

# Change for Good

**Patrick Strübi is an entrepreneur. He counts every single container he ships, has given his firm a holding structure and hedges against currency risks. But Strübi is no ordinary businessman. He pays his suppliers more than he needs to, and he doesn't pay himself a salary. This is the story of a man whose day job is to help make the world a better place.**

Text: Ingo Malcher

A woman climbs the staircase, then stops at the final step. She waits till the man at the rickety desk puts the phone down. Then she says: "We can have 80 tons of grapefruit from farmers in Apatzingan. Will we get them sold?" The man stops what he's doing, pours himself some herbal tea from a thermos flask, and looks up from behind his laptop: "I'll sell them right away." He lowers his head again and types an e-mail. Three hours later, an importer in Amsterdam has ordered 80 tons of grapefruit.

Everything needs to happen quickly, as he hates hanging around. The blond man sitting at the desk in the green polo shirt is Patrick Strübi, aged 40. This morning he got up at 6:30, then went for a jog in the park, and has been at his desk since 8 a.m. "I need to make the most of the morning, otherwise I don't get anything done due to the time difference with Europe," he says.

Patrick Strübi's story is that of a man whose day job is to help make the world a better place. In his previous life, he was a top manager handling billion-dollar investments. Through his work then, he played a small role on the world economic stage. Today, he's a fair-trade entrepreneur sitting in an old factory. Through his work now, he aims to do his bit to change the world. What hasn't changed is the fact that Strübi remains a businessman who regards a "problem" as a "challenge."

Fairtrasa – short for Fair Trade South America – is the name of the firm, with headquarters in Uruapan, western Mexico. There are 12 employees working in the office in a corner of the old factory, between artistic carvers and weavers, while at the packing station there are a further 30. In the office, the phones are ringing, com-

puters are humming, the staff are shipping containers, dealing with payments and negotiating with suppliers. With Fairtrasa, Strübi exports principally avocados under the Fairtrade label. But coconuts, grapefruit, mangos and limes are also put in refrigerated containers destined for the US and for shipping to Europe. Twelve containers of avocados leave Strübi's premises every month: That's more than 20 metric tons or 950,000 pieces of fruit per container. The Europeans and Americans have acquired a taste for them, and can't seem to get enough.

## Red Star Brand Has Disappeared

Fair trade is a growth industry. While the red star has disappeared from the cooperative coffee from Nicaragua, it can now be found on supermarket shelves worldwide. In Europe, fair-trade sales figures are headed in one direction only: sharply upward. Industry umbrella, the Fairtrade Labelling Organization (FLO), calculates that in more than 50 countries in Africa, Asia and Latin America there are 586 recognized fair-trade producers. That compares with only 224 in 2001. The volume of fairly traded products rose from 831 million euros in 2004 to 1.1 billion euros in the following year – a rise of 37 percent.

"Fair trade" primarily means a better income for small-scale farmers in the producing countries – a revolutionary concept. Farmers and exporters like Strübi have to obtain certification. They then pay the farmers a minimum price plus a premium that is administered by the farmers for social projects. Fair trade is a business for committed people. Professionals are in demand, but they must >





**Left** Avocado pioneer Susanna Illsley: “At the outset I thought: ‘Leave me alone.’” **Right** Then she was persuaded by Patrick Strübi’s business model.

possess idealism. “Fair trade is a business like any other,” explains Strübi. “But it has another important objective: To improve the lot of producers, and that takes more than just money – it requires a shift in awareness.”

Alfredo Anguianos’ house is situated in a small valley, surrounded by avocado trees. The trees are two meters high, are bush-like in shape and have big thick leaves. Anguiano, 34, wears black training pants and a white T-shirt, has dark eyes and sports a black downy beard. A life on the land hadn’t necessarily been on his agenda. In 1993, he took the bus across Mexico until he stood facing the wire-fenced border with the US. One starry night, he paid a trafficker to smuggle him across the border. He then washed dishes in the state of Indiana, before moving on to the construction sector, where he earned 15 dollars an hour.

When his parents’ farm in Uruapan faced collapse, he returned. “When I got back here, I thought I’d have to leave again immediately; in the US you’ve got a different life while here there’s a lot of poverty.” But he stayed, joined the organic producers’ association, and began selling his organic avocados to Strübi. He walks through his plantation with his dogs La Paloma and Clifford, and under his arm he’s carrying a timber slat. He wedges it under a branch on which eight heavy avocados are hanging, to ensure it doesn’t snap. Over the coming week he intends to harvest, and has already ordered the truck.

