

# DILMAH, THE KING OF TEA WITH DYNAMO THE SUSTAINABLE BUSINESS

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«Every successful business has an influence on the community where it operates, on its customers and on the environment. We try, with our work, also to change human lives».

That is how Dilhan Fernando, CEO of Dilmah Tea, explains the philosophy of the company founded 30 years ago in Sri Lanka, by his father Merrill.

«I never doubted that I would work in the family business – says the CEO – With my father we shared the Christian values, the passion for tea and for a business that could also be a service “for the common good”, like our motto states».

«The role of a company as a service for the common good» that is how Fernando, in front of about 30 CEOs and a hundred representatives of various institutions and international businesses, started the conference.

Organized by the Dynamo Academy (an organization specialized in philanthropy for companies) in Tuscany, the conference offered to propose and discuss practical examples of companies devoted to the common good.

In Sri Lanka, the civil war ended in 2009, but left many scars. For example, it is estimated that the widows are still 40.000. «We are not doing charity by giving money to the needy – says Fernando – that way we would just end up creating an “addiction” to that money. With our foundation Mjf, instead, we try to create entrepreneurs».

One of the programmes is in fact, called SEP (Small Entrepreneur Programme): it helps to elaborate a business model and to create a brand, teaches company accounting and provides the basic equipment to start the business, in order to keep the small entrepreneurs independent.

«We helped start about 2.000 co-operative companies, engaged in activities like salting the fish, cultivating mushrooms, managing restaurants or bakeries – says the CEO – We give dignity to people».

The father had to fight hard in order to found the company. «He was a pioneer; he challenged a business model that was unfair for the tea makers. – remembers the son – At the age of 18 he has begun to work as a tea taster: which was already a revolutionary step».

Until that moment, in fact, the big brands of English tea – Sri Lanka was one of the British colonies until 1948 – did not believe that the locals could evaluate the quality of the beverage, because the curry, a typical spice of the country, ruined their taste.

«In London, where he was working, my father understood that the producers that were selling the tea leaves were earning only 5% of the final price – says Fernando – all the added value was in fact given by the packaging, the brand and the marketing behind it.

The producers were left poor and in the meantime, because of some cultivations, harmful for the environment, the incoming deforestation was about to hit them».

Merrill Fernando was the first tea maker to create a brand. «At the beginning he lost all the clients that were buying the tea leaves from him. However, he was not discouraged: he bought the machinery, made in Italy, the best and the most expensive ones, to pack the tea bags.

Then he came up with the name: Dilmah, the combination of my name and my brother’s name, Malik. Finally, he innovates by focusing on the purity of the product».

For the first 20 years, the company struggled. «In the last 10 we have begun making a profit, also because the customers today, are more concerned about what they drink» says the CEO.

Today, the company makes 500 million dollars, has 1.200 employees and more than 32.000 seasonal workers.

The product is available in more than a hundred countries; in Italy, only in the restaurants and the hotels, but negotiations are in progress for the supermarket chains.

As per statute, 10% of the profits goes to the Foundation, to help small entrepreneurs, children with disability and for training and formation purposes.

«We also manage 60 projects for the environment preservation – concludes the CEO – like the one for the cultivations adaptation to the climate changes. Every month in Sri Lanka, there are cases of suicide among the rice farmers: the lack of water in fact, brings the low crop yield. We suggest diversified production, by choosing products that are more suitable to the new climate conditions and we help farmers to find a market for their product».