**Scaling a Mission-Driven Brand**

Thank you for having me, glad to be here. Greetings everybody, I am excited to talk about the work I have been doing both at Honest Tea and [indiscernible]. To share some things I have learned along the way, partially by telling a little story of each, but hopefully engaging you in the discussion. To set up the big picture, it is such an exciting moment in our economy. There has never been a moment certainly in my lifetime, or modern US history, where the opportunity to have a positive impact on health and environment has coincided so directly and powerfully with the opportunity to grow business. There is just tremendous transformations happening on product consumers. That is happening on the part of the customers. So it's just wonderful opportunities here. It doesn't any way suggest it is easy to do. And that everything will succeed, but it is an exciting moment and I look forward to sharing with you some of the ways that we learned how to both succeed and some lessons we learned to build Honest Tea , and beyond meet. Just sharing with you as well about the latest product that Honest Tea has been making .

First to get us oriented there's two big powerful directions that our system is moving in but the first one is by Honest Tea , something people have been calling the undoing of food. It refers to the simplification of ingredients, transparency of supply chains. I wanted to give you an illustration of that. We have a short video that we will start the seminar off with. This is a trip I took to Paraguay. Honest Tea buys organic ingredients all around the world. T is an important ingredient obviously. We use a lot -- an amount of sugar, list the -- less than many. And just last year we made a commitment to switch all of our purchasing of sugar over to fair trade certification. What it means is in addition to inspecting the environmental conditions to make sure no chemicals, pesticides or fertilizers are used in the growing of the sugar, we also have the gardens inspected to make sure the labor conditions and meet the international labor standard. No child labor Conneaut prison labor. We also work with fair trade USA to make sure portion of the sales of every pound we buy goes back into the communities. We have a video that both illustrates the organic sourcing practices, as well as the fair trade practices. I will push play.

[Video playing]

Our first [indiscernible] a low-calorie drink and make it widely available. Another way was to connect people more closely to the natural world and support ecosystems that are under threat. We are in Paraguay which is the world's largest producer of organic cane sugar. We came here to gain a fuller appreciation of the communities in the ecosystem that brings this crop to market. This goes on my shoulder. I like to get my hands dirty, literally. Obviously I'm not working eight hours a day like these guys are in the field but it helps to make sure I never take for granted all that is involved in getting the products out of the earth and into a bottle of tea.

[indiscernible] it helps start the germination. Sugarcane is a buyer part of the Paraguay and economy. Each year more farmers are switching to organic. It starts from the ground up, with natural fertilizers cultivated in a compost field. It continues in the lab where these researchers are developing alternatives to chemical pesticides by breeding tiny wasp to control cane worms.

When we see a school like this supported by the commitment to organic trade, it makes a material difference to the community. >> Every time we bind up pound the fair trade sugar a portion of those purchase goes back to the farmers. Used by ambulances and modern farm equipment. Sometimes they go to help community members who need an extra hand.

Whole plantation of cane, organic cane. This was the original house this family lived in. It is a very basic construction, literally sticks and mud and a dirt floor. They have been working this field for 60 years. What is nice now is the cooperative provided them with a, came and built a house for them.

It's so easy when you see a product on the shelf to just be disconnected, not only from the earth and the echo system but also from the people involved. At the end of the day, making a better product is about more than just better taste. It's also about long-term investments in the environment, the farmers, and the communities.

[Video ended]

