

ADDITIONAL STATEMENTS

HONORING ROBERT STILLER AND GREEN MOUNTAIN COFFEE ROASTERS

• Mr. LEAHY. Mr. President, I rise today to congratulate Robert Stiller, Founder and Chief of Green Mountain Coffee Roasters, who has been awarded the "Entrepreneur of the Year Award" by Forbes Magazine.

Before establishing success on the national level, Bob owned several retail coffee stores in Vermont and Maine. Unable to afford advertising, he gave away free samples at wine and food festivals and to organizations like the Cub Scouts and Ronald McDonald House. Always in search of new customers, Bob began selling his coffee to high-end restaurants and to gas stations with a goal of serving the same high-quality of coffee at both. That strategy and innovation contributed to his company's growing success.

Stiller's success stems from his willingness to take risks within the business world and his knowledge of modern technological advantages. By investing in innovative packaging tools that extended the shelf-life of their coffee, Green Mountain Coffee Roasters has made significant breakthroughs in modern brewing. They pioneered efforts to do what few coffee vendors have been able to master: keeping convenience store coffee fresh.

Green Mountain Coffee Roasters ranks 16th on the "Forbes 200 Best Small Companies" list, and sales have continued to grow an average of 24 percent over the last five years. New roasters they recently purchased will allow them to package and sell over 40 million pounds of coffee a year, available at convenience stores, gas stations, supermarkets, offices, and restaurants nationwide. And their stock has more than doubled in the past 12 months, outperforming competitors like Starbucks, and Peet's Coffee & Tea.

Again, I congratulate Bob Stiller and all his employees at Green Mountain Coffee Roasters for receipt of the Forbes award. I ask that the Forbes Magazine article, "Entrepreneur Of The Year: Java Man," and a Rutland Daily Herald article, "Coffee Company, Founder Grab The Spotlight," be made a part of the RECORD.

The material follows:

[From Forbes Magazine, Oct. 29, 2001]

ENTREPRENEUR OF THE YEAR: JAVA MAN

(By Luisa Kroll)

Bob Stiller's long-shot bets have turned Green Mountain Coffee Roasters into one of the smartest small companies in America.

Don't let his look of blissful relaxation fool you. Robert Stiller's head is constantly boiling with new ideas, many of them at odds with those of almost everyone around him. Some of the ideas lose money. Every now and then one makes a bundle.

Stiller's first big hit was selling rolling paper on the drug-sodden campus of Columbia University in the early 1970s. His brand, E-Z Wider (a little jab at the cult film), had

double the width of competing brands. The paper wouldn't feed into the machine properly, causing tearing. It was scientifically processed; Stiller discovered that storing a bobbin of paper for three weeks in a humidified room prevented the raw material from ripping. "People expected to see potheads, but we were more efficient at paper conversion than any manufacturer at the time," he recalls. E-Z stoked its sales to \$11 million before Stiller and a partner sold out in 1980, each pocketing \$3.1 million.

Twenty years later he still has a knack for experimentation—in the humble business of selling coffee beans. Founder and chief executive of Green Mountain Coffee Roasters (nasdaq: GMCR—news—people), 58-year-old Stiller is constantly trying out new technologies, backing other entrepreneurs with untested ideas and taking risks with suppliers that, on the face of it, appear slightly crazy. "Bob has that sense of not what is, but what could be," says Nick G. Lazaris, chief executive of Keurig, which makes coffee-brewing machines and is a partner of Green Mountain.

The road less traveled is strewn with riches. Green Mountain ranks 16th on the Forbes 200 Best Small Companies ranking, its second year on the list. Sales have grown an average 24% over the last five years to \$84 million for the year ended Sept. 30, 2000; earnings per share have been growing at 43%. In the quarter ended July 7, net income rose 67%. Its stock has more than doubled in the past 12 months, outperforming those of both Starbucks and a closer rival, Peet's Coffee & Tea. Stiller's 48.5% stake is worth \$89 million.

Green Mountain has put down deep roots near its headquarters in bucolic Waterbury, Vt. Three of every 10 pounds of roasted beans are sold in Maine, New Hampshire and Vermont. But this is a national company, deriving 95% of its revenue from 6,700 wholesale customers that include convenience stores, gas stations, supermarkets, offices and restaurants.

