.



Teresa Baillères gives her husband a big hug following the Man of the Year Ceremony.

as chairman of the ITAM Board of Governors, and the family has financially supported the school since its inception.

“My commitment to ITAM is based on my faith in education. A solid education provides human beings with the essential nutrients for building character, for enlarging their fruits’ yield, for strengthening the roots of civilization, and for enriching life itself,” he said.

“Young Culver girls and cadets, you are fortunate to have your roots nourished at the ineffable Culver greenhouse,” Baillères added. “After you exit through the Iron Gate or Graduation Arch,

you should continue to prepare yourselves for the journey of your life. Your Culver experience will give you success in your future challenges and help you make your own contribution to a better society.”

Baillères then asked the students to remember his seven keys to nourishing their roots:

- Dare to dream and to visualize yourselves reaching those goals. Unless you have a goal you want to reach . . . a place you want to get to . . . it will be very difficult to choose among the various paths you will find in your journey.
- Do not be discouraged if you don’t reach your goals immediately or in exactly the way you wanted to. No one does. But while you may not reach exactly what you want, in most cases you will get either very close or, perhaps, find something better.
- Be prepared to pay the price that reaching such goals may require. Nothing comes for free. You therefore have to be convinced that the goals you are seeking are worth the price you will have to pay.
- As you continue to define your roles in this world, you should always realize that every duty is a must, that every right confers us with a responsibility, and that every possession is a mean, not an end in itself. However, duty, rights and possessions also bring opportunities.
- Laugh a little, especially at yourselves. Have a smile as part of your normal personality. Remember the old saying, ‘If you smile, the world smiles back at you; if you cry, you cry alone.’
- Be a romantic. Life is not just about being a ‘rational decision maker.’ Life is also about love. Love is the most wonderful feeling a human being can experience.
- Be generous to others, particularly those less fortunate than you.

Dear Culver girls and cadets, I would like that all of you live your lives with joy and passion,” he concluded. “Be true to your values and convictions.”



Baillères and his wife, Teresa, with Cadet Cesar Rodriguez-Elizondo '01 of Tamaulipas, Mexico.