

PREMIUM CIGARS

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DEFINING HIS

MOMENT

Having spent years working in retail and manufacturing, Nicholas Melillo set out on his own to build a premium cigar brand with a foundation of love, passion and respect for tobacco. ★ BY ANTOINE REID

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solid foundation is crucial to building anything. That's the mentality of entrepreneur Nicholas Melillo, creator of Foundation Cigar Co. Melillo has made a career out of tobacco—beginning on the retail side of the industry soon after graduating from high school, followed by a stint at Drew Estate, where he served as the company's director of tobaccos

and production. It was in 2015 that he answered the call to start his own business and left the comforts that came with a secure job to launch Foundation Cigar Co.

Melillo grew up in Connecticut around tobacco and cigars. Both of his grandfathers smoked Connecticut cigars, and he fondly recalls the aroma of Connecticut Broadleaf. At 18 years old, Melillo sat down with his brother and one of his grandfathers and lit up his first cigar. It was Christmas-time, and not only was it a coming-of-age moment, but it would set Melillo on a career path defined by Connecticut tobacco and cigars. In 1996, when Melillo graduated from high school, he was full-on into smoking cigars. His father bought him a Diamond Crown humidor, and he inherited his great-grandfather's humidor from the early 1900s. This was during the height of the Cigar Boom, and cigar aficionados like Melillo and his brother flocked to local tobacconists to get their prized cigars. Melillo and his brother frequented the The Calabash Shoppe, a tobacconist located in Hamden, Connecticut. Lines of cigar enthusiasts ran outside of

the store's humidor, and Melillo would often be among the crowd, waiting to get his hands on the latest cigar.

At this point, Melillo had fully immersed himself in the world of cigars. He learned all he could about the lifestyle, how cigars were made, the history of tobaccos in the Americas—everything he could possibly read and learn from the books that were available on the subject during that time. It was on a Friday while he waited in one of the long lines at The Calabash Shoppe that he decided to approach the two owners of the store about becoming more than just a frequent customer. He told the owners that he wanted to work for them and that he knew every cigar in the humidor, including the price points. They hired him to run the humidor, a job that he started a week before his freshman year of college. As his college career began, so did his foray into the professional world of tobacco and cigars. Although he was working in retail, Melillo also wanted to learn how to bunch and roll cigars. He also had the desire to become a cigarmaker, though he didn't know at that time how he'd achieve that goal.

Nicaragua Calls

By 1998, Melillo was still working hard at the The Calabash Shoppe. One Saturday, there was a Drew Estate event with the company's Jonathan Drew in attendance. He and Melillo became friends and exchanged contact information, and they kept in touch long after their encounter at the store. Melillo graduated from college in May 2000 and moved to ►



El Gueguense was the first release from Foundation Cigar Co. nearly five years ago. The cigar was conceived as an homage to Nicaragua, a country where Nicholas Melillo has spent many of his years in the tobacco industry.

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Italy, where he worked for the Vatican. He also backpacked around Europe but decided to move back to Connecticut in 2001 to pursue a master's degree. A year later, he accepted another job in Italy, where he worked for a Renaissance art history tour designed for high school students. After deciding he didn't want to finish his master's degree, Melillo traveled the world. While in Japan, he received an email from Drew, who offered him a position at Drew Estate.

In 2003, Melillo moved to Esteli, Nicaragua, where he began a new chapter in his tobacco career. He spent the next several years working and learning about the factory, warehouse and packaging processes that go into cigarmaking. When he moved to Nicaragua at age 24, he also began to meet all the legends of the cigar industry that he had spent years reading about. It was in Nicaragua that Melillo met Gustavo Cura, who ran all the leaf operations for Oliva Tobacco Co. in Esteli. Cura became Melillo's mentor and taught him about the tobacco business and how it worked. Gradually, Melillo expanded his skillset and learned about blending, along with tobacco fermentation, production and shipping. As the years went on, Melillo began seeing the oncoming wave of U.S. Food and Drug Administration (FDA) regulations that threatened his career and the industry he worked in. Rather than run from it, Melillo decided to face the challenge head-on—so he left Drew Estate in 2014 to create his own cigar brand.

"I saw these FDA regulations coming down the pipe so I said to myself that if I don't start a company now, I might not even be able to start a company," he explains.

Melillo knew he had to get his brands on the market sooner rather than later in order to meet the cutoff dates set by the FDA for new cigar products to be released. He wanted to get his own brands on the market and knew it would take a lot of hard work to not only start his own company but to launch several products in a short amount of time.