What is nice about that whole story is that we have been on a journey at Honest Tea to support fair trade. We were the first company to make eight fair trade certification back in 2003. At the time, in 2003 without can we make everything in our product fair trade certified. We looked and there wasn't a supply chain sufficient to do it. It was either too expensive or we would have had to [indiscernible] the margins too much to make it viable. We did make a commitment to that path. In 2008, when Coca-Cola first invested in us, [indiscernible] was certified. And by 2011 we made all of the fair trade certified. Of course with fair trade, as you would imagine, it does cost more. Absolutely increasing the cost of goods. We were able to offset the cost because we were able to work with Coca-Cola to buy a lighter weight bottle that saved us a little bit more than one penny. And the incremental cost of fair trade was about .75 cents. So we would take those savings and put them towards the cost of fair trade. And the other half into our margin so we could improve the gross margin. A nice example of being able to continue to scale our growth and our impact at the same time. So in Paraguay, but let me bring you back to where I am today in Maryland. This is a picture from a book that my cofounder Barry and I wrote. Mission in a bottle. Down in the bottom right-hand corner is me and Barry in the upper left. And the idea is the suggestion of honest tea started in the classroom. I was a student in the school of management and we were in the case study of the beverage industry. Looking at the cola wars between Coke and Pepsi. And Barry asked for ideas about how other brands could compete or what was missing. And it seemed to me in the cola wars, the battle was all happening on one plane. A plane where all of the offerings had basically the same level of sweetness, basically the same ingredients, so just a battle between labels and packages, brand names. But if we think about it, maybe a chess game on one level. Some of the three-dimensional games, different planes where you can operate. Why was everything and sort of one calorie profile. This was in 1995. In the still the case in 1998 when I launch Honest Tea . Very little differentiation on every shelf. So the idea that very and I converged on, I was in my second year of business. An idea I wasn't going to do anything about it I thought it was a good idea, until I left Yale and moved to Bethesda Maryland, working for a mutual fund money company. The idea for Honest Tea hit me. I did a presentation on behalf of [indiscernible] and New York City. After the presentation I went for a run in Central Park. After the run I was surf thirsty, and I went to a beverage shelf and there was just nothing here. And my friend said there's lots of options, they are, but essentially the same product. And I told Barry I need to do something about this. Barry just came back from Pennsylvania where he did a case study and they came up with the name Honest Tea . For me that was the perfect name. Eventually the brand, to create an authentic product that had a direct and transparent relationship with the consumer. And of course the taste of the product, the idea was to use Realty leaves and brew them. And minimal sweetness so the taste was the taste of the tea and not all of the other taste that we were finding.

I left my job at Calvert, and started working on Honest Tea and I wrote the business plan , and got a deployment with the buyer for what was became part of whole foods which it the first time was fresh Fields. I had five thermoses of tea and got a Snapple bottle and put our label on. It's different from what you have on the shelf I told the vendor, the calorie level of all the drinks in the store, I showed how I was different. The buyer thought it was sufficiently different and said I will give it a try. What was interesting, he said am willing to give it a try and I will let you deliver the product to my stores. And I will pay you once the products sell through. So it was on consignment. I said I appreciate that offer but, I can't do that. The whole company is me in these other five. It's just me and the empty Snapple bottle. I need you to buy every bottle we sell you. And the buyer agreed . He understood. So we got into the 17 whole foods stores and that was our launchpad. That summer all we did was give out samples. By the end of the summer we had become the stop top-selling T. And started our distribution to other stores, other natural stores. We started to get traction and yet at the same time while we were encouraged by that progress, we also knew that we wanted, if we were to build the brand, we needed to expand the distribution beyond whole foods. We love the natural food world but our aspiration and the company has never been just a cell healthy drinks to healthy people. It was a noble undertaking but we wanted to change diet and help improve our impact on the environment, we needed to bring it to scale. We went to other distributors. Those that distributed drinks like Snapple and other nectars. It was a challenge because what we heard from them was rejection. It was always the word no just in different forms. Some folks said the drink is not sweet enough. Some said it's not it at -- to expenses. Expensive. Or that the label wasn't flashy. What we realized is these distributors were key parts of our growth. Key elements. If you can't get your product to the shelf you cannot build a business. And this remember was back in 1998, there was an free commerce. We needed distributors. And their taste preferences were different than those of our target consumers. So we knew these were folks that were used to the sweet taste of the drink they were distributing. So it was especially challenging to convince them that there would be an audience for our drinks. And so what we found, we were told no by these distributors, so we had to find another way to get our product to shelf. We had to develop our own patchwork for distribution. We develop what I called a C network for distributors. A C because they all happen have businesses that started with C. So we had a cheese distributor to bring our products to the gourmet stores. I went to a place called Bethesda bagels, where we are based. He worked with a corned beef distributor that was willing to distribute our product. And then to the grocery stores, sure enough they didn't work with either the cheese or corn beef distributors but they work with the charcoal distributor. That's how we were Eber able to get product to store. It was crude and not pretty patchwork of distribution but it did get us to the shelf's. The key for us, and for just about any business, we had consumers who did like our product. By the way it was in a product for everybody. That is still the case today. Honest Tea will not appeal the everybody but most people who did like it, it was really the only product they wanted because it was so different. Certainly one of the key takeaways as we talked about how to build a brand, you need to stand apart and stand for something different and distinctive that's not on the market. The marketplace is too crowded and too competitive for another me to product. We started to get some traction.

