

april 17th, 2014



FRONTIER[™]
NATURAL PRODUCTS CO•OP

Aura Cacia[®]

pure aromatherapy



know your audience

frontier background

sourcing philosophy

sourcing strategy

well earth

agenda

<u>raw materials</u>	<u>count</u>
packaging	902
herbs & teas	386
spices & ingredients	405
essentials	143



Cole Daily – 22 years @ Frontier; 17 years in purchasing

Mike Perry – 11 years @ Frontier; 31 years in purchasing

Kai Stark – 13 years @ Frontier; 9 years in purchasing

Dennis Knock – 8 years @ Frontier; 5 years in purchasing

Jennifer Ferring – 6 years @ Frontier; 6 years in purchasing

c o m m o d i t i e s



purchase from 6 of 7 continents

purchase from over 50 countries

total purchases exceed \$60 million

sourcing philosophy

at frontier & aura cacia, we have **commodity** managers

but do we truly manage **commodities**?

creating differentiation within a commodity

com·mod·i·ty (kə-mŏd'ĭ-tē)

-noun

1. A **generic**, largely unprocessed, good that can be resold.
2. A mass produced, **unspecialized** product.

first, better, cheaper

S = D

sourcing

differentiation

how?

- understand the product – passionate knowledge
- knowing where to get it – understanding the supply chain
- knowing who to get it from – supplier selection

where to get it & who to get it
from

the backbone of...

