

Business buzz from a coffee mogul

BY ALEXANDRA CAIN

Jacqueline Arias, founder of República Organic, tells Forge how deciphering the ambition of an entrepreneur is an essential part of business success.

Jacqueline Arias, founder of República Organic, has a secret ingredient in her business that every entrepreneur should know about.

An 'integrator' is someone in an early-stage venture who acts almost as a buffer between the entrepreneur and the rest of the staff.

'Entrepreneurs are gut-driven. We often don't understand why we want to do something. We have a feeling that something is right, and that's the way we go,' explains Arias.

The problem is that while this entrepreneurial mindset is often what has led to the business's success in the first place,

sometimes it can cause friction in the workplace. For instance, if the founder is always brimming with new ideas, staff can become confused about the direction in which the business is headed.

The integrator works alongside the entrepreneur and understands their entrepreneurial mind. They have

the ability to filter what the founder says, and frame it for the team.

‘That reduces that chaos that can be a feature of the entrepreneurial environment. The integrator helps drive the vision forward and bring about a true team environment – without the chaos,’ Arias says.

Arias was inspired to found an ethical coffee business in 2005, after a trip back to her native Colombia. República sells a range of coffee products, but is most famous for its environmentally friendly coffee pods.

In July last year, República’s general manager Ana Smith was appointed to play the integrator role. ‘I had worked with Ana for about 18 months. We work extremely well together; she’s great on my weaknesses, and I’m great on hers. She manages the team and keeps the momentum in the business going.’

People management is a huge priority for the company. ‘We’re tightening management and looking at how we can take the business to the next level,’ Arias says.

To this effect, she has recently hired Alicia Nees as head of operations. ‘Given the growth of the business, we really needed somebody with the right experience to be able to deliver many more products into the market.’

The new head of operations is responsible for managing the business’s global supply chain. This includes managing manufacturing

in Europe and Australia, and sourcing coffee beans from many parts of the world, including Ethiopia, Mexico and Peru.

‘We buy a finished product and sell a finished product,’ says Arias. ‘We have third-party manufacturing companies that manufacture under our specifications, quality requirements and taste profiles. We also buy raw materials and add value, using different processes for different products.’ The new head of operations is also responsible for managing this.

At the moment, aside from bringing the right talent into the business, Arias is focused on new product development, but can’t yet disclose details for competitive reasons. She can say, however, that one new product is not yet available in Australia.

Streamlined operations

A particularly structured environment is one reason that República Organic has been so successful. The company follows a process called the Rockefeller Habits.

This is a system that sets a business’s rhythm, focusing on 90-day plans and, longer term, a 10-year vision for an enterprise. In República Organic’s case, the system means more short and fewer long meetings. The business holds a daily ‘huddle’ to ensure that everyone in the company is across what others are doing and why.

‘Meetings are about what we are committing to do for the next

week, not about what we did.

It’s not really about the past – it’s about going forward, and our commitments. There are a whole lot of documents that go with it. One is the WWW document, which is “who, what, where and when”. Everybody, including me, has to publicly state what we are going to commit to for the next week at a weekly meeting.’

Arias says the system has added huge value to the business. ‘There’s no time to drift away from what you set out to do.’

Java jive

República Coffee operates in a highly competitive global market. The most recent Euromonitor survey of the local coffee market indicates that Australians are keen to recreate café-quality coffee at home, especially at the premium end. This is helping to support the coffee market, and especially businesses like República.

Euromonitor’s data shows that Nestlé Australia holds a whopping 58 per cent of the coffee market, including fresh-ground coffee – the biggest coffee category by value.

Nespresso, Nestlé’s fresh coffee pods brand – with which República directly competes and whose machines their pods fit – has an 83 per cent market share. It’s a point of dominance in the market that upstarts like República cannot ignore.

República also has a point of difference with which Nespresso



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Jacqueline Arias's secrets to a successful business

- 'If you're going into business to make money, you're going into it for the wrong reasons.'
- 'I've been successful because we focus on delivering a great product and ethics. Because we do that very well, financial success has come.'
- 'Often, you're the only person who believes in what you're saying and doing, and you must convince everybody else. This requires absolute commitment and belief in what you're doing, even when nobody else believes you.'

can't compete. 'In Australia, we consume about three million capsules a day, which go into landfill. Ours are the only coffee capsules on supermarket shelves that are biodegradable. They break down in 730 days, which is the same time as an orange peel,' says Arias.

'We often talk about doing the right thing when no-one is looking – that's something we pride ourselves on. We are certified organic. We are also Fair Trade-certified, so farmers in third-world countries are getting their cut of the price.'

While it's tough competing against big brands such as Nestlé, which have deep pockets and the ability to absorb short-term losses to buy market share, República Coffee has another advantage to help position it against the big players: an ability to quickly respond to market conditions.

'Competition between the supermarket chains is ruthless. It's all about price cutting; up to 60

per cent of supermarket products are sold on special. It's tough for a company like ours to compete, even though this year will be our 10th year in business. When you're talking about the scale of the businesses we compete with, we're still a start-up,' Arias says.

'We've got to be nimble, which we are, and able to change paths often. Large companies can't move and react quickly. It takes them 18 months to three years to respond, [whereas] we can turn around very quickly,' she adds.

Lifelong learner

Arias credits part of her success to ongoing professional development. 'I go to the London Business School and do business courses there. I'm also in the third year of my entrepreneurial masters program at MIT in Boston.

'I invest a lot in education, and promote that in the business. I bring those learnings back, and love sharing knowledge with my staff. There's no

point in learning something if you're not going to apply it.'

Right now, Arias is exploring how to enter the massive US market – an incredible ambition for a small company such as hers.

'The reason I'm going there is because it's the world's largest market for ethical businesses. There's big demand for products that are Fair Trade, organic or gluten-free. It's an English-speaking market that we don't need to educate, and it has very similar ways of operating to our own. There's a cohort of dead companies that have gone to the US, but that's not a deterrent for me.'

In terms of an exit strategy, while a sale of the business to a multinational may be on the cards in the future, it's not Arias's priority for now. República Coffee is currently family-run, and Arias has two children who may want to enter the business at some stage. 'I'm leaving my options open,' she says. Forge.