Growing Sustainable Business Communities: Lessons from Cities Leading the Way

by

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ABSTRACT

A new phenomenon has emerged over the past decade in a rising number of cities across America: what I am calling “sustainable business communities.” These are place-based networks of independent, locally-owned businesses committed to generating social and environmental value in addition to economic value. They are prominent and increasingly influential players in the cities where they are largest, helping these cities progress towards sustainability goals and establish national reputations as sustainability leaders. Nevertheless, little is known about sustainable business communities within the academic and economic development literature, where they are still largely invisible despite their potential to play a significant role in helping cities achieve healthier, more sustainable, and more equitable local economies.

This study starts to address this gap, examining sustainable business communities in five American cities where they have grown to prominence in recent years. Through interview-based case studies, I examine how these communities originated and grew over the past decade in each of these places, which vary significantly from each other in terms of size, geography, and urban context. The analysis in turn yields a fuller understanding of what these communities are, what their significance is, and the ways in which they have contributed to these cities’ capacity to achieve large-scale, citywide sustainability and social equity goals. By exploring the common strategies and processes that have driven the growth of these five sustainable business communities to date, this study offers lessons and insights for city governments, economic development practitioners, and community members interested in learning how they can encourage and support the growth of their own sustainable business communities.

Thesis Supervisor: J. Phillip Thompson
Associate Professor of Urban Politics
To you,

wanting to create vibrant, sustainable, healthy, and just economies in the places you care about.
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In what seemed like a tangent at the time, through Otto and Katrin I also found myself one weekend in the Berkshires at the home of the Schumacher Society (which has since become the New Economics Institute). Thanks to the warm hospitality, generosity, and helpfulness of Susan Witt, I discovered the Schumacher lecture series, a treasure trove of pieces containing a particular lecture by Judy Wicks that played an important role both in the “case story” I wrote for Otto and in this thesis.

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PART 1:
Introduction

“...So that’s when I started understanding about local economies, and it was a transformational moment when I realized that there is not any such thing as one sustainable business, no matter how good the practices were within my company, no matter if I composted and recycled and bought from farmers and used [renewable] energy and so on, that it was a drop in the bucket. I had to go outside of my own company and start working in cooperation with others, and particularly with my competitors, to build a whole system based on those values.”

Judy Wicks, interview with the author (2011)

Judy Wicks, founder of the White Dog Café, White Dog Café Foundation, Fair Food, the Sustainable Business Network of Greater Philadelphia, and co-founder of the Business Alliance for Local Living Economies

“What do Portfolio 21, manager of environmentally screened investments; Yolo Colorhouse, retailer of non-VOC paints; New Seasons Market, purveyor of green groceries; and perhaps 100 other Portland area companies have in common? They certainly don’t all operate in the same industry. Instead, they share a commitment to core values associated with the triple bottom line. They and other “mission-driven” companies seek not only to be profitable, but also to promote two other goals: environmental stewardship and social responsibility.”


Michael V. Russo, Professor of Sustainable Management and Academic Director of the Center for Sustainable Business Practices, University of Oregon Lundquist College of Business
CHAPTER 1.
The Context

Five years ago, we received a sudden, collective wake-up call. On September 15, 2008, a trusted pillar of the Wall Street establishment, Lehman Brothers, collapsed, filing for bankruptcy and signaling the beginning of what would quickly spiral into one of the most severe global banking and financial system crises since the Great Depression. As financial markets ground to a near halt and housing market bubbles collapsed in advanced economies around the world, the United States plunged into what would come to be called the Great Recession—a prolonged period of economic stagnation, massive job loss, erosion of wealth and assets, and continued global financial system instability, and the worst recession since the 1930s. Within a few months of its onset, the Great Recession had begun to dispel with our collective illusion that our economy was healthy and that the recipe for economic growth and prosperity we had been pursuing for the past few decades was sound.¹

Over the next few years, as the economy refused to bounce back to “normal,” two other wake-up calls would focus an unprecedented degree of national attention on the inter-related dimensions of the crisis we were facing. The first of these was the Occupy movement, which from September through December of 2011 filled streets and squares and campuses across the country with protesters from disparate walks of life who, while lacking a common set of “demands,” did have a common message. Their call to “occupy” the financial system, the economy, and the country for “the 99 percent,” succeeded in sparking a national conversation on the historic levels of income and wealth inequality that our economy has produced over the past 30-40 years. The second event, Hurricane Sandy, leveled large swaths of the Eastern seaboard on October 29, 2012, causing about $65 billion in damage (NOAA 2013) and finally focusing political and public attention more fully on climate change—one of the many consequences of the eco-system degradation and environmental damage that our economic activities over this same time period have caused. In a presidential election season in which neither Democratic nor Republican candidate had mentioned climate

¹ In testimony to a US Congressional oversight committee in October 2008, former Federal Reserve Chairman Alan Greenspan famously acknowledged that “we are in the midst of a once in a century
change once in televised debates, the “images of a paralyzed New York City at the mercy of Hurricane Sandy’s wall of water have forced climate change onto the political agenda in the final weeks of the 2012 presidential election campaign,” declared an October 31, 2012 article in the British newspaper, The Guardian (Goldenberg 2012).

As our national and global economy has continued to show signs of instability and stagnation and as new climate change-related records, such as historic melting of the polar ice cap, continue to make news, a consensus has started to emerge among thought leaders in the political, business, and academic communities regarding the nature of the challenge we are facing in the 21st century. In a focus group of business and government leaders from around the world convened by Harvard Business School (HBS) in preparation for its 100th anniversary Global Business Summit, “the long-term sustainability of global market capitalism was a primary concern for virtually all” of those convened (Bower et al. 2011, p. 106). These leaders identified a number of inter-related “forces of disruption,” including “the fragility of the financial system,” “inequality and populism,” and “environmental degradation” that threaten to undermine the global economy if left unaddressed (ibid, p. 107). In reflecting on the summit and what they learned from the leaders convened there, a group of Harvard Kennedy School and HBS professors concluded that “business as usual strikes us as untenable given the system’s dysfunctions.” In a co-authored article published in the September 2011 edition of the Harvard Business Review, they conclude that, “both companies and their leaders...must change” (ibid, pp. 106, 108).

The emerging consensus expressed by these leaders and others is that the central economic task facing us as a society is to develop a new approach to generating prosperity. This is an approach that can create an economy that is vibrant and more stable, an economy that can produce quality employment for the millions of jobless while creating wealth in ways that are more broadly and equitably shared. Finally, and crucially, it is an approach to generating prosperity that can contribute to solving—rather than exacerbating—the environmental crises we are now facing. As Washington has struggled with crippling gridlock during these same five years, another consensus has started to emerge: neither the Federal Government nor the global political community have been capable so far of taking meaningful, coordinated action to
address challenges such as climate change and income inequality at a systems level. In a time in which “society’s traditional protectors—business, industry, government, and international institutions—are unable to address these and other first-order problems,” local communities are realizing it is up to them to take action (Bower et. al. 2011, p. 106).

In particular, city governments, which suffered heavily during the Great Recession, have realized they cannot wait for agreement in Washington or Copenhagen to start building greener, fairer, and more vibrant local economies. The city, or “city-region,” as Jane Jacobs would think of it (1984) is therefore increasingly the scale at which these challenges are being taken up and addressed. In the absence of a global climate agreement, over 1,000 Mayors have joined the US Conference of Mayors’ Climate Protection Agreement, pledging to meet or beat the Kyoto protocol targets of reducing emissions to 7% below 1990 levels by 2012 (US Conference of Mayors 2008). Over 50 of the world’s largest cities have joined the C40 Initiative, “a network of the worlds’ mega-cities committed to addressing climate change” (C40.org 2014). In the words of the former New York City Mayor and Chair of the C40 group, Michael Bloomberg, “around the world, city leaders are not wasting time debating the science of climate change or waiting around for international treaties to be signed; we are taking action. There's simply too much to do and too much at stake” (Bloomberg 2013). In 2010, ten American cities joined together to form the Emerald Cities Collaborative, a network seeking to increase economic opportunity for marginalized communities and create high-quality jobs by retrofitting existing building stock and “transforming the energy efficiency sector” (Emerald Cities 2014).

American cities have also increasingly adopted ambitious plans for achieving sustainability and economic opportunity goals as part of their long-range planning processes. In 2007, New York City released PlaNYC, a comprehensive sustainability plan for the city that included 29 sustainability indicators and over 132 specific initiatives in areas ranging from energy, solid waste, and waterways to housing and neighborhoods, transportation, green buildings and citywide economic opportunity.²

Following shortly thereafter in the Spring of 2009, Philadelphia released a similarly comprehensive citywide sustainability plan for 2015, Greenworks, which sets 15 sustainability targets in the areas of energy, environment, equity, economy, and engagement in order to meet Mayor Michael Nutter’s goal of making Philadelphia “the greenest city in America” (City of Philadelphia 2013). These six-year targets include sustainability goals such as “reduce citywide building energy consumption by 10 percent,” and “purchase or generate 20 percent of electricity used in Philadelphia from alternative sources,” as well as goals related to equity, such as “provide park and recreation resources within 10 minutes of 75 percent of residents,” “bring local food within 10 minutes of 75 percent of residents,” and “double the number of low- and high-skill green jobs” (City of Philadelphia 2010, p. 1).

While cities have been awakening to the need to address environmental sustainability and social equity from a planning perspective, a phenomenon has emerged in a growing number of these cities that has a key role to play in helping them to achieve their goals. This phenomenon is what I am calling a “sustainable business community.” I define this as “an interconnected network of businesses and supporting organizations within a city or town that share a commitment to creating positive social and environmental impact through business and to using profitable enterprise as a vehicle for creating a more just and sustainable city and world.” Individual businesses committed to these values, such as Ben and Jerry’s, Patagonia, Next Generation, and Equal Exchange, have existed in scattered locations across the country for decades. What is new is the emergence over the past ten years of a critical mass of these businesses in certain locations, who are working with each other not only to improve their own social and environmental performance, but to make it easier for others within their local economy to do the same.

Fifteen years ago, sustainable business communities existed in nascent form in a small number of American cities, places like Austin, Texas; Burlington, Vermont; and Portland, Oregon. Today, there are over 80 cities across America that are in various stages of developing sustainable business communities, according to the Business Alliance for Local Living Economies, a national organization that supports the development of local sustainable business communities (BALLE 2013). The list of top
50 US metro areas with the highest concentrations of sustainable businesses per capita in 2008 includes unsurprising places, such as San Francisco, Austin, and Seattle, as well as less obvious places such as Minneapolis-St. Paul, Chicago, and Pittsburgh (Russo 2010, p. 140). Many of these cities have nonprofit organizations that have been created to support their sustainable business communities, such as the Sustainable Business Network of Greater Philadelphia, the Sustainable Business Alliance of the East Bay (Oakland), the Seattle Good Business Network, and the Portland-based Voice for Oregon Innovation and Sustainability. These cities also have numerous local networking events, high-profile conferences for members of their sustainable business communities, and local publications focused specifically on serving these communities, such as the Philadelphia Social Innovation Journal, and Portland's Sustainable Industries magazine.

However, despite the prominence of sustainable business communities in a growing number of cities across the country, they have remained largely invisible as a phenomenon outside of these cities and of the circles of individuals, businesses, and organizations that are actively working to develop them. In recent years, business schools across the country have focused increasing attention on sustainable businesses and social enterprises, and a variety of thought leaders in academia and the business community have called attention to the crucial role that sustainable businesses must play in transforming our economy and society (Senge, et. al. 2010; Porter 2011; Scharmer and Kaufer 2013). Nevertheless, place-based networks or communities of these sustainable enterprises have not yet received much attention within academia, even within circles focused on sustainable business and social enterprise.

Surprisingly, they have also received scant attention from economic development practitioners, consultants, planners and others leading cities’ efforts to create economic development plans and strategies. This is the case even in cities, such as Portland, Oregon, that stand out nationally as having particularly strong, active, and influential sustainable business communities (Russo 2010). For example, the Portland Plan, the City’s 25-year “strategic roadmap” (and framework guiding the update to the city’s Comprehensive Plan) released in April 2012, adopts “advancing equity” and reducing disparities as the over-arching objective of the plan, along with a major focus on
improving eco-system health and the city’s environmental sustainability (City of Portland 2012). While Portland has a large sustainable business community that is working towards these same objectives, the plan does not reference this community or include a strategy for how to support its success or encourage its growth. Instead, the economic development section of the plan focuses on generating prosperity through increasing the size of the city’s traded-sector clusters, which include advanced manufacturing, sportswear and apparel, and “clean tech.” The plan also offers additional strategies that link to this main goal, such as improving the city’s position as a freight hub, increasing land available for “employment districts,” and strengthening neighborhood business corridors, all with the primary goal of increasing prosperity through boosting the city’s exports (City of Portland 2012, pp. 52-61).

While these export-oriented strategies have an important role to play in generating income for the local economy, by themselves they are not sufficient to ensure the bold transformation to a more equitable and environmentally sustainable economy envisioned by the thousands of Portland residents who provided input into the Portland Plan. Portland has been pursuing the same export-oriented and traded-sector cluster-oriented strategy for the past ten to fifteen years, a time period over which the environmental and social equity challenges that the Portland Plan seeks to address have increased, not diminished. As a resident of Portland during the Portland Plan’s creation, this discrepancy between the plan’s overarching objectives (creating a more sustainable and equitable city) and the strategies adopted within the plan to achieve those goals left me with some unanswered questions. If the economic development strategies being proposed were not likely to lead to a significantly more sustainable, equitable economy, what alternate or additional strategies could the city pursue to achieve these goals? Since Portland already had a sizeable community of enterprises that were pursuing economic growth in ways that directly contributed to achieving sustainability and equity goals, what strategies might contribute to the success of these

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3 The Portland Plan process engaged around 20,000 Portlanders in various phases of public input and built on the public engagement conducted through visionPDX, a city-wide visioning effort that obtained detailed written comments from around 17,000 Portlanders. This input was used by the City to create values and vision statements that served as the foundation for the Portland Plan. The synthesis of this public input, including the sections related to Portland’s economy, can be found here: http://www.visionpdx.com/reading/inputsunniary/.
enterprises, and the growth of this community as a share of the overall local economy? While such a strategy would not be all that is needed to create a more socially just and sustainable local economy, it could contribute towards moving the city significantly closer to this goal.

This question served as the starting point for this thesis, as ready answers were not available in the literature to offer guidance in developing recommendations for such a strategy. In fact, during this preliminary research I discovered that little had been written about sustainable business communities, much less about strategies cities could adopt to encourage their growth. From an initial focus on strategy development, I therefore found it necessary to broaden the scope of this project to focus on more fundamental questions, such as what sustainable business communities are, why they benefit cities and how, and what has contributed to their growth and development so far in the places where they now exist. In order to explore these questions, I conducted case study research in five cities where sustainable business communities have grown significantly over the past decade. In each of these places, I sought to understand what processes and strategies had contributed to the development and expansion of the city’s sustainable business community over time, as well as how that community could be described, understood, and differentiated from the rest of the local economy.

In each of the cities studied, I find that what started out as a handful of sustainability-oriented businesses a decade ago has since grown into networks and communities of between 500 and 1,000 locally-owned enterprises committed to creating environmental and social impact, as well as economic value. These are what I refer to as “sustainable businesses” throughout the remainder of this thesis—profit-generating businesses that have the intention and are taking specific actions to positively impact the environment and community in which they are located not just through charity or peripheral activities but directly through their core business operations. This definition builds on and articulates a consensus I found across the cases I studied of what differentiates a “sustainable business” from a conventional one.

It also serves to differentiate a “sustainable business” from businesses—whether sustainable or not—that are operating in “sustainable industries.” These have been defined in a number of different ways in academia and in practice (Russo 2003), but I
define these as industries that produce products and services designed to reduce the negative environmental impact or increase the positive impact of other actors in the economy, including other businesses, government, and households. Examples of these industries include renewable energy, green building, and "green infrastructure" such as sustainable stormwater management systems. Many businesses operating in these industries, which are sometimes also called "green industries," are committed to improving the environmental and social impacts of their own business operations. However, there are also examples of firms that have entered these industries as conventional businesses using conventional business practices because these industries—many of which are growing rapidly—offer viable opportunities for profit-making and business growth.

Sustainable businesses, on the other hand, have developed business models that align their ability to make a profit with their performance on environmental and social criteria. Ben and Jerry's, for example, was able to build a reputation for itself and become a large, profitable company not just because it made good ice cream, but because it prioritized its environmental and social performance and being a different kind of ice cream company. The Portland-based company gDiapers has been able to build a highly successful business and compete against large, multi-national, well-established diaper brands not just because it produces a well-designed product, but because it is the first company to make a disposable, compostable, fully bio-degradable diaper that can be flushed down the toilet instead of thrown in the trash. This represents a significant non-financial value to parents who would prefer not to send thousands of their children's plastic diapers to a landfill, where each diaper takes up to 500 years to decompose.⁴ Sustainable businesses like gDiapers benefit a city like Portland not only because they create living-wage jobs and economic benefits, but because most of the key aspects of their operations, from how they run their office to the products they produce—are aligned with city sustainability goals such as reducing solid waste sent to landfills.

⁴The typical child will use around 9,000 diapers before being fully toilet-trained, and according to the EPA, about 20 billion disposable diapers end up in US landfills each year.
While sustainable businesses individually contribute more to a city’s ability to achieve sustainability and equity goals than their business-as-usual counterparts within their product category or industry, it is not as isolated businesses but rather as members of a community that they generate the most significant benefits to cities. Over two decades worth of research from around the world has shown that when companies belong to a cluster—“a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities...whose whole is more than the sum of its parts”—they are more productive, innovative, and competitive than similar firms that exist in isolation (Porter 2000; Cortright 2006). This is because firms in a cluster develop linkages with each other and “spillovers,” or positive, productive benefits (what economists call “external economies”) that accrue to other firms and related institutions connected to the cluster, not just the firms that created these benefits (Cortright 2006). These include: better-educated and more demanding consumers; the development of sources of specialized inputs; a local labor supply that is skilled and knowledgeable in areas relevant to the cluster; the development of information specific to the cluster as well as local networks of relationships that facilitate learning and information flows; and a business context (including standards and performance incentives) that stimulates competition and “create internal pressure for improvement among parts of the cluster in ways that can substantially improve overall quality and/or efficiency” (Porter 2000, pp. 22-23).

In the five cities I studied, sustainable business communities function like conventional industry clusters that have been described in the literature, with one key distinction: the element that they share in common is not an industry, product group, or activity, but rather a commitment to certain values and business practices. This helps to explain the invisibility of clusters of sustainable businesses to policymakers and academics, since there is no existing economic development category that uses business practices, rather than business products, as the principle of organization. When looked at in terms of industry or sector, members of a city’s sustainable business community can easily disappear, as sustainable businesses typically represent only a small fraction of the total businesses in their industry group. It is only when these
businesses are recognized as belonging to a common, cross-industry and cross-sector community, or cluster, that their significance and impact starts to become visible.

This thesis finds that as sustainable business communities have grown, like other business clusters they have generated positive spillovers that benefit not only firms in the community but the city as a whole. These include: new sources of information and knowledge about sustainable practices and the firms within the community employing those practices; a more educated and “sophisticated” consumer audience that understands sustainable practices and supports companies that utilize them (i.e. new consumer preferences); specialized inputs and services that enable firms to improve their sustainability such as local sources of green building materials or local recycling services; and local know-how and skills within the labor force and business community in sustainable practices, such as composting, recycling, generation of renewable energy, energy efficiency retrofitting, green building and landscaping, organic agriculture, and cradle-to-cradle manufacturing.

As they have grown, sustainable business communities have also created a new business culture within their cities that values and rewards companies that can demonstrate sustainable performance. This includes new norms, standards, certifications, consumer expectations, and policy incentives that establish what “good” business practices are within the context of the local community. When a sustainable business community has reached sufficient size within a city, these norms cease to apply only to the firms within the community and begin to influence the overall business culture in the city, encouraging and influencing a larger group of businesses to improve their performance in such key areas as reducing carbon emissions, reducing or eliminating solid waste, using sustainably-sourced inputs, using renewable energy, and creating upwardly-mobile employment opportunities for marginalized groups within the labor market. This new context and culture provides positive feedback to firms both within the cluster and within the broader business community to compete, innovate, and improve productivity and performance along the dimensions that are most aligned with the city’s larger planning goals around sustainability and social inclusion. Therefore, the type of competition that sustainable business communities promote stimulates a “race to the top,” spurring innovation and competitiveness on
product and service quality and the associated environmental and social impacts, rather than on the sole dimension of cost.

Furthermore, as they have grown, sustainable business communities have created new infrastructure and capacity within the business community that has enabled cities to take bold action towards sustainability goals. This includes the development of new sustainability-oriented sub-clusters such as green roofing, recycling, and green energy, which are necessary to achieving sustainability goals such as increasing citywide recycling rates or improving building efficiency. It also consists of expanded capacity within the business community to produce and supply sustainable products and services, such as organically grown food, renewable energy, and sustainably designed and constructed buildings. This capacity is developed as existing sustainability-oriented firms in the community grow in size, and as the number of firms employing sustainable practices within a city increases. This infrastructure also consists of new information resources (e.g., guides and online directories listing sustainable sources of products, manuals and training materials on sustainable practices), the development of new markets and sources of demand (e.g., for solar energy or green roofs), new supply chains and distribution mechanisms, as well as new physical infrastructure such as marketplaces, distribution centers, “green infrastructure” and sustainable business incubators.

One of the most important contributions that sustainable business communities make to cities as they grow is “relationship infrastructure,” new webs of working relationships within and across sectors that play a key role in enabling a city’s businesses to increase their sustainability over time. These relationships enable business transactions, partnerships, and supply chains to form that directly contribute to sustainability; for example, relationships that allow local restaurants, supermarkets, and schools to source from local, sustainable farmers instead of industrial mega-farms thousands of miles away. They also enable knowledge on sustainability practices to be transferred between firms and across sectors, and new sustainability practices to be developed, such as when businesses enter into relationships to turn waste products from one business into inputs for another, or work together to develop new sourcing or waste disposal models. As more businesses in a city develop technical expertise in
areas related to sustainable production and habits of implementing sustainable practices in their own enterprises, they become more capable of taking action and responding when cities propose new sustainability goals, such as increasing commercial recycling rates, green power purchasing, or energy efficiency retrofitting of private and commercial buildings.

As a result of focused efforts over the past ten years to grow the sustainable business communities in each of the five cities profiled, these cities now have capacity to make rapid progress when they set citywide sustainability objectives. Within six months of launching the Green Power Community Challenge, Bellingham was able to increase community-wide green power purchases from 0.5% to nearly 12% of all power used. Within two years of adopting its citywide sustainability plan, Greenworks, Philadelphia had increased solid waste diversion rates from 53% to 72%, doubled residential energy retrofits from 3,500 to 7,900 homes, and increased the number of LEED certified buildings from 15 in 2008 to 61 in 2011 (City of Philadelphia 2012a). Within several years of launching its community-wide recycling campaign, Grand Rapids had increased residential and commercial recycling rates by 80% and reduced solid waste sent to landfills by 13%. Each of these cities also offers examples of successfully shifting the procurement practices of major institutions—such as public school systems, hospitals, and city government—to support local, sustainability-oriented companies, which now collectively possess the capacity to supply institutions with such large demand.

While this study finds that sustainable business communities generate clear benefits for cities that possess them, it also finds that city governments and economic development agencies have played a relatively minor role in the growth of these communities so far. Instead, the development of sustainable business communities has been largely driven by groups of entrepreneurs, creators of pioneering sustainable businesses who saw a need to spread their practices more broadly throughout the business community and build a supportive eco-system and culture around them. These entrepreneurs have developed the organizations that have driven the growth of sustainable business communities so far, but have also identified ways in which local government can play a more supportive role in facilitating the next stages of growth. In
addition to uncovering the strategies that these entrepreneurs and network-building organizations have pursued to grow sustainable business communities so far, this thesis also offers recommendations for how local governments and economic development bodies can approach the creation of strategies to facilitate the growth of sustainable business communities.

Given the scarcity of existing information on sustainable business communities in general as well as the communities in these particular five cities, this thesis focuses primarily on narratives that describe these communities in more detail from the perspective of key players within them. After presenting the research design and methodology in Chapter 2, including my method for case selection, I introduce each of the five cases in Chapter 3 through an exploration of how sustainable business communities first emerged in these cities, as well as brief descriptions of what they have grown into over the past decade. This growth process is then explored in significantly more detail in Chapter 4, where I trace the evolution of a single sustainable business community, that of Philadelphia, from its inception ten years ago to its current stage of development today. In order to look at this growth process in even greater detail, the second half of Chapter 4 explores the creation and development of a single influential sector, local sustainable food and farming, within Philadelphia's larger sustainable business community.

Chapter 5 then presents a description and model of Philadelphia's sustainable business community as it exists today. This chapter seeks to answer key questions such as who the members of this community are, what types of businesses are included and which fall outside the boundaries of this community, and what the influence and significant of this community is within the larger Philadelphia economy. From this description and model of a sustainable business community in Philadelphia—a city recognized nationally as having a strong example of such a community—we can begin to develop a better understanding of what sustainable business communities are and some of the key ways in which they matter. This analysis reveals that sustainable business communities create significant benefits for cities, both through their presence and through the process of their growth and development. It also argues that cities
have much to gain from encouraging the growth of their sustainable business communities.

In order to develop insights into how cities might facilitate the growth of their sustainable business communities, Chapter 6 presents the key lessons that emerge from analyzing common patterns in the growth process across the five cases. By analyzing the lessons learned from the detailed case of Philadelphia in light of common themes that were reflected and shared across the other cases, this chapter presents an account of the steps that network-building organizations have taken to grow sustainable business communities in these five cities. The final chapter, Chapter 7, draws lessons from this process that can inform how cities and others looking to support the growth of their own sustainable business communities might approach this work. This chapter also presents the conclusions of my study, along with limiting factors that should be taken into consideration when seeking to apply the findings and insights from this study to other cities beyond the five included in this thesis.

Given that this study approaches a topic that has not been studied thoroughly by others, it is preliminary in nature and faces the challenging task of defining and describing a phenomenon that has not been defined consistently or authoritatively by others. As I seek to develop a more thorough description of sustainable business communities throughout this thesis, I find it necessary to define and model them so as to be able to speak about them more clearly. My intention, however, is not to present a definitive description, but rather to offer a starting point that can contribute to a clearer understanding of what these communities are, what is significant about them, what has contributed to their growth so far, and what lessons that might hold for ways in which their expansion can continue to be supported. This is intended as a first step in beginning to fill a blind spot both in the literature and in how cities currently think about the key priorities and strategies they are pursuing in terms of economic development plans that can help them to achieve their broader goals of environmental sustainability and social equity.
CHAPTER 2.
Research Design and Methods

Within the past ten years, a growing body of literature has documented the emergence of enterprises committed to creating social and environmental, as well as economic value. The majority of these works have focused at the level of the individual enterprise, describing the characteristics of these businesses, which are alternately referred to as “triple bottom line businesses,” “social enterprises,” or “sustainable businesses,” and of the entrepreneurs who have created them (Martin and Osberg 2007; Elkington and Hartigan 2008; Hollender and Breen 2010; Huybrechts and Nichols, 2012). However, place-based networks or communities of these enterprises are almost entirely absent within the literature to date, despite their growing presence and influence in cities across the United States. A search of journal articles across multiple academic databases yielded zero results for “sustainable business community” and eight articles for “sustainable business networks.” Searches using a number of variations of these terms, as well as searches for studies on related phenomena using different terms yielded similarly scant results.

The few works that have focused explicitly on networks or communities of sustainable businesses have described their characteristics in only very general terms. Wheeler et al. studied 50 examples of what they call “sustainable local enterprise networks” in developing countries primarily in Asia, Africa, and Latin America and find that their cases “typically involved relatively dense networks of for-profit businesses, local communities, not-for-profit organizations and other actors, working in a self-organized way to create value in economic, social, human, and ecological terms” (Wheeler et al. 2005, p. 35). The authors identify several features of these networks, including the integral role of enterprises with overt social missions, the importance of at least one business or enterprise to serve as a financial “anchor” for the network, and the presence of “sustainable outcomes,” which include profits, increased local economic development, increased human development and ecological enhancement, and individual and community self-reliance (ibid., p. 36). However, they do not explore
how these networks emerged or what factors contribute to their growth over time, and
their study is limited to networks in developing regions.

One of the few scholars to describe sustainable business communities in the
American context is Michael V. Russo, Professor of Sustainable Management at the
University of Oregon’s Lundquist College of Business. In a recent book focused
primarily on the strategies that high-performing small to medium-size mission-driven
companies have pursued to achieve market success, Russo identifies the emergence of
significant concentrations of these firms in specific places. “Across the United States,
we see hotbeds of socially and environmentally oriented companies emerging in tightly
networked towns and cities such as Portland, OR, Burlington, VT, and Austin, Texas”
(Russo 2010, p. 12). Drawing on the extensive literature on regional industry
agglomerations and clusters, Russo notes that concentrations of mission-driven
businesses share many of the attributes of other clusters, with one key distinction.
Unlike the hundreds of other clusters that have been studied in the US and around the
world (Porter 2000; van der Linde 2002; Cortright 2006), what characterizes these
“values-based clusters” is not a common industry or production activity but rather
shared values and business practices related to promoting environmental and social
sustainability, which cut across industry and product group (Russo 2010, p. 12).

In order to provide a clearer picture of what this looks like in practice, Russo
devotes a chapter to describing the values-based cluster that has emerged in recent
years in Portland, Oregon, what I would call Portland’s “sustainable business
community.” He focuses on the factors that are present in this community which have
made it a location of choice in recent years for existing mission-driven firms looking to
re-locate and new green start-ups looking to select their first location. These factors
include what he calls “indigenous values” related to sustainability within the
population and political culture, sufficient local talent, “enlightened consumers” who
expect high levels of social and environmental performance, institutional infrastructure
such as training and education in areas that support sustainable enterprise (e.g. green
MBA programs, technical assistance to business owners for greening their operations),
and a variety of existing platforms and groups that facilitate “firm networking,
collaboration, and cross-purchasing” (Russo 2010, pp. 142-143).
While the presence of these factors can help explain the clusters’ continued growth once established, Russo takes these factors as given and does not explore to what extent, or how, they have been developed, thus leaving important questions unanswered. Have these conditions always been present in Portland, and if so, why has this cluster only emerged in a recognizable form in the past decade or so? If these conditions were not always present, how have they been developed? What has enabled the growth of Portland’s mission-driven business community into a critical mass that is now recognizable as a “cluster” or “hotspot” capable of serving as a magnet in the ways that Russo describes? Russo does not provide a description of how Portland’s sustainable business community was developed and focuses his explanation of its growth once established on path-dependence, a process whereby the presence of the cluster attracts new firms and encourages new start-ups within the cluster, thus fueling its continued growth.

Beyond this process, which has been well-established in the cluster literature (Cortright 2006), existing research on both traditional and values-based clusters sheds little light on the processes by which sustainable business communities emerge and grow. Without knowing what processes, factors, and strategies have enabled a sustainable business community such as Portland’s to grow to its current size, strength, visibility and influence, it is difficult to discern what strategies and support might be needed to encourage its further expansion and development beyond that which would occur through path-dependence. It is for this reason perhaps that the cluster literature avoids making specific policy recommendations and focuses instead on suggesting general policies that improve the economic conditions for most firms, such as streamlining regulatory processes, improving workforce training in areas relevant to existing local clusters, and improving infrastructure (Porter 2000, pp. 26-28). However, if a city such as Portland wants to develop a more focused strategy to encourage the expansion of its sustainable business community as a segment of its overall urban economy, these general recommendations provide little actionable guidance.
2.1 Research Design

In order to understand how sustainable business communities form and what drives their growth—particularly to the point where they achieve the critical size and density necessary to turn a location into a recognizable sustainability "hotspot"—I found it necessary to develop a study based on primary field research. The goal of this study was to learn directly from cities with sustainable business communities that have grown significantly in the past ten to fifteen years. Looking at cities that now have robust and highly-interconnected clusters with hundreds of sustainable businesses, I wanted to learn how these communities emerged, what their process of growth looked like, and what factors and strategies enabled and contributed to this growth. I was not simply interested in the growth of a single sustainable business community, but rather in uncovering common elements that characterized the growth of several of these communities, in order to develop a more general understanding of what supports and contributes to this growth process.

The scarcity of existing research on sustainable business communities indicated that this study should be an exploratory and qualitative study designed to generate a more detailed account of what these communities are, as well as preliminary answers to these research questions which can provide a starting point for the elaboration of more narrowly-focused studies and testable hypotheses for future research. Within this general design, the specific approach I selected was a case study approach using a mix of primary and secondary sources, which is consistent with methods used by researchers in a number of seminal studies of related phenomena such as local business networks and citywide as well as regional industry clusters (Cortright 2006). This is also an approach that is frequently used in the fields of planning and policy education, especially when generating new understanding and knowledge "in the context of novel institutional arrangements and understudied organizations and populations" (Mukhija 2010, p. 418).

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5 Influential and widely-cited examples include Piore and Sabel's case studies of small-scale Italian manufacturing districts (1984) and Saxenian's comparative case studies of technology clusters in Silicon Valley and Route 128 (1994).
In determining whether to use a single or multiple case approach, I considered factors including the scope of the project, the timeframe available to conduct research, and the degree of generalizability I hoped to obtain from the findings. While my project scope and research timeframe did not permit for thorough primary research into multiple cities, one of my research goals was to learn lessons about the growth process that could inform how other cities create strategies to enable the growth of their own sustainable business communities. Given this desire for some degree of generalizability to my findings, I opted for a case study methodology introduced by Vinit Mukhija in his 2010 article “N of One plus Some” (Mukhija 2010). This approach consists of thorough research into a primary case (the traditional single case approach, the “n of one”), combined with preliminary research into several secondary, or “assisting” cases, which offer enough perspective from other locations and contexts to provide insight into which aspects of the primary case are idiosyncratic, versus which illustrate aspects of a more common and generalizable story (Mukhija 2010, p. 417).

