

## The New Bottom Line

### *How enlightened businesspeople are changing the world at the local level*

by Jim Slama

With the American and global economy mired in an extended period of stagnation, it's time we look closer to home for opportunities to create jobs, improve the environment, and deepen connections with our neighbors.

This powerful notion is driving some of America's leading progressive thinkers and is at the root of a growing movement to promote sustainable businesses that are focused on the needs and opportunity in local communities.

Judy Wicks exemplifies the opportunities available with local business.

For nearly 20 years she has run the White Dog Café, a Philadelphia landmark residing in three historic brownstones. The restaurant is known as much for its community activism and outreach as it is for its great food.

The White Dog serves as a focus for community activism by offering a regular series of lectures and activities. One week you might hear Jeremy Rifkin discussing the hydrogen economy and the next could include a field trip to the third annual Sustainable Hog Farming Summit. This year the café has been active in anti-war efforts including leasing buses to take customers to protests in Washington.

The restaurant itself has steadily grown into one of the city's most successful establishments, grossing \$5 million a year. Yet in Wick's terms the definition for success has to be expanded. "Business is more than just making money — it's about authentic relationships with those who count," she says. "For example, we pay local organic farmers a fair price when we buy their food, we buy our wind power generated electricity from a local energy cooperative, and of course we pay our employees a living wage and involve them in many aspects of business management. We also go the extra mile to make our customers really satisfied — whether it be with the food or café activities."

This so-called local self-reliance is a time-honored concept by which people produce a product that meets the needs of others and trade it for money, goods, and/or services. Throughout most of human history this has occurred primarily on a local level with people and later small companies trading with their family, neighbors, and nearby towns.

### **Societal Needs Ignored**

In recent years, however, conservative economists and multinational corporations have pushed a globalized version of capitalism that has diminished the role of local businesses. "Unfettered free trade has produced a system of business dominated by large multinational corporations that have the power to drive smaller sustainable businesses out of the market," says David Korten, author of the groundbreaking book, *When Corporations Rule the World*, and chair of the Positive Futures Network. "As a result, most economic activity is controlled by companies that are focused on maximizing profits and stock price — societal needs are completely left out."

According to Korten, this concentrated power is jeopardizing the democratic process. "Free trade allows companies to move production to places where there is little or no regulation. This allows them to destroy the environment and treat workers poorly with no accountability. If a government attempts to develop regulations that may jeopardize their profits one of two things usually happen. [The companies] either use their political clout to prevent the regulations or they move to another country where the regulations don't exist."

The symptoms of this broken system are everywhere. Factory closings in industrialized countries are lamentably commonplace, costing workers their livelihoods and destroying local economies. Labor standards for manufacturing jobs continue to decline. On the environmental side, toxic pollution and ecological destruction is rampant in the poorest countries that are unable to regulate big businesses.

One of the hallmarks of free trade is its pride in being cheap. The examples abound. If labor isn't cheap enough, companies like Nike move production to Asia where they can pay workers 20-cents an hour. Wal-Mart has become the world's largest retailer by selling mediocre-quality goods at cheap prices and driving locally run stores on Main Street out of business. McDonald's obsession with cheap food exemplifies the focus of global agribusiness in recent years. Basically they concentrate food production in low cost, low quality operations that produce products of questionable nutritional value. In addition, industries that are reliant on natural resources such as timber, mining, and fishing are notorious for ecologically destructive practices in order to extract raw materials at the cheapest price.

The implications of free trade on communities and long-term efficiency have yet to be fully analyzed. Yet author Michael Shuman contends that "buying local" has a bright future. In his book, *Going Local* — an excellent primer on the advantages of local economics — Shuman argues that community scale businesses are becoming increasingly competitive and efficient. He points to food production as an example of how local production has the potential to effectively compete with behemoth agribusinesses such as Monsanto, Archer Daniels Midland, and Safeway.

Shuman believes that local production can hold its own against global production and pay farmers a fair price for their products. "Even relatively expensive organic food can be competitively priced with conventional if it is distributed locally and the...distribution and marketing costs are whittled down and expenditures for pesticides and fertilizers are reduced or eliminated," he says. Overall, it's more efficient to grow and process food locally and sell it to a local store through a farmers' cooperative than it is to grow the food 2000 miles away and watch it change hands four times before it finally makes its way to a consumer's table."

According to Shuman, the next step in optimizing the local movement will be to rebuild the infrastructure necessary to distribute and promote local products, such as food. "In the past century many of the systems that supported local production and processing have been decimated." But in today's climate, he says, "communities, foundations, and other public entities can seed a local economic renaissance by investing in the necessary infrastructure." Such a system will be a boon for local economic development because most of the dollars spent by farmers, processors, and distributors will be retained in the local community rather than exported.

Other important staples of the American economy are also moving in a local direction. Energy and recycling are two areas that hold tremendous opportunity, according to David Morris of the Institute for Local Self Reliance. He points to Sacramento as an example. The city used its municipal utility as a tool to promote renewable energy and efficiency. "They closed down a non-performing nuclear plant, educated customers on ways to save money through energy efficiency, and then encouraged the use of solar cells produced by a local company. On the recycling side, some cities are now using up to 60 percent of their garbage to create new products. In doing so they are developing new jobs and contributing to a healthy environment."

