

Renata Schaefer

Sonoma State University, USA
WSB University in Poznan, Poland
e-mail: renata.schaefer@sonoma.edu
tel. +1 707 843 13 38

Robert Girling

Sonoma State University, USA
School of Business and Economics
e-mail: girling@sonoma.edu
tel. + 1 510 684 90 87

Beyond the Conventional Business Model: Sustainability Lessons from Traditional Medicinals®

Abstract. Sustainable development is a compelling idea for many organizations. It is concerned with how business can contribute to solving some of the major challenges that the world faces today – from climate change and biodiversity, to working conditions and health amongst the poorest in the world. But many corporations struggle to integrate this idea into their everyday business models. Traditional Medicinals®, founded in 1974, is a manufacturer and marketer of certified organic herbal medicinal products, many of which contain Fair Trade Certified and FairWild® Certified botanicals. It is an independent, family-owned company producing herbal teas in its solar powered facility in Sebastopol, California. A socially responsible and environmentally conscious company, providing the highest quality botanical products with a balance of responsible business practices as its guide. The main aim of this paper is to explore, in the form of a case study, the innovative business model of this interesting, purpose-driven company that has weaved sustainability practices into its core values and makes every effort to communicate this value to its main stakeholders: suppliers (herbal growers, collectors, communities), employees, customers and the public.

Keywords: sustainable business model, fair trade, social business, community service, purpose-driven organization, sustainable leadership

1. Introduction and literature review

1.1. The concept of a business model

In recent years, the business model has been the focus of substantial attention from both academics and practitioners. According to Zott, Amit and Massa [2011]

there have been at least 1,177 articles published in peer-reviewed academic journals since 1995, in which the notion of a business model is addressed. The business model has also been the subject of a growing number of practitioner-oriented studies. Despite the overall surge in the literature, scholars do not agree on what a business model actually is.

Some authors describe it as a conceptual tool [George & Bock 2009], as a structural template [Amit & Zott 2001], as a framework [Afuah 2004], or a pattern [Brousseau & Penard 2006].

Despite conceptual differences among researchers there is widespread acknowledgement – implicit and explicit – that business models emphasize a systematic, holistic approach to explaining how firms “do business”. Focusing not only on the activities of a particular company, but also on its environment: partners and stakeholders. Most scholars also indicate that a business model is a concept that seeks to explain both value creation and value capture, in the context of competitive advantage and the level of performance [Afuah 2004; Zott, Amit & Moss 2011].

1.2. Difference between Social and Traditional Business Models

There is a continuing debate on the purpose of a modern organization and applied business models.

Traditional business model based on the shareholder value theory sets the purpose of the firm as the maximization of financial returns for shareholders [Friedman 1970]. The main focus is placed on short-term profits and CSR initiatives are viewed in terms of costs and constraints.

Stakeholder theory on the other hand, offers an alternative business model and suggests that the purpose of the firm is to serve broader societal interests beyond economic value creation for shareholders alone [Freeman 1984].

In the discussion whether there is a fundamental conflict between economic efficiency, measured by shareholder value, and social progress, measured by stakeholder value, a new approach – *a shared value*, has been adopted. According to this approach the relationship between business and society is perceived as a “win-win” opportunity which creates new wealth based on addressing society’s deepest needs [Porter & Kramer 2011].

Social business models are considered as a new, innovative alternative to the way organizations do business in the 21st century. They can be seen as a hybrid which operates somewhere between a profit-maximizing and a non-profit organization.

According to Yunus [2010], social business borrows from both of these entities: it has to cover its full costs from its operations, and its owners are entitled

to recover their invested money, but it has more purpose-driven orientation than profit-driven orientation. It aims to serve society by achieving a range of specific social objectives, acting as an agent of change for both the world, and the planet.

The concept of social business has much in common with “social entrepreneurship.” Defined by Mair and Marti as “a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs” [Mair & Marti 2006].