In terms of criteria for case selection, my research question indicated that I should select cases based on criteria not of representativeness but rather of “positive deviance,” since I was interested in learning from cities that have experienced success in growing their sustainable business communities. This is an approach to case selection that has been employed with insightful results by scholars such as Judith Tendler (1989; 1998), who are interested in learning not about the experience of the typical or average place, but about what lessons can be learned from those places or organizations that have performed demonstrably better than their peers. Adopting this methodological approach, I focused my case selection process on identifying cities that stand out as having experienced particularly notable expansion of their sustainable business communities over the past ten to fifteen years—a timeframe which I could cover given the scope of the project.

2.2 Methodology: Case Selection and Data Collection

In order to identify primary and secondary cases, I contacted staff from the Business Alliance for Local Living Economies (BALLE), a national network comprised
of local sustainable business network chapters in over 80 cities and towns across North America. In informal conversations, I asked BALLE staff to recommend cities that stood out as the most successful examples within their network of places that have developed thriving sustainable business communities in the timeframe covered by my study. I also asked for similar recommendations in conversations with staff from the Sustainable Business Network of Massachusetts, the BALLE chapter in the Boston area. I allowed them to use whatever criteria for success (e.g. stage of development of the business community, its size, accomplishments of the network) they deemed most relevant in making this recommendation, but specified that I was interested in studying the cities that serve as the examples of success within their national network, the places that other cities look to learn from when seeking to grow their own local sustainable business communities.

Through this process, Philadelphia, PA and Bellingham, WA were identified as candidates for the primary case, and Grand Rapids MI, Phoenix AZ, Buffalo NY and the greater Boston MA metro area were recommended as potential assisting cases. Notably, cities such as Portland, OR, San Francisco, CA, Boulder, CO, and Austin, TX—mentioned by Russo as “hotspots” for sustainable business—were not included in this list of recommendations. This is likely because these cities do not have local network-building organizations that are a part of the BALLE network, even though they do have a number of local businesses and organizations working on different aspects of supporting their sustainable business communities. However, given my need for a consistent criteria and approach to selecting cases from among all the many potential options around the country, I opted to continue with my selected method of picking a sample of successful cases from among the universe of 80 cities represented in the BALLE network.

To select the primary case, I looked at factors such as location, population, and elements of local history, culture, and demographics that might indicate to what extent the experience of this city could offer lessons that would be instructive to other cities across the country. Using these criteria, Philadelphia appeared a better choice for a primary case than Bellingham, which in terms of demographics and local economy is fairy representative of other small coastal cities and towns in the Pacific Northwest, but
is quite distinct from most mid-size or large American cities in other parts of the country. I considered all of the remaining cases as potential assisting cases, but decided to exclude Buffalo after a preliminary interview indicated that it would be both the weakest case and one of the most difficult to research in terms of accessing potential interviewees. Figure 2.1, below, presents a summary of basic location and population data for the five cases I selected. As is clear from the table, they vary considerably in population as well as geography, with representation from distinct regional zones, such as the coastal Pacific Northwest (Bellingham), the arid Southwest desert (Phoenix), the Midwest Rust Belt (Grand Rapids), and both the Mid-Atlantic and New England Eastern Seaboard.

**Figure 2.1**  
**Geographic and Population Profile of Selected Cases**

<table>
<thead>
<tr>
<th>Cases</th>
<th>Population</th>
<th>Area</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Philadelphia, PA</td>
<td>1.5 million</td>
<td>347 km²</td>
<td>East coast; Mid-Atlantic seaboard</td>
</tr>
<tr>
<td>Assisting:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bellingham, WA</td>
<td>82,234</td>
<td>82 km²</td>
<td>Pacific Northwest, coastal</td>
</tr>
<tr>
<td>Boston Metro, MA</td>
<td>900,000</td>
<td>200 km²</td>
<td>East coast; New England</td>
</tr>
<tr>
<td>Grand Rapids, MI</td>
<td>188,000</td>
<td>117 km²</td>
<td>Midwest, Great Lakes region</td>
</tr>
<tr>
<td>Phoenix Metro, AZ</td>
<td>4.2 million</td>
<td>37,700 km²</td>
<td>Southwest, desert</td>
</tr>
</tbody>
</table>

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6 Population estimates for Philadelphia and Bellingham are from the 2012 US Census and for Grand Rapids are from the 2010 Census.

7 The City of Boston proper includes only a portion of what is commonly understood to be the Boston area; I therefore included several adjacent cities that form part of the core around Boston, including Cambridge, Somerville and Newton in this population and land estimate, which comes from the 2010 Census as reported by Wikipedia entries for each of these cities.

8 Like Boston, "Phoenix" as commonly referred to by residents actually consists of a metro area containing 23 contiguous municipalities (Lanning 2012); I therefore include an estimate for this metro area rather than the City of Phoenix proper.
Following standard practice in case study research, I used a qualitative interview design as my primary method of data collection for each case, supplemented with data from newspaper articles, press interviews, and other local secondary sources. In terms of criteria for identifying and selecting interviewees, I wanted to speak with individuals who had been directly involved in efforts to grow sustainable business communities, either through organizations created for that purpose or through their own businesses, from the time when these communities first started to emerge in each of these places. I was interested in understanding what steps they took and what strategies they and their colleagues pursued in their efforts to create and build these communities over time. In order to identify these individuals, I asked the BALLE staff who had recommended the initial cases to also to recommend at least one person in each case study location who had played a central role over time in building that city’s sustainable business network. Through this process, I identified six initial interview candidates, all of whom agreed to participate except for one who declined due to scheduling constraints. During interviews with these participants, I then asked each of them for additional recommendations for people I should include in the study. This technique is known as “snowball sampling” and is a common method in qualitative research (Weiss 1994), particularly in cases in which potential interviewees may be unlikely to participate unless referred to the study or asked directly to participate by someone they know, trust, and respect.

Given the time constraints of the project, I opted to conduct multiple interviews for the primary case, but limit the scope of interviewing in the supporting cases to one or two key individuals who had been most closely involved with efforts to develop the community. In all cases except that of Bellingham, interviewees included the founder and/or the current Executive Director of the local BALLE chapter, which in each case was the local organization that had been created explicitly to support the development of a sustainable business community in that city. In Philadelphia, this list was expanded to include founders of two other nonprofit organizations as well as owners of several small, sustainability-oriented businesses who have each played a key role in the development of that city’s sustainable business community. All participants were interviewed as representatives of their organizations or businesses and agreed to have
their names and affiliations included in the study (see Appendix A for a complete list of interviewees, their titles, and organizational affiliations).

Given diverse locations and organizational contexts, I opted for a semi-structured interview protocol, which consisted of a series of pre-determined, open-ended questions following a fairly similar sequence, combined with unscripted follow-up questions and prompts which enabled me to inquire into details that were specific to each context. Interviews were conducted both in person and over the phone, depending on the interviewees’ location and availability. Interviews lasted between 50 and 75 minutes and all interviews were recorded using a digital audio recorder. In addition to collecting primary data through interviews, I also collected secondary data from pieces that key interviewees authored (such as columns, auto-biographies, and proposals), as well as print and web materials created by the organizations included in the study.

Given the necessity of interviewing a limited number of individuals in each city, the cases necessarily focus on the development of sustainable business communities from the specific vantage point of the individuals and organizations featured. Recognizing that this is the perspective of specific individuals, and of organizations these individuals are intimately involved with, the intent is not to provide a “neutral” or comprehensive account of all of the factors that contributed to these communities’ growth over time. Rather, given my data sources, the focus of this thesis is on understanding and learning from what these specific individuals and organizations have done over the past decade to contribute to the growth of sustainable business communities in the places where they have worked. Through their stories, which are presented in the following chapters, we explore what motivated them to become involved in these efforts, what their roles have been, what actions and strategies they have pursued and what changes they have observed in their cities and business communities as a result of these efforts. As we discover in more detail what they have helped to develop and how they have done it, we also start to gain a clearer picture of what sustainable business communities are and how we might be able to see and articulate their significance and impact in the places where they have been created.
"There was a strong green building movement, a strong renewable energy movement, a strong food movement, but people weren’t talking to each other so somebody who might buy local food didn’t think to sign up for renewable electricity, so it was kind of like connecting the dots of what was already there into a holistic vision of what a local, sustainable economy and community would be like."

Judy Wicks, interview with the author (2011)

Judy Wicks, founder of the White Dog Café, White Dog Café Foundation, Fair Food, the Sustainable Business Network of Greater Philadelphia, and co-founder of the Business Alliance for Local Living Economies

"It’s also one of those collective consciousness things: a lot of different people at the same time thinking that if we don’t do something, we’re not going to be able to survive. What SBN did was provide an organization, a way for people to be part of that network, part of that community...and the struggle is to make that community real, as opposed to just virtual."

Lindsay Gilmour, interview with the author (2012)

Lindsay Gilmour, Owner of Organic Planet Catering and Board Co-Chair of the Sustainable Business Network of Greater Philadelphia (SBN).
CHAPTER 3.
The Origins of Sustainable Business Communities in Five American Cities

This chapter introduces the cases that inform the rest of this thesis through accounts of how sustainable business communities first started to form in each of the five cities I studied. In contrast to other business and industry clusters that have been studied to date (Cortright 2006), these communities did not “emerge” organically through uncoordinated actions of various entrepreneurs each pursuing their own narrow business interest. Rather, in each case I studied, a few entrepreneurs—owners of small businesses of various types—developed visions to create sustainable business communities in their city and took deliberate actions, coordinated with other like-minded entrepreneurs, to move towards that vision. This chapter introduces these entrepreneurs, exploring what motivated them to begin this work, what they hoped to create, and what some of their initial steps were—as well as providing a brief introduction to the organizations they have built to help them move closer to their visions.

Despite sharp differences in geography, size, history, economic, cultural and urban development contexts between the various cities studied, a number of consistent themes and findings emerge across the five cases. In each case, the people who first started working to build sustainable business communities were small business owners who wanted to do business in a way that was consistent with their values. Regardless of their choice of industry, product, or location, these entrepreneurs were convinced that they did not have to “leave their values at the door” (Wicks 2012) when they walked into their businesses, and set about to create companies that would reflect their commitments to environmental and community wellbeing and progressive social change. Not only did they build their businesses around commitments to certain core values, they also actively sought to do business with other entrepreneurs who reflected a commitment to similar values in their business operations and decisions. In each case, the birth of sustainable business communities took place when these
entrepreneurs began to seek each other out, looking for others who understood what they were trying to do and with whom they could feel good about doing business.

Not only did these entrepreneurs want to connect with each other, in each case they also wanted to make it easier for other business owners—even competitors in their industry—to adopt the practices that they were experimenting with and pioneering in their businesses. This came from a shared realization that in order to produce the environmental and social change they were working towards in their own businesses, there needed to be many more businesses in each of their communities adopting these practices and entering the sectoral niches (such as green building, renewable energy, or sustainable local food) that they were carving out for themselves. In each case, a small group of these entrepreneurs realized that what they needed to create was a large community of businesses across various key sectors who could work together, through mutually-supportive business relationships, peer learning, and joint activities, to improve their own environmental and social performance and that of their city. As part of this vision, they imagined a time in the future when this community was large enough that a resident of the city could meet most of his basic needs for clothing, shelter, food, energy, entertainment and the like by purchasing from independently-owned, locally-based enterprises capable of providing these goods and services in ways that benefit the surrounding natural and social environments.

Another key element motivating the entrepreneurs in each of these cases was a deep appreciation for the value and uniqueness of the place they were in, combined with a desire to preserve and enhance it. These entrepreneurs were not footloose or looking for the best location to make short-term profits, but rather were committed to the cities where they had located for the long-term. They wanted to live in places that not only could support business activity, but that also had a sense of character, a place that was not “anywhere USA.” They also had an appreciation for the role of small business in creating places that are special, and envisioned the creation of a robust, local, sustainable business community as a way either to preserve what they already loved about their city, or to create a more vibrant and distinctive sense of place in cases where they felt that was lacking. In each case, they drew on their understanding of the specific place they were in—it’s history, culture, and ethos—to inform their vision of
what a sustainable business community might look like in that particular context. In some cases, this meant a greater focus on the local food system, in others, a focus on green building and renewable energy, in others a greater emphasis on the artistic and cultural community. But in each case, those who set out to build these communities started with an understanding of and appreciation for the specific place they were in.

They also shared an understanding both of the central role of relationships in business activity, and the role of small, local businesses in maintaining and strengthening relationships in a community. Expressing a perspective that was perhaps more prevalent in the first half of the twentieth century, but had nearly disappeared from mainstream business thinking by the 1980s, one of these entrepreneurs summed up the predominant conviction amongst this group that at its essence, “business is not about money, it is about relationships” (Wicks 2013, p. 69). All the entrepreneurs at the center of these stories shared a desire to cultivate relationships based on respect and mutual benefit with their stakeholders, including employees, customers, supply chain partners, other businesses in their sector as well as within the broader community and local government. This desire is articulated by Lindsay Gilmour, owner of an organic catering business and Board Co-Chair of the Sustainable Business Network of Greater Philadelphia, as follows:

It’s all about improving the quality of relationships: getting people to treat employees well, to treat animals well, the environment well...behaving well has not been part of the conventional wisdom around business...that is what we want to change: behaving well in the workplace, behaving well in the world. (Gilmour 2012)

Their visions of sustainable business communities therefore consisted of networks of win-win relationships, both within and between key sectors in their local economy, which is why each group of entrepreneurs decided fairly quickly to launch nonprofit organizations devoted to network-building.

Their desire to participate in and build inter-connected networks of values-aligned businesses also motivated several of these entrepreneurs to join and to create national networking organizations. It was through these national organizations that most of the key individuals in each of these cases learned about each others' work,
became inspired by each other, and developed the vision and motivation to try something similar in their hometowns. As will become clear in the stories that follow, several of the key initiators of efforts to build sustainable business communities knew each other well as members of Social Venture Network (SVN), a national network of socially and environmentally-oriented businesses. It is therefore no coincidence that efforts to establish sustainable business communities emerged in the specific places profiled, not necessarily or predominantly because of attributes of the places themselves (as Russo has argued), but because certain individuals who envisioned creating these communities happened to call these places home. The following five stories will focus on and introduce a series of entrepreneurs with vision, the organizations they built to help them achieve these visions, the places they hoped to preserve and enhance through their positive environmental and social impacts, and the relationships that they built, including with each other.


Philadelphia, the second largest city on the East Coast, has a rich civic and economic history dating back to the 1600s, when it was established by Quakers as a haven for minority religious groups facing persecution in Europe. Located along the Delaware and Schuylkill Rivers in the verdant Delaware River Valley, the city is surrounded by some of the lushest and most fertile farmland in the country, land that has been farmed for hundreds of years by somewhat insular “Pennsylvania Dutch” communities such as the Amish, the Mennonites, and others with a strong commitment to the farming lifestyle and to their distinctive cultural traditions. The adherence to values and principles, even when they run counter to the dominant culture and practices of the day, characterizes not only these successful farming communities but is also embedded in the ethos of the city by its founders, creating a culture where a certain degree of independence in thinking and “stubbornness” in persisting with ones’ convictions is valued, coupled with a sense of the importance of “brotherhood” (Covaleski 2012). Philadelphia, the birthplace of the American constitution, is also the
This movement, and organized efforts to build Philadelphia’s sustainable business community, can be traced more specifically to several blocks in a West Philadelphia neighborhood near the University of Pennsylvania. Like many American inner city areas, West Philadelphia suffered in the 1960s and 1970s as middle-class families moved out of the city and into the suburbs—suburbs which were multiplying quickly as small-holder family farming became less viable and struggling farmers opted to sub-divide and sell their land to developers. The result was a concentration of poverty, as well as deepening racial segregation, in places like West Philly, which fueled by widespread redlining and public sector neglect, resulted in deteriorating physical conditions of many neighborhoods, leaving them vulnerable to demolition and commercial redevelopment projects. It was on Sansom Street, a West Philadelphia street facing the imminent threat of demolition for the better part of a decade, that a fiery and determined entrepreneur in her twenties named Judy Wicks awakened to the potential of small business to both save places and to create places worth saving, while also serving as a vehicle for expressing and manifesting social justice values (Wicks 2013).

Born in a rural Pennsylvanian town outside of Pittsburgh from a family with roots stretching back over 300 years in the farmland of Lancaster County, Wicks had a “strong sense of place and of history” from the time she was a child (Wicks 2004, p. 6; Wicks 2013). As a young waitress at a lively restaurant on Sansom street, she fell in love with the street—it’s bustle, it’s diversity, it’s charm, and the small businesses and patrons that gave it life—and eagerly joined efforts to save the street when the University of Pennsylvania sent bulldozers to begin tearing down the “charming, though slightly run-down brownstones” that lined it (Wicks 2013, p. 53). While direct acts of protest, such as lying in front of a bulldozer, temporarily halted the destruction, she realized that the real fight was being waged by the restaurant she worked at, which was financing the legal efforts to save the block (and a case that went all the way to the Supreme Court) with a significant portion of its profits (ibid. p. 61). Not only was this local business able to play a pivotal role in saving the street, it was also one of the
factors contributing to the vibrancy of the street which attracted the diverse cultural life that made this a street worth saving in the first place.

An idealist, pacifist, and former VISTA volunteer who in her youth had been opposed to the idea of profit-making, Wicks gradually came to see that owning her own business could serve both as a platform for creative self-expression and for manifesting and advocating for the values that motivated her involvement with struggles such as the decade-long fight to save Sansom street (Wicks 2013). These values, developed through her childhood in a close-knit rural community, and her time volunteering in Chefornak, a remote Eskimo village in Alaska, included a deep love and respect for nature and for animals, an understanding of the inter-connectedness of people with their environment and with each other, and a sense that community wellbeing comes from cooperation, sharing, and deep mutual respect, not from individualistic hoarding, enrichment or betterment at the expense of others or of the environment. Wicks also had a deep appreciation for the role of small, independent businesses in creating and maintaining community ties. Now in her early thirties with two small children, she decided to start by opening her own small business on the street she had fought so hard to save (Wicks 2013).

Created as “a simple coffee and muffin take-out shop” catering to students from the nearby University of Pennsylvania, the White Dog Café had humble and unpretentious beginnings. The café was located on the first floor of Wicks’ three-story brownstone, furnished with mismatched items from her family’s living room upstairs, and served its first season of hot food from an open charcoal grill in the backyard (Wicks 2004, p. 7). From this simple start in 1983, over the next few years Wicks began to rapidly build a highly successful restaurant business, which by 2004 had grown to occupy five consecutive brownstones in her neighborhood, seating over 200 customers and grossing over $5 million per year (Wicks 2004, p. 8).

As she grew her business, Wicks began to pioneer a series of groundbreaking practices, inspired by her growing awareness of the negative social and environmental consequences of many routine business decisions in the restaurant industry. These practices included paying all of her staff, including dishwashers, a living wage ($8 per hour in 1998 when she first learned of the “living wage” concept), becoming the first
business in Pennsylvania to purchase 100 percent of its electricity from renewable sources, and organizing a wide range of community-building and awareness-raising events at the restaurant, including eco-tours to show customers where the food from the restaurant originated, where the waste went, and where the municipal water is sourced in Philadelphia (Wicks 2004). What truly set the White Dog apart, however, was its menu. Within a few years of opening, Wicks began to source produce, eggs and dairy from local farmers, which at the time was almost unheard of. “Back then local food wasn’t popular—it was a new idea. It’s hard to imagine that [now], but the White Dog started buying from local farmers twenty-five years ago” (Wicks 2011).

A few years later, Wicks read John Robbins’ bestselling book *Diet for a New America* (1987), which opened her eyes to the realities of America’s industrial, large-scale factory farm system and prompted her to completely rethink her menu.

I was outraged, so I went to the kitchen and said, “take the pork off the menu,” because I realized that the pork we were serving came from those barbaric conditions. Most of the pork in this country does, unless you seek an alternative. I said, “take off the bacon, the ham, the pork chops—until we can find a humane source for our pork.” We asked the farmer who was bringing in free-range chicken and eggs from Lancaster County if he knew a place that raised pigs in the traditional way, and he did. He started bringing in a pig every week, and now we get two pigs a week, the whole pig. This means you have to find a way to use all the parts, which is actually quite a good thing environmentally and a creative challenge for our chefs.

In the meantime, I found out about the atrocities in the beef industry and the importance of buying pastured beef for the health of both the animal and the consumer. Eventually I was able to find sources for all of our meat products—our beef, pigs, lamb, and chicken—from small farms in our own area where we know how the animals are being raised. When I finally got all that taken care of I thought, well, I’m finished now; we have a cruelty-free menu. We’re the only restaurant in town that can say it, so this can be our market niche. (Wicks 2004, p. 24)

As the only restaurant in the Philadelphia area sourcing its menu entirely from local sources (or Fair Trade in the case of products for which local sources did not exist, such as chocolate, coffee, cinnamon, and vanilla), the White Dog had built a truly valuable niche for itself. This unique menu enabled the restaurant to develop a loyal, enthusiastic, and rapidly growing customer base, which over the 1980s and 1990s
fueled multiple physical expansions into neighboring brownstones and earned the White Dog a citywide and even regional reputation. Conventional business thinking would have led Wicks to protect this niche, using her unique brand and hard-won personal relationships with local farmers as her competitive advantage and key to protecting her financial success. Motivated by her love of animals and commitment to the values that had led her to employ these practices in the first place, Wicks did something else instead.

But then I said to myself: Judy, if you really care about those pigs that are treated so cruelly, if you really care about the small farmers who are being driven out of business by large factory farms, if you care about the environment that’s being polluted by the system...if you care about the consumers who eat meat that’s full of antibiotics and hormones, than you would teach your competitors to do what you’re doing. That was the next step for me, and it was a huge one because as business people we’re taught to be competitive and to want our restaurant to be the best restaurant. It shouldn’t even occur to me to share what I know with competitors, but I realized that this was my challenge. (Wicks 2004, pp. 23-24).

In order to begin this work, Wicks created the White Dog Café Foundation, and funded it with twenty percent of the profits from her restaurant.

Her first step was to ask the farmer who brought the pigs to her restaurant each week what he would need in order to be able to supply other restaurants. When he responded that he would need a refrigerated truck in order to make multiple deliveries, she loaned him $30,000 (once again, from her own restaurants’ profits) to purchase the truck (Wicks 2011). Once the Foundation hired a Director, that person’s principal task “was to provide free consulting to our competitors—the chefs and local restaurant owners in Philadelphia—to teach them the importance of buying humanely raised pork\(^9\) and other products from local family farms” (Wicks 2004, p. 24).

I was actually spending my money to help these restaurants buy from farmers to compete with me, so it was crazy in a sense, but that is the thing we need in

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\(^9\) Fair Food, the organization subsequently founded by Wicks to spread these practices, defines “humanely raised animal products” as those that have “adequate space to roam, access to the outdoors, engagement in their natural behaviors, and a diet including adequate food and water with no added antibiotics or hormones.” (From the Fair Food website, “Membership Criteria:” http://www.fairfoodphilly.org/business-membership/restaurants-retailers-caterers-cafes/
order to save the planet. And it’s in our self-interest—just taking the business model, the White Dog needs to have a strong local food system in order to continue in our model, so it’s in our long-term self interest. (Wicks 2011).

To pursue the work of building a humane and sustainable local food system, in 1999 Judy partnered with local ceramic artist and sustainable food aficionado Ann Karlen to launch Fair Food (www.fairfoodphilly.org) as the first program under the White Dog Foundation (Garrison 2010; American Farmland Trust).

Judy Wicks’ vision of a sustainable urban economy in the Philadelphia city-region started with a sustainable food economy, but did not end there. Rather than “a global economy controlled by large multi-national corporations” providing communities with their basic needs—often in a standardized, one-size-fits-all formula accompanied by high externalized social and environmental costs—Judy envisioned a global economy comprised of “a decentralized network of local economies.” These local economies would in turn be comprised of what she called “living enterprises,” which are “small, independent, locally-owned businesses of human scale [that] create community wealth and vitality while working in harmony with natural systems” (Wicks 2004, p. 6). Wicks imagined these people and planet-friendly enterprises providing most of the essential needs of a community, such as food, shelter, energy, clothing and light manufacturing, media, arts and culture in ways that were diversified, tailored to local needs, and that preserved and enhanced—rather than degraded—unique local assets (Wicks 2004, p. 5).

In order to provide a platform for bringing this vision to life, in 2001 Judy partnered with fellow Social Venture Network (SVN) member Laury Hammel to launch the Business Alliance for Local Living Economies (BALLE). This was envisioned as a national network that would serve to connect various locally-based “living economy” networks (Wicks 2011; Krueger-Braneky 2011; Hammel 2012; Rifkin 2006). At the same time, in order to create a local model of the kind of economy Wicks envisioned, she created the Sustainable Business Network of Greater Philadelphia (SBN). Both groups were initially sponsored by the White Dog Foundation and co-located with Fair Food in a single room in Wicks’ home above the White Dog Restaurant, but within a few years each initiative spun off to become its own nonprofit organization (Wicks 2011; Gilmour 2011).
Over the next 10 years, BALLE would grow to consist of over 80 local business networks such as SBN, and the latter would play a pivotal role in building and growing a community of businesses in the greater Philadelphia area committed to innovating their business practices in pursuit of social and environmental impact. As of 2012, SBN had grown to include 500 business members, each locally-based, independent businesses who are committed to building “a just, green, and thriving economy in the Greater Philadelphia region” and who demonstrate this commitment in part by being willing to benchmark their social and environmental performance as a condition of joining the network (SBN 2012a, p. 6).

While large, this membership represents only a portion of the Philadelphia-area businesses that are now implementing as routine practice the kind of sustainable practices pioneered by Wicks, while participating in citywide efforts to grow a more sustainable and fair economy. Between 2008, when it was first convened by SBN, and 2010, Philadelphia’s Green Economy Task Force grew to include over 650 stakeholders, many of them local businesses who had participated in various other SBN programs. Their work together through the Task Force to identify and create viable green job opportunities for Philadelphian’s living in poverty led the city to receive more Federal Recovery Act Pathways Out of Poverty green jobs grants than any other city in the nation as well as $25 million in Energy Efficiency Conservation Block Grant funds in 2010 (Houstoun 2011; SBN 2011b; Sivertsen 2010). Other SBN-led initiatives, such as the annual Social Venture Institute, which connects established sustainable business leaders with emerging entrepreneurs interested in learning how to increase their environmental and social impact, had involved and trained over 2,000 businesses by its 10 year anniversary in 2012 (SBN 2013b).

On a smaller scale but with a deeper level of engagement, SBN’s Social Impact Campaign involved a number of Philadelphia-area firms in the challenging work of generating real employment opportunities in sustainable sectors for job seekers facing multiple barriers to employment. Through this campaign, which initially ran as a six month pilot from June 2011 through January 2012, some of the cities’ leading

10 Members benchmark their performance using the B Impact Assessment rating system, developed by the nonprofit B Lab, based in Berwyn, Pennsylvania. More on this tool and B lab can be found here: http://bimpactassessment.net/
sustainable businesses, such as Practical Energy Solutions, gave presentations and facility tours to prospective job seekers participating in City job training and re-training programs, offering them an insiders’ perspective on the industry, what specific skills those in the industry look for in new hires, and insight into available positions and opportunities. This pilot was so successful that by December of 2011, SBN was considering extending the program, according to Kate Houstoun, Managing Director.

You’d think getting businesses to volunteer would be like pulling teeth, but our SBN members in particular—who are so strapped; their bandwidth is so limited because they are typically very small companies—it’s just incredible how much time they’ve contributed to this classroom, to the extent that we decided we’ve got to keep this campaign going...even the owners of the companies somehow figure out how to make time to help people in poverty make better decisions about their careers. (Houstoun 2011)

Through successful initiatives such as these and others, by 2011, a decade after SBN first started convening the city’s few sustainable business pioneers, Philadelphia had acquired a national reputation as host to a strong and thriving community of socially and environmentally conscious entrepreneurs (Melamed 2012). SBN had also started to receive increasing recognition within the policymaking and economic development communities, particularly for its work to stimulate green job creation within the city’s small and independent business community, and to connect those jobs with Philadelphians in greatest need of employment opportunities. For example, in 2011, the Delaware Valley Planning Commission named SBN the “Regional Economic Development Organization of the Year” (Krueger-Braneky 2011; SBN 2011b).

How Philadelphia’s sustainable business community was created and developed over the past decade is explored in significant depth in the next chapter, while the remainder of this chapter is devoted to an exploration of the origins of sustainable business communities in the other four cities studied.

3.2 Boston, MA: The Sustainable Business Network of Massachusetts

The story of SBN Massachusetts has a similar starting point to that of SBN Philadelphia: with an entrepreneur, Laury Hammel, committed to doing business in a
way that fully reflected his social and environmental values, in a sector—fitness and sports clubs—where those values were not reflected in prevailing business practices. A top-level tennis player in his college years, Hammel also had an early realization that he “wanted to serve humanity” through the work he did (Hammel 2012). An active member of the civil rights, peace, and environmental movements in the 1960s, Hammel realized that another way in which he could “serve humanity” was through a business that would combine his passion for tennis and interest in human wellbeing with his desire for social and environmental justice. In 1980, about the same time that Wicks was founding the White Dog Café, Hammel launched what would become the Longfellow Clubs, starting with a single tennis club outside of Boston.

Like a restaurant, there is nothing about a tennis club that would make it inherently a good candidate for a sustainable business. On the contrary, conventional business practices in the health clubs industry produce large amounts of environmental waste (particularly through water usage, heating of water and pools, and large amounts of chemical cleaners) and often contribute to reproducing both privilege and social exclusion. However, like Wicks, Hammel was not looking for a new “green industry” in which to do business, but rather wanted to show that it was possible to do business in a way that is socially and environmentally responsible within an existing industry, where conventional business wisdom would hold that to be financially infeasible. He founded the Longfellow Clubs around the core values of “healthy mind, body and planet,” with a vision “to build a world where people’s basic needs are met, and people experience love, happiness, and satisfaction” and an organizational mission “to create a model organization, through the development of successful health and recreation businesses, that works towards the fulfillment of our global vision” (Longfellow Clubs 2013).

Within a few years, Longfellow was running what would become the nation’s longest-running tennis program for children with special needs, and had partnered to avert the closure and take on the management of Sportmen’s Tennis and Enrichment Center, a Boston club founded in 1961 as the country’s first African-American non-profit tennis club (Questions for Living 2013; Sportmen’s Tennis Club 2013). Longfellow Clubs also began to pioneer a series of sustainability initiatives, including installing New England’s largest solar hot water system, using salt water instead of
chlorine to purify the swimming pools, installing a co-generation unit to heat the swimming pools and showers with the heat generated by burning natural gas to create electricity; using waterless urinals which save over 45,000 gallons of water per year per urinal, and using only environmentally-friend, non-chemically-based cleaners throughout the clubs, among other practices (Longfellow Clubs 2013). By 2012 Longfellow had expanded from its original few tennis courts to become the 54th largest health club business in the US, serving over 12,000 club members and additional 10,000 clients per year in the greater Boston area and generating about $16 million in annual revenues (Questions for Living 2013).

While Hammel was working to grow the Longfellow Clubs, he also started looking for ways to build a larger community of entrepreneurs committed to advancing sustainability and social justice through their businesses. At the time, in the mid 1980s, most companies were not taking even simple steps such as recycling or thinking about the impact of their businesses on local communities and had not begun creating corporate social responsibility (CSR) programs. Hammel wanted to identify the few other entrepreneurs who were thinking about these issues, who “had a certain consciousness” around their business impacts on the planet, on employees, and on the local communities where they were based, particularly in terms of hiring from and working with communities of color. In order to find them, he “started by looking up every other business I could find that had a commitment to social and environmental sustainability” as articulated through a company mission or values statement as well as business decisions and practices that were aligned with those statements. His vision was to bring these entrepreneurs together to network, share their practices with each other, and through peer learning to “raise the bar around social responsibility” (Hammel 2012).

To pursue this vision, in 1988 he launched New England Businesses for Social Responsibility (NEBSR) with a handful of other pioneering entrepreneurs he was able to identify in the region. These included the natural toothpaste and body-care company Toms of Maine, Ben and Jerry’s (“before they sold out,” Hammel clarified), the Longfellow Clubs and several others (Hammel 2012). Some of their initial activities included networking events, workshops, and annual conferences, where these leading
entrepreneurs could share with each other what they were learning in their attempts to figure out how to recycle ("back in the 1980s it was really hard to do that!"), deal creatively with their waste streams, reduce their energy use, and increase diversity in their workforces (Hammel 2012).

However, with growth and the eventual sales of pioneering values-driven companies such as Ben and Jerry’s, Tom’s of Maine, and many others to large multinational corporations, and the dawn of “the e-commerce and Wal-Mart age,” Hammel and other leaders of the group realized they needed a shift in focus and strategy. “With the sale of companies like Ben and Jerry’s, it became clear that just focusing on increasing environmental and social responsibility within companies was not enough. We needed to be building a strong local business sector, comprised of businesses that are committed to staying small and independently owned” (Hammel 2012). The rationale was that these are the businesses that are most able to make values-aligned business decisions that may fly in the face of mainstream corporate business thinking but that allow them to innovate in terms of their environmental and social practices. Hammel was therefore eager to partner with Judy Wicks to launch the Business Alliance for Local Living Economies (BALLE) in 2001, and in the same year launched a local chapter in the Boston area: the Sustainable Business Network (SBN) of Greater Boston.

SBN Boston, which has now grown to become the Sustainable Business Network of Massachusetts, was focused from its inception on preserving and strengthening neighborhood-based small and independent business communities, while engaging “business and community leaders in building economies that are local, green and fair” (SBN Massachusetts 2013). Unlike Philadelphia, what is commonly referred to as “Boston” is actually a metro area comprised of a large number of different contiguous cities and towns,¹¹ which have retained their independence and distinct local governments, despite such close proximity to the City of Boston proper. Many of the smaller jurisdictions in the Boston area, such as Brookline, Cambridge, and Somerville,

¹¹ At least 14 cities and towns form the immediate core around the City of Boston proper according to the US Census Bureau, while a larger boundary, the Boston-Cambridge-Newtown NECTA (New England City and Town Area) includes 92 towns. The Boston Metro region as defined by the Metropolitan Regional Planning Council (MAPC), includes 101 cities and towns.
have a long and proud history of neighborhood business districts (often called "squares") interspersed with dense, walkable residential areas.

