

For Lawyer, Side Business Nets Sweet Success

His Practice Slumps In December, Right When His Vanilla Company Picks Up

By Susan McRae
Daily Journal Staff Writer

When Glenn M. Gottlieb's law and mediation practice slows down during the holidays, his other life ramps up.

As the owner of Amadeus Vanilla Beans, an import-export company specializing in U.S. certified organic vanilla, Gottlieb turns his attention to filling orders for vanilla extract used by cooks and commercial bakers.

"Almost any kind of baking recipe uses some kind of vanilla," he explained, "which is nice because that's when my law and mediation practice slows down. People go away for the holidays."

A corporate lawyer and mediator, Gottlieb devotes half his time to running the company he and a business partner founded in 1994. At the time, he didn't know a vanilla bean from a cinnamon stick.

Three years into the business, the partnership went south. But Gottlieb kept the company going, mainly to recoup his \$100,000 investment.

His education in the history and uses of the pungent, mahogany-colored vanilla pod quickly followed.

"I knew what vanilla extract was," he said, "but I couldn't have told you what a vanilla bean looked like. I didn't even cook. But I got a very, very fast education when my partner and I split up."

His diligence paid off. Today his company nets \$350,000 a year in sales of organic and non-



Photo courtesy of Glenn M. Gottlieb

Lawyer Glenn M. Gottlieb, right, who divides his time between his practice and his import-export company, is shown with a vanilla farmer in Uganda. Last year Gottlieb signed a contract to buy directly from Ugandan growers as part of a U.S. government fair-trade initiative.

organic vanilla beans, extract and powder. His clients include home bakers, commercial restaurants, spice companies, natural goods stores and several new-age shops.

"People think chocolate is the thing," Gottlieb said, holding up a tied bundle of gourmet-grade vanilla beans from Uganda. "But vanilla is the No. 1 flavor produced in the world. Far more of it is sold than chocolate."

Indigenous to tropical Mexico, vanilla is the only edible fruit derived from orchids. It was first cultivated by the Totonac Indians, who believed the fragrant vine was a gift from the gods. When the Aztecs conquered the Totonacs in 1427, they began using the beans to flavor a ceremonial chocolate drink.

A century later, Spanish conquistador Hernando Cortez introduced vanilla to Europe,

where it was used in medicine, chocolate, tobacco and even as an aphrodisiac.

But vanilla would not be used as a separate flavoring until the early 1900s.

While people tried growing the product elsewhere, they were unable to get the vines to bear fruit. As a result, Mexico remained the top vanilla producer until 1836, when a botanist discovered that the melipone bee, found in the vanilla-growing region of Mexico, was the only insect capable of pollinating the plant.

Because the bee could not survive outside Mexico, hand-pollination was introduced. With that discovery, vanilla production spread to other equatorial regions worldwide.

Now on his own, Gottlieb got a crash course in marketing and selling his product. He began displaying his

wares at trade shows and later developed a Web site, <http://amadeusvanillabeans.com>.

He expanded the business, importing beans from Madagascar, the world's largest vanilla producer; Tahiti and Papua New Guinea. He traveled to Uganda, where last year he signed a contract to buy directly from the growers, as part of a U.S. government fair-trade initiative.

Along the way, Gottlieb acquired a new partner, Gold Coast Ingredients. Housed in a low-slung warehouse in the industrial City of Commerce, the manufacturer produces 10,000 flavors, including 200 flavors of vanilla.

Gold Coast CEO Jim Sgro said the company had been looking around for some type of vanilla business to add to its repertoire of flavors. Sgro bought a load of

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beans from Amadeus seven years ago, just before prices soared when political problems and devastating cyclones in Madagascar caused a scarcity of the crop.

Soon after, Sgro and Gottlieb decided on a 50-50 partnership. "The vanilla bean business is quite a fascinating adjunct," Sgro said during a tour of his manufacturing plant.

While the price of vanilla has plummeted from its 2003 peak of \$500 a kilogram (2.2 pounds), the beans and extract still command a

high value relative to other spices and flavorings. A single bean retails from \$1.50 to \$10, depending on the grade.

In Madagascar, some growers employ guards and brand their beans with small pin pricks to prevent theft.

Gold Coast stores its beans in a locked metal cage.

The reason vanilla is so valuable, Gottlieb said, is that the entire process, from pollination to curing, must be done entirely by hand.

Because of his legal background, Gottlieb has been able to represent his company in straightforward

business deals, such as signing contracts with the Ugandan growers and drawing up a partnership agreement with Gold Coast.

Gottlieb, 53, is a 1978 graduate of Boalt Hall. He began his career at Gibson, Dunn & Crutcher in Los Angeles, specializing in corporate, partnership, securities and commercial law.

From there, he spent a year at Beverly Hills' Rifkind & Sterling, then became general counsel and corporate secretary at Wyle Laboratories in El Segundo. He spent a year as chief financial and administrative officer at The Jewelry Mart

Cos. in Torrance and another year as general counsel for MiniMed Technologies in Sylmar.

Since 1993, he has run his own corporate and transactional law practice, representing small to mid-size companies. He also works as a private mediator and volunteers on the Los Angeles County Superior Court's pro bono panel.

With his background in business, his segue into running his own company was a natural, he said.

"As a corporate lawyer," he said. "I always wanted to try going into business myself."