Lesson: Don't forsake marketing. If you can't afford it, try giving away your product.

A born tinkerer, Stiller spent weekends and holidays during his youth toiling at Stillman Manufacturing, his dad's Bronx, N.Y. company that made one of the first tubular heating coils for electric stoves. While still in high school, Stiller designed one machine that handled milling, cleaning and threading of a heating element. College was a chore; he couldn't maintain a C average—or what the college called a proper attitude—to remain at Syracuse University and ended up with a degree in business from Parsons College in Fairfield, Iowa in 1967. He landed at Columbia as a data-processing manager.

After cashing out of the rolling paper business, Stiller found himself at his ski condo in Sugarbush, Vt. wondering what to do next. One night, as he enjoyed a rare cup of coffee at a restaurant, he woke up and smelled the opportunity. A couple of days later he visited the small roaster in Waitsfield, Vt., where the restaurant bought its beans. For the next few months he roasted his own beans, using a hot-air popcorn popper at one point, a cookie sheet at another, brewing batches of coffee for friends. Stiller ended up buying the Waitsfield store with a partner and giving the store owner an equal one-third stake in Green Mountain. Within two years he became the sole proprietor, buying out both partners for \$100,000.

The business seemed doomed from the start. Holed up in an office over a movie theater, Stiller lent the company \$1 million, but still had to pay salaries with credit cards. His \$30,000 line of credit was snatched from him after he went to the main branch of the bank in search of more money. What loan officer dared believe in this venture? This was

The House and the Senate account to each other; the Congress to the President, the President to the Congress, both to the courts, and to the American people; a prosecutor to the judge (appointed for life) and jury and all of it subject to appeal. It is one of the great paradoxes of that document: on the one hand, the constitution reveals our founders' abiding faith in democracy—in the people, while on the other hand, the framers were very suspicious of human nature when clothed with unaccountable power. This principle is not a detail; it is crucial to America's phenomenal success.

Our founders made this very clear in the remarkable federalist papers. In them, Madison, and Hamilton famously observed: "What is government itself, but the greatest of all reflections on human nature? If men were angels, no government would be necessary. If angels were to govern men, neither external nor internal controls on government would be necessary, but in framing a government which is to be administered by men over men, the great difficulty lies in this: you must first enable the government to control the governed; and in the next lace oblige it to control itself . . . a dependence on the people, is no doubt, the primary control on government; but experience has taught mankind the necessity of auxiliary precautions."

Maintaining the rule of law takes a lot of nerve. And over our history we have occasionally lost it during moments of great threat.

In 1798, Congress passed the notorious alien and sedition acts. David McCullough in his marvelous new history of John Adams, wrote that President Adams' signatures on the those bills were "the most reprehensive acts of his presidency." During the Civil War, President Lincoln abolished the writ of habeas corpus. In World War I, Minnesota established the shameful public safety commission, which held public hearings all over the state to test the loyalty of German-American Minnesotans and remove the doubtful from office. At the beginning of World War II, Federal officials arrested thousands of Japanese-Americans and herded them into "relocation" camps without any credible evidence of disloyalty. during the worst of the Cold War, Joe McCarthy panicked our Nation and during the turbulent days of the civil rights struggle, F.B.I. Directors, Hoover, decided that Martin Luther King was a dangerous man who needed to be hounded daily and destroyed as a public leader—even though King's message of non-violence may have saved our Nation.

In all of these cases, after we had regained our confidence, we could see that we had allowed our fear to get the better of us, and that we had hurt innocent people, compromised our ideals and shamed ourselves.

Today we again have much to fear.

These are tough times and they require decisive action. We must find and punish our attackers, and make clear that aggression against our country will not be tolerated. We must also try to prevent future terrorism, by learning much more about the threats around and among us. We must give our intelligence and law enforcement agencies the resources and authority they need to do these difficult jobs.

