

COLUMBUS BUSINESS FIRST

Why ethics are integral to the coffee business at Crimson Cup

BY CHRISTINE BRYANT

As a child, Greg Ubert watched as his parents emphasized the importance of doing the right thing.

“It is the bedrock of who I am as a person,” said the founder and president of Crimson Cup Coffee & Tea.

The lesson of incorporating a personal code of ethics into all aspects of life – including business – is something that comes naturally to Ubert, whose product is available in more than 350 independent coffeehouses, grocers and other food service operations across 29 states, Guam and Bangladesh, in addition to its own Crimson Cup coffeehouses.

“Successful entrepreneurial companies reflect the values of their founders and their communities,” Ubert said. “I’ve been fortunate to grow up and build my business in Columbus, where the business community emphasizes ethical operations.”

His ethical code of conduct and business practices focus on quality, creating mutually beneficial relationships with suppliers and customers, and giving back to the communities in which Crimson does business.

“I’m passionate about making a difference because I’ve witnessed firsthand the power of community in helping businesses grow and thrive – not just at Crimson Cup, but in hundreds of independent coffeehouses that serve our coffee and in the small farming communities that grow the coffee we roast,” Ubert said.

In addition to training prospective entrepreneurs to open independent coffee houses through its “7 Steps to Success” coffee franchise alternative program, Crimson Cup also launched a “Friend2Farmer” direct trade program in which the company works hand-in-hand with small-plot coffee farmers to



Greg Ubert, CEO
of Crimson Cup

DAN TRITTSCHUH

develop better coffee and a better quality of life for their families and communities.

Columbus Business First spoke with Ubert about the importance of investing in local farming communities and ensuring the longevity of independent coffee shops, and how Crimson Cup’s business plan goes beyond the typical business-supplier relationship.

How does placing an emphasis on the type of coffee bean you import affect others within your supply chain? Crimson Cup’s reputation for quality and for ethical standards of behavior in the marketplace rests on the excellent relationships we have built within the central Ohio community and the specialty coffee industry over the past 26 years. We have established a supply chain of mutual benefit extending from coffee farmers at origin to independent coffee houses,

bakeries, restaurants, colleges and universities, specialty grocers and food-service operations that distribute Crimson Cup coffee, tea and coffee-house products. Our goal is to maximize our own growth and profitability as well as that of its partners at every step of the value chain.

How does a mutually beneficial relationship with suppliers represent the type of ethical business for which you strive? At its core, ethics is concerned with doing the right thing. We believe it is both right and in the best interest of our company, our customers and coffee consumers to source, roast and sell the best coffee and coffee shop products at a price that fairly rewards coffee farmers, our company and independent coffee shop owners, while providing consumers with superior coffee at a competitive price. This mutually beneficial value chain

COLUMBUS BUSINESS FIRST

supports ongoing success for Crimson Cup and our customers while energizing coffee consumers through truly awesome and award-winning coffee.

Why is it important for independent coffee shops to have success and longevity?

Like all entrepreneurs, coffee shop owners pour their heart, soul and money into establishing a successful business. Many of the shops we support are located in small cities and rural areas, where they become an integral part of their communities. They provide local employment and a gathering and meeting place for area residents, students and business owners.

How did implementing a program that teaches independent entrepreneurs how to succeed fit into your overall goals?

I got the idea for our Seven Steps program after learning that some of the coffee shops buying Crimson Cup coffee were struggling to make a profit. Obviously you can't run a profitable business unless your customers are in business. I started studying successful coffee shops and sharing ideas for how our customers could be more successful. I also saw that none of my competitors was offering more than just coffee. Adding consulting services started as a way to differentiate Crimson Cup from all the other coffee roasters out there. This led to a unique proposition: Crimson Cup would teach entrepreneurs how to open coffee houses and help them stay in business. Eventually it became part of our mission - to brew better communities through coffee.

Why not a franchise program? I've often been asked why I haven't packaged the program as a franchise. People tell me, "You'd make a lot more money and make it faster." Maybe. In fact, probably. But that is not the point. The point is to help independent businesses survive and to continue to bring to life the three must-haves I prioritized in my life since founding Crimson Cup, an engaging work life, a fun environment and a culture of giving.

How has that decision allowed Crimson Cup to grow as well? This decision has

grounded Crimson Cup in a mission that goes beyond just making a profit, although that's a necessary goal of staying in business. My team and I have the pleasure of working with entrepreneurs who are passionate about building their own businesses with their own unique touches. Each shop is as unique as the community it serves. This diversity keeps us fresh, keeps us growing.

How does investing in local farming communities fit into your own personal code of ethics as a business owner?

Worldwide, demand for coffee is growing, yet many coffee farmers barely make enough to cover their costs. Economic pressures tempt some farmers to convert their land to growing a more profitable crop. Meanwhile, climate change is reducing the amount of land where coffee can be grown. If coffee roasters don't help create a sustainable future for local farming communities, eventually there will be a shortage of quality coffee. Conversely, as we invest in local farms, we are seeing quality improvements in both the crop and quality of life of people in farming communities. Giving back is one of our core values at Crimson Cup. Giving back to the farmers who make our business possible is both personally and professionally rewarding.

You and your employees have made trips to visit your partnering farms. Did you discover anything that changed your viewpoint from your position as a business owner?

The first thing that impressed me was how hard farmers and their laborers work to grow the world's No. 1 cash crop, and how comparatively little they make in return. Coffee farming takes place in remote, mountainous regions. It is labor intensive - hard, sweaty, backbreaking labor. It differs by country and region, but a farmer might make \$1 or less per pound for green coffee that sells for \$20 or more per pound after we import and roast it.

The second thing was the incredible spirit and generosity of the farmers and local community members. When we visit, we are welcomed into people's homes and treated like part of their families. We have the honor

and privilege of interacting with people who have an incredibly rich culture even though they may be some of the most impoverished people in the world. They want the same things we all do - to make a living, to provide a better life for their children, to produce a crop they can be proud of. They also have an enviable work ethic. You realize that nothing you have ever done in your life in the U.S. is half as hard as what they do. Maybe not a quarter as hard.

When you launched your Friend2Farmer program in 2011 with coffees from the mountain village of El Socorro de la Penita in Honduras, what was the foundation for this partnership?

Honesty is the foundation of any relationship - personal or business. It's also important that both parties understand what the expectations are, and that everyone follows through. Unfortunately, coffee farmers in some countries have been preyed upon by unscrupulous buyers. In Central and South America, these are called coyotes. In many cases, the farmers have never met an American coffee roaster before our first visit. So when they see that we keep our word and follow through on our commitments, it builds trust.

How did this set the tone for subsequent direct trade relationships, and how did this openness benefit the relationship between Crimson Cup and the farmers?

We focus on establishing long-term relationships that will help us import high-quality coffees to the U.S. Since we import and roast around 500,000 pounds of coffee each year, these long-term relationships help ensure that we have the coffees our customers need at a price that both supports the local coffee farmers and is affordable for our coffee-shop customers. At the same time, the farmers are learning that if they produce a quality crop they will have a long-term buyer for their coffee.

CRIMSONCUP®