

Sustainable business

Principled green giant | The owners of Mountain Rose Herbs put their values into every aspect of the company

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The Register-Guard

Appeared in print: **Sunday**, Aug 15, 2010

Every day it's "business as unusual" at Mountain Rose Herbs, a Eugene processor and distributor of organic herbs, teas and spices — one of the largest such companies in the country, Shawn Donnille said. He owns and manages the company with his partner, Julie Bailey.

The couple say they don't just spout their values, they live them, down to the tiniest detail — an unwavering commitment to quality, organic agriculture, sustainable business practices and fair treatment of all who touch the product, from the farmers who grow it, to the employees who process and package it, to the customers who use it.

For example:

Bailey and Donnille moved Mountain Rose Herbs to the Eugene area in 2001 to escape the high cost of doing business in California and because many of the company's suppliers and farms were here. But the clincher, Donnille said, was an article in Harper's Magazine that said Eugene had the largest per capita population of anarchists in the United States.

"Any city with the largest condensed anarchist population has got to be worth looking at," said Donnille, a reader and admirer of traditional anarchist philosophies from the late 19th century.

"Eugene had all the right elements: diversity, tolerance, a progressive attitude and our farms were here. Eugene should probably thank the anarchists for bringing 100 jobs."

Mountain Rose Herbs is a "zero waste" company. Virtually all waste is salvaged or recycled.

The company caps the pay rate for its two executive owners at 3.5 times the hourly wage of its lowest paid entry-level employee. Starting pay for employees is set at 30 percent above Oregon's state minimum wage. That's \$11 an hour, or \$22,880 annually, assuming a 40-hour workweek. Executive pay would top out at

\$38.50 an hour, or \$80,080 annually, assuming a 40-hour workweek.

The company pays employees who carpool to work 12 cents per mile per passenger, and employees who bicycle to work receive 20 cents per mile.

Each year Mountain Rose Herbs offers two paid days to employees who volunteer those hours to a community activity of their choosing.

Mountain Rose Herbs gave away \$72,000 last year to charities, community events, and plant and conservation projects. The company is on track to give \$80,000 this year.

"I get a lecture from our accountant every year," Bailey said, sternly shaking her index finger. " 'Julie, you're supposed to be a for-profit company.' "

Mountain Rose Herbs does not disclose annual financial figures for competitive reasons.

Bailey was committed to social and environmental accountability when she bought the fledgling company from a friend in California in 1991. And Bailey and Donnille said they are committed to those ideals now, as they're growing and settling into larger quarters. They are turning down some orders from manufacturers so they can prune their sprawling 30 percent annual growth to a more sustainable 15 percent, Donnille said.

Mountain Rose Herbs is among a minority of companies nationwide that grew rapidly right through the recession.

"The recession just went right by us," Donnille said.

He and Bailey attribute that to the diversity of their customers, from individuals making their own teas, medicinal herbs or body care products, to manufacturers such as local microbreweries that season their ales with organic ingredients.

In down economic times, people tend to place greater emphasis on preventive health care, which is a boon to medicinal herbs, Donnille said.

People also tend to dine in more, which benefits the spices and seasonings market, according to Mintel, a market research firm.

Another market research firm, SPINS, estimates that the USDA organic seasonings market generated nearly \$40 million in sales in the year ended July 10. Sales of organic seasonings grew by 10 percent over that time period — double the growth rate of the broader "natural seasonings" market, the research firm found.

Mountain Rose Herbs is the nation's second-largest processor, manufacturer and distributor of organic herbs, spices and teas — second only to Iowa-based Frontier Natural Products, Donnille said.

While their company is well-known in the industry, its owners are something of a mystery.

Bailey, 53, who sports a playful streak of red in her thick, curly silver hair, and Donnille, 36, who dresses all in black, from the cap on his head to the no-leather

Doc Marten lookalike boots on his feet, aren't regulars on the local business networking circuit.

But their brand of "business as unusual" is starting to attract the attention of the mainstream business community.

In June, Mountain Rose Herbs won the 2010 Oregon Ethics in Business Award, sponsored by the Rotary Club of Portland, Willamette University's Atkinson Graduate School of Management and the Portland Business Journal.

The award "honors organizations that lead by example through community dedication, workplace practices, environmental commitment, and product integrity."

The selection committee was impressed, among other things, by Mountain Rose Herb's steadfast commitment to organic agriculture; its "zero-waste" program; its chemical-free facility, which uses no commercial cleaning agents, pest repellents or fumigants; its carpool and cycling incentive; its support of environmental nonprofit organizations; and its "good trade program," which enhances protections for growers and harvesters around the world.

Mountain Rose Herbs also has been recognized for a numbers of firsts, Donnille said.

It is the first company in its industry to implement a "zero waste" program, he said.

"We are quite possibly one of the greenest companies on the planet," Donnille said.

The company's largest volume of waste is paper hand towels because the FDA requires workers to wash their hands 10 to 12 times a day, Donnille said. To divert that heap from the landfill, the company uses 100 percent post-consumer recycled hand towels and places used towels in biodegradable bags.