But we can be vigilant and deceive without giving in to fear. We can do everything we need to do to protect ourselves within our constitution, and we will be stronger if we do so. For history has taught us over and over again that the rule of law, openness and tolerance will prevail over injustice, oppression and hate.

It is our great advantage.

Thank you.

a decade before Starbucks reached the East Coast, and a cup of joe was just something to wash down the morning eggs and toast. Stiller added retail stores in Vermont and Maine, and insisted on roasting only arabica beans, grown at higher altitudes and pricier than the robusta variety. Unable to afford advertising, he gave away samples at wine and food festivals and to organizations like the Cub Scouts and Ronald McDonald House. The red ink flowed, \$1.4 million cumulatively from 1981 to 1985.

Always on the prowl for new customers, Stiller began selling to high-end restaurants and specialty stores. He bought a personal computer and hired a programmer to write software that traced customers' orders, deliveries and payments. Ever since, he has invested heavily in technology, becoming one of the first customers of Praxis, which developed a program to monitor and adjust heat levels in the roasters appropriate to each bag of beans. "Some say there is an art to great coffee," says Stiller. "I don't care how artistic you are, there are too many factors in play. You need the technology."

Which is why the fellow with the tube-bending machine and the rolling-paper process has installed \$2.5 million worth of software from PeopleSoft to track distribution, manufacturing, sales and personnel. At the time this software project got under way Green Mountain had only \$33 million in sales and was PeopleSoft's smallest customer for the product. "Green Mountain," says Michael Frandsen, PeopleSoft's general manager of supply chain management, "is one of the most aggressive small companies I've come across."

As when Stiller ignored the grumbling of some board members over selling his premium coffee to grungy gas stations. He thought it was a good way to spread the brand; the trick was to make sure the coffee at ExxonMobil was brewed as carefully as it was at New York's Harvard Club. So along with its beans, Green Mountain bundled services and tools, including coffee machines, cups, banners and training. Stiller created one- and two-day courses for customers with instruction about coffee farming, grinding and filtering. Now ExxonMobil is its biggest customer, representing 17% of sales last year. Last November Green Mountain signed a five-year agreement, beating out 11 rivals, to supply all 1,100 ExxonMobil company-owned stores and 500 franchise locations.

Another long-shot bet: backing three unknown entrepreneurs peddling a single-serve coffee system. At the time, they held the patent on filter-wrapped individual portions of ground coffee, but had no product ready for market. Stiller invested \$150,000 for a 1% stake in Keurig. Green Mountain patiently worked with them on product quality and flavor. Finally, in 1998, the Keurig machine rolled into offices like PricewaterhouseCoopers. Green Mountain, which produces K-Cup individual packages of coffee at its factory, pays Keurig an undisclosed royalty based on the number of packages it sells. Last year K-Cups contributed 15.7% of Green Mountain's revenues.

DAILY GRIND

A grower of fancy coffee gets maybe a dollar a pound. How come you pay \$9? Here's how the wholesale price adds up, even before the retail markup. Cost of 1.25 pounds of green beans* \$1.25; shipping, 0.16; other costs of goods**, 3.22; overhead***, 2.46; profit****, 0.62; wholesale price*****, \$7.71.

*20% weight loss in roasting. **Packaging, services, cups. ***Selling, sampling and administrative costs. ****Operating. *****Average yield to Green Mountain including supermarket coffee and brewed cups.

Source: Forbes estimates, using Green Mountain's FY 2000 financials.

Leaning forward so often, Stiller has occasionally fallen off his perch. Anxious to expand, he took the company public in 1993, but couldn't meet Nasdaq listing guidelines and traded for four years on Nasdaq's minor league system (called the Nasdaq SmallCap Market). With the \$11.5 million raised, he invested in mail-order catalogs, opened five retail stores and hired a bunch of seasoned outsiders. He also spent \$500,000 on packaging equipment that flushes out the oxygen with puffs of nitrogen to improve shelf life.

Stiller wanted to invest now in anticipation of future growth. Such improvements had a cost. The company lost a combined \$4.7 million in fiscal 1993 and 1994. For ten months Stiller stopped matching contributions to the 401(k) program, and imposed a hiring freeze. The bigger growth lay with the wholesale business. Green Mountain shuttered its 12 stores in 1998, at a cost of \$1.3 million.

