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Natural products entrepreneurs told to stick by their 'values'

Source: Boulder County Business Report

10/27/2006

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BOULDER - Entrepreneurs starting new organic and natural products companies need to define their "higher purpose" from the beginning, keeping their values as a planning tool for future strategic planning.

That was one of the messages presented during the second annual Naturally Boulder Day, which was actually two days — double the time of the first event, and attendance was also double that of last year.

"We got about 350 people," said Linnea Simons, chairwoman of the Naturally Boulder Task Force, the organizer of the event held Oct. 19- 20 at the Hotel Boulderado.

The purpose of the gathering was to promote Boulder as the epicenter — the "Silicon Valley," according to organizers — of the natural products industry. The task force's mission is to support new companies, retain established ones and attract new businesses to the area, according to Steve Hoffman, conference director.

According to Simons, the event went without a hitch. "We are extremely pleased. The feedback on literally every workshop was so positive," she said.

The first day included tours of local businesses — Rudi's Organic Bakery, Pangea Organics and Celestial Seasonings. The CU Biodiesel Shuttle Bus provided transportation. The day ended with a reception at the Boulder History Museum, site of "Tea to Tofu: Boulder's Natural Food Phenomenon," an exhibit tracking the natural products industry in Boulder.

The second day opened with a keynote address followed by nine breakout sessions on sales strategies, branding, public relations and business leadership. Speakers included new and established names in the industry, among them Steve Demos, founder of White Wave Foods; Mel Coleman Jr., chairman of Coleman Natural Products; and Bill Burke, president of the Natural Products Consulting Institute.

Attendees at Friday's events, held at the Hotel Boulderado, were welcomed by words from Boulder's City Manager Frank Bruno and Mayor Mark Ruzzin.

"It's important for us a community to work to move this industry forward," Ruzzin said. He commended the crowd — many locals, but about 5 percent from out of state and as far away as Japan — for enlightening city officials on Boulder's pre-eminence in the natural product industry.

The keynote address was given by Rick Sterling, co-founder and president of Sterling-Rice Group, a Boulder-based advertising and marketing firm, who formerly led the Celestial Seasonings marketing department.

The industry, he said, is abundant with opportunity. "In the last year, 60 percent of all households bought at least one natural or organic product, and two-thirds of them came in the market over the past three years."

The market is hungry for new products, particularly from a company passionately aligned with its mission and its product. Sterling disagreed with an Oct. 15 article in Advertising Age that said the organic market is "looking like a sensation sizzling out."

That refers to mega-businesses, the Wal-Mart-ization of organics, he said. Those companies enter the market "opportunistically," expecting that after adding organic products, profits would immediately increase by \$50 million to \$100 million. "What big companies don't have is patience. They will lose heart for this, because they are not doing it because it is the right thing to do," Sterling said. "This is an opportunity for you."

His advice to entrepreneurs: Define your higher purpose from the outset. "Having a values-based foundation is so important, a common language articulating expectations in and outside of the company," he said. "This is a planning tool ... the most important foundation to strategic planning."

A common pitfall of an early-stage company, he said, is to allow such qualities that at first are an asset — being flexible and spontaneous — to continue to rule. "This can become a curse," he said. "I've seen it repeatedly in entrepreneurs. They make a plan and then diverge from the plan." It demoralizes the staff, and guarantees the company won't meet objectives. His recommendation: "Do a personality audit on yourself."

According to Byron Freney, vice president of client services at The Hartman Group, a Seattle-based marketing and brand-development company, research indicates that most people buy organic "to be proactive about their health."

The word "natural" is losing meaning and is perceived as a marketing term, he said. But "organic is a marker word, an expression of quality."

The first purchases are in the categories of produce, then dairy. "It takes a long time before they get to packaged goods." The way to lure buyers is tell a narrative, tell the story behind the product to make it feel "real."

It's all about values, the consumers and the companies.

Steve Demos participated in a panel discussion of authentic leadership with Mel Coleman Jr. and Loretta Zapp, founder of Caffè Sanora, a maker of antioxidant-rich coffee. "This is my first public appearance in a year," said Demos, who left White Wave in March 2005.

He urged never "compromising your mission and your purpose." And beware the challenges intrinsic to capitalism. "Once you borrow money to start your company, you are preordained to a liquidity event."

Issues come with growing the business as well, bringing in employees and advisers from outside the industry. "We've brought in talent, people who are not Boulderites," Coleman said. "They don't understand the lifestyle, but they have the skills. The challenge as you get bigger is to stay true to your core values."

The closing session invited fledgling entrepreneurs to present their "60-second elevator pitch slam" to a panel of natural products pioneers including Mark Retzloff, Paul Repetto and Joan Boykin.

Of the dozen or so who pitched their ideas, two were selected to receive assistance from the Boulder Innovation Center. The center's Executive Director Doug Collier chose Toby Hemmerling's The Organic Dish, a cook-it-yourself facility, and Phil Anson's Phil's Fresh Foods, a maker of burritos, to get two hours of pro bono help.

News Editor Caron Schwartz Ellis contributed to this story.