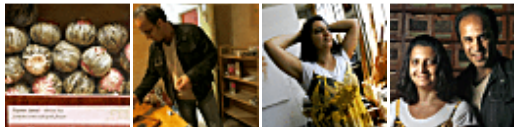


# The Artist and the Alchemist

## The brother and sister team behind the progressive business that is Numi Tea

Ben Hubbard, Sunday, June 29, 2008



During the nine years after Ahmed Rahim graduated from New York University with degrees in psychology and theater, he shot fashion photography and studied film in Paris; worked construction in the German Alps; and refurbished a caravan of junkyard Winnebagos to drive from Berlin to Spain. He never made it to Spain, but landed in Prague, where he worked in film and helped run some tea houses.

His is not the typical resume of a CEO whose company pulled in \$12 million in revenues last year. Nor is his company typical. Rahim is the CEO and self-proclaimed alchemist of Numi Tea, the company he started with his sister, Reem, in her Oakland apartment in 1999. Since then, Numi has elbowed its way into the top pack of the gourmet tea market; its mostly organic, Fair Trade Certified products finding their way onto the shelves of Whole Foods, Safeway and Trader Joe's, among other stores. Outside the United States, Numi is now sold in 22 countries, including Spain, Holland, Australia, Japan and China.

Despite the company's rapid growth, much of its character can be traced back to the brother-sister duo of Ahmed and Reem Rahim, the children of Iraqi immigrants who both spent more time thinking about art than money before settling in Oakland to try their hand at tea. Reem paints the images on much of Numi's packaging. Ahmed has developed all of Numi's flavors through a process that is more art than science: he samples teas and ingredients, mixes them together and trusts his nose and mouth.

### The Alchemist

On a recent Saturday afternoon, Ahmed was in his tea lab in the Numi offices in Oakland's Embarcadero Cove experimenting with new blends. He poured boiling water over eight varieties of Peurh, a tea Ahmed says is popular in China but has yet to be widely marketed in the United States. Rows of teabags he'd filled with everything from cranberries to hibiscus, osmanthus to black pepper lay on the countertop. Samples of even more herbs, spices, fruits and flowers crowded the shelves along the wall. It would be hard to find a better smelling lab in the city of Oakland.

"When I'm tasting these," Ahmed said, pouring tea from each pot into a paper cup, "I'm thinking, which one will handle the lavender flowers, for example. Like if you want to make a curry dish, you don't put too much cinnamon because it will destroy the curry taste."

Ahmed had come to work on Saturday so no one would disturb him. His goal was to create four new blends that will eventually join Numi's offerings of more than 100 teas and herbal teasans. To find the right flavors, he would taste infusions of all of his potential ingredients - 16 fruits, 20 herbs and 10 spices - in addition to nine varieties of Puerh, one of which he'd use as a base.

Ahmed is 39 and olive-skinned. He wears rectangular-framed glasses and sports a tuft of beard under his lower lip. His pension for slip-on shoes or sneakers, jeans and open collars makes him look more like an independent filmmaker than a businessman. He speaks softly and calmly, like someone who has spent a lot of time drinking tea.

"As an artist, I've always collected garbage and used found materials," he said. When he lived in Europe, he'd retrieve chipped tiles from junkyards and turn them into mosaics and tabletops. "I was always interested in sustainability, and if you could take public transit rather than a car, I was into that."

This philosophy of sustainability now influences the way Ahmed runs Numi. All of Numi's packaging is recycled and recyclable, he says; the company doesn't wrap its boxes in plastic. In 2006, the California Integrated Waste Management Board gave Numi its "WRAP of the Year" award for its waste-reduction activities.

All but one of Numi's bag teas, and many its loose teas, are certified organic, which Ahmed sees as similar to making art with found materials. The idea, he says, is "to do as much as possible with the earth and what is already there." This also drives his use of only real ingredients to flavor his teas, as opposed to the oils most tea companies use.

After he'd tasted all nine teas and jotted notes on a sheet of paper, Ahmed rinsed the pots, and poured water over 16 herbs.

"Reminds me of dandelion," he said of the safflower. "Very fragrant," he said of the rose. "I can see it with lavender and jasmine."

He then did the same with fruits and spices, steeping everything from Chinese gogi berries to cardamom, licorice to allspice.

Using only real ingredients frees Ahmed from having to depend on white-coat labs for his flavors. But it also limits him, because some tasty fruits - cranberries for instance - release very little flavor in hot water.

"If you use cranberry oil you get more flavor," he said with a shrug. "So I just won't use cranberries."

Luckily for Ahmed, the chocolate and cocoa bean nibs he steeped for a new chocolate blend actually made the water taste like chocolate. He sipped the sample, looked over the rows of cups and reached for the coconut.

"Mmm!" he said. He held one cup in each hand and sipped back and forth. "I'd like to do chocolate, coconut and vanilla. That'll be a grand slam, I can tell."

## **The Artist**

Reem Rahim held a small painting of a yellow-haired ballerina in her lap and smoothed out the contours of the dancer's arm with a fine brush. It was Sunday evening, and she had ridden her bike to the downtown Oakland loft studio she shares with three others to make the art she rarely has time for during the week.

