Sub-Saharan Africa • South Africa

Adina for Life

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Sector • Food & Beverage; Consumer Products; Agriculture
Enterprise Class • Large Domestic Company
Executive Summary

Adina for Life, Inc. is a joint venture created in 2004 to sell culturally authentic and healthy beverages in the American market. The word ‘Adina’ means ‘the World’ in Wolof, a Senegalese dialect. The value proposition of the company is to develop and market traditional, healthy and environmentally as well as socially responsible beverages. The company is based in San Francisco, California. Adina currently has 25 employees and annual revenues of over US$3 million. The company serves retailers throughout the United States including Whole Foods and Wegmans.

It was in 2003 when Magatte Wade-Marchand returned to Senegal from the United States, where she was living, to visit friends and family. During this trip, she realized that one of the things she had loved most about her childhood was disappearing. Western soft drinks such as Coke, Pepsi and other brands were taking over Senegalese traditional juices like ‘Bissap’. This experience motivated her to look for ways of how to bring back her preferred drink to her home country. Once she hit the soil back in the US, she started working out a strategy to develop a high-quality consumer brand that could be recognized internationally, and then take it back to its home in Africa. Only going along this road she believed the traditional beverage could be able to compete with American soft drinks. Through Adina’s innovative brand and marketing, ‘Bissap’ became known to American health-oriented consumers leading healthy lifestyles.

Adina for Life used certified organic hibiscus blossoms from the Quality Biological Agriculture Cooperative (QABCOO) located at Latmingue in Senegal as ingredients in its drinks. In Senegal, Adina’s business model supported more than 527 members of QABCOO, largely women, who never believed that they could make a living out of hibiscus flowers. Through their economic contribution, women have gained more awareness for their potential in the community and as a result are involved in decision making processes.

With partnerships in organic and fair trade production and distribution, training and support to small organizations, Adina built capacities among the poor and offered rural farmers in Senegal decent income and opportunities to better their living conditions – while conserving the environment. This could not have happened without the inclusion of main partners such as Agribusiness in Sustainable Natural African Plant Products (ASNAPP) and ‘Association Education Santé’ (AES), a Senegalese non-governmental organization led by the First Lady of Senegal.

Even though Adina no longer carries ‘Bissap’, the original hibiscus drink, the Senegalese hibiscus industry is strengthened based on organic and fair trade principles employing hundreds of women. Furthermore, the success of the original business model of sourcing organic fair trade ingredients from cooperatives in Senegal has translated into the company setting up similar arrangements in other countries around the world.
Introduction

The Adina brand was created by Magatte Wade-Marchand, who was born in Senegal. In her early childhood in Mbour, Senegal, ‘Bissap’ - which is the vernacular name of hibiscus juice - was served as a refreshing drink to welcome friends, neighbors and guests during hot summer times. Through this tradition of ‘Teranga’, people had time to socialize, share different issues in the communities, get news from people abroad and discuss different projects. ‘Bissap’ is a well known traditional juice made from the dried red flowers of hibiscus. Preparing ‘Bissap’ is easy and involves rinsing dried hibiscus flowers in cool water, boiling it in water and straining the juice. After this, all it takes is adding sugar and ice.

After returning to Senegal in 2003, Magatte realized that the traditional drinks that she was so fond of from her younger years were disappearing, which to her was part of her cultural identity disappearing from the global scene. Rather than accepting this, Magatte decided to reintroduce those beverages. “I knew that the best way to do that will have to be around a consumer brand that will be accepted and would thrive in the West. So by the time we take it back home to Africa it would be a world known product.” This is how the idea of Adina emerged.