We started to get distributors that started to return our calls. Mostly because we were taking their shelf space. They would see Honest Tea on the shelf and people buying the product. They started to agree to distribute it. But the world of distribution in particular the beverage division, is tough. Occupied by people who are pretty territorial. That is literally what they do. They try to secure shelf space. And so I thought, trying to think of how to help illustrate the mentality there. I will apologize, but there is a voicemail that was a little crude that one of our voice our employees received. You'll get a sense of the tone. What it was like interacting with beverage distributors.

Yo Mike this is Louis, [expletives].[ MUSIC ]

it's a challenging dynamic. That is for us how we were dependent to build the business .

So we were succeeding at bringing on more distributors, but it wasn't enough. It was happening but not quickly enough to satisfy the chains we were approached by. We got approached by stores like Safeway and CVS. They said can you cover all of our stores. We basically had stores in the Midshipman-Atlantic and California but not the national footprint. So we knew we would benefit if we had a national partner who had the ability to bring our product to shelf's all around the country. It was also at that time that we started to get approached by large corporations. So we had several conversations but the one we ultimately chose was to partner with Coca-Cola. In 2007 they approached us. This is a slide from the investment presentation that the Coca-Cola management team presented to the board. Recommending an investment in Honest Tea . It is an insightful slide. They talk about the megatrends. They saw people moving in 2007 towards health and wellness, environmental consciousness and social responsibility. In the small white triangle in the middle, which is where all of those trends converged. They said there are a few businesses operating in a way that really tries to address all of those things at once. And so while that may be a small area, a small piece of opportunity, if you look five years out, 2012, and now 2017, it becomes a standard for doing business. An expectation that every business is expected to operate with that mindset. So the investment by Coca-Cola wasn't just an investment in organic or NT, but a different approach to doing business.

So we saw from the honest tea business to gain access to a much broader group of people. Going back to our mission, partially to democratize organic, we wanted to make organics available to more people. We could really benefit from a partner like them. 40% of Honest Tea in 2008 coca bought. And 2011 [indiscernible] the impact has been around distribution.

Just before Coca-Cola invested we were in about 15,000 stores and down today where and I hundred 30,000 stores. Not to mention the international opportunities emerging as well. This is a fun picture from our launch in San Francisco. Our marketing has always been I will say grassroots or guerrilla marketing. People walking around and you can tell by the picture, it is a rather lean marketing. We actually had a shower curtain rod and a cowbell and a sign saying the organic revolution is here. Saying we were bringing organics up and down the street. And somebody told me in San Francisco, people do stuff like that all the time. We still had an impact and got a good response.