She looked at home in her studio, wearing paint-specked pajama pants and a purple shirt, her black hair pulled back to reveal lightly freckled cheeks and warm brown eyes. Around her were numerous projects in various stages of completion. Five-foot canvasses from her thesis project for the master's in fine arts she got in 2002 leaned against the wall. A pastoral scene painted for a future Numi product rested on a nearby easel. In front of her on the desk sat eight more ballerinas.

When the dancers are done, the 41-year-old artist said, she'll hang them in her new bathroom, adding that even when she was in art school, she never liked the idea of creating art to sell.

"I was like, that's not my purpose for making art," she said. "And look at me now - I've sold millions of paintings."

More correctly, her paintings have helped sell millions of boxes of tea.

The journey to get those teas to market began in 1970, when the Rahims' father, a kidney doctor, moved from Iraq to Cleveland because his refusal to join the ruling Baath party impeded his Iraqi medical career. The rest of the family joined him a year later. Ahmed was 3; Reem was 5.

Life was a struggle for the Rahims in Cleveland at first. They had been affluent in Iraq, and had come to America by choice, not as refugees, but their father had to redo his residency so he could practice. He often worked 14-hour days when Ahmed and Reem were children, telling them they could do anything in America if they worked hard enough.

Inside the home, life retained an Iraqi character. The family spoke Arabic, practiced Islam, ate Iraqi food and drank an Iraqi lime tea called "Numi Basra" that the kids talked about selling to Americans. They visited Iraq every few years, and their mother reached out to other Iraqi and Arab families in Cleveland, turning their house into what Reem calls a "de facto Iraqi community center."

"The house was everyone's," Ahmed says. He was often asked to give up his bed so his parents could host new immigrants, refugees or foreign students who needed a place to land when they reached the United States.

Ahmed often found the contrast between the cultures in and outside the home jarring.

"The hardest part of growing up in Cleveland was the mentality and the mindset," he says. "There was a lot of racism. I was a dark-skinned kid with a different name. I wasn't Mike or Sam or John or Joe."

This changed during his two years at a private, Christian high school, he says, where he started "experimenting with substances," outgrew his childhood paunch and got interested in philosophy and art. By the time he transferred back to public school, he was a different person, considered more exotic than strange.

Reem loved art from a young age and went to Case Western Reserve University, in Cleveland, where she was captain of the tennis team. She studied biomedical engineering because her mother said she was "too smart for art."

The summer after her junior year, she was in a car on its way to New York when the driver lost control and rolled the car twice. Both of her knees were dislocated, and she had eight surgeries in the next month. She turned 21 in the hospital. It took her more than a year to recover, and she returned to tennis practice the following spring in leg braces.

She spent much of the next few years "imploding psychologically and emotionally," she says. After the accident, an insurance case won her about \$400,000 because the driver had been uninsured, she says, but the trial was so arduous that the money provided only scant consolation. After college, she moved to Boston, where her best friend died in a car accident and her boyfriend of two and a half years informed her he was seeing someone else.

"Art was my savior," she says of how she survived that time, "the only way I could sustain myself."

She got fired from her job as a research assistant after accidentally killing a lab mouse, and her boss suggested she get an automated job.

So she went to art school. Her studies took her to Italy for two years, then to the Bay Area, where she enrolled at John F. Kennedy University. She worked odd jobs while in school, and recalls driving home in tears after a terrible day substitute teaching.

"I just thought, I have so much more to give," she says, "so much to offer. So I thought, just choose one thing. And I chose Numi."

## **The birth of Numi**

That summer, Ahmed returned from his European adventures for a Rahim family vacation at the Grand Canyon, and Reem told him she was going to import the lime tea they had drunk as kids.

"So am I," he said. And thus, Numi was born.

They wrote up a rudimentary business plan, and their father took out a home equity loan to help them raise a quarter of a million dollars. Ahmed joined his sister in Oakland, where they developed their first products in Reem's kitchen.

"We were never business people, nor did we even know what a business was," Reem recalls. "It was an art venture."

She remembers painting their first box covers in her kitchen while Ahmed crushed herbs between two stones and steeped them in glass vials. They both experimented with tea stains, developing the rippled color patterns that now adorn many of their products.

Early on, they even considered writing "the Alchemist" and "the Artist" on their business cards.

"I think people who come from outside the business world come in with a fresh eye," says Gayle Stansfield, a Numi sales manager who was one of the Rahims' early employees. She gave the example of Numi's Flowering Tea, hand-sewn bulbs that unfurl like blossoms in hot water. The company had no idea if they'd sell, she says. They now make up about 20 percent of Numi's business.

The Rahims realized they were onto something when they released their first nine teas in August, 1999, at the San Francisco International Gift Show.

"All the other booths around us had three or four customers," Ahmed recalls. "We were packed. Everyone came and was like, what is this tea? How do you produce it? We want this in our store."

