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Cigar Weekly Interview with Nick Perdomo

August 14th, 2006 -- Cigar Weekly moderator Thomas Bender (TommyBB) sent a series of questions to Mr. Nick Perdomo, owner of Tabacalera Perdomo of Miami, Florida. This new written interview was a follow-up of an interview conducted by phone in 2003 by Rod Gwinn (Nice Ash).



CigarWeekly: Mr. Perdomo, it's been three years since your last interview with Cigar Weekly. At that time you had a very optimistic outlook about your own company and about cigars in general. One of the improvements you noted then is that:

Nick Perdomo: One of the biggest changes I've seen since then - and I'm happy to see it - is the overall quality of cigars being produced. I don't think there's ever been a time in our country when cigar enthusiasts had such a diverse choice of high quality cigars. And speaking for Tabacalera Perdomo, we've continued to experience a fast-paced yet controlled amount of growth.

CigarWeekly: Do you see this still?

Nick Perdomo: First of all thank you very much for having me. As many of you know I am a fan of Cigar Weekly. Absolutely! I'm more optimistic than ever. My team is better than ever! We are working harder than ever for our loyal customers. And we are making the very best cigars of our lives. I must

thank all of you for this, for spreading the word on Perdomo cigars. So yes, I am excited and more optimistic than ever and wait until you see what's coming soon.

CigarWeekly: You referred to a motto which you and the Perdomo Family believes in... "Quality always bring quantity." You then went on to discuss your philosophy of controlled growth. Is this still the manner in which you are directing your company and have you been able to maintain that discipline? What can you tell us about the growth of Tabacalera Perdomo over the last three years?

Nick Perdomo: Along with pride and passion this is our motto. Controlled growth is difficult. There are times when, due to demand, the supplies of some sizes within one or more of our brands are exhausted and not available. Then, of course, we have to deal with the pressure we receive from our retailers. I can certainly understand and empathize with their concerns, but I've also been through all of this before and paid the price for trying to instantly gratify our retailers. We will not release any Perdomo cigar, regardless of price point, until they go through all of our rigorous quality assurance checks and the cigar is truly ready. Of course, not only is it best for our reputation and the reputation of our retailers but, most importantly, it is what's best for our customers. We truly want our customers to enjoy only the very best that Perdomo can offer.

CigarWeekly: This may be a deeply personal question, and we will take no offense if you choose not to answer it. CW Member Deriffe (Don Riffe) suggested this question as I had as well. Has the loss of your father, Mr. Nick Perdomo, Sr. affected the company? If so, in what way?

Nick Perdomo: Don thanks for a great question. The loss of my father has really been tough on our family and our workers. He was my mentor, guide and hero but, mostly my Dad was my best friend and he cared so much! My Mom who works with us is still devastated. It's been tough on my children as well because he was a great grandfather to them. I would say 2004 was the worst year of my life personally. But I must say that I am driven more than ever and to keep father's memory alive and to make him proud. I really believe that my Dad lives through me.

CigarWeekly: You mentioned your grandfather, and his special blend, briefly in the last interview when you described the Perdomo Estate Selección. Is there a special cigar or new blend inspired by your father?

Nick Perdomo: The special blend that you are talking about that my grandfather came up with is the **EDICION**

de SILVIO. The exceptional blend for this brand is a culmination of decades of hard work started by my grandfather Silvio Perdomo and then carried on by my father and, ultimately, myself. But my father used to always say how much the **EDICION de SILVIO** blend reminded him of the Cuban cigars made during Havana's heyday before the revolution. The special oak-cask aging process used for these incredible cigars is a technique that my grandfather developed and taught me. This cigar is the finest we produce and a fitting tribute to his warmth and genius. Everything I know in this business is owed to that wonderful man and of course to my Dad.

As for a special blend inspired by my Dad, the Perdomo **Estate Selección Vintage 1991 (ESV 1991)** is a wonderful blend that my father and I came up with when we introduced the original **Estate Selección** six years ago. We decided to re-blend it using ligero from a 1991 Nicaraguan crop that my Dad bought when we first shifted our production from Miami to Esteli. We were going to release the brand for RTDA 2004 but when my Dad suddenly passed away, I decided not to release it. The timing was all wrong and I decided to let the cigars stay in their aging rooms for another year. We finally released it in August 2005 and I'm overwhelmed by the positive response we've received. My Dad would have been so proud!