Then for us the impact of the distribution, we started to see growth. This is a graph of our historical growth going back to the earliest days. As well as our innovation. Or Honest Tea we have always prioritized innovation and mission together. So we wanted to make sure it contributed to the mission and the impact. But also something on the shelf, whether the first organic tea, fair trade tea, or the organic sports drink today, always looking to bring new innovations that help really keep us differentiated and also find ways to connect our mission and our impact. So when we look at what is the benefit of that growth to not just our business but to our partners, this is a nice illustration in 2007 before Coca-Cola invested, we were buying about 80,000 pounds of ingredients. In 2016 you are, bought over 23 million pounds of organic ingredients. The difference there is going back to Paraguay, gardens we purchase from. It's not just some guy from Bethesda saying I'm interested in organic fair trade. Now it's I am part of Coca-Cola and if you want to be part of our suppliers, you need the organic fair trade certification. That helped communities get them not just incremental income because of the fair trade premium, but also helps them create a value-added crop. Imagine tea and sugar are basically commodity crops. These communities are subject to whether whether shock or competitive situation, but organic and fair trade, it makes it give them a competitive advantage. So they aren't necessarily at the whims of the market. They will grow and produce great product but it still needs to be priced in a way that works for the business. We are able to pay that premium and of course part of that is passed on to our consumers, but it works because we have a better tasting product. I also want to share for us as a business, we had started, we thought T was the core part of our business, in Honest Tea . As we started to grow the business we began to appreciate the most important word was honest. With an organic supply chain, transparent approach to the way we formulate the drinks. It really was a few years into this that we came to appreciate that we could be selling more than T. The most successful in navigation in that regard is honest kids. That was parked by my three sons, my middle son asked me if I was making lunch for him and his brothers. He said how come you are selling healthy drinks to grown-ups, but the grains you put in my lunchbox drinks in my lunchbox are sugar. The standard juice pouch going into his lunchbox. When I looked at it I realized there were more calories per ounce in a juice pouch than there was in other drinks. And I said well, try to make an honest version of that. It came out in 2007. When we started working with Coca-Cola, we were able to change the supply chain, developed the supply chain so we could sweeten fruit juice. The product still has 40 cal, of juice with sugar is still nutritionally the same. That the ingredient panel looks better to a parent who buys it and sees water and fruit juice in the next ingredient. Honest kids have is been on an amazing growth run that continues. The redline here is what happened to the category and the green line is what happened to honest kids. It's been fun to see that product grow across all different channels. The latest area we have seen growth is in food services. The past few years we have honest kids at Wendy's that also sells honest teas, and Chick-fil-A. All of these are channels where people generally aren't seeking out organic products, and yet just along with their regular meal they are having a chance to take an organic product at no cost per DM, line priced with the rest of the items. Of course a lower calorie offering. The most exciting development that just happened, actually this week, I'm happy to share with you all is starting this week, McDonald's restaurants across the country will be offering honest kids.

This will result in literally hundreds of millions of people being exposed to honest kids, and organic drink with lower calories. It is important to the organic movement, because there were skeptics that said you can't bring organics to scale, you can't make the price competitive which we are doing. It's also important in respect to calories. It is a 35 cal drink, in place of what would have been an 80 cal drink. So the reduction in calories is great. We are thrilled. Frankly this is the kind of opportunity I used to daydream about in the early days with honest tea.

I want to switch quickly now and's share a little bit what is happening with beyond meets.

That phenomenon is the undoing of food. At the same time in the opposite direction is the trend which can be recalled as the redoing of food. That's what Beyond Meat represents. Using science and innovation to improve a product or category. In the case of meets, the environmental concerns with the production of meat. Or health concerns. There was a plant-based version of it that overcomes those shortcomings.

And first of all understand what is going on currently. This is a graph to give you a sense of what happened first in the dairy market and now in the meets market. Right now 14% of the dairy category is occupied by plant-based [indiscernible- static] almond milk, coconut milk. It is safe to say that the nondairy plant-based substitutes have grown and found a foothold. That has not happened with meat. On the right-hand side, 14% of the meat industry if it were plant-based it would be a $20 billion business. Instead it's less than 1%. How come there is such a big gap? The answer is plant-based protein options that have been available have had inferior taste. And this is a picture from Houston, shortly after the hurricane. You can see the shelves have been cleared out, but one shelf left intact and that is the veggie foods section. Just the fact that veggie and vegan products have been found to be unsatisfying to anyone but vegans and vegetarians. My family and I have been vegetarian for 13 years. We have felt that pain. What has happened is basically 5% of the population in the US is vegan or vegetarian. So you get the people who are willing or proud to make the choice. But what happens with the other folks that do enjoy the taste of meat are much less willing to make that sacrifice,", for that challenge. The category has not been able to attract and retain people who like eating at. So with Beyond Meat , let's get back to the cellular level of this. Let's look at the way meat is put together. Started with an MRI have a hamburger. Amino acids, proteins, fats, of course water and trace minerals and carbohydrates. All of those components exist in the plant kingdom. It's really a physics question. How do you put those together in a way that mitigates the structure of meat, so the fat and retain moisture, juiciness, that it doesn't dry out the way of veggie burger does. That it smells and sizzles in the same way as meat. So after years of work, and quite a bit of ingenuity and science, we ended up creating a product. This is a picture of the beyond burger, which is now launched nationally in food stores, but also thousands now in Safeway and Kroger's, restaurant change the best chains such as veggie Friday.

