



LEAD WITH WE EPISODE X: XX

Simon Mainwaring:

If we can tap into companies that are using supply chains, doing business in the poorest countries on the planet, and change how much value flows back that is so much more effective than any government foreign assistance going in that same country.

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From We First welcome to Lead With We, the podcast where top business leaders and founders reveal how they built their companies to be high impact and high growth by putting we first. Lead With We is produced by Goal 17 Media, storytellers for the common good. Welcome to this week's episode of Lead With We were I'm talking with Mike Mannina who's the Co-Founder and CEO of ThriveWorx. Mike, welcome to the show.

Mike Mannina:

Hey Simon. Thanks for having me.

Simon Mainwaring:

It's great to talk with you, Mike. And you know, for those who don't know about ThriveWorx, tell us a little bit about it.

Mike Mannina:

We were launched as the private operating foundation of a B Corp called Thrive Farmers. And so we started to take Thrive Farmers mission in coffee, which was supplying more equitable prices for farmers who asked the question, how do we take that benefit to the communities and go beyond the farm? And that was the origin of ThriveWorx was, hey, let's start working within Thrive Farmers supply chain and allow the farmers who are earning more to be catalyst of change in their communities and do community development on top of that. It has since, in the last five years, grown much more than that, but that was our origin. And that's how it came about.

Simon Mainwaring:

Speaking of origins. You know, it's always interesting to me, the journeys that we all go on to end up in this place where we're working in companies or nonprofits or foundations that want to make a difference. You have this really fascinating background. I mean, I'd love to know, you first started off volunteering in Peru and that seemed to affect you deeply. What happened there?

Mike Mannina:

I was an undergraduate trying to decide what to do with my life. Couldn't even figure out what to study. I was in bee school, I was in journalism school, and I got an opportunity to go abroad one summer. And I went down to Peru and I was a volunteer in an orphanage outside of the city of Lima. And it was a slum. It was a true slum that had been created by immigrants who have moved from the Amazon to the city. They were given a trash dump in the seventies

to develop and to turn into their home. And it hit me so hard, the deep disparity that existed in the world. And that was the summer of my junior year. And I remember being so moved by that, that I just said, I want to do something meaningful with my life.

Mike Mannina:

And when I went back and it was time to graduate and interview, I interviewed with a few corporations and just felt like, no, this is not for me. I need to go do something else. And it was a mentor of mine that pushed me to Washington DC and said, hey, this is a town that you should start in. I took an internship on Capitol Hill and the next 12 years was thrust into all sorts of scenarios of different government agencies, the DC circuit, a lot of foreign policy diplomacy war zones. And so it just kept building upon this passion of how do we create conditions for humans to thrive, for human flourishing. I was frustrated because I felt like, on government side, we could only go so far to really build the economic underpinnings of a flourishing society. You need businesses to do that.

Mike Mannina:

I had come back to Atlanta on a trip while I was still stationed over there and I met Michael Jones, the founder of Thrive Farmers. And he started telling me his story and his passion of using business to change a commodity and reward farmers. And we started finishing each other's sentences in a one hour meeting that became three hours. And all of a sudden that was really how I stumbled into ThriveWorx.

Simon Mainwaring:

Tell us a little bit about how Thrive Farmers works with ThriveWorx because you have an interesting business model and I think you went about it very intentionally to try and do something different, correct?

Mike Mannina:

Correct. So we started as a private operating foundation and it is nothing like a normal corporate foundation. We basically said, what's the problem we're trying to solve. We're trying to solve poverty at the end of the day. If we're going to do that, that is very complex. It's multidimensional. It's not a simple solution. It's not something one business alone can do. So we latched on this kind of plus side of Thrive Farmers and said, okay, here's a B Corp, helping farmers earn three and a half times higher incomes than any other coffee company out there. There's not huge margins left on the table to fund philanthropy. And so any philanthropy we were going to seed needed to be co-funded with other stakeholders.

Mike Mannina:

And so what we've been able to do with Thrive is work with some of their clients and say, who has a stake in these communities? What if business leads buys and earns a right to relationship in a community? And then we bring the best nonprofit practices around to augment that. And then we can invite the government at the final layer to help with anything that's left that we can't handle. So it's kind of a reverse formula. So that's what we've been doing. And it's very unique. It's very different. I haven't found any other corporate structures quite like this.