In the social business model, an organization structures all business activities according to its social objective aims, and this is in contrast to traditional business models that structure their businesses according to their core value offering, and only after profits have been made, would they now contribute a portion to their CSR objectives.

1.3. Sustainability

Sustainability refers to aspects of an organization’s activities, typically considered voluntary, that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders [van Marrewijk & Werre 2003]. Organizations have developed various strategies for dealing with this intersection of societal needs, the natural environment, and corresponding business imperatives.

According to Hart, sustainability goes beyond the traditional, differentiated view of corporate citizenship that treats social and environmental activities as add-on functions of the organization. Instead, sustainability requires the full integration of social and environmental issues into the vision, values and operations of the organization [Hart 1997].

The idea of a sustainable organization is appealing, yet not many organizations pursue a sustainability agenda full-on.

Hart [1997] argues that finding a vision of sustainability is like finding a road-map to the future, yet few companies today have such a road map. Indeed, there is a need for appropriate change strategies to help organizations advance steadily toward full sustainability [Dunphy & Benveniste 2000].

To account for the different levels of sustainability commitments, scholars have presented the idea of a continuum, characterizing an organization’s approach to socially and environmentally responsible activities on differing levels.

For example, Wartick and Cochran [1985] presented the following levels to characterize an organization’s approach to social responsibility and sustainability: *reactive* (deny responsibility; do less than what is required), *defensive* (admit responsibility but doing the least required), *accommodative* (accept responsibility, doing all that is required), and *proactive* (anticipate responsibility and do more than is required).

Table 1. Levels of sustainability

Level of sustainability	Description
Pre-corporate sustainability	No ambition for corporate sustainability (CS); however, some activities toward CS might be initiated when forced from the outside (e.g. through legislation or a buyers strike)
Compliance-driven	Providing welfare to society, within the limits of regulations from the rightful authorities; organizations may respond to charity and stewardship concerns
Profit-driven	Integration of social, ethical, and ecological aspects into business operations and decision making, provided that it contributes to the bottom line
Caring	Consists of balancing economic, social, and ecological concerns, going beyond legal compliance and beyond profit considerations, motivation is that human potential, social responsibility and care for the planet are important
Synergistic	Consists of a search for well-balanced, functional solutions creating value in the economic, social and ecological realms of corporate performance with a synergistic, win-together approach with all relevant stakeholders
Holistic	Fully integrated and embedded in every aspect of the organization, aimed at contributing to the quality and continuation of life of every being and entity, now and in the future

Source: Van Marrewijk and Were, 2003.

Van Marrewijk and Were [2003] also introduce a model of multiple levels, or stages, of sustainability, addressing the development, awareness, and ambition levels of organizations. The levels are as follows: Pre-Corporate Sustainability, Compliance driven, Profit driven, Caring, Synergistic and Holistic (Table 1). The key factors determining an organization's level include: people, policies, strategies, partnerships, resources, and leadership [van Marrewijk 2004].

1.4. Sustainable Leadership

The sustainable view of leadership is rooted in the idea that organizations are part of the natural world. Shrivastava argues that organizations should create value that is sustainable, knowledge based, knowledge creating, and generates revenue which is supported by social, physical, ethical, and business reasons [Shrivastava 1995]. Leadership and top management should make sure that business performance combines a concern for both the environment and society, balancing the three P's: people, planet, and profit [Jutras 2009].

Slankis [2006] claims, that the concepts of sustainable leadership may allow an organization to achieve competitive advantage and to steer a course toward continuous improvement. The real value of sustainable practices is found in using sustainability as a force behind any new innovations, technologies, or business processes that truly seek out a better way to operate any business in an ethically

sustainable manner. Slankis [2006] presented ten pillars of sustainable leadership:

1. Change orientation = a willingness to change an organization.
2. Broad systems thinking = the ability to connect the organization.
3. Social and environmental consciousness = viewing the role of the organization externally and its impact.
4. Business savvy and credibility = linking sustainability and stakeholder value.
5. Adaptability = manage, implement, and change.
6. Patience = commitment to the long-term.
7. Translational skills = thought into action.
8. Persuasiveness = communicating and building relationships.
9. Energy and passion = communicate vision and encourage innovation to drive innovation.
10. Mentoring and development = commitment to sound lasting leadership through development of people.