For us it's gotten of phenomenal response. The way we think about change at Beyond Meat , on one hand it would be wonderful if more people became vegan or vegetarian. But were not generally fixed that way so we have to think of another way to expand the number of people. Rather than sell just to vegans and vegetarians, Beyond Meat , we met -- we have launched beyond burger, and it is in the meat section. Instead of reaching 5% of the population that buys protein in the freezer, we are reaching 95% who reach on the shelf. If every American had one more plant-based meal a week, that is essentially 5%, it would be effectively the same as doubling the vegan population. Doing it in a way that's much more attainable, would you have a product that can deliver on the taste expectations people have. So a really exciting moment for Beyond Meat . If we do it right, and we know we can improve, if we do it right we have the chance to improve climate change, and improve animal welfare as well. Just wrapping up this part of the discussion, before we open up the questions, I wanted to share another way to think about change. I've always thought of myself as an activist. Maybe I'm in activist in an entrepreneur's body. Thinking about the change I would like to see, the most effective way to make that happen. And very often when you think that way, some of the options may be from an activist perspective, a nonprofit or a government approach. I am cited more in the prophet sector. But an example, I wrote a blog a few years ago called the tail of to Henry's. To Henry's that lived in the 1800s. Henry Berg was a diplomat and had seen how horses were treated. His point of view was that horses were subjected to terrible conditions. Since he was an American in Russia he couldn't change the laws. So he created the American Society for the prevention of cruelty to animals. An organization that protected animal rights. He did a lot to protect horses. At the same time there was another Henry, Henry Ford who is not known as a humanitarian. But he did a lot also to help horses. He through the innovation of the combustion engine, he transferred horsepower from the horse to the transportation industry. So if you asked the horse if it improve the quality of life, he might say Henry Berg cared about horses, but Henry Ford change the way we lived. If you think about scaling beyond meet, we are proud some of our investors include the American Humane Society and other animal-rights groups. Those are our partners, but we know for people who are interested in promoting vegan diets, we are part of their promotion, because now we believe there is a product that carnivores can enjoy. They don't have to become vegan all the time, but they can certainly enjoy plant-based meals more frequently.

Two more closing thoughts, then we will open up for questions. It will be fun to dig in on those. But to think about what I referenced earlier, the opportunity for impact and for growth.

First of all it's important to realize if we don't change the direction we are headed we will end up where we are going. Where our society is headed, very much in need of improvement. Every five years the United nation ranks life expectancy in the world. Before I share with you where the United States ranks, keep in mind where the wealthiest nation in the history of the world, more knowledge of science and medicine than any nation. In 2015, Japan was number one in a little we was number two Italy was number two. The United States was number 42. This does not have to happen. A company -- a country that can live up to its potential should certainly be in the top 10. It's not just one factor but clearly diet and lifestyle is one part of that poor performance. Think about if you can create a business that helps people lead healthier and longer lives, and to offer that to the nations wealthiest, the world Nathan -- wealthiest nation. It's not easy, it doesn't happen automatically. But in closing I will show you this quote that's on the role the best wall of our office. Those who say it cannot be done should not interrupt the people doing it. So find a way to do it.

Okay.

Alexa we are ready for questions .

Ready for Q&A, excellent, thank you so much Seth. We are now going to start the Q&A portion of our call. I will be reading the chat questions that our participants have sent in. So folks please continue submitting your questions by using the chat function. It is located on the left-hand side of your screen. In the time remaining, we will address as many as we can. Please note that if we don't have time to get to your question, I encourage you to connect with a Scaling a Mission Driven Brand -- SCORE mentor after the webinar. They are online or in a chapter near you to help apply strategies that have been presented today. With that let's jump into these questions. Seth, the first question comes from Rebecca.

Rebecca would like to know how did you manufacture and distribute your product. And also, how did you locate a facility to create your product and most importantly how did you fund it.

