**Erinch:** At some point, you look at the scoreboard and you think these people are still poor. What are we celebrating? We pat ourselves on the back, they're still poor, they are growing the product we sell, they are stuck in poverty. And every year, the giants of the industry declare a big dividend, and have grown that dividend. That just feels like a juxtaposition, that feels like a moral contradiction.

**Jane:** We estimate that coffee consumption all around our planet will grow by another 50% before 2015.

**John:** Hello, and welcome to Building Better Business, the podcast that explores how business can shape our world for the better, and how we can all help. And today, we're talking all about coffee. Before I introduce our guests, the vast majority of coffee is grown by families, smallholder farmer families on small plots of land in quite challenging conditions at high altitude in circumstances that are very hard to make a living for a family; and this situation has been exacerbated by changes in climate over time. And a report recently suggested that at the rate we're going, and with the climate change we're experiencing, over half of the coffee growing areas of the world will not be able to grow coffee by 2050. So it's a very challenging situation, affecting the livelihoods of over 100 million people. And today, I’m very fortunate to have two fantastic guests to discuss all about coffee and how we can improve the situation. And, first of all, I'd like to introduce Jane Aldridge, the Managing Director of Coffee at Nestle. Welcome, Jane.

**Jane:** Thank you so much for having me and inviting me and us to be part of the conversation today, great to be here. [00:02:00]

**John:** Alongside Jane, we've also got Erinch Sahan, and Erinch is the Business and Enterprise Lead for Doughnut Economics Action Lab, known as DEAL, and great to have you here too, Erinch.

**Erinch:** Thanks John, great to join you and Jane today.

**John:** Just before we get into the subject Erinch, I think it's worth you just very briefly explaining what economics theory is, and find out. Essentially, doughnut economics theory is, if I may.

**Erinch:** Essentially, doughnut economics is a new compass for human prosperity that we propose, because it takes in two specific observations. One is that we live on a planet that has nine different boundaries that have been quantified and analysed by Earth system scientists. So we know we can't transgress that, but at the same time, we can't shrink our economies to a point where we no longer provide the essentials of life. So we've got this inner boundary on social foundations, and it's the goal of creating an economy that allows all human and other life to thrive and flourish on a planet that has boundaries that we cannot go into overshoot on. That is the vision, that is the goal, and doughnut economics, by making that observation and by proposing that compass, actually ends up opening very profound conversations around what do we need, how do we need to build our economies, how do we need to build our businesses, our financial markets in order to live within those two boundaries.

**John:** So coffee, I touched on smallholder coffee farmers, and the situation we're in. And, Jane, you've been in coffee for quite a while, I think.

**Jane:** I have, and I feel very, almost privileged to have had such a wonderful career and a powerful set of experiences living in, and working in the coffee industry.

**John:** I wonder if we could start with your view of where coffee has got to, and how it's [00:04:00] changing, and kind of what matters in terms of the sustainability of coffee.

**Jane:** The coffee industry is quite an exciting industry, it's the first thing really to say. I mean, we all, around the world, are enjoying drinking coffee more and more. And you in your introduction referred to 2050, we estimate, and there are many different estimates, but we estimate that coffee consumption all around our planet will grow by another 50% before 2050. So on the one hand, it's tremendously exciting because with that comes lots of innovation of new ideas, but on the other hand, we need to respect that we have to grow and sustainably grow coffee all around the world, and in the different forms that we can. So there are many varieties of green beans, and there are very many different geographies in which coffee is grown.

For us, at Nescafe, which is the brand I am very much responsible for, we see it as our responsibility to grow sustainably coffee, and we have had the first phase of our Nescafe plan for the last nine or 10 years, and we just launched the next phase of it, we call it Nescafe Plan 2030. And this plan is really trying to take care of that responsibility in three ways. The first is we are aiming to reduce the impact that coffee has, that's greenhouse gas emissions, also by growing farmers' incomes and livelihoods, but also the communities that live and depends on them. So that, for us, is a big commitment. With that, we've put a huge commitment of a billion Swiss francs to invest behind that commitment between now and 2030, and that's only seven years. So that is a significant intervention that we want to help the coffee industry with all around the world.

