

Case Studies of Locally Oriented and Green Business Networks: The Sustainable Business Network of Greater Philadelphia

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In 1991, Judy Wicks, the founder of the Philadelphia restaurant White Dog Café, brought together Philadelphia members of the Social Venture Network to work on locally oriented, sustainable, and just business development in the region around Philadelphia. When Wicks became chair of the Social Venture Network, she developed the Local Network Initiative to build “local living economies” comprised of business networks oriented toward sustainability and social justice. Because neither of the two major national, progressive, business organizations—the Social Venture Network and Business for Social Responsibility—supported local business networks, there was a need for a new organization. At the fall meeting of the Social Venture Network in 2001, Wicks and Laury Hammel founded BALLE, the Business Alliance for Local Living Economies, to fill the gap. A month later the Philadelphia group formally became the Sustainable Business Network of Greater Philadelphia (SBN). To get a better sense of how the SBN operates today and especially to understand its buy-local campaign, I interviewed its director, Leanne Krueger-Braneky.¹

Since the founding of BALLE, the national organization has grown rapidly to include over twenty chapters in the United States, as well as a few in Canada. Because publicly held companies have a legal responsibility to their stockholders and not their communities, BALLE is restricted to privately held companies. Otherwise, membership is open to all locally owned and independent businesses within each region. The limits of “local” are defined differently by each chapter. In the case of the SBN, members come from a fairly wide radius because of a lack of similar organizations in the region. The SBN actually serves as an incubator of new BALLE chapters and smaller like-minded groups in the region, including Baltimore, Princeton, and other groups in Pennsylvania.

Businesses do not have to meet a membership criterion beyond those stated above, but they must be committed to learn about how to change their business in the direction of the BALLE goals of “local business ownership, economic justice, cultural diversity, and a healthy natural environment.” To this end, the BALLE chapters are organized into “building blocks” around themes such as food, renewable energy, reuse and recycling, health, and independent retail. As of 2005, the SBN had over 200 members, and the strongest building blocks were in sustainable landscaping and food.²

The SBN is funded through various sources. In addition to support from the White Dog Foundation, the organization also receives membership fees and generates earned income through events. Membership fees are kept at a modest level (starting at about \$65 for individuals and sole proprietorships) in order to encourage businesses to join. The primary benefits of membership include networking with other, like-minded businesses in the region and attending seminars and educational programs. The SBN also sponsors an annual regional conference and product expo, an annual Social Venture Institute, and a buy-local campaign. BALLE has also created an internet-based national

marketplace of BALLE businesses, so that businesses in the network have the option of shifting non-local purchases to other BALLE businesses.³

Equity and Sustainability

The White Dog Café provides a model of how BALLE businesses can integrate social equity values with sustainability. Employees of the restaurant often have a more consuming career passion, such as work in the arts, and Wicks celebrates the employees' "other lives" with an annual Anniversary Howl, when the employees display their non-restaurant work. All entry level employees are also paid a living wage after working for three months and meeting basic goals such as coming to work on time.⁴

In addition to providing a more fair and equitable workplace, Wicks also works with local farms that have humane practices for livestock, and she purchases organic food from local produce farms. She hopes to open a clothing store and to work with regional farms to develop local sources of textiles. The White Dog Café Foundation also sponsors the Fair Food program, which is dedicated to linking Philadelphia consumers with regional farms that practice humane and sustainable agriculture. The program works with restaurants, runs a farmstand, and publishes a local food guide called *Buy Fresh, Buy Local*. Fair Food also participates in a coalition of regional organizations that co-sponsor a "Buy Fresh, Buy Local" campaign. During the "Buy Fresh, Buy Local" week, various food-related events and tours are held around the city of Philadelphia.⁵