However, by the late 1990s, the character of these squares was beginning to be lost as national chain stores, selling everything from clothes to food to books and hardware, began to systematically replace the locally-owned, independent businesses that had supplied these goods and services for decades. The owner of Harvard Square Books (a local bookstore) and several other local business owners in Harvard Square connected with Laury Hammel, and jointly founded Cambridge Local First. According to Janneke House, Cambridge Local First’s current Executive Director, these long-time local entrepreneurs were worried that the existing business associations were becoming dominated by representatives of national corporations and no longer representing the interests of local business. They were also worried that the business districts where they were based were losing the very distinctiveness that brought customers in the first place.

It’s the uniqueness of what makes Cambridge Cambridge. Harvard Square is an international destination and you don’t come to Harvard Square to go shopping at Barnes and Noble; you come for Harvard, you go to see the local businesses, the little boutiques... So that’s primarily why these Local Firsts are so important, is to just preserve the integrity... it’s the whole place-making idea. (House 2012)

Under Hammel’s leadership, SBN Massachusetts created not only Cambridge Local First, but has helped to launch and incubate Local First business networks in Somerville, Worcester, Watertown, Brookline and most recently a group that is starting to form in Jamaica Plain (Hammel 2012).

In addition to supporting the formation of local sustainable business networks, SBN Massachusetts has developed several other key initiatives. These include the Sustainable Business Leader Program (SBLP), which provides assistance to businesses to “green” their operations as well as certification of sustainable business practices, as well as a Local Green Guide which lists around 90 Boston-area companies that are committed to sustainable practices (many of which have been SBLP certified). SBN Massachusetts also is working to develop sustainable economy clusters such as a local, sustainable food cluster, developing a local food committee in 2009 and creating the
Boston Local Food Festival in 2010, which has occurred each year since with growing popularity and success. Through these activities, by 2012 SBN Massachusetts had around 1,000 local businesses either as members of its subsidiary Local First networks or participating in its various programs (SBN Massachusetts 2013). According to an analysis performed by Russo of business listings in the National Green Pages, the Boston area now has the eighth highest per capita concentration of sustainability-oriented businesses from among the country’s largest 50 metro areas (Russo 2010, p. 140).

The efforts of SBN Massachusetts and the various local business communities they have helped to form have also begun to catch the attention and win the support of local policymakers. Mayor Menino is a strong supporter of SBN’s Sustainable Business Leader program and has committed City funding to support the program for the past four consecutive years (Kazda 2012). In 2012, the Cambridge City Council designed Cambridge as a “local economy community” and encouraged the City to play an active role in building up the local food system, local transportation, and local finance sectors, passing a local purchasing resolution to encourage the City to give business to locally-owned companies. The City also formed a Local Economy Task Force, created a “Local Economy Week” that happens annually at the end of September, moved their money out of the Bank of Scotland and into a local Cambridge bank, and encouraged the School committee to increase the percentage of local food served to children in Cambridge public schools (House interview 2012). At a statewide level, in August 2012 Massachusetts passed Benefit Corporation legislation, creating a new corporate form that allows businesses to incorporate social and environmental performance criteria into their corporate charters, the legal documents that govern the subsequent operation of firms.\(^{12}\)

While the greater Boston area has developed a much larger concentration of sustainability-oriented businesses than existed when Laury Hammel first went looking for peers in the late 80s, it is unclear to what extent they belong to a cohesive sustainable business community. Perhaps as a result of the decentralized and highly

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\(^{12}\) The new corporate form that Benefit Corporation legislation makes possible, the B Corporation, was developed by B Lab in Pennsylvania. B Corp legislation, as it is commonly known, has now been passed in 20 states, as of January 1, 2014 (B Lab 2014).
localized nature of communities in the Boston area, as well as SBN’s focus on developing distinct neighborhood-based business networks, there does not appear to be the level of citywide awareness of a single, over-arching sustainable business community such as that which now exists in Philadelphia. This stands in contrast to the next case we will look at as well, where a very well-defined sustainable business community has been consciously created over a very similar time frame.

3.3 Bellingham, WA: Sustainable Connections

A bit further north of Boston and on the other side of the country sits Bellingham, Washington, a coastal city of about 80,000 residents located on Bellingham Bay, in the Puget Sound region of the Pacific Northwest just 27 miles south of the Canadian border. It is the largest city and county seat of Whatcom County, a mostly rural county that borders Canada. It first became a boomtown in the 1850s due to a nearby gold-rush; economic activity then gradually shifted to coal production, the timber industry, shipping, and railroad construction. Like many Pacific Norwest coastal towns, Bellingham slowed down as mining, construction and the timber industry dwindled, and beginning in the 1970s, average inflation-adjusted wages began a steady, thirty-year decline. Yet, from its turn of the century glory days, Bellingham retained an attractive, walkable, downtown area as well as several distinct historic business districts, which lent themselves well to the small-scale, independent retail and services sector which emerged as the handful of larger industries which had historically anchored the city’s economy dwindled in influence.

Beginning in the late 1990s, a small group of independent business owners, led by Rick Dubrow of A-1 Builders, Chris Webb of 2020 Engineering and several others, began organizing events among local entrepreneurs interested in finding ways to make a living that were consistent with their values and increasing their businesses’ sustainability performance (Key 2002). Despite the slow overall economy, Bellingham was not a bad place to attempt such an effort. The city had a well-established reputation as a “crunchy” place that attracted sustainability-conscious residents and business owners who valued the outdoors and the beautiful surrounding bay, mountains, and pristine natural environment (Schiller 2007a). And within the city’s
small business community, there were already a handful of businesses that were looking for ways to create positive environmental and social impact in the community, such as a natural food coop, green building company and others. Yet despite a promising start, after several years the group “lost momentum” when some members “had to put more energy into running their businesses” and started drifting away (Key 2002).

However, a few years later in 2001, a chance meeting at a sustainability conference in Seattle between Rick Dubrow and a young social entrepreneur named Michelle Long gave new life to the idea (Schiller 2007b). Michelle and her husband, Derek Long, had created a mission-driven enterprise to generate positive social and environmental impact in developing countries through an online marketplace of fairly-traded crafts and were looking for an opportunity to apply those principles closer to home (Long 2011). The Longs both felt that “businesses have got to be leaders in creatively addressing environmental and societal challenges... We have to make a living and we have to do it in a way that allows future generations to make a living” (Michelle Long, quoted in Schiller 2007b).

In 2001 when Judy Wicks created BALLE, Michelle and Derek Long became the organization’s first staff, serving as co-directors. However, in addition to their work with BALLE to build a national network, the Longs were looking for an opportunity to attempt to build the kind of “local living economy” that Judy Wicks was speaking of “in their own backyard”— in a local place where they could settle down, “find [our] place in the world, dig in, and take responsibility from there” (Long 2011; Sustainable Connections 2010). After several meetings with Rick, the Longs decided that Bellingham might be the place to do this, and made the decision to re-locate there to take on the task of building up the group that Rick had started (Pizzillo n.d.). In 2002, they re-launched the network, now named Sustainable Connections, with 87 business members listed in their first member directory—already a significant increase from their initial organizing group of twelve (Rifkin 2006).

The Longs and other founding members of the group envisioned building a community of businesses committed to environmentally and socially responsible business practices, who would work together through mutually-beneficial relationships
to build a more sustainable and vibrant local economy. Their mission statement was “to be the local forum where businesses come together to transform and model an economy built on sustainable practices” (see Figure 9.1 in Appendix B). Their focus from the beginning was on recruiting businesses who shared similar values, expressed a sincere commitment to the principles of sustainability, and were willing to learn and improve their practices, regardless of their starting point (Key 2002; McClurg 2002). The organization was therefore inclusive, accepting members based on a pledge to adopt increasingly sustainable business practices over time, rather than strict criteria around current sustainability practices (Sustainable Connections 2012). However, like other BALLE networks, they work only with local, independently-owned businesses, since these are the ones that “have the autonomy to make any transformational changes in their business that they can imagine...reexamining where we buy goods and services, how we consume energy, grow and distribute our food, build homes, and even, how we define success in business” (Sustainable Connections 2010).

Over the past ten years, Sustainable Connections (SC) has created one of the strongest examples of a sustainable business community in the country, frequently held up as a model both within the BALLE network and outside of it. As of 2012, Sustainable Connections had grown to over 650 local business members—a significant portion of the Bellingham business community—who are taking a variety of meaningful steps towards improving the sustainability of their operations. During Sustainable Connections’ three-year Towards Zero Waste campaign, 325 businesses participants took systematic measures to increase recycling and composting, collectively saving over $2 million in garbage disposal fees. Other campaigns, such as the Green Power Challenge and Local First campaigns, have increased business member’s use of green power and shifted their purchasing behavior to increase sourcing from other local firms. A survey conducted by an independent firm after SC’s first Local First campaign found that 66% of the respondents (representing 35% of businesses that participated in the campaign) reported that they now factored into their purchasing decisions whether a product is locally made or grown, or whether a store is locally owned, “more often,” or “much more often,” than they did before participating in the campaign.
Not only have a growing number of businesses in Bellingham made individual commitments to increasing their sustainability, they have also developed new relationships with each other that contribute to their ability to operate more sustainably. When Rick Dubrow of A-1 Builders wanted to set up a recycling system in his company, he called another SC member, Rodd Pemble of Sanitary Services, Inc. When A-1 remodeled their office and showroom, he called on SC member Laurel Landscaping to design and install a low-maintenance xeriscape system, which uses native plants and reduces irrigation and maintenance demands. When Dubrow takes on a home remodeling project, he calls Re Store, another SC member, which dismantles and removes used building materials at no cost to the home-owner/customer, who gets a tax credit in addition to saving money on disposal fees. Then Dubrow buys construction materials, like studs, from the Re Store instead of buying them new, which costs the same amount of money for him but creates jobs since a Re Store employee must remove nails from the old material and make it fit for re-use. This allows Dubrow to both increase the positive impact of his company and simultaneously under-bid his “business as usual” competitors who do not make use of these types of win-win relationships and money-saving sustainable practices (Key 2002).

Another Sustainable Connections member business, Northwest Computer Supplies, has been able to make green office supplies available to Bellingham-area businesses through the Sustainable Connections community. By building relationships with other SC member businesses, the owner can obtain these green supplies in bulk through joint purchasing agreements, which then allows him to sell these supplies at more reasonable prices to other Bellingham businesses, making sustainable supplies more price-competitive with conventional ones and therefore expanding the potential market for these products (McClurg 2002). As a result of the dense network of relationships that have developed within Bellingham’s sustainable business community, a large company that recently opened an office in Bellingham, CH2H Hill, was able to divert 80,000 pounds of what would otherwise have been waste for re-use by 70 Bellingham-area businesses and nonprofits. They accomplished this by working directly with Sustainable Connections to tap into the network of businesses that SC has helped to develop over the past ten years.
In addition to building a robust network, Sustainable Connections has also stimulated the development of strong sub-clusters of local, sustainably-produced food, sustainable building technology, renewable energy, and green home-building and design in Bellingham and the surrounding Whatcom County. In sustainable food and farming, SC has increased visibility of local farmers through Eat Local First campaigns, Eat Local Month, Farm to Table Trade Meetings, and other programs, helped consumers find and connect with local farmers (e.g. through their Workplace CSA campaign, Eat Local Month, and the Whatcom Food and Farm Finders, 30,000 copies of which are distributed annually), and educated farmers on sustainable practices. SC’s Food to Bank on Program, for example, has provided mentorship and support to 32 beginning sustainable farmers, offering them business training and increased market access while providing farm-fresh products to area food banks and shelters (Sustainable Connections 2012).

Sustainable Connections’ programs and campaigns in green energy and green building and construction have involved an even larger component of the business community and helped put Bellingham on the map nationally as a model for sustainability. In the first six months of running their Green Power Community Challenge, community-wide green power purchases in Bellingham increased from 0.5% to nearly 12% of all power used. This large increase in local purchases, in turn, meant that Puget Sound Energy (which serves Bellingham) was able to negotiate bulk discounts that reduced the rates that all local ratepayers paid for green power by 40%. As a result of the citywide progress made through the Green Power Challenge, the US Environmental Protection Agency (EPA) recognized Bellingham as #1 Certified Green Power Community in the nation for 2007 and 2008 (Sustainable Connections 2012).

Similarly, the SC program Smart Trips, a partnership between Sustainable Connections, local business owners, local public transportation operators and the City, helped Bellingham become #1 in the nation for increased bus ridership in 2008.

Another Sustainable Connections-led campaign, the Community Energy Challenge, also contributed to putting Bellingham on the map nationally as a sustainability leader. Launched in 2010, this community-wide campaign to increase residential energy efficiency had, within two years, retrofitted over 500 homes, saved
energy in over 100 businesses, supported 84 jobs in 22 local companies, and generated over $6 million in local green construction spending. Based on this track record, the Federal Government awarded the City of Bellingham $780 million for energy conservation and sustainability projects, and in 2011 the Community Energy Challenge was awarded $4.1 million in Federal Stimulus funds, which paid 25% of the cost for homeowners to obtain efficiency upgrades. The rapid results achieved by these community-wide campaigns speak to the decade of effort that SC has invested to build relationships, sustainability-related know-how, and capacity within a segment of the business community that is prepared, enthusiastic, and able to play active roles in these campaigns.

Through these and other efforts of its sustainable business community, the City of Bellingham has continued to collect accolades. In 2009, the National Resource Defense Council named Bellingham the #1 Small City in the United States for urban progress towards sustainability and ICLEI, the international council of local governments for sustainability, gave Bellingham its Sustainability Leadership Award in 2010 (City of Bellingham 2012). Bellingham’s progress towards creating a sustainable economy has been featured in Bill McKibben’s recent book *Deep Economy: The Wealth of Communities and the Durable Future* (2007), Paul Hawken’s *Blessed Unrest* (2007) and more recently the city and its sustainable business community was prominently featured in the hour-long PBS documentary *Fixing the Future: Building Local Jobs, Income and Sustainability* (2012).

In a November 2007 piece on National Public Radio’s Marketplace, Bellingham was described as “the epicenter of a new economic model for a post-consumerist economy: locally produced goods and services focused on what surrounding communities need and can sustain” (quoted in Schiller 2007b). Bellingham’s ascendance from an outdoorsy but largely unknown small city in 1997, when Dubrow and others started meeting, to a nationally-recognized model for local, sustainable economic development ten years later, can be directly attributed to the work of the city’s sustainable business community during this time period. As this community has grown and shown itself capable of taking on ever-more ambitious goals and citywide
challenges, it has contributed to shaping and transforming the image and reputation of the city as a whole.

3.4 Grand Rapids, MI: Local First of Western Michigan

Grand Rapids is a mid-sized city of about 188,000 in Western Michigan that sits on the Grand River, about 25 miles east of Lake Michigan. Like other cities in the region, Grand Rapids’ history and economy have been shaped by agriculture, the automobile industry and by manufacturing, in this case the mass manufacturing of furniture, which has lent the city the nickname “Furniture City” (Grand Rapids Public Museum, 2013). And as the American automotive and manufacturing industries have waned over the past thirty years, Grand Rapids, like other “rust belt” cities, has struggled with population decline and economic stagnation. However, unlike some of its peer cities that were more solely reliant upon auto manufacturing, Grand Rapids possesses a more diverse economic base characterized by a high number of multi-generational, family-owned businesses, as well as several larger “home-grown” companies that have become publicly traded but retained headquarters in the city (Hillary 2012).

This history and culture of independently-owned, family business and multi-generational ties to place formed the backdrop against which a small group of seven business leaders committed to the triple bottom line began to build a sustainable business network around the same time that Wicks, Hammel, and the Longs were organizing their respective networks. Based in the city’s Uptown business district, these entrepreneurs were led Guy Bazzani, owner of a green design, construction and development firm and, like Judy Wicks and Laury Hammel, a Social Venture Network member and an entrepreneur ahead of his time. Specializing in LEED-certified buildings, redevelopment of historic buildings, and the incorporation of green roofs, on-site stormwater management and other practices that are widespread now but were pioneering in the 1990s, Bazzani built the first LEED-certified building in Grand Rapids, the first LEED double-Gold certified building in the world, and the first two urban zero stormwater discharge sites in the U.S.
Like other entrepreneurs engaged in building the sustainable business movement, Bazzani had a triple bottom line mission statement\textsuperscript{13} for his company and a vision for how the sector he worked in—design, construction, and development—could be transformed. Aware of the efforts of his colleagues in Philadelphia, Boston, and Bellingham to build sustainable business networks, Bazzani formed an early association with BALLE and in 2003 officially launched the Grand Rapids network as BALLE West Michigan. Over the next three years, this volunteer-run network grew to include over 250 independent business owners, and by 2007, the network, now named Local First of Western Michigan, was able to hire its first paid staff member, Elissa Hillary, who joined as Executive Director (Local First 2012; Rifkin 2006).

A Michigan native, Hillary had a strong sense of place and family roots that connected her to the two traditional drivers of economic growth, agriculture and the automotive industry, through her parents and grandparents on both sides. However, by the time she joined Local First, the automotive industry was in a state of crisis and the city was in the middle of a decade of population loss, while also experiencing a “brain drain” of its best and brightest young people (Hillary 2012). While acknowledging the rich tradition of family-owned enterprise present in the city, Hillary felt that Grand Rapids lacked the clusters of dynamic, innovative, sustainable enterprises that could attract and retain an educated, upwardly-mobile workforce. She envisioned local, place-based enterprises engaged in sustainable business models helping Grand Rapids to avoid the decline experienced by many of its Michigan and Midwest counterparts, and transforming the city into a vibrant place that young families and talented professionals would be excited to call home.

At the time I joined Local First, a lot of my friends were leaving West Michigan and going to what I would call “destination cities” after they graduated from college. They were picking Portland or Seattle or Chicago or New York, and going there because these places were supposedly cool and had all these independent businesses and things. And I was really interested in making this a place that would be one of those destination cities; helping to preserve that

\textsuperscript{13} Bazzani’s mission statement, which is included in the material on his firm’s website, is to “to lead the industry in sustainable development and building practices that improve the economic, social, and environmental health of the communities we serve” (Bazzani 2012).
character that we have, and then also really helping to create an environment that would spur entrepreneurship and new, cool, funky independent businesses that could help make our neighborhoods and downtown more vibrant. (Hillary 2012)

To accomplish this, Hillary focused a significant portion of the organization’s efforts on “building an audience” that would value and understand the importance of local and independent businesses. She found multiple ways to “have the conversation” about the importance of “local,” through traditional media, social media, film screenings and other educational events, and community-wide festivals such as the Local First Street Party, Eat Local Challenge, ForkFest and a host of others (Hillary 2012; Local First 2012). She also actively and persistently recruited new businesses and continued to organize member-only events designed to encourage members to connect and learn from those businesses in the network with the most advanced sustainability practices (Hillary 2012).

Through these efforts, by 2009 Local First’s membership base had grown from 150 to over 600 members and had expanded geographically from Uptown to an eight-county area throughout Western Michigan (see Figure 9.2 in Appendix B). This strong membership, in turn, helped to increase the organization’s visibility and influence, enabling it to play a more active role in shaping the city’s overall business environment and approach to economic development. By 2012, Hillary had been appointed to a number of Boards and Councils to represent the sustainable business community, including the Economic Development Corporation Board, the Brownfields Board, and the Downtown Development Authority Board (Hillary 2012). Recently, Hillary was listed first in the Grand Rapids Business Journal’s 2012 edition of “40 under 40,” a testament to the recognition of her work with Local First within the larger business community (Grand Rapids Business Journal, 2012).

As compared to six years ago, Hillary feels that some of the biggest changes that have taken place relate to the increased level of awareness and support throughout the community regarding the importance of local and sustainable business. “There’s this shift in culture that we’re feeling, and it’s very hard to measure, but... this is a much more supportive environment for someone to open a new business now. People want to
support local business, they're looking for cool local businesses to support, so there's already this engaged audience” (Hillary 2012). Just on the street where Local First has its offices, twenty new businesses have opened since Hillary has been with the organization. “We have a lot of new entrepreneurs that have opened businesses that have been very successful...And we've seen cool streets, like the street our office is on—we've seen twenty different businesses open and succeed in the last five years, and really change the face of this neighborhood and make it much, much more vibrant” (Hillary 2012).

In addition to a positive brand that has been built for local and independent business, Local First has played a role in mainstreaming sustainable practices—and commitment to triple bottom line principles—throughout the wider business community. The Grand Rapids Area Community Sustainability partnership, which started with five members in 2005, now has over 200 businesses and organizations involved who are “committed to the triple bottom line of sustainability by way of environmental, economic, and social actions” (Stukkie 2012). Further evidence of the growing embrace of sustainability throughout the business community can be found on the Grand Rapids Area Chamber of Commerce’s website, where a “Sustainability Checklist” has been posted with 78 specific actions businesses can take to improve their sustainability.

Increasingly, the values of Grand Rapids’ sustainable business community are finding support and a champion in City Hall as well: under Mayor George K. Heartwell, the City has also committed to “organizing the work of government around the triple bottom line” (Stukkie 2012). As a result of various initiatives undertaken by Mayor Heartwell in collaboration with its sustainable business community, Grand Rapids has recently emerged as a surprise leader in local sustainability (American Institute of Architects 2009). In 2010, the US Chamber of Commerce ranked Grand Rapids as “most sustainable mid-size city” in the country and the Earth Day Network has recognized it as one of five model cities in the nation working towards sustainability (Stukkie 2012). In 2012, the US Conference of Mayor’s awarded Mayor Heartwell first place in the large city category of the 2012 Mayor’s Climate Protection Awards, which “recognizes Mayor’s for their innovative practices to increase energy efficiency and
reduce greenhouse gas emissions” (quoted in Stukkie 2012, p. 1). In 2009, Grand Rapids became the first city in the US to be recognized by the United Nations University “as a regional center for expertise in sustainability” (White 2009).

A 2012 article in the New York Times sums up the remarkable transformation that has taken place in Grand Rapids over the past decade:

Today, Grand Rapids is full of young professionals in good careers, who enjoy low cost of living, first-rate restaurants with locally brewed beer and a variety of residential options near work. The population has rebounded...and the region’s jobless rate fell to 6.7 in September, 1.8 percentage points below a year ago and well below the state rate of 9.3 percent. (Schneider 2012)

In seeking to understand the causes behind this transformation, the article focuses primarily on recent physical infrastructure investments made by the City, such as a new pedestrian corridor in the Downtown area and a new, year-round public market the city is in the process of building to serve as a distribution hub for locally-grown food (Schneider 2012). The article does not mention, however, the role that has been played by the city’s sustainable business community in developing an even more crucial kind of infrastructure over the past ten years. This is the relationship and information infrastructure that has enabled the creation and growth of a local food sector strong enough to warrant the construction of a 130,000 square-foot, year-round market, a green building sector that has made the city number one in LEED certified buildings per capita for mid-sized city in US in 2010, and vibrant local retail and business districts which have played a crucial role in making the city a more appealing place to live.

3.5 Phoenix, AZ: Local First Arizona

Unlike Grand Rapids, which since 1970 has struggled to retain its population and economic base, the city of Phoenix, Arizona has during the same time period experienced dramatic and sprawling growth, adding nearly a million residents and growing to become the 6th largest city in the US, with about 1.4 million people (US Census 2010). The greater Phoenix metropolitan area spreads out over 16 square miles in the Salt River Valley, also known as “Valley of the Sun,” a northern portion of the
arid Sonoran Desert surrounded by low-lying mountains. This metro area is composed of 23 different contiguous municipalities “all pushed together,” in the words of interviewee Kimber Lanning, (“you can drive for an hour and a half straight across this valley and not leave the city”) and contains a total of 4.2 million people, making it the fourteenth largest metro region in the US and home to more than two thirds of Arizona’s population (Lanning 2012, Wikipedia 2013).

Unlike cities that developed their urban core early, such as Philadelphia, Boston, Grand Rapids and Bellingham, Phoenix “came of age after the national chain store model was in full swing,” and most of the development in the city is relatively new (Lanning 2012).

It’s not like Philadelphia where you had old school businesses long before the chain model even existed. You know, you can find third, forth, fifth-generation businesses in Philadelphia no problem; here finding a second-generation business is shocking. In all the work I’ve done I think I can only name three multi-generation businesses. (Lanning 2012)

Lacking a strong base of independent, family-owned businesses like Grand Rapids, a progressive, environmentally-friendly independent retail community like Bellingham, or a tradition of family farming and urban manufacturing like Philadelphia, Phoenix was perhaps an unlikely place to attempt to build an independent business community committed to sustainability. Yet, at the same time that Guy Bazzani was organizing a handful of forward-thinking businesses in Grand Rapids, record store and gallery owner Kimber Lanning was about to launch a network in Phoenix that within a few years would become the largest and one of the most dynamic networks within BALLE.

One characteristic that Phoenix did share with Grand Rapids, and which played a key role in moving Lanning to action, was that it too was experiencing a “brain drain” of its best and brightest— it’s most talented students, motivated young professionals, and artistic and creative class. “What I was seeing a lot of was our brightest, creative people, who I worked with on a daily basis, leaving Phoenix, just scratching and clawing to get out of Phoenix. So I wanted to build a community that would make them want to stay” (Lanning 2012). To determine how to go about this, Lanning started
informally interviewing customers at her record store and gallery, colleagues in the creative community, and others she knew about what drew them to places and made them want to settle down there.

During this time, I did a lot of research, asking people, say, why they loved Seattle so much, or why they loved Chicago so much, and nine times out of ten they'll tell you it's the locally-owned businesses. They might not use those words, but they'll say, "I love those restaurants, I love those neighborhoods, I feel connected there. Nobody ever says, 'I love Chicago because there's a Kohls and Applebees and a Lowes all on the same corner and it's really convenient and there's tons of parking everywhere. I mean, nobody says that, because obviously, that's not what makes people feel proud of the place where they live. (Lanning 2012)

Through this process of inquiry, Lanning became aware of the central role that small and independent businesses play in connecting people to a place. "Connecting people to place is a big part of economic development that is way too often overlooked. It's a very basic, simple thing, but it's incredibly important, and we were not doing a good job of that here" (Lanning 2012). Instead, because of the sprawling and rapid way in which the metro area had developed, "we had a lot of cool, independent businesses, but geographically they were spread all over the place. So my goal with Local First Arizona was initially to create a database where people could find and connect with the cool businesses that would stand a chance of making them feel connected to a place" (Lanning 2012).

Lanning began this process in 2003 and by 2005 had grown her database to include 800 local and independent Phoenix-area businesses. And that is when she "began to realize all this other opportunity; first of all how messed up economic development really is, and I also realized that so many of our communities were paying to incentivize these national chain stores to move in..." (Lanning 2012). This prevailing economic development paradigm had created an environment in which national retailers were able to obtain "ungodly large deals," by pitting one neighboring Phoenix-area municipality against another. In one such deal, the national sporting-goods chain Cabelas was able to secure $68 million in subsidies from the City of Glendale, compared
to the average of $25 million in subsidies the company typically receives for each new retail location it open across the country (Lanning 2012).

This story was repeating itself across the Phoenix area, draining tremendous resources from these cities while failing, in Lanning’s view, to create places that people could get excited about (Lanning 2012).

And this isn’t unique to Phoenix...this is the type of “economic development” that occurred throughout the nineties and into the early 2000s. And these guys would come in, and make a presentation, and promise huge sales tax returns, and just get these mammoth deals, and then critically underperform, and the cities had no recourse. (Lanning 2012)

Lanning’s growing awareness of this situation prompted her to want to devote more of her energy and time to Local First, so in 2006 she sold her art gallery, which had become a centerpiece of the city’s independent music scene, in order to “take on Local First Arizona full-time” as its first Executive Director. In this same year, she formed a Board, incorporated as a nonprofit, started charging dues from members, “and became a structured organization” (Lanning 2012). She also adopted “Local First Arizona” as the name of the organization, changing it from the initial name she had chosen in 2003, “Arizona Chain Reaction.”

By 2012, just six years later, Local First Arizona had expanded its membership to 2,100 businesses spread throughout the greater Phoenix area and grown to employ nine full and part-time staff who work on initiatives ranging from the promotion of local food to Buy Local campaigns to Spanish-language programming to engage the region’s many Latino small business owners. Their 2011 Fall Festival attracted 6,500 people to the same location where it had started seven years earlier with a fraction of that audience (Desert Living Today 2011). Like other networks, Local First Arizona sees developing a thriving, viable independent business sector as a necessary first step that creates a sector of the economy comprised of entrepreneurs who have the freedom to then shift the operations of their businesses towards more socially and environmentally responsible practices.

Compared to other networks, they have focused less on programming to help businesses adopt sustainable practices or to develop sustainable economy clusters. A
larger area of focus, reflecting both the local context and Lanning’s vision, has been on shifting the approach to economic development from one focused exclusively on recruitment and subsidies to one focused on investing in, growing, and supporting locally-based, independent firms. As a result of these efforts, in 2012 the City of Phoenix changed its purchasing policy to hire Arizona businesses on all contracts less than $50,000 (unless no qualified bidders are found), and recently the City confirmed that it is moving $50 million out of corporate banks and into community banks and credit unions (Bui 2012; Local First 2012). Following suit, the Mesa School District, which spends around $130 million per year, recently agreed to support the more than 1,000 local businesses in the Mesa Chamber of Commerce before looking elsewhere, and to proactively seek to hire Chamber members on all contracts under $50,000 (East Valley Tribute Editorial 2012).

3.6 Conclusion

Sustainable business communities emerged in fairly similar ways in the five cities included in this study, despite significant differences between these places along a number of dimensions, such as city size, local values including pre-existing orientation towards sustainability (or lack thereof), and strength of the existing small business community and local economy. These differences notwithstanding, in each case a very small group of pioneering sustainability-oriented entrepreneurs, starting in some cases with one member and in others with between three and seven, envisioned building a larger community of businesses committed to social and environmental impact and began to take a similar set of initial steps towards this vision. Within a decade of starting, each of these groups had created nonprofit organizations to drive the work of growing these communities and expanded to include hundreds of additional businesses, which in smaller cities like Bellingham represented a considerable and highly visible segment of the overall local business community.

While representing different proportions of the larger business community based on the size of their respective cities, sustainable business communities in each of these five cities grew to a size that was large enough to begin to influence the overall business environment. This influence expressed itself in terms of citywide campaigns they
successfully organized, policies they were able to change (such as procurement policies), and the reputations they helped to create for these cities as leaders in urban sustainability, as ever larger segments of the business community adopted sustainable practices such as renewable energy purchasing, recycling, local food sourcing, and participating in “green industry” sectors such as green building and energy efficiency work.

However, there were also differences in the types of sustainable business communities that were created in each of these cities, distinctions that reflect nuances of focus in the initial vision that these communities' founders held. The networks in both Boston and Phoenix were more concerned with the creation of a vibrant small and independent business communities to retain (or in the case of Phoenix to create), a sense of place that national chain stores were either threatening to erode or had already undermined. True to this initial vision and focus, the “sustainable business communities” in each of these cities is more difficult to distinguish from their small, independent business communities. While many of the small businesses in these cities are committed to environmental and social practices, it is less clear that a cohesive, distinct, “sustainable business community” exists in the same way that it does in Bellingham, Grand Rapids, and Philadelphia.

This analysis inevitably raises the question of what it actually is that has been created in these places and what, more specifically, we are referring to when speaking of a city's sustainable business community, a question that will be directly addressed in Chapter 5. We can, however, begin to gain considerable insight into this question by looking at one of these communities in more depth. The following chapter is devoted to this purpose, picking up the story of the development of Philadelphia’s sustainable business community from where we left it earlier in this chapter. By looking carefully at the development of this community, which has been recognized as a particularly strong example of a sustainable business community, we can start to understand more clearly both what this is, what it creates as it grows, and the ways in which it benefits and impacts the larger business community and city to which it belongs.
CHAPTER 4.
The Growth of Philadelphia’s Sustainable Business Community

When Judy Wicks first began organizing the Sustainable Business Network of Philadelphia (SBN) from a small room in her house above the White Dog Café, many of the ingredients for the “local living economy” that she envisioned were present, but under-developed. Philadelphia had a small number of pioneering firms at various stages of implementing socially and environmentally responsible practices within their businesses, as well as a few firms working to build emerging “sustainable industry” clusters such as green building. The local food movement was in the very beginning stages of growth, as was a nascent craft brewing scene which was developing on a parallel track. Some of these sectors, such as the food and green building sector, were beginning to organize casual networking events, such as the monthly Green Drinks events organized by the Pennsylvania Association for Sustainable Agriculture (PASA) and events sponsored by the local chapter of the US Green Building Council.

However, while some activity and organizing was beginning to take place within these sectors, there was an unmet need to bring people from these diverse movements together to work towards a more holistic picture of a sustainable local economy.

There was a strong green building movement, a strong renewable energy movement, a strong food movement, but people weren’t talking to each other so somebody who might buy local food didn’t think to sign up for renewable electricity, so it was kind of like connecting the dots of what was already there into a holistic vision of what a local, sustainable economy and community would be like. (Wicks 2011)

Similarly, there was no easy or organized way for business owners to learn about the sustainability practices being implemented by their peers, and no one was working to directly assist business owners in taking specific steps to expand the types of sustainability practices they engaged in, for instance, to add composting in addition to recycling, or finding ways to transform waste products from one business into inputs for another.
In thinking about how to start addressing these issues through SBN, Wicks first clarified her vision of what a healthy and sustainable local economy might look like, and which sectors might serve as critical “building blocks” of that economy.

So then I said, okay, well, what does an economy need? Well, it needs to produce basic needs—food, shelter, clothing and energy. So then I came up with what I call the ‘building blocks’ strategy, which is to basically identify in your community, who are the leaders in food? Who are the leaders in renewable energy? Who are the leaders in sustainable local fashion? Who are the leaders in green building? In independent retail? (Wicks 2011)

Using her contacts in other local networks, such as the Philadelphia chapters of the Social Venture Network (SVN) and U.S. Green Building Council, Wicks began to identify and recruit pioneering entrepreneurs in each of these sectors who were already operating businesses that reflecting the SBN values. For example, through a contact in the Green Building Council, Judy recruited Jennifer Rezelli, founder of the pioneering sustainable architecture and design firm Re:vision Architecture, to take a lead in developing the “sustainable shelter” building block (Krueger-Braneky interview 2012). Lindsay Gilmour, owner of Organic Planet catering and one of the first chefs that Ann Karlen worked with at Fair Foods, took an early leadership role in developing the “food” building block (Gilmour 2011).