Great questions. Critical to how we built the business. First let's start with the funding. We knew, the restaurant or food service, you get money and basically as soon as it's served. But a beverage business, we knew it would take money up front. So we did have to raise money from investors. Before we launched Honest Tea , and wrote the business plan, we started presenting it to investors and raised $500,000. The first $500,000 really came just from friends and family. And I guess I put money in myself, cofounder Barry put money in, Barry's parents, my sister, Barry's roommates. Basically people who were willing I would say lose money, but bet on us. Even if we lost money, they still would invite us back for Thanksgiving. That's how we raise that money. It was all common stock, a form of stock that we raised. In exchange for the investment they got a piece of the company. In terms of production, we as I said made the first samples in my kitchen. Once the buyer said okay, we want to take 15,000 bottles, we had to figure out how to make it. My kitchen was not the answer. And so I went on a tour of every kind of bottling plant in the red -- Midshipman-Atlantic . A beer production facility, a soda plant, a jelly packing plant. We eventually ended up at an Apple juice packing plant in Buffalo. It turns out Apple juice also needs to be pasteurized. A were willing to give us a try. It wasn't an easy sale, they were good at making apple juice. They were fine making our product in March or April but when they got to the fall of 1998, it was Apple juice season and they were less interested. We almost had a challenge there. For those who have read our book, that was the Rocky as part of the business. Trying to figure out production. Distribution was hard but we ended up opening a bottling plant for a period of time. One piece of advice, do not by your own production company. There are people that do this professionally that do it well. It was a huge distraction and cost for Honest Tea . The reason we got out of the bottling business ourselves, we were able then to scale the business.

And from JoAnn, hello Seth. My question is related to the process of getting the correct label information. Did you have to have a laboratory analyze the contents of your ingredients?

Yes. Yes we did. For your nutritional fact panel you do need a third-party to verify it. There are companies that do this, it's a pretty standard thing. You send them the liquid and they analyze it but they will tell you the calorie profile, everything you need to know, for your nutrition panel. We did not have that knowledge. And you don't want to guess on this kind of thing. Once you put it out to the public, you are, it's available for anyone so you have to have accurate information. It's not that expensive to do.. It's always best to rely on people that do that professionally.

The next question is from Jennifer. She asked the social expectation to be more environmentally focused has brought to the point of researching biodegradable's, or combustible plastics for the products. How do you handle this with the evolution of the Honest Tea brand ?

Compostable. We have followed this and have an interest. First of all the key steps are reduce reuse and recycle. So the first thing is reduce the weight of your package. That was done quite effectively with the plastic bottle. Ironically the glass bottle which people think is more sustainable, it is significantly heavier. And so there is that challenge to balance between fully recyclable, and the PET bottle, the plastic bottle is recyclable but it cannot be recycled directly back into other PET. So we are continually looking for ways to improve the packaging footprint. One of the steps, we just launched Honest Tea in Europe . An exciting step, we use a bio plastic. It starts with plants, 25% of the package, but it is still recyclable. One of the challenges I have seen in the beverage industry, there's compostable plastics but they're not recyclable. And people would take a bottle that might be made of corn resin, if they put it in the recycling container it contaminates it. So I would say it is something we are conscious of. When I think about our footprint, certainly packaging a significant. But the other element, for our bottles we do need to heat, to pasteurize our product. When we do that, you need a plastic or glass that is strong enough to withstand that temperature. So for us we have not yet, except for in Europe which is a different technique that we haven't been able to do that in the US.

The next question is from Karen. She asks would you market or scale Honest Tea differently if you are starting the business today versus 1998, with the availability of the social Internet.

Right, there wasn't social media in 1998 the way there is today. But it was not social media as we know it but there was social media. Word-of-mouth. People would be talking about it, sharing it with friends, whether they sent an email or letter about how much they love Honest Tea , giving out samples. I don't think we would do anything, the big differences e-commerce now is a much more prevalent way for people to get a product. At the time we were so dependent on distributors to scale the business, it's conceivable a launch today could have more of a direct marketing to consumers. What happened back when we were getting started, people wanted our product and they couldn't find it in the stores. They would reach out and say could you ship it to me directly. It just wasn't a sustainable approach at the time. So we basically couldn't do that were today we could. I think fundamentally, the key with beverage and almost any food product, people need to taste it. Despite what you read on the Internet, we believe taste is the most important driver of a person's decision to purchase our product. You cannot do that through social media. We still put a tremendous emphasis on sampling, as with Beyond Meat . Trying to give samples out of Beyond Meat beyond burger is down the street.

