



# From Philanthropy to Prosperity: How One Coffee Project Strengthened a Supply Chain

“It started as a philanthropic project—now we are able to provide a truly sustainable product offering,” reveals Tim Faveri, Director of Sustainability and Responsibility at **Tim Hortons**. Faveri is referring to the Tim Hortons Coffee Partnership (THCP), a project that resulted in an entirely new product line, the [Tim Hortons Partnership Blend](#).

## Challenge

Public interest in the fair trade concept was on the rise in 2004. A Tim Hortons survey suggested customers were concerned about the welfare of coffee growers. Even restaurant franchisees requested that corporate headquarters attend to the issue.

After a detailed review of the common certification schemes of the time, it was determined that not all programs were created equal. More importantly, most did not provide the hands-on training, education and technical support that Tim Hortons believed were necessary to improve farming practices and lift farming families out of poverty.

To respond effectively, Tim Hortons needed to build a meaningful and impactful program to get back to the origin of their supply chain. This involved connecting importers, exporters, cooperatives, intermediaries, and most importantly, the small holder farmers themselves.

## Response

- 1. Make it a collaborative effort.** Tim Hortons quickly recognized the credibility and expertise of the [Hanns R. Neumann Stiftung Foundation \(HRNS\)](#), an implementing agent for sustainability initiatives. It partnered with HRNS to equip smallholder coffee farmers with the skills and training needed to run successful, sustainable businesses.

Most recently, the partnership with HRNS prompted Steering Committee involvement with [Coffee & Climate](#) to enable coffee farmers to better respond to climate change. “Climate change is causing havoc in some regions,” says Faveri. “Leaf fungus limits yields, and therefore income for farmers, but we have programs and tools to help farmers adapt.” *Coffee & Climate* involves several European roasters including one market leader, Tchibo GmbH. “Big brands need to share best practices to solve mutual sustainability problems,” said Faveri. “If other organizations see no value in collaborating – and they’re buying from the same suppliers as us – how can we advance the sustainability agenda?”

- 2. Assess and answer local needs directly.** Prior to initiating a project in any community, HRNS meets with local farmers to gauge need, interest and motivation. Each project has a coordinator, who lives in the region and identifies *farmer promoters* – participating farmers who hold meetings to share knowledge with other farmers. “We have the most success when other farmers encourage their peers to participate in the project,” said Faveri. “Through soil sampling or buying fertilizer in bulk, they see the benefits of the program first-hand.”

Participants receive one-on-one help to create a personalized farm management plan. They develop a vision and goals for the farm and receive training on shade and soil management, farm management and accounting. Farmers also get help conducting self-assessments and group evaluations of their farms.



The program is free for farmers, unlike the mainstream coffee certification programs. Farmers are also not beholden to sell their coffee to Tim Hortons. This program ultimately enables farmers to make their own business decisions and sell more, higher quality coffee, at the right time, for the most return, to whoever they want.

- 3. Respect time horizons by investing in youth.** Ensuring the longevity of the coffee business is increasingly challenging in coffee-growing regions. Youth do not see coffee growing as leading to a viable, let alone prosperous, future, creating an exodus from the coffee business in some communities. Supporting youth in coffee farming communities aligns perfectly with social investments back home. One example is how the THCP works with [Junior Achievement](#), who is refining urban education to make it relevant in rural farming communities by teaching children context-relevant business and entrepreneurial skills.

## Result

The THCP has made the company more knowledgeable about the complexity of its supply chain. “Direct trade with farmers allows us to eliminate multiple levels of intermediaries, improve the quality of community projects and provide the incentive for farmers of a higher price for their coffee,” says Favari. “It has opened up new sourcing areas and established new relationships with stakeholders in origin countries.”

In 2013, Tim Hortons crossed a chasm. Some THCP farmers had started producing high quality coffee at a rate at which it could serve as a new product avenue for Tim Hortons growth. In May, the company launched its Partnerships Blend, a directly and 100% ethically-sourced coffee blend.

In less than a year, the company also raised close to \$200,000 through closed-loop sales to be reinvested directly in the program. “Scaling and expanding our Partnership approach is the ultimate vision,” says Favari, yet it takes time to produce the quality and quantities needed to meet demand of our loyal guests.

## Takeaway

Sustainability initiatives can stabilize and enhance global supply chains. Use them to identify and, if necessary, eliminate intermediaries and strengthen stakeholder relationships. Unexpected opportunities, such as new sourcing areas or new product lines, will often emerge over time.