2. Research Questions

The main objective of this practice-oriented research case study is to examine and explore the sustainable business model of Traditional Medicinals® (hereafter referred to also as TM), a family-owned company that produces certified organic herbal teas in its facility in Sebastopol, California (USA).

More specifically, the authors of this paper centered their analysis on the following research questions:

1. Why does Traditional Medicinals® focus on sustainability?
2. What are the components of a sustainable business model at Traditional Medicinals®?
3. What role does the leadership play in Traditional Medicinals' model?
4. Can Traditional Medicinals® innovative business model and proactive approach to sustainability serve as a best practice benchmark for other companies?

3. Methodology

In the process of collecting data for this case study multiple sources were used to gain deeper knowledge and better understanding of business processes and organizational culture of the company.

The qualitative data was gathered directly in the field through several local visits and one-on-one interviews with multiple informants: cofounders, CEO, HR directors and current employees. Interviews were tape recorded and conducted in

two rounds: first, in the time frame from 2010-2011 by the second author of the paper, analyzed and published in his book in 2012 and second, in the timeframe 2016-2017 by the first author of the paper.

Additional supportive information was also collected from company's documents and reports obtained directly from HR department and the company's website as well as from articles in the local newspapers and business journals.

4. Findings

4.1. The reasons for sustainability at Traditional Medicinals®

In the early 1970s, Drake Sadler and two partners began blending and selling teas in a small herb shop in Sebastopol, California. They were doing well financially, but Sadler had a broader vision when he started the company. "An estimated seventy to ninety percent of medicinal plant species are collected in the wild, mainly by local and indigenous people. These native villages are horribly impoverished and struggle to preserve their culture and communities," said Sadler. He wanted to work with these communities in order to help them change their lives from poverty to prosperity. Fortunately there was a conjuncture of interests with conscious consumers. "With the support of our health conscious consumers," he added, "we saw an opportunity to end poverty, end hunger, rebuild families, restore self sufficiency and economic stability in these rural and indigenous-communities." (one-on-one interview; Girling 2012)

In 1974 Sadler's herb shop became Traditional Medicinals® a leader and an example of a business model based on sustainable environmental and social progression for the twenty-first century.

The company employs approximately 150 people and has headquarters in Sebastopol, California but also operates facilities in two other locations in the state. It focuses on producing certified organic teas not containing genetically modified organisms (GMOs). They have been certified by a number of programs that attest to their commitment to sustainably producing herbal medicinal products. These certifications and program memberships include being a California Benefit Corporation (2008), Certified B Corporation (2010), and a California Certified Green Business (2013).

Traditional Medicinals considers itself a purpose-driven organization, there is a clear sense of directions and strong commitment to act upon its mission and values. TM core values, which have been developed by the employees themselves, are the guiding principles and the DNA of an organization.

"At Traditional Medicinals, the Core Values not only reflect the way we have done business for more than 40 years, but they also serve as a reminder to pursue

continuous improvement across the company, from safety to knowledge management.” [TM Sustainability Report 2015].

These core values are:

1. Quality: an uncompromising passion for excellence from field to family room.
2. Collaboration: foster a supportive work environment and always assume positive intent.
3. Respect: treat people well and utilize resources mindfully.
4. Innovation: experiment, create, explore and learn.
5. Humility: deal honestly with, are in service to and accountable to, all stakeholders.
6. Sustainability: take actions today that ensure the healthy future of the plant, people, and our business.

Sustainability is a true core value of the company.

