

PAZO DE VILANE DEFINING THE 2026-2028 STRATEGY ¹

In 2025, Pazo de Vilane was a family-owned company that produced and marketed free-range eggs from hens raised in open pasture systems. The business originated in a rural setting in northwestern Spain, specifically in Antas de Ulla, in the province of Lugo (the Ulloa region), within the Autonomous Community of Galicia.

Pazo de Vilane was founded in 1996 with 50 pasture-raised hens. By 2025, the company had 235,000 hens (distributed across small coops), produced 63 million eggs annually, and had nationwide distribution in Spain through more than 2,200 retail outlets. In 2024, it generated revenue of EUR 11 million, with an EBITDA margin of 20% and after-tax profits of 6%.

The emergence of new avian influenza outbreaks in Europe in November 2025 triggered the activation of preventive protocols in Spain as well. These measures required the temporary confinement of free-range hens to prevent contact with wild birds and reduce the risk of infection. Such actions were not unprecedented: in previous campaigns, such as 2022 and 2023, the Ministry of Agriculture had already issued preventive confinement orders in several autonomous communities in response to the spread of the H5N1 virus across Europe. For a company like Pazo de Vilane, whose model was based on free-range farming with continuous access to pasture, these restrictions posed both operational and reputational challenges, as they required adapting farm management practices, strengthening biosecurity measures, and communicating transparently with distributors and consumers that the confinement was a mandatory and temporary health measure that did not compromise animal welfare standards or product quality.

¹. This is a Case of the Research Division of San Telmo Business School, Spain. Written by Professor Miguel Angel Llano of San Telmo Business School for classroom use, and not to illustrate either effective or ineffective management of a particular situation.

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At the end of 2025, Pazo de Vilane was entering a new phase of growth in an increasingly challenging and uncertain environment. Having established a recognized brand, a production model based on free-range farming, and a solid financial position, the company needed to define its strategic priorities for the 2026–2028 period. The challenge was to achieve profitable growth without diluting its identity or compromising its positive-impact model.

To this end, management faced the challenge of deciding how to balance commercial expansion and focus, investment and financial prudence, automation and the preservation of its distinctive business model, and brand differentiation and competitive pressure. All of this had to be addressed amid the growing threat of avian diseases, regulatory changes, and increasingly concentrated industrial competition.

THE PAZO DE VILANE

Pazo de Vilane was a pioneering initiative in the production of free-range eggs in Galicia, having helped revitalize the rural economy, supported women’s development, and promoted cultural activity in the Ulloa region. “We have always wanted Pazo de Vilane to be a vibrant enterprise, capable of generating prosperity in its local community,” explained Nuria Varela-Portas—managing director of Pazo de Vilane, whose brand was the longest-standing in the free-range egg category.

The family venture stemmed from a desire to restore a heritage property that had belonged to the family since its origins: “*It was my father, Juan Varela-Portas Pardo, who at the age of 66 embarked on his final life project,*” Nuria explained. The property was an 18th-century *pazo*, together with its surrounding farmland, restored to its original role as a unit capable of generating wealth and income for the rural community in which it was located. A *pazo* is a traditional Galician manor house of noble character, typically situated in the countryside and accompanied by agricultural land. Exhibit 1 outlines the company’s guiding principles.

The founders

Juan Varela-Portas y Pardo (1930-2010)

He was the creator and driving force behind the project. He consistently displayed a forward-looking vision and a willingness to challenge conventional thinking. The death of his father when he was 28 undoubtedly altered the course of his life. He had been set to join the State Attorney Corps; however, family circumstances led him into the business world in the 1960s, where he went on to create more than 500 jobs across various companies

Nuria Varela-Portas de Orduña

Managing director of Pazo de Vilane since its founding. After a period in England, she returned to the estate at the age of 25 to lead and drive the project alongside her father from the outset. She took on whatever responsibilities were required. She holds a degree in Economics and Business Administration and an Executive MBA.

The Early Years

Nuria had moved from Galicia to Madrid with her parents and siblings at the age of six. In 1996, she wrote a letter from London—where she had gone to learn English after completing her degree in Economics: *“The city is not for me. I picture the whole family working together on a shared project in the countryside, sharing a common space,”* she admitted, expressing a deep sense of homesickness.

Nearly thirty years later, she still kept that letter. She left London to take a course in organic farming and, together with her father, Juan Varela-Portas y Pardo, explored how to bring their vision to life. *“Through the pazo, we wanted to revitalize the local area. We got it right with eggs, though it could just as well have been vegetables. We focused on a staple product, elevated to ‘gourmet’ status, that people would buy every week. Consumers wanted free-range eggs but couldn’t find them other than at spring and summer fairs, the kind traditionally produced in rural households. In England, they were already available in supermarkets. My father, who passed away in 2010, was the key visionary behind what exists today. We worked together on this project for fourteen years, and I find it deeply reassuring, because when I returned from London, the Pazo house was in a state of disrepair,”* Nuria recalled.

The early years were challenging. *“In the late 1990s, no one was willing to invest in the countryside; it was a depressed sector,”* she explained. To scale the business, it was essential to sell not only in Galicia but also in other regions of Spain, particularly in Madrid.

“Starting a business in the 1990s was very difficult, especially in a rural setting. Free-range eggs were not available in modern retail channels in the Spanish market: all production was industrial, with millions of hens kept in cages. We entered with a completely new value proposition. Within a year, we were already in large-scale retail in La Coruña and, shortly thereafter, we decided to strengthen the product through branding, innovating in packaging.”

Today, Pazo de Vilane’s 235,000 hens would fill the stands of Camp Nou. In 1996, they would all have fit in the back of the old Citroën van Nuria used to visit her customers. *“I started on my own, with 50 hens. I collected the eggs, packed them, loaded them, and sold them across Galicia. I also reached a few supermarkets in the Sierra de Madrid. The big breakthrough came with El Corte Inglés in La Coruña in 1997. They found it a very*