CONTEXT

Senegal is a West African country that became independent from France in 1960. The capital city is Dakar. The Senegalese population counts an estimated 13.7 million people with the three main ethnic groups are Wolof (43.3%), Pular (23.8%) and Serer (14.7%).\(^1\) The climate is deeply influenced by the Sahara desert. Northern parts are in grasslands and dense vegetation covers the southern regions. In 2009, the GDP per capita was US$1,600 and the unemployment rate in 2007 was 48%.\(^2\) The main economic sectors are agriculture (13.8%), industry (23.3%), and services (62.9%) with agriculture employing 77.5% of the workforce.\(^3\) The economy in rural areas depends primarily on agriculture, which relies upon a three-month rainy season. According to the Rural Poverty Portal published by The International Fund for Agricultural

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2. Ibid.
3. Ibid.
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Development (IFAD), in 2008, close to 58% of Senegal’s population is rural- about 7 million people with 40.4% of these or 2.8 million people living below the national poverty line. 4

Origin of the Idea

Magatte Wade-Marchand was born in Mbour, Senegal – a city situated 80 kilometers from the capital Dakar. When she was six, her family moved to Chartres in France. After completing high school, Magatte decided to pursue further education in business and enrolled in a Master of Business Administration (MBA) program at the Ecole Supérieure de Gestion et de Commerce in Paris. In the final year of her degree she participated in an exchange program with Perdue University in Columbus, Indiana staying with an American host family, with whom she returned to stay with upon graduation. With time, her host family acknowledged that Magatte had talent and should move to a bigger town. After a trip to California, she decided that more opportunities would be available for her there. But first, Magatte planned to return for a visit to Senegal, where she hadn’t been for five years.

MAGATTE’s JOURNEY TO SENEGAL

In 2003, Magatte headed to Senegal to meet with friends and family. Upon her arrival, she was disappointed to find that the traditional homemade hibiscus juice, ‘Bissap’ was not being offered as a welcome drink, as it had been in the past. For Magatte, a huge symbol of Senegalese culture was disappearing. The feeling of loss stirred a deep passion inside her, though at the time she did not know what to do. She remembered the advice of her father: “If you say that something doesn’t work for you or something is not there that you would like, you go and create it; there is no point in sitting there and complaining about things.” So with her passion and her commitment to do something, she became determined to reintroduce the hibiscus beverages in Senegal. She would do this, she believed, by developing a high-quality consumer brand that could be recognized internationally, and then take it back to its home in Africa. Magatte believed this to be a good strategy to re-introduce the tradition to her home country – as the drink would need to compete with American soft drinks that had slowly gained popularity and substituted traditional drinks.

Since that moment, Magatte started to dig in different directions to learn more about how this could be done, which included meeting with academic research circles involved in agricultural development in Senegal. She also looked at different possibilities of freight and forwarding goods to the United States. Magatte further went searching for partners in Senegal that were working with small hibiscus farmers. This is when she came across the name of Professor Jim Simmons, an expert working for the United States International Development Agency (USAID) in Dakar. He introduced her to the Agribusiness in Sustainable Natural African Plant Products (ASNAPP) coordinator in Senegal, Mr. Babou Diouf who told Magatte about the Latmingue women cooperative Quality Biological Agriculture Cooperative (QABCOO) and that the Association Education Santé (AES), the organization of the First Lady of Senegal, Viviane Wade, was working with them. Magatte found out that AES was

assisting the poor rural farmers; however there was a big missing link in the value chain; a viable buyer to the annually harvested crops that she hoped to assist with.

**MEETING GREG STELTENPOHL**

Magatte returned to the US, this time settling in California. She began experimenting with juices and decided on a company name: Adina, which means ‘the World’ in Wolof, a Senegalese dialect. As she began to think of how she would develop her company, she realized she needed a strong partner with experience in the industry. She systematically researched potential partners and all indicators pointed to one person: Greg Steltenpohl. He was the entrepreneur behind the Odwalla juice empire, which started from humble beginnings as a hand-squeezed juice company and was later sold to the Coca Cola Company for US$181 million.

Although Greg seemed like the perfect partner for Magatte’s Adina juice company, the word in the industry was that Greg had vowed that he would never go back to the juice business and be involved in another juice company. After selling Odwalla, Greg had begun lecturing in business schools hoping to share the lessons he’d learned at Odwalla, and hoping to inspire a new generation of business leaders to succeed in being more socially and environmentally responsible where, he believed, so many people of his generation had failed.