### The Art of Avoiding Dirty Tricks

For Anguiano’s avocados, Strübi pays a minimum price of 1.14 dollars per kilo plus a premium of 8 cents. If the market price is above 1.14 dollars, as it is right now, Strübi pays more. “Since I’ve been doing fair trade, a lot has changed for us,” says Anguiano running his hand through the down of his beard. “I’ve now got more money for my family, can buy more school books for the kids, we can eat

better and I’ve extended our house,” he says. Pausing, he later adds: “But the most important thing is that I can plan better now; I know I’ve got a customer, and I know I’ve got a minimum price.” It’s a minirevolution for Anguiano. The fact is, for him the market for avocados in Uruapan is not very transparent. The price is set in the city, 40 minutes from his farm by car. He cannot know what’s going on there, and the traders exploit that fact. They do the rounds of the farms in their jeeps, often offering ridiculously low prices. “Yesterday I had another one wanting to pay me 70 cents a kilo,” says Anguiano. “Coyotes” is the name given to these traders by the farmers. In that situation, the fixed rules on selling – such as those Strübi can offer – are a blessing.

The Uruapan region lives off avocados, with its small-scale farmers having two harvests per year. And because the trees grow at an altitude of between 1,600 and 2,600 meters, they have a crucial locational advantage: Crop rotation – and therefore the harvest – is delayed. Consequently, there are avocados throughout the year. And Strübi can supply his customers both in Europe and America all year round.

This makes Fairtrasa a virtual monopoly provider in the market for fair-trade avocados. The only competition is in South Africa, though with just one harvest per year. So it’s no wonder that, for fair-trade importers, Strübi is a man in demand. “If I had twice the quantity of avocados, I could sell them no problem,” he says. For a trader that’s a nice position to be in. Obviously. But this popularity also has its downside.

### Sorting the Good From the Bad

An English importer had been sending Strübi e-mails for weeks, imploring Strübi to supply him too. Strübi got a bad feeling about it. “It’s someone who couldn’t care less about fair trade, but he also needs to offer it to his supermarket customers in the UK,” he said to himself. The importer then wrote: “Please give it a try with me.” Strübi thought of his farmers and about the fact that it is good for them to sell as many avocados as possible, and so he sent several containers to that supermarket chain.

A few days later, he found a short e-mail in his inbox. It’s from the new customer. “The fruit is spoiled; please cancel the invoice. Best!” Strübi is familiar with these tricks. He calls another importer who also received a load of avocados from the same ship. The quality was perfect. “Temperature management is difficult when it comes to avocados, and I assume he simply didn’t treat the produce well,” says Strübi. He types into his laptop: “You said I should try things out with you. That’s what I’m doing now.” The deal: No money for the produce supplied, not a single avocado in future. Minutes later, he receives another e-mail. It’s his new customer. Again he was a man of few words: “Sorry Patrick!”

It’s moments like these that keep Strübi on the ball and that put even his extensive experience to the test. When it comes to trading he knows the rules of the game, and he knows how some people will try to pull a fast one when containers are being shipped between two continents.

In his past life he was an accountant with Deloitte, before moving on to Glencore. At the mining giant, he sat on the board of directors of mine operators throughout the world. His life was spent in business class seats and hotel beds. He traveled to Asia, Latin America and Africa. But rather than just traveling to the countries, he traveled through them. In his mind he had nothing but figures: >



Every month, 12 containers of avocados leave the premises of Strübi's fair-trade firm, Fairtrasa, in western Mexico. A container holds 950,000 pieces of fruit. The avocados are packed and loaded during the night.



**Alfredo Anguianos (left) with family. He used to earn 15 dollars an hour as a construction worker in the US, but now manages his father's avocado farm.**

raw material prices, investment costs, expected returns, breakeven. He was a key figure who put together major projects, making decisions on investments amounting to billions of dollars. He negotiated contracts for coal shipments from Columbia and set up holding companies in the Philippines. But there came a day when he began to doubt whether he was doing the right thing. It was in Lima, Peru, when the board of directors of a mining plant, of which he was a member, decided to “restructure” operations, as they say in the world of business.

