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STANFORD SOCIAL INNOVATION *review*

What Works

Monk E-Business

By Suzie Boss

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Stanford Social Innovation Review
518 Memorial Way, Stanford, CA 94305-5015
Ph: 650-725-5399. Fax: 650-723-0516
Email: info@ssireview.com, www.ssireview.com

Monk E-Business

LaserMonks sells office supplies online to support its abbey and to help others, also **By Suzie Boss**

WHEN DAWN BREAKS over the 500 wooded acres of the Cistercian Abbey of Our Lady of Spring Bank in Sparta, Wisc., the five Roman Catholic monks who live here have already begun their daily rituals of chanting and chores. Their cloistered lifestyle of *ora et labora*—prayer and work—looks little changed from medieval times.

Except for one thing: This nonprofit abbey owns a multimillion-dollar e-commerce business called LaserMonks. Annual sales of more than \$4 million from inkjet cartridges and other office supplies not only sustain the monastery, but also leave plenty to spare for charitable causes.

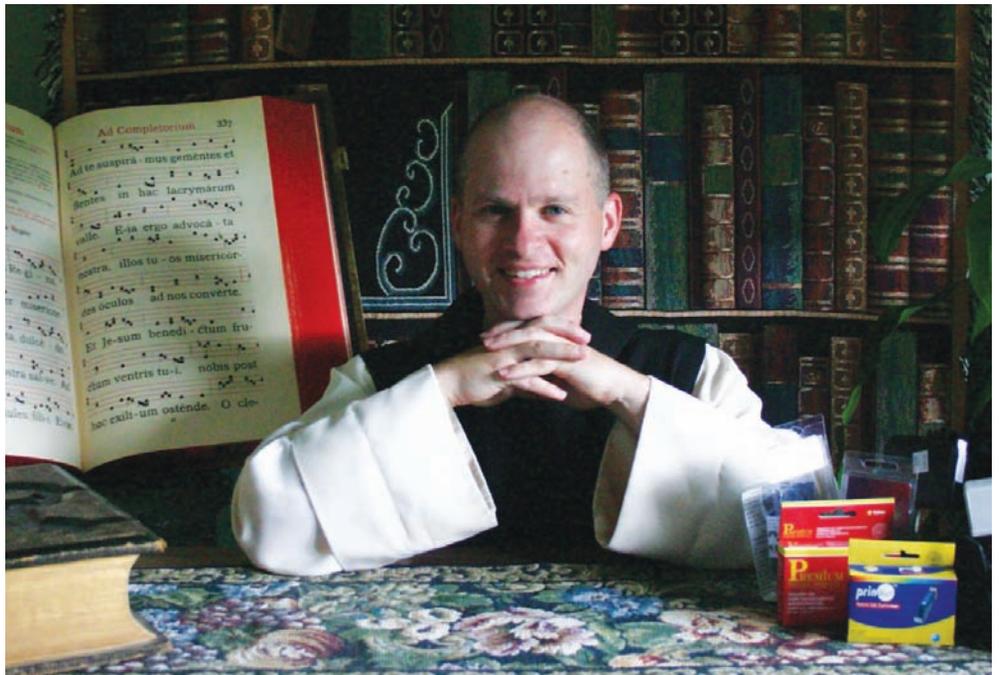
“Monastic orders are the original social entrepreneurs,” says the Rev. Bernard McCoy, the enterprising monk who is also CEO of LaserMonks. “We want to be able to provide not only for our own table, but also for the tables of others.”

Making their hybrid business model work has meant identifying a market niche, growing a loyal customer base, and recognizing opportunities for expansion. Although they draw no personal income, the monks make no apologies for their quest for profit; the more money LaserMonks generates, the more good works they can support. But even as their e-business has taken off, the monks have carefully held to their traditional ways. Behaving like real monks is at the heart of their value proposition.

ILLUMINATING A NICHE

Monks around the globe have long earned their keep by selling products. Most religious orders stick with food-related goods such as bread, cheese, or candy. The Belgian Trappists who produce Chimay beer are among the best-known monk entrepreneurs. Yet when McCoy researched business trends, he found that many of his brethren struggle to make ends meet. “Most of those who are staying with agribusiness are barely getting by,” he says.

As steward of temporal affairs for the abbey, McCoy was charged with finding a reliable income stream to sustain opera-



The Rev. Bernard McCoy, CEO of LaserMonks, is a man of both the cloth and the ink, living as a monastic while selling millions' worth of printing supplies annually.

tions. His experience equipped him for the task. Back in his college days, McCoy ran an import business out of his dormitory, and he now sought to bring that entrepreneurial spirit into the abbey. “I asked myself: ‘What do we have to work with? What are our resources?’” He looked around the rolling hills and saw little potential for generating income from traditional farming. Developing a golf course or retreat center were somewhat more promising options, but posed financial risks.

During this research, McCoy generated a pile of paperwork. His printer cartridge kept running dry. He scratched his head over the high price of ink, thinking, “This stuff is way too expensive for a bunch of black dust.” Inspired to find a better price, he began calling wholesalers. Could he save any money by buying replacement cartridges directly from them?

