

THE GLOBE AND MAIL

THE CHALLENGE

Tea made from coffee leaves jolts beverage world

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Each week, we seek expert advice to help a small or medium-sized business overcome a key issue.

When Max Rivest and Arnaud Petitvallet set out to turn coffee into tea, they didn't know just how big a buzz they would create. In early 2013, while doing a project for their master's degrees in international business at France's Kedge Business School, Mr. Rivest and Mr. Petitvallet read a paper showing that tea made from coffee leaves is healthier than regular green tea in some ways.

Looking beyond the health benefits, the pair saw a crop that coffee growers – whose bean harvest typically lasts just two or three months – could reap year-round. “After sixth months of doing research and a business plan just for our school, we decided to go do it,” Mr. Rivest recalls.

The result was North Vancouver-based [Wize Monkey](http://wizemonkey.com/) [http://wizemonkey.com/], which bills its product as the original coffee-leaf tea. The startup's offering has the body of black tea with the sweetness of rooibos; it's lower in caffeine and higher in antioxidants than green tea.

Since last December, when Wize Monkey began selling its tea – made from organic Arabica leaves that the co-founders sourced by travelling to Nicaragua to build partnerships with local farmers – demand has skyrocketed. At the recent World Tea Expo in Long Beach, Calif., the company was nominated for Best Tea Industry Innovator and Best New Product awards, winning the latter.

Mr. Rivest, who serves as chief executive officer, says he and his business partner have sold their tea in 30 countries. Most of that trade has come via their website, but Wize Monkey also has sold samples to distributors in 10 nations. “Canada seems to be less catching onto the trend than any other country,” notes Mr. Petitvallet, the company's chief operating officer.



Wize Monkey's coffee-leaf tea has the body of black tea with the sweetness of rooibos; it's lower in caffeine and higher in antioxidants than green tea. (Ben Nelms for The Globe and Mail)

Feeding this global appetite won't be easy, though. To supply the three biggest orders being discussed with distributors, Wize Monkey would need about 40 tonnes of tea next year, Mr. Rivest reckons. Current production is less than 100 kilograms a month: "You can put that together and realize the kind of gap that we have to jump right now."

Small Business Challenge contest: Five semi-finalists are named for 2015. [Click here to read profiles.](http://www.theglobeandmail.com/report-on-business/small-business/sb-growth/the-challenge/) [<http://www.theglobeandmail.com/report-on-business/small-business/sb-growth/the-challenge/>]

Further complicating things is the fact that no tea companies operate in Nicaragua, Mr. Rivest says, so there's no local infrastructure. Wize Monkey, a lean operation whose only employee is an intern, ships its leaves to Vancouver for processing and packaging before they are distributed.

But Mr. Rivest and Mr. Petitvallet, who are looking for funding after having launched with help from a loan partly financed by the Business Development Bank of Canada, have a strong motivation to build the business. They see an opportunity to support struggling coffee growers worldwide by expanding their sourcing to elsewhere in Latin America and to regions such as Africa and Asia. In

March alone, according to Mr. Rivest, Wize Monkey generated more than 1,400 working hours for farmers who would otherwise have been idle.



The co-founders have sold their tea in 30 countries. Most of that trade has come via their website, but Wize Monkey also has sold samples to distributors in 10 nations. (Ben Nelms for The Globe and Mail)

“Part of the early success that we’ve had is that we have a really good product with a great taste that has a social mission,” Mr. Petitvallet says.

Mr. Rivest also points to Wize Monkey’s intimate knowledge of the tea it sells. “We go direct to consumer, and we’re vertically integrated, so we know what the product is from start to finish,” he says. “We can tell you exactly who worked on it. And that’s pretty rare in the industry these days.”

The Challenge: How Can Wize Monkey meet demand for its hot new product?

THE EXPERTS WEIGH IN

Tom Greenwood, president, [Factum Partners Inc.](http://www.factumpartners.net/), business improvement and growth strategy advisory firm, Oakville, Ont.

We see this a lot in Europe and not so much in North America right now, but there is a plethora of interim talent out there that is reasonably priced for the performance that you get. Wize Monkey could easily hire a senior-level person who’s been around the block who will help them grow their business in a measured way. Usually these people have 20, 30, 40 years of experience and contacts.

You don’t have to hire somebody who is going to cost you hundreds of thousands of dollars a year. Get a part-time interim CFO or CEO or managing director or VP, whatever level you feel, to help guide you through the challenges you’re going to face.

Explosive expansion can be a killer to startup companies. The tendency is to get as much business in the door as fast as they can. All of a sudden, they sit there with a potential order book and no way to fill it. Targeted and measured growth is the name of the game. You have to be able to capitalize on certain regions and markets one at a time and leave the world domination mentality at the door.

One of things they could do, which is relatively low-cost, is consult with a firm that specializes in measured market penetration. For a fraction of the cost that it would take to hire a full-time business development team, they could hire a firm to get that measured growth in the areas that they want to be in, and then learn from the successes in that region before they go on to the next one.

Do a little bit of market study first and see where your products are going to get widely accepted in the shortest amount of time, and really develop that market and go after that market first.

Angela Pryce [global tea consultant](http://angelapryce.com/), London, England

Something they could look at is to blend their tea with other products. In particular, a green tea would potentially work well. I noticed that the coffee leaf is very high in antioxidants, so they could even market it as a super tea or a functional benefit blend by combining it with green tea. That could stretch their volumes quite considerably.

They could still maintain one very niche product line as pure coffee leaf product.

The interesting thing that springs to mind is that they’re calling it coffee leaf tea. Strictly speaking, anything called a tea has to come from the *camellia sinensis* plant, which is the tea bush. Be wary of

legal trading standards, especially one, with regard to the name coffee-leaf tea – because it's not tea – and then secondly, of standards requirements. They should make sure they've gotten through all of the necessary hoops to call it organic in every country they're planning on selling into.

Mike Fata, CEO and co-founder, [Manitoba Harvest Hemp Foods](http://manitobaharvest.com/)

[<http://manitobaharvest.com/>], Winnipeg

Put someone on the ground in Nicaragua or other areas where they can harvest the coffee leaves. Having a strong supply chain looks like the biggest challenge, and the best way to overcome that is to go right to the source. We're vertically integrated – the strength is to be right where the production is happening. You're going to be able to naturally know what needs to be done to increase capacity and cut costs out of the supply chain.

My mentality, and how we've been successful, is always create regional density. So you've got to win at home first, and we say no to those far-reaching opportunities, even now. We're in 7,000 stores in North America, but there's 25,000 or 30,000 that are possible, and we get inquiries all the time from all over the world.

The hard part is saying no. But you can sell the product locally for less money and make more profit. You can learn more about your ultimate consumer because you can spend time with them. And mostly importantly, you control your brand, especially if you're in the early stages of brand development. My suggestion to all the entrepreneurs who want to run wild there is really stay focused when it comes to consumer packaged-goods products. Prove that success in your local market, and then branch out from there, region by region.

THREE THINGS THE COMPANY COULD DO NOW

Recruit experienced talent

Bring on a seasoned executive who can provide contacts and a steady hand.

Blend with other products

Mixing coffee-leaf and green teas will help stretch supply.

Build a local market first

Resist the urge to sell to distant countries in favor of staying close to home.

Facing a challenge? If your company could use expert help, please contact us at smallbusiness@globeandmail.com.