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"Where Business and Farmers Thrive"
by: Tom Matthesen





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Tom Matthesen
Vistage member since 2017




Where Business and Farmers 'Thrive'

Behind a coffee company's new business model

The cards, photos and prayers poured in. When Thrive Farmers President Tom Matthesen suffered a concussion in a recent bus accident in his home state of Georgia, the Guatemalan farmers who grow and harvest the coffee sold by Thrive clamored to wish him a speedy recovery.

"That's the most rewarding part of this journey," Matthesen says. "We treat them like family, and they treat us like family."

Through an innovative revenue-sharing model that provides a stable, predictable price for coffee, Thrive Farmers ensures higher earnings for farmers — up to three times more than the traditional model. It also provides a "halo effect" for consumers, who are increasingly seeking out brands committed to social justice.

This approach has disrupted the coffee supply chain, creating a radical departure from the standard business model of coffee growers. The traditional model had farmers responsible for growing the beans and then handing them off to another entity to be roasted, who handed them off for further processing, with each segment causing the profit margin to shrink.

The B Corp-certified company gives farmers wider participation in the entire supply chain. Rather than simply selling the beans, farmers are stakeholders in the other steps in the process, reaping more of the profit as coffee drips its way from the farm to our mugs. Farmers' earnings are also tied to the actual end-market value of the coffee, meaning they share a fixed percentage of the revenue when a bag of coffee is sold. This gives farmers higher, more predictable and more stable income than traditional models.

"Our mission is our differentiator," Matthesen says. "How many zillions of coffee companies are there in the world? The authenticity of what we do in the farming communities can't easily be replicated."

Because farmers who work with Thrive Farmers earn more than they would through traditional markets, their communities can install new dental and health clinics, create education programs, and engage in other community investments.

Matthesen, who is a member of a Vistage CEO peer group in Atlanta, often finds himself speaking with other CEOs about going beyond traditional corporate social responsibility models and baking "doing good" into a for-profit model.

"We have a foot in both the nonprofit and the for-profit worlds," he says. "And it works."

The sole coffee provider for Chick-fil-A, Thrive Farmers has grown more than \$500 million in five years and ranked 19 on the Inc. 500 list of the nation's fastest-growing privately held companies for 2016. Those are impressive metrics, but for Matthesen, a more compelling measure of success came in the form of those heartfelt prayers.

"It comes down to people loving people, treating them with respect and pride," he says. "If one of our customers looks at the work we're doing, they will then look around at their other 300 vendors and ask, 'What are you doing?' Thrive Farmers is leading a sea change."