CigarWeekly: *In your last interview you answered the question concerning smokers' preferences... whether you saw a demand for quality cigars over "everyday" cigars... with this response*

Nick Perdomo: We make cigars with an array of price points that appeal to all cigar smokers, but I believe we have become one of the fastest growing premium cigar manufacturers in the world because of the demands we place on ourselves to produce superior, high quality cigars. From our strict growing practices, to our aging requirements, to the cigar making quality control processes we enforce and even in the packaging and shipping phase, we strive to make the perfect cigar. And it's not true that our success depends upon producing the best possible cigars we can - I believe our very survival depends upon it. It took my family a very long time and a tremendous amount of blood, sweat and tears to make it back into making cigars from Cuba, and I can promise you that we will never, ever, do anything to compromise that or the integrity of my customers. And I certainly won't compromise the memory of my grandfather.



CigarWeekly: *At the beginning of 2006, how do you see this trend? Do you still see smokers leaning toward higher quality cigars over less expensive ones?*

Nick Perdomo: Yes, I do. Even the most seasoned cigar smoker will seek out the best in something and we try our hardest to provide it for him. I remember four years ago the Perdomo Reserve was very high priced now I look at it and it is priced around the same and in some cases less than many other premium cigars. We also have had no price increase in the last eight years. Our costs have gone through the roof but we are maintaining our price points and we will not have a price increase in 2006. But I also understand that affordability is also a key issue for everyday smokers, and that's why we also produce high quality, premium cigars with more modest price points.

CigarWeekly: *I hate to take you toward the political arena, but the home state of Tabacalera Perdomo has enacted legislation to prohibit smoking indoors. What do you see cigar manufacturers' role in fighting this trend which is spreading rapidly around this nation?*

Nick Perdomo: I am on the board of directors of the Cigar Association of America and we're fighting it every day, my friend. I think, overall, we've been highly successful at keeping OTP (Other Tobacco Products) taxes at bay. For example, in Oregon we were instrumental in seeing through tax legislation that caps the OTP tax at 50 cents per cigar rather than the 126% OTP tax on the wholesale value of the cigars they previously had. Recently, we've also been able to stave off proposed tax increases in New Jersey, Maryland, Connecticut, New Hampshire and Texas. Just last week in Rhode Island the new tax will be fifty cents a cigar versus 40 percent which will be a Godsend for those folks. We're also very encouraged about what we're doing in California at the moment. I was on a conference call with the rest of the board last week and, without going into details, I'm very optimistic about our efforts there.

CigarWeekly: *Can you tell us about your operations in Esteli and the farms where Perdomo's tobacco is grown? Have you needed to expand this operation?*

Nick Perdomo: I'm extremely proud of our growing operations. In Nicaragua, we've been growing Cuban-seed tobacco and expanding our operations for the last six years. Our tobacco farms are located in the three best

regions of Nicaragua for growing premium cigar tobacco: the Jalapa Valley, Condega Valley and Esteli Valley. In the Jalapa Valley, we primarily grow shade- and sun-grown Cuban-seed wrappers but we also grow a great sun-grown filler and binder crop there. Jalapa Valley tobaccos are very flavorful but also unique in their richness and complex aromas. In the Condega Valley, we grow sun-grown fillers, binders and wrappers. Due to the heavy cloud cover in the valley, it produces thinner tobaccos but they are also very oily and elastic with beautiful, rich colors that produce great sun grown wrappers. And Esteli tobacco is very near and dear to my heart. It is what I call the powerhouse region. Really rich flavorful tobaccos that I absolutely love. We grow mostly filler and binder tobaccos here and I think it's what makes Nicaragua famous with its fabulous white ash and rich, complex flavors. Because of our growing we have become a very vertical company. We now control everything and we truly hold our own destiny. This is the major reason for the special and unique Perdomo flavor that the smoker loves and the major reason why we have grown so much a company.

Member Questions

Tandblöv (T. J. Jorgenson): What are Perdomo's plans should the trade embargo with Cuba be lifted.

Nick Perdomo: I have many family members still in Cuba and I've gone on record to state that we'd immediately go to Cuba if the embargo is lifted. But this will be a long process. Cuba has long been using the same ground without proper rotations (resting the ground every year). They lack proper fertilizers and organic materials to nurture the soil. But I'm looking forward to that day when the embargo is lifted. Let me assure you, the lifting of the embargo will not precipitate that we leave Nicaragua. In my opinion, Nicaragua is growing the finest premium cigar tobaccos in the world today hence the finest premium cigars in the world today.

Smoker06 (Frank Baum): What did you do to all but eliminate the high percentage of draw problems that you had in the past?