Simon Mainwaring:

And it can't be easy. Not only conceiving, but executing something new like that. What were some of the problems on the way, the kind of new ways that you needed to go to market to make this even possible?

Mike Mannina:

I'd say we're still evolving. There's always an inherent tension when you work with for-profit companies and nonprofits of profit versus social impact. And so we've had to deal with that firsthand of, how much do we need to really make a for-profit viable and investible so we could raise the capital we would need versus how much mission can the nonprofit really take on. And that's where I think the advantage came when we really started separating those two structures and making the foundation much more like a public charity. I can tell you firsthand that you'd be deceiving yourself to think that a for-profit can go and do community development, just because it's buying a resource from there. That's beyond the scope of what a company should and can do.

Mike Mannina:

And so my philosophy at ThriveWorx is, if you're a business, let's use your supply chain and leverage those supply chain relationships as the starting building block. And then let's find the best nonprofits who do water, who do health care, who do community development, who do education, who do environmental issues. Let's bring them to the table. And now ThriveWorx can be this platform as bridge that both has a formula and a language to speak, to allow every stakeholder to plug in in just the part that they're the best at.

Simon Mainwaring:

And what I so love about it is it's not about fixing the problem after the fact, the remedial difference that nonprofits or government agencies can make. It's about preventing the problem in the first place in the supply chain. But if I'm a person walking in to buy some coffee and I buy some Thrive Farmers coffee, just walk me through the simple process. Why does that purchase, that product that I buy, make a difference in a way that's not typical? And what order does it flow in? Help me understand how, what you are doing makes a different difference in a different way.

Mike Mannina:

So, I mean, it's truly about the business structure of how the producer is compensated. If you purchase from 90% of the companies out there, the farmer is going to retain less than 10% of that total value chain. Thrive essentially rebuilt it and reverse engineered how coffee is priced. We said, it's not going to be on a commodity system and how the New York stock exchange or the futures exchange works and then a premium for quality on top of that. We are going to say, what will the consumer pay, what do we need to survive, and how do we pass everything else back to origin. And so what it's done is really, on a mass scale, changed how much percentage of consumer dollar makes it to the places where coffee is grown. Which, what motivates me, is that happens to be in the bottom third of developing countries in the world. So when you put your more geeky international development lens on, that is so much more effective than any government foreign assistance going in that same country. There's a big economic multiplier effect when somebody earns money from outside their circular system.

Simon Mainwaring:

Obviously you're holding yourself to a higher bar in terms of making a really measurable and meaningful difference in the lives of the farmers and their communities. But what are you doing differently on the ground in country? Because as you say, there's lots of government agencies, there's nonprofits, how do you make sure that that extra income that's flying back to them, that economic development, is then put to the greatest use?

Mike Mannina:

So ThriveWorx harnesses local leaders. We have a whole curriculum. We walk them through how to lead, how to think about others, how to think about generosity and stewardship, how to think about concepts that to whom much is given much is required, the things that we hold ourselves to. And we have the right to speak that because we're buying from them. So that's kind of step one is ThriveWorx initiates leadership training with community leaders and tries to plant a seed of generosity that then we lead them to the next step, which is a community development framework. We basically went through all of the community development models out there, all of the literature, all of our teams, government and nonprofit experience, what the Gates Foundation was putting out. And we came up with our five essential areas to a thriving community: economic opportunity being a first, education, local leadership environment and health. That's kind of, after you tap into your local supply chain and then teach them leadership and work with them, then you start to spur on all these other opportunities in these other areas.

Simon Mainwaring:

And let me ask you, I mean, it must have come as quite a surprise to the farmers and the communities on the ground. They're like, you want to pay us more and you want to come in and support our communities, and you want us to kind of lead and develop ourselves? What was their reaction? And did they believe you out of the gate?

Mike Mannina:

No, they don't. They were totally skeptical. Rightfully so, as they should be. "This is too good to be true." I remember the stories that our team has told and the first farmers got their profit share checks. The tears in their eyes, the like, "Why are you paying us this? We didn't even know this was coming. You didn't have to do this." And the answer was, well, this is the right thing to do. This is your money. You earned this. The power of trust, and I say legitimacy that that gives ThriveWorx, to then say, and now we want to go further. Let's partner together. Where you've been frustrated with outside aid agencies coming in and telling you what to do and it not working and them investing in a well that's decrepit now, let's do things differently. But we need to reset your expectations because now to whom much is given much is required. We aren't going to come do anything for you, but we're going to do walk alongside you in this journey.