### **Building Responsible Business**

For White Dog Café owner Judy Wicks, the relationships with local farmers have played a major role in developing her thinking about the opportunities and challenges in local business development. "We have always bought much of our produce from local organic farmers, even though there wasn't much infrastructure in place to make it easy to do so. A few years ago we realized that the café was purchasing pork products that were factory farmed. So my partner...and I set out to develop systems to make it easier for us to purchase sustainably produced pork and other local food," she says.

The first step was to develop relationships with additional farmers who could provide what they needed. In the midst of the process they discovered that farmers were having a tough time making deliveries, so Wicks gave a local farmer a low interest loan to buy a truck. They then created the nonprofit Philadelphia Fair Food Project to help local farmers build the capacity to supply local businesses and encourage other local restaurants to carry their product. Now 25 or more local restaurants are sourcing food from these farmers and the numbers are growing.

Wicks' success on a local level has spurred her to promote socially responsible business on a national level as well. She is the past chair of the Social Venture Network (svn), a group of activist business leaders that include folks like Ben and Jerry's Ben Cohen, The Body Shop's Anita Rodick, and *Utne* magazine's Nina Utne. "The socially responsible business movement has made great progress by utilizing the triple bottom line of people, planet and profit as a new measurement of performance.

These companies consider the needs of all stakeholders — employees, community, suppliers, consumers, and the natural environment, as well as stockholders — when making business decisions," she says. "At socially responsible businesses, employees are treated better and environmental policies are improving. They also serve as a model for other companies that may choose to adopt their progressive policies."

Yet even with this progress, Wicks wanted more. "The massive protests in Seattle against globalization convinced me that the public was ready to confront the problems with the current system," she says. "At nearly the same time, Ben and Jerry's — one of the world's shining examples of socially responsible business — was being taken over by the multinational giant Unilever. The time was right to move in a new positive direction."

The SVN provided the connections, resources, and motivation for taking the next step to create a truly sustainable and locally driven economic system. At an SVN conference she shared with author David Korten her concern that the socially responsible business movement was being diluted because multinational giants had purchased reputable smaller companies like Odwalla, Stonyfield Farm, and Cascadian Farm.

## **The Birth of BALLE**

A feeling that the tentacles of multinationals are picking away at democracy and leading to greater social and environmental problems also frustrated Wicks. Korten suggested that she should look at her own experience as a model for the future of the movement. "David pointed out that the White Dog and thousands of community-based businesses like it are an inspiration for the right way to do business."

Wicks then discussed the issue with another SVN board member, Laury Hammel, who was a founder of Businesses for Social Responsibility (bsr). Hammel also had concerns about the socially responsible business movement on a national level and was particularly dismayed by the fact that the group was about to disband its local chapters. Wicks and Hammel decided to create a new organization which would fulfill Hammel's desire to build on bsr's existing network of local chapters and Wick's goal of enhancing the capability of entrepreneurs and communities to create and support locally focused sustainable businesses.

The next step was to engage the SVN community in the process of developing such a project. "We went through an extensive period of dialogue to come up with the philosophy of this movement," says Richard Perl, a New York attorney who was active in the founding of the SVN and played a role in coordinating this step.

The result is the Business Alliance for Local Living Economies (BALLE), which now has affiliates in 20 different regions. Its mission is to create, strengthen, and connect local business networks dedicated to building strong local living economies. "The name had to reflect the vitality of this movement," says Hammel. "With success these networks will breathe new life into their communities."

An important part of BALLE's purpose is to develop tools that make it easy for local chapters to have an impact. "We have the opportunity to facilitate the growth in local businesses by sharing the best practices in this movement," says BALLE national coordinator, Michelle Long.

BALLE will be launching a local marketplace section on its Web site, [Livingeconomies.org](http://Livingeconomies.org). It will mirror the philosophy of the group by pointing people to local providers who fit a strict set of social criteria. If a local provider isn't available, then it will search for a provider within 250 miles, then 500 miles and so on. "This function matches the philosophy of organization," says Long. "While we want to encourage the support of local business, we realize that in some cases they won't be able to fit a need. [With the wide-range search capacity] we can still encourage consumers to purchase from fair trade producers that are part of the network."

BALLE members are becoming increasingly active. They have already had a few retreats and are producing a national conference in Portland, Oregon, from May 30 through June 1. "It's a great opportunity for new people to learn from local and national experts," says Long. "Teaching and inspiring others through successful models is a great motivator."

*Jim Slama is editor-at-large of Conscious Choice magazine and president of [Sustain](http://Sustain.org).*

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## **BALLE is coming to Chicago**

Judy Wicks is coming to Chicago to help launch a new BALLE affiliate, Sustainable Chicago, on Thursday night June 26. Join *Conscious Choice*, *Sustain*, and other Chicago businesses and nonprofit organizations who care about building local communities for this groundbreaking event at the historic Garfield Park Conservatory. It will begin at 6:00 pm with a cocktail hour reception with locally grown organic appetizers prepared by some of Chicago's best restaurants. At 7:00 pm Judy Wicks will speak and then be followed by a panel of Chicago business and social leaders committed to making Sustainable Chicago a success.

The cost of the evening is \$20. To register call 312-951-8999, ext. 106.

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## **Resources**

[BALLE](#)

[Institute for Local Self Reliance](#)

[Positive Futures Network](#)

[Social Venture Network](#)

[White Dog Café](#)