**John:** We're sort of all in it together, I mean, I think, certainly, for Cafédirect, we were founded in ‘91, [00:06:00] to try and create a fair world for coffee farmers, and to improve their livelihoods and improve the landscapes in which they live and operate; and it's quite clear, we can't do it by ourselves, we need all the different actors, both in terms of businesses, but also in terms of other organisations, and people to come together to change the landscape as it were. Erinch, you're actually looking in on coffee effectively, how do you see it?

**Erinch:** Like the two of you, I’ve been in and around the coffee industry for a while, so I spent a lot of time at Oxfam rating ranking campaigning on food systems, including the behind the brand scorecard, and then, spent three and a half years as the chief executive of the World Fair Trade Organization where, of course, coffee was a big part of the world we looked at. So like the two of you, I mean, I see the challenges, I see the issues, and I think my perspective is that we've been trying a lot of things for a long time, we've been trying things for decades. And by and large, coffee farmers are still stuck in poverty; by and large, we still have huge inequalities, huge uncertainties, and huge ecological, growing ecological challenges.

I wouldn't name and shame any particular company or brand, or even practice or commodity system to kind of highlight what's wrong with it, but I would look towards what we need to build. And what we need to build is something that is quite transformatively different than the current system. And I think most of the initiatives I hear about that I hear celebrated, they're helpful, they're not unhelpful, they're things that do move us towards doing less harm. But we're getting to a crunch point on a lot of global food systems, agricultural trade, and more generally, our economic model where we have to build the models that will allow us to have a regenerative economy. And with that perspective in mind, I think we would probably [00:08:00] start with much more ambitious and bold ideas about what are we doing here, what are the practices we're going to pursue, how are we going to prioritise social and ecological goals. And that means completely rewriting some of the corporate models that we have inherited from the 20th century, which was essentially where they were built for scarcity of financial capital, they weren't built for our financial markets, our shareholder capitalism model, it was built for a different era where we had different challenges, and it did some great things during that era as well as some things that weren't so great. But now we can see the picture, we are an overshoot on most of our planetary boundaries, and we are in shortfall of most of our social goals; and the two together are, I think, highlighted in coffee as they are in many of the global industries.

So my challenge is that we can spend a lot, another couple of decades kind of patting ourselves on the back on some incremental things that are helpful that we can do, or we can start to move to a much more serious and transformative space and saying, how do we build the companies of the future that are designed to reinvest the majority of their profits, that are designed to sometimes navigate tradeoffs in favour of social and ecological goals, that are designed to have trading practices that are completely inclusive, that are completely prioritising the social and ecological goals of a company, that can have margins that are flexible, to enable regenerative ideas that are currently held back within companies. I think if we have the courage to ask that question, then we end up moving beyond where the current conversation is.

**John:** From what I’m hearing here, we've got two people in the coffee industry who are excited and energised by the whole of coffee, and then, we've got your perspective, which is even more energised and excited about how do we change the world we live in, and the boundaries we feel that we have to enact within. [00:10:00] And I wonder, if Jane, I mean, you're suggesting, you're moving into this next phase of how you're transforming the way Nestle approaches this and how Nescafe as the largest part of the market does so. You want to touch on some of the things that you’re moving to now that will make a difference?

**Jane:** I laid out a little bit what we are embarking on now with Nescafe Plan 2030, that’s what we call it. And we've had a lot of success, what we've done so far in the last eight to nine years, and actually, from a personal point of view, it's a kind of personal success too, because I was involved at that kind of very beginning stage, or the seedlings ideas of the original Nescafe plan. But, of course, the context has changed a lot in the last eight to nine years. And so, the next phase, if you will, is building on what we've learned from the first one, and also, with a lot of conversation and engagement with our partners all around the world in every aspect of life that we talked about this challenge. We've designed the next phase and I've talked about the billions of investment, it's not an insignificant sum of money, I don't think for our listeners. Right? But that's very much behind the three elements that we're trying to achieve.