4.2. The components of a sustainable business model at Traditional Medicinals®

Traditional Medicinals is successful in the marketplace growing much faster than the industry. While in the period 2011 to 2016 the US tea market grew by 1.5% annually, Traditional Medicinals’ sales grew at an annual rate of 20 percent. This was driven by a shift toward health consciousness of American consumers. And as pointed out by the Tea Production Market Research Report “Demand for tea will continue to grow during the next five years due to increased health awareness and new product offerings. Tea is becoming infused into the American diet as consumers become more health conscious and look for alternatives to sugar-rich carbonated beverages.” [IBISWorld 2016]

With upwards of \$60 million in sales, and products in more than 60,000 stores in the U.S. and Canada, the company has risen to become the No. 1 seller of organic tea and herbal tea in the U.S. with a 33 percent market share of medicinal teas and North America’s fifth-largest seller of bagged tea [Digitale 2014].

The rapid growth of the company has been driven by Traditional Medicinals’ unique business model. TM infused sustainability into its culture and operations, and as a result is outperforming most of its competitors due to its sustainability.

TM’s mission drives its business proposition: “to make herbal medicines affordable and effective while balancing sustainability, committing to the highest quality ingredients, while simultaneously promoting social and environmental justice.”

CEO Kellison also indicates that investments in sustainability and research are an essential element in the company’s operation. The company’s installation of solar

panels has kept energy costs low. Cost control and market research are integral to the company's success. "We do a lot of market research to develop which direction to head in and how to spot best possibilities for further growth. Consumer insights are of the key importance. Since we are in the herbal medical business we need to understand people needs, attitudes and preferences. Financial success is important to us because this opens all the possibility for taking care of our stakeholders and the planet" [Personal interview with Blair Kellison 2017].

A basic tenet of sustainability, according to the company, is the ability to continue to invest in all of the stakeholders of the company. Rather than following a conventional corporate business model, in which the overriding goal is to create value for the shareholders, Traditional Medicinals aims to create value for all of its stakeholders, including the people who cultivate and collect the herbs, the communities in which the company operates, its business partners and its employees. This has been particularly valuable in retaining the loyalty of producers and maintain supplies of quality products one of the key success factors in the tea industry.

4.2.1. Sustainable supply chain/sustainable sourcing

TM views sustainability in a comprehensive and holistic way integrating international sustainability guidelines that promote strong environmental, social, and economic standards for its herbs as part of its quality strategy.

More than 90% of TM's ingredients are organic. To make their herbal wellness products, TM sources over 100 different botanical ingredients from approximately 40 countries on 6 continents (personal interview with Blair Kellison, January 2017). Since growing conditions and provenance of plants play such an integral role in their quality, the company sources from ecosystems in, or very similar to, their native habitats.

Some of these herbs can only be grown in very few locations in the world. Because of this, their supply chain can present quite a challenge. Traditional Medicinals works with local growers and with organizations such as the Fair Trade Labeling Organization and the FairWild Foundation to help improve community resources, quality of life, educational opportunities and so on. Both the Fair Trade and FairWild systems have various social and environmental standards that must be met. A premium is also paid above and beyond what the usual cost of an herb might be, and these premiums go into a fund that the communities can use to enhance their quality of life [Girling 2012].

While 85% of supplies come from outside the US, TM doesn't 'spot buy' ingredients on the open market. Instead, in order to maintain and assure quality, the company has developed long-term equitable relationships with its trading partners. "It's taken us three decades to get to the point where we have a reliable

organic supply chain. We did it by working with and investing in our trading partners,” said Kellison. For their herbal products, TM seeks pharmacopoeial-grade ingredients, which means that they select herbs of a quality established for medicinal products. Medicinal plants are assessed by pharmacopoeial tests for composition, identity, quality, purity and strength. Geographical origin and the environmental conditions in which the plant grows (like soil, water, altitude, and weather) also greatly contribute to the medicinal properties of the plant.