From Steve, a great presentation and a great plan and product base. Your product speaks, my business is an intangible service, sale of networking training. Do you have any suggestions on scaling his mission-based brand as a service?

That probably requires a longer discussion then understanding what the service is. One of the keys to scaling in the organization, make sure you have a very clear, everyone not just the interpreter the best entrepreneur, understand the mission of the purpose, the role you play. Do what you can to create a culture that supports that. Obviously for Honest Tea, our culture and our mission are based in our product. We call it mission and a bottle because the package itself that we sell, whether organic, lower calorie, fair trade, that is the impact. If it's omission or service, it makes it important to understand how each purpose and the impact comes to life. It's not in a bottle but it is easily understandable, making sure to continue to share that context with people.

Just provides the next question. What are some of the other key actions or business decisions that made you ready to be approached by the likes of Coca-Cola, to be able to take advantage of that opportunity?

The key was, we had become the top-selling tea in the food channel. Coca-Cola had seen the growth that was going on in the natural foods channel. They knew this was where the future was but they saw, whereas growth was slowing down with the nonnatural foods channel, you had chains like whole foods growing quickly that were profitable. So that was where the interest was. Not just the mainstream grocery stores but restaurants as well, wanted to start the offerings. So we certainly didn't set out to sell our business to Coca-Cola, we set up to build a brand. One of the best pieces of advice I got from one of my board members, [indiscernible] he said build the business and the brand like you're going to own it for ever. Think about if you were to pass it on to your children or grandchildren, that it is something you are proud to pass on to them. We did that. We continue to do that. Now that my sons are getting older and there's no plan to pass it on but I would be proud to. And I believe in the values I hope to instill in the business. So just making sure we could build a business that was, that stood for something. And stood apart as well. If we just build the business that was just like everything else Coca-Cola was selling, it would not of been valuable. But it was distinctive and different, and valuable.

The next question is from Allison bid Allison's question, how did you deal with cash flow issues and pain growing your business in the early stages? Did you take out loans?

It was painful. Cash is always tight if you're an entrepreneur. Your growing fast, which we were. You can go quickly and still run out of money. Your cost is greater than the revenue you bring in. We did bring in money from investors, as equity. Over the first 10 years we raised $10 million. Which is a lot of money but not out of this world. This was all angel investors, individual people writing us checks. At the same time we found ways to stretch the cash. Our largest vendor was a company that sold us our bottles. Every January, our business would slow down because whether we get cold people were buying as much Honest Tea . So I would have a meeting, usually in person. I would bring samples and say were about to head into [indiscernible] but we need to build up inventory because once we get to March and April, that's when everything will be most busy. What I need you to do, normally we would pay you in 30 days, but if we could stretch out the payments to 90 days, that will help us address the cash shortage. Every year our supplier did agree to do that with us. And basically by July we would switch back over to the 30 day payments. I am proud to say we are still friendly with that supplier. That was effectively, if you think, if you assume we were buying at least $100,000 a month of bottles, by the way he supplied our caps, that was the same as if someone wrote us a check for $200,000 or loaned us several hundred thousand dollars. For those months. That is just an example of how you can stretch your cast cash and do it honestly. If you have a bill do and you are not able to pay on time, you choose not to pay on time you start to hurt your reputation and your credit. We called ourselves Honest Tea , so we would rather be upfront. To let them be part of the entrepreneurship with us.

The next question is from Janet. How did you feel the initial orders from whole foods? Did you prepare it in your kitchen and then later scale to manufacturing?

When I talked about going to the Apple juice packing plant in Buffalo, we brought tea leaves up there and brooded in the plant. It was funny because, the first time we said we want to make bottled teas. We want to use real tea leaves and what they normally do at that plant was take powder or syrup and added to the water. And they usually used a liquids Weidner and we wanted organic cane sugar. -- A liquids Weidner and we wanted organic cane sugar. And they said you want to pack 25 bottles in a case? We were basically putting them through all types of gyrations to make this product. They were willing to do it but it was a challenge.

Okay, the next question is from [indiscernible]. He asked how long did it take for Honest Tea to become profitable , and how did you keep your spirits up?

We got to breakeven and about 2004, so six years in. We didn't really get to profitability until 10 years in. Here is an important distinction, we could've chosen to become profitable earlier. But for early-stage companies, a direct trade-off between growth and profitability. We new in our board supported the decision, the priority should be growth. Basically the board said, because growth was important to show there was opportunity in this category. That was the case, one of the reasons we sold it became attractive to Coca-Cola and other companies, because we demonstrated growth. These big companies are profitable themselves and they believe they can make profitable any company they by. So having a profitable business [indiscernible- static].

The next question comes from Ezra. With marketing, how important was this aspect of your business [indiscernible- static] internally or by an outside contractor?

Marketing is essential, we are building a brand, there are plenty of items on the shelf so we had to create a package in the brand that was something people would pull off of the shelves. So for us, basically, it is nice to think you put something on the shelf and people will flock to it but that's not the case. You have to find ways to create awareness and interest. So for us it sampling was essential. Starting it in 1998, we did as many as eight samplings per stores per month. It wasn't wildly expensive but a significant investment for a small company. That marketing was very successful. We had let people taste the product. They said we still put emphasis on that. [indiscernible- static] you can't put it on the shelf and hope it works. That doesn't happen. It doesn't happen enough to make that a reliable strategy.

Seth we have time for maybe two more questions. The next question is from Rebecca. What did you find was most important to ask manufacturers?

You know we had quite a specific criteria for how to make the product. We had to make sure they were organic certified, kosher certified. If not we wanted to help them get certified. Then we had to make sure they could brew the tea leaves. Most people didn't, so they had to have certain abilities like a system to heat up water quickly. And then have a series of filters. We ended up having to devise and create our own T filtration system. And then the geographical concern. Most of the cells in the beginning were on the East Coast. So Buffalo wasn't the best location but it was one that works for us. And before too long we needed to set up a West Coast production facility because there is no business out there that can make a profit by shipping liquid, mostly water, across the country.

Okay, one last question. Along lead in. From Augie. Most people say you cannot lead with sustainability as a brand message because it's not enough of a denture initiator. Most customers -- of a differentiator. Most customers don't care enough. You have to add that the social benefits are an added benefit. Do you think this is true are do you think with a compelling story that a social environmental message can be front and center?

I do think change is the most important driver of a decision. At Honest Tea, our taste was less sweet, that's a health message. Or organics is a cleaner taste. If your product doesn't taste good you will not get repurchase. If we talked about healthier and begin, you will not get people to try it. You have to have, the product has to taste good, it has to look attractive, it has to be packaged in a way that somebody desires to purchase it. All of these other elements, organic, fair trade, vegan, are great proof points to back up what you are selling, but as a starting point if you don't have a product that delivers what a consumer does. Like if they're thirsty it has to quench their thirst and taste great. If you're an organic fair trade, but you don't quench the thirst, you haven't met the primary need. The same thing with a burger. If it didn't taste great they will not buy it again. You have to make sure your product delivers, it does its job. Once it does its job the other elements can be wonderful aspects of the way it did the job. If you don't do the job you will not get rehired.

Okay self -- Seth. Those are all the questions for today. Ladies and gentlemen on behalf of SCORE , I would like to thank you all so much for attending today's live webinar session. And a big thank you to Seth Goldman for presenting today. Thank you so much.

I enjoyed it. [indiscernible- static] continue to dialogue on Twitter if people have additional questions or thoughts, I'm happy to continue the conversation.

Wonderful. We will be sending out a post event email, a copy of the slide deck, as well as a link to the recording. Please be on the lookout for that. We also hope you will join us for the upcoming small business success virtual conference. Held on November 9. This is a half-day event offering educational webinars, one-on-one mentoring sessions, exhibitor booths and networking chat rooms. To provide you with information you need to succeed as a small business owner. A brief survey will launch when we sign off, we appreciate you taking are couple of quick minutes to complete the survey and tell us your thoughts, and suggestions. We wish you all a wonderful day and we look forward to seeing you next time. Take care.

[Event concluded]