sourcing strategy



1 product attributes

2 food safety &
purity

67%

QUALITY

* Starts at the source, can't be inspected in

ETHICS

people

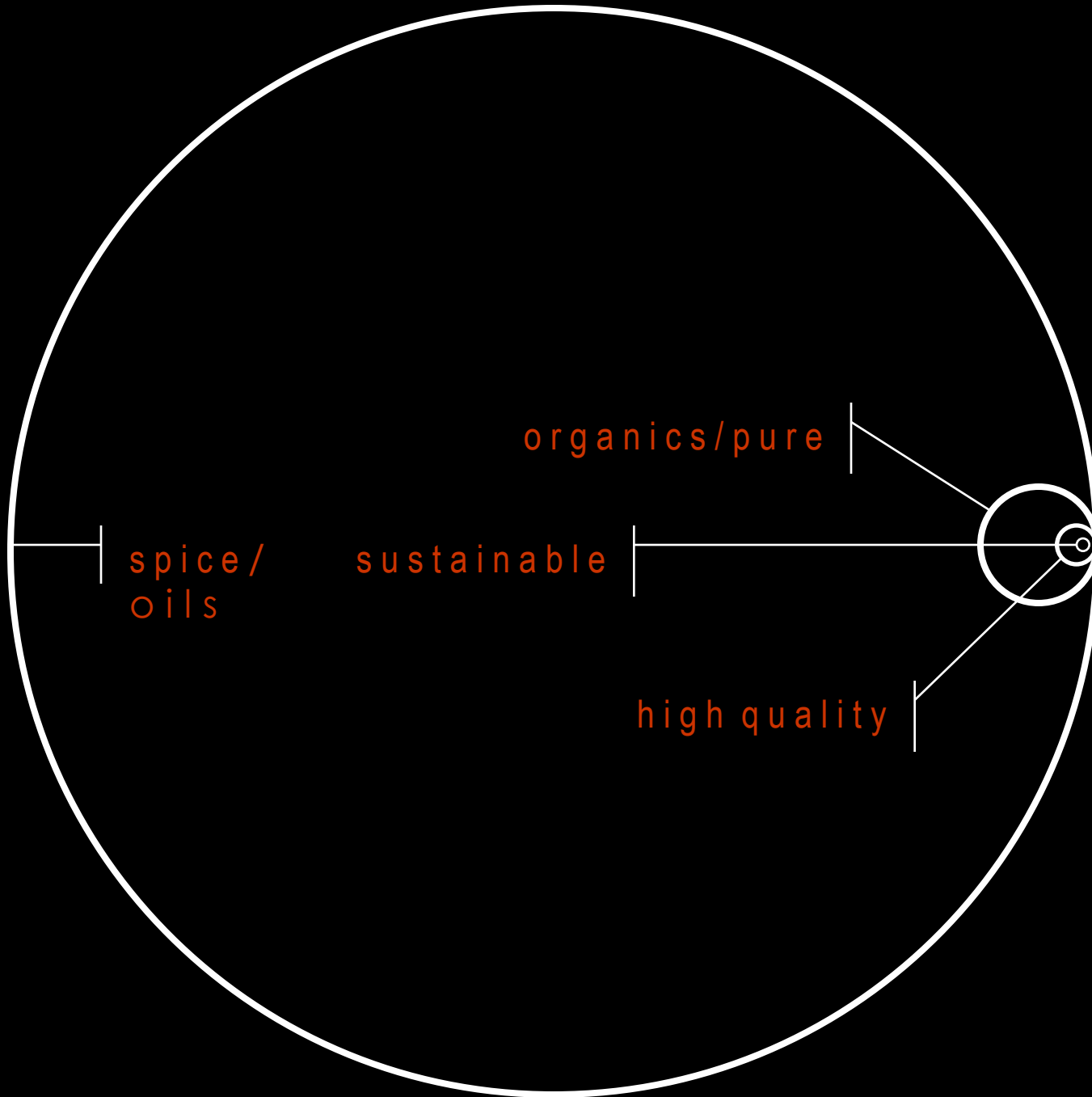
1

planet

2



the problem?



	Cost	Ag Knowledge	Social Validation	Transpare- ncy	Supply Security	Frontier Inventory Carry Level	Flexibility	Transaction Cost / Complexity
Direct								
grower / processor								
importer / processor								
Importer								
3rd party								

basic organic supplier types

evaluating **source viability** at the grower level

1

leadership

3

communication

2

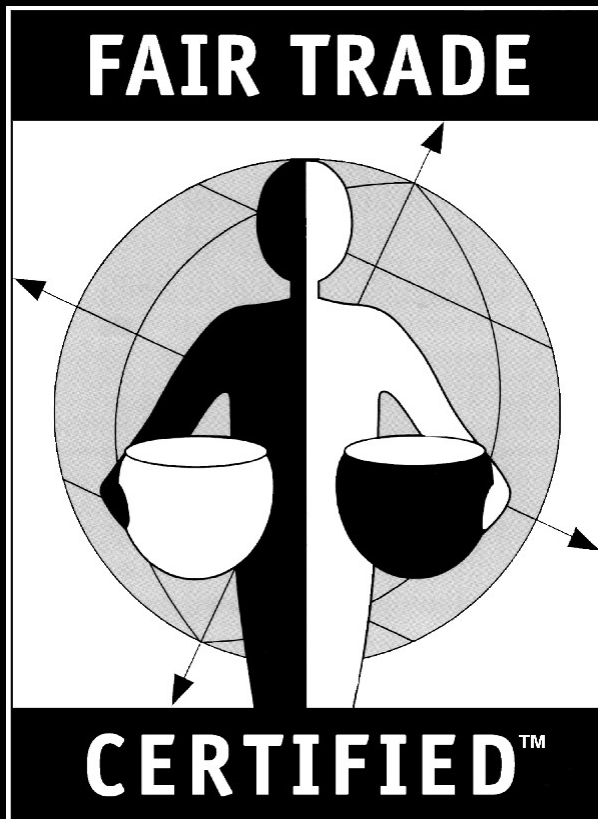
commitment

4

field characteristics



project viability



Limited origins...

Limited products...

Limited suppliers...

