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NOVEMBER 27, 2000

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DOUGH BOY

Warren Bell's unorthodox bagels contain chocolate and peanut butter. You wouldn't want them, but there's a great export market.

BY JONATHAN FAHEY

WARREN BELL LEANS OUT OF HIS flour-dusted office overlooking the bakery at Bagels by Bell in the Canarsie section of Brooklyn. "Get me a bag of Japan samples," he barks to workers stretching dough and tending ovens below.

Within minutes he's got his hands

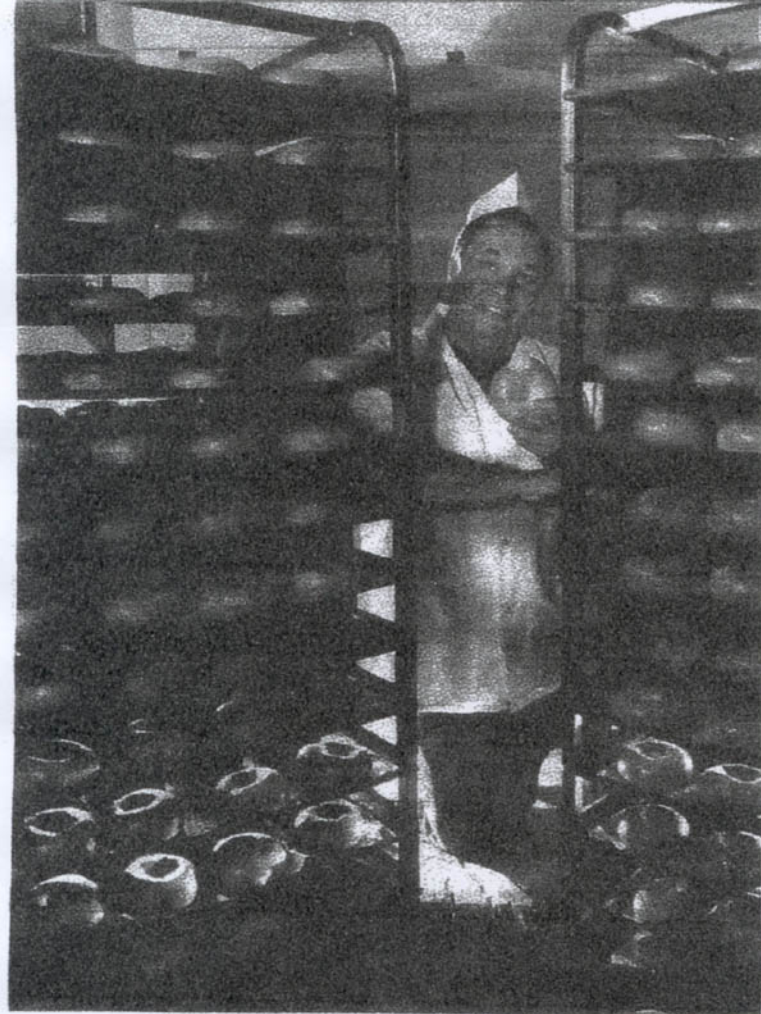
full of chocolate chip, peanut butter and banana nut bagels. Okay, so it's more Baskin-Robbins than Lower East Side. The Japanese happen to like their baked goods on the sweet side. Catering to their tastes has helped this once-sleepy business rise, bolstering Bell's top line by about a quarter to \$1.2 million a year.

It wasn't love at first bite. Bell was peddling almost all his bagels and bialys to stores on the East Coast until he met Kanji Kitamura, a Japanese distributor, at a trade show in 1998. They decided to introduce Bell's bialys—flatter than a bagel and hole-less, they're made with

water, flour, yeast, salt and ground onions—to Japan. But given the Japanese proclivity for sweets, Bell tried to reengineer the recipe his family's been using for 50 years, adding chocolate chips, apple-cinnamon and blueberry flavorings. "They had me putting sugar in my bialys," says Bell, still horrified at the recollection. Still, he realized, "If the customer wants something and if he's going to pay for it, you make it happen."

But the Japanese hated them. So Kitamura encouraged Bell to redesign his bagels—a minor craze in Japan—folding the sweet ingredients into the dough. (A pure New Yorker will not tolerate even minor adulterations, like

A PURE NEW YORKER WON'T TOLERATE MINOR ADULTERATIONS LIKE RAISINS.



raisins.) They're flying off shelves in Tokyo and Osaka. Sold under the name Bagel K, with "Made in New York" prominently printed on the label, Bell's Japanese bagels make up about 20% of his sales. Last year he doubled his freezer space and hired nine additional employees to help meet demand. Bell is selling 120,000 bagels a month for \$22,000 to Kitamura. The additional cost of sweet flavorings lowers Bell's net margins to 4%. But the boost in sales makes it worthwhile. "I'm still a little guy," he says. "Japan gave us a big kick."

There could be a kick of a different sort. In Japan Bell's gourmet bagels—sent frozen to department stores, where they cost \$1.20 to \$1.60 each—compete easily against supermarket imports like Lender's and Sara Lee. Quality competition, however, comes from fresh-baked bagels, which are gaining in popularity. It takes five weeks for Bell's bagels to journey to Japan (they can last up to 11 months). Which doesn't cut it with the young women who flock to Hiroshi Okamoto's E-Street Bagels in Tokyo;

Racking up profits: Bell's bagel business has exploded since he began exporting his baked goods to Japan.

they're served bagels only a few hours old. "The market here is really starting to recognize how good a [fresh] bagel can be," says Okamoto.

Kitamura argues that no one makes a bagel—even a frozen one—like a New Yorker, and that will keep Bagel K in demand. Bell, however, is already cooking up plan B. He is currently testing a cinnamon bun for Japan and says he's pleased with early taste tests. Hoping to branch further abroad, he is also scouting for distributors in Mexico and the U.K. Bell recently borrowed \$300,000 to buy a custom-built mixing machine that he says will double production when it ar-

rives this spring. And to house all that dough, Bell is negotiating to buy another building to expand his bakery. Globalization, even on a tiny scale, has led to other modernizations. "Look at that," exclaims Bell, 46. "We got a computer!"

Quite a change for the little neighborhood bakery his dad took over in 1947. Bell started working alongside his father in the 1950s, and had to stand on a milk crate to reach the dough. The bakery has grown sevenfold since

then—mostly on Bell's watch.

He also hopes to see his U.S. sales grow. Bell aims to push traditional bialys, which originated in Poland's Bialystok, on snackers across America beginning on the eastern seaboard. He's paying for a supermarket ad campaign—"What's a bialy?"—designed to educate non-New Yorkers. But those Americans may be an even tougher sell than the Japanese. Not a whole lot of folks are eager to have onion breath at 9 a.m. **F**