"I come from a family of entrepreneurs, so I knew if I didn't start it, I'd probably always regret it. I was definitely getting older, and I said if I waited too long, it'd become more difficult to start a company, but I knew if didn't, I would definitely regret it. For me, the foundation

of making really good cigars is amazing tobacco, so I felt like I had really established a lot of great relationships with tobacco farmers and tobacco dealers throughout the world. Due to those relationships, I had access to some amazing leaves, and I just felt that I had built up enough experience in the industry on the production side—and also the retail side—to spread my wings and go out on my own. So I felt Foundation Cigar Co. was appropriate [for a company name], because it describes my career in this industry, and I felt I had established a good, firm foundation."

Having spent years focusing on the manufacturing side of the cigar business, Melillo found the sales and distribution aspects of business a bit of a challenge, and they are something that he is still learning about. Getting to know all of the retailers has also been an ongoing process that he's had to deal with as a brand owner, an aspect he hadn't had to worry about previously when he was simply handling tobacco and the production process. As a startup, there was also the issue of money. When he started, he was originally going to take on investors but ultimately decided not to because he didn't want to give away part of his company before it had properly launched. He ended up starting Foundation Cigar Co. on a much smaller scale than he had originally intended. To keep an eye on his finances, Melillo and just one other person worked in the back of a cabin in Connecticut. He's still wearing many hats within his business but not as many as he was when it first launched back in 2015.

Culture Meets History

Melillo was excited to not only work on his own cigars but also to create a brand around each blend. For years, he had spent his career focusing solely on blending, but with his own company, he was suddenly able to also work on other aspects of business, including marketing and branding. As a lover of culture and history, Melillo knew he wanted Foundation Cigar Co. to reflect his upbringing and his own history. He turned to Esteli-based artist Alex Garcia to help turn his concepts into artwork. The two men worked closely on all of the cigar brands, and having been friends for years, it seemed like a natural progression to ►



Having worked in tobacco retail early in his career, Melillo wanted to create a brand that contained enough blends to appeal to many different palates and price points.

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bring Garcia on as the company's full-time art director.

"We both have very similar interests in life, especially culture and history," Melillo explains. "We just work really well together. We've really worked hard on creating a portfolio of different brands, blends and price points. Branding really means a lot to us."

For that first blend, Melillo wanted to create something that paid homage to the country that had become a second home to him. In all of his years of blending, Melillo had yet to create an all-Nicaraguan blend, but for the first release from his own company he wanted to express to retailers and cigar smokers across the world what living in Nicaragua meant to him—not just through the blend but also through the branding. That first Foundation Cigar Co. release, El Gueguense (pronounced "way-when-say"), did just that.

"El Gueguense is the oldest indigenous satire of the Western Hemisphere," says Melillo. "This is really the heart and soul of the Nicaraguan culture, and just the imagery itself is like if you're from the United States and you're looking at the Statue of Liberty. I'm not Nicaraguan—it's my second home—so I wanted to make sure I did El Gueguense justice. The root of culture is language, so hence the Gueguense. Obviously, I knew it was going to be a difficult word for people to pronounce, but it was important as my first project to really express what Nicaraguan culture is really about."

For Melillo, blending is a process that's shaped by his experience in retail and manufacturing. Having spent his early career working in tobacco retail, he understands that consumers have different palates and retailers have limited shelf space. As he developed the different cigars for Foundation Cigar Co., Melillo worked to create a diverse portfolio of blends that would not only appeal to consumers but also serve retailers well. If Foundation were the only brand you stocked in your humidor, there would be a cigar blend that would appeal to every palate and price point.

El Gueguense is a medium-bodied Nicaraguan puro, also available in a maduro blend. The artwork, hand-drawn by Garcia,

includes many visual nods to Nicaraguan culture, including the national flower and tree illustrated on the cigar boxes. Charter Oak is Melillo's homage to Connecticut cigars. The Connecticut cigar brands that his grandfathers and great-grandfathers smoked mostly faded away and left the market toward the end of the 1990s. Melillo remembers these Connecticut cigars as being great smokes that were available at great price points, and they were more of an everyday kind of cigar. To Melillo, Foundation's Charter Oak fills the void in the market created by those old Connecticut brands that no longer exist. Having seen and heard from a lot of consumers who were saying they don't always have a budget to spend on cigars, Melillo created Charter Oak to offer consumers an affordable Connecticut cigar designed to smoke like those he grew up with. Tabernacle is a full-bodied, complex smoke with some depth. The Upsetters, which uses Jamaican cow-tongued tobacco, is made for those smokers looking for an infused cigar. Highclere Castle, a cigar Melillo makes in collaboration with the godsons of the Queen of England, is Foundation's higher-end cigar. It's more refined, elegant and smooth compared to other cigars in Foundation's portfolio.