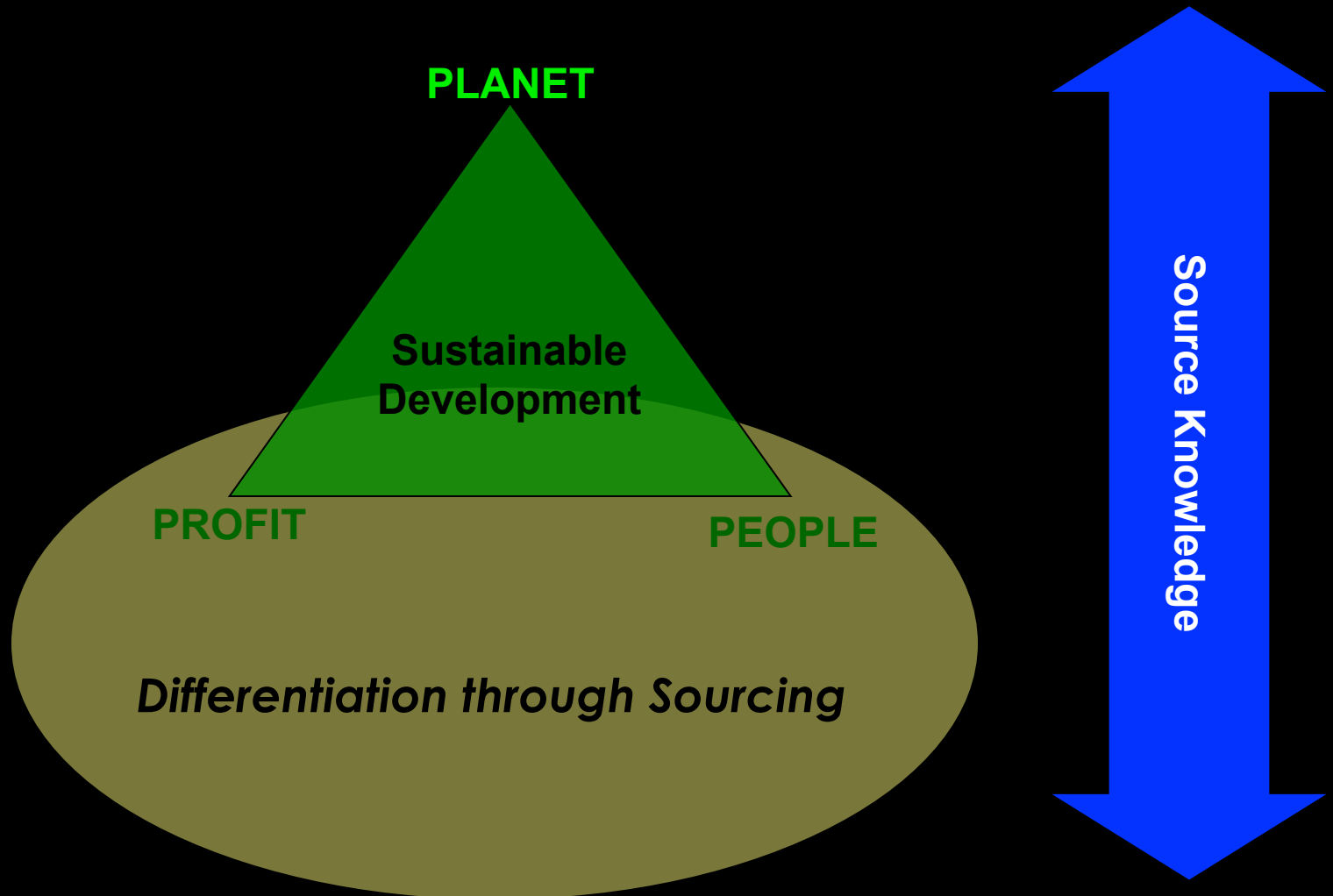


Well Earth

WE CAN DO IT TOGETHER

worker treatment · sustainable production
environment · community · quality & food safety