With the support of SBN, each of these values-aligned industry leaders then began to organize a small cluster of other entrepreneurs committed to the same values and practices, and at various stages of implementing these in their businesses. In the early days of SBN, the activity of those working in these “building blocks” revolved around hosting informal networking events, peer-to-peer educational events, and other opportunities for those working within a given sector—such as green building—to build relationships with each other, learn how to improve practices from each other, and connect with those doing the most cutting-edge work in the field (Krueger-Braneky 2012; Gilmour 2011). These informal networking and educational events hosted by each of the different “building block” groups also served as a mechanism to begin drawing additional businesses into each of these circles.
As the organization hosting these different working groups, SBN was then able to create events, programs, and campaigns that brought members of each of these clusters together to “connect the dots between these different movements,” as Judy Wicks put it. In 2004, the organization published its first Membership Directory, a print resource to connect socially and environmentally-conscious consumers with the 148 businesses who had by that point joined SBN as members. In that same year, SBN hosted its first “Sustainability Awards” to recognize the handful of businesses from among its membership with the strongest triple bottom line practices. These awards helped raise the visibility of these companies and their practices both among the larger SBN membership and the wider Philadelphia business community, as both the awards and the winners received mention in the local business press (Philadelphia Business Journal 2004).

Shortly thereafter, in March 2005, SBN launched its first citywide Buy Local Philly campaign, an awareness-raising campaign designed to help consumers identify independent, locally-owned businesses and begin connecting business owners to each other through a shared brand, and to SBN around a common cause. The campaign involved a combination of print and transit ads, door hangers in targeted neighborhoods, and window placards, t-shirts, stickers, and “how to” kits for participating business owners (Mitchell 2005; Hess 2005). Of the 150 local businesses that participated in the campaign, only about five were actually SBN members at the time. According to Leanne Krueger-Braneky, Executive Director of SBN:

That was one of the early questions we debated: is this campaign only eligible for businesses that fit within the SBN framework and have some commitment to a triple bottom line framework, or is it a campaign that is open to all local, independent businesses? We decided to make it open...Our decision was that in the grand scheme of things, local independent businesses can’t become more sustainable if they fold because of the competition. Our first goal is to keep them in business, and our second goal is to bring them into the SBN community. We’d certainly like to see them become more conscious of their business and purchasing practices, but first they need to survive. (Hess 2005, p. 2)

This initial, month-long pilot campaign attracted a significant amount of local press attention and positive feedback both from participating businesses and residents.
in the two neighborhoods targeted (Mitchell 2005). A survey of participating businesses found that of the 36 percent that responded to the survey, 93 percent would participate again and 21 percent reported that their sales had increased during the month of the campaign, typically in a range of 10-50 percent (Hess 2005). In evaluations of the pilot, SBN was surprised to learn that the most important reason businesses listed for joining the campaign was “being identified as a local, independent business,” according to Krueger-Braneky (Hess 2005). In other words, the association or co-branding with a group of similar businesses that shared key attributes (local, independent) and perhaps even implicitly certain values (such as community-minded, responsible, ethical, etc.) was seen as more valuable than the considerable general publicity they received through newspaper or transit ads.

Through subsequent Buy Local Philly campaigns as well as continued networking events, peer education events among business owners in each of the “building blocks,” and community-wide events, by 2008 SBN had more than doubled its membership to over 320 businesses (SBN 2008). These businesses were both “local and independent,” as defined by SBN14 and, by becoming members, were also expressing their support for SBN’s mission to “build a just, green and thriving economy in the Greater Philadelphia region” as well as a shared “commitment to improving their environmental and social impacts as well as their profitability,” (SBN 2011). However, at the same time SBN’s Executive Director, Leanne Krueger-Braneky, began to appreciate the need to expand the movement beyond the traditionally progressive neighborhood pockets, such as Mt. Airy, where it had first taken off, to include a larger and more diverse range of stakeholders.

After hearing Van Jones speak in 2007 at Berkeley, Leanne began to see both the limitations of the current movement and where the untapped potential lay to deepen SBN’s work. She realized that the next step in fulfilling the organization’s mission was to connect their growing community of sustainable businesses to

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14 SBN’s membership criteria for being considered “local and independent” is that businesses must: a) be privately held; b) headquartered in the greater Philadelphia region; c) over 50% of the shareholders must live within 50 miles of the places of business (emphasizing proximity between the places where owners live and the places where they do business); d) all business expenses must be paid without assistance from a corporate headquarters; and e) business operators must be able to make independent decisions around their business practices (SBN 2012, p. 8).
Philadelphians living in poverty using a strategic green jobs approach (Krueger-Braneky 2011; Houstoun 2012). Leanne moved quickly on this insight, bringing Van Jones to Philadelphia to speak a total of five times and successfully putting the “green jobs” concept on the Mayor’s agenda. By the end of February, 2008 SBN had begun building the Green Economy Task Force, a coalition to create a comprehensive green jobs strategy connected to Philadelphia’s already-strong workforce development efforts (Krueger-Braneky 2011; Houstoun 2011). “Leanne got back to Philly and pulled together unlikely allies: businesses and unions, funders and nonprofits, social service agencies, the workforce investment board…everyone who could possible care, and also people who normally were not part of the conversation” (Houstoun 2011).

Both Leanne and Kate Houstoun, who SBN hired to manage the Green Economy Task Force, realized that the Obama Administration’s Recovery and Reinvestment Act, passed in February 2009, created an even greater window of opportunity to pursue this work. “We realized that there was an opening for Philadelphians living in poverty—if they could get trained—to get in on the green jobs that might be created” and that the city as a whole needed more “family-sustaining and high quality employment opportunities” than were currently available (Houstoun 2011). This latter message, that Philadelphia needed more high-quality jobs, was a uniting theme that helped accelerate the development of what turned into a coalition of over 300 organizations and 650 stakeholders (Houstoun 2011).15

One of the early successes of the Task Force was its ability to attract more Federal Recovery Act green jobs resources to Philadelphia than to any other city “including Portland or San Francisco, which are thought of as leading the way in terms of green jobs” (Krueger-Braneky interview 2011). According to the Pennsylvania Green Jobs Report, released in January 2010, the state ranked third in the country in green jobs: approximately 350,000 over five key “green industry” sectors and was poised to generate $10 billion in public and private investments into the “green economy” between 2010 and 2012 (Pennsylvania Department of Labor and Industry 2010). In addition to focusing both the City and State’s attention on the potential for green job

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15 More detailed information on the GETF, including participating organizations and projects of the various task force committees, can be found here: http://www.sbnphiladelphia.org/initiatives/green_economy_task_force/stakeholders/committees/
creation, the Green Economy Task Force also significantly increased SBN’s visibility “with a lot of groups that hadn’t noticed us before” (Gilmour 2011).

Also around the same time period, SBN launched the Emerging Industries Project in order to understand the current conditions of potential sustainable industry clusters and assess which of these had the most potential both for overall job growth and for growth in jobs that could be filled by those participating in Philadelphia’s workforce development programs. “We started with the ‘building blocks’—sustainable manufacturing, energy efficiency, stormwater and waste management—and wanted to thoroughly understand which ones had the most potential both for job growth, and for hiring people from disadvantaged communities into those jobs, as well as room for small, locally-owned companies to participate in the sector” (Houstoun 2012). Kate Houstoun’s first year at SBN was spent immersed in this research, which consisted of convening round-table “listening session” meetings with business leaders, a range of business owners, and other key stakeholders in each of the sectors that was studied, as well as conducting thorough market research (Krueger-Braneky 2011; Houstoun 2012).16

Out of this extensive, year-long research process, SBN identified stormwater management and green infrastructure as the sectors with the most opportunity for SBN to deepen its work. While sustainable manufacturing and energy efficiency were also sectors with strong opportunities for growth, there were “plenty of other players developing these already” so SBN’s role was to provide the research and support these other efforts, serving in a role that Kate Houstoun refers to as “info-mediaries” (Houstoun 2012). For example, SBN gave the research it conducted on energy efficiency17 to Andy Rachlin, Deputy Chief of Staff for Economic Development for the City, who used it to inform the creation of the City’s comprehensive energy efficiency retrofits program, EnergyWorks. SBN’s role focused mainly on helping to ensure that minority-owned businesses and small businesses would be prepared to take advantage of the increased contracting opportunities this program created (Houstoun 2012).

16 The in-depth sector reports that were produced through this process can be found here: http://www.sbnphiladelphia.org/initiatives/emerging_industries_project/
While this role was fairly limited, SBN identified a larger potential role for the organization in the stormwater management sector, in response to an opportunity and a gap that other organizations were not yet addressing. As part of Mayor Nutter’s ambitious citywide sustainability plan for 2015, Greenworks, the City of Philadelphia was planning to make a $1.6 billion investment in stormwater infrastructure. In order to meet Federal Clean Water Act regulations, the City was proposing to transform one-third of its impervious surface to porous surface over the next twenty years. Because of the type of work this involved, there was a potential for these contracts and jobs to be picked up by Philadelphia firms, as opposed to out-of-state contractors. Even better, there was the potential for smaller companies, who SBN had identified were more likely to hire Philadelphians in the City’s Workforce Development programs, to participate in this work (Houstoun 2012).

Yet local firms in the sector were not well-connected to each other, their needs and barriers to growth were not well-understood or documented, and there were few other organizations engaged in developing this community (Houstoun 2012). Therefore, in order to develop a local green infrastructure sector comprised of both large and small firms that would be capable of taking on this work, in 2010 SBN launched an Industry Partnership called Businesses United for Conservation (BUC). Over the course of a year, BUC “brought lots of different companies together, first to do the research [on the opportunities and barriers], then to more thoroughly map out what the needs of the industry were, and then to go and get the resources to give them what they needed” (Houstoun 2012).

One of the key insights emerging from this process was that local firms, particularly the smaller ones, had significant workforce needs and challenges that would need to be addressed in order for them to be able to bid competitively on stormwater projects. They needed to train existing employees in new technologies and skills, such as porous concrete technology, as well as hire employees from Workforce

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18 More detailed information about Greenworks, including the 2009 Plan as well as the 2010, 2011, and 2012 Progress Reports, can be found here: http://www.phila.gov/green/Greenworks/

19 This research produced through this process is presented in Capturing the Storm: Profits, Jobs, and Training in Philadelphia’s Stormwater Industry, a report produced by BUC members that can be found here: http://www.sbnphiladelphia.org/initiatives/business_united_for_conservation/
training programs that had the right skills. To address some of these issues, SBN secured funding that enabled it to reimburse companies for 75 percent of the cost of trainings they offered that would help employees improve their skills related to sustainability. By the end of 2011, SBN had connected 158 employees of BUC businesses to skills trainings (Houstoun 2012).

Another key role SBN played was to serve as the primary convener of BUC, and as such, to build crucial connections between key players in the sector who previously were unaware of each other.

There were green roof companies, and that’s all they did, there were construction companies with no experience in green construction whatsoever, and then there were concrete companies that had never done porous concrete...so we were bringing them all together and saying, hey, you’ve just had your eye on parks and recreation-types projects for twenty-five years, and what we’re telling you is that everything you’ve learned to do there is now applicable to a much wider range of projects...and we want you to be helping to inform how this work rolls out from the Water Department. (Houstoun 2012)

To connect these players, SBN convened regular meetings to which they invited both large, established companies with strong reputations in sustainability as well as smaller firms, including those with industry experience but little expertise in sustainability. This enabled smaller firms to learn about the sustainability practices of the industry leaders while increasing their visibility in the industry, and helped larger firms identify and develop sub-contractors that had the willingness to develop the expertise needed for the type of projects that were in the pipeline (Houstoun 2012). By the end of 2011, BUC had grown to over 170 businesses and had also created an online Green Training Index, a much-needed one-stop shop for businesses to identify existing training resources related to the green economy (SBN 2012b).

The positive working relationships that SBN developed with the City through Business United for Conservation as well as the Green Economy Task Force gave the organization new leverage to push for one of its top equity-related priorities: a more strategic alignment between the City’s numerous workforce development programs and the sustainable industry sectors with the most potential for real, high-quality job growth.
We had sixteen organizations training people for residential energy efficiency jobs—sixteen organizations that in a year would turn out 2,000 graduates of their programs. Yet the State estimated that there might be 200 new jobs associated with new funding for energy efficiency. So there was clearly a massive disconnect between where we were pouring our dollars and where the jobs were actually being created...Workforce development programs should be connected to municipal investment, and it should be a closed loop. (Houstoun 2012)

To help the City achieve this, SBN focused on building connections between workforce development programs and firms in clusters where their research had indicated strong prospects for job growth, such as green infrastructure. “For the first time, workforce development people were hearing that there were smaller-scale businesses in the area that were interested in having workers with barriers to employment trained in the skills needed for solar panel installation, energy audits, and the like” which represented a very different set of potential job placement opportunities than the ones the City had been cultivating and partnering with up to this point (Gilmour 2012).

In addition to building connections between workforce development programs and their own, small-scale member companies, SBN looked for opportunities to help the City connect to jobs emerging from its own planned municipal investments. For example, when SBN learned that Philadelphia Gas Works—the nation’s largest municipally-owned natural gas utility—was planning a large number of retrofits, Kate Houstoun was able to persuade the City to alter the Request for Proposal (RFP) language to include a “soft preference” for contractors that hired from the City’s workforce development programs. As a result, “three or four of the major contractors that got Gas Works contracts truly went down to the one-stop centers to talk to unemployed people, and a number of those people actually ended up getting hired by the contractors, something that hadn’t happened before” (Houstoun 2012).

4.1 Philadelphia’s Sustainable Business Community Today

Through efforts such as these, as well as other high-visibility programs such as the annual Social Venture Institute, Triple Bottom Line Awards, and continued Buy Local Philly campaigns, by 2011 SBN had grown its membership to over 500 businesses
(SBN 2011). Fully a quarter of SBN’s membership—or roughly 115 businesses—belong to the “sustainable shelter” category, attributed by SBN both to the early involvement of leaders in the field such as Jennifer Rezeli from Re:Vision architecture, as well as SBN’s subsequent work to develop the sector through the Emerging Industries Project and Businesses United for Conservation (SBN 2012; Krueger-Braneky 2012). The remaining businesses are clustered in the sectors of business-to-business services, food, education, and sustainable energy (SBN 2011, p. 5).

However, while large, this membership actually represents only a portion of the Philadelphia-area businesses that are now implementing sustainable practices within their organizations and working to build a green economy. This is because some sustainable businesses belong to other complementary local networks, such as Fair Food, the Green Building Council, or the local network of certified B Corporations, who have independent, third-party-verified triple bottom line operations. SBN, for example, only lists twenty-five businesses in its “food” category, which includes restaurants, catering, beverages, and cafes. Most of these businesses are also members of Fair Food, but the latter’s membership (which has even stricter social and environmental performance criteria) includes over 75 additional local businesses who are not members of SBN (SBN 2012; Fair Food 2012). Some sustainable businesses lack the time or resources to particulate in multiple membership-based organizations, while others are not formal members of any of these organizations, yet nevertheless are active members in the city’s sustainable business community.

An example of a business in the latter category is Victory Brewing Company, which while not a member of either Fair Foods or SBN, has played a key role in the local food movement and demonstrates an unusually high commitment to sustainable operations compared to the rest of the brewing industry. Founded in 1996 by childhood friends Bill Covaleski and Ron Barchet, Victory started brewing craft beer when it was still “weird” and seen as a bit of a “fringe thing that only uncool people would drink” (Covaleski 2012). Having grown up within 20 miles of the brewery’s eventual location, both Ron and Bill came to the brewing business with an appreciation for the importance of local culture and place and an understanding of the role of a healthy natural environment in helping to preserve and enhance that. When looking for a
location for the planned brewery, they decided to rehabilitate a former Pepperidge Farm factory in Downingtown as opposed to building new, even though this meant locating the brewery in a low-traffic locale outside the city center (Covaleski 2012).

From the first day the brewery opened, Covaleski and Barchet arranged to send all the spent grain from their operations to a local farmer as high-quality animal feed; this arrangement now enables them to recycle 25,000 pounds of spent grain every twenty-four hours. The brewery also composites more than 50 tons of food waste annually from it’s farm-to-table, 300-seat, on-site brewpub restaurant, which sources much of its grass-fed, local meat from the same farmer that receives the brewery’s spent grain, in a closed-loop sourcing and recycling relationship. In our interview, Covaleski tells me that since opening, the brewery has not sent a single pound of spent grain to a landfill, an accomplishment that he shares with considerable satisfaction and pride (Covaleski 2012).

In addition to their local sourcing and waste management practices, Covaleski and Barchett are pushing the envelope in terms of energy use as well. In 2004, they installed a system that recovers a third of the natural gas used to heat and boil the beer and re-uses this energy for general heating in their buildings. More recently, they hired a local solar company, SunPower Builders (located just 20 miles from the brewery and also an SBN member as well as a certified B Corporation) to install 345 photovoltaic panels on the brewery. This system is now generating 82,000 kWh of clean energy for the brewery each year, and was recently recognized by PennEnvironment as an example of businesses taking the lead on renewable energy issues (Victory Brewing 2012).

Like Judy Wicks, Bill Covaleski sees these decisions as a rational way to do business, when one is operating from a broader and longer-term view of what constitutes the relevant costs and benefits:

One of the things that is often overlooked is that being conservative of resources is also a way to be conservative of capital as well. By finding ways to have farmers take away our spent grain, we saved thousands upon thousands of dollars from what we would have paid to someone to haul away this heavy wet stuff to a landfill. And like us putting solar panels on our roof three years ago...yes, it’s an initial investment, but now we’re generating literally free
energy. If it makes dollars and sense, and it makes environmental impact sense, then why wouldn’t somebody be taking these approaches? (Covaleski 2012)

Yet despite these practices appearing as a “no-brainer” to Bill Covaleski, most breweries do not yet incorporate these kinds of practices into their operations. Businesses such as Victory brewing, which are leading their industries in sustainable practices yet not represented in the membership numbers of SBN, therefore comprise an additional ring of businesses that, while extremely difficult to count with existing data sources, must be taken into consideration when assessing the extent to which Philadelphia’s sustainable economy has grown.

Beyond this group of businesses, there is an even larger group of businesses who may not yet be on the cutting edge of sustainability in their sector, yet are now able to make some aspects of their operations more sustainable as a result of the existence, success, and growth of SBN member firms. For example, the rapid growth of SBN member-company Revolution Recovery makes it possible for traditional construction and demolition companies across Philadelphia to recycle types and quantities of construction waste that were previously un-processable and simply being sent to landfills.\(^20\) Similarly, SBN members such as Practical Energy Solutions and SunPower Solar enable households as well as a wide range of facilities owners (including Victory Brewing) to reduce energy usage and generate a greater percentage of their energy from renewable sources, even if these businesses take few additional steps towards sustainability.

In addition to a much larger number of individual firms committed to operating sustainably, new sustainable economy sub-clusters have been developed that did not exist ten years ago. These clusters, such as sustainable local food, sustainable local fashion, and sustainable/green infrastructure, consist of a constellation of businesses who themselves did not exist ten years ago or, in cases where they did, existed as isolated pioneers who were not meaningfully connected to or learning from each other. These clusters consist of a much larger number of businesses who know each other, learn from each other, and see themselves as participants in a larger effort to build new

\(^{20}\) Founded in 2004, Revolution Recovery has grown to over 50 employees and now processes more than 300 tons of construction and demolition waste per day, including drywall, metal, rubble, plastic, carpet, ceiling tile, and other hard-to-recycle materials (Dews and Wu 2012, p. 27).
components of the local economy. During her research with the Emerging Industries project, Kate Houstoun from SBN had the opportunity to observe businesses in a variety of sectors both inside and outside of the SBN membership base.

Of all the businesses that participated in that research, across sectors such as manufacturing, stormwater management, waste recovery, and energy efficiency, the businesses that call themselves ‘sustainable’—that were really committed to the idea of the triple bottom line—those were the ones that above and beyond were coming out to talk about what they were doing, what their needs are, where the investments should be made, to compare notes with other member companies, particularly in the energy efficiency sector that was growing. There was a level of transparency that typically I don’t see in focus groups among businesses in the same sector. Normally they’re far more protective about what they offer and what they’re looking for. (Houstoun 2011)

This sense of being part of a sector and committed to a shared goal of helping to build that sector characterizes businesses in clusters such as energy efficiency and local food, which is often referred to as a “movement,” as well as smaller clusters, such as green roofing, that are not typically thought of in that way. “One of the industry clusters where I really see this is around green roofs...the local businesses that we work with, they are so committed to the green roof technology working, it’s not just about their own company succeed. So they have...this generosity with their time and their willingness to share information with other businesses in their industry. And it happens so often we kind of take it for granted...it’s hard to pick out specific examples” (Houstoun 2011). In order to explore more fully the benefits that the development of these sustainable economy sub-clusters generates for a city, in the next section we will examine how one of these clusters, local sustainable food and farming, has developed in the greater Philadelphia area over the past ten years.

4.2 The Creation of a Sustainable Local Food Sector in Philadelphia

When Fair Food first began its work twelve years ago, the vibrant, sustainable, local food economy that Judy Wicks envisioned at the time did not yet exist. A small group of organizations, including The Food Trust, Farm to City, and GreensGrow, were working to connect health-conscious Philadelphia consumers more directly to fresh
produce from local farms through farmers’ markets, community supported agriculture (CSA) programs, and urban farms (Karlen 2012). But very few connections existed between local farmers and wholesale buyers, such as restaurants, beyond those that Wicks had painstakingly cultivated to supply the White Dog Café. In the words of Ann Karlen, founding Director of Fair Food, “when we started our work there was not a local food movement to speak of,” and for consumers such as herself, who wanted to help build this movement, “there weren’t that many places to plug in” (Karlen 2012).

Perhaps due to the success of the White Dog, a growing number of chefs in Philadelphia were starting to express interest in local sourcing, but “there was essentially no infrastructure for local food coming to market,” (Karlen 2012). “It was very hard back then to locate farmers without driving out to the country,” recalls Lindsay Gilmour, personal chef and owner of an environmentally-friendly and macrobiotic catering company, who at the time was interested in doing more local buying (Gilmour 2012). Furthermore, there were simply not many farmers producing for local markets, besides those few that Judy was already working with. “It was hard to know who was actually doing deliveries, and the farmers that were delivering to the White Dog were the first farmers that everybody worked with” (Gilmour 2012).

When Ann Karlen started her work as Director of Fair Food, it was clear to her what needed to happen in order to enable more chefs to follow Wicks’ lead and begin sourcing from local farms. “We really needed a person making the connections in that very rudimentary way, just being the grease in the groove, the facilitator, the connector—the translator in many cases, from the farmer to the chef” (Karlen 2012). This became Ann Karlen’s role, and her first step was to facilitate direct connections between chefs who were already interested in local sourcing, such as Lindsay Gilmour (and a handful of others who had been coming to some early meetings Wicks had convened prior to launching Fair Food), and the farmers Karlen and Wicks were working with through the White Dog. “We were looking for the customer that would understand the value of the product and was willing to pay a little bit more than what farmers were used to getting at the wholesale market. So you know, chefs were it. That was the place to start” (Karlen 2012).
The next step Karlen took was to expand the number of Philadelphia chefs who would be interested in working with this same group of farmers, which would enable these farmers to expand their production and operations.

My job, very literally, consisted of going from restaurant to restaurant, sort of doing a sales pitch, but I wasn’t selling product, I was selling a concept—and connections from my little stable of farmers that were already selling to the White Dog. They already had at least the basic infrastructure for serving other restaurant customers, they had product, and price lists, and even just a rudimentary sort of understanding of... the package and what the chefs needed. So at the time what we were doing was building a network of customers, a network of demand, because we had supply.

At the same time Karlen was working to increase demand from chefs, she and Wicks realized the need to build further awareness of and demand for local food among the broader consuming public. “We had a realization, Judy and I, that you know, yes, we’re building demand among the chefs and buyers, but until we build further demand among the customers it was either going to be short-lived, or stay very small” (Karlen 2012).

To address this gap, they hired their first additional staff person to open a small booth in the Reading Terminal Market, a high-traffic, large indoor public market in downtown Philadelphia. The “Fair Food Farmstand” started with “a folding table in the center court” of the market with “a small chest freezer of humanely and pasture-raised meats, something that was really hard to find [in markets] at that time.” However, a strong positive consumer response led them within a year to “abandon the folding table for a stall on Arch Street,” and within three years they were occupying a large and very prominent space near a main entrance on the 12th street side of the market (Fair Food 2012, p. 2).

At the same time that consumer demand was growing, a significant shift started to occur in terms of wholesale demand, which led Karlen and Fair Food to the next major step in their work:

I would say one of the biggest differences that happened pretty quickly at that time was that, after about three years or so, things really flip-flopped, and suddenly that little stable of growers that we had to serve the restaurants was
not enough supply to deal with the demand, because we were successful, and there was a movement growing around the country... So the big shift there in our work was two-fold: one, we sort of got out of solicitation mode because people were coming to us and saying ‘we want local product,’ and then suddenly we had to look at the fact that we were going to run out of supply, and so the organization sort of did a 180 and went out into the field—out into the regions around Philadelphia, the counties—and started training growers on selling to the wholesale marketplace. (Karlen 2012)

This represented the next major evolution of Fair Food’s work, as they moved from “drumming up business” for local farmers into consulting mode, helping local farmers adjust their practices and products to be able to meet the evolving needs of the wholesale market, while continuing to consult with chefs to connect them to farmers. Interestingly, the Fair Food Farmstand, while raising awareness and building demand among consumers, also became a powerful tool enabling the organization to consult more effectively to both growers and wholesale buyers.

The Farm Stand is a really big part of the organization, it represents two thirds of our budget and two thirds of our staff, and it is an outlet for buying local food, but the way the Farmstand is positioned organizationally is that it’s the way and the place and the mechanism we use to buy food wholesale—and then we sell it retail. But it’s a way to connect with lots and lots of growers all year long, because we’re buying product from them, and we’re in partnership with them as a customer. And our knowledge [of them] as a customer, and the fact that we’re actually spending lots of money buying product from them, is like a leverage point for us, and it allows us to be really amazing consultants in the field” (Karlen 2012).

Once Fair Food had developed a larger pool of local farmers practicing humane, sustainable, small-scale agriculture and capable of selling to the urban market, they could then expand their demand-side consulting beyond restaurants to a much wider array of establishments. “I spend a lot of my time, still, connecting growers and buyers,” said Ann, “it’s just that now the spectrum is so much broader. It’s not just white tablecloth restaurants anymore, it runs the whole gamut of anybody who’s buying wholesale, so we consult with restaurants and hotels and colleges etc., etc. about growers that we actually know and buy from ourselves. So that’s been really key to our success,” (Karlen 2012). Fair Food’s “Farm to Institution” program now works to connect over thirty larger institutions to local farmers, including schools (public, private
and charter), colleges, universities, eldercare communities, and hospitals, including Cooper University Hospital and Thomas Jefferson University Hospital, both of which are Fair Food members (Fair Food 2012). This expansion in who Fair Foods works with is reflected in the four most recent members to join the organization: a local whiskey maker, a casual dining restaurant, and two hotels, or as Ann Karlen enthusiastically puts it, “from the really big, like the Hyatt Regency, which is an international company, to this little stir-fry place” (Karlen 2012).

This diversity in the number of establishments sourcing locally would have been difficult to imagine just ten years ago, as would the exponential growth in the total number and type of businesses actively participating in building the local food economy. The Philadelphia Local Food Guide, which Fair Food has published annually since 2003, lists 109 local, independently-owned restaurants, café’s and breweries committed to local sourcing. The guide also includes 25 specialty stores and artisan food producers, 9 caterers and personal chefs and a slew of outlets for direct consumer purchases of local farm products. These include nearly 50 farmers markets and farmstands, 22 CSAs and buying clubs, and 15 coops and retail markets that emphasize local farm products. Over one hundred of these businesses have become Fair Food members, meaning that they share Fair Food’s vision and values, contribute financially to Fair Food, and meet even stricter local sourcing requirements21 than those required to be listed in the Local Food Guide (Fair Food 2012b).

Of these, nearly forty members are restaurants, speaking to Fair Food’s success in building demand among chefs and the restaurant-going public, and developing a sufficiently large and robust supply to meet this exponential growth in demand. Some of the clearest evidence of the capacity that has been developed in this sector over the past ten years can be witnessed at an annual event called the Brewer’s Plate, which

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21 The minimum requirement for a restaurant to become a Fair Food member is that it must “serve or sell at least two locally-grown (by independently-owned farms within approximately 150 miles of their place of business) and/or humanely-raised animal products at all times during the local growing season.” For “artisan food producers” the Fair Food membership criteria is that “the business must be independently owned, and products must contain at least 30% locally-grown/produced ingredients from a local farm during the region’s growing season. If products contain meat or dairy, they must be from farms that practice humane animal husbandry. If local ingredients are not available, they may also use organic or fair trade ingredients to meet the criteria.” (Fair Food 2012b).
emerged from a partnership between Karlen and Bill Covaleski of Victory Brewing. At this event, chefs from Fair Food’s network create meals on-site using local ingredients, and each meal is custom-paired with a local craft beer. Now in its ninth year, the March 2012 event seated and served 1,100 people and involved nearly 80 restaurants, artisanal producers, craft brewers and farmers. Compared to a decade ago, there are now enough restaurants and suppliers of local farm products (and a robust-enough local craft brew scene, thanks in part to Covaleski’s work over the past sixteen years) to make this event both logistically possible and a resounding success (Covaleski 2012).

Yet part of what distinguishes Karlen and her colleagues in this movement is their constant search for the next component of the system that must be developed in order to support the continued expansion of the local food economy. Most recently, Karlen began to realize that while working to expand demand and supply were both crucial, there were other important components to the system that were preventing its ability to scale up to the next level.

Bob Pierson from Farm to City and I were two of the first people in Philly to become really acutely aware of the fact that the individual grower and the individual buyer was just a system that was only going to grow so big...I mean if we were really successful in our work and really got everybody interested in local food, it was never going to fly. (Karlen 2012)

So they both “got very interested in creating a mechanism for aggregation and distribution of local farm products, which is now the Common Market,” a local food distribution business that Karlen helped to found (Karlen 2012).

Fair Food’s most recent project is to work with the Philadelphia Wholesale Produce Market, in partnership with the USDA, to track how much local food is moving through the market and work with stakeholders to understand the barriers and opportunities that exist for local food as it moves through this part of the system.

I see the future as us working with larger players in the food system, so if our work at Fair Food is to work across the entire supply chain, which it is, we’re working more in the middle now, not so much with the individual grower or the end consumer—let’s say the restaurant—but with the people in the middle: distributors, aggregators...The Philadelphia Wholesale Produce Market does a billion dollars in business every year, in produce. So it’s a really important piece
of the infrastructure for how food moves in and out of the region, yet it’s also a really hidden piece of our food system, and most people don’t even know these wholesale markets exist. (Karlen 2012)

At the same time that Fair Food was building the infrastructure for connecting local farm products with restaurants and a range of other wholesale buyers, each of the other five “pioneers” of the local food movement in Philadelphia was working to develop other necessary components of a sustainable local food sector. The Food Trust has built an impressive eco-system around urban access to fresh food, particularly among underserved and low-income communities, while also focusing on advocacy and improving nutrition through fresh food (Karlen 2012). Bob Pierson, the “father of the Philadelphia farmers’ markets” created the city’s first seven farmers markets for the Food Trust in the 1990s and then formed his own organization, Farm to City, to spread the neighborhood farmer’s market model. Farm to City now operates sixteen of the city’s numerous farmers’ markets, and has also been instrumental in developing many of the city’s CSAs and buyers clubs (Smith 2012).

Moving along the continuum of access points, Greens Grow pioneered the urban farm model, bringing food production directly into the city, while Metropolitan Bakery was the first artisan bakery in the city, pioneering an artisan food production movement that has blossomed in Philadelphia in recent years. Finally, the Pennsylvania Association for Sustainable Agriculture (PASA) has played a vital role supporting and connecting farmers across the state who want to pursue non-conventional farming practices, such as organic, bio-dynamic, and grass-fed approaches. In addition to supporting farmer education and peer learning, PASA has played a key convening role for those working in the sustainable food movement (for example, with its casual monthly Green Drinks events), and raises awareness about sustainable farming through coordination of the state’s “Buy Fresh, Buy Local” program (Covaleski 2012; PASA 2012). Since it’s founding in 1992, PASA has grown to become the largest statewide member-based sustainable farming organization in the United States, (PASA 2012).
According to Ann Karlen, part of Philadelphia’s success in creating a sustainable food sector and economy over the past ten years can be attributed to the fact that each of these organizations developed a complementary piece of the overall food system.

If you look at the people who were on the ground at the very beginning, we each have taken on different slices. I have no idea why that happened...it might have just been luck...but I think one of the reasons that Philly does have such an amazing local food community is that if you just take those five organizations, you’ve covered a lot of ground in terms of addressing the needs of a local food system... So each one of us has been responsible for a pocket, and if you look at each of us at the center—as in, the beginning—now there’s a constellation around each of us, so it builds up a pretty big space when you think about it that way (Karlen 2012).

The “constellation” of players that has developed in each of these different domains has created many more access points to the system than existed when Karlen first began looking for a way to get involved in the late 1990s. It has also created a dense network of relationships—personal, professional, and economic—among players working on similar segments of the food systems (such as sustainable farming, urban agriculture, or low-income food access) as well as across these segments.

