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# Honest Tea—Sell Up or Sell Out?



*You can have the healthiest and best drink, but if you can't get it to store shelves, you're just another has-been.*

—Gary Hirshberg, CE-Yo, Stonyfield Farm, Inc.
and member, Honest Tea Board of Directors[1]

*…selling to a big corporation, or joining forces with venture capitalists, would mean selling out the very essence of organic: small, alternative and individualistic.*

—Steve Mills of the *Chicago Tribune*,
on Eden Foods Founder Michael Potter's refusal
to sell his organic foods company[2]

Honest Tea CEO and co-founder Seth Goldman had seen his ten-year-old, ready-to-drink (RTD) organic tea company grow beyond expectations. Looking to the future, Seth knew he had several difficult decisions to make. Did wide-scale distribution and production go against the values of sustainability, upon which his company was founded? What compromises, if any, was he willing to make to spread Honest Tea's product and message? Could Seth achieve this desired scale on his own or were outside partnerships or investors required?

The Coca-Cola Company had expressed strong interest in buying Honest Tea. Coke was well aware of the growth in the organic food and drink market and specifically aware that Pepsi controlled 40% of the RTD tea market, compared to its 11% share. Coke had an existing global bottling and distribution network, significant capital to fund marketing campaigns, and relationships and leverage with retail outlets to secure ideal shelf space. Coke envisioned success with Honest Tea like they had with their acquisition of Odwalla.

As Seth pondered Honest Tea's success and the many decisions in front of him, he knew he had to answer one question first. Should he sell to Coca-Cola?

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