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Teaching Notes - Equal Exchange

Case Overview

In 1986, three men founded Equal Exchange with several goals: “to challenge the existing trade model, which favors large plantations, agri-business, and multi-national corporations; support small farmers; and connect consumers and producers through information, education, and the exchange of products in the marketplace.” 30 years later, Equal Exchange now offers fair trade coffee, chocolate, nuts, and other snacks to consumers across the country at Whole Foods and local food co-operatives (co-ops). Their 30 farmer co-op partners are located across the world, and Equal Exchange is beginning some partnerships with US-based Fair Trade initiatives.

Teaching Objectives

This case is designed to be used by students in disciplines including business, social innovation, entrepreneurship, global challenges, and more. The case demonstrates how one actor within a larger ecosystem and social movement creates a unique value proposition. The case also illustrates an understanding of the impact of worker co-ops - such as Fair Trade systems - as a way of creating economic opportunities.

Key Topics

Central topics, in this case, are the trade, efforts concerning fair labor standards, and worker-owned co-operatives. In addition, international supply chains, and operational strategies can provide for discussion for students hoping to engage with international business. If the class examines the political side of the business, a focus on labor standards can play off of the very diverse locations of Equal Exchange's farmer co-op partners. In addition, this case study can provide a clear look into politics within movements attempting to create social change. Equal Exchange also exemplifies a social movement that became a business with market share and scaled through a multiplicity of unique partnerships.

Student Learning Objectives

- Grasp worker co-operatives' structures and benefits
- Understand how labeling efforts can be skewed by internal politics
- Perceive Equal Exchange's place within the Fair Trade movement

Discussion Questions

1. Who should be included in Fair Trade: small farmers, farmer co-ops, large plantations, agribusiness, etc.? Do different institutions of farming need different levels of standards?
2. Are there other industries where Fair Trade has the potential to expand?
3. Is Fair Trade a viable economic opportunity for the communities it intends to reach? Is it the right solution?
4. What is Equal Exchange's potential for scalability?
5. What sorts of customers does Fair Trade currently reach, and should an expanded customer base be part of a future strategy?
6. Equal Exchange has stopped adding official Fair Trade certification labels on their products, yet at the same time, others continue their efforts and other labels such as "Direct Trade" now appear on the products of their competitors. How much of a role should labeling play in a business or marketing strategy?

Additional Resources

Students should be well-versed in the globalization of the food industry. An article about the internal politics around Fair Trade can provide insights into this industry (<https://www.thenation.com/article/brawl-over-fair-trade-coffee/>).

Relevant sections - depending on students' area of study - of Equal Exchange's Annual Reports can orient students to the specific impact of their work

(http://equalexchange.coop/sites/default/files/annual_report/ee_annualreport_2016_web.pdf).

One video that may benefit students in understanding the human aspect of Equal Exchange's business practices is "Equal Exchange: Who We Are and What We Believe In" (<https://www.youtube.com/watch?v=H3Cx5Jn9hgA>).

To dive deeper into how Fair Trade specifically benefits women at all stages of the supply chain, the “Women in Coffee: A Short Documentary” video offers testimonies at all stages of coffee production (<https://www.youtube.com/watch?v=DIYZLIelwJY>).

In addition, an activity can be conducted for groups of students to introduce the stakeholders involved in food trade. Students are placed in groups and each individual is designated a specific role at a level of the supply chain. They then receive a type of product and are instructed to collectively decide how much of the final cost to the consumer goes to the farmer, the roaster, the packaging company, and so on. After students offer their solutions, the facilitator will reveal actual amounts under non-Fair Trade standards to present current injustices. The alternative prices within Fair Trade systems can then be presented as an alternative. An exploration of current food trade systems can further enrich this activity with appropriate data.