well earth sourcing strategy



cardamom

1 collective cooperative

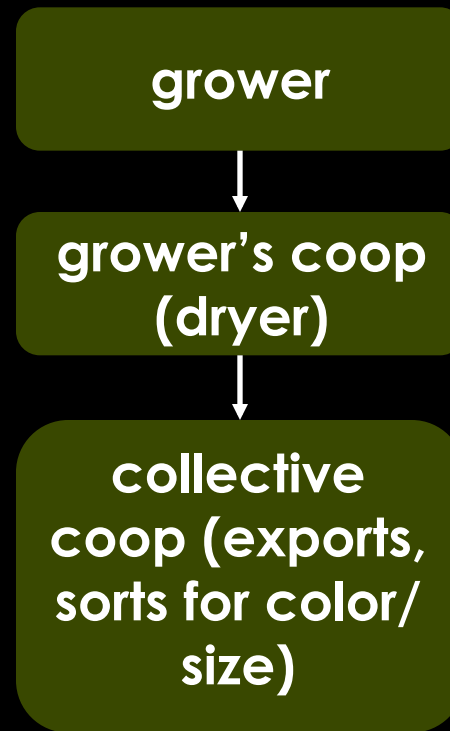
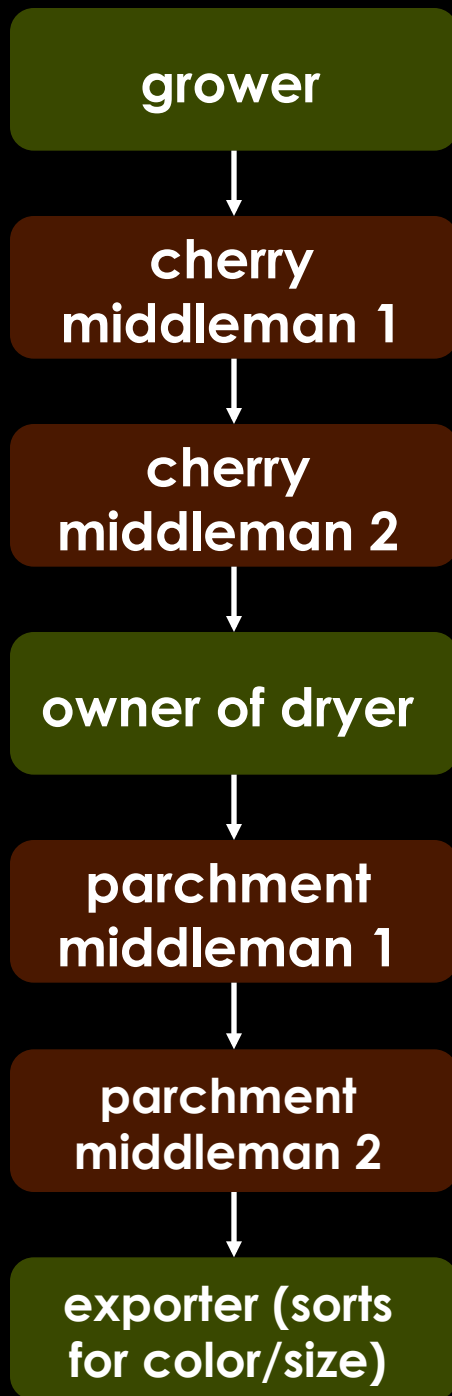


36 grower cooperatives



50,000 indigenous mayan people





cardamom
supply chain

Program	Social Capital
Social Giving	4% of Pre-Tax Profits
Well Earth & Fair Trade  	\$643,000 (FY 2007-2013)
Well Earth FY2014	\$308,000

**Business
Building**



\$250,000

**Community
Building**



\$58,000

s o c i a l c a p i t a l



- Initiated 2007
- Suppliers impacted 19
- Countries impacted 14
- Well Earth-sourced volume 28% of ttl lbs
- Sustainable sourced volume 68% of ttl lbs



air miles

traveled annually

visiting vendors

500,000

*95.40%

*organics direct sourced

mutually beneficial
results

5,500 farmers trained in Guatemala, India & Sri Lanka •
4,000 school lunches in India • 25,000 people brought
clean water in Madagascar • school built
in Madagascar • school funded in Vietnam •
grinding equipment funded in India • in-process
magnets funded in Guatemala • processing
upgrades funded in South Africa • facility upgrades
funded in OR, USA • field trials funded in WA, USA •
lab set-up funded in India • harvest aids funded in
Senegal

partnered benefits

- first to offer Fair Trade spices •
- source savings over \$500,000 •
- source acquisition of over \$1.8MM •
- reduced rejected shipments •
- improved service levels over 50% •

partnered benefits



direct source
supplier locations

thank you



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