Nick Perdomo: Excellent question, Frank. When we introduced Perdomo Reserve in 1997, it was so well received that it launched us to the 'next level'. We encountered new problems in our production and, like any growing company, we had our 'growing pains'. In most industries, these growing pains are generally acknowledged as good problems to have. But that's certainly not true in the premium cigar business. Four years ago we hired Sara Gonzalez who was a master roller in Cuba for thirty years. We put her in charge of our production and I believe she has done a wonderful job. We also hired three of the best Cuban master rollers who worked for Habanos S.A. To protect their families I will not state their names, but I will tell you that they have well over a hundred years of cigar making experience between them and it was a major blow to the Cuban factories. We also have fourteen of the top Cuban field technicians that work the fields for Tabacalera Perdomo. All of our farms are top notch and together with our outstanding agronomy department we are growing some of the finest premium Cuban seed tobacco in the world today. Gonzalo Puentes was one of Cuba's finest and is now in charge of our Nicaraguan operation. He worked closely with my father for years and I am proud of the work that he has done since my father's passing two years ago. Also we now have numerous of the finest German draw testing machines throughout our production facility. The rollers now all use the very best polymer cigar molds. Even though we use the old sound traditional Cuban methods that my grandfather and my father taught me, we have instilled some new proprietary technology that has truly set us apart. We have invested a tremendous amount of money in all the aspects of quality control. It is money well worth spent. I think that we overcame these new obstacles rather quickly and, because we're making the very best cigars in our history, we've been able to quickly restore our customer's faith in our cigars. Most importantly we have listened to you the customer. And I personally thank you all for your trust in us and staying with Perdomo products. Our family is working harder than ever to keep your trust and we will not disappoint you.

Smoker06 (Frank Baum): Are there any plans to reduce the number of cigar lines that Perdomo has out on the market right now? It's hard to keep track of them all.

Nick Perdomo: I don't think we have an inordinate amount of cigar lines, especially compared to our larger competitors. I think our premium cigar lines and the markets they address are quite simple: In the ultra-premium cigar category, we produce **EDICION de SILVIO**. Our yearly production on this very special cigar is only 50,000 cigars. Our other ultra-premium is the Perdomo **Estate Selección^(r) Vintage 1991**. In the super-premium category we produce two lines: **La Tradición Perdomo Reserve^(r)**, which we now have in five editions with the addition of our Limited Golf Edition. The Perdomo Reserves blend is the same with the exception of the wrappers. The Cameroon blend (gray label and box) is for someone who enjoys the nice rich smooth flavor of the Perdomo reserve with a sweet yet spicy wrapper. The Champagne blend (gold label and box) is for the smoker looking for that solid flavor with a creamy finish. The Maduro blend (red label and box) is for the smoker that is looking for that dark earthy flavor with a hint of sweetness. The Limited Golf Edition blend (green label and box) is for the smoker who likes a medium bodied cigar of great quality for the golf course. And finally the Sun Grown Cuban Café (White label and box) for the smoker who is looking for a rich yet smooth

powerhouse cigar. Then we have the **Cuban Parejo^(r)**. Customers for years have asking us for a large ring gauge cigar and the Cuban Parejo is a large awesome cigar that is selling as quickly as we can make them. In the premium category, we produce three brands: the brand new **Perdomo LOT 23^(r)**, **Perdomo Fresco^(r)** and **Cuban Bullet^(r)**.

Smoker06 (Frank Baum): *How the CSI publicity fared for them. (Remember the party for the dead guy?) [Anodyne--R. J. Hill asked this question as well]*

Nick Perdomo: I was humbled when the producers of the number #1 rated show in the country requested Perdomo Reserve. When the show initially aired, our phones rang off the hook for two weeks and with the re-runs, we still getting calls about the cigar. By the way, in case you didn't know, the featured cigar was the **La Tradición Perdomo Reserve^(r)** Maduro "E" (Epicure).

Jaxgoldenboy (Rick Golden): *Thanks to some kind souls here on CW, I've had the opportunity to sample most of Perdomo lines. I've noticed a common taste in them all, they're not all the same, but blindfolded I'm confident I can pick a Perdomo. My question is this. When you come up with a new blend, is there a common "Perdomo" flavor you include?*

Nick Perdomo: Outstanding question, Rick. I've heard this question many, many times. I've always been proud of the unique taste signature of our premium brands and it's attributable to a variety of factors. In our growing operations, we grow tobacco only for ourselves and not for other manufacturers, so our primary concern is the quality of flavor and not just quantity of the tobaccos. And how we blend our cigars is of paramount importance. We carry extremely large inventories of the finest Cuban seed tobaccos which guarantee consistency. I love to accentuate the different classes of tobacco in the fillers. I used different aging techniques and varying age intervals for each class of tobacco. This is what gives us our unique taste signature.

Cigar Weekly: *Thanks to Nick Perdomo for answering our questions.*