Simon Mainwaring:

No, that is, it's really, really powerful, not just on a human level, but also on a business level. I mean, it must totally transform the relationship you have with your suppliers and who they choose to work with and how it affects your employees. How does it pay back, that approach? It must pay a lot of dividends.

Mike Mannina:

Most people in business, if you were to come in and see the relationships with our suppliers, you would not recognize it. It is like a family. And when somebody's hurt, somebody's father dies, COVID happens, we're all truly in it together. It's not some cliché phrase we use. Where this has shined for ThriveWorx is now five years of building out these networks of partnerships means in every community that Thrive started as buying coffee, where then ThriveWorx did programming, we have over 400 active locals who are part of this ThriveWorx network. Who, once COVID happened and we had to cancel the 20 projects that we had lined up for this year, we were able to go right back to the community leaders and say, okay, you are on the ground. You know what your community needs for COVID.

Mike Mannina:

And so we started doing these really cool resilience grants, micro grants, and holding contest with each community to say, here's the four areas we know you're going to need some kind of assistance in but we don't know exactly what it looks like, and we're not going to dictate what the project is, and we're not going to lead it, but we're going to help fund some of it.

Simon Mainwaring:

You know, it's so meaningful to their lives for all the reasons you just mentioned. It's also a lot. How do you handle it all? You probably need a lot of partners that requires a lot of organization. Plus, there's the demands of the business at the same time. So, if other companies want to take a similar approach, how manageable is it?

Mike Mannina:

If I were giving advice, I'd say you need to have a heart to heart with your owners. I mean, it comes down to the investors. What are they willing to give up financially to leverage the social impact that's available. And then two, are you best poised to achieve that social impact or is somebody else a better specialist and you really need to outsource that. Those are the real questions. And how much can you really dedicate to this, and how much is it in line with what you're best at? I think if you're tempted to do whatever's popular and cool for the day. A year ago, it was all about immigration, was this national dialogue. There were kids going on the border and dying trying to cross down at our Mexican border with Mexico, coming up out of Guatemala. That was all the headlines last summer.

Mike Mannina:

Then it was COVID, then it was social justice race. And so I think if you try it as a company to just play in all the spaces, I think you're going to have very little impact. We can legitimately take your corporate social responsibility, sustainability efforts. We can direct them, not just in a generic again, no ding on any of these groups, but, okay, you can give 1% to the planet. That's awesome. But for most people that has nothing to do with your actual business or nothing to do with your supply chain. What if a little bit of that you directed back specifically to leverage your buying power somewhere. We actually do remove legitimate business risk off the table.

Simon Mainwaring:

It's a really powerful re-engineering of the ecosystem in a way. You're looking at buyers, you're looking at the company, you're looking at nonprofit partners and you're looking at your suppliers and their communities in completely different ways. Why is that so important? Is it because coffee is such a commodity market and it's so competitive or is it just that these solutions that we need to improve people's lives need to be totally rethought because what we were doing in the past, wasn't working? Why the total reset?

Mike Mannina:

We're a team that's really finicky in the sense that we want things perfect. We don't think the system's been working. If you look at coffee specifically, why is it that for the last 400 years an industry has been built on virtually free labor and that producers and the pickers on the farm side have been the worst paid in the whole system. And yet the consumer side is the wealthiest part of the world. There's something to me that just seems wrong about that. And so all we're doing is saying, it's not wrong to have a wealthy market, but why don't we come up with a system that's more equitable in letting everybody participate and everybody win.

Simon Mainwaring:

So do you think this model that ThriveWorx has been exploring in, proving out for the last five years, can it work across other commodities? Can it work in any industry? What are the limits or what have you discovered?

Mike Mannina:

The way I'm envisioning it, it's limitless because it's a platform approach. Meaning we can take any UN sustainable development goal. We could take a specialized team of supply chains and nonprofits and the formula that we've kind of developed and we can develop a unique tailored formula for that issue and we can unite people around it and we can go solve it. When you're a big charity and you're talking to the CEO of a big company, you're speaking, oftentimes two very different languages and your interests are two very distinct interests.