In addition to changing business practices at the firm level, the SBN also works to change consumer preferences by hosting a web site on local businesses and sponsoring buy-local campaigns. BALLE chapters throughout the country have sponsored buy-local campaigns, and the chapter in Bellingham, Washington, has also created a "Local First"TM guidebook for BALLE chapters. In the May, 2005, the SBN piloted its first buy-local campaign, Buy Local Philly. The campaign consisted of a full-page ad in the *City Paper*, transit ads, direct outreach at the First Friday event in Old City and the Clark Park May Fair in West Philadelphia, delivery of doorknob bags, a web site, kits and supplies for participating local businesses, and media outreach.⁶

One of the key issues in the Buy Local Philly campaign was deciding whether it was going to focus on the SBN businesses, which are more dedicated to sustainability and equity values, or whether it would be open to all locally owned, independent businesses. As Ms. Krueger-Braneky explained, "We spent about five or six months planning the campaign, and that was one of the early questions that 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 to all local, independent businesses. The vast majority of businesses that participated in the Buy Local Philly campaign were not SBN members. Of the 150 that participated, only about five were SBN members. 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."

On the very first day the campaign, Buy Local Philly provoked a critical column by *Philadelphia Inquirer's* Andrew Cassel, who claimed that buying from locally owned,

independent businesses was no different from buying from “Christians” or “white heterosexuals.” The buy-local campaign had cited research that showed that for purchases from locally owned businesses, three times as much money stays in the community than from formula businesses and chains. In other words, for each \$100 spent locally, \$45 goes back into the community, compared with only \$14 spent at a big-box store. Cassel challenged the scientific claim and called it bogus. In a rebuttal, columnist Bruce Schimmel quoted another economist, Stephen Gimmel of Penn State University, in favor of the claim in favor of a local multiplier effect.⁷

As Krueger-Braneky added, “The Cassel piece proved to create some good publicity for the campaign. My response was printed in the *Philadelphia Inquirer*, and there was a letter from Judy Wicks that was also printed in the *Inquirer*. Cassel went on to write a second column, and Bruce Schimmel wrote a second column, and we ended up having eight major media hits during the campaign. We talked to consumers about how they had heard about the campaign and if it impacted their behavior in any way, and we found that the majority of people whose behavior was impacted by the campaign were following the debate closely.”

Krueger-Braneky noted that other BALLE chapters had experienced similar critiques, and they were responding by developing research projects to document the effectiveness of buy-local campaigns. In June 2005, after the Buy Local Philly campaign ended, SBN began an extensive evaluation process. On the business side, they sent a survey to all 115 businesses that had participated. Although they did not expect to see dramatic results after the short pilot campaign, the survey indicated that 21% of the 36% of businesses that responded to the survey said that sales had increased during Buy Local Philly month, usually in a range of 10-50%. Likewise, 93% of the respondents said that they would participate again. In addition, as Krueger-Braneky explained, “We were surprised to learn that the number one reason why they decided to join the campaign was to be identified as a local, independent business. We had thought that the main benefit was being listed in a full-page ad in a newspaper that gets fairly wide circulation in Philadelphia.”

Regarding the consumer portion of the research, Krueger-Braneky added, “We also surveyed over 1,000 consumers to see whether people had heard of the campaign and if so, how they had heard of it, and whether their behavior had been impacted by the campaign. Specifically, we asked if they had made a purchase or supported a local business because of the Buy Local Philly campaign. Of the 1,000 consumers, which were split across the two pilot neighborhoods, 183 had heard about the campaign and about 76 had actually made a purchase because of the campaign.”

The next steps will include a holiday campaign for a week in December, 2005; a expansion of the campaign in the spring of 2006 with additional neighborhoods; and then a city-wide campaign in fall 2006. Costs are kept quite affordable for small businesses: just \$50 to participate in the campaign, and only \$15 more to become a member of the SBN, which includes participation in the Buy Local Philly campaign as a membership benefit. Kreuger-Braneky noted that after first finding members among progressive, small businesses, BALLE chapters have found that buy-local campaigns can become the major driver for new membership.