You talked about farmers livelihoods, it's got to be central to what the Nescafe plan addresses, and it is; their communities as well, it's the social livelihoods that surrounds coffee farming are very important; but as is the reduction of carbon or the reduction of greenhouse gas emissions. So the key to this though is that regenerative agriculture is the shift that makes all of those three outcomes possible and kind of in equal measure, because they work off each other. So in every aspect of this plan, it is the regenerative agriculture techniques and practices all around the world, which do vary by geography that are making the big difference. Responsible sourcing of how we grow and make coffee [00:12:00] is essential, and for your listeners, coffee that we produce in the UK, Nescafe produced in the UK is 100% responsibly sourced, which means that we can trace the coffee that is in the mugs that hopefully you and I enjoy drinking every day, back to the group of farmers who made it. This is really essential in regenerative agriculture practice, because it allows us to track and make the changes that need to be made, and that's all independently kind of verified and audited.

And regenerative agriculture, I mean, I don't know how much everyone would like to learn, for me, we're always all learning, but it involves lots of different techniques, depending on where you are, and depending on who you are as a farmer, because you've got opportunities in smallholder farming practices to drive efficiency across your farming practice. That can involve water usage efficiency, but it can also involve using more organic fertilisers versus artificial, or indeed, just using less of them, and all of these interventions that perhaps feel small to you and I are quite significant in the interventions it can have, and how a farmer that you're speaking about today can shift their productivity in quite significant way; shifting that productivity or that yield, as we call it, drives their income either through quality or quantity of output, if you will, and it can have a cumulative effect.

So just small examples, but for me going in the right direction, and I think commenting on what Erinch has said, I agree, this is very much an inclusive, and a journey of many, and I think that, well, certainly from a personal point of view, we are very much clear on the vision and the picture we've got to get to, and it will take many routes to get there, and we're very committed to ours, and we’ve made that really well known now.

**John:** And building on your points, I think, we have a kind of a view as a business where we're very much looking to pay [00:14:00] the highest price we can. We only source Fairtrade and increasingly only organic coffee, and we only work with the same cooperatives that we've worked with all our life really. So that you know that you're going to always get something from us and you're going to get kind of a reliable long standing relationship. The other bit that we do, which is interesting, but I think profoundly important, there's a farmer owned charity called Producers Direct, and I think, they pull us to go beyond looking at coffee as a crop, but very much looking at the enterprise and the lives of the people in the family. So they do a huge amount of work on the ground in terms of looking at how you engage women in the running of these organisations or these families, and how you engage youth through technology, and how you diversify income beyond a mono crop as well, because if you go back in time, this is very much one of the mono crops that part of the world has got the rest of the, you know, the other part of the world to depend upon or to provide really, hasn't it? So I think I’ve seen a lot of quite remarkable and positive examples where you might be on the side of a mountain surrounded by coffee bushes, but if you look a little bit further you'll see a fish farm and the vegetable garden; and in somewhere way like Peru, you'll see guinea pigs being bred as well, and you'll see other vegetation that's providing shade cover, but it's also providing further diversity of income. So it does feel like there's a regenerative approach that's quite holistic, isn't it, as well.

**Erinch:** I mean, John, what comes up for me, though, hearing both of you talk is we have a lot of amazing people like Jane pushing the envelope, as you said, essentially, on what's possible within structures that demand you extract greater dividends every year, like, that is an uncompromising reality, that is the elephant in every major decision. It’s a straitjacket that you [00:16:00] essentially accept. We accept it as a naturally occurring organism almost. But the question that jumps out for me is that in a world where the people who are growing the products that generate those billions in profits that get extracted out of the business each year, the people growing them are stuck in poverty, they're trapped in poverty. As a result, you're not allowed to talk about price because price hits the bottom line. Instead, we talk about yields, and if we all increased yields, of course, then the price will drop, and we're back to square one anyway. So then, it's not necessarily the silver bullet, but it’s what's possible, it's what's possible within the corporate structures we've created that limit us.

But the question that pops up for me is, imagine if we could redesign all of the businesses in the coffee industry and across the supply chain in a way that, for instance, Cafédirect is designed, in terms of where do its profits go, all of it goes back to enable those regenerative and distributive ideas – how is it governed? Well, it's governed in a way that is 100% accountable to those communities and the goals of fair and equitable trade. How does this board look? Well, the board is representative of people who are going to hold you drawn to it. Imagine if we took that as an inspiration – I’m not saying it's a perfect model. There's lots of things we can keep adding on to it, I mean, Faith in Nature put Earth as a board member recently. Patagonia restructured itself so that all of his profits are going to be reinvested, but in a way where money and the power over shares are divided up. There's lots of really interesting innovations that every company, every business can keep learning from.