Could he ever. Retail sales—\$30 or more for a single cartridge—add up to a \$12 billion-a-year industry. Big-box stores

dominate the consumer market, and markups are “sinfully high,” says McCoy. Some 500 million replacement cartridges are sold each year in the United States alone. The market continues to grow, driven by small businesses, home offices, and family computer users who typically buy inexpensive printers but high-priced inkjet cartridges. Meanwhile, environmental concerns about disposable cartridges have started to open green market opportunities for refillable and remanufactured cartridges.

And so the monks negotiated a better-than-retail deal for remanufactured cartridges. They then needed to take just one more step to share their savings through an online business. After all, monks have been working with ink since the days when they illuminated holy works on parchment. Why not turn this tradition into a 21st-century business?

That was the spark of the idea for LaserMonks. The business started modestly in 2002, with \$2,500 in sales primarily to churches and other nonprofits. Before long, however, the company realized the value of selling to “anyone and everyone,” McCoy relates. With help from marketing consultants and media coverage, sales grew to \$180,000 in 2003, earning LaserMonks a spot on *Fast Company*’s “Fast 50” list. Sales reached \$2.5 million in 2005, and last year topped \$4 million.

Responding to customer requests for more products has fueled much of this growth. From a few dozen inkjet cartridges, the LaserMonks catalog has expanded to include a selection of 43,000 office and school supplies. The list now includes both remanufactured cartridges and new brand-name models, along with pens, paper, toner, and myriad other supplies. New product lines include Benevolent Blends fair-trade coffee and other “monk e-gift” items, primarily goods produced by other monasteries. McCoy’s next goal is for LaserMonks to become nothing less than “the Amazon.com of the social entrepreneurship world,” creating an online marketplace for the wide range of goods that return a social profit.

TRADING ON TRUST

Although its business plan continues to evolve as opportunities arise, LaserMonks has stayed true to its core values. “There’s something unique about us,” McCoy says. “We’re monks. We’re trustworthy. That’s going to give us an edge in the modern marketing world. It’s our unique selling point, whatever line we go into.”

Over the years, plenty of others have tried using monks’ virtuous image for secular gain. (For instance, a 1976 Xerox commercial that is still popular on YouTube stars an overworked Brother Dominic “saved” by a fast photocopier.) But these guys are the real deal. They perform Gregorian chants, take prayer requests on their Web site, wear robes, and draw no salary from their wholly owned subsidiary. They funnel profits to charities ranging from orphanages to food banks to rural health-care providers. As the tagline on LaserMonks.com reads: “Real savings. Real monks. Supporting real people.”

How do the monks balance a multimillion-dollar enterprise with the cloistered life? Early on, they partnered with a pair of experts

MAKE GOOD MONEY

Identify an unmet consumer need

Treat customers benevolently

Offer customers ways to give back

Support other social enterprises

who manage much of the day-to-day business operations. Sarah Caniglia and Cindy Griffith are co-owners of MonkHelper Marketing, a for-profit consulting company headquartered on the abbey grounds. Caniglia and Griffith manage the call center, update the Web site and product database, and negotiate with wholesalers and shippers. They outsource order fulfillment to drop shippers who process anywhere from 150 to 400 orders per day. The consultants’ business acumen has helped LaserMonks grow from a novel idea into a viable e-business in a competitive market. Caniglia says she keeps operations “very lean.”

“We’re here to let the monks be monks,” Caniglia explains simply. “We run the business. They pray, live in a monastic community, and do charitable work in the community.” The consultants also take advantage of McCoy’s penchant for public speaking. “He is the face to the media,” Caniglia says. He averages an interview a week, including spots on the major networks; articles in *Fortune*, *Wired*, and a range of other print magazines; and frequent speaking engagements about social entrepreneurship.

But unless a reporter comes calling, the consultants try not to interrupt the daily routines of the abbey. “We see ourselves as the stewards of the monks’ business,” Caniglia explains. “We call them ‘our monks,’ and are almost militant about protecting them.”

INSPIRING LOYALTY

At the same time, working closely with the monks has changed Caniglia, she says. To describe their transformations, Caniglia and Griffith recently coauthored *LaserMonks: The Business Story Nine Hundred Years in the Making*. Caniglia says that the monks’ benevolent example influences everything from how she interacts with customers to how she makes decisions as a consumer. Cistercian orders follow the centuries-old hospitality rule of St. Benedict: “Let all guests be received like Christ himself.” Caniglia and company now bring that rule into their daily business operations, she says, treating each customer with care and respect.

LaserMonks also encourages benevolence in its customers. The company’s Web site runs a daily spotlight on a featured charity, and call center staff let customers know that their purchases generate social profit. Along with good customer service, these opportunities to give back inspire loyalty, says Caniglia: “If you offer consumers a choice of three products, all similar in quality and close in price, they will choose the one that donates to charity.”

McCoy hopes that “the big boys” of business are paying attention to socially conscious purchasing trends. He would like nothing better than to have others copy his business model. “If we can make other companies do more good works,” he says, “I’m all for it.”

Increasingly, the monks are looking to support charities that also practice social entrepreneurship. They have supported a school in Vietnam that teaches computer skills to street kids, for example. “We like the idea of helping others help others,” McCoy says. “Bringing peace to the world through commerce—wouldn’t that be wonderful?” ■