When Magatte saw that Greg was scheduled to speak at a conference in Silicon Valley about pioneering entrepreneurs, she signed up to attend. After his presentation she asked him for a few minutes of his time to talk about a juice business she wanted to start. Magatte spoke with him after the presentation, describing her concept for Adina and telling him that she thought there was a part of the business that he could help with. Greg told Magatte to give him a call in the next couple of weeks. When she called him back, Greg invited her over for a dinner with himself and his wife Dominique Leveuf, who was originally from France, to discuss her vision for the company.

At dinner, Magatte told them her story. “I’m a realist and I know that Africans will not accept a new brand unless it comes from the West. So in order for it to be accepted, I want to make our traditional African drinks here in the US under a brand that becomes so popular in America that it will eventually be embraced by my own people.”

She presented the full picture to Greg that this venture is going to take extra commitment and money as they are creating a whole organic and preferably fair trade supply chain from scratch with a need for consistency in quality and quantity working with agriculture cooperatives in Senegal. “We could have gotten the same quality hibiscus coming from China at 1/3 of cost and it will only require me sitting at my desk and placing a phone call to my broker and within 15 days I would have everything and I do not have to worry about a thing.” Magatte Wade-Marchand, Adina founder

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Running a juice company was the last thing Greg thought he'd be doing but after he listened to Magatte’s business idea he was convinced that he’d heard something different and that her proposal sounded like the right way to do it. So when Magatte had finished explaining the Adina concept, he asked how he could be part of it. At first, Magatte wasn’t sure she had heard him right, but from then on he joined the team and Adina began to become a reality.

**Adina World Beat Beverages: Adina’s Original Business Model**

With Greg’s experience and Magatte’s vision, they formed a team that also included Greg’s wife Dominique as director of creative services and a small group of experienced founding partners with international business connections; Lisa Goldman and Charlie Katz.

Once the business plan was finalized by the founders of Adina for Life, Magatte and her business partner Greg approached several investors to sell their business project. At first they did private capital fundraising from friends and family, basically individuals, to launch Adina. Magatte remembers how “for the first two times we were fundraising, we were oversubscribed, meaning we had to refuse money from people. That is how excited people were.” The declared vision of their joint endeavour was ‘reviving authentic beverages and improving the livelihood of rural communities’. Adina was founded on 1 October 2004, and launched its first line of hibiscus juice drinks in 2005.

From the beginning, hibiscus flowers were used in different drinks and coolers. Hibiscus was mostly mixed with different ingredients such as lemon balm, ginseng and chamomile. Consumers liked the drinks because of their health virtues as they were believed to fortify the immune system and vital organs against different types of stress. According to a 2008 United States Department of Agriculture (USDA) study, hibiscus tea lowers blood pressure.

Though this case is focusing on Adina’s involvement in the products developed from hibiscus from Senegal, Adina has implemented business models with similar set-ups (strengthening a local fair trade value chain) in other countries such as Ethiopia, Guatemala, India, and Indonesia. Besides the traditional hibiscus-based non-carbonated drinks ‘Bissap’, Adina World Beat Beverages product line also include products inspired by traditional drinks from Mexico, Jamaica and Cuba.

**THE PRINCIPLES OF THE BUSINESS MODEL IN SENEGAL: LOCALLY PRODUCED, FAIR TRADE AND ORGANIC HIBISCUS FLOWERS**

Organic farming of hibiscus means assisting small farmers in techniques more in harmony with natural control mechanisms. Soil fertility is then better maintained and helps to obtain

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optimal production. In Latmingue it means growing hibiscus without any chemical product such as pesticide.

The fair trade concept aims to help small farmers gain more for what they produce. The fair trade hibiscus farming is giving a better price to the QABCOO members and therefore develops a new way of life in their communities. FLO-CERT, the fair trade certification organization works with hibiscus farmers in rural Senegal to sustain a more humane agriculture. This way, small farmers in their cooperative become more competitive in the market. The fair trade premium will give them market incentives. It also helps monitoring working conditions.