But if we were to redesign, for instance, Nestle around principles like that, that said all that money that got extracted for dividend growth, if that can enable the boldest, most transformative ideas that were coming up, that maybe don't quite meet the requirements that are set financially, don't quite meet the requirements of shareholders and investors, [00:18:00] imagine what would have been possible, imagine where we would have gotten to with poverty reduction, with regenerative agriculture, and I think there are thousands of fantastic things to celebrate in every business in every supply chain, and we can focus on those. But the things we haven't done for decades, because we've trapped individuals like Jane and others who are passionate to push the envelope in business models and structures that are inherently there to hold back things that might not grow the bottom line.

**Jane:** There will be questions, and you are asking some big questions, Erinch. From my point of view, from our point of view, what we can do is focus on immediate action. And I take great pride in that actually, because there's a lot we can influence in the very short term, and that is what we are choosing to do. And I think the biggest test of everything really is the choices that our consumers and our customers wish to make with their brands, and with what are increasingly quite precious pounds and pence that we're all carrying at the moment in quite challenging times, and we need to respect that. Right? So therefore, I think we have to get the big questions in proportion to what we will do right now, and that is where – that's certainly where I place my energy and my emphasis. And what I’ve spoken about from a Nescafe point of view, and then, the plan for 2030, that's only seven years away. So that's not so long, and I think we can achieve quite a big impact with a lot of learning that will contribute to the broader conversation.

**Erinch:** Where this comes from for me is I spent the last year doing workshops with businesses around the world, so we did 23 pilot workshops, over 300 businesses participated, where we got people in a room and said, what are the biggest, boldest most ambitious ideas you can think of, [00:20:00] and they wrote them down. And then we asked them, what would future generations tell you to do right now, what would your supply chain workers, farmers, communities tell you to do right now, what would the river tell you to do right now, the local river if it had a voice, or the soil, or the air, or the forest nearby, what would they ask you, what about the activists, what would Extinction Rebellion ask you to do, what would human rights act... and what we ended up with was a vastly different set of things that could be done that you can imagine. But because of the straight jacket we've put on in the business world, the initial question comes up with a very limited set of ideas in terms of being regenerative, in terms of being socially inclusive. But when you ask them, look, if you're growing a crop there, if that crop weren't there, they'd be wild-land, that wild-land would be cleaning, sequestering carbon, cleaning the air, it would be cleaning the soil, putting nutrients back in, it would probably be cooling down the temperature on hot summer days. We'll be providing all these amazing services.

So if you really upped your ambition, so what can we learn from biomimicry and nature, and what can we learn from future generations and their perspectives, you end up with a whole host of things that the business world is capable of identifying, of dreaming, of innovating to pursue. And then, when we ask, well, why can't you do these things. Nearly every single time the answer was, well, that wouldn't hit my margin requirements, or actually the capital expenditure necessary here, it wouldn't be justified by my process currently for internal reinvestment, or, well, that would reduce my dividends over the next three or four years, it would be viable, but it wouldn't be hitting the targets that I’ve been set. In other words, we've designed businesses to put a straitjacket on the boldest most transformative ideas, both in generating them, and in implementing them.

And what I came out of that with is, well, [00:22:00] wait a minute, these designs of businesses that are holding back our ability to survive on this planet, they're not naturally occurring organisms. We designed these things, they didn't even exist 150 years ago. We made up the financial markets, we made up dividends and margins. We can make them up differently. We can make up different goals. We made up fiduciary duties for boards of directors towards shareholder wealth. All of these things are human constructs. I don't sort of blame, or I used to – I worked at Procter & Gamble in an earlier life, I worked in that corporate world, I understand that wonderful people are pushing the envelope of what is possible in an inherently flawed structure that is no longer fit for purpose for 21st century challenges, and it's holding us back, it's holding back our ability to even imagine those ideas the way we would invest, the way we would pursue practices. And then, we only celebrate what's possible, the art of the possible, but all of those arts of the possible don't add up to what's needed; and what's needed is a far higher set of ambitions.

