



Lee Applbaum
CMO at Patrón Spirits
CREATIVITY AWARD

The Right Spirit of CSR with Patrón's CMO Lee Applbaum

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Stick with me here as I drift back momentarily to one of the more profound books I remember from high school—*Murder in the Cathedral*. In T.S. Eliot's classic, the protagonist Thomas Becket contemplates martyrdom and the possibility that just thinking about becoming a saint could disqualify him. I believe that brands walk a similarly fine line with their Corporate Social Responsibility activities—it's a great idea to do these things but celebrating them too loudly comes with some risk. One person who clearly gets this conundrum is [Lee Applbaum](#), CMO of [Patrón Spirits](#). When asked about CSR, Lee is very careful not to over sanctify Patrón's activities and instead shares them with a matter of factness that is simply refreshing. At the close of this two-part interview (check out Part 1 of this interview), you will get a sneak peak into Lee's plans for 2015, which include a keen desire not to "eff it up!" My guess? He has a really really good shot at it.

Drew: Let's talk a little bit about corporate social responsibility. I know that as an industry you self-regulate and dedicate a certain amount of space and time to the "drink responsibly" message. What are you doing in the CSR area that goes beyond a "drink responsibly" message?

Lee: Obviously we do largely self-regulate and actually, being new to this industry, I've been incredibly impressed by the level of self-policing that goes on. I think for the most part, especially in the ultra-premium segment, you've more sophisticated companies, more sophisticated marketers, bigger brands that have a lot to lose. I think we always err on the side of doing the right thing, responsibly.

But I think one of the areas that we do a poor job communicating is in the sustainability space. Making alcohol, it does produce carbon dioxide—it's a natural by-product from Mother Nature's fermentation process. Nobody is going to tell you that's not the case. But one thing that we turned up

the dial on this this year that I am really proud of is our water ozonation and compost program.

One of the things that comes as a byproduct of making tequila is oxygen deficient water, basically waste water. If you take that water and you just pour it into a river, it has this nasty tendency to kill everything because nothing can breathe. Rather than doing that, we actually worked with a company that developed a water ozonation system for India that's traditionally used for very serious water treatment issues. But we use this system in a proprietary manner to re-ozonate our wastewater.

When you make tequila and crush the agave plant to extract the juice, what you get is this fiber. We decided to take our re-ozonated wastewater and add it to immense amounts of this fiber and compost it. We compost it under hectares of these beautifully white, billowy tents that are like two stories high. And then we take this compost, which is some of the finest, most oxygen rich compost in the world. And we give it away to local farmers, not only agave growers, but the men and women who locally farm in the area. All of that is done without PR, under the radar. We just do it because it's the right thing.

It's our responsibility to ensure that the land that we work, our most precious asset other than our people, will endure. And that's really important to us. I don't want to stand here and tell you that we get a halo and wings, because making tequila does emit carbon dioxide, my toilet still has a lot of water when it flushes and we don't have solar power all over the place, but we do do our part to make sure that we're ecologically responsible in the way we make our tequila.

Drew: What's on your wish list for accomplishments in 2015?

Lee: I think we still have a task in front of us, which is con-

tinuing to drive home the handcrafted artisanal nature of all of our products. It's funny, we have these consumers who say, "Oh, it's so cool that you're making this handcrafted tequila." And we respond, "Hold on a second, all of our tequila is handcrafted. Roca is one that is just hyper handcrafted." But we've got to continue to drive that message.

The innovation group in our company reports into me and I challenge them to not just come up with product for product's sake, but to reimagine artisanal tequila and what it could. We've got some really special limited edition stuff that will hopefully help consumers reimagine the category.

At the end of the day, we enjoy this tremendous market share. We just got our most recent brand audit back and the numbers would be almost unbelievable if they weren't longitudinal. Brand awareness, brand consideration, brand loyalty — they're numbers that I've never seen at Coke or anywhere. And so to be quite candid with you, it's as much about not screwing it up as anything else, because there is like 98 percent to get wrong and about 2 percent to do better. So my task is to just make sure that we do what we're doing better. For us, it's like "just don't eff it up Applbaum".

Drew: That's hilarious. The truth is that there is a lot of hungry competitors out there that would gladly steal share. And as the leader in the category, you either compete with yourself or someone else will do it for you, right?

Oh absolutely. Our tendency as CMOs is to walk in say, "What can we change? How do I put my mark on the brand?" But I think this is really a situation where there is so much right. We continue to gain share, lead the marketplace. The brand health is at its highest it has ever been. It's really about the emotional intelligence to say, let's amplify what's working, let's refine what's not working really well and maybe we shed the very few things that are even remotely close to broken. It's much more about having the emotional intelligence to resist changing for the sake of change, because so much is right.

If my legacy here is just making what I inherited a little bit

better, man, I am happy. That is fine by me. I don't need to do a 180-degree pivot on this brand. That would be wrong. There are other opportunities in this company. There are other categories. And by the way, there is a whole marketing organization to shape. So those things are really where I'm spending most of my time, on your people development, organization development and design, rather than deciding how to make the next pretty tequila ad.

About the author

Drew Neisser is the CEO and founder of Renegade, the NYC-based social media and marketing agency that helps inspired CMOs cut through. He is the champion of Marketing as Service, a philosophy he espouses in his writings on [FastCompany.com](https://www.fastcompany.com), PSFK, TheDrewBlog and The Cut, a much-appreciated monthly newsletter. If you have a CMO success story to tell, let Drew know at dneisser@renegade.com.