This network of relationships and economic linkages, as well as the capacity for production and distribution that has been created throughout the system, makes it possible for those working in the system to envision and execute large-scale, complex initiatives that would have been impossible a decade ago. For example, Fair Food, Common Market, the Philadelphia Public School District, PUFFA and the Food Trust have partnered in a “Farm to School” project that has recently expanded from five to twenty-five public schools, and is bringing fresh, locally-grown fruits and vegetables to up to 45,000 Philadelphia public school students (Food Trust 2012; Fair Food 2012). Fair Food has also partnered with the Pennsylvania Association of Independent School Business Officers Association (PAISBOA) to pilot a local food purchasing initiative among twelve independent schools during the 2010-2011 academic year. The pilot explored options for collaborative purchasing between these twelve schools, as well as demand, usage data, challenges and successes experienced by these schools (Fair Food 2012).
An even more ambitious initiative, which has become a model for the rest of the country, is a $120 million public/private partnership called the Fresh Food Financing Initiative (FFFI). Managed jointly by the Food Trust and the Reinvestment Fund, this initiative has supported the development of 88 fresh food retail projects in low-income neighborhoods, making fresh and healthy food from local farms available to over 400,000 Philadelphians who were previously lacking convenient access to local food. This initiative brought together a diverse network of stakeholders including business owners, supermarket operators, policymakers, bankers, hunger advocates and others, and built upon the existing relationship infrastructure that had been developed over the past decade within the local food movement (Evans 2011). Hailed as a model by Michelle Obama, the Philadelphia FFFI became the model for the national Healthy Food Financing Initiative, which President Obama included in his 2011 budget (U.S. Department of Health and Human Services 2010).

None of these players, including the Philadelphia city government, would have been able to execute such large-scale, system-wide initiatives on their own. What made both the Fresh Food Financing Initiative and the Farm to School program possible is the existence of a community—a network of individuals and institutions with pre-existing working relationships, trust, and common objectives—that could come together to jointly envision these projects and effectively mobilize a large constellation of players within the system to accomplish them. An equally essential pre-requisite is the capacity and infrastructure that had been gradually built up within the local food system over the past decade, which makes it possible to produce and distribute the quantities of local, sustainably-grown fresh food that these initiatives require in order to succeed.

This capacity includes new relationship infrastructure (networks of personal, professional, and economic relationships), information infrastructure (both on sustainable farming practices and on who is doing what work within the system), and physical infrastructure (such as Common Market). It also includes the development of new production capacity (e.g. new local, sustainable farms; increased production capacity at existing farms), supply chain relationships, distribution mechanisms, and
the consumer demand—both from individuals and institutions such as school systems—that supports and fuels this new production and distribution capacity.

The development of Philadelphia’s local food sector shows how one vibrant sustainable economy sub-cluster has been created from what started out as a handful of businesses (in this case restaurants and farms) that a decade ago were at the margins of their respective industries. Similarly, over the same time period Philadelphians have created several other influential sub-clusters, such as sustainable design and green building, “sustainable infrastructure” (paving, stormwater, large-scale construction), sustainable local fashion and apparel, renewable energy, and a sustainable retail and service sector. Each of these, instead of being seen as “fringe activities,” within their industry (as craft brewing once was, according to Covaleski), is now participating in setting industry trends and performance standards, exerting a much larger influence on the expectations that consumers and city government holds for the business community as a whole.

Yet, true to Judy Wick’s initial vision, what has been created in Philadelphia is not simply a collection of these clusters, but rather a cohesive “sustainable business community” that bridges across and serves to connect the different sustainable industry sectors and players within those sectors. This is a community of business owners who see each other as “like-minded” entrepreneurs—people who share certain core values and convictions regarding the potential beneficial role of business in society, and both the opportunity and responsibility to create positive environmental and social impact through ethically-run, financially-strong, high-performing business enterprises. In the next chapter, we will look more closely at this community as it exists today, who it includes, what it is doing, and what the significance and impact of that is within the larger Philadelphia economy and on the city as a whole. In the process of describing what exists in Philadelphia today and how it works, we will also begin to more clearly define and describe what we mean when we refer to a city’s “sustainable business community.”
CHAPTER 5.
Understanding Sustainable Business Communities: A Closer Look at Philadelphia

The previous two chapters introduced the individuals and organizations that have played a central role in creating and growing sustainable business communities in the five cities I studied. However, it leaves a central question only partially answered, which this chapter seeks to directly address: what exactly are we referring to when we talk about the “sustainable business communities” that have developed in these places? In each case, are we referring simply to the membership of organizations such as Sustainable Connections, Local First Arizona, and the Sustainable Business Network of Greater Philadelphia, regardless of the membership criteria that each organization uses? If we are not, as I begin to suggest in the previous chapter, then how else might we define and describe what constitutes a city’s “sustainable business community?”

While the primary purpose of this thesis is to understand how these communities have grown over time and how cities can contribute to their continued development and expansion, it is important to develop a fuller and clearer description of what we are referring to when we speak of a city’s “sustainable business community,” both in terms of its composition and its role and significance as a part of the larger urban economy.

In order to construct this description, I look to several sources as a reference. While organizations working to build this community, such as B Lab and the Sustainable Business Network of Greater Philadelphia, have not clearly defined it as such, they have created criteria for membership, certification, and awards, as well as descriptions of who their members are, which provide insight into their understanding of what this community is. Through interviews, individuals who play a central role in the community provided further insight into how the community defines itself through references to others who they see as playing key roles in it (Wicks 2011; Covaleski 2012; Karlen 2012; Houstoun 2012). By analyzing the actual membership of these organizations, who is joining their boards, playing a leadership role in signature events, sitting on committees and participating in programs, I also consider who is self-defining as a member of the community, and what the different categories of members appear to
be. Finally, press references both from Philadelphia and the rest of the country provide additional insight into characteristics that others seeking to describe this community highlight as important.

Based on this analysis, I have developed a description and model of what a “sustainable business community” is in the context of Philadelphia, a city that has been recognized both locally and nationally as possessing a strong and well-developed example of such a community. This description of the community includes case-specific answers to questions such as who its key players are, where its boundaries lie, what some of its key attributes are, and what we mean when referring to its growth and development over time. By looking at the case of Philadelphia in more depth, it becomes possible to construct a working definition of what a “sustainable business community” is. Philadelphia’s sustainable business community can be defined as: a place-based network of local enterprises (both for- and not-for profit), organizations and individuals who share and act on a commitment to creating positive social and environmental impact through businesses and to using business activity to create a more just and sustainable city and world.

5.1 Who the Community Includes

Philadelphia’s sustainable business community is comprised of three primary categories of members: “sustainable businesses;” supporting organizations and institutions; and individuals. Of these three, the largest number of members, and the key members of the community, without which it would be something else, are “sustainable businesses.” In seeking to understand how the community defines “sustainable businesses,” a useful starting point is the membership criteria that the Sustainable Business Network of Greater Philadelphia (SBN) has developed. Unlike networks such as Local First Arizona or West Michigan, which have membership criteria designed to encompass most independently-owned, local businesses, the Sustainable Business Network of Greater Philadelphia (SBN) has created narrower criteria that provide some insight into who they see as constituting the city’s sustainable business community. According to SBN’s materials, members are
“independent, locally-owned businesses, farms, organizations, and community leaders” who are “committed to growing a socially just, environmentally sound, and economically prosperous Philadelphia region” (SBN 2013a). In determining what specific businesses are eligible, SBN focuses on two key areas: ownership and values alignment. In terms of ownership, they require firms to be privately held, headquartered in the greater Philadelphia region, able to pay all expenses without help from a corporate headquarters, having at least 50 percent of shareholders residing within 50 miles of the principal place of business, and “able to make independent decisions about business practices,” which is a key criteria that the others are designed to ensure.

In terms of commitment to shared values, they ask members to self-identify as being “committed to improving their environmental and social impacts as well as their profitability,” and to voluntarily assess and benchmark their environmental and social business practices using the B Lab Impact Assessment survey within one year of becoming a member (SBN 2011 and SBN 2013a). While asking members to state their commitment to creating positive environmental and social impact and improving their performance on these fronts over time, like other BALLE networks SBN does not exclude potential members based on their current business practices. This reflects their view that organizations do not achieve a fixed, stable condition called “sustainability,” but rather exist on a continuum of sustainability, becoming ever more sustainable over time. The task as SBN and others in the BALLE movement see it, is not to distinguish the “sustainable” enterprise from the “unsustainable” one, but rather to help all willing and interested businesses—regardless of their starting point—move along the continuum to higher levels of capacity to align their operations with sustainability principles and generate positive social and environmental impacts (SBN 2011).

The description of sustainable businesses developed by SBN is quite consistent with that developed by B Lab, a nonprofit based in the Philadelphia area that offers third-party certification of businesses’ environmental and social performance using a scorecard tool called the B Impact Assessment. According to B Lab, “sustainable businesses” are those businesses that have voluntarily completed the B Impact
Assessment, which B Lab sees as an indicator of their interest in benchmarking their social and environmental performance. B Lab compares these businesses, which have the intention and desire to improve their social and environmental performance, with “ordinary businesses,” which is a category they use to describe all businesses that “are not intending to create material impact on society and environment” (B Lab 2012). For both B Lab and SBN, the defining feature of sustainable businesses therefore is not their achievement of a certain fixed level of sustainability performance, but rather their intention and commitment to improving their sustainability practices over time.

The choice to maintain what Brad Feld calls, in the context of describing start-up communities, “porous boundaries” (2012) that allow easy entry into the community is a key organizing strategy that facilitates the community’s growth over time. This attribute of the community creates challenges, however, in terms of clearly defining what it includes and excludes. When we refer to Philadelphia’s “sustainable business community,” are we referring to every local, independent business that comports, purchases renewable energy, or integrates even minor aspects of sustainability into its operations? Or to every graphic design, accounting, or legal firm that provides services to businesses that are highly committed to sustainability? In order to begin to answer these questions, in the section that follows I present a more detailed analysis of the types of businesses that can be found in Philadelphia’s sustainable business community. I have grouped these businesses into four main categories, or types, based upon the degree to which they orient their business around achieving environmental and social objectives.

**Four Types of Sustainable Businesses**

**Tier 1: The Pioneers**

This category consists of businesses whose primary reason for existence is to advance goals of environmental sustainability and/or social equity. It includes companies whose core product or service improves environmental and social outcomes, such as non-toxic household cleaning supplies, green architecture and design services, or solar energy companies. Examples from Philadelphia of businesses in this category
include Revolution Recovery, Philadelphia’s first green construction and industrial materials recycling company, Wash Cycle Laundry, which provides job training and career pathways for hard-to-employ, low-income Philadelphians while offering the city’s most low-impact, environmentally-friendly laundry services, and Re:Vision Architecture, which offers sustainable design and architecture services. Additional examples include Organic Home LLC, an eco-friendly home cleaning service that only uses environmentally beneficial products sourced from other local sustainable businesses, and Green Packaging, a distributor of environmentally-friendly packaging materials (SBN 2011, p. 51).

This category also includes companies that have been created explicitly as a means to pursue environmental and social goals, even though their core products or services may be conventional, such as a gym or restaurant. These businesses seek to create social and environmental impact through the business decisions they make (such as sourcing, hiring, ownership structure, etc.) and through the revenues they generate, a substantial portion of which they frequently dedicated towards achieving their social and environmental impact goals. In Philadelphia, examples of these businesses include the White Dog Café and Marathon Restaurants, both of which provide a conventional service (dining), but were created as means to express social and environmental values (Marathon for example, has created a non-profit that is transforming vacant land into an urban farm to serve the surrounding neighborhood).

Both types of businesses in this first category typically have mission, purpose, or values statements that define the core purpose of the business in terms of creating environmental and/or social benefit. Revolution Recovery’s mission is “to keep materials out of landfills,” while Wash Cycle Laundry describes itself as “a social enterprise with three missions. First, we are proving that bikes are cheaper, greener, commercially scalable alternatives to trucks for urban delivery. Second, we are demonstrating that service economy jobs can be paths to upward mobility, even for vulnerable adults. And of course, we’re trying to make a bit of money while we’re at it” (Wash Cycle Laundry 2013). Re:Vision Architecture states the company’s purpose as “to revision and restore the balance between natural and built environments. With buildings consuming 40% of the land, water, energy, and raw materials used globally,
development presents the single largest opportunity for changing the sustainability equation. For this reason, Re:Vision specializes exclusively in green building projects, from design through operations” (Re:Vision 2013).

Tier 2: The Exemplars

These are businesses whose core purpose is to excel at their primary line of business, but who seek to do so in ways that maximize positive social and environmental impacts and minimize negative impacts. These businesses are engaged in conventional lines of business (e.g. coffee shops, print shops, brewing, website design), but have adopted sustainability goals as a core part of their business identity and practices, seeking both to be and to be recognized as the most sustainable local coffee shop, or print shop, or brewery, or farm in the area. In Philadelphia, this category includes Mugshots Coffeeshop, Dansko shoes, National Foundry Products, Victory Brewing, and many others. Many of these companies are members of SBN or other local business networks and some have taken the next step to become certified B corporations.

This tier also includes a number of business-to-business and professional services firms that target their services exclusively or nearly exclusively towards supporting the businesses in Tiers 1 and 2, while also taking many steps to model sustainable practices within their own businesses. Examples of these include accounting firms that specialize in triple bottom line accounting, full cost-cycle accounting, and other types of accounting that help sustainable businesses better account for the full range of their activities and impacts; legal services firms that specialize in setting up hybrid corporate structures (such as non-profits linked to for-profits), and in issues and challenges that are specific to mission-driven and sustainable businesses, and marketing firms that exist to help sustainable businesses increase their visibility. The Barber Gale Group, for example, “provides sustainable brand development and creative design solutions for companies that market environmentally positive, fiscally sound, and socially responsible products, services, and corporate values. Designing compassionate, prosperous, and sustainable brands is our work worth doing” (SBN 2011, p. 26). Like the companies in Tier 1, these
businesses often include detailed information about their social and environmental performance on their company websites and in their materials, signaling that this performance is an important part of their business identity.

Tier 3: The Adopters

This tier includes companies in a wide range of fields with conventional business models and goals who, within the context of these business models, are taking steps to reduce the negative environmental impacts of their businesses and, where possible, increase their positive social contributions and environmental impact. In Philadelphia, this tier includes numerous restaurants and coffee shops that, thanks to the efforts of Fair Foods and SBN, are now sourcing local and sustainable food, businesses that have signed up for renewable power and city recycling and composting programs, and companies that are working with SBN to increase their hiring from Philadelphia’s welfare to work and workforce development programs. The businesses in this category tend not to be as visible, active, or central to the community as those in Tiers 1 and 2, yet they are much more numerous than the businesses in these first two tiers and do play a significant role in the sustainable business community, as will be discussed in more depth later.

Tier 4: The Beginners

This final category, Tier 4, can be depicted as the periphery of the community (see Figure 5.1 below). It consists of local, independently-owned businesses who have a desire or interest to be operating more sustainably, but either have not started yet or are taking only the most elementary, obvious, and convenient steps, such as recycling or switching to greener sources of power. As evidenced by joining the membership of organizations such as SBN, the owners of these businesses want to be associated with this community, yet lack either the knowledge and/or the capacity to implement the kind of sustainability practices that businesses closer to the center of the community are modeling. While businesses in this category might be most numerous, they are the least influential members, since they could disappear and the community would continue to function as such, whereas if the businesses in tiers 1 and 2 did not exist, there would be no sustainable business community to speak of. In other words, the
businesses in Tier 4 can belong to the sustainable business community only because the businesses in Tiers 1 and 2 have created a community for them to participate in.

5.2 Modeling Membership in the Community

Using the classification of sustainable businesses developed above, we can create a very basic model of Philadelphia's sustainable business community, which uses two key factors as organizing principles: an enterprise's level of commitment to creating environmental and social impact, and the role that the enterprise plays within the community. This model can be visualized in a simplified form as rings of an onion, with the rings near the core smaller in size but thicker (fewer businesses, but with more influence and a more crucial role in the community), and the outer rings larger but thinner (more businesses in these rings, but less significant role) (see Figure 5.1 below).

Figure 5.1
The Sustainable Business Community: Four Tiers of Members

At the core of the community are the businesses in Tiers 1 and 2 who demonstrate the highest levels of commitment to continually improving their environmental and social performance and who are actively engaged in building the city's sustainable business community. In their pursuit of ever-higher levels of triple bottom line performance, these businesses, like Re:Vision Architecture, Wash Cycle Laundry and the White Dog Café, invent and innovate new ways of doing business,
often becoming the first in their sector, industry, or city to implement certain sustainable and social practices.

Once they have developed these new practices and implemented them successfully and profitably in their own businesses, these “Pioneers and Exemplars” then play an active role in building the networks, supporting organizations, convening mechanisms, and other supporting systems that enable them to share these practices more broadly with others in the business community. They help found and build organizations such as SBN, Fair Food, and B Lab; they sit on Boards of organizations related to building a sustainable local economy, they organize events, teach classes, and play key roles in efforts such as Philadelphia’s Green Economy Task Force and the Social Venture Institute. The core of Philadelphia’s sustainable business community therefore also contains these supporting, or enabling, organizations, which are working to create an environment that enables the pioneers to succeed and to continue innovating. As previously shown, they do this by building key parts of the system that the pioneers need in order to remain successful (e.g. a larger, better-educated consumer base, distribution mechanisms, information linking crucial parts of the system), and working to address and remove roadblocks that the pioneers encounter as they continue to push the boundaries around business practices.

Beyond this core lie middle rings of the onion—the “Adopters,” who adopt sustainable practices to varying degrees once these practices have been piloted and demonstrated to be viable by the Pioneers. They may not develop a workplace CSA program, a new method for re-using certain types of waste, or a sustainable source for an input they need, but if others make it possible to do this, they will switch from their conventional practices to use these instead. While the adopters are depicted as a single group, there are many levels of adopters—those in Tier 2 who enthusiastically switch to as many sustainable practices as they can (even those which require significant up-front effort and out-of-pocket expense, such as the installation of solar panels or the move to a LEED-certified office space), and those in Tiers 3 and 4 who adopt practices to a lesser extent based on their varying levels of commitment to triple bottom line performance. It is also worth noting that in many cases, businesses that pioneer some practices are also adopters of others; inventing some sustainability solutions that are
particular to their line of business, while picking up others from peers in the community.

What distinguishes businesses in the middle rings from those at the periphery of the community is the extent to which they adopt practices that others in the community have made possible. Compared to businesses in the center rings, businesses at the periphery of the community adopt only those practices which require least effort, expense, and deviation from business-as-usual practices. However, because these businesses still share a commitment to the values and vision of the sustainable business community (creating a more sustainable and equitable local economy), over time they tend to adopt an increasing range of sustainable practices. Returning to the question of boundaries posed at the beginning of this chapter, the sustainable business community can therefore be defined as including all businesses and enterprises that are committed to the values and goals exemplified by the leading businesses in the community, regardless of their current stage of implementation of practices that align with those goals.

Beyond the periphery, and excluded from this model of a sustainable business community, are all businesses, whether local and independent or not, that exist solely to make a profit and whose owners are not interested in using the business or its operations to create positive social and/or environmental impacts. These “ordinary businesses” (as B Lab calls them) can be thought of as “business as usual” businesses, and are the vast majority of businesses in any given city, including Philadelphia. In cases in which they adopt environmentally and/or socially responsible practices, it is because they see these as a means to enhance profitability and business performance, not because they value the goals of positive environmental and social impact in their own right. Fundamentally, these business owners adhere to the view of business that is taught in the vast majority of business schools, training programs, and manuals, which is that the purpose of a business is to make money (for the owners, shareholders, investors, and in some cases employees), not to create a more sustainable and equitable world.

This model of a sustainable business community as all businesses that are intending to create positive social and environmental impact through their business
operations helps to clarify the difference between a “sustainable business community” and what are often called “sustainable industry clusters” or “green industries.” Green industries or sectors are those whose product or service creates positive environmental impact, or reduces negative environmental impact, such as solar and wind energy, sustainable building technology (green roofing, zero-net-energy building design), and green infrastructure (porous surfacing, bicycle and pedestrian corridors, clean transport infrastructure). Using the definition and model developed above, businesses in these industries can be seen as participants in Philadelphia’s sustainable business community to the extent that they a) are aware of the community; b) share the goals of that community; and c) identify themselves with the community through participation in activities, membership in organizations like SBN that play a central role in the community, or adoption of practices modeled within the community. However, if a company is producing solar panels, porous concrete, or materials for home weatherization simply because market analysis reveals that it is a good business opportunity, this company could be seen as outside of the community.

Just as not all businesses in “green industries” are members of the sustainable business community, the above analysis shows that there are many business members of Philadelphia’s sustainable business community that do not belong to what are typically seen as “sustainable industries.” Food and farming, business services, retail, and the financial sector are all examples of sectors that are not considered “green industries” that nevertheless are represented within Philadelphia’s sustainable business community, because a small sub-set of businesses in these sectors are committed to sustainable practices within their respective sectors. Similarly, while SBN and others in the sustainable business movement feel that businesses must be locally-based and independently owned in order to be members of the community, there are many local, independently-owned “business as usual” businesses that fall outside the boundaries of the community.

Figure 5.2, below, represents the key clusters and sub-clusters that are present within Philadelphia’s sustainable business community, and their relationship to the larger sectors that comprise Philadelphia’s local and regional economy. In this depiction, the portions of a sector or cluster that are in green are those parts that are
included within the sustainable business community, whereas those that are in grey are part of the larger independent or local business community, but fall outside of what we have defined as the sustainable business community. In this model, several sub-clusters (e.g., retrofits, green roofs) within the cluster of "sustainable shelter" are shown. Some other sustainable economy clusters also contain sub-clusters, but these are not depicted for visual clarity. This model shows diagrammatically that Philadelphia's SBC is comprised of businesses in a number of key sectors, and that in each case those sustainable businesses represent only a small fraction of the larger sectors to which they belong.

**Figure 5.2**

*Philadelphia's Sustainable Business Community: Key Sectors and Sub-Clusters*
While it is necessary for the purposes of developing a definition and model to clearly distinguish businesses that are members of the community and those that are not, in reality Philadelphia's sustainable business community has imprecise, permeable boundaries. These “porous boundaries,” as Feld calls them, facilitate easy entry into the community, thus enabling its expansion over time. By including businesses in the community whose values align but whose current practices fall short of implementing those values, organizations such as SBN help ensure that they are spreading practices and knowledge to ever-larger segments of the business community, and not simply “preaching to the converted.” Once businesses are engaged in the community—through participation in a campaign such as Local First, joining the membership of an organization such as SBN, attending community networking or educational events or conferences, or participating in working groups such as the Emerging Industries Project—the goal of organizers is to help them increase their commitment to sustainability over time.

Through education, technical assistance, opportunities for peer learning, citywide sustainability campaigns, and a number of other strategies that will be explored in more depth in the next chapter, organizations such as SBN work to move businesses from the community’s periphery towards its core. As businesses become more involved in the community and make progressively more meaningful and high-impact switches from conventional practices to the sustainable ones modeled by the community’s leaders, they grow the central core—the heart—of the city’s sustainable business community. This process, whereby existing local businesses move from the edges to the center of the community—from passive adopters to exemplars and promoters of sustainable practices themselves—is a key mechanism by which Philadelphia’s sustainable business community has grown. The second way in which the community has grown is through the creation of new, triple bottom line start-ups, such as Revolution Recovery and Wash Cycle Laundry, which launch from within the center of the community with high levels of commitment to sustainability from their inception. The final mechanism by which the community grows is when the owners of sustainable businesses from other places relocate to Philadelphia because they
recognize it to be an attractive and supportive environment for what they are trying to do.

This growth of the inner rings of the community to include a larger number of new and existing businesses that are committed fully to maximizing their social and environmental impact is what I refer to when speaking about the growth of a city's sustainable business community. This is distinct from a situation in which many more businesses in a city adopt a few sustainability practices (such as recycling or using renewable energy), but remain at the periphery, while the number of businesses in the core of the community remains the same. So while I am defining a sustainable business community to include the businesses at the periphery, when I refer to the growth of this community, I am referring to the growth of the community's core—to an increase in the number of enterprises in Tiers 1 and 2 that are innovating new sustainability practices, modeling implementation of the most advanced existing practices, and working with each other to build the community, through the formation of working relationships, the exchange of knowledge, and the creation of enabling infrastructure (including organizations, standards, information, and physical infrastructure) that they need in order to build their businesses and their sectors.

5.3 What the Community Creates as it Grows

As Philadelphia's sustainable business community has grown, it has created a number of elements which can now be seen as important attributes of a sustainable business community, but which did not exist ten years ago. These elements include: an educated and supportive consumer audience; a context and culture within the business community that values and rewards triple bottom line performance; new relationship infrastructure; and new organizational and systems infrastructure. These elements, in turn, help to create an enabling institutional eco-system that facilitates the success of existing businesses within it and creates a fertile environmental for sustainable start-ups. The remaining two elements that the community has created through its growth include effective sustainable economy action-networks (a concept that will be explained in more depth below), and significant new capacity within the business community to achieve citywide sustainability goals.
These components can be seen as by-products, or positive externalities, of the community’s growth, since the community actively creates them as it seeks to facilitate the success of existing sustainable businesses, address barriers to growth, and increase the number of enterprises adopting sustainable practices. These positive externalities can be seen as public or quasi-public goods, since they benefit not only the enterprises within the sustainable business community, but other actors throughout the city (such as nonprofits, advocacy groups, and local government offices) who are also working towards sustainability and equity goals, as well as all those who benefit from a city whose business community is operating more sustainably and equitably. These key elements are part of what signals the existence of a community of sustainable businesses, rather than simply a geographic concentration, or agglomeration, of disconnected firms each pursuing sustainability objectives independently of each other. In order to understand the significance and contribution of these elements to the city as a whole, they will each be described in more depth in the remainder of this section.

Through the efforts of SBN, Fair Foods, B Lab, and other members of Philadelphia’s sustainable business community (including the marketing and consumer education efforts of numerous businesses in the community), today Philadelphia boasts a larger and more well-educated consumer audience for sustainably-produced goods and services (Covaleski 2012; Gilmour 2012; Krueger-Braneky 2012). This includes a much larger segment of the general public, the media, and elected officials who understand the difference between sustainably and conventionally-produced goods and services, who value the work and products of sustainable businesses, and who support these through their purchasing decisions and actions, both personal and professional (such as authoring positive press pieces or advocating for enabling policies and legislation). This is what Michael Porter, in describing factors that shape and influence the competitiveness of local business environments, refers to as “sophisticated and demanding local customers” (Porter 2000, p. 20).

In the case of Philadelphia, the sustainable business community has developed a consumer audience that is more “sophisticated and demanding” in terms of elements that relate to sustainability. These are consumers, both within the general public and business community, who understand the difference between true sustainable practices
and green-washing, who understand the value of recycling, composting, supporting the preservation of local, small-scale family farms, purchasing green energy, investing in greening their home or office spaces, and other sustainable practices. This educated and supportive consumer audience is a necessary ingredient in order for local companies like SunPower Builders, which designs and installs solar systems, to survive and grow. It also creates a more viable and attractive environment for sustainability-oriented start-ups, since they do not need to invest as much time or energy in consumer education as firms that started working in this space a decade ago. Finally, a consumer audience that is already supporting sustainable businesses and understands their value is also an audience that is well-positioned to understand and support city sustainability initiatives, such as programs to increase residential recycling rates, improve home energy efficiency, or encourage residential green energy purchasing.

Just as the sustainable business community has created a consumer culture that values and supports sustainable business practices, it has also created a new context within the business community where sustainable practices are valued. This is what Porter refers to as the local “context for firm strategy and rivalry,” another key component of the local business environment (Porter 2000, p. 20). Compared to ten years ago, in Philadelphia this context now includes norms of firm behavior, standards and certifications (such as LEED certification for green building, Fair Foods certification for humanely-raised meat, and B Corp certification), consumer expectations, and awards (such as SBN’s Triple Bottom Line Awards) that encourage, incentivize, and recognize elements of a company’s performance related to sustainability and social equity.

A decade ago, a business owner would have purchased green energy, disposed of waste responsibly, or located her office in a sustainably-designed building only because she firmly believed this was the right thing to do, even though the market and her competitors placed little value on these actions. Today, performing well on environmental and social criteria in Philadelphia is also a way for a business to gain positive recognition and enhance its reputation not only with a significant segment of consumers, but also within a growing segment of the business community that values
these practices and prioritizes sourcing from and working with other companies that demonstrate leadership in these domains.

Part of this context that enables firms to compete, innovate, and improve their performance related to social and environmental criteria is a web of relationships within the business community that did not exist ten years ago. These are relationships along the supply chain for single products or product groups (such as between suppliers and buyers of humane meat or local dairy); relationships between firms of various scales and capabilities within an industry (for example, between large contractors and sub-contractors on green construction or infrastructure projects) and relationships across industries that enable business owners to source products and services (such as green power or recycled inputs that are a waste product from another industry) that allow them to green their operations. This new “relationship infrastructure” not only enables firms to source and purchase from each other, it also enables them to learn from each other and build on processes and systems developed by others, such as learning how to participate as a sub-contractor in municipal sustainability projects, or hire from the city’s workforce development programs (Houstoun 2012).

It also enables them to work with each other, across firm and sector boundaries, to identify and develop common pieces of support infrastructure that make it easier for individuals and businesses to follow through on their desire to act more responsibly and sustainably. This infrastructure includes new markets; new distribution mechanisms and systems; trainings, manuals, guides and other forms of information infrastructure as well as new platforms for information exchange; new funding mechanisms; and common certifications, standards, consumer education, and marketing materials. For example, in the early days when Fair Food and SBN were still co-located at Judy Wick’s house, Lindsay Gilmour, owner of Organic Planet Catering and Board member of both organizations, became aware of the need for a physical place that could facilitate collaboration between food entrepreneurs. With support from both Fair Food and SBN, she developed an initiative called Green Village, which she at first envisioned as “co-housing” for food businesses committed to sustainability, where they could share office space, resources, and peer-mentoring.
This initiative grew to the point where SBN and Fair Food no longer had capacity to incubate it, and eventually became a separate initiative. By 2011, Green Village was occupying a 5,000 square-foot space and had merged with GoodCompany Ventures, “the country’s first boot-camp-styles accelerator to prepare social entrepreneurs to attract venture capital” to create Philadelphia’s first green business incubator. This initiative now serves many types of sustainable businesses in sectors that extend beyond food, and by 2012 had already helped 30 sustainable entrepreneurs obtain $30 million in funding over the three preceding years (Melamed 2012). A longer-running but less intensive program, SBN’s Social Venture Institute, has trained over 2,000 entrepreneurs on “how to run a successful business that has positive social and environmental impact” since the program’s launch in 2002 (SBN 2012, pp. 8, 10). A more recent partnership between SBN and the City of Philadelphia resulted in the Beginners’ Guide to Sustainable Business, a training for city employees that enables them to integrate information on sustainability into the technical assistance they provide to business owners.

In addition to physical and information infrastructure, members of Philadelphia’s sustainable business community have developed a supportive institutional eco-system, consisting of enabling organizations and support services. For example, around the same time that Gilmour was developing Green Village, another local entrepreneur, Jay Coen Gilbert of AND 1 sporting apparel, realized the need to develop a mechanism to distinguish truly sustainable businesses from those engaged in “green-washing,” or cosmetic appeals to sustainability for marketing purposes. In order to pursue this idea, in 2006 he joined forces with his college friend Bart Houlahan to launch B Lab, a nonprofit that develops third-party rating criteria and assessment processes to evaluate businesses’ social and environmental practices (Coen Gilbert 2011).

Based in Berwyn, slightly outside Philadelphia, B Lab has grown quickly, and there are now more than 15,000 companies around the world that have completed the B Impact Assessment ratings. Of these, 680 US-based companies have been certified as B Corporations (a status given to firms that achieve a score of 80 or higher), and 52 of these certified B corporations are located in Pennsylvania (B Lab 2013). Since its
launch in October 2007, the B Impact Assessment has become the industry standard for both self-assessment and third-party verified evaluation of companies' social and environmental performance, and many sustainability-oriented firms use the system to benchmark their performance internally, even if they are not yet certified B corporations. SBN now requires that all member companies complete the B Impact Assessment as a condition of membership, and uses the results of these annual ratings to compare the performance of firms that are SBN members with those that are not.

Another essential component of an enabling eco-system is a funding community that understands the value and the specific needs of sustainable businesses. Over the past ten years, entrepreneurs involved in Philadelphia’s sustainable business community have been active in helping developing this as well. As a result of their efforts, the Reinvestment Fund—a local community development financial institution (CDFI) focused on neighborhood revitalization in low-wealth communities, has played a key role in financing local, sustainable food projects in the greater Philadelphia area. Philadelphia also recently became the first city in the country to host a chapter of Investor’s Circle, a national organization of angel investors that focuses on sustainable business (Melamed 2012).

This supportive eco-system, which is a key element of Philadelphia’s sustainable business community and a sign of its maturity, has contributed to turning the city into a desirable location for entrepreneurs looking to launch socially and environmentally-oriented start-ups. Revolution Recovery, which launched in 2004, has quickly grown to 50 employees and two facilities that process and recycle more than 300 tons of used building materials, such as wood, drywall, rubble, plastics, tile and metals, each day. “Philadelphia is the perfect place for a business like ours,” says Fern Gooken, Director of Sustainability for Revolution Recovery. “To stay competitive and be true to our mission and our customers, we need to be at the forefront of new technology, and to be in a place where recycling is valued as a business model” (Melamed 2012). The founder of another sustainable start-up, Hydros Bottle, feels that his decision to launch his social enterprise in Philadelphia after graduating from the University of Pennsylvania in 2009 “just made sense...we received a lot of support from the school [Wharton] and the City, in terms of helping us get the company started and make a lot of key contacts.
and put together a plan to go after this idea... We really see a lot of enthusiasm here, and that support is pretty awesome” (Melamed 2012). While this support did not exist ten years ago for entrepreneurs such as Lindsay Gilmour, Jennifer Rezeli, or Judy Wicks, along with many other entrepreneurs they have created an environment that has put Philadelphia on the map as a desirable location to launch an enterprise committed to the triple bottom line.