So my sort of challenge, I guess, to the coffee industry is to move on from celebrating what seems possible today towards thinking about how do we create the industry of tomorrow, what would it look like, a regenerative and distributive coffee industry, what would it be occupied by, would it even have a commodity system, would it even have these same financial structures, would it even have these kinds of contractual terms and ways of doing commerce and trade. How would we design, and let's get to work on designing that, designing the businesses, the relationships, and the investments needed to make that happen, because I think we're wasting a lot of time making incremental improvements that are helpful, but are ultimately insufficient, and we're not putting enough energy into actually creating what will get us to the final destination we need to get to.

**John:** What do you think about that rather [00:24:00] impassioned speech, I think?

**Jane:** Well, I definitely share your view is with the passion for making the successes of the end game of it as the future of coffee, if you will. We share the same vision, we need to have a thriving and sustainable way of growing coffee and developing the supply chain of coffee if I can bring that in as well. So that when any one of us, and who you are, both good committed coffee drinkers, I don't know, but I am, and I want to know that when I enjoy my cup of coffee, that I feel confident the current and the future and the pathway if you like, towards ensuring that we will grow our coffee cherries and our plants in such a way that this industry reduces its carbon footprint, its commitment to the world, as well as ensures that the farmers who farm down who might wish to farm tomorrow have a way of living, and the communities that depend on them, that is sustainable. We share this vision. If I can maybe highlight a difference, I think it is only in that where we are today is that we are committed to the action that it takes in terms of steps to get there, and that's a big deal for us in terms of making that commitment, not all brands, not all manufacturers, not everyone in the industry around this world is making that choice.

So that's, in a way, where I stand on it, I think it doesn't have, say, mean that we can't ask the bigger question, and in parallel, and continue those kinds of conversations and levels of engagement with everyone involved in the industry, and that is something that we have always really undertaken, and I think we always will, not least because everyone has good ideas, and all those good ideas are worth understanding, figuring out together in order to craft and design, let's say, the best way forward, possibly the fastest way forward. So that's [00:26:00] kind of how I answer the here and now alongside the bigger questions.

**John:** I think the answer does lie in altogether looking at where we are, and the gap that is, from where we're trying to get to, I am – I don't often try to talk about what we do, I tried to work out what we can do together, I think. And, in coffee, we've got this wonderful, wonderful industry, where you got a clear line of sight, because of the nature of it, to the landscape and the person, and you can bring them forward, and you can engage them in leadership and change, and you can make a profound difference to the way carbon is distributed, because it's not as complex as some other sectors within or without out of agriculture.

**Erinch:** The perspective of, say, a farmer that's been doing this for 30 years, and has just been told time and time again, look, contract terms, basically, this stuff is, it is what it is, we're going to ask very sustainability goals from you and pay for very little of it, you're going to carry a lot of the risk of this relationship long term, and by the way, the price you get, I’m sorry, that’s not even going to be a consideration in any of our sustainability goals, and that just feels like a reality that is a bit outdated. You know, I think we spent a lot of time trying to divorce price from social and ecological outcomes. And I can see why, I mean, it's really inconvenient to talk about price, or to even tell shareholders that in order to achieve some of this, we're going to carry some of the costs, and we're going to have to pay a price that allows for sustainable production, and improvements in productivity alone are not going to get the industry to where it is. We're also going to have to distribute value quite differently than the way we have been for decades.

I feel like that gets ignored, maybe it gets ignored because we don't know what to do about it, maybe it gets ignored because the industry has found some practical things to do that are helpful in the short term to [00:28:00] celebrate, maybe it gets ignored because of the corporate and financial structures that we find ourselves in and not really empowered to do anything about, so why go down a dead end that's going to be blocked off anyway. Maybe it gets ignored, because we got very good at PR around it, the industry got very good at justifying why price isn't on the table, why we're not going to talk about contract terms and long term value sharing, or changes in commitment levels to down supply chains, and we're going to talk about things that are possible, and we're going to make them sound very interesting and exciting.

