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By Geoff Forester for USA TODAY

**In the swim:** Henry and Lisa Lovejoy run EcoFish, a company considered a pioneer in the sustainable seafood market.

## Small Business

## Going green, earning green

Companies find that being environmentally friendly can be profitable. 4B

# Catch of the day: Sustainable fish

## Firm aims to save seafood, habitat

By Julie Schmit  
USA TODAY

Ten years ago, Henry and Lisa Lovejoy stood ankle-deep amid dead tuna in a Tokyo warehouse the size of a football field.

The tuna were headed to the dinner tables of Japan, and the warehouses would fill with fresh kill the next day. And the next. And the next. Some tuna were so young, they hadn't reproduced.

It was then that the couple, who ran a \$20 million-a-year lobster export business in Boston, knew they had to stop doing what they were doing. "We thought, 'This industry has some serious environmental baggage,'" says Henry, 43. "We had a strong level of discomfort being part of an industry that wasn't managing its resources well."

Out of that sentiment came EcoFish, an 8-year-old company considered a pioneer in the market of "sustainable" seafood — a movement increasingly embraced by major seafood producers and retailers, including Wal-Mart.

EcoFish sells only seafood that is grown or caught in eco-friendly ways. That means the fish producers don't harm the environment and take no more fish out of the ocean than are born each year.

EcoFish, with \$3 million in annual sales, is a small fish in the \$52 billion U.S. seafood industry. But it's living proof that seafood companies can make money without harming the environment, says Michael Sutton, director of the Center for the Future of the Oceans at the Monterey Bay Aquarium. He sees EcoFish as a company that can pioneer an industry transformation.

"They're a drop in the ocean that creates a lot of ripples," says Sutton, who serves on EcoFish's volunteer advisory board.

### Declining stocks

Conservationists say the sustainability movement for seafood is happening just in time: About 75% of the world's wild fish stocks already are dubbed depleted or recovering from depletion by the United Nations. Some long-standing consumer favorites, including Atlantic cod and Chilean sea bass, are considered "vulnerable to overfishing." Atlantic cod has been so heavily fished that the population is down to its last 10%, says Seafood



By Geoff Forester, for USA TODAY

**Friendly:** The Lovejoy's logo shows them hugging a halibut.

Watch at the Monterey Bay Aquarium, which warns consumers on seafood to avoid.

The Lovejoys first thought they'd abandon the seafood business because of environmental concerns. Then they decided to try to remake it.

Based in Dover, N.H., EcoFish handles a dozen fish species. The six-employee firm started by selling sustainably grown fish to restaurants. Today, 20% of revenue comes from restaurants and 80% from products sold to retailers.

They range from frozen shrimp to canned tuna to wild Alaskan salmon entrees. They're carried in about 3,000 U.S. stores, including natural food stores, Whole Foods supermarkets and Target Supercenters, and they cost about 20% more than rival products.

EcoFish gets seafood from dozens of family businesses and a few large companies. About 80% of its products come from the USA,

largely Alaska. EcoFish also buys from Ecuador and Argentina sources. All producers must be approved by the EcoFish advisory board, which includes Sutton and other conservationists. EcoFish avoids fish that have been heavily fished, such as Chilean sea bass, Atlantic cod and orange roughy.

EcoFish producers must also adhere to good fishing practices. For instance, they must limit "by catch," which is fish or other marine life that get caught with the targeted species. EcoFish's mahi-mahi, for example, are caught on family-owned boats in Ecuador by single hook and line.

Lovejoy says EcoFish's profitability shows that consumers will pay more for seafood that they know is good for them and the environment. By not selling some products for environmental reasons, EcoFish loses some sales. But it taps the growing market of consumers wanting eco-friendly products.

"We totally pioneered the (sustainable) category for seafood, and we feel responsible for growing it," Lovejoy says.

### Generous supporters

EcoFish has supportive financial backers. In the past two years, it's received \$2.5 million in venture capital funding from Sea Change Management, a venture capital fund based in San Francisco.

The fund was founded by the David & Lucile Packard Foundation, set up by the co-founder of tech giant HP and one of the biggest foundations geared to ocean conservation. The foundation supplied \$10 million and Sea Change raised \$10 million from private investors.

EcoFish was the fund's first investment. The fund doesn't just look for good financial returns, but

for good conservation returns, too, says Matthew Elliott, the fund's conservation director.

"EcoFish was definitely ahead of the sustainability curve," he says. He considers EcoFish a "soul" brand, like juice maker Odwalla and ice cream maker Ben & Jerry's.

The venture capital infusion allowed EcoFish to retool its brand, now Henry & Lisa's Natural Seafood. The logo depicts the couple hugging a halibut. The company is also set to pursue new markets, including food service companies, other major retailers and warehouse club stores.

It won't be alone. A handful of small eco-friendly seafood companies have sprouted in recent years and retailers are pressuring large producers to get on the sustainable bandwagon. Wal-Mart, the No. 1 retailer, said last year that it would, within five years, purchase wild-caught seafood only from fisheries deemed sustainable by the Marine Stewardship Council. The non-profit is considered the Good Housekeeping Seal of Approval for sustainable fisheries, says Sutton.

Some of the products that EcoFish carries come from fisheries certified by the marine council.

Sutton attended a meeting with seafood producers at Wal-Mart headquarters earlier this year. The producers were all "pledging allegiance" to sustainability, Sutton says. "These are the same people who told me to get lost before."

Lovejoy says EcoFish, which has grown slowly over nine years, expects to triple sales in the next 18 months. Lovejoy says its trusted brand will help EcoFish survive along with the bigger players, or win it a spot inside one of them.

"We've already opened a lot of eyes," says Lovejoy. "The industry has migrated in our direction."