Lesson: Don't be afraid to increase capacity for a level of business that doesn't yet exist.

Vermont being Vermont, it goes without saying that Green Mountain strives for a do-gooder image, giving away 5% of pretax profits to "socially responsible" causes. "I'm not doing it because I want to give money away to charities," he confesses. "What we're doing makes the most business sense."

Example: providing startup funding for 100 small-scale farmers who formed a cooperative in Sumatra, Indonesia. Since then, production has increased almost sixfold—18% of its arabica going to Green Mountain. Stiller was one of the early backers of "fair trade" coffee, which pays farmers what they need to break even and clear a small profit. All this draws customers like Columbia University and natural food stores.

Stiller has gradually backed away from the day-to-day business, acting more as teacher than taskmaster. He meditates 45 minutes every day and, despite enduring the occasional pair of rolling eyes, nudges his staff to study "appreciative inquiry," a management technique developed at Case Western Reserve University that encourages people to learn from their successes—what produced a great batch of roasted beans, for instance, or the last deal that closed—instead of their mistakes.

Is this still a growth company? Probably not the one it used to be. The Delta Shuttle will be buying less, and Starbucks, with help from Kraft, is muscling into the grocery-store channel. Stiller predicts sales growth will be 15% to 20% next year, below its five-year average. But he's still a risk-taker. He is spending \$2 million for a couple of roasters, which will boost capacity from 15 million pounds to 40 million pounds a year. It will be a long time before demand catches up. But Stiller is sure that day will come.

[From the Rutland Herald, Nov. 5, 2001]

COFFEE COMPANY, FOUNDER GRAB THE SPOTLIGHT

[By Bruce Edwards]

An interview with Robert Stiller, the founder and president of Green Mountain Coffee Roasters in Waterbury. Stiller was recently named Forbes' magazine first "Entrepreneur of the Year." The magazine also ranked the company as one of the "200 Best Small Companies in America."

Question: When you started Green Mountain Coffee Roasters in 1981, did you have a vision for the company. And are you surprised at the success you've achieved?

Robert Stiller: I didn't envision the success the way it has come about. I felt we may have been further along in getting the coffee

out there because I always felt there isn't great coffee out there. When people get used to drinking great coffee, they just don't go back to the commercial grades. So, I knew that was going to work. I really didn't envision the awards. I really didn't feel we would be as strong as we were with the social type of issues like the organic and the fair trade coffees.

Q: When you think of Vermont you think of maple syrup. Coffee, on the other hand, is hardly indigenous to the state. Where did you come up with the idea for a coffee company?

Stiller: Actually, a friend had started a small shop at the end of 1979 with a couple that had come up from Connecticut. Their brother had been in the coffee business and they opened a small shop here in Vermont. I got to know them and I wanted to expand that concept. I really wasn't much of a coffee drinker at the time. When I had great coffee, it was like this is terrific and we wanted to carry that concept further.

Q: What kind of competition do you face? There are obviously a lot of coffees out there and your coffee is a premium brand.

Stiller: We provide a better product that people are willing to pay more for. Sometimes they'll use less of our coffee than the commercial coffees and get a more satisfying cup of coffee. There are ways to get around the economics of it. People will also find it a little bit finer than some of the commercial grades and get better extraction in the brewing process. We compete by offering better solutions to customers, like a super-market, to sell the product. We merchandise the coffee better. We work with the staff to educate them and support the product. A lot of the commercial companies don't want to get into (that). They just want to put it on the shelf and have it sell. We differentiate ourselves by offering the higher levels of service that in turn provide a value to the consumer.

Q: Where do you buy most of your coffee beans?

Stiller: Central and South America. Also Mexico. We have other coffees that come from Africa and Indonesia.

Q: What makes the quality of your coffee beans different?

Stiller: It would be the taste profile of that particular coffee being representative of the area that it comes from. You want the taste to sort of epitomize where that coffee comes from. And we are very selective in getting the taste of that coffee as good as it can be. You also look at the highest-grade coffees. Each of the countries has a grading system. And we would also select the highest grades available. A lot of companies are just interested in the cost aspect and don't look for the taste profile.