But I do want to sort of challenge that industry perspective that I think happens in a lot of industries, it's definitely not unique to coffee. But there is a sort of, at some point, you look at the scoreboard and you think these people are still poor, what are we celebrating, we pat ourselves on the back, they're still poor, they're growing the product we sell, they're stuck in poverty; and every year, the giants of the industry declare a big dividend, and have grown that dividend, and that just feels like a juxtaposition, that feels like a moral contradiction, that has to get some spotlight, that every year we end up with a surplus in terms of income, and that profit has been created by the very people growing these things, growing these products that we sell; and every year we decide rather than to pay them more, to grow the dividends given to shareholders.

And that seems like something that is just too uncomfortable to talk about, because the industry does need a disruption, I agree with Jane. I’m sure there's lots of really helpful things that are happening, that are making things a little bit less bad for people that are growing these products. But the kind of change needed is probably a little bit more ambitious than some of that, and an individual company alone might not be able to do it. It might be about thinking [00:30:00] how do we create the right intermediaries that have different ownership structures, that do reinvest all their profits back into the most ambitious regenerative goals possible that share value in a fundamentally different way, how do you move into those sorts of worlds where you sort of learn from the limitations of the giants of the industry and say, look, there are things I can do, there are things I can't do, there are things that are non-negotiable about how they're going to behave financially and commercially, but let's create alternatives in this sector that can maybe behave differently.

If you're designing Nestle from scratch today, I’m certain you wouldn't design it the way it is, I’m certain you wouldn't have the same board structure, the same financial parameters, the same ownership model, the same business model underpinning it. You do what you can within, and then you try to evolve it, and we celebrate that. But alongside that, I think the industry also needs something disruptive, and that's going to need to happen through new enterprise structures, new business structures that embody different business models, that maybe start showing a different North Star as well to the industry about what could be possible, if we were to really structure these things in a more ambitious model.

**John:** What are your final thoughts?

**Erinch:** Let's celebrate and support those that are pushing the envelope on what's possible, but let's not do that at the expense of highlighting what's actually needed. But I think the current system of celebrating small wins is currently also undermining the change that will actually unlock what's needed, and that some of this is going to be uncomfortable, we're going to talk money and power, we're going to have to talk about who's got a vote in the room and who's represented in the room, and we're going to have to talk about some businesses will no longer have a place in the regenerative and distributive economy that we build in the future and others will. These are dynamic, I mean, the individuals, the [00:32:00] amazing individuals will probably be in different businesses over time, if we're serious about transforming some of these industries. But my invitation to anyone listening is just to unshackle the possibilities of which kinds of businesses we can create in this amazing industry that is so important to so many millions of people around the world, and how do we begin those ambitious conversations, how do we begin those transformative innovations in business structures and business models and financial models that we'll need, alongside not undermining the efforts of people trying to do the best they can within inherently businesses that really weren't built to solve these problems, they were built to solve the problem of scarcity of financial capital in the 20th century. We now have scarcity of other capitals, we have other challenges that are hugely important, and we're going to have to build the businesses that are geared to addressing them, and I think there's a role for everybody, whether you're in one of the bigger companies that exist that aren't structured that way, or you're someone that's innovating and working in the industry in other ways. There's a role for all of us to push the conversation into that that sort of new arena to create what's actually needed.

**John:** Jane, your final thoughts?

**Jane:** My final thoughts, yeah, well, first of all, thank you for a healthy discussion. I think the thoughts I’d leave your listeners with are to think about the holistic journey that we are all on when we think about how we enjoy our cups of coffee, or the choices we make day to day. For me, this is very much a step towards inclusivity, meaning we all need to be involved and find ways of taking this industry forward together. It's a journey very much about initiative and innovation and ideas, and putting those ideas and thoughts together in the process; and it's also about however you do it, but listening to [00:34:00] the voices and empowering a much wider group of people to take the lead. And all of that, for me, makes it quite exciting. I said right at the beginning that this is an industry which is going from strength to strength, people want to keep on enjoying it, drinking it, consuming it wherever they are. So therefore we all have a responsibility to take to make sure that that is an enjoyable experience, whether you are growing the cup of coffee that we all enjoy drinking it or making the choice as to which brand we buy. And I think my final thought is we can all be involved in this, every listener listening to this podcast, first of all, thank you for your time, but you have a choice to make too, and that would be the final thought I’d leave them with.

**John:** Thank you both for that discussion.