Each of the previous elements of what has been developed plays a crucial role in enabling the sustainable economy sectors to continue to expand in terms of both size and influence as a component of the overall urban economy. However, from the perspective of achieving citywide sustainability and equity goals, perhaps the most significant achievement is the development of what I am calling “sustainable economy action-networks.” These are both formal and informal networks of sustainable businesses with the capacity and the pre-existing relationships necessary to be able to work together within and between sectors towards achieving large, citywide goals that no individual business, or even small group of businesses, could achieve alone. These networks form a distinct component of the sustainable business community, in that they consist of actors who not only share a sense of belonging, values, and common purpose (as do all members of the sustainable business community), but also a web, or network, of functional relationships (professional relationships, sourcing and buyer relationships, etc.) that can be activated in service of achieving joint goals envisioned and agreed upon by key members of the network.

As a result of the decade-long relationship-building work of organizations such as Fair Food and SBN, several highly successful sustainable economy action networks have been created. One example is the network that came together to create and execute Philadelphia’s Farm to School Project, which is bringing fresh, local food to 25 Philadelphia public schools, serving around 45,000 students per year. While one organization, or the School District, may have been able to envision such a project, executing it successfully would not have been possible without an extensive network of supplier, buyer, and institutional relationships that had already been developed and could be activated towards the common goals of this project. Similarly, the development of 88 new fresh food retail projects in low-income neighborhoods as part of
the Fresh Food Financing Initiative depended upon an intricate network of relationships that could tap into existing capacity in local food production, distribution, and retail location development, and orient this capacity towards the new goal of developing fresh food retail locations in low-income neighborhoods.

Moving beyond the food sector, examples of additional action networks include the Green Economy Task Force and Businesses United for Conservation (BUC), both of which convened a wide range of players into networks capable of envisioning and executing shared goals. As mentioned previously, the Green Economy Task Force was able to attract more Federal green jobs resources to Philadelphia than to any other city, and also played a key role in helping the City to better connect its workforce development programs to areas of strong projected job growth in sustainable industry clusters. Similarly, Businesses United for Conservation developed a network that could begin to take meaningful, coordinated action towards the Water Bureau’s ambitious goal of transforming a third of Philadelphia’s impervious cover to porous surfaces (Houstoun 2012).

In addition to these formal networks, Philadelphia’s sustainable business community has created un-named, more amorphous networks that nevertheless possess the capacity to help the City make meaningful progress towards ambitious, citywide sustainability and equity goals. For example, Mayor Nutter’s five-year, citywide sustainability plan Greenworks created ambitious goals in the areas of fresh food access, solid waste diversion, energy efficiency, green energy purchasing, and greening of impervious surfaces, among other goals. By 2011, just two years after the plan’s creation and launch, the city was already making impressive progress towards these goals. Solid waste diversion rates had increased from 53% in 2008 to 72% in 2011; residential energy retrofits had more than doubled from 3,500 homes in 2008 to 7,877 homes in 2011, and the number of LEED certified buildings had increased from just 15 in 2008 to 61 in 2011 (City of Philadelphia 2012a).

The City also made significant progress on its bold goal to purchase and/or generate 20% of electricity used from renewable sources by 2015. Compared to a baseline of 2.3% green energy purchased in 2008, just three years later the City was purchasing or generating 12.2% of its electricity from renewable sources (City of
Philadelphia 2012a). This rapid progress led to the City being awarded the 2012 Green Power Leadership Award from the US EPA, which “recognizes the country’s leading green power purchasers from their commitment and contribution to helping advance the development of the nation’s voluntary green power market” (City of Philadelphia 2012, b). The City has also made substantial progress towards its goal to add 86 new farms, gardens and farmers markets in high-poverty areas in order to increase access to affordable, fresh, and healthy food. Between 2009 and 2011, 24 new farmers markets and 29 new farms or gardens were created, many of them in the areas targeted by the plan as most highly in need of increased fresh food access (City of Philadelphia 2012a).

While some of these successes are in areas that the City controls directly through its operations, such as municipal energy use and green power purchasing, many of these accomplishments are in areas that depend heavily on the active cooperation and participation of the business community, home-owners, and members of the general public. A City government can propose to create more LEED-certified buildings, more farmers markets in low-income neighborhoods, more well-paying jobs for hard-to-place employees, or dramatic increases in residential and commercial waste recovery rates, but achieving these goals quickly requires a business community with the know-how, capacity, relationship infrastructure and incentives, and desire to participate in working towards these goals.

The context behind the City of Philadelphia’s ability to make such rapid progress towards the sustainability objectives outlined in Greenworks is a decade of work led by the city’s sustainable business community to develop a large segment of the business community that was prepared to take on these goals. This preparation meant that there were existing businesses with the capacity and know-how to supply more local food, to manufacture and install new technologies like porous concrete, to supply sufficient recycling services to enable the near doubling of recycling rates, to successfully absorb greater numbers of welfare-to-work clients, and to produce and deliver the goods, products, and services that allow a larger number of businesses and city programs to green their operations.

In addition to engaging directly in the work that is needed to help the City achieve its sustainability goals, Philadelphia’s sustainable business community also
provides crucial political support from within the business community for policy changes and initiatives that have enabled Mayor Nutter to make meaningful progress towards his goal to make Philadelphia the “greenest city in America.” These policy changes include changes to the city’s purchasing policy to support local, sustainable businesses, changes to the municipal tax code to support sustainable businesses as well as businesses that create jobs locally and hire hard-to-place workers. In 2009 Philadelphia created the nation’s first sustainable business tax credit, a $4,000 tax break for certified B corporations (Melamed 2012). Other incentives include up to $8,500 for hiring welfare-to-work participants, credits for local companies that “preserve and create jobs,” credits to hire ex-offenders and short-term welfare recipients, a green roofs tax credit, and a tax exemption for certain new businesses to encourage the success of start-ups (City of Philadelphia 2009).

5.4 Conclusion

By describing and analyzing Philadelphia’s sustainable business community as it exists today, this chapter offers some preliminary, case-specific answers to the important question of what we are actually referring to when speaking of a city’s “sustainable business community.” Based on the case of Philadelphia, I describe the components and members of a sustainable business community, the mechanisms through which it grows, and the some of the principal benefits that it creates through the process of its development. While it would be useful to have quantitative data on the firms within Philadelphia’s sustainable business community to determine additional attributes of the community, such as its size as a component of the overall local economy (as measured by a variety of economic indicators such as revenues, jobs, or simply number of firms), the findings in this chapter suggest that this is not essential in order to begin to appreciate key aspects of this community’s impact.

This chapter finds that each of the sectors that comprise Philadelphia’s sustainable economy, such as sustainable local food or clean energy, represent a relatively small segment of the overall conventional industry group of which they form a part. Restaurants that source from sustainable local farms, for example, comprise a small fraction (no more than 6%) of the total local, non-chain restaurants in
Philadelphia, according to a rough analysis I performed of Fair Food and SBN-member restaurants compared to total local (non-chain, non-fast-food) restaurant listings in Urban Spoon and Yelp, two fairly complete sources of local restaurants. However, this chapter shows that a sustainable business community is composed of businesses from many different sectors. When these businesses are brought together as members of a single community, this community can be quite large and influential in aggregate, even if the businesses within it represent a small or barely visible niche within their larger industries.

In terms of size, this chapter suggests that the relevant question is not the absolute size of a sustainable business community, or even its relative size as a fraction of the local business community, but rather whether it has achieved sufficient size to begin to significantly influence the broader consumer culture, business environment, and political landscape in the ways this chapter finds that Philadelphia’s community has successfully done. This chapter finds that when a sustainable business community has reached that critical mass, as it has in Philadelphia, it creates numerous benefits, including a context within the business community that encourages sustainable behavior, a consumer base that rewards and support sustainable behavior, and infrastructure (information, relationships, knowledge, and physical infrastructure) that make it significantly easier for mainstream businesses to adopt sustainable practices.

Whether the critical mass of businesses needed to create a sustainable business community that is generating these benefits is 200 businesses or 500 is difficult to tell and perhaps once again, not the most relevant question. This chapter suggests that it may not be the total number of businesses in the community that indicates its strength, but rather the size of its core—the number of businesses that are innovating new sustainable practices, serving as exemplary models of existing practices, and working together to spread their practices broadly throughout the rest of the community, while building out missing pieces of infrastructure that they and other members of the community need to succeed. This chapter argues that this is the group driving the growth and development of the community—a process that creates significant benefits for cities beyond the direct benefits that sustainable businesses provide as a result of
producing and delivering goods and services in more environmentally and socially responsible ways.

This chapter offers evidence to suggest that sustainable business communities impact cities at four different levels. The first is at the level of the firm, through the social and environmental impacts of the businesses within the community, which represent significant (though hard-to-measure) benefits compared to conventional approaches to producing and delivering the same goods and services. The second is the level of the business community more broadly, where they shift the behavior of other companies towards sustainability, set trends and norms around social and environmental performance, and encourage innovation and competition in areas that are directly aligned with cities' social and environmental goals. The third is at the level of citywide systems, shifting the behavior and orientation of large systems such as public school-systems, stormwater management systems, workforce development systems, energy generation and delivery systems, and others. The fourth is at the level of government policy, as these communities start to influence the rules, preferences, expectations and incentives that local government uses to shape the overall business environment.

Unlike conventional industry groups that often seek to change the overall business environment to favor their ability to maintain competitive advantage or maximize profits, sustainable business communities shift the business environment in ways that support the achievement of social and environmental goals. This is because their economic interests are fully aligned with their ability to achieve the environmental and social goals that are part of their business models. In the case of cities that have adopted bold sustainability plans, such as Philadelphia, this chapter suggests that there are strong reasons to partner with and to facilitate the continued growth of sustainable business communities, as one important component of an overall strategy towards accomplishing these goals. In order to develop preliminary insights into how local governments might approach this, the next chapter presents common findings from across the five cases regarding the key steps and strategies that those working to grow sustainable business communities employed over the past decade.
CHAPTER 6.

Growing Sustainable Business Communities: Lessons from the Cases

As shown in Chapter Three, sustainable business communities started to form in fairly similar ways in each of the five cities profiled, despite significant differences between each of these places. One of the findings of this thesis was a considerable amount of consistency across the five cases in terms of the steps and strategies that organizers pursued in order to grow these communities as well. This is not surprising, given that the key players driving the development of these communities were aware of each others’ work through their mutual membership in national networks such as BALLE. The remainder of the chapter therefore presents common findings regarding the key steps that these players took, the strategies they pursued and the roles they played over the ten-year time period in question.

Before looking in detail at the steps they took and the strategies they developed, it is worth highlighting some common themes regarding the manner in which they went about this work. The first of these is the high degree of intentionality that these network-builders brought to their work. As illustrated in the previous two chapters, each core group that started working to build these communities started with a clear vision of the change they wanted to create. These visions, such as the creation of a strong sector of the local food economy that would produce meat in a natural and humane way, were clear and practical, as opposed to theoretical, and at the same time ambitious, involving transformations of certain sectors, the creation of entirely new sectors, or a component of the local economy that would function in a fundamentally different way. Some additional characteristics of these initial visions will be explored in greater depth later in the chapter, but it is significant that community-builders in each case started with a clear picture of what would exist or how things would be working differently if they accomplished their objectives.

While starting with the long view of what they were working towards, these entrepreneurs all started working towards these visions in incremental and eminently practical ways. They started with what may have looked like pedestrian, unambitious
first steps, identifying the few elements of their visions that already existed around
them, and taking relatively simple (though often time-consuming) actions to begin
building on those. These existing elements included certain assets and attributes of the
places where they found themselves (such as a rich tradition of local farming, or a well-
established independent business community, or local companies that valued the
surrounding natural setting), as well as a few other entrepreneurs who were already
modeling elements of the practices they valued and wanted to see more of. As will be
seen later in the chapter, community-builders worked systematically from these
starting elements, working first to make it easier for these business people to support
each others’ success (for example, through cross-purchasing and sharing of information
and practices), while starting to connect them with other entrepreneurs (such as
suppliers and purchasers) as well as customers from the general public who were
already looking for these kinds of businesses to support.

While working incrementally and systematically towards a longer-term vision,
network builders also remained flexible in their choice of strategies, adopting new
strategies and taking on significantly new roles over time in response to the evolving
needs of the communities of businesses they were working with. For example, many of
the networks in their early stages focused significant energy on raising consumer
awareness of the importance of buying from local, sustainable businesses; however at
some point they all found it necessary to devote more energy towards helping
conventional businesses adopt sustainable practices in order to meet the growing
consumer demand they had helped to cultivate. This responsiveness and willingness to
adapt strategies and shift major activities to address the next set of barriers to growth
that would emerge resulted in large part from their crystal-clear and always-present
focus on an end vision. These groups did not define themselves by their strategies or
activities; rather they knew both what they were trying to create and where they were
at any given point on that path, and adapted their strategies as needed to allow them to
take the next necessary step forward.

This meant that as they progressed along the path of developing these
communities, a clear sequence of steps and strategies can be observed. After creating a
clear vision of what they wanted to promote and create, the first step the entrepreneurs
driving this process took was to look around them and identify the exemplars of what they had in mind: other entrepreneurs who were the furthest ahead in terms of their sustainable products and processes. Having identified the local leaders in each of the sectors that were key for a sustainable economy, the next step was to connect these leaders with each other. Soon thereafter, they began to focus on connecting existing sustainable businesses with the most values-aligned consumers who already wanted to be supporting this type of business or buying these kinds of products and services (but often did not know where to find them or which businesses to support).

Once these existing pieces had been connected to each other, the next step was to begin to grow this community of sustainability-oriented producers and consumers—to spread the model by bringing new people onboard. Networks started to devote significant energy to building consumer awareness and stimulating demand for products and services from sustainable producers and sectors. They also quickly found it necessary to start working with producers—business owners at various points in the supply chain—to teach them how to improve the sustainability of their operations, and how to switch over into sustainable activates and industry niches (such as green roofing, organic agriculture, or solar energy production).

As they built a larger eco-system of sustainability-oriented producers and consumers, they then found it necessary to begin addressing growth constraints and looking for growth opportunities at a system level. This involved moving from a focus on individual producers and general public consumers, towards looking at institutional consumers, such as school systems, hospitals, and city government, capable of creating system-wide impact with their purchasing decisions. As they began to work at a larger scale, networks then started to focus on the steps that would be needed to create a more supportive and enabling business environment, becoming increasingly engaged in research, policy advocacy, and the development of closer partnerships with local city governments.

6.1 Key Steps and Strategies

The key steps these organizers used to create and grow sustainable business communities in the five cities studied can be summarized as follows:
1. Articulate a vision of the desired change
2. Identify existing models and leaders
3. Connect the leaders with each other
4. Find the existing supportive audience
5. Grow the audience and build demand
6. Expand supply and capacity in the system
7. Pursue system-level growth opportunities
8. Create a supportive policy environment

While these are presented in a linear sequence and networks generally did move through these steps in this order over time, it is important to note that in practice, this movement was more iterative in nature. For example, even after organizers had moved to the stage of stimulating increased production of goods and services made in a sustainable manner, they were still engaged in work to connect sustainable entrepreneurs with each other and to build consumer awareness of and demand for the types of goods and services these entrepreneurs were offering. As each of the organizations driving network growth increased in capacity and sophistication over time, they were able to pursue a growing number of these steps and strategies simultaneously, even as key areas of focus evolved over time following the progression of steps listed above. The remainder of this section presents these steps in detail, as well as key supporting strategies that were pursued during each stage to enable success.

Articulate a Vision of the Desired Change

As noted already, in each case that was examined, the individual or handful of individuals who set out to create a sustainable business community started out with a clear and straightforward vision of what they were trying to create. These visions were succinct, ambitious objectives that could be clearly stated in a phrase or sentence. They started with the personal visions of the entrepreneurs driving this process, who each had a passion to transform the sector they worked in (such as food, construction, or energy) from a source of environmental degradation and social inequality to a key part
of the solution. In her work to build Fair Food, for example, Ann Karlen shared Judy Wicks’ vision of transforming the local food system so that Philadelphians, whether they ate at home, in a restaurant, at a campus, hospital or other institution, would be able to eat food grown in healthy, natural, and humane conditions by small and mid-size family farmers within 150 miles of the greater Philadelphia area.

Not only did these visions involve transforming existing sectors, they also involved the emergence of entirely new sectors as well as new ways in which these sectors could work together to create a more self-sufficient, inter-connected, and sustainable local economy. Philadelphia was able to grow a new “green infrastructure” cluster because SBN and other stakeholders of the Green Economy Task Force jointly developed a clear vision of creating more family-wage jobs in the city in sectors engaged in environmentally-friendly work. Both Elissa Hillary of Grand Rapids and Kimber Lanning of Phoenix realized that they needed to build a much bigger, more visible, and connected local business community if they wanted to create cities that could stand a chance of retaining their best and brightest and attracting the kind of motivated, talented, and upwardly-mobile workforce they would need to remain competitive and avoid decline.

An important characteristic of these visions is that they were easy to describe to others and stated in ways that resonated with people in the local community. Whether the mission was to create a fair and humane local food system, grow more family-wage green jobs, or preserve and strengthen the independent business community to create places people care about, it was easy for others to imagine these changes, get excited about them, and want to contribute to helping bring them about. Interviewees attributed the rapid growth in their networks to the fact that when they shared their vision, people “got it” quickly and their vision resonated with a wide range of people (Hillary 2012; Lanning 2012; Houstoun 2012). “I believe the reason we’ve been able to grow so quickly,” said Lanning from Arizona Local First, “is that when you say it and you name it and you point it out, people here really respond to it and go, ‘oh my God, you’re totally right...what can we do? How can we get involved? And that’s what’s really fueled the fire of this movement, is that people want to feel connected to the place where they live” (Lanning 2012).
Identify Existing Models and Leaders

In each case, the next step for the individual or team with the initial vision was to seek out other pioneering entrepreneurs in their local community who seemed to share this vision. Whether or not they had articulated this vision publicly, these were trail-blazing entrepreneurs who were already doing business in ways that came closest to exemplifying the vision. These were entrepreneurs like Jennifer Rezelli in Philadelphia, co-founder and managing partner Re:Vision architecture, a green design pioneer in the Philadelphia area which had won numerous industry awards for its “deep green” sustainability practices, both in terms of the projects its builds, the design and community engagement processes it incorporates, and its internal operations and employee practices (Revision Architecture 2012; B Corporation 2012). The goal was to find what Otto Scharmer calls “living examples” (Scharmer 2013); individuals or groups of people who are already modeling what the vision looks like in action, providing practical proof that business can be done this way both successfully and profitably. “So, I guess the unfolding was really about identifying models and holding them up to teach the rest of the community.... It’s not necessarily that they were influenced by BALLE; maybe they never heard of BALLE, but we find them” (Wicks 2011).

The way that Wicks, Long, Hammel and other network organizers found these models was first by identifying the sectors that they felt were most critical for a city to develop in order to have a more self-sufficient and sustainable local economy. Notably, they were not looking for sectors where the city could specialize to compete with other cities, but rather for the sectors that produce the goods and services that people living in that city need and will continue to need into the future. These tended to be non-tradable sectors, such as housing and construction, food and agriculture, clothing, energy, local infrastructure, and business services. They then identified which aspects of these sectors had the most potential to be sustainable—for example, renewable energy, organic food, cradle-to-cradle manufacturing, green roofing—and looked around to see which of these sustainable sub-sectors existed already in their city.

They then looked within these sub-sectors to identify the exemplary business that were leading the rest in terms of their performance and sustainability practices. They did not choose industry leaders based on traditional performance metrics such as
the size of their companies, their annual revenues, or even their local prestige or political clout; rather, they picked the businesses that demonstrated the greatest commitment to innovation and excellence in terms of integrating environmental and social impact considerations into their business models and operations. Once they had identified these “living economy” leaders, organizers such as Wicks invited them to play central roles in building the organization and the community. Wicks, for examples, learned of Jennifer Rezeli’s work through a mutual contact and recruited her early on to play a leadership role in helping build out the “sustainable shelter” sub-group of SBN. Rezeli subsequently joined the SBN Board, where she continues to serve, and has played a key role in expanding the shelter cluster from a handful of firms in 2001 to over 100, nearly a quarter of SBN’s total membership, in 2012 (Krueger-Brankey 2012; SBN 2012).

Connect the Leaders with Each Other

Once pioneers and leaders in each of the key strategic sectors had been identified, the next step was to create opportunities for them to begin meeting each other, forming relationships, and learning about each others’ work. The purpose of these meetings was to provide a regular opportunity for participants to become aware of each other and to begin sharing sustainability practices that they were each innovating in their own businesses with each other. In Boston and Grand Rapids, organizers such as Laury Hammel and Guy Bazzani began by convening regular, informal networking meetings that were open to the small group of fellow triple bottom line entrepreneurs they had identified as key partners (Hammel 2012; Hillary 2012). In Philadelphia, SBN organized similar networking and educational events that were open to all of their founding business members, as well as supporting sector leaders such as Jennifer Rezeli and Lindsay Gilmour in developing regular sector-specific meetings.

So that’s how I began and I started forming my Board by picking people in each of those areas so they would bring others. And then educating each other, so then we had monthly programs so one time the food people would come on a panel to educate the rest of the community about local food. And the next month energy people would…and community capital, another really big one. So that’s how I started, was by identifying strategic partners…” (Wicks 2011).
In addition to providing opportunities for relationship-building and peer-to-peer learning, these early meetings served the crucial purpose of beginning to form a sense of community among those entrepreneurs with the greatest commitments to sustainability.

As pioneers, participating entrepreneurs were accustomed to being “the first” or “the only one” and to doing things that other businesses weren’t doing, adopting practices that others in their industry considered impractical or even impossible, and creating businesses that bucked conventional wisdom about sound business practices. Bringing these entrepreneurs face to face with each other enabled them to see that they were not alone, that they were in fact part of a group of “like-minded” business owners who shared similar values and were attempting to run their businesses in similar ways. “I think an organization like Sustainable Business Network begins because Judy, and others, want to prove to people—they want to ‘normalize the behavior,’ through safety in numbers—they want to say to people, ‘hey, you might be thinking these sustainable thoughts, and they’re not crazy. So it’s like a support group in that sense” (Kovaleski 2012). This connection to others with a shared approach to business and set of values provided crucial encouragement and validation while connecting participants’ individual business missions to a larger, shared vision of how the local economy and business community could operate.

As participants began to see themselves as part of a community, they began to develop a shared vocabulary to name their values, to distinguish their business practices from “business as usual,” and to articulate their shared vision of what was possible. In Grand Rapids, members began to talk about the importance of “local, independent, community-minded” businesses (Hillary, 2012). In Philadelphia’s emerging food sector, participants began to talk about a “humane and sustainable local food system,” while SBN members began to talk about “the building blocks” of a “local living economy” (Karlen 2012; Krueger-Braneky 2012). This common language helped affirm a sense of community between participating business owners while giving them a way to begin speaking to the wider business community and to their customers about the importance of what they were doing.
I think that has happened...is that we’ve given people a language to verbalize the impact of those family-owned and locally owned businesses in our community, and to be able to start talking about how they play a different role than some of the chains and franchises that are in our community...As local business owners, they know their impact on the community...but they aren’t necessarily able to articulate that...So we’ve given people this language with which to name this difference...and [we] give them credibility when we do that. (Hillary 2012)

Find the Existing Supportive Audience

Once sustainable business leaders in each of these five cities were starting to connect successfully with each other, the next key strategy employed by each network was to facilitate connections between these businesses and the existing customer base that was already predisposed to support them. This involved asking the following key questions: who within the community already wants to be supporting these kinds of businesses? and what would make it easier for them to do so? In all cases, there was already at least a small segment of the public that was looking to support businesses with positive environmental and social practices and impacts. However, it was difficult to know which firms were actually engaging in these practices, and consumers and other buyers, such as chefs, lacked easy and convenient ways to identify, locate, and connect with these businesses. Therefore, an initial strategy adopted by each network studied was to make it easier for consumers to identify local and sustainable businesses, through guides, directories, coupon books and other mechanisms.

For example, in Philadelphia Ann Karlen and Judy Wicks realized that those predisposed to buy from local and humane farms were chefs at certain types of restaurants. However, they also realized that there were multiple barriers preventing chefs who might be interested in sourcing locally from being able to do so (Karlen 2012). Chefs like Lindsay Gilmour, of Organic Planet Catering wanted to source locally but did not know which farmers were producing sustainable, humane products, who was producing for and delivering to the Philadelphia market, and how to connect with these farmers (Gilmour 2012). It was clear that chefs needed access to this information and also needed help establishing initial contact with farmers who they might be able to source from.
For the first few years of Fair Food’s existence, Karlen facilitated these connections directly, meeting and speaking with chefs and farmers and helping them establish relationships with each other. To support this process, in 2006 Fair Food also began publishing a free, annual Wholesale Guide to Local Farm Products, which provided detailed information on all the suppliers Fair Foods had worked with to that point who met their standards, were “market ready” and fully prepared to sell wholesale. This guide complemented the Philadelphia Local Food Guide, which Fair Foods started publishing annually in 2003 to help consumers identify businesses selling and serving sustainable food, including restaurants, caterers, breweries, farm stands, and the like (Fair Food 2012).

All the other networks profiled also publish directories to help consumers identify their members as well as other local businesses that share similar values and practices. Kimber Lanning launched Arizona Local First with an online database of local businesses, while SBN, Local First of Western Michigan, and Sustainable Connections all began publishing print and online business directories within a few years of initiating activities. Sustainable Connections also publishes the Whatcom County Food and Farm Finder and the Sustainable Business Network of Massachusetts (SBN Massachusetts), in addition to publishing an online member directory, publishes a Wholesale Local Buying Guide for sustainable and local food products. In his current role as Executive Director of SBN Massachusetts, Laury Hammel has helped six Local First networks launch in the Boston area and in each case, one of the first things the new networks do after forming a Board and “getting up and running” is to publish a print and/or online member directory (Hammel 2012).

In addition to simply listing members, many of these directories include more detailed information about the sustainability practices of either all members, or the members of the network with the most advanced sustainability practices. SBN Massachusetts’ Local Green Guide lists which businesses have received certification through the Sustainable Business Leader program, while SBN Philadelphia’s print member directories list the annual winners of their Triple Bottom Line Awards, which

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22 An online version of their first Wholesale Guide can be found here: http://tinyurl.com/cyarqnq
23 Available here: http://tinyurl.com/c88kkej
go to the companies making the most progress towards sustainability. Sustainable Connections’ (SC) member directory contains a legend accompanying each entry that notes whether the business participates in various SC programs and campaigns, such as Bank Local First, Eat Local First/Workplace CSA, the Towards Zero Waste program, the Green Power program, the Community Energy Challenge, and similar campaigns. These icons serve as the equivalent of an “energy star” icon on a refrigerator or computer, a visual cue that notifies consumers of a member’s various sustainability commitments and practices. They also represent a simple and easy way to familiarize consumers with the programs that SC runs and the values and practices they are promoting within the business community.

These guides and directories therefore serve several key purposes in addition to enabling consumers to more easily locate the independent, local, and sustainability-oriented businesses within a specific jurisdiction. They educate consumers about what sustainability practices are possible and currently being pursued by some members of the business community. They also define key terms used by the movement, such as “grass-fed meat,” “zero-waste,” and what it means to be a “local, independent business.” They also frequently contain testimonials from business owners, consumers, and others speaking to why they support and participate in the movement. In doing so, these guides begin to reinforce and spread a shared vocabulary for the movement, defining what it means to be a “sustainable business” and creating a positive brand for businesses that can claim these attributes.

In addition to raising the visibility of individual member companies, these directories also identify them as members of a community of businesses, and begin to create a shared brand and identity for that community. They also raise the visibility of the convening organization, such as SBN, Fair Food, and Sustainable Connections, who publish the guides and generally include some information about their mission, values, membership criteria, programs, and supporters as supplemental material. Finally, by distributing print forms of these guides throughout a community, networks can begin to

24 An online version of Sustainable Connections’ member directory can be found here: http://sustainableconnections.org/directory
raise the visibility of their members beyond the initial target market that is already searching for them. These guides therefore serve not only as a tool to facilitate connections but also as marketing material to introduce a wider audience to the concepts, goals, and members of the movement (Hammel 2012).

**Grow the Audience and Build Demand**

Once networks had facilitated connections between their business members and the existing supportive audience, their next strategic step was to build awareness, interest, support—and ultimately demand—among a much larger and more diverse customer base. In the case of Philadelphia’s local food movement, this was the moment when Fair Food began to expand their outreach and consulting efforts beyond chefs who were already interested in sourcing locally and lacked the know-how or connections, to a broader group of chefs, restaurant owners, and institutions who had not been previously considering local sourcing as an option (Karlen 2012). In Phoenix, it is the moment when Kimber Lanning shifted from her initial strategy of building a database to enable consumers who were already looking for local businesses to be able to find them, to forming a nonprofit organization that created as one of its first activities a Fall Festival (the first of which attracted over 1,000 people) to showcase the city’s independent business community.

Leaders of networks in each of the five cities studied spoke about the importance of “building awareness” and “building an audience” that understood and appreciated the value of the local, independent, and sustainable businesses they were working with. In order to familiarize a larger consuming audience with their city’s sustainable businesses and the goods and services they produced, networks in each city began to organize events and festivals that would generate exposure both through event advertising and actual event attendance, allowing new consumers to become familiar with what their member businesses had to offer. SBN Massachusetts created the annual Boston Local Food Festival, which in 2013 featured over 120 vendors and an estimated 40,000 event-goers (Tempera 2013). Local First West Michigan created an annual Local First Street Party, featuring “local food, local beer, local bands,” as well as a number of smaller seasonal events (Local First 2013). In Philadelphia, Fair Foods
created the Brewers’ Plate, an annual sit-down event featuring meals cooked on-site with locally-produced and sourced ingredients by top chefs, paired with local craft beer. In 2012, this event seated and served 1,100 people and involved nearly 80 restaurants, artisanal producers, craft brewers and farmers from Fair Food’s now extensive network of food producers committed to use of locally and sustainably-grown ingredients (Kovaleski 2012; Karlen 2012).

While helping consumers to see which local businesses in a city are committed to sustainable practices, network organizers also worked to educate consumers regarding the ways in which these businesses differed from “business as usual” and why it was important to value and support them. This often involved inventing new terms and designations in order to distinguish the products of sustainable businesses from their conventionally-produced competitors. Fair Food created the concept and designation of “humanely-raised meat,” while Local First West Michigan and Arizona used the BALLE language around “local, independently-owned businesses,” to distinguish their members from other businesses (such as franchises) that had a local presence but were not a part of the community. “We’re constantly out talking in the community, on TV, in newspapers, in electronic media, about the importance of supporting local businesses, and what that means for our community, helping name what those businesses are for our community and continuing that conversation,” says Elissa Hillary of Local First West Michigan (Hillary 2012).

Through these efforts and others, network organizers began to build a brand awareness that linked their members from disparate industries together with a shared identity, while distinguishing them from the rest of the businesses in their city. In each city, networks organized Buy Local campaigns, which through stickers, posters, shared logos in storefront windows and co-advertising signaled to consumers which local businesses belonged to the city’s sustainable business community. After running several Buy Local campaigns, Sustainable Connections hired Research Northwest, an independent survey firm, to help them understand if this particular strategy was producing any impact. From among 300 randomly selected adults surveyed, 69 percent said that they were familiar with the Think Local First program, and 58% said they are “more deliberate than three years ago about choosing local, independently-owned
businesses first” (Sustainable Connections 2006). In Philadelphia, a survey that SBN administered to businesses participating in its first campaign found that businesses valued being identified with other local, independent businesses (the co-branding) even more than the general publicity and exposure they received through the campaigns.

In addition to building positive, shared brand recognition for businesses in the community, organizers also worked to build what could be called “movement recognition.” This is an awareness among consumers regarding what a brand stands for—the values and shared practices that underlie a designation such as “buy local,” “humanely-raised meat,” or “SBN member business.” Much in the way that the Organic and Fair Trade movements have built consumer recognition regarding the larger set of objectives that these movements are working towards (e.g. empowerment of indigenous communities in export regions, improvement of soil fertility in food-producing areas, creating a path of financial viability for small-scale farmers, etc.), the Local First brand became an entry point to inform consumers of the common values uniting members of a city’s sustainable business community. These included doing business in ways that respect and enhance the surrounding environment and that create mutually beneficial relationships with community stakeholders. Movement-builders such as Wicks talk about why it is important for businesses to be local in the following terms:

Business people in a local living economy understand their connection to their community; there’s a short distance between them and those affected by their business decisions, whether it’s their neighbors or their employees, or their natural environment. So they are more likely, because of the relationships that come from the short distance, to make decisions in the best interest of the common good. And they’re more likely to work with a balance between head and heart. (Wicks 2011)

Organizers in each city studied utilized a variety of media and mechanisms to convey what their movement stands for and why those values matter to a city and are worth supporting. In Bellingham and Grand Rapids, Michelle Long and Ellisa Hillary wrote weekly columns in local newspapers and gave frequent media interviews both in print and on the radio, in order to “have the conversation” about what “local and sustainable business” means with a general public audience (Hillary 2012). In Phoenix,
Kimber Lanning gave frequent radio interviews, appeared in as many media outlets as she could, and found high-profile live speaking opportunities to “have the conversation” not only with consumers but also with local elected officials and economic development professionals (Lanning 2012). Networks organized movie nights featuring films about local food or other issues at the core of the movement, engaged the public through Facebook, twitter and other social media outlets, and several networks commissioned studies on local multiplier effects26 to build understanding around the benefits of supporting local, independent, sustainably-run businesses.

As a result of these various efforts, the growth in consumer awareness, acceptance, and support over the past ten years has been “drastic,” in the words of Leanne Krueger-Braneky from SBN Philadelphia.

Eleven years ago when we talked about sustainability, nobody knew what were talking about. There are more companies that are talking about this, more people that know what this means...certainly the 'local' aspect of our work—there are more people who are interested in local, and there are more large companies that are co-opting 'local' as well.” (Krueger-Braneky 2012)

Bill Covaleski of Victory Brewing puts the change as follows: “What I refer to as what we accomplished over the first ten years was ‘normalizing the behavior’...taking it away from fringe activity and making it something that’s socially acceptable on a wider level.”