Q: How much coffee do you import each year and is it all processed in Waterbury?

Stiller: We're about 12 to 13 million pounds of green coffee a year. We roast all the coffee here and package it and ship from here.

Q: What's the size of the Vermont operation?

Stiller: In the Waterbury area, we employ about 300 people. There's a little over 500 in the organization. We have a 90,000-square-foot production, roasting, warehousing facility. We just purchased a couple of roasters that will substantially increase our roasting capacity. With the new roasters we'll be able to roast over 40 million pounds a year.

Q: Much of your business is wholesale as opposed to retail?

Stiller: We don't have any retail shops. The supermarkets in some industries define that as retail. The bulk of our coffee is sold 25 percent through the supermarkets, about 25 percent through the office distributors and then another 25 percent through convenience stores.

Q: How were you able to land these large contracts like the Exxon Mobil convenience stores, Amtrak and Delta airlines?

Stiller: Mobil came to us over 10 years ago and we got one convenience store that was right across from a Dunkin' Donuts. The owner said if you can do anything with this location I'll talk to you about the rest of the stores. And we increased the coffee sales of the store about five times. So we got the rest of that chain, which led to recognition in the area and we just kept getting more convenience stores. They tested us against all the other coffee companies and found that our products did indeed sell better. We offered better support. And then we signed a contract with Mobil for five years.

Q: Your company has also come up with some technological innovations.

Stiller: I think the whole convenience store area was initiated with our use of air pots or the vacuum pump, thermal server. Because historically the coffee wasn't able to be kept fresh at the convenience store level. And with those servers we were able to offer a variety of coffees with a much longer shelf life than coffee sitting on a burner.

We were one of the first to recognize the sustainable issue with coffee. We tried to work with the farms to improve the farms, the product and the workers. It makes sense from a business point of view that if the people are taken care of you're going to have a better product. Nobody that is treated poorly is going to put their heart and soul into developing a good coffee.

Q: It appears you followed Ben & Jerry's philosophy of social responsibility.

Stiller: It's been very important to us. I think it's been very motivational to people in the company knowing that they are achieving a greater good in the world through what we do. We've had sustainable coffees for quite a while. And that led the industry in organic and fair trade (coffees). We've also encouraged our customers like Exxon Mobil. It was the first convenience store on a national level to have an organic coffee as their coffee of the month. This year they've done a fair trade coffee.

Q: What do you mean by a fair trade coffee?

Stiller: A fair trade coffee is certified that the farm that it comes from is a co-op. It's owned by the farmers. They get a minimum wage. So that they can live off of that. It's a major factor right now in that coffee is the second largest commodity behind oil. But unlike oil, coffee is a product of the people. There are 25 million farmers involved in farming and developing coffee. And about 75 percent of them are small farms. So if a farmer can't earn a living and support a family with coffee, what do they do? They turn to the government for support or they can turn to other illegal crops. We're talking about a life and death situation for these people. The break-even point for coffee is about 85 or 90 cents (a pound). It doesn't pay for them to produce good coffee. Coffee prices are below 50 cents right now. So a lot of the work that goes into good coffee is not happening. Sometimes they will pick coffee four or five times during the harvest season. Now, they're picking it once because they can't afford the pickers. This whole fair trade initiative was really developed to guarantee economic stability for the farmers and with that almost guarantees more of a democracy in a lot of these Third World countries because it provides that economic stability.

Q: Has NAFTA, the North American Free Trade Agreement, had any effect on your business?

Stiller: It doesn't really come into play. I think it's more for manufactured goods as opposed to agriculture.

Q: You have a director of social responsibility to oversee that area of the company?

Stiller: I think consumers are looking for more of that from companies. A lot of the people here are really motivated to make a difference in the world. They feel it's the right thing to do.

Q: The economy is either in a recession or close to a recession. Have you seen any indication of that in your business? Or is coffee one of those products that consumers regard as a necessity?