Mike Mannina:

The nonprofit is often thinking, how can I get money from this corporation? And the corporation is thinking, how can I support my sustainability efforts and make my buyers happy and build my brand and whatever. But very few people are thinking, seeing the companies is actually the linchpin. What I'm interested in in a company is I want their infrastructure. I want their buying power. And I want to direct that to the places that need it most on the planet. And then I want to bring in the best nonprofits around that and partner with those communities. And all of a sudden, with very minimal additional effort, things start to really rise up.

Simon Mainwaring:

And how do you get all of those stakeholders to the table? I mean, it's a really compelling idea, but you've still got to win their attention, their capital, their investment.

Mike Mannina:

The only way to get people to the table is to deliver on something small and tangible that's directly in their interest. So for instance, when we started with Thrive, we took one of their biggest clients and said, hey, give me a team of 10 restaurant owners who are really good at teaching leadership. Let's take the servant leadership curriculum that your company is known for and let's go deliver this content to a few farmer groups where you're getting your coffee. And we did it. And they had a great experience and the farmers were excited and the farmers said, hey, let's invite the community. So we started small and then we just kept layering on the next layer. The next layer was, hey, farmers care about their kids.

Mike Mannina:

Farmers care about their communities. This client of Thrive has a nonprofit that specializes in kids camps and youth leadership. Why don't we invite them to the table and say, how cool would it be if you guys who specialize in these kids' camps who have never really done anything integrated into your parent company's supply chain, they've always kind of been separate entities. Why don't we give you the ability to come and invest in the kids who are growing the coffee that your parent company is selling in the stores to their guests? So it was kind of like this slow engineering of who are all the stakeholders. And then it just kept growing from there. Would say, hey, we need financial literacy, hey, we need this, hey, we need this, who's the best at that. And then once you kind of get a collective mass and you can point to the success, it's much easier to get others to the table.

Simon Mainwaring:

The whole business model, this new model is built on the idea of doing things differently to get a better result. How do you hold yourself accountable? How do you measure your impact? How do you report your impact?

Mike Mannina:

Well, two ways. Thrive Farmers is a B Corp. And so we go through that intense audit process that you know of very well. And for all those who are listening, I mean, I think you probably heard it talked about on the show a lot, but it is a really amazing tool to hold yourselves accountable. It's turnkey so people have already thought through all of the metrics. So that's been really helpful to force us true accountability. And then, I mean, I think as a nonprofit piece, I feel most accountable because we're asking people for money and when you have to ask for money, you need to steward that and you need to demonstrate how and why you need it and where it's going and what it's doing. And so we have a bunch of metrics we're using internally and then we share those with donors for each of the programs so that they know that their money's being well spent.

Simon Mainwaring:

If you were to extrapolate from the experience you've had so far in the last five years and so on, and sort of cast this sort of optimistic vision for what business could be, what do you think it could look like?

Mike Mannina:

I am a realist and I think there's always forces in the world. There is a good force and there's not as good force, a selfish force. And I think what I learned most in government and diplomacy and trying to align stakeholders was you just have to be comfortable knowing that most people out there are acting more out of self-interest than out of the greater good. And so knowing that then you have to be savvy at how you do it. But can business be a true force for good? Absolutely. Are there people who really get it and who are sacrificially giving their lives to make it so? Absolutely. What I love is I feel like it's my job to go and sift through the world and find those, I call it the remnant. Who's the remnant of people who really get it, who are really leading their companies in this same direction. And let's bring them onto the platform and let's join forces at ThriveWorx, and then go and continue to do this together.

Simon Mainwaring:

Mike, thank you so much for sharing your insights and for the work that ThriveWorx is doing to really prove out this economic development model to improve everybody's life through the supply chain. Thanks so much for your time today.

Mike Mannina:

Simon always a pleasure. You do great work, and you're a great voice of reason in this deal. So thank you for your leadership.

Simon Mainwaring:

Thanks for joining us on this week's episode of Lead With We where I spoke with Mike Mannina, the Co-Founder and CEO of ThriveWorx, who revealed a revolutionary business model that drives growth by supporting the economic development of their farmers in their supply chain. And how to make sure you get all the stakeholders you need to support your purposeful business. And what the true impact of business can look like when we put everyone's best interests first. You can subscribe to Lead With We on Apple, Google, or Spotify. And please recommend it to your friends and colleagues so they too can become

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