Interviewees spoke of a significant shift not only in consumer awareness, but also in awareness and support from the mainstream media as well (Covaleski, Hillary, Lanning, Gilmour, Krueger-Braneky, Houstoun). “Even the media,” says Covaleski, “is taking a larger role in the promotion of locally-sourced food and local economies. It’s more of a celebration of the concept occurring on both a consumer level and a media level that of course didn’t exist nine or sixteen years ago” (Covaleski 2012). In Philadelphia, “even the business media wanted to talk about sustainability all of a sudden,” according to Lindsay Gilmour. “Philadelphia Business Journal wanted to do a whole page on sustainable business, they had never done that before” (Gilmour 2012).

26 A list with downloadable copies of a number of these studies can be found on Somerville Local Firsts’ website here: http://www.somervillelocalfirst.org/the-local-first-movement/local-first-economics/
Further evidence of these networks’ success in building a much larger appreciation and demand for local and sustainable business can be found in recent attempts by much larger corporations to co-opt aspects of this brand. MillerCoors Brewing for example, makes a faux local, craft beer called Blue Moon (“hand-crafted in Golden, Colorado”), which, while it was created from within Coors (rather than acquired), still confuses many people into thinking it is a local, craft micro-brew (Covaleski 2012). Meanwhile, the international retail giant Amazon.com recently launched a “local app,” that allows shoppers to find deals at local retailers. “It’s really ironic,” says Leanne Krueger-Brankey of SBN Philadelphia, “because Amazon launched an app last year where you could be in a retail store and scan a product and price check to see if Amazon’s price was cheaper, which was an intentional move to undermine local business. And so for them to come out with this ‘local’ app, everyone’s like, huh...this is interesting!” (Krueger-Brankey 2012).

Expand Supply and Capacity in the System

While working to grow a supportive consumer audience for goods and services produced sustainably by local firms, network organizers soon realized the need to increase the business community’s capacity to meet the rising demand they were helping to generate. There were two main strategies that the networks I studied adopted to achieve this goal. The first was to help existing sustainable businesses expand their operations and increase their production capacity. The second was to expand the number of businesses producing goods and services sustainably, both by helping conventional businesses switch to more sustainable methods and a greater commitment to the triple bottom line, and creating a supportive environment for sustainability-oriented start-ups.

Helping existing sustainability-oriented businesses to succeed financially and expand their operations became an early and high priority for most networks, since these businesses formed the core of their community and the models that the rest of the business community would look to. All five networks studied devoted significant energy and a wide range of programs and services to their existing business members to achieve this goal. These programs and activities included relationship-building and
networking events to promote cross-purchasing between sustainable businesses, workshops on a range of business topics to help member businesses strengthen core aspects of their operations (such as financial management and marketing), and generating market intelligence around demand conditions to help companies identify financially viable expansion opportunities. For example, through the Fair Food Farmstand at the Reading Terminal Market in Philadelphia, Fair Food interacted with large numbers of buyers, helping the organization develop insight into demand conditions that allowed them to advice farmers on specific products and crops where existing demand would support investments in increased production capacity (Karlen 2012). A number of networks also began to offer consulting services to work directly with sustainable businesses to help them identify viable expansion opportunities (Fair Food 2013; Sustainable Connections 2013a).

The second major way in which networks sought to expand the supply of sustainably-produced goods and services was by increasing the number of businesses in their cities that were actively committed to improving their sustainability performance. This involved a variety of strategies to encourage existing local, independently-owned businesses to become interested in joining the sustainable business community, to “getting on the path” towards greater sustainability. One of the primary strategies networks use towards this end are short-term, community-wide campaigns focused on a single sustainability-related issue, such as recycling, clean energy use, or local purchasing. Sustainable Connections in Bellingham has launched several highly successful campaigns, which have significantly expanded their reach within the business community. Campaigns have included Towards Zero Waste (in which 325 business participants collectively saved over $2 million in garbage fees), the Community Energy Challenge, the Green Power Community Challenge (during which over 100 local businesses started purchasing green power for the first time), the Workplace CSAs campaign, the Whatcom Watershed Business Pledge, and others (Sustainable Connections 2012b).

Other networks have used this same strategy with similar success in terms of raising their visibility within the mainstream business community and serving as an entry point for recruiting new network members. Within a few years of its existence,
Local First West Michigan organized MYGRcitypoints, a citywide recycling campaign in partnership with the City of Grand Rapids, where residents would get points for curbside recycling which they could then “spent” at local businesses. This campaign greatly increased Local First’s visibility within the business community, while increasing citywide participation in recycling by 80% and declining citywide refuse sent to landfills by 13%. In 2011, the Sustainable Business Network of Greater Philadelphia launched its first Social Impact Campaign, in which local businesses engaged in sustainable industry sectors could receive points (leading to an award for the winner) by sharing their career stories and insights into their industry with Philadelphians enrolled in City workforce training programs. All networks have also run Local First campaigns, which extend well beyond their organizational membership to include a wide range of local businesses, serving as a highly successful entry point for recruiting new business members.

Once local business owners have expressed an interest in improving their sustainability performance, either through participation in one of these campaigns or by becoming network members, they gain access to a wide range of events and programs designed to help them identify concrete steps they can take to improve their social and environmental performance. All networks place strong emphasis on peer learning, organizing mixers and network-only meetings where members can learn from each other and from the businesses in the community with the most advanced practices. In Grand Rapids, for example, Local First often convenes monthly members meetings and educational events in the physical space of a member whose practices they want to highlight as a positive example (Hillary 2012).

In addition to creating opportunities for peer learning between businesses at various points on the sustainability continuum, some networks also offer consulting and other services to work more intensively with businesses looking to improve their sustainability performance. Fair Food, for example, offers one-on-one consulting to farmers and local food producers, connecting conventional farmers both with crucial information on demand and market conditions for sustainable products, and with the resources and technical assistance needed to switch from conventional to sustainable farming techniques (Karlen 2012).
I had to become more knowledgeable about agriculture and had to hire people that were or had been trained, who knew how to talk more deeply about it. But at Fair Foods, we’re not ag experts—we’ve never been ag experts—we don’t tell farmers how to grow…but we do need to be able to tell them how what they do can meet the demands of the marketplace. (Karlen 2012).

In Massachusetts, SBN’s Sustainable Business Leader program provides tailored individual assistance to businesses to help them significantly improve their sustainability performance: “We basically take the work off of them, in terms of doing the research and identifying what the opportunities are, so a lot of it is adding a third, neutral eye that is looking at things, and the hands-on support, [combined with] connection to resources” (Kazda 2012).

Another key strategy that all networks use are annual awards to highlight their community’s most advanced and successful members. SBN Philadelphia’s Triple Bottom Line Awards, Local First West Michigan’s Local Motion Awards, and Bellingham’s Sustainability Champion Awards all single out each year the businesses that either have the most advanced sustainable and social performance and/or those that have made the greatest progress within the year in improving their performance. These awards serve to identify for the rest of the business community what exemplary sustainability practices look like as well as which businesses in the community already have skill implementing these. “I guess the unfolding was really about identifying models and holding them up to teach the rest of the community,” says Judy Wicks, “and that is just going gangbusters now because there are so many people that are modeling this” (Wicks 2011). By holding up these models through awards, workshops, educational events and annual conferences such as Philadelphia’s Social Venture Institute, networks stimulate positive competition within the business community in a “race to the top” versus the traditional race to the bottom on price competition. They also offer entrepreneurs at earlier stages on the “path to sustainability” with clear examples of what kind of business practices are possible and financially viable within the sectors in which they operate, serving both as inspiration and education.

This strategy might not work if leading sustainable businesses were reluctant to share the details of their sustainability practices with their competitors. However,
building on the early example of Judy Wicks, sustainable business networks have cultivated a culture of openness and transparency within their membership, encouraging leading businesses to share their practices with others as part of their joint commitment to strengthen the sectors they work in and grow a more sustainable economy.

It is the SBN member companies who time and again are actually willing to talk about their practices, the 'differentiating qualities' that make them more competitive than the average firm. They are actually willing to share that, even in a group setting in front of the City, so that they are able to steer the City’s work in a way that will produce the greatest positive community and environmental impact. I just don’t think you see that same propensity to share at a traditional chamber of commerce. (Houstoun 2011)

Organizations such as SBN tap into and encourage this “propensity to share” by providing sustainable businesses with platforms and ample opportunities to share their practices widely with others in their city, including existing business owners, aspiring entrepreneurs, job seekers, and policymakers. By doing the organizing work of convening meetings, networking events, conferences, trainings, and award ceremonies where it is expected that firms share practices and learn from each other, network-building organizations create conditions that enable the spread of sustainable practices more widely throughout their city’s business community.

**Pursue System-Level Growth Opportunities**

Once network-builders had significantly expanded the number of businesses in their local community utilizing sustainable practices and capable of supplying the growing consumer demand for sustainably-produced goods and services, their next step was to look for larger, untapped growth opportunities at the systems level. This involved asking themselves two key questions: within the sectors that businesses in their sustainable business community operated in, such as local food or green building, where were the next logical opportunities for significant growth? Looking more broadly at the local economy as a whole, what were the sectors that offered the largest opportunities to grow local, independent, sustainability-oriented businesses? In approaching the first question, in each case network organizers realized that in order to
grow sectors they were already working in, they needed to expand beyond the direct consumer audience to begin working with much larger purchasers, including institutions such as universities and hospitals, groups of inter-related institutions such as local school systems, and offices within local government that offered major contracting and procurement opportunities.

In order to identify specifically where these opportunities lay, network-building organizations used the detailed knowledge of the sectors they were working in and the networks of relationships they had developed through their previous work to grow consumer demand and producer capacity. This knowledge and network of relationships enabled them to see: a) who the major drivers of demand in the system really were; b) what the needs of those players were and what procurement resources they had at their disposal; and c) who within the sustainable business community was already prepared to meet those demands. For example, the knowledge of local, sustainable producers that Fair Food developed first by connecting them to smaller players such as restaurants and farmers’ markets, and then as a consultant to these producers and a year-round buyer from them through the Fair Food Farmstand, enabled them over time to develop a network of producers that could supply the needs of large local institutions such as schools and hospitals.

Anyway, so that sort of direct connection to the buyer, while it still goes on and is still a part of our work, and we still continue to do that, I don’t see that as the future. I see the future as us working with larger players in the food system, so if our work at Fair Food is to work across the entire supply chain, which it is, we’re working more in the middle now, so not as much with the individual grower or with the end consumer—or lets say the restaurant—but with the people in the middle: distributors, aggregators. (Karlen 2012)

Fair Food’s Farm to Institution Program, launched in 2006, now connects over 30 large institutions, including Princeton University, Jefferson University Hospital, and the School District of Philadelphia, with products from local, family-owned, sustainable farms and “values-based distributors” (Fair Food 2013).

In all cases, network-building organizations learned that some of the highest-impact opportunities for growth involved working more directly with their local city governments, particularly departments overseeing major contracting and procurement
efforts. Through relationships within city government that Kimber Lanning had
developed by serving on a variety of city planning bodies and task forces, she learned
that most of the contracts the City was awarding were going to out-of-state companies.
Through her participation on a Task Force convened to review the City’s purchasing,
she recommended a new process, which was adopted by the Mayor and City Council, to
award all contracts less than $50,000 to the lowest bidder from within a pre-selected
database of Arizona-based firms and to only recur to non-local firms if a qualified local
bidder could not be found (Lanning 2012). In Bellingham, Sustainable Connections
(SC) saw large opportunities for growth of their existing green building and energy
efficiency clusters by developing a partnership with the City in order to take advantage
of Federal Recovery Act funding for green job creation. Together with the Opportunity
Council, a nonprofit serving homeless and low-income individuals, SC and the City of
Bellingham partnered to create the Community Energy Challenge, a citywide energy
efficiency retrofitting and weatherization program that received $780,000 in Federal
Energy Efficiency and Conservation Block Grant funds, an additional $500,000 in State
funds (City of Bellingham 2013) and that stimulated $8.9 million in direct local
spending within Bellingham’s sustainability-oriented construction sector (Sustainable
Connections 2013b).

In cases where the most strategic growth opportunities were not immediately
obvious to network-building organizations, they leveraged their existing relationships
with businesses in a variety of sectors to both informally and formally research where
the most promising expansion opportunities lay. This is the moment at which SBN in
Philadelphia created their Emerging Industries Project, a three-year effort launched in
2009 to thoroughly research which emerging green industry sectors could offer the
greatest opportunities for growth that would generate environmental as well as social
impact. Through an in-depth process that involved public meetings, targeted
interviews with businesses, a series of business-employer roundtables, site visits, and
business working groups, SBN assessed the opportunities and barriers in five existing
green industry clusters that showed potential for growth in the Philadelphia area: local
sustainable manufacturing, construction and demolition waste recovery, energy
efficiency and retrofits, green stormwater infrastructure, and building energy efficiency.

Throughout this research process, SBN used several key criteria to help them determine which sectors they should focus on developing further. In determining which sectors to include initially in the research, SBN took an assets-based approach, focusing on sectors that had potential for growth but that were also already well-represented within their sustainable business community. These were particularly strong sub-clusters from within the “building block” clusters that SBN had already been working to develop over the past eight years (Houstoun 2012). While all of the sectors they initially selected to include in the research appeared poised for significant growth, SBN then used two additional criteria to determine which of these they would focus more heavily on moving forward. The first was that they wanted to focus on sectors that had the highest potential for the new growth within that sector to be captured by small, local, independently-owned firms, as opposed to major contractors. Additionally, they were looking for sectors where that growth would generate new jobs that could be filled by Philadelphians living in poverty, particularly those involved in the City’s various existing workforce development programs, as opposed to jobs that would predominantly need to be filled by more highly-skilled or already-employed workers (Houstoun 2012).

Finally, from the short-list of sectors that emerged, SBN wanted to focus on developing opportunities in a sector that was not already being developed effectively by other organizations in the community—a sector with untapped and un-developed opportunity where their dedicated efforts could yield considerable added value (Houstoun 2012). Through this focused and rigorous process, SBN determined that gray-to-green stormwater management was the sector with the most strategic growth opportunities for their sustainable business community, and convened a new group, Businesses United for Conservation (BUC), to enable small, sustainable businesses to be poised to take advantage of the $1.6 billion that the Philadelphia Water Department had pledged to spend on green stormwater infrastructure in the coming years. “We never thought we’d be working deeply in infrastructure, but that was the biggest opportunity for local business development with job creation,” recalls SBN’s former
Executive Director, Leanne Krueger-Braneky. “We never even talked about infrastructure [in the beginning]” (Krueger-Braneky 2012).

Once network-building organizations like SBN, Fair Foods, and Sustainable Connections identified large, system-level growth opportunities, their next step was to work closely with existing sustainable businesses in their community to understand what barriers, if any, they faced in accessing these opportunities. Through formal and informal meetings with business owners in their network as well as focused research efforts, they learned about the specific challenges facing businesses in these sectors, what types of assistance they would need to overcome those barriers, and what roles enabling organizations like SBN could play in providing that assistance. In the case of both SBN and Sustainable Connections, this involved helping businesses in the target sectors (energy efficiency and green infrastructure) to acquire or develop the specific skills, techniques, and capacity they needed to be able to compete successfully for city and homeowner contracts. In the case of many of the smaller businesses that SBN worked with through BUC, it also involved helping firms identify what their growing workforce needs would be and connecting them with funding to provide sustainability-related trainings to their workers, particularly those they hired from workforce development programs (Houstoun 2012).

In other cases, the barriers preventing sustainable businesses from accessing larger, system-wide growth opportunities were not a lack of knowledge, skills, sufficient and adequately-trained workforce, or readiness to receive municipal contracts, but rather the absence of important pieces of infrastructure that would enable them to reach their end buyer. In the food sector in particular, this involved the development of new aggregation and distribution mechanisms, as well developing a better understanding of what it would take to move sustainable, local food through existing mainstream distribution channels.

Philadelphia just recently rebuilt our wholesale market actually...and they do a billion dollars in business every year, of produce. So it's a really important piece of the infrastructure for how food moves in and out of the region, and [yet] nobody knows that they exist. It's fascinating. We're working on a project right now with the wholesale produce market and the USDA to track how much local food is moving through that market. And the USDA is doing the study, and we're
going to be doing research alongside their research to talk to local growers and with the shareholders of that market to understand what the barriers and opportunities are for more local food. That’s an example of how I see our work growing. (Karlen 2012)

In Grand Rapids, Elissa Hillary from Local First echoed this same theme:

In the very beginning, we were really focused on trying to drive consumer demand, and we certainly still are, but now we’re at a point where—using food as an example—we’ve driven consumer demand. Our number of farmers’ markets has increased from three to fourteen in the last years; we have all these restaurants opening…but we don’t necessarily have the distribution system to get what’s grown here—which is plenty of local food for people here to eat—but we don’t necessarily have the distribution system to connect those farms to those restaurants to those grocers, to those farmers markets. So Local First is starting to think about, ok, so how do we rebuild parts of our system then? So that’s been a shift in role for us. (Hillary 2012)

As a November 13, 2012 article in the New York Times makes clear, this work of focusing attention on distribution is paying off. The City of Grand Rapids recently announced the construction of a $30 million, 130,000 square foot, year-round public market for distributing local food produced in the area. “Intended by its developers to be a state-of-the-art center of commerce for the culinary arts and fresh local foods,” the market is being build using state-of-the-art green building techniques, incorporating the strengths of the city’s strong green building cluster (Schneider 2012).

Create a Supportive Policy Environment

As network-building organizations shifted the focus of their work to pursuing opportunities and removing barriers at the citywide level, they started to become aware of the ways in which existing city policies and practices were creating unnecessary roadblocks for sustainable businesses. As a result, they also began to shift more of their attention towards efforts to educate policymakers on the needs of local, sustainable businesses and create a more supportive policy and funding environment. Leanne Krueger-Braneky from SBN noted that the organization’s primary role has evolved over time from “providing a supportive environment for connecting entrepreneurs, to changing the landscape in which the entrepreneurs are operating” and that now a large
part of their work is focused on “changing the conversation about how to do economic
development” (Krueger-Braneky 2011). Like SBN, every one of the network-building
organizations studied has shifted over time to focus more attention on creating an
enabling local policy environment that encourages, rather than hampers, the work of
small, local, and sustainable businesses.

In each case, this strategy has involved identifying specific, achievable, and often
relatively simple changes to the policy environment that make it easier for all small,
local, independently-owned businesses to succeed, since sustainable businesses are a
small sub-set of this larger group. Across the five cities studied, these changes can be
grouped into three categories. The first are changes to practices and policies that are
intended to create greater access and opportunity for local, small businesses, making it
possible for them to compete against larger, and sometimes cheaper, out-of-state firms.
As a result of these efforts, the cities of Cambridge, Phoenix, Philadelphia, Grand
Rapids, and Bellingham have all adopted variations of “high road” purchasing policies
that enable city government offices to not automatically select the lowest bidder, but
rather to take into consideration additional factors such as a firm’s social and
environmental practices, size, and location, giving certain preferences to small, local,
and environmentally-friendly firms, in addition to the existing considerations given to
women and minority-owned firms. A number of public school districts and other large
institutions in each of these cities have also adopted similar changes to their
procurement policies and procedures (Lanning 2012; Hillary 2012; House 2012;
Houstoun 2012).

The second group of changes are ones designed to make it easier for small,
sustainability-oriented firms to start and to stay in business once they have launched.
In Phoenix, Kimber Lanning worked with a city government that “doesn’t like old
buildings,” to significantly streamline the process for adaptive re-use, making it easier
and less expensive to open new, independent businesses in old, infill buildings (Lanning
2012). In Philadelphia, SBN worked with a large group of small business owners over
the course of a year to produce Taking Care of Business: Improving Philadelphia’s
Small Business Climate, a report outlining nine key recommendations to help small,
independent businesses successfully start and remain in business (Black 2011).
Working closely with the City since releasing the report, SBN found that within a year these recommendations had resulted in progress in areas such as reducing the time and cost of obtaining approvals, simplifying the tax and compliance burden for small businesses, increasing coordination between agencies and nonprofits providing support to the city’s small business community, and increasing sources of financing and land for new and expanding small businesses (SBN 2014). As noted previously, SBN has also worked extensively with the City and the sustainable business community to help better match the workforce development trainings the City provides with the actual hiring needs of these businesses.

The third group involves broader changes that impact the overall business environment in which all firms operate, but in ways that particularly benefit local, independent, and sustainability-oriented firms. This includes changes to downtown development and re-development plans to ensure the kind of pedestrian-friendly designs and streets that support small businesses, policies around vacant land and brownfields use, the development of local land banks, and facilitating re-use of older buildings as mentioned above. In each case, networks were able to accomplish these changes due in part to the participation of key members of their staff, such as their Executive Directors, on city bodies charged with making recommendations and policy changes in these areas. Kimber Lanning, for example, is Vice-Chair of the Development Advisory Board for the City of Phoenix, and has been appointed to the Mayor’s Sustainability Task Force, a Mayor-appointed task force in charge of creating the city’s 20-year general plan update, and City Council-appointed task forces on land use, adaptive re-use, and purchasing (Lanning 2012). Similarly, Elissa Hillary from Grand Rapids was appointed by the Mayor and a city commissioner to sit on influential boards, including the Brownfields Board, the Economic Development Corporation Board, and the Downtown Development Authority Board, which was charged with creating a new retail plan for the downtown area (Hillary 2012).

Network leaders such as Lanning and Hillary credit their presence on these bodies and their ability to use their “seat at the table” to shift city policies in part to the size of the business communities that they now represent. “When I started as Executive Director [of Local First], there were just 150 businesses, whereas now there
are over 600,” says Hillary. “This gives us a lot more authority as a voice and makes it much more relevant that we’d be at the table” (Hillary interview 2012). They, and the remaining network leaders, also highlighted the essential role of building trusting and open working relationships with key players within local city government, and finding as many platforms as possible to “have the conversation” about the benefits and importance of shifting economic development strategies to better support the city’s local, independent, sustainable business community (Lanning interview 2012; Hillary interview 2012; Ramel interview 2011). To reinforce their arguments, the networks have also commissioned studies and reports that help them to make the case for how local, independent businesses contribute to their cities. These include studies measuring the “local multiplier effect” of supporting independent versus chain businesses,27 and studies such as S BN’s Emerging Industry Reports that document the job-creating potential, as well as the specific needs, of local sustainable industry clusters (SBN 2012c). As a result of these efforts, in Phoenix, “[the policy environment has] changed tremendously, and part of that is my language, and part of that is our persistence—that we’re not going away—and part of that is the size of my organization…” (Lanning 2012).

Similarly, in Philadelphia, Grand Rapids, and Boston, the approach advocated for by network-building organizations has gained increasing traction and acceptance within city, regional, and even State governments. Both the City of Grand Rapids and the State of Michigan have provided funding to Local First in 2011 and 2012, and according to Hillary the state is increasingly adopting a focus on “economic gardening,” a term that has emerged in the past few years to refer to efforts to grow a strong local business community in contrast to the predominant previous focus on recruiting industry from other locations (Hillary 2012). The City of Boston has also recently started supporting SBN Massachusetts Green Business Leader program and in August 2012 the State of Massachusetts signed Benefit Corporation legislation, enabling new

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27 Examples of these include several studies by the firm Civic Economics such as: Local Works! Examining the Impact of Local Business on the West Michigan Economy (2008) and Procurement Matters: The Economic Impact of Local Suppliers (2007). These and similar studies on the impact of investing in local economic development can be found here: http://s401691232.initial-website.com/library/
businesses to form with corporate charters that include commitments to social and environmental performance.

As the previous sections illustrate, the network-building organizations studied shifted their principal strategies over time in response to the evolving needs of the sustainable business communities they were working to develop and grow. However, while flexible and adaptable in their strategies and tactics, these organizations maintained fairly consistent over-arching goals that they were working towards over the ten-year period of study. They also played a variety of fairly consistent roles in support of those goals, even though some of these roles evolved to match new needs emerging from higher stages of the community’s development. While organizations tended to add new roles over time as the needs of their communities evolved and their staff capacity to meet these needs grew, they tended to continue to fulfill, at least to some degree, the earlier roles that they found it necessary to play. The following section will briefly explore these key goals and supporting roles, as well as how they relate to the major strategies presented above.

6.2 Key Goals and Roles

The many strategies and specific programs presented above each contributed towards advancing a smaller group of core goals that network-building organizations pursued throughout their first decade of existence. These goals, not listed in order of importance, include the following. The first common goal was ensuring that existing sustainable businesses could succeed and grow. Some of the strategies networks used in support of this goal included helping sustainable businesses connect with each other to find synergies, reduce costs, support each others’ growth through cross-purchasing, and raise each others’ visibility through co-marketing and participation in campaigns. The second goal was to educate the business community, including businesses not yet engaged in sustainability work, around what sustainable business practices were, why they were important, and how to implement these in their enterprises. Major strategies adopted in support of this goal included convening and building relationships between firms so they could learn from each other informally, consulting directly to
firms to assist them with adopting sustainable practices, and creating events and other platforms that promoted peer learning.

The third consistent goal that all networks pursued over time was to “shift the culture,” of consumers as well as the business and economic development communities, to value the importance of “local” and of the “triple bottom line.” This goal included the difficult but necessary work of shifting buying habits within the general public, the business community, major institutions, and local government—changing what people valued, what they thought was “cool” and worth spending money on, what key factors they included when considering what products and services to buy, or vendors to use. This was necessary in order to insure that the businesses that were adopting what were initially perceived as (and often were) less profitable practices could remain viable and grow over time. Key strategies in support of this goal included educating various constituencies in the community (buyers, other business owners, policymakers) about the importance of sustainable and local business, branding efforts to create a positive identity and common language around these practices, and community-wide campaigns and events to raise visibility and create “buzz,” or in the words of Bill Covaleski, to help “normalize the behavior” (Covaleski 2012).

The fourth consistent goal, which relates to this previous one, was to create a movement—a shared sense of purpose and common identity for the sustainable business community. This involved creating a larger vision and common set of values that business owners, consumers, and eventually members of the local government could understand, connect with, and rally around. Once this movement identity had been established, consumers who bought from a sustainable business were not just supporting an individual business, they were often explicitly supporting a certain way of doing business; they were taking part in a larger movement through their patronage of their local fair trade coffee shop, farm-to-table restaurant, or ecologically-washed and bicycle-delivered load of laundry.

In their ongoing pursuit of these four major goals, network-building organizations also adopted a fairly consistent set of roles over the ten-year time period in question. An analysis of their major programs and activities as well as the sequenced strategies they pursued (as presented in the previous section), reveals at
least eleven major roles that these organizations played to promote the development of their city's sustainable business community. These roles included the following: first, connecting the key players in the system to each other, both by building person-to-person connections and through information such as guides, manuals, and directories. Closely related to this, was the role of convener, hosting groups, meetings, and events that brought together both "like-minded" people as well as later, "unlikely partners and allies" (Houstoun 2012). The third major role was awareness-raising, which included "having the conversation" in as many formats and venues as possible about the importance of local and sustainable business. Directly related to that was the role of branding and identity development—networks often found themselves acting almost as branding agencies for the group of businesses in the sustainable business community, creating common logos, visual identities, and language that community members and business owners alike could relate to easily and that could build momentum for their movement.

Network-building organizations also took on the role of organizing, becoming organizers not only of large community festivals and events but also of community-wide campaigns as previously noted. Additional roles included educators, consultants, and what Kate Houstoun from SBN called "info-mediaries," the go-betweens that both created sources of information and shared it between key players in the system (Houstoun 2012). Finally, as sustainable business communities started to mature, some network-building organizations took on the roles of researchers (and commissioners of research) as well as advocates for changes in policies and practices. While some of these roles took on more prominence at different stages in the community's development, such as research and advocacy in the later stages, network-building organizations played all of these roles to varying degrees over the past decade.

While adopting a number of roles and strategies over time, network-building organizations remained remarkably focused on their smaller set of core goals, as well as their over-arching vision of growing their sustainable business communities to the point where they could begin to transform how their local economies functioned. This focus on vision and core objectives allowed these organizations to adopt strategies and roles that accomplished multiple core objectives and served to reinforce each other,
rather than diluting the organization’s strength across too many disparate initiatives. A
single strategy such as convening events, for example, served to build connections and
relationship infrastructure, educate business owners on sustainable practices, and
create a sense of a movement. Likewise, guides and directories served to connect
buyers and producers, educate consumers and the business community on sustainable
practices, raise the visibility of sustainable businesses (contributing to their viability
and success), and create a common language and co-branding, contributing to the goal
of movement-building. Citywide campaigns, such as Local First campaigns, likewise
served all of the core objectives, including shifting the consumer culture, building
awareness of the sustainable business community, educating consumers and business
owners, creating a common identity and movement, and connecting sustainable
businesses with each other and with other key players in the community.

6.3 Conclusion

This analysis of the roles that network-building organizations such as SBN, Fair
Foods, and Sustainable Connections played over the past decade yields insights into
some of the key enabling conditions that are required in order for sustainable business
communities to grow. At a minimum, there needs to be some individual or group of
individuals, whether part of a formal organization or not, that engage in the following
core tasks and roles: a) connecting and convening the relevant players—those already
engaged in sustainable business at various levels, and those wanting to learn and
become more engaged; b) creating whatever missing information infrastructure is
needed to allow these players to become aware of each other, buy and sell to each other,
and learn from each other, and c) identifying examples of the communities’ most
advanced implementers of sustainable and social practices and providing mechanisms
for others in the business community to learn from those models. Once a sustainable
business community has begun to coalesce and grow, the cases presented here suggest
that it becomes increasingly beneficial to develop collaborative relationships with local
government, particularly those individuals in offices and on projects most closely
related to sustainability, urban planning, and local economic development.
However, in each of the five cases presented here, local governments played a minor role in the process of directly driving the growth and development of sustainable business communities in their cities. Rather, this process was initiated and sustained over time by non-profit network-building organizations created by particularly active members of each city's sustainable business community. These individuals and organizations have supported the growth of their respective communities over the past decade to the point where in each of these cities they have achieved the critical mass, visibility, consumer recognition, and local political clout to begin successfully influencing the broader business climate and local economic development landscape. In the past few years, local governments have started to partner more closely with these business communities and, through these partnerships, have learned about ways in which they can be more actively contributing to the growth of these communities.

In some of the cities studied, particularly Bellingham, Philadelphia, and Grand Rapids, local governments, led by progressive Mayors deeply committed to sustainability, have already embarked on a number of major initiatives in direct collaboration with leaders from their sustainable business communities. Nevertheless, leaders of the network-building organizations studied have identified additional steps that local government can take to create a more supportive environment for sustainable business communities. The previous analysis of these communities' growth over the past decade also suggests what a more active, supportive and strategic role for local government might entail. The concluding chapter draws out some of these lessons and implications, focusing both on insights that interviewees have gained through their work regarding ways in which their own local governments could be more supportive, as well as more general lessons that emerge from the findings of this study.
PART 3: Lessons and Implications

“When you invest locally, not only do you get a modest financial return, but you get a living return, which is the benefit of living in a more sustainable community that’s healthier, happier, and more self-reliant. That—in the time of climate change where there’s a lot of uncertainty out there—involves a survival piece, but also a happiness piece. There are so many intangible benefits about a strong local economy that are part of getting a living return.”

Judy Wicks, interview with the author (2011)

“One of the big shifts was in the way I talk about the movement. I’d say for the first six years, we got dismissed as being ‘cute’ by the more mainstream economic developers. ‘That’s cute what you’re working on, that’s really neat...I like going to local shops too...’ and then turning right around and spending ninety percent of their budget on business attraction, without consideration to what new recruits might want or why a company might want to stay here and invest in this community long-term. And not connecting the dots, that that’s not just a coffee shop, it’s a tool that we can leverage to better connect a higher-educated workforce; they weren’t seeing that.

So I had to find a language to help that audience really understand why this is an important piece of economic development. And now, we’re at the table with the economists, with the people making decisions about where money is being stored. The City just announced that it’s going to move 15 million dollars out of a large corporate bank and into community banks, in an effort to get more lending into our local business community.”

Kimber Lanning, interview with the author (2012)
CHAPTER 7.

Conclusions and Implications

As the previous chapter reveals, city governments and local economic development agencies have not played a primary role in driving the development of sustainable business communities to date in the five cities where I studied them. Rather, these communities have been created, developed, and grown by entrepreneurs within these communities—by what started out as small groups of pioneering sustainable businessmen and businesswomen in each of these cities and grew over time to include an ever-larger group of business owners firmly committed to growing more sustainable and just local economies. While local governments have only more recently started to partner directly with these communities and take steps to encourage their success, the analysis presented in the previous four chapters yields insights into ways in which cities can play a more active and strategic role in encouraging the growth of their sustainable business communities. It also suggests a number of reasons for why it is in cities' interest to encourage the continued development and expansion of these communities, particularly cities that have adopted ambitious sustainability and social equity goals and plans. This chapter draws out some of these lessons and recommendations, after reviewing the major conclusions that emerge from this study. The chapter concludes by addressing the limitations of these findings and recommendations and suggesting potentially fruitful ways to build upon this preliminary research into sustainable business communities.

7.1 Conclusions

While the case studies presented in this thesis are exploratory in nature due to the lack of existing research on this topic, several preliminary conclusions can nevertheless be drawn. In each of the five cases presented, sustainable business communities were intentionally created by small groups of sustainability-oriented entrepreneurs who sought each other out explicitly for the purpose of developing a community that would support and encourage sustainable businesses and facilitate the spread of their practices more broadly throughout the business community. These
communities were created in cities with dissimilar starting conditions—a small coastal city with a strong environmental ethos like Bellingham as well as the sprawling, chain-store-dominated metropolis of Phoenix; a struggling, mid-sized rust belt city like Grand Rapids as well as the much larger and more economically robust Philadelphia and Boston. What was common to these places was the existence in each of a group of committed entrepreneurs with a clear vision to create sustainable business communities.

The lesson that emerges from these stories is that it is possible to develop a community of businesses that are pursuing the creation of environmental and social value, goals that are directly aligned with those that many cities and towns across the country have already adopted. In the five cities I studied, these communities did not emerge spontaneously through uncoordinated actions of a geographically-proximate concentration of similar types of businesses each pursuing their own narrow business interests, as conventional industry clusters have been theorized to form (Cortright 2006). Rather, these communities were deliberately assembled—put together piece by piece through building connections and relationships between dissimilar types of businesses who nevertheless shared a common orientation, set of values, and convictions about the positive role business can play within communities.