4.2.2. Sustainable operations

Traditional Medicinals strategy is to operate in a way that is responsible for local community. In order to verify their impact locally as well as globally, the company became certified as a B-Corp as well as a Bay Area Green Business. Their operational sustainability programs include:

1. Renewable Energy use

TM practices energy efficiency and conservation. The company reached 100 percent renewable energy in 2014 by combining efficiency and conservation efforts with on-site solar energy production (some 1550 solar panels on the roof), purchasing off-site renewable energy, and renewable energy certificates [www.traditionalmedicinals.com].

2. Greenhouse Gas Emissions and Water Management

TM recognizes that its business releases greenhouse gases outside the confines of its own facilities. As a result they have a companywide carbon footprint calculated by a third party company. Since commuting and other business travel is one of the largest sources of emissions, creating around 60 percent of the firm’s CO₂ equivalent emissions, TM encourages employees to reduce their personal carbon footprints by providing each employee with \$5 per day to those that carpool, walk, use public transport, or take a bicycle to work. A newer, and very important goal adopted is to prioritize video conferencing in lieu of traveling for meetings when appropriate [TM Sustainability Annual Report, 2014].

Water is a resource of utmost importance, especially in the state of California which has faced extreme drought in recent years. The TM campus has its own septic system that uses a safe, chemical-free, ultraviolet treatment alternative to kill bacteria, as well as a tranquil waste water holding pond that can be tapped as an additional water source in the event of a fire.

Inside the building, the firm installed motion-sensing light switches and regulators on water taps. The company is currently looking into additional water conservation and reuse practices such as rainwater collection and black water purification [TM Sustainability Annual Report, 2014].

3. Zero Waste and Environmentally Responsible Packaging

TM has a goal in place to be zero waste and divert all waste streams from landfills or incinerators. This plan is to be met by combining multiple policies and programs within the company. Primarily the company will rely on composting all food and plant waste, eliminating all disposable products in its facilities (e.g. dishes, cups), recycling, and reusing waste when appropriate. Over the course of just two fiscal years the company has been able to divert close to 50% of its landfill output and has set a target to reach zero waste in 2017 [TM Sustainability Annual Report 2015].

TM is developing more environmentally responsible packaging over time in order to use “sustainable and responsible packaging materials” whenever available. [TM Sustainability Annual Report 2014].

4. Optimized Distribution

TM’s distribution model took an evolutionary step in 2014 with the implementation of a third-party logistics (3PL) partnership to optimize the delivery timing and the efficient use of space and resources from the manufacturing facility in Sebastopol, California to customers’ receiving locations.

Before the 3PL system, customer orders were often picked up or shipped less-than truckload (LTL) due to the nature of order scheduling and customer geography. This meant that about 60 trucks per week picked up orders in Sebastopol. In the 3PL model, full truckloads of TM teas are sent to two large distribution centers from which customers schedule deliveries into trucks that consolidate TM products with those of other suppliers. As a result, TM has reduced transportation from their facility in Sebastopol to just five trucks per week. [TM Sustainability Annual Report, 2014]

5. Education

Education is an integral part of the sustainability revolution. TM’s policy is to educate its own employees about environmental issues, and related company policies. Externally the company also takes responsibility to provide the public with information about what sustainability practices the company is pursuing, and why they are important in the grander scheme of global climate change and environmental problems. Social media platforms and the company website are important outlets used to reach the company’s customers.

“There is a lot of competition in our market making it hard for consumers to differentiate between the brands. Those that favor doing business with firms with eco-friendly practices appreciate the fact that we use 100% recycled boxes, unbleached sustainable tea bag paper with natural cotton fiber strings. Our new case packing machine also enables us to use 17% less cardboard per case,” says Blair Kellison. [TM Sustainability Annual Report 2014].