Adina for Life used fair trade to transform rural cooperatives into producers of high-end organic drinks. The cooperative Adina first started working with in Senegal is QABCOO. The harvest of organic hibiscus blossoms was provided by QABCOO’s 527 members in Senegal and they sold all of their produce to Adina for Life through technical assistance partner organizations such as ASNAPP, AES and FLO-CERT. Before the partnership with Adina, QABCOO’s members used to sell 4 kg for 750 F CFA (US$1.2) to local and sub-regional buyers. Through the involvement of Adina, they got 900-950 F CFA (US $2) for 1kg of produce, and as a result women earned around eight times more than before they got involved with Adina.

However, the partnership was not easy at first. Women working in the fields were not equipped to do a very fast job in getting the product ready for shipment. The whole system in preparing the shipping containers was lacking coordination because ASNAPP did not have enough experience in that. Difficulties related to transportation facilities and respecting deadlines were also major constraints from the beginning. The first shipment was a test to see how feasible it would be to work with poor rural communities in the heartlands of the country. No matter how difficult it was in the beginning, Magatte did still go for it. The women cooperative QABCOO made the first shipment to California but the deadline was not respected. However, Adina could start producing in time by buying a small quantity from a middleman, while waiting for the shipment from the cooperative.

Adina for Life in Senegal– a partner endeavour

The actors that contributed to making the business model work can be classified according to the role they play in the different steps of the value chain. Investors were involved from the very beginning, providing the seed capital to establish the company and the value chain. The supply of hibiscus was guaranteed through the cooperative QABCOO. However, without the technical assistance of ASNAPP, AES and FLO-CERT, this cooperation would not have been possible. Production and packaging was realized in the US. Partners for the distribution of the end products were and still are American retailers.
SUPPLY

The organizations that are key players in providing the ingredients (hibiscus blossoms) to Adina included the cooperative QABCOO as well as the organizations that support organic and fair trade production through the provision of their services as intermediaries – namely FAES, AES and ASNAPP. After doing research and talking to people in Senegal on how she would be able to set up the business, Magatte was introduced to ASNAPP by Professor Jim Simmons who was working for USAID. Through her contacts in ASNAPP she was then introduced to AES and together they identified the QABCOO cooperative as the potential supplier of hibiscus.

**Association Education Santé’ (AES)** is a nongovernmental organization (NGO) that was created in 2000 and is mainly involved in the health and education sectors in Senegal. Led by the First Lady Viviane Wade, the NGO also works with international donors to assist the poor and in promoting gender awareness and women empowerment. This is how AES got involved with coaching QABCOO members during their early development. The technical team of AES gives advice and monitoring to ensure that the internal control system operates according to the regulations of organic farming. AES also helped QABCOO members by giving them materials such as bags for packaging and tools of peeling to be able to meet the regulations.

**Fondation Agir pour l’Education et la Santé (FAES)**, the lucrative branch of AES, assisted QABCOO to get all the needed paperwork from the Senegalese Chamber of Commerce, the individual producers, exporters and different traditional food processing plants in order to be
able to respect European Regulation of Organic Agriculture and the National Organic Program of the United States of America.

**Agribusiness in Sustainable Natural African Plant Products (ASNAPP),** was formed in 1999 with the goal to improve the livelihoods of small-scale farmers by creating natural plant agribusinesses across South Africa. Today, ASNAPP has country programs in five countries, and it has partnered with 25 agri-enterprises, representing over 2,000 small-scale farmers in Africa.\(^8\) Since 2003, ASNAPP has given technical assistance to AES in order to provide advice and monitoring of the organic production in Senegal. It also helps AES to identify markets and financing in the US. ASNAPP has a well known knowledge of intensive farming in West Africa and has also worked with different research centers in Senegal to boost rural communities.

