



Irwin D. Simon

EDITORS' NOTE Irwin Simon founded The Hain Celestial Group, Inc. in 1993 and has been President and Chief Executive Officer since the company's inception. He served as the President and Chief Executive Officer of The Hain Food Group Inc. from 1993 to May 2000. From early 1991 to January 1992, he served in various marketing capacities with Slim-Fast Foods Company. From 1985 to 1991, he worked at The Häagen-Dazs Company. He serves as a director on the boards of Jarden Corporation and MDC Partners, Inc. as well as Tulane University. Simon holds a Bachelor of Arts degree from Saint Mary's University.

COMPANY BRIEF The Hain Celestial Group (hain.com), headquartered in Lake Success, New York, is a leading organic and natural food and personal care products company with operations in North America, Europe, and India. Hain Celestial participates in almost all natural food categories with well-known brands that include Celestial Seasonings®, Earth's Best®, Ella's Kitchen®, Terra®, Garden of Eatin'®, Sensible Portions®, Health Valley®, Arrowhead Mills®, MaraNatha®, SunSpire®, DeBoles®, Casbah®, Rudi's Organic Bakery®, Gluten Free Café™, Hain Pure Foods®, Spectrum®, Spectrum Essentials®, Walnut Acres Organic®, Imagine®, Almond Dream®, Rice Dream®, Soy Dream®, WestSoy®, The Greek Gods®, BluePrint®, FreeBird®, Plainville Farms®, Empire®, Kosher Valley®, Yves Veggie Cuisine®, Europe's Best®, Cully & Sully®, New Covent Garden Soup Co.®, Johnson's Juice Co.®, Farmhouse Fare®, Hartley's®, Sun-Pat®, Gale's®, Robertson's®, Frank Cooper's®, Linda McCartney®, Lima®, Danival®, Happy®, Java®, Natumi®, GG UniqueFiber®, Tilda®, JASON®, Avalon Organics®, Alba Botanica® Live Clean®, and Queen Helene®.

Would you talk about what you saw that led you to form this business and, through the process, has it been what you envisioned?

When I started this company in 1993, I never thought it would be what it is today. But

Improving the Food the World Eats

**An Interview with Irwin D. Simon,
Founder, President, Chairman, and Chief Executive Officer, The Hain Celestial Group, Inc.**

as I look back to the food business, as well as the whole consumer packaged goods business overall, this country did a terrible. We allowed for detrimental things like processed foods, genetically modified ingredients, hydrogenated oils, high-fructose corn sweeteners, food coloring, additives, stabilizers, and even BPA in plastic, be it in plastic bottles or the containers we cook with.

As I look back, I feel I kind of fell into this and was lucky. When I come back to today, I realize there is an even bigger opportunity now.

At a natural foods show I went to in 1992, I saw all of this supposed natural, clean food, but what I discovered was the food tasted like garbage. It was not marketed in any strategic way. There were no big conglomerates involved with the business, and I felt if someone really knew what they were doing, there was a tremendous opportunity.

I really got my break in the '90s when Whole Foods Market started opening more stores. Along the way they bought a natural organic food chain in L.A. and several natural organic food chains on the East Coast. In 1990, the U.S. FDA came out with new labeling laws that made people spell out food standards, with standardized nutrition labeling, health claims and the food ingredient panel, serving sizes, and terms such as "low fat" and "light."

Around the same time, Nabisco came out with Snackwells reduced-fat products with high-fructose corn sweetener, which turns into sugar once consumed.

A lot of the big food conglomerates seemed to be acting irresponsibly with many of the food products they were putting out to sell to consumers.

Is Hain more about the product brands? How important is branding for Hain as a company?

Brand equity is where this came about. In the U.S., about 80 percent of the food is branded and about 20 percent is private label. But we like to buy brands we trust. We expect quality from them and the product is something we feel safe with.

I realized the value of a brand while working at Häagen-Dazs because we could get a premium price for premium ingredients. When consumers bought vanilla ice cream, they knew Häagen-Dazs put out the best.

At Slim Fast, we built \$1 billion on the Slim Fast brand, and the Slim Fast brand stands for weight loss.

I get asked why we don't put one brand on every product. Earth's Best is our infant/toddler line of foods and personal care products. I could not put Earth's Best on every single product. How do we build brand equity if we can't expand that brand beyond its boundaries? We have limited our brands to categories and have to manage it that way.

Is it important that those who are buying those brands know they're part of the Hain Celestial Group?

Hain Celestial is the parent name of the company and it came from Hain, a company I bought in 1994, and from Celestial Seasonings, which we acquired in 2000, and we combined the entities.

Our mission statement today is to be the leading marketer, manufacturer, and seller of organic and natural, better-for-you products, and the common denominator is healthy ingredients.

Underlying that, we have a list of ingredients that we will never allow in our products from a process standpoint. Of our food products, 99 percent are GMO-free, made without genetically modified ingredients or organisms. Not many companies can say that.

Behind that, we support every one of our brands, and we support our mission statement.

Is there opportunity ahead in building the existing brands or will it be from new categories?

I like to build upon what I own today. Our growth is coming from Walmart, Target, Costco, and Kroger's – mass market and grocery.

At the same time, Whole Foods Market, Sprouts Farmers Market, and natural independents continue to open more stores. There are well over 70 million millennials out there that were born in the '80s or '90s who are focused on key nutritional ingredients. They're not always buying their mother's and father's brands.

We are a new entry into multiple categories with our brands. Our brands are either natural or organic.

It's not that overall consumption of food is growing but people are buying healthier brands. Our consumption growth is coming from the replacement of conventional products with healthier products.