4.2.3. Taking Care of Employees

Employees are extremely important to the pursuit of sustainability within any organization. Sustainability practices often require the full engagement and support of employees. A labor force that is happy and finds work to be financially and personally rewarding is beneficial in any company, especially one with ambitious sustainability goals. Benefit packages at TM are fairly generous and include medical and dental benefits, paid holidays, paid time off for full time employees, and other financial incentives. The company stresses health, safety and well-being of its employees as a part of what the company culture [TM Sustainability Annual Report 2014]. One could also imagine that work would be rewarding because many sustainability initiatives and goals are in place. Donna Nilsen, Senior Accountant at Traditional Medicinals, worked as a CPA for five years until she found herself wanting more out of a job: “I wanted to work for a company with high moral standards.” Answering an ad for a position in the company’s accounting department at a significant drop in pay, she took the job because, as she puts it, “I finally found a company whose product I could be proud of and that sustains my happiness. I like the way we work at Traditional Medicinals – everything is collaborative. For example, in accounting we work together with operations and human resources to solve problems” (one-on-one interview, Girling, 2012).

In 2008, the company became an independent, employee-owned company (ESOP) with employees possessing a share of the business. According to Kellison this was done in part to preserve the company’s mission. Employees who have a stake in the company’s future will be more likely to adhere to the company’s values and mission than shareholders. “Sustainability has to be the way you do business; this is the only way we can have a business on the planet 50, 100 or 200 years from now.”

Judith Yera, Human Resources Manager, started as a temporary employee. The company supported her in completing her BS degree. One of the things she likes about the company is that all 150 employees participate in the company’s ESOP and are given shares paid for out of the company’s profits [Girling 2012].

Janine Levijari, VP of Human Resources, explains that even during recruitment process TM demonstrates their core values to the potential new employees and highlights skills and attitudes to which it attaches the highest priority while looking for the right match.¹ Sustainability is also incorporated in employees’ goals and objectives and is part of their performance evaluations (personal interview with Janine Levijari, February 2017).

¹ During the interview, the list of TM core values is presented to the candidates who are asked to comment on how similar or different these values are from their personal ones. They are also asked to think of some examples that highlight these values in their personal behaviors.

4.2.4. Social Business and Community Development

Making sure that the cultivation and wild collection of medicinal plants is being done in ways that support social justice, economic development, and environmental restoration, TM has spent over 40 years experimenting with and improving its business model which it sees as part of its vision to transform the commerce of herbs.

As Josef Brinckmann, Traditional Medicinals' Vice President for Research and Development, explained to Anna Soref of New Hope 360 : “We’ve found that it’s not enough to just pay the fair trade premiums; we have to engage even deeper. So in a fair trading system, a company can’t really be buying anonymously off the open market; it really requires investment and relationship building – that’s the sustainable model. For example, we schedule periodic visits to see what we can do collaboratively that would improve the quality of life for the communities we purchase from, to let them know that we are interested in working very closely together” [newhope360.com 2011].

In 2007, the company established the Traditional Medicinals Foundation to work towards community development within its source communities. Sadler says, “It may appear that we are in the herb business, but really we are in the business of change. We are changing the standards of quality for herbal products, changing the practice of alternative medicine, changing the health of the people who consume our products and changing the lives of the rural native people who farm and collect our herbs in the wild” (one-one-one interview) [Girling 2012].

The Revive! Project®, a social business program focused on reducing poverty and removing the barriers of empowerment for women through organic agriculture is located in one of TM’s key supplier communities in India.

TM partnered with their largest supplier, Martin Bauer Group, two NGO’s, and a team of local experts to implement many initiatives, including: community organization and development, healthcare, water & food security, education for children, economic development, and women’s empowerment.

The Revive Project started in 2009 in six villages in the Jodhpur District of Rajasthan, India. These villages depend on the cultivation of senna leaf used in our Smooth Move® herbal tea for their livelihood. To date, Traditional Medicinals has invested over \$1,000,000 into the Revive Project as part of their social business model.²

² Traditionalmedicinals.com/revive-project. With more than \$1 million in contributions to-date, the Revive! Project partners have been instrumental in providing opportunity and hope in the Jodhpur District of Rajasthan (India) by: building five schools for 950 local children, donating over 350 bicycles to provide a larger number of children from distant desert villages, mostly girls, with easier access to schools, constructing 365 underground rainwater catchments, called taankas, which

4.3. The role of leadership in Traditional Medicinals' model

During the one-on-one interview with TM CEO Blair Kellison in February 2017, the first author of this paper asked the questions: “How do you keep your employees engaged and committed to sustainability? And what is the essential component for this business model to be successful?” On this basis, following six conclusions can be drawn which are supported by citations from the interview with Kellison.