![Mr. Abdoulaye Aidara, QABCOO General Manager](Photo credit: Mamadou Gaye)

**Quality Biological Agriculture Cooperative (QABCOO)** is a cooperative that harvests hibiscus blossoms which were used as ingredients to make Adina products such as juice coolers. QABCOO was founded by Mr. Abdoulaye Aidara, who is from Latmingue. After spending two years at the University in Dakar he decided that he wanted to support his community. The cooperative was created in 2006. Today, Mr. Aidara is the General Manager. The main goals of the 527 QABCOO members are to make money to be able to take care of their families and to take advantage of the wealth that nature offers them locally by using a mix of modern and ancestral production techniques. Through the production of hibiscus flowers, members have the possibility to earn a decent income. Each member receives money from their own harvest and the QABCOO General Manager also gets paid. The coordination and governance of QABCOO is managed by its president Mr. Abdoulaye Aidara. He is paid US$100 for each ton of hibiscus sold and the money is equally divided between the cooperative members (US$50) and AES/ASNAPP (US$50).

FAES and AES bought all the produce from QABCOO and exported it to Adina. They were responsible for the storage of the harvested hibiscus blossoms and transportation from Latmingue to Dakar. Their main motivation was to help unfortunate people gaining a livelihood in order to obtain better health and education for themselves and their families.

For the organic certification and the quality control, QABCOO has retained the services of **ECOCERT**, a recognized organization from Belgium that aims to ensure the integrity of the food chain for organic products.

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\(^8\) ASNAPP, www.asnapp.org
Finally, for the label and fair trade certification, QABCOO was accompanied by FLO-CERT, an acknowledged independent international certification company offering fair-trade certification services to clients in more than 70 countries.

**PRODUCTION AND PACKAGING**

Before Magatte met Greg, she had already sorted out most of the supply chain, from having the hibiscus and transporting it to port, to then have it shipped via sea to the US where the freight is put on rail until it reaches the final destination at the Adina processing plant, where products are created and then shipped to retailers and stores. The original hibiscus juices were produced in Oregon at an organic food processor, where the owner liked Magatte’s idea of manufacturing beverages with ingredients coming from Africa. “The plant owner also really liked the idea of the story because I think in this country a lot of people really would like to see Africans doing this. African development, African economic development and a lot of people also believe that it should be happening through trade and not so much through aid”. Magatte Wade-Marchand, Adina founder

**DISTRIBUTION**

The final category includes all actors in the distribution chain of Adina for Life products. The main actor in this category is Haralambos Beverage Company with whom Adina signed a distribution agreement for placement of their products in key Southern California outlets, including Los Angeles, Orange, San Bernardino and Riverside counties. Adina’s products are also distributed by several retailers like Amazon, Costco, Cost Plus, Jamba Juice, Ralphs, Safeway, Wegmans, and Whole Foods.

**Constraints in implementing the business model in Senegal**

The constraints Adina faced implementing its original business model took different forms. The major difficulties were due to a lack of market information, lack of infrastructure for production, lack of financial resources and a lack of management skills as well as overall governance matters, which most Sub-Saharan African countries face. Secondary constraints are related to dealing with small rural farmers with critical health conditions and lack of skills in organic farming. To overcome these constraints, defined solution strategies were needed to work with the rural farmers and provide opportunities that allow them to improve their lives.

**LACK OF MARKET INFORMATION**

At first, Magatte did not know whom to deal with in the rural areas due to lack of sound information about the organized women hibiscus farmers. It took some investigations before she had received information about the women’s cooperative in Latmingue from USAID. The Senegalese government did not have a database where people could track information about small hibiscus farmers. Senegalese hibiscus producers relied solely on local buyers. Nobody knew of the existence of an international market. The asymmetry of information sustained the
middlemen who speculated in the hibiscus crop. The solution strategy was to leverage existing research networks and international cooperation experience as international organizations and NGOs are indeed involved in different sectors of development in African countries and have tremendous information about the poor in remote rural areas.