Policy Issues and Recommendations

Krueger-Braneky was able to list a number of lessons learned from their Buy Local Philly campaign. “First, we asked the businesses to do too much. We can ask the business owner to put up one poster in their store or pass out a thank-you card with the purchase. Anything more than that is overwhelming them with information. The tool kit that we produced for the businesses had a CD of marketing materials that they could use, and there were other materials that they could purchase. It was too much information. Second, we learned that being at community events was very effective. During the months of May and June we had 1200 distinct hits on the web site, and the hits spiked the day after each of our community events, from a level of about eight to 500. Third, we brought in Michael Shuman (author of *Going Local*) as a speaker to back up the studies and cite data, but we also know that we need to be conscious about not running a negative campaign, because that opens us up to more criticism. Buy Local Philly is not an anti-WalMart campaign; it’s a positive campaign that educates consumers about why it matters to spend their dollars at locally owned, independent businesses, so the money stays in the neighborhood. If we keep the message positive, we won’t open ourselves up to as much criticism.”

The SBN also has some lessons about relating to civic organizations and the city government. Because the Chamber of Commerce in Philadelphia is oriented toward large, publicly traded corporations, there is little overlap with SBN’s mission, and the two organizations have had little contact. However, the SBN has had some contact with the Minority Business Enterprise Council in Philadelphia, and the SBN has developed relationships with the city of Philadelphia and various policy-oriented groups in the city. The relationships with the city government and advocacy groups intensified after the SBN published a white paper directed specifically at the problems of economic development faced by Philadelphia. The paper noted that small, locally owned businesses create the majority of jobs, and it made recommendations for how the city government could make improvements for the prospects for small businesses. Recommendations were broken down by industry, including food, clothing, renewable energy and transportation, green building, recycling, capital and finance, arts and culture, and independent media. The general recommendations included the following:

1. Support a Philadelphia “Local First” or buy-local campaign.
2. Integrate green procurement standards and green building standards into the city’s plans and purchases.
3. Conduct a study of where business losses are occurring and where regional assets are located, to identify where resources can be directed to local businesses.
4. Develop comprehensive regional indicators that go beyond conventional metrics.
5. Reconsider tax breaks to non-local, publicly held corporations.
6. Support universal health care coverage.⁸

The mayor of Philadelphia, John Street, and city government responded positively to the document. As Krueger-Braneky explained, “The mayor agreed with certain points, and we used his response to build relationships. For example, we had a meeting with the minority business enterprise council of Philadelphia, and we have continued to build relationships with the Commerce Department based on that document. Other groups have read the white paper and asked us to take a position on political issues. Solicitation by

other groups for our endorsement of their policies has dramatically increased to the point where we have had to step back and create our own internal policy on how we deal with public policy issues.” Although the internal process had not yet been fully worked out at the time of the interview, Krueger-Braneky indicated that the SBN was moving toward limiting endorsements mostly to issues of concern to locally owned, independent businesses.

One of the key public policy issues related to small businesses in Philadelphia is the tax structure. Philadelphia’s taxes on both gross receipts and income are much higher than comparable cities as well as surrounding cities.⁹ As Krueger-Braneky explained, “In Philadelphia there is a specific business tax, called the business privilege tax, that needs to be paid on gross receipts. A grassroots group has taken this up as their issue, and there has been a debate in Philadelphia during the past year about eliminating the tax. The group that is in favor of eliminating the tax came to us and asked us to endorse their position, as have the majority of small business groups in the city. At the same time, on the other side of the issue a smaller group has sprung up to urge everyone to look at the economic impact that repealing the tax would have on city services, and they also came to us and asked for our endorsement.” As a result, the SBN’s public policy committee studied the issue and interviewed people on both sides of the issue as well as city leaders. In the end, the SBN decided not to take a public position on the issue. The result was that the SBN now has a process in place to evaluate issues. As Krueger-Braneky explained, “Instead of just taking a position, we will evaluate an issue in light of our mission and our vision. We may take positions on some issues if they are in line with our mission and vision, but the decision is not to take a public position unless there is a really clear match.”

Based on an interview with Leanne Krueger-Braneky by David Hess.

Web site: <http://www.sbnphiladelphia.org>

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