



A Conversation with Pachamama's Board of Directors

This interview with Pachamama Coffee co-founders Merling Preza (president) and Carlos Reynoso (vice-president) was conducted by Johanna Abasto in October 2019. It has been translated from the original Spanish transcript.

Johanna: How did Pachamama start?

Merling: It was a crazy idea that we had for many years. The idea was to put the cooperatives together to be the owners of the whole chain. Not all cooperatives believed it was possible. Only the cooperatives who believed in this met and started the project. This is an alliance between different cooperatives that had the dream to be in the market. Because of this reason we joined together, this was our motivation. The goal was to make this idea into something concrete. We didn't have capital and financing but we had a dream. We didn't have a lot of resources and that's how we began. We started in a little room and we used to pay our producers when we could.

Carlos: The idea was to explore what it means to have a business in another country. Our dream is to put a face to the roasted coffee, more than just being commodity producers. The difference is that we own the entire process from production to consumers, from seed to cup. We also bring more benefits to the producers and have proven that's possible. In the beginning it was hard to believe because it was in a different country, different language, and culture. Little by little it was possible and here we are.



"It was a crazy idea that we had for many years.
The idea was to put the cooperatives together
to be the owners of the whole chain."

- Merling Preza, Nicaragua

Johanna: What does it mean to be 100% farmer-owned and how are decisions made?

Carlos: It's all about the principle of democracy. We discuss every decision and sometimes we agree and sometimes we disagree. We always work towards the co-op and our people's benefits. We are all respectful of the



decisions, even though sometimes we don't agree on them. This all helps to grow, we would like to grow faster but this is a lot of work. We are in the phase of gaining knowledge.

Merling: To take decisions on our co-op, it is like other cooperatives. We, the owners of the cooperatives, take the decisions. It has been a learning process. We work as a team, we know we don't know everything, we need to keep on learning. This is the first time we are here in Sacramento. I think it is not necessary to come to believe that it works. However, coming here gave us more confidence to keep on working and growing. For me, it is also very important for my directors to come and check, like Alexa from our cooperative PRODECOOP who has been here twice already.



"Our dream is to put a face to the roasted coffee,
more than just being commodity producers."

- Carlos Reynoso, Guatemala

Johanna: What are your challenges?

Carlos: The challenge now is how we position our brand. Everyone is saying the same thing, it's not all genuine and at some point it is unfair. Human capital and financing were a challenge. Some of the cooperatives put money but some others didn't. We need to accompany our producers, accompanying in a collective manner to keep the quality of our coffee. The quality is a result of various factors, microclimate, soil, post-harvest treatment. The quality can be affected by every single step. We need to take care of the coffee in each process.

Merling: Our challenge is to have standards on quality since one bean can affect all the coffee. We have been working on it for a long time. In some plants they have the right equipment, others are very distant from each other and are more rudimentary. If there is one producer who didn't do a good job, it affects the whole production. We need to communicate this with the producers so they understand the importance and how it can affect the whole chain.

To produce good quality coffee is expensive. The quality also means how you made it. Quality for us means that we need to take care of the water, we get paid fairly, have a good quality of life and quality of soil as well as not making children work. Also working for environmental sustainability is in our principles. This has a higher value for us, we work for our commitment to the community. One of the successes with Pachamama is that we merge cooperatives with the same philosophy. The coffee we bring here meets our quality criteria, which is a long process.



"Little by little, we grow and now we are in a better position.
This is a different business model and that's why it took so long.
It's been a learning process, from the ground up."
- Merling Preza

Johanna: How do you work together being in different countries?

Merling: The board of directors works on Strategic planning, good operations team that suggest where to go and where we have the problems. We usually meet once a year at the coffee conference here in the USA. Raul del Aguila always supported Thaleon so they could see a farmer with him. He accompanied him, for the market here they had to see Raul to believe in Pachamama. We put our confidence, effort, and energy in this idea. We need to create trust so the board believes in the model.