Stiller: It is a necessity. People enjoy it. It's part of their life. It's an energizing experience. It's reflective in a sense. You sort of take a break for coffee. And lots of times ideas come to you with that reflection. In troubled times, people might drink more coffee. In the overall scheme of things, there might be a little bit of a downturn but it wouldn't be very significant.

Q: You've been doing business in Vermont since 1981. Has the state been a difficult place for your company to do business?

Stiller: I think it's been a great experience. The Vermont name has added a lot (of value). I think the people we have hired are wonderful. There is a real sense of integrity and a hard work ethic. We haven't had too many problems with the permitting process. We've always felt supported by state government and other agencies within the government. The only issue has been in the banking area where we have had trouble getting the credit lines from local banks. We went down to Boston years ago and have been banking out of the state.●

PAYING TRIBUTE TO RON CASS

● Mr. BURNS. Mr. President, I rise today to pay tribute to Ron Cass, a man who embraces the idea that one person can truly make a difference. Ron is retiring after 28 years with KXLF-TV as General Manager in Butte, MT. While his job required a keen sense of community, it was his dedication to his family and the city of Butte that I want to recall today.

Ron joined KXLF in 1974 and worked his way up the corporate ladder. He was named President of KXLF Communications, Inc. in 1986 and later added the management of KBZK in Bozeman, MT. Born in Harlowton, Ron started out as a disc jockey but soon chose television as his medium of choice. I believe he chose wisely.

During the past several years, Ron has been instrumental in helping me understand a variety of telecommunication issues. He has given me his ideas freely and helped me to understand not only the growing complexity of the industry but also the need to remember what is important for Montana TV viewers who rely on the medium for their information.

Meanwhile, Ron found himself complaining about the current state of affairs in his hometown of Butte. He realized rather quickly that talking about problems didn't produce results—actions certainly speak louder than words. Ron went into action. He now has a long list of accomplishments and I believe that Butte is a better place today because of his efforts.

Whether as President of the Butte Chamber of Commerce, a member of the United Way Board of Directors,

part of the Butte-Silver Bow Law Enforcement Commission, or even a member of the county's Study Commission, Ron rolled up his sleeves and Butte reaped the benefits. He also made a commitment to the local Exchange Club and the Pachyderms. He even battled Butte's frigid temperatures to help the Salvation Army during their annual bell ringing fundraiser at Christmas time.

Those who know Ron Cass know that his personal participation is not for personal glory or a Butte parade on St. Patrick's Day. Ron's involvement comes from his desire to give back; give back to the very folks who helped him succeed in Montana when he first arrived and decided to raise a family in Butte.

Today, Ron cherishes his family and many friends as he begins his retirement. His children, Barbara, Lura, and Dan—and his grandchildren, Timothy, Sean, Alex, Andrew, and Jake—and of course, his fiancée, Nancy all agree that "Poppa" is a true role model.

About the same time he decided to contribute his talent, energy, and strength to Butte, his grandson, Alex, was born with Down Syndrome. From that day on, Ron made it his mission to support and encourage Alex in all that he would choose to do. That has included his grandson's efforts in Special Olympics and the joys of mainstreamed education.

Ron Cass's unselfish actions throughout his CBS Television Network career transcend the airwaves. His actions are shown today in the quality of his family's lives and the many friends who will gather and honor him before or after his last "working" day.

I would like to take this opportunity to personally thank Ron for all he has done to benefit the City of Butte, and the State of Montana. I want to wish him well in his retirement. While I am certain he will be spending plenty of time within the community he holds so close to his heart, I'm also certain that he'll be enjoying the Treasure State on the back of his motorcycle with the wind in his hair.●

MEASURE REFERRED

The following bill, previously received from the House of Representatives for concurrence, was read the first and second times by unanimous consent, and referred as indicated:

H.R. 3282. An act to designate the Federal building and United States courthouse located at 400 North Main Street in Butte, Montana, as the "Mike Mansfield Federal Building and United States Courthouse"; to the Committee on Environment and Public Works.

ENROLLED BILLS AND JOINT RESOLUTIONS PRESENTED

The Secretary of the Senate reported that on today, December 14, 2001, she had presented to the President of the United States the following enrolled bills: