

Brewing honest tea

For Seth Goldman, a democratic approach to traditional business practices has helped his company survive and grow in a market dominated by multinational corporations.

Honest Tea — an independent brewer of organic bottled tea based in Bethesda, Maryland — has made democratic thinking a mainstay in its business culture since its inception nearly a decade ago.

Goldman, president, co-founder and CEO, believes Honest Tea's democratic business philosophy has helped the company develop a competitive advantage over behemoths in the bottled beverage industry.

"A lot of organizations have trouble with communications. That inhibits your ability to act quickly as an organization," Goldman says. "A big company's research and development process takes about 18 months or two years to develop a new product or respond to market conditions or to respond to opportunities.

"We have to be able to respond more quickly than that, and we do," he says.

Honest Tea was recognized recently, along with 33 other companies, by World Blu as one of the world's most democratic businesses. World Blu is a Washington D.C.-based company specializing in organizational democracy.

Physically, Honest Tea enjoys an open-concept office space. Goldman says there are no closed doors, something that helps with communication. On top of that employees are free to enjoy all the tea, 18-organic varieties and counting, they can drink.

"They're very refreshing and they're light. They don't come with all the other junk," Goldman says of the teas he concocted with Barry Nalebuff, one of his business

school professors. Both were seeking a drink that quenched their thirst, but didn't fill them up with chemical additives.

Goldman is also proud of Honest Tea's stock option program for employees.

"We want (our employees) to feel like they have ownership in the company, but they actually do."

Goldman says Honest Tea's democratic principles are appreciated by employees, evidenced by the fact the company has had very little turnover in its nine-year history.

Honest Tea's democratic approach hasn't stopped the company from growing either. It employs 45 people, up from 23 just seven months ago.

Another practice setting Honest Tea apart from other businesses is its relationship with Fair Trade gardens. Fair Trade is a system of trading based on treating workers and producers with fairness and respect.

"It is a logical extension of what we're doing," Goldman says. "We have been working with Fair Trade gardens for a long time and we want to make sure that the places where we source our product from are treating their employees' right and are able to pay them a wage that is good."

Unfortunately, supporting Fair Trade gardens doesn't always make good business sense, Goldman says.

"We don't do it on everything. There are some instances where it's too expensive. It has got to make sense for our business."

While businesses should strive for greater democracy in their daily operations, Goldman says it's easier to establish a democratic company rather than force democracy on an existing one.

"The more engrained it is in the culture of the company, the less you have to think about it. You have to be consistent about it," Goldman says.

"If it's intentional the way you set up your space and the way you set up your company, then it just happens. It's when you have to think about, 'Do we have to share this with everybody,' then you've already got a problem."

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