Strübi knew that “restructuring” means “redundancy” in blue-collar language. A lot of miners lost their jobs. Strübi had seen enough to know that unemployment in a country like Peru means no income whatsoever. In his hotel bed that evening he was unable to sleep. “I’m making the rich richer and the poor poorer; it’s not right,” he said to himself – and it was the start of his personal revolution.

### **Planting New Roots in the Fair-Trade Industry**

Rather than beginning with the storming of a palace, it began with an airline ticket. Zurich-Mexico, one-way. On April 20, 2003, he arrived at the airport in Mexico City jobless with just a single bag. On that day he did not yet know where he would be spending the night. He later rented an apartment in Morelia, took violin lessons, and enrolled at the university to study philosophy. But he then felt this urge to do something. Before leaving he had discovered fair-trade products at an exhibition in Switzerland and was excited by the idea.

Through a friend he finally got to know brother and sister Rewi and Susana Illsley, who were pioneers in the exporting of avocados in Mexico – but had had enough of the business. They had been among the first to export the green fruit back in 1982. In their heyday, they employed 200 workers. Pickers, packers, bookkeepers, shipping specialists. But then a number of importers went

bankrupt. Two in Canada, one in France. They owed the Illsleys 450,000 dollars for shipments. That sum was never repaid. In 1992, the brother and sister reached the end of the road. They had to wind up the firm and were bankrupt. Bit by bit, they paid off their debts by trading in teak. One day, when they had just recovered, Strübi showed up at their door.

“At the outset I thought: ‘Leave me alone,’” says Susana Illsley, 47. She sits on a bench in front of the factory, looking toward the sunny courtyard. In her hand she’s holding a Blackberry. She says: “After long conversations, we noticed that we shared his way of thinking; after that, everything happened very quickly.” Strübi found the customers in Europe, and the Illsleys knew a number of farmers.

That was in 2003. The organic farmers organization to which Anguiano belongs had 20 members at that time. Since then, 100 have joined the group. Between 2004 and 2005, they increased their income by 2,000 percent. But that’s not all. From the premiums required under fair trade, the farmers had a school for disabled children built last year. Next year this will be followed by a fountain.

### **Strübi Puts Past Experience to Good Use**

To get everything up and running, Strübi has been able to exploit his past experience. He gave Fairtrasa a holding structure. The head office is in Zurich, and the outfit in Mexico is a subsidiary. Payments are handled via Zurich. “That gives me clarity and professional management; I also avoid the high risks and costs of the financial market in Mexico,” he says. Fairtrasa is a multi in miniformat: Day-to-day business is the same as at large groups, and even exchange rate risks are scrutinized to the smallest detail.

Strübi clicks his way through Excel tables to calculate the capital he needs in terms of Mexican pesos over the coming three months. He’ll need two million dollars to pay salaries as well as suppliers, office rent and transportation costs. He reaches for the telephone. The dollar has fallen sharply in recent days, and has now reached a level of 10.84 pesos. A few weeks ago he secured an option allowing him to cash in the peso at a price of 11.30 against the dollar.

He tells his banker that he is now exercising the option and has therefore gained 0.46 centavos against the market. He undertakes this kind of currency hedging with the peso and the dollar in Mexico, and between the euro and the dollar in Europe. “It means I can stop worrying about having to keep a check on the dollar every day; on the spot market I just lose money,” he explains. “I’m pleased that I was able to learn all of this with my previous employers.”

The fact is, Strübi above all remains an entrepreneur who wants what any good entrepreneur wants: He wants to grow. In Argentina he is bottling fair-trade wine and buying a firm via a share swap, while in Brazil he wants to open a new offshoot. Strübi is unstoppable, and remains committed to his new life. In fact, since setting up Fairtrasa, he has not paid himself a salary. To drive the business forward, he lives solely from his savings. When he flies to Argentina, for example, he first takes the bus to Mexico City. That takes him six and a half hours, followed by 10 hours in the economy class of an airplane. “It’s not just about fair-trade itself: There’s far more at stake,” says Strübi. “It’s about changing living conditions in poor countries; there is a need for change, and you have to begin on a small scale.”

While Strübi is a firm believer in starting small, that most definitely isn’t where he plans to stay. <