Are there natural product extensions still left for you?

We're a leader today in about 13 categories in multiple areas in the U.S. alone. By 2017, there is expected to be \$800 billion of food sold.

If we get 1 percent of that, it's \$8 billion, or even 1/10th of 1 percent is \$800 million, and that's pretty good growth.

Today, everybody has a mobile device and they can check that device for nutritional information, for price, etc. This is still in the early stages and will also cause our business to change.

Are you focused on going into some of the newer emerging markets?

About 60 percent of our business today is in North America, including Canada and Mexico.

I would like 55 percent of our sales domestically and the rest outside of the U.S. I still think there are opportunities out there.

There are studies that show that obesity is self-inflicted. Many of our products have good ingredients and are gluten-free. We really have a diversified portfolio and product base that will fit into the mainstream.

Is it frustrating to get the message out about your brand?

We have been doing it for such a long time, but the Internet has been the best thing for us. It teaches so much about food and what's in it, and how bad some of the stuff is. It's amazing.

Consumers don't understand much of the information on packaging. If someone buys a package with ingredients they can't pronounce or don't understand, they should not buy it.

As you grow, is it harder to maintain a culture of innovation?

I've tried to instill in Hain Celestial the need to have some personality – we're flexible and nimble, and we can make decisions.

There is no decision we can't make here. There is no reason we can't get something done today.

What I hate is trying to put roadblocks up. I'm big on our 48-hour rule – we have to make a decision in that time. I hate analysis paralysis.

This is what is missing in corporate America today. You're free to roam at Hain Celestial and mistakes do happen. That is what people have to do – really pull the trigger.

How do you maintain a long-term vision when there are short-term expectations?

The world is evolving quickly. The consumer is educated – especially in our business. We have to be ready. Looking five years out is unheard of since I don't know what it will even be like six months out.

We have to be prepared for change. Companies that are reactive and quick to market with innovations will win. Those who move slowly and methodically will lose.

With the company's growth, can you still be as hands-on as you would like to be?

I love what I do and I love the people I work with, and the brands.

The big thing is how to keep evolving the brands. I'm amazed at some of the food companies that thought the consumer would keep buying forever because their name was on it.

My point is this: Today, I've never seen a consumer who is not out there looking to change, and I've never seen a company that is not ready for the change.

In the meantime, when we're green we're growing; when we're ripe, we're rotting. One

could get lost in the changes going on out there today.

When people join Hain Celestial, what culture should they expect to be a part of?

If one understands business, one should be able to work within a business, but can one adapt to an entrepreneurial office? We're different than traditional offices. I have an open-door policy here. I hate closed doors. I like people to come into any meeting they want, do whatever they want, and have flexibility.



I'm big on big offense, big defense. There is too much strategy and drama put into stuff, and we're trying to create proper execution.



We don't have organizational charts because those have boxes and the only time to be in a box is working elsewhere. The box creates borders that they can't cross. People should come out of their comfort zone all the time. It's about getting in front of customers and consumers instead of sitting in an office.

If I was talking with some of your employees without you in the room, and I asked what it was like to work for you, what might they say?

I'm big on teamwork. I like to try to make certain decisions as a consensus. Sometimes that doesn't work and I will overrule and make the decision. But I love working with colleagues I respect and learn from. I did not go to business school. I learned my business career from playing team sports.

I'm big on big offense, big defense.

There is too much strategy and drama put into stuff, and we're trying to create proper execution. There is nothing out there that is 100 percent.

We were just named again to the Fortune 100 fastest growing companies in the U.S., making it three years in a row. We take care of our people.

I'm always trying to build the team. I'm relentless and I don't give up. Don't come in without a suggestion. People have to make decisions.

I'm also big on taking ownership of something. I'm big on having meetings and discussions. I try to talk to our people as much as possible. It's okay to get upset and to be passionate.

How important has it been to have your colleagues see the investment you're making with your new headquarters?

We had been looking at where to move our offices for two to three years because we were out of space.

We were looking for space when we saw this place. I had a vision of what I wanted it to be and we developed this incredible headquarters. There is good energy and light in this building that represents the company well, and it has a good history as well.

Do you ever take time to reflect on and appreciate what you have built?

We're a public company and we have responsibilities to shareholders and employees, consumers, and customers, and we don't get time to reflect and think about it.

I pinch myself and can't believe what I've built but then we go to the next thing.

If I would have hired outside consultants to help me put a strategic business plan together, I don't think we would have ended up where we are.

But every year, we have to start selling and this year, that should add up to \$3 billion-plus of product, and that's a lot of product when the average price can be \$5.

We have 6,500 people working in 36 plants around the world, and we have operations that reach from India to the Maritime Provinces. So, after the pinch, we quickly wake up and determine what we have to get back to doing.

I want to change the way the world eats and uses personal care products. I never want to see a kid go to bed hungry.

We want to see the rates of childhood obesity reduced. It's been said that 70 percent of illnesses today are self-inflicted, many coming from food, and we look at how we can change that and I think we can.

How do you maintain such a calm demeanor under stress?

I'm usually happy. I can't see things clearly if I'm angry. Can I yell? Yes, but I typically don't do that.

Stress really gets to people. I don't get stressed. Last year, we went through a big product recall, a fire, and other things. We deal with these issues systematically and keep our heads clear. That is what my strength is.

The other thing is pulling together the team and knowing I have a great team behind me. I'm very fortunate to work with a lot of good people because they are the ones in the trenches.

We also have fun and we know we're doing good things. We're feeding infants and toddlers their first foods.

I'm a dad first and that is the most important thing to me. We would never put food out there we would not feed to our kids or eat ourselves. ●