Our dream was to put the coffee in the market. Thaleon did everything at the beginning, from taking photography in the field, talking to the cooperatives, it was a long process to build from the base. Thaleon was great since he created the brand and all the resources. Little by little, we grow and now we are in a better position. This is a different business model and that's why it took so long. It's been a learning process, from the ground up.

Johanna: How did you come up with the name Pachamama?

Carlos: The producer in our communities identify themselves with their culture, in Manos Campesinas, 85% of our people belong to a local Maya ethnicity so there is a lot of contact with nature. Pachamama represents all producers in our communities, it connects the producers with the earth.

Merling: Nicolas D. Brown came up with the concept. There were different proposals and it was a discussion between different parties. Pachamama represents who is behind the coffee. To explain Pachamama in the USA is not easy. The name represents what we want to accomplish with Pachamama. We produce sustainable coffee, organic coffee only.

Johanna: Can you share some of the sustainable practices and community programs Pachamama has?

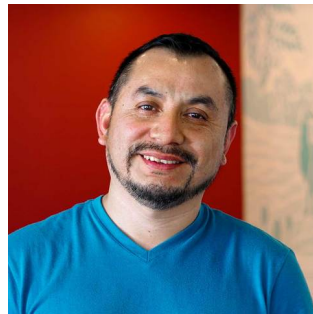
Merling: We have the necessity to be in the market but we don't want to pollute the environment. We take care of our families, people who drink coffee, and our producers. Each cooperative has programs around



sustainability. [PRODECOOP](#) has programs for food safety and food access. Those are the main pillars as well as education. We also work in food access so our families have basic products like corn and beans, so when the prices go up they have access to food, we diversify. Currently, with climate change, it's very necessary. Education is key, we have a great program called "Estudiar con el Café" (study with coffee) which includes a reading program and scholarships. We also have a program called "Cultivando la Salud" which teaches our community how to prevent cancer and they get medical attention in partnership with other organizations. It's very important to work in partnership with others.

"Leer con Café" (read with coffee) is another program for kids and teenagers. They read two or three times a week. They can take books, they learn about leadership and cooperatives. We are always giving our kids and teenagers the information. They can take scholarships for whatever they want to study.

Carlos: We are constantly adapting to climate change. Climate change is very critical, the prices are something we can control, but climate change is something we can't control. It affects production and if you take a loan then you can't pay it back. We need to work on adaptation practices.



"We share our experiences, our model, our success with others. We are proud of this. We are proud of taking this responsibility because we are pioneers and leaders."

- Carlos Reynoso

Johanna: What are you most proud of Pachamama that has achieved?

Merling: We are a leading cooperative and more than 50% of companies are cooperatives and Fairtrade in Nicaragua. We are an inspiration for other cooperatives, they imitate our programs, we inspire other co-ops.

Carlos: We share our experiences, our model, our success with others. We are proud of this. We are proud of taking this responsibility because we are pioneers and leaders. It doesn't matter what the size of the co-op is, everything can be applied. If someone wants to take a look at our cooperative, we open the doors for everyone to show how we did it. We do the same thing with other cooperatives.

Johanna: What's your vision for the future?

Merling: We want to keep succeeding and grow our membership. We might have other cooperatives from other countries to join. In five years, we want to strengthen, grow moderately, and build trust so when we reach out to financing companies we can get credit. We are positive that we can make it, we know we can make it. Human capital is the main value, people who are engaged and passionate by Pachamama. We all want to be in Pachamama, the rest of our coworkers are here not only because of the salary but because of the people. In ten



years we want to sell coffee in more volume, having more cafes, with a focus on high quality, values, and principles.

Carlos: We see ourselves well-positioned as "high quality organic coffee, with principles and values", as Merling said. If Pachamama can be positioned better and grow, our model can incorporate more cooperatives. If the model invites more cooperatives, it's beneficial for all. The coffee is from the producer, we want to emphasize that who makes the coffee is the producer. The value is in the people from our cooperatives, owners of all the value-added chain until the cup. It's important to go to the field, to talk to our people. We have a great story to tell, we need to work on communicating it properly, this is why your help is appreciated.



(L-R) CEO THALEON TREMAIN, PRESIDENT MERLING PREZA, VP CARLOS REYNOSO