1. There is actually no alternative to sustainability.

“The prevailing logic in business today is that growth means sacrificing certain aspects of your business, such as quality, personal attention to employees, and often your social and environmental sustainability. At Traditional Medicinals (TM), the logic of our social business model goes beyond the immediate opportunity costs of growth, and focuses on global relationships. Social, environmental, and economic sustainability are completely interdependent”. [...] As the market leader in herbal, medicinal teas, we are excited that the consumer trends we see today validate decisions we made as a company some 40 years ago. That consumers are increasingly interested in the origin and quality of food makes our choices to seek organically farmed herbs, ethical trade, and sustainability even more critical.”

2. Make sustainability an integral part of the organization's operation.

“Our mission drives us to implement our sustainability standards in every aspect of our business, allowing us to source the highest quality ingredients while also promoting social justice and strong environmental activism. As a mission-driven company, we want to share our vision and progress with our stakeholders.” “When we work on any type of innovation and there are different disciplines involved (research, marketing, operations) we always look not only at business aspects but also at the footprint of this innovation. Sustainability has become a rule, a principle a standard for all business decisions.”

3. Build long-term relationships (partnerships) with your stakeholders.

“Sustainability requires a view beyond that of the traditional boundaries of an organization. We cannot have financial growth without a reliable, long-term supply of our herbs, which requires a thriving, global community of herb collectors and farmers making a real living while cultivating healthy local ecosystems. Sustainability at TM is not an afterthought we spend a percentage of our profits on it. Our definition of sustainability takes into account the well-being of all of our stakeholders – people and planet – in all our decisions, each and every day.

provide water security for thousands of villagers (retrieved from Revive! Project webpage, March 2017).

Our strategic supply department works with a five-year forecast looking for new products and new partners. They are also responsible for communication with suppliers all over the world.”

4. Communicate your vision, be passionate and engaging.

“I have a lot of heart and a lot of passion for social business and sustainability. It means a lot to me and this is what I communicate in my day-to-day interactions with everyone. I always encourage my people to see the purpose and meaning in everything they do. I often say: “Never underestimate the ability in your ordinary jobs to be extraordinary. You can make a difference and you have the ability to do it a little bit better, a little bit more efficient and more sustainable every day”.

5. Treat employees well and help them grow.

“Mentoring and helping people grow are the most important tasks for all leaders and cofounders here at TM. If employees are treated well, rewarded and recognized they will remain within the company and since they already understand our goals of sustainability, all new employees will socialize into this type of culture more easily. We are lucky at TM to have an outstanding group of highly motivated and energetic people who come to work every day feeling that they can make a difference. TM already has a reputation for doing the right things and we offer meaningful work in a meaningful company. More people are interested in what we are doing and there are more people that want to work for us now than ever before.”

6. Do not be afraid to think big and never stop learning.

“We are not just in the business of tea. We are in the business of changing lives, changing communities, and changing the quality of herbal remedies. Since our inception in 1974, we have infused sustainability into every aspect of our operations, from sourcing and packaging to distribution and voluntary certifications. This may take more of our time and resources, but we believe it’s the right way to do business. While we are proud of our progress, there is still much more to accomplish.”

The results of the interview are supported by the first-hand impressions of the authors from direct interactions with employees of Traditional Medicinals. Numerous visits to the facility in Sebastopol have allowed to observe very positive and natural interactions among employees in diverse situations. There is a special positive vibe on campus and one can feel it wherever one goes and in all types of interactions. One can sense a strong identification with the company and deep commitment to organization’s mission and values. This provides an indirect support to our earlier statements about the positive role played by leadership in creating organizational culture supportive for a business model focused on sustainability.