"Every week we send them to Rexius, which uses them in compost," Donnille said.

This summer, Mountain Rose Herbs also became the first company in the United States to be certified "social and fair trade" by Fair for Life, a third-party certification program for social accountability and fair trade, he said. Other U.S. companies have specific products that are certified by Fair for Life, but Mountain Rose Herbs is the first U.S. company as a whole to receive this certification, Donnille said.

Mountain Rose Herbs' commitment to these issues resonates with like-minded customers.

"We use their products in all our restaurants," said Ryan Dawe-Stotz, general manager of Marché LLC, which operates a cafe, restaurant and a store in the Fifth Street Public Market.

"They try to deal fairly and sustainably with agriculture, which is what we like to do," he said.

"There's a ton of choices for herbs and oils, but they're here and we like to keep as much of our money in this local area as possible, so we choose them. They're far less expensive than anyone else were dealing with. We buy everything we can get from them. They are our provider of choice."

Catherine Reinhart, co-owner with her sister Cheryl Reinhart, of Sweet Life Patisserie in Eugene, wonders "how could you not" buy supplies from Mountain Rose Herbs?

"We always love supporting local businesses," she said. "They're a fabulous business to support. They do so many things for the environment. They're zero waste. I don't even have to check that it's organic, I know that it's organic because they only carry organic teas."

She said as a business owner she feels it's important to use organic products because a lot of customers are asking for them. And if a business has a large clientele it can get more people on the organic bandwagon, which is better for small farms and for the environment, she said.

Plus, Reinhart said, Mountain Rose Herbs' colorful teas, stashed in glass jars on shelves behind the bakery's cash register "are amazing."

"They have a lot of interesting blends: happy blends for when it's raining out, or 'echinacea and roots' for when you have a cold. The allergy season one is fabulous, too, because there are so many people in the valley who suffer from allergies."

Nettle is the main ingredient in Mountain Rose Herbs' "seasons of discontent" allergy blend, and it's one of the company's most popular medicinal herbs, Donnille said.

"We sell between 20,000 to 30,000 pounds (of nettle) annually," he said.

Mountain Rose Herbs buys its nettle from a farm it contracts with in Hungary.

The company sells about 300 to 400 herbs total, and imports about half them — many, such as clove and allspice, only grow in certain climates, Donnille said.

To guarantee a steady supply of organically grown herbs, Mountain Rose Herbs partnered with eight farms in Oregon, two in Washington and one near British Columbia, he said.

"We don't own the land, but it's our labor, products and inputs," Donnille said.

"We pay for inputs up front and for 50 percent of the goods in advance of harvest."

As operations manager, Donnille stays in constant contact with growers. When products arrive at Mountain Rose Herb's warehouse in west Eugene, they are tested thoroughly for pesticide residues, heavy metals, e. coli, salmonella, yeast and molds, he said. Such testing is required of processors and growers of food and dietary ingredients.

"I swore if I was going to dedicate myself to a for-profit venture, I'd have to find a way to incorporate (my) values into the company to be able to sleep at night,"

said Donnille, an environmental activist turned business owner.

Bailey is the pragmatist to Donnille's idealist.

She credits his vision and hard work for leading the company to where it is today.

Donnille joined the company in 1999, eight years after Bailey bought it. He started out in the warehouse and within two weeks was promoted to shipping manager.

"In '99 Mountain Rose Herbs faced the challenge of growing from a home-based business and stepping up and getting certified as an organic processor," Bailey said. "I was pretty burned out trying to do it all. Shawn had the passion and energy to take it to the next level."

Bailey's interest in herbs and healing stems from her childhood in England. Her grandmother was an herbalist in Derbyshire. At 20, Bailey traveled to the United States.

"I thought I'd come over for six months and 'see America,' " she said. "I fell in love with Northern California, with the expanse and the redwoods."

Bailey owned and managed several small businesses before buying Mountain Rose Herbs. She is managing director, overseeing the finances and supervising production of the company's 75-page catalog, which is distributed twice a year.

Although the pair have received countless offers from potential buyers, Donnille said, "we've turned them all down."

They say they want to stay in Eugene long term.

"There's not a plan to sell out," Bailey said.

"It was always about making it a good business," she said. "It's never been about how much money we can pull out of it. We don't have kids. We just have dogs — and Mountain Rose Herbs."

Mountain Rose Herbs

Business: Processor, manufacturer and distributor of herbs, teas and spices

Founded: 1987

Owners: Julie Bailey and Shawn Donnille

Employees: 98, all full-time

Annual financials: Not disclosed

Notable: First U.S. company to be certified "fair trade" by Fair for Life; second-largest company in their industry in the nation

Julie Bailey (left) and Shawn Donnille own Mountain Rose Herbs, a rapidly growing herb, tea and spice supplier that moved to the Eugene area in 2001. Kevin Clark/The Register-Guard