They got more than \$10,000 in orders during the four-day show, and did 15 more trade shows in their first year. Much of their early growth, Reem says, was sheer luck. In 1999, Starbucks bought the Tazo Tea Company, sending specialty coffee roasters looking for a new brand to sell with their coffees. Many of them stumbled upon Numi.

Numi's launch also fell within a propitious time for the tea industry.

"It used to be that the only people drinking tea were little old ladies with blue hair," said Joe Simrany, president of the Tea Council of the USA. But primarily due to increasing health awareness, he said, the tea industry has grown from under \$2 billion in 1990 to about \$7 billion in 2007.

Ahmed Rahim says they never thought of building a worldwide company.

"It was to do a Bay Area niche thing," he says. "Import some unique herbs and take it day by day sort of thing. I had no idea it would be this big this fast."

## **At the office**

By Wednesday morning - thanks to two late nights in the tea lab - Ahmed's new blends had expanded and evolved. He'd crafted two citrus blends with lemon and orange peel, and spiced the chocolate blends, which he'd decided to call "Aztec," with vanilla bean, nutmeg and chili powder. That afternoon, he'd serve his 25 creations to the Numi staff for feedback.

But before then, he had to tend to the business side of things. At 10:15, he entered the conference room to meet with representatives from a corporate search firm. Numi is planning to hire a president, he said, someone to take over many of the daily business operations so that he can focus on new products and working with suppliers in Asia. He'd brought Numi to this point, he said. "Taking it to \$50 million, someone else can do that."

Ahmed's casual dress - V-neck T-shirt, brown jean jacket, tennis shoes - appeared at odds with the two headhunters, who were all corporate starch and high heels. Tea was served. He told them the new president had to be good on finance, but that personality was most important.

"If they're not really breathing the culture, we don't want them in here," he said. "We're not looking for a suit-and-tie personality."

He also said the new president should like tea.

"If we had someone who drank five cans of Coke a day...." He shook his head.

After the meeting - Ahmed found the firm's fees too steep - he dropped by his office to check e-mail. There was a phone message from an ad man at Ode Magazine. They're going to press, he said, and he can give Numi a full-page for \$850. He called it a "win-win" and said they're big fans. Ahmed deleted the message.

"We don't believe in advertising," he said.

After lunch, Ahmed walked to the Numi Tea Garden, the company's new teahouse, to meet with a group from TBL Capital, a socially conscious venture capital fund that recently invested \$1.8 million in Numi. He gave them a tour of the facility, and showed them photos he'd taken during business trips to Asia: here's an organic farm we buy tea from; here's Reem with the women who hand-sew the Flowering Tea.

Mark Finser, general partner at TBL, said the group had invested in only six of the 200 companies it had considered since starting last September. It chose Numi based on what he called "the authentic nature of the entrepreneurs and what they're trying to do."

"There are a lot of people jumping on the green bandwagon or into sustainability and organic," he said. "But [the Rahims] do it because they really believe they're making a difference."

Twelve of Numi's products are fair trade certified, a choice Ahmed says is due to his and his sister's background.

"That came from being a minority and being called names and traveling in places where people don't have the resources and abundance we have here," he says. "I just felt that treating people fairly was the most important part."

He and his sister agree that their parents' willingness to help people out also played a role.

"They always had open arms and open hearts for other people," Reem says. "We just grew up with that lifestyle. It's not about you."

Julie Beals of Fresh Cup Magazine, a trade publication, says Numi broke new ground last year by bringing four of its Chinese partners to a U.S. trade show. Two of them were women who sew the Flowering Tea.

"That was really unprecedented," she says. "They'd never been outside their villages."

The office closed early that afternoon and about two-thirds of Numi's 40-some employees filed into the Tea Garden to taste Ahmed's new blends. He passed out evaluation forms and told them to rate each blend between one and nine in terms of color, aroma and flavor, then give an overall score and jot comments. He told them to be as specific as possible.

The staff did not disappoint.

"Grassy and earthy," someone wrote of a chocolate blend. "Smells like honey, tastes like rose," someone else wrote of one of the floral teas.

Perhaps because the alchemist is her brother, Reem pulled no punches.

"Tastes like bad sewage water," she wrote of one of the straight Puerhs.

She liked floral #3 better, writing, "Puerh jasmine heaven!"

The following week, Ahmed would be back in the lab, further tweaking his blends. Two weeks later, he'd take another round to the staff, then to a consumer focus group. In the meantime, Reem would work with the marketing team on the design for the new products, which will be released this week at the Fancy Food Show in New York. If all goes well, Ahmed says, they'll be on shelves by October.

But none of this was on his mind as he flipped through the sheets after the tasting.

On one sheet, someone had drawn a heart around Aztec #4 and written "LOVE!" in the comments box. Rahim smiled.

"Look, this one got a 10," he said. "I don't even have a 10."

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Ben Hubbard likes tea, but drank more coffee to get himself through the UC Berkeley Graduate School of Journalism, from which he graduated last month. He is interning at the Washington Post. E-mail [magazine@sfchronicle.com](mailto:magazine@sfchronicle.com).

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