Before the partnership with Adina, farmers also lacked information about the hibiscus plant’s potential in the international market. Among Senegalese farmers, hibiscus was seen as a low-value, not prestigious crop. One farmer, Ms. Viviane Badiane, commented that when they began to cultivate hibiscus people laughed at them, and they were ashamed of what they were growing.⁹

LACK OF KNOWLEDGE AND SKILLS
Adina was faced with small farmers without knowledge about well defined hibiscus production processes, modern farming techniques and quality standards. Although QABCOO had previously been involved in extensive hibiscus farming, the cooperative did not have any information about fair trade or organic farming.

With the help of AES, Adina assisted farmers in getting training and attending different seminars in production techniques, control and traceability of products. Capacity building and community participation were therefore part of the major strategies to make the partnership between Adina and QABCOO grow. Also, working with FLO-CERT gave more accountability to QABCOO members for the types of products needed in the international markets.

INFRASTRUCTURE FOR PRODUCTION
Lack of appropriate tools to effectively harvest hibiscus blossoms was also an issue from the beginning, as they did not have funds to buy the necessary tractors. However, they developed a cost effective method to obtain the different equipments they needed. In fact every year, they rent a tractor from construction sites in town (mostly in Kaolack, 22 kilometers from Latmingue). The rental price of 40,000 francs CFA (US$100) a day for tractor weeding allowed them to cover all the needed parcels of land.

FINANCIAL RESOURCES
A lack of financial resources is a common constraint when doing business in Sub-Saharan African countries. The major challenge though is how to organize small farmers in such a way that they can benefit from existing opportunities. Initially, the cooperative faced a lack of financial resources to buy seeds from the local market. Consequently, they organized themselves into an Economic Interest Group (GIE in French) with a fixed participation fee of

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US$2 a year. This strategy was put in place to be able to keep a reasonable amount of hibiscus seeds in a dry place for the next season.

### Improving Livelihoods through Organic Hibiscus Production

Adina helps improve the livelihoods of farmers in different ways. From the company’s origins working with hibiscus farmers in Senegal, Adina and its partners have been able to make not only economic, but also environmental as well as social contributions.

#### ECONOMIC RESULTS

For hibiscus to emerge from its status as a secondary inferior crop, ASNAPP worked with farmers to encourage production of quality hibiscus flowers. ASNAPP’s efforts were successful in increasing yields of 75% from 2005 to 2006. The organization also helped to disseminate organic agricultural practices. By adopting new production and processing techniques encouraged by ASNAPP, the farmers produced high quality and high value organic hibiscus, while lowering production costs. The average price for a kilo of conventional Senegalese hibiscus is 500 West African Francs (roughly US$1) - while organic hibiscus brings nearly twice that amount: 900 Francs (US$2).

For suppliers like QABCOO, the partnership with Adina was a source of poverty relief for its more than 527 members and their families as the members have more than tripled their income. Since the advent of Adina, women involved with QABCOO have a seasonal average wage of US$100 to US$200 for each harvest. For them this is important because they never had such income before.

However, though women involved in hibiscus harvesting have earned significant revenue from their partnership with Adina, the fact remains that these revenues are seasonal and non-diversified. In addition, the successful partnership with Adina also raises the concern of dependency and the economic vulnerability of the Latmingue people. What will happen to the farmers if and when the partnership with Adina comes to an end? On the other hand, with an increasing demand for fair trade products, and having the systems in place to ensure quality production of hibiscus, the women cooperatives are empowered to be able to seek out other buyers of their produce. Further, having invested time and resources in the cooperatives to establish the supply chain to its standards, Adina is also dependent on the cooperatives for its supply of hibiscus.

#### ENVIRONMENTAL IMPACT

Agriculture in Senegal's dry tropical savanna relies on poor soils and sporadic seasonal rains. To grow common crops like millet and peanut, most local farmers need heavy doses of chemical fertilizers and pesticides, damaging the already weak soils.\(^\text{10}\) Hibiscus cultivation

\(^\text{10}\) The Partnership for Food Industry Development, Cooperatives Brew Success with Hibiscus Cultivation, http://pfidnp.org/News/news_hibiscus.html,
offers an alternative to the dependence on such inputs as it is a hardy crop that requires little water. The plant is native to tropical and sub-tropical regions, it is well adapted to the local soil and climate conditions, grows without irrigation or chemical fertilizers, and responds well to natural compost fertilizers.