"Back in the '90s when I was coming up, people were really brand-loyal, and they smoked one thing, and that's what they stuck with. Now the smoker has so many great options to choose from, and they like all different types of brands and blends. I didn't want to create brands that were just homogenizing themselves—that were similar to other blends I was making. I wanted a portfolio with some range. I have to love these blends in order for them to make it to the box. If the cigar doesn't wow me, then it's not going to make it into the box," he explains.

Although regulations and the FDA threaten future releases, Melillo is charging forward with these products, knowing Foundation Cigar Co.'s portfolio is full of variety and designed for a diverse consumer base. Social media has been essential to building the company's brand awareness over the last few years. It began with Melillo's personal social media accounts, often under the name of NICKrAGUA, and it ►



Melillo created Foundation Cigar Co.'s Charter Oak brand to pay homage to his home state of Connecticut, from its tobacco blend to the band that contains an image of the state's tree.

Nicholas Melillo Continued

has evolved into Foundation Cigar Co. now having its own accounts in addition to Melillo's personal accounts. Instagram, in particular, has been key to Foundation Cigar Co.'s success early on, according to Melillo, enabling retailers and consumers to interact with the brand and to become familiar with its various cigar lines. With Melillo spending much of his time in Nicaragua, blending and focusing on the manufacturing side of his business, he hasn't been able to make it out to every retail store to promote Foundation's products or to speak directly to the retailers; however, social media allows these key business partners to interact with him and the brand regularly, regardless of where they are based.

Melillo credits the retailers as being the reason why Foundation Cigar Co. has found its place within the cigar category. When he first launched the company, he did so with the help of retailers he had met while attending various International Premium Cigar & Pipe Retailers Association (IPCPR) trade shows. The retailers have become confident in Foundation Cigar Co.'s portfolio of products and in turn have been recommending them to their customers, often focusing on Foundation's quality, consistency and diverse cigar lines. Melillo has come to rely on his sales representatives to work with retailers, while his focus has remained on production issues, such as back orders and meeting the demands of the market.

"We've gone through some tremendous growth since we've started," he says. "Every year, we've just been growing and growing and growing. It seems like the demand has sort of been there, and it's been hitting the final consumers, and they've really been the ones driving a lot of the demand in the store. They're coming in, and they're asking for Foundation and our brands."

New Year, New Focus

To celebrate Foundation Cigar Co.'s fifth anniversary, Melillo is readying the release of El Gueguense 5 Year Aniversario, which is slated to launch during the summer. Looking back at the past five years, Melillo doesn't believe he would have changed much when it comes to how he built Foundation Cigar Co. With the exception of hiring someone that could spend more time on the road connecting with retailers and consumers, Melillo feels his company's growth has been natural and organic, and he's good with that. Things could have been different had he initially chosen to take on investors, but he's content with where his company is today and the choices he made when it was in the startup phase.

One thing he's learned in those five years is that he needs to slow down. He realizes just how hard he's worked to get Foundation Cigar Co. up and running to get the momentum that landed his cigars on many end-of-the-year top cigar lists in 2019. This year is about slowing down and taking more time for himself. For the company, the focus in 2020 is on planning more and spreading more responsibilities around within the team he has built. If Melillo has learned anything since launching Foundation Cigar Co., it's the importance of finding a balance between work and life.

"I just want people to know that this is my whole life," he says. "I'm really passionate about and love this industry. I love tobacco, and I just pour my heart and soul into these products, and I hope people respond to them. I also hope retailers understand how dedicated we are at providing quality and consistent products in the market. Retailers feel confident that they know if they recommend a Foundation cigar, it's going to deliver." **TB**

MELILLO'S STARTUP PLAN

Thinking about starting your own business? You'll need a plan, and Foundation Cigar Co.'s Nicholas Melillo has you covered. Follow these three easy steps to ensure your business makes it through the startup phase.

HAVE A ROUGH PLAN.

A business plan helps—a good three-year plan will make a world of difference for any startup. You don't have to stick to every aspect of it exactly, but having a nice framework of what you really want to do is definitely key.

BUILD THE RIGHT TEAM.

Hiring key people and working with the right people is imperative to creating a successful startup.

DEVELOP GOOD RELATIONSHIP AND COMMUNICATION SKILLS.

According to Melillo, 85 percent of maintaining a successful business is dealing with people. Having good communication skills as a leader of any business is also crucial.