5. Implications for practice

The main benefit of a case-study as a research method is its practice-oriented approach and possibility to serve as a best practice example for others.

Companies nowadays can use many different kinds of standards to improve their business performance in a sustainable way. TM model can be seen as an inspiring option and interesting roadmap.

Based on our research, the authors of this paper came to the following insights and conclusions:

Many successful organizations today have begun to take sustainability and environmental issues into account, however that does not imply that sustainability has become an essential or inherent piece of their corporate culture, mission, or goals. Our research suggests that a truly sustainable organization will incorporate sustainability as a driving force behind its actions, the development of its mission, and in conducting its operations. These types of organizations have dedicated and enthusiastic leaders who understand the importance of this core value and are willing to promote it within their organizations acting as models and a source of inspiration.

Traditional Medicinals is clearly an innovative company when it comes to sustainability; the company thoroughly integrates a wide range of sustainability practices into their business model and their daily operations. It has literally infused sustainability into its culture and operations and is outperforming most of its competitors in this respect. It operates at the highest -holistic level of sustainability, according to van Marrewijk and Werre [2003].

What is so special about this company is that, being very successful and profitable on the market, it aims to create **value for all of its stakeholders**, including the people who cultivate and collect the herbs, the communities in which the company operates, its business partners and its employees following the principles of social business.

TM considers sustainability more as a way, a mindset, a philosophy of maintaining a healthy business, planet, and society.

6. Limitations and future research

The primary limitation of this study resides in the fact that the findings are based on a single case and may have limited representativeness.

Furthermore, the authors of this paper are aware that based on a narrow focus, potential bias could occur both in data collection and in the cause/effect analysis.

Nonetheless, they also believe, that this research study provides an important source of information on successful sustainable practices and can serve as beneficial and inspirational option for those organizations which consider integrating environmental and social equity practices into their daily operations and conventional business models.

Future research could explore other avenues and forms of sustainability practices taking into consideration other industries, business sectors, size and ownership structure of the company and, last but not least, cultural dimensions and regional uniqueness.

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Wychodząc poza tradycyjny model biznesu: lekcje zrównoważonego rozwoju firmy Traditional Medicinals®

Streszczenie. Idea zrównoważonego biznesu jest atrakcyjna dla wielu organizacji. Chodzi o to, by w ramach swej działalności firmy przyczyniały się do rozwiązywania istotnych wyzwań współczesnego świata – od zmian klimatycznych i zapewnienia różnorodności biologicznej, po godziwe warunki pracy i zdrowia dla najuboższych. Wiele firmom trudno jest jednak włączyć koncepcję zrównoważonego biznesu w swoją codzienną działalność i w istniejące już modele biznesowe. Założona w 1974 r. firma Traditional Medicinals® jest producentem i sprzedawcą certyfikowanych ziołowych produktów leczniczych, z których wiele posiada certyfikaty Fair Trade i FairWild. Jest to niezależna firma rodzinna produkująca herbaty ziołowe w miejscowości Sebastopol w Kalifornii, wykorzystując do tego jedynie energię słoneczną. To społecznie i ekologicznie odpowiedzialne przedsiębiorstwo oferuje najwyższej jakości naturalne produkty zgodnie z praktykami odpowiedzialnego biznesu. Głównym celem artykułu jest zbadanie, w formie studium przypadku, innowacyjnego modelu biznesowego tej ciekawej, zorientowanej na społeczne cele firmy, w której praktyki zrównoważonego rozwoju stały się częścią jej podstawowych wartości i która dokłada wszelkich starań, by komunikować je wszystkim interesariuszom: dostawcom (plantatorom ziół i ich lokalnym społecznościom), pracownikom, klientom i społeczeństwu.

Słowa kluczowe: model zrównoważonego biznesu, sprawiedliwy handel (fair trade), społeczny biznes, organizacja nastawiona na cele i wartości, odpowiedzialne przywództwo