Once these initial groups were formed, my study finds that they were grown from a handful of sustainable businesses to hundreds by employing a set of strategies and principles that appeared consistently across the five cases. In each case, those working to build the community started by identifying and connecting those existing businesses and individuals in their community with the highest commitment to the triple bottom line and the most advanced environmental and social practices. Working from the inside out, they started by addressing the needs of these exemplars, building connections that could strengthen their businesses between these entrepreneurs and with those in the community who were looking to support them. As they built relationships, visibility, and missing pieces of infrastructure to support the success of the most advanced members of their community, they began defining their movement, using a wide variety of media and methods to articulate a shared set of values, terms,
images, standards, and convictions and raise the visibility of these within the consuming audience and larger business community.

While clearly defining their community and what it stood for, these network-builders made conscious decisions to retain “porous boundaries;” to include all businesses within their community who expressed a commitment to improving their environmental and social performance, regardless of their starting point. As they brought lower-performing enterprises into the community, they created numerous opportunities for these businesses to improve their practices by connecting with, working with, and learning from the community’s more advanced members, who they celebrated and held up as models. While network-building organizations provided consulting and technical assistance to member businesses, they all placed an even greater emphasis on peer learning, building business-to-business relationships that would facilitate the informal exchange of know-how and the adoption of innovative practices throughout the community.

The primary way in which these communities grew over time was through this process of expanding the number of businesses affiliated with the community through campaigns and a wide variety of programs, and then gradually working to increase these businesses’ commitment to sustainable practices over time. As this occurred, many of these entrepreneurs became increasingly active members of the community, moving from its periphery towards its core; from adopters of practices to those organizing events, teaching others, joining the Boards of Directors of network-building organizations, participating in business roundtables, and in some cases launching new supporting institutions or developing key missing pieces of infrastructure.

Additional mechanisms contributing to the community’s growth included the creation of new, sustainability-oriented start-ups within the community and the re-location of sustainability-oriented firms to these locations, once they had established regional and national reputations as “hotspots” of sustainable business activity. While these latter two mechanisms are those that the existing literature on clusters, including Russo’s brief examination of values-based clusters (2010), mentions when describing cluster expansion (Cortright 2006), this thesis focuses on the former process and finds that it has played the essential role in these communities’ expansion to date.
In examining this process in closer detail, a key finding that emerges is the incremental and systematic way in which network-building organizations approached the task of growing their communities. While operating with a long-view of what system-level changes they were trying to create, those working to build these communities focused on identifying specific barriers that were hindering the success and growth of existing sustainable businesses within their communities, while simultaneously working to expand the community in the ways mentioned above. In the case of Philadelphia, we see particularly clear evidence of the way in which organizers focused at each step on addressing the next set of barriers that were preventing further growth, from creating essential relationships in the beginning between businesses that could be sourcing from each other but were not, to the information necessary for consumers to find sustainable businesses, to the platforms and programs necessary to spread sustainable practices more widely, the research necessary to identify new sectors with growth potential, and the specific supports (such as connections to a trained workforce) that businesses needed to pursue those opportunities.

As members of these sustainable business communities worked systematically to put in place the conditions that would enable the growth of their communities, they created important new pieces of productive infrastructure and conditions, “external economies” that benefitted not only these firms, but the business community and city more broadly. The external economies that these sustainable business communities created are similar in nature to those that other kinds of clusters have been found to create, which include new sources of information, knowledge spillovers, a more demanding and sophisticated consumer audience, specialized sources of inputs, marketing complementarities, norms and performance standards, and competitive pressure to innovate (Porter 2000). Each of the networks I studied created similar upgrades to the four key dimensions of their local business environment, which Porter articulates as: input conditions, demand conditions, context for firm strategy and rivalry, and related and supporting industries (Porter 2000, p. 20). These upgrades included new sources of information, new suppliers of sustainable products and services, new networks of relationships (including supply chains), a more educated and aware consumer audience, new practices and knowledge in implementing those
practices, new performance standards and certifications, new supporting institutions such as incubators and certifying bodies, and the development of new sustainable sectors and sub-sectors.

The key difference between sustainable business communities and conventional clusters is that the external economies that the former create are not limited in their function to making firms within the cluster more productive, innovative, and competitive, although they serve this purpose as well. However, I find that sustainable business communities create external economies that contribute to the ability of those in the city, including other businesses, residents, and local government, to achieve sustainability and social impact goals. Through the processes they employed and strategies they pursued to grow their own community, sustainable businesses created capacity and built infrastructure that enabled much larger numbers of businesses and residents to engage in practices such as recycling, composting, purchasing renewable energy, purchasing sustainable, locally-grown food, and sustainably-designed and manufactured housing, office buildings, and consumer products.

Sustainable business communities also built formal networks, business coalitions, and informal relationships within the business community that city governments could then activate to make rapid progress towards large-scale, citywide sustainability and equity goals. In the case of Philadelphia, these included transitioning the public school system to serving local food, rapidly increasing green power purchasing, transforming a major portion of a city's "grey infrastructure" to "green infrastructure" for better stormwater management, and connecting the city's vulnerable workers and those in poverty to green jobs in sectors with real growth potential. In Philadelphia, Bellingham, and Grand Rapids in particular, the cases present considerable evidence that the growth of sustainable business communities has played an essential enabling role in their ability to transform themselves over the past ten years into nationally-recognized leaders in urban sustainability. While each of these cities now has progressive Mayors that are firmly committed to sustainability, they are able to partner with a large business community that has considerable pre-existing expertise in and commitment to sustainable practices such as green building, alternative energy generation, and commercial as well as residential recycling.
7.2 Implications and Discussion

This thesis presents considerable evidence that sustainable business communities benefit cities both through their existence (as businesses within the community operate in ways that are more environmentally and socially responsible than their conventional counterparts), and through the process of their growth as they build capacity within cities to achieve environmental and social impact goals. It also finds that city governments have played a fairly minor role to date in the process of encouraging these communities’ growth. The central argument emerging from these preliminary findings is that city governments that are working towards sustainability and social equity goals can benefit by more actively partnering with their sustainable business communities and taking steps to facilitate their continued growth. In fact, this thesis suggests that the presence of a strong and growing sustainable business community offers many benefits and advantages to a city. In addition to those already mentioned, these include the direct environmental and health benefits of businesses that are delivering environmentally-related and sustainably-produced goods and services, such as cleaner sources of energy, non-toxic household products, improved stormwater management services, and increased access to fresh, naturally-produced meat and produce. They also include important social and place-making benefits that sustainability-oriented local businesses create through their operations, their physical presence (for example, in green buildings and infill), their hiring practices and employee policies, and their community involvement activities.

While the network-building organizations studied were not all equally focused on policy advocacy, the steps that several of them have taken to partner with city government and to advocate for specific policy changes provide insight into the ways in which they feel that government can more actively support their work. The key findings related to how these organizations have driven the growth of their communities over the past decade also yields additional lessons for those looking for ways to encourage their growth. This study’s findings in these areas suggest that there are at least five important ways in which local governments can actively encourage the growth of their sustainable business communities.
The first of these is through local government’s strategic use of its purchasing power. All of the networks studied have already identified that local government can contribute significantly to the success and growth of their communities by purchasing from and contracting with local sustainable firms. To that end, each of the networks studied has worked with their local governments, as well as other local institutions such as public school systems, to make changes to the standard purchasing policies that take business characteristics, such as whether the business is local or using environmentally-friendly practices, into consideration during the bidding process. Policies that have been adopted include local purchasing preferences, sustainable purchasing preferences, and “high-road agreements” which consider firm’s commitments to environmental and social performance (for example, whether they are paying living wages, providing healthcare to their employees, or hiring from the city’s workforce development programs) during the contracting process. While local, sustainable firms might provide services at a higher cost than large corporate bidders, they provide value to cities beyond the simple value of the goods or services they are being contracted for, since through the act of providing these services they help the city achieve other goals, such as economic opportunity, reductions in greenhouse gases, and the like.

The second mechanism through which government can support these communities is through the rules and policies that shape the business environment in which firms operate. Both Local First Arizona and SBN Philadelphia identified a number of ways in which the local rules were creating unnecessary obstacles and roadblocks for small, sustainability-oriented firms. As a large apparatus and bureaucracy, government is not set up well, in the words of Kate Houstoun, to “to deal with the little guy.” In Philadelphia, for example, she found that “those one-stop centers, they want to deal with a one thousand employee company, where there are fifty people with the exact same application, where they can talk to one supervisor and have that person be their contact for 50 job openings. The workforce development folks are not set up to deal with fifty different supervisors, who maybe each have one or two jobs turning over every six months,” which is typical of the small, sustainable firms SBN was trying to connect to workforce training programs (Houstoun 2012).
Across the cases, interviewees identified three types of rules that can be changed to facilitate the success of their business communities. The first are rules and procedures that make it difficult for all businesses, such as the overly-complex permitting processes that SBN identified were negatively affecting businesses in Philadelphia. The second are rules or processes that make it particularly difficult for small and sustainability-oriented businesses to succeed, as compared with much larger firms. These are rules or requirements, such as paying two years of business taxes up-front when opening a new business, that may be feasible for well-resourced corporations but pose a significant burden to small start-ups, particularly those created with a social mission but not much initial capital. In the report Taking Care of Business: Improving Philadelphia’s Small Business Climate, SBN Philadelphia highlights nine of these rules that could be changed in Philadelphia to create a more supportive environment for independent, small businesses (Black 2011). The final category are rules that give advantages to out-of-state firms, such as policies that allowed Amazon to sell in Arizona without charging local sales tax, enabling it to underprice local competitors (Lanning 2012). Interviewees therefore called on local government to make changes not only to level the playing field when it was unduly tilted away from local businesses, but to create rules and policies that take the circumstances of local, sustainability-oriented firms into consideration.

The third way in which local government can support sustainable business communities is through the public soapbox, the considerable power that elected officials and city agencies have to raise awareness and give visibility to themes and issues. Each of the network-building organizations studied invested considerable energy in what they called “awareness-raising” work (Hillary 2012); different methods of focusing attention on the value of sustainable business and educating consumers and business people on what sustainable practices are, why they matter, and how they are done. In the same way that many cities have worked to raise awareness around the importance of recycling in recent years, they can participate in raising awareness around the importance of supporting the local business community, as well as businesses that engage in sustainable practices. Some cities in this study have already taken significant steps in that direction, such as the Cambridge City Council’s resolution to
declare Cambridge a “Local Economy Community,” and support Local First’s Local Economy Week. In Philadelphia, the City partnered with SBN to publish the “Beginner’s Guide to Sustainable Business,” which serves as an introduction to sustainable business practices for companies not already using them. All city staff that provide technical assistance to businesses were trained in the content of the guide, which is now given to all businesses that participate in the city’s various business assistance, counseling, and small business funding programs.

The forth area where city governments can adjust their approach relates to how they allocate their economic development resources, including staff time, programming priorities, and funding. In Arizona, Kimber Lanning found that most of the energy, time, and funding of local economic development agencies was spent on efforts to recruit a few large firms from out-of-state, a strategy she felt was unnecessarily costly compared to encouraging home-grown businesses and helping them to succeed. When asked what recommendations she had for Mayors or heads of economic development departments wanting to more actively support sustainable business communities, her answer was the following:

Number one they need to evaluate their economic development teams and make sure they are equally balanced amongst all five economic development strategies, and those strategies are: incubators, start-ups, business retention, business expansion, and business attraction. Those sectors all need to be represented in their economic development strategy, but far too often as we’ve discussed, business attraction gets all the funding. Number two, they need to develop a culture at the City Staff level that celebrates locally-owned businesses; make sure there are no policies in place that unexpectedly and inadvertently puts small, local business at a disadvantage. (Lanning 2012)

According to Lanning, a greater focus on local business development, retention, and expansion would entail spending considerable energy speaking directly with the city and region’s highest-performing local firms, in the way that SBN did in Philadelphia, to discover what barriers they are facing to growth, what opportunities they would like to be pursuing, and what support they need to take advantage of these.

The network-building organizations studied each invested significant efforts in cultivating a strong entrepreneurial eco-system around sustainable business in their
cities. This eco-system, in turn, created a favorable and desirable environment for new sustainability-oriented start-ups, such as those that began appearing in Philadelphia and Grand Rapids five to ten years after network-building organizations began their work. It also began to create a sufficiently strong reputation for some of these cities, such as Philadelphia, that they became a location of choice for sustainability-oriented firms seeking a location (Melamed 2012). In other words, once sustainable business communities had grown to a certain critical mass, they created an environment that was capable of attracting high-performing firms from elsewhere, without the City having the need to engage in business recruitment or offer costly tax incentives. Instead, sustainable businesses started there and moved there because of the external economies that the local, existing sustainable business community had created, such as the well-educated consumers that valued sustainable products already, the supporting institutions, the existence of local funders that understood sustainable business, and the proximity and opportunities to interact with other sustainable and values-aligned firms.

In addition to the four levers mentioned above (procurement, policies, visibility, and economic development resources), there is a fifth area where local governments can influence the development and success of sustainable business communities through their actions. This is through the creation of a focused strategy to support this community’s development, which can be included in a city’s economic development plans or longer-range citywide development strategies. As mentioned in the introduction to this thesis, currently even cities that have strong sustainable business communities, such as Portland Oregon, have not articulated clear strategies for how to support the growth of their sustainable business communities, despite creating strategies and plans for growing other parts of their local economies. A first step that a city such as Portland could take to support its sustainable business communities is simply (but importantly) to recognize it as a valuable component of the local economy and devote resources to developing strategies to address its success and growth in the same way that the city focuses on other priority clusters, such as the apparel and technology clusters, which form part of the city’s export sectors.
Once those in a city have decided that there is value in focusing on growing their sustainable business community, the findings from this study offer some insights into how they might approach the creation of a strategy to do so. The lessons learned from the network-building organizations profiled in this thesis suggest that the first step that those within a city working on this might take would be to clearly state and adopt the goal of growing their city's sustainable business community. In all of the cases presented, a clear vision and goal served as the starting point for network-builders’ efforts to develop their communities. Once a group, such as a city planning agency, has adopted the goal of growing that segment of its local business community committed to creating economic and social value, the next step it might take would be to identify strategic partners in this process. Following the example of the cases, they could identify each of the relevant sustainable economy clusters (such as green building, renewable energy, local sustainable manufacturing, etc.) that are present in their city, and assess their current state. Are any businesses or other organizations participating in them already, and if so, are they working together or as isolated firms?

Within the sectors where businesses are already present, they could then identify the leading business and players in each sector. This study suggests that in terms of thinking about who the leaders in a sustainable business community are, the most important criteria is their social and environmental business practices, not necessarily their firm size, revenues, or other more traditional indicators of industry leadership. Those firms with the most innovative business models, advanced social and environmental performance, and commitment to spreading their practices and building their sectors are likely to be the leaders that cities would want to engage with. In addition, cities will want to identify what groups, if any, are already working to develop the city’s sustainable business community. In the cities studied here, these initially tended to be informal groups of values-aligned business owners, but later became nonprofit organizations. A city might want to see if there is a local BALLE chapter already working to build this community, or some other formal or informal network-building organization that is working closely already with the city’s existing sustainable businesses.
Once the relevant sectors and players within those sectors are properly identified, a next step this study suggests is to develop a thorough understanding of the current stage of development of the sustainable business community. This consists of understanding at what level the sectors in the community are currently producing, what and where the opportunities for growth lie, and what specific obstacles are currently inhibiting growth. This is the process that SBN engaged in with their Emerging Industry Project, which yielded research that the City then used to inform its strategy around developing the energy efficiency retrofits sector. If there is a group already working closely with the city’s sustainable business community, such as SBN, the city could engage closely with this group to glean the insights it may already have from its engagement with the community. If no group is already doing this work to map out and understand the community, the city can support and encourage the convening of an informal working group to engage in this process. The city may decide to convene this group directly, or may offer support to a nonprofit or other suitable community partner with connections to the community who can effectively convene the business owners whose participation is essential.

In the process of conducting this research, several guiding questions that emerge from the cases studied in this thesis might be helpful to consider. These include the following:

1. How are people in the city currently able to identify which businesses are employing sustainable practices?
2. How are businesses able to learn from those in the city who are already using the most cutting edge practice?
3. How is consumer awareness being built around sustainable business practices? How can the city contribute?
4. Who is playing the role of building relationships in the systems and across systems? What support do they need?
5. How are missing pieces of the infrastructure being identified and developed? What missing pieces of infrastructure have already been identified by those in the community?
6. How are growth opportunities currently being identified and pursued? (Who is doing this and how can the city support them?)

7. Who is not yet able to incorporate green practices into their business? What barriers are they facing? How can the city help address these?

8. Who is not yet able to purchase or access goods and services produced in a sustainable way? Why not, and what can the city do to help?

As in the case of Philadelphia’s Emerging Industries Project, the results of this joint mapping and research of the community’s growth potential and current barriers can then inform the creation of a strategy for how the city can effectively contribute to the growth of its sustainable business community. This strategy, in turn, can inform major new investments, the development of new programs, policy changes, and other actions that can help the community to take the next necessary steps in its growth. In the cases presented, these city actions included: investment in major public infrastructure, such as the Public Market that the City of Grand Rapids is now building as a hub for distribution of fresh, local food; the creation of new financing and loan products, in the case of Philadelphia’s strategy to develop an energy efficiency retrofits program; shifts in how the city of Philadelphia focused training in its workforce development programs; and the decision to focus significant City resources on developing targeted green sectors, such as grey-to-green stormwater infrastructure.

While the strategies and action plans that emerge from this process will look different in each city that undertakes them, this thesis argues that it is to every city’s benefit to engage in the process of creating such a strategy. Unlike many traded-sector clusters, which build on specific geographic and locational advantages to produce niche products that cannot be produced equally well everywhere, the sustainable business communities studied in this thesis are built on core, non-traded sector goods and services that every city can provide for its residents. These include shelter, physical infrastructure such as stormwater systems and green corridors, sources of energy, sources of local food and beverages, professional services, and other sectors that all cities can benefit from developing further. Not only can cities benefit from a larger and stronger independent and small business community, this thesis shows some of the
ways in which they enjoy particular benefits when large segments of this business community are committed to improving their environmental and social impact and aligning their profit motive and business operations with larger goals of environmental sustainability and social equity.

7.3 Limitations of the Study

This thesis offers insights into how sustainable business communities were created and developed over the past ten years in five specific places and draws preliminary lessons and recommendations from the common themes that emerge from across these cases. The hope is that these can be instructive to those interested in encouraging the growth and success of sustainable business communities in the places where they live. Nevertheless, there are a number of limitations to this study, which should be taken into consideration when evaluating and seeking to apply its findings and conclusions. Due to the absence of existing studies on sustainable business communities in the cities where I researched them, or other American cities, I lacked existing sources of data on these communities that could have helped to provide a broader perspective beyond that of my interviewees. My study is therefore by nature preliminary, a first attempt to capture the stories of these communities in each of these places. It is also highly qualitative, relying mostly on the accounts of interviewees without additional sources of quantitative data to confirm or refute the insights emerging from their accounts.

Given this, one of the limitations of this study is the small number of people I was able to speak with in each of these cities. Given the need to speak with people that were knowledgeable about the communities in question, this meant that in all cases I interviewed individuals who had played a major role in the development of their respective communities: Executive Directors, Founders, Board Members, and other key players. The accounts of the growth of sustainable business communities in these places therefore directly reflect the perspectives and viewpoints of a small number of individuals who have made growing these communities a significant portion of their work for an extended period of time. This does not imply that their accounts are not
accurate, simply that they are told from a specific vantage point that may not fully represent the perspectives of others in the community with a different view.

In order to strengthen and confirm the findings from this study, it would be important to interview a wider number and range of individuals in each of the five cities studied. It would be useful to interview others who have worked to develop the sustainable business communities from within other organizations not represented in this study, such as nonprofits working to grow the green building or local food movements. Within this group, if would strengthen the study to speak with individuals from organizations that have partnered closely with those studied here, as well as ones that have not. It would also be useful to speak with people working on similar issues but at different levels, for instance within city government, local funding organizations, and Mayor's offices, as well as those on the other end of the system such as farmers, restaurant owners, and more small business owners. These interviews would provide insight into questions such as: were there important factors contributing to the growth of these communities that my study missed? Were there important enabling roles that were not captured in this study because they were not played by the organizations the study focused on? These additional interviews might confirm or begin to challenge the findings presented here, but in either case would contribute to a more nuanced and complete understanding of sustainable business communities in each of these cities and the factors that have driven their growth to date.

The second limitation that should be considered when seeking to apply the lessons that emerge from this study is that they are based on the experiences of five specific cities, which may not be representative of all cities with sustainable business communities. While these cities were distinct from each other in several important ways, they were all part of the BALLE network and had people working in them who were linked to each other and aware of each others’ work. Cities with sustainable business communities that have developed without local BALLE chapters, such as Portland, Oregon or San Francisco, might have developed in ways that are quite distinct from the cities profiled here. In order to be able to draw conclusions that can be generalized with more confidence, it would be important to study sustainable business communities in a range of other places; both places where they have grown successfully
and not-so-successfully. This would yield additional insight into the factors that play a role in encouraging and supporting their growth and generate recommendations that could be more confidently applied to a wider range of communities.

7.3 Directions for Future Research

More thorough qualitative case studies in the five cities profiled here, as well as case studies of additional cities, are both needed in order to build on this preliminary study and generate more robust and generalizable conclusions. However, there is also a need to generate more quantitative data on these communities and on the businesses that comprise them. Currently, the descriptions of the positive social and economic benefits that these businesses generate is almost entirely in anecdotal and qualitative form. Adequate sources of data are currently lacking on the direct social, environmental, and economic impacts that businesses within sustainable business communities generate, both individually and in aggregate. This is partly due to the fact that most small businesses do not yet report on their environmental and social impacts and obtaining this data represents considerable challenges. While SBN now requires that new member businesses complete the B Impact Assessment when they join, as of May 16, 2012 only 101 businesses in their network had done so, and this data is reported as points on a scale, not as numeric figures (B Lab 2012b).

Data on the aggregate economic performance of firms in a city’s sustainable business community, such as the total revenues that businesses in the community generate and jobs they create, as well as triple bottom line performance, such as total number of living wage jobs created, amount of waste diverted from landfills, and amount of emissions reduced through green power purchasing, would provide more insight into the impact of these communities. This data would also be highly valuable to the organizations working to support and grow these communities, who currently struggle to quantify the impact of their communities when speaking with local policymakers (Hillary 2012; Krueger-Braneky 2012; Lanning 2012). Interviewees also mentioned that funders, investors, and others looking to contribute to the community are interested in the development of more rigorous metrics to assess and be able to communicate its impact (Hillary 2012; Kruger-Braneky 2012; Ramel 2011).
While developing data sources on the businesses within sustainable business communities in order to speak to their aggregate individual impact is certainly necessary for the reasons mentioned above, my study suggests that some of the most significant impacts of sustainable business communities will not be captured by simply adding together their individual triple bottom line performance metrics. This is because these impacts are not captured within individual firms, but rather created as “external economies,” public or quasi-public goods that benefit the community as a whole but will not be reflected in the balance sheets—even the triple bottom line balance sheets—of individual firms. This study argues that, like conventional industry clusters, sustainable business communities create benefits for cities that are much greater than the sum of their parts, which in this case are the enterprises that make up the community. This suggests that a potentially valuable way to begin to measure the full contributions that sustainable business communities make to cities would be to use tools from cluster analysis to measure the impacts of the community as a whole.

The field of cluster studies has developed both qualitative and quantitative techniques for analyzing clusters, including measuring their size and their impacts on local and regional economies (Cortright 2006). While sustainable business communities differ from conventional industry clusters in important ways noted in this thesis, the tools of cluster analysis might offer a methodological starting point for analyzing the collective benefits that sustainable business communities generate in a more systematic and rigorous way. This can help to build a more precise case for why cities should focus on growing their sustainable business communities, while the additional qualitative studies mentioned above can generate more conclusive evidence regarding how to do so. However, in the absence of this additional data, which could easily take several years to develop, this thesis offers a starting point that can hopefully contribute to our ability to see sustainable business communities where they exist, value the contributions they make to our cities, and contribute effectively to their continued growth and development.
Appendix A:
Interviewees by City

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bellingham</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christine Ageton</td>
<td>Business Alliance for Local Living Economies (BALLE)</td>
<td>Co-Managing Director and Community of Practice Manager</td>
</tr>
<tr>
<td>Alex Ramel</td>
<td>Sustainable Connections</td>
<td>Energy and Policy Manager</td>
</tr>
<tr>
<td>Martin Sorge</td>
<td>BALLE</td>
<td>Program Coordinator</td>
</tr>
<tr>
<td><strong>Boston</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laury Hammel</td>
<td>SBN of Massachusetts</td>
<td>Founder and Executive Director</td>
</tr>
<tr>
<td></td>
<td>BALLE</td>
<td>Co-Founder</td>
</tr>
<tr>
<td></td>
<td>The Longfellow Clubs</td>
<td>Owner and President</td>
</tr>
<tr>
<td>Janneke House</td>
<td>Cambridge Local First</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Katrina Kazda</td>
<td>SBN of Massachusetts</td>
<td>Managing Director</td>
</tr>
<tr>
<td><strong>Grand Rapids</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elissa Hillary</td>
<td>Local First of Western MI</td>
<td>Executive Director</td>
</tr>
<tr>
<td><strong>Philadelphia</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jay Coen Gilbert</td>
<td>B Lab</td>
<td>Co-Founder</td>
</tr>
<tr>
<td>Bill Covaleski</td>
<td>Victory Brewing</td>
<td>Co-Founder, CEO, and Brewmaster</td>
</tr>
<tr>
<td>Lindsay Gilmour</td>
<td>BALLE</td>
<td>Board Co-Chair</td>
</tr>
<tr>
<td></td>
<td>Fair Food</td>
<td>Board member, former staff</td>
</tr>
<tr>
<td></td>
<td>Green Village</td>
<td>Co-founder and Board Member</td>
</tr>
<tr>
<td></td>
<td>Organic Planet Catering</td>
<td>Owner and Chef</td>
</tr>
<tr>
<td>Kate Houstoun</td>
<td>SBN Philadelphia</td>
<td>Managing Director</td>
</tr>
<tr>
<td></td>
<td>Fair Food</td>
<td>Founding Executive Director</td>
</tr>
<tr>
<td></td>
<td>Common Market</td>
<td>Co-Founder</td>
</tr>
<tr>
<td>Ann Karlen</td>
<td>SBN Philadelphia</td>
<td>Executive Director</td>
</tr>
<tr>
<td></td>
<td>Fair Food</td>
<td>Founder and Executive Director</td>
</tr>
<tr>
<td></td>
<td>Common Market</td>
<td>Co-Founder</td>
</tr>
<tr>
<td>Leanne Krueger-Braneky</td>
<td>SBN Philadelphia</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Judy Wicks</td>
<td>SBN Philadelphia</td>
<td>Founder and Executive Director</td>
</tr>
<tr>
<td></td>
<td>BALLE</td>
<td>Founder</td>
</tr>
<tr>
<td></td>
<td>Fair Food</td>
<td>Founder, former Owner</td>
</tr>
<tr>
<td></td>
<td>White Dog Café</td>
<td></td>
</tr>
<tr>
<td><strong>Phoenix</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kimber Lanning</td>
<td>Local First of Arizona</td>
<td>Founder and Executive Director</td>
</tr>
<tr>
<td></td>
<td>Stinkweeds</td>
<td>Founder and Owner</td>
</tr>
<tr>
<td></td>
<td>Modified Arts</td>
<td>Founder, Former Owner</td>
</tr>
</tbody>
</table>

28 Houstoun was Managing Director at the time of my first interview with her in December 2011, but by the time I interviewed her a second time, in September of 2012, she had moved to a new position as Program Officer at the Barra Foundation.

29 At the time of our interviews in 2011 and 2012, Krueger-Braneky was Executive Director of SBN Philadelphia. She has since moved on to become Director of Fellowship and Alummi at BALLE.
Appendix B.
Organizational Profiles for Select BALLE Chapters

Figure 9.1. Sustainable Connections: Organizational Overview

Organization:

<table>
<thead>
<tr>
<th>Year Founded</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Structure</td>
<td>501(c)3 nonprofit</td>
</tr>
<tr>
<td>Personnel</td>
<td>Staff: 15; Board: 10</td>
</tr>
<tr>
<td>Mission</td>
<td>“To be the local forum where businesses come together to transform and model an economy built on sustainable practices.”</td>
</tr>
</tbody>
</table>

Membership:

| Number of Members | Approx. 650 |
| Membership Criteria | All “independent, locally owned businesses, farms, organizations, and community leaders who are committed to this region and its quality of life.” Primarily Whatcom County (which includes Bellingham), but they also include businesses from three surrounding counties. |
| Geographic Reach | |

Key Activities and Programs:

| Connecting Businesses | Monthly and bi-monthly member events, peer mentoring, |
| Educating Businesses | Educational workshops, online resource center, conferences, campaigns |
| Directories/Information | Online directory of business members, 30,000 print Whatcom Food and Farm Finder guides each year |
| Awareness Raising | Media outreach, collaborative marketing, branding of campaigns |
| Public Events | Home and Landscape Tour (of eco-friendly building), conferences |
| Awards | Annual Sustainability Champions awards |
| Campaigns | Think Local First (to build awareness); Community Energy Challenge, Towards Zero Waste, Workplace CSAs, Whatcom Watershed Business Pledge (campaigns targeted to business owners) |
| Sectoral Development | Local food and agricultural; green building and design, renewable energy, energy efficiency and retrofits |
| Partnerships with the City | Smart Trips (to increase bus ridership); Five/12 (working with the City to create 5 green building incentives over 12 months) |

30 This data is from 2012 and 2013 and is sourced from Sustainable Connections’ website: http://sustainableconnections.org/
Figure 9.2 Local First of Western Michigan: Organizational Overview

<table>
<thead>
<tr>
<th>Organization:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year Founded</td>
</tr>
<tr>
<td>Organization Structure</td>
</tr>
<tr>
<td>Personnel</td>
</tr>
</tbody>
</table>

**Mission**

"We foster the development of an economy, grounded in local ownership, which functions in harmony with our ecosystem, meets the basic needs of our people, encourages joyful community life, and builds wealth."

**Membership:**

- **Number of Members**: ~680
- **Membership Criteria**: Any for-profit or non-profit organization in West Michigan that is locally owned and privately held.
- **Geographic Reach**: Eight-county area in Western Michigan, with most members in Grand Rapids

**Key Activities and Programs:**

- **Business Networking**: Members-only networking events and mixers
- **Business Education**: Peer-to-peer business education, Local First Sustainability Conference
- **Directories**: Online directory of business members
- **Awards**: Annual “Local Motion Awards” recognizing local businesses in several categories that are “committed to the triple bottom line.”
- **Public Events**: Annual Local First Street Party, ForkFest, Sustainable economy movie nights
- **Awareness-Raising**: Co-marketing and branding of members; weekly columns in local newspapers; Buy Local campaigns
- **Campaigns**: 10x10 Pledge (Shift $10 of spending to local food for 10 weeks)
- **Sectoral Development**: Local/regional sustainable food sector; local arts and culture, sustainable waste management/recycling; green building
- **Partnerships with the City**: MYGRcitypoints recycling campaign (partnership with the City of Grand Rapids and local businesses)
- **Support to new BALLE Chapters**: Regional BALLE hub providing network support services to emerging networks in the Midwest

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This data is from 2012 and is sourced from an interview with Elissa Hillary and from Local First’s website: http://www.localfirst.com
**Figure 9.3 Local First Arizona: Organizational Overview**

**Organization:**

<table>
<thead>
<tr>
<th>Year Founded</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization Structure</td>
<td>A 501(c3) Nonprofit (Local First) and 501(c6) Educational Foundation</td>
</tr>
<tr>
<td>Personnel</td>
<td>Staff: 7 full-time Board Members: 20 (10 on each Board)</td>
</tr>
</tbody>
</table>

**Mission**

“Local First Arizona seeks to promote, support, and celebrate a vibrant and sustainable Arizona economy by educating citizens about local business ownership, social equity, cultural diversity, environmental kinship, and collaboration.”

**Membership:**

<table>
<thead>
<tr>
<th>Number of Members</th>
<th>Approx. 2,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Criteria</td>
<td>All privately-held, independently-owned businesses that have headquarters as well as a majority of their physical locations within Arizona</td>
</tr>
<tr>
<td>Key Sectors of Members</td>
<td>Business Services (14%), Food and Dining (14%) Shopping and Retail (11%) Communications and Media (10%), Entertainment and Arts (6%), Ag (6%)</td>
</tr>
<tr>
<td>Geographic Reach</td>
<td>Statewide, with nearly 80% of members in the greater Phoenix area and over 50% in the City of Phoenix</td>
</tr>
</tbody>
</table>

**Key Activities and Programs:**

<table>
<thead>
<tr>
<th>Connecting Businesses</th>
<th>Networking mixers for members in English and Spanish</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>Technical assistance and monthly educational seminars for businesses</td>
</tr>
<tr>
<td>Directories/Information</td>
<td>Online directory of business members, foldable “Small Wonders” maps of local food and retail establishments; extensive blog and online information;</td>
</tr>
<tr>
<td>Awareness Raising</td>
<td>Frequent speaking engagements; education and marketing campaigns targeted towards consumers and elected officials to spread the “buy local” message; collaborative marketing of member businesses</td>
</tr>
<tr>
<td>Public Events</td>
<td>Certified Local Fall Festival; Buyers Events (expos)</td>
</tr>
<tr>
<td>Policy Advocacy</td>
<td>Commissioning studies, sitting on Boards and policy-making bodies</td>
</tr>
<tr>
<td>Campaigns</td>
<td>Buy Local Month; National Independents Week, Shift Arizona Campaign (to shift 10% of spending locally); “WeekendZona” to promote local get-aways, “Fuerza Local” targeted to Latino business owners</td>
</tr>
<tr>
<td>Sectoral Development</td>
<td>Local food and agricultural; local dining and retail</td>
</tr>
</tbody>
</table>

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32 This data is from 2013 and is sourced from Local First Arizona’s website: http://www.localfirstaz.com
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