Consequently, the environmental contribution of Adina’s business lies in the fact that farmers now have an incentive to produce a crop that grows more naturally in their region and avoids the use of agrochemicals. Through the engagement of Adina and its partners, farmers have also acquired the capacity to apply modern organic farming techniques and thus contribute to sustainable development. However, farmers and their partners also need to pay attention to diversification and food security instead of only thinking of revenue creation.

SOCIAL RESULTS
The social results of the Adina business are considerable for the people in Latmingue – in particular the more than 527 members of QABCOO, as well as their families. First of all, nine members of QABCOO have become community counselors, which mean a lot to these women as they are now integrated in the decision making process in their village. Secondly, this partnership has brought the possibility for several families to support and assist their children to attend school and have better health care. The bottom line is that Adina has contributed significantly to women empowerment and poverty reduction in the village. This brings about a new way of life in the village of Latmingue, women became more independent from their husbands and their social position changed considerably.

The fact that Adina created incentives to switch to organic production of hibiscus also has considerable impacts on the health of farmers as they had previously been involved in peanut production, making heavy use of fertilizers and agrochemicals. Besides the obvious environmental impact, the avoidance of chemical use reduces the risk of exposure that can cause poor health. Farmers in Latmingue do not have access to decent health services and even if they had, they do not have enough resources to afford good health care service. Therefore organic farming plays an important role to maintain the health of the producers and their families.

The Evolution of Adina for Life

With its motto of ‘Drink No Evil’, the company started with just hibiscus juices, and moved on to embrace other types of drinks to produce a globally recognized line of fair trade certified and organic healthy beverages. As explained by Greg, Adina has evolved in a pretty major way from only carrying hibiscus juices. “One of the things was that we learnt that the recipe and the way hibiscus was consumed in West Africa and the flavour profile and all of that is quite different from the American market. And we were not able to do the American market the same way we thought we could at the beginning. The American market actually is looking for a much wider profile and so we learnt the hard way.” Greg Steltenpohl, Adina co-founder
When they realized that there was not a built in demand for hibiscus, and knowing that if they cannot build up volume they really cannot affect people’s lives, they decided to alter the original business plan in order to make the business grow and also to promote other products. As a result, Adina moved to coffee because it was also much better understood as a fair trade commodity and it was easier to communicate to the buyers and to the retail buyers about the commitment that they had made. In 2007, Adina introduced organic, fair trade certified ready-to-drink coffees such as ‘Ethiopian Espresso’. Later, the company added a product line of ‘Adina Natural Highs’, using an innovative marketing strategy appealing to a wider and younger audience.

Coffee products needed a whole new retooling and a very substantial effort so Adina had to raise another round of funding. For this third round of financing, it was time for the company to seek out venture capital as a larger investment was needed to gear up for the introduction of coffee products. Investors were interested because they saw the business potential in a US market where healthy products are thriving. The initial external investment of US$6.6 million was announced in April 2008, led by the venture capital fund, Sherbrooke Capital and included the Seraph Group, with Partnership Capital Growth serving as financial advisor. Later that year, Good Capital provided US$1 million and Pacific Community Ventures invested an additional US$1.5 million. The investors also committed to creating a charitable foundation to support the empowerment of women through entrepreneurship in Africa and other developing countries that would be run by Magatte.

Regarding the financials of Adina, Greg explained that there is a profit growth margin but in the overall profitability, the company has lost an order of about US$2-3 million dollars, which is quite typical of a beverage company in that part of its life cycle. As he explained, “a lot of people do not understand the monopolistic structure of the beverage marketing. There are two ways to become successful; one is to stay small and just operate with very young entrepreneurs who can have select equity and a relative low cost then take 10-20 years to grow. The other way is a venture model which is trying to go much faster and of course that takes quite a bit of money.” Today with Adina, the emphasis is that of rapid growth by using a model of going to distribution all over the country and with a drink that they feel is tailored by the market allowing the company to grow faster. On size, the company doubled the first year but when they switched to coffee they lost one year. Now, the growth is quite rapid again.

In May 2009, Adina further expanded its product line with the introduction of a new line of beverages that it called ‘Adina Holistics’ that uses adaptogenic herbal extract based on the ancient Indian medical practice of Ayurveda known to have a balancing effect on the body. Hibiscus is still the main ingredient in one of these coolers ‘Blackberry Hibiscus’.

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11 Adina for Life, Inc., www.adinaworld.com
ORGANIC AND FAIR TRADE SUPPLY CHAIN

Through establishing Magatte’s idea of establishing fair trade and organic supply chain from developing countries – the company realized that this business model could be implemented in various countries, contributing to the preservation of traditional recipes. The initial traditional hibiscus-based non-carbonated drinks are no longer part of the Adina product range, as it never reached a wide enough customer base in the US. However, it was the traditional Senegalese Bissap drink that brought Adina to life and inspired the replication of the idea and business model to other countries around the world where its social, ecologic and economic benefits are being multiplied.

Magatte’s idea of bringing back the traditional hibiscus juice to Senegal in a branded version and at a fair price still remains a dream. Nonetheless, Adina already made a valuable contribution. Adina’s work with cooperatives did not only valorize hibiscus farming – it also made the small hibiscus farmers realize their potential to be part of a global market and make decent earnings.

The cooperation between Adina and its partners ensures that the farmers are paid a guaranteed fair price for their crops, reducing farmer risks and improving their incomes and living conditions. Adina has also advanced hibiscus farming in Senegal by introducing and demanding organic quality and at the same time by helping farmers – through its partners ASNAPP and AES – to obtain organic certification. They are currently working on acquiring fair trade certification as well.

This business endeavor provides a new perspective that could lead to a more sustainable agricultural system in rural areas of Senegal and also in other parts of the world. Bottom-up strategies are promising and rural communities could get better training in modern organic farming techniques to reduce poverty and create income. The approach to work with cooperatives allows farmers to optimize their production and at the same time address issues of health and environmental protection at the community level. In the case of Senegal, the fact that the cooperatives have seen the potential of hibiscus cultivation and sustainable marketing partnerships creates hope for the future. The Adina business model outlines perspectives on how to trigger entrepreneurial behaviors in small, rural areas of Senegal thus creating value for all. Adina has transferred this model to other areas of the world working with organic, fair trade coffee producers in Guatemala, Sumatra, and Ethiopia, in addition to organic, fair trade tea growers in India, and for key ingredients in its ‘Adina Holistics’ product range.

Adina currently has 25 employees and annual revenues of over US$3 million. The company is based in San Francisco with an office as well as a warehouse. In the beginning, the raw materials were brought over to the US for processing. Today, Adina is seeking out processing facilities close to the local source of raw materials,12 to ensure that more jobs and money

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12 Baldwin, Cheryl J., Sustainability in the Food Industry, p.73, Wiley, John & Sons, Incorporated, March 2009
remain in the developing countries where the company gets its ingredients. This is in line with its fair trade mission and also reduces the company’s overall carbon footprint.

Magatte Wade-Marchand is no longer involved in the business, and Greg Steltenpohl is leaving the day-to-day operations of the company, though will remain involved as a board member. With the new Chief Operating Officer and President, Norman Snyder on board and the announcement of another US$14 million investment from CIC Partners, which is a private equity firm, he plans to expand the Adina product line to not only focus on beverages but utilizing the company’s potential distribution synergies to market other products such as ice cream and chips. Investors are of course economically motivated, but are also strongly interested in making a social contribution by allowing investments to empower people. Despite this change in leadership, Adina’s strong foundation of providing healthy, organic, fair trade products will remain, however some changes may be witnessed to make the products more marketable to a broader consumer base.

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The case was completed in December 2010 and released in 2011.

The information presented in this case study has been reviewed by the company to ensure its accuracy. The views expressed in the case study are the ones of the author and do not necessarily reflect those of the UN, UNDP or their Member States.

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