

Defining & Advancing
SOCIAL ENTERPRISE
in Michigan's Legacy Cities

Jason Ball
Steve Wolbert

2017 Co-Learning Plan Series

Michigan State University EDA University Center for
Regional Economic Innovation



This project is supported in part pursuant to the receipt of financial assistance from the United State Department of Commerce – Economic Development Administration. The statements, findings, conclusion, and recommendation are solely those of the authors and do not necessarily reflect the view of any federal agency or Michigan State University.

DEFINING & ADVANCING SOCIAL ENTERPRISE IN MICHIGAN'S LEGACY CITIES

Co-Learning Plan

Michigan State University

Center for Community and Economic Development

EDA University Center for Regional Economic Innovation



Authors:

Jason Ball, SIPI, Inc.

Steve Wolbert, SIPI, Inc.

James Durian, Mind Craft, PLL

Table of Contents

I. Introduction.....	1
II. Michigan Legacy City Performance	4
III. Social Enterprise Employment	7
IV. Social Enterprise Case Studies	8
V. Recommendations for Economic Development	10
VI. Social Enterprise Case Studies	12

I. INTRODUCTION

The purpose of this Co-Learning Plan is to develop a practical definition for social enterprise that helps economic developers in Michigan more effectively support the industry, especially in legacy cities that face significant barriers to providing the prosperity once enjoyed by their residents during the height of Michigan’s manufacturing economy. Changes in the global economy have left many of Michigan’s former manufacturing hubs grasping for strategies to provide economic opportunity for residents—and in some cases like in Flint--basic public services.

As a company based in Flint, we strongly believe that the water crisis and the seemingly insurmountable challenges faced by the City are not a unique phenomenon. Flint is not an outlier, but rather a precursor. So, while this Co-Learning Plan takes a broad approach to examining social enterprise and the role for economic development, it does so with the City of Flint as its backdrop.

Flint is facing one of the greatest man-made disasters in the history of the United States, with almost no serious solutions to the systematic issues that caused the crisis. Social enterprise alone will not solve the issues of racism, systematic disinvestment, and global economic trends that left Flint without the tax base to support basic services. However, a social enterprise, adopting a triple bottom line approach to business, represents one strategy that can lift individuals out of poverty while earning revenue to sustain viable businesses. Flint, like other cities identified in this Co-Learning Plan, desperately needs viable businesses that put people to work, generate tax revenue and give residents a sense of pride in their work and community.

Definitions

The terms “social enterprise” and “legacy city” are central to this Co-Learning Plan. The following section provides definitions and their theoretical framework based on academic research and industry experts.

Social Enterprises are organizations that generate revenue by selling a product or service to serve their mission of delivering social value.

Social Enterprise¹

There is no simple test to evaluate whether an organization is, or is not, a social enterprise. However, much attention has been paid to the phenomenon of social enterprise, and as a result, there are strong existing definitions and frameworks for considering what constitutes a social enterprise. The simple definition SIPI has developed for social enterprise, which is based on a February 2012 article by Samer Abu-Saifan in *Technology Innovation and Management Review*, is: Social Enterprises are organizations that generate revenue by selling a product or service to serve their mission of delivering social value.²

As we consider a basic definition of social enterprise, it is important to also consider the place of social enterprises within the broader context of organizations that economic developers support. The Twin Cities (Minnesota) Chapter of the Social Enterprise Alliance adopted a simple model for considering the various purposes for which organizations are formed and whether they meet a standard for social

¹ The terms *social enterprise* and *social entrepreneur* are analogous. Our focus in the Co-Learning Plan is on organizations, not individuals, as such we use the term *enterprise*. However, much of the existing research and literature references ‘social entrepreneurs.’

² Abu-Saifan, Samer. “Social Entrepreneurship: Definition and Boundaries.” *Technology Innovation Management Review*: February 2012. <https://timreview.ca/article/523>.

enterprise. They apply a two-part test to an organization to determine whether it is a social enterprise: 1.) The organization must have an official social purpose, and 2.) The organization must sell products or services. This two-part test results in a concept that includes four basic types of organizations:³

1. Contribution Nonprofits (Not Social Enterprise)
2. Commercial Nonprofits (Social Enterprise)
3. Social Businesses (Social Enterprise)
4. Traditional Businesses (Not Social Enterprise)

Based on interviews with social enterprises from throughout Michigan and discussions with industry experts, we have refined the Twin Cities Chapter of the Social Enterprise Alliance’s terminology to illustrate a *Spectrum of Social Enterprise*.

Figure 1: Social Enterprise Spectrum (Adapted from Twin Cities Chapter of the Social Enterprise Alliance)

Not Social Enterprise (don't sell)	Social Enterprises (sell with a greater purpose)		Not social enterprise (no greater purpose)	
Charitable Nonprofits	Revenue-generating Nonprofits	Social purpose-driven businesses	Locally- owned businesses	National or global businesses
Grant programs		Incentive programs		

The reason we use the term *Spectrum* to describe social enterprise is that, just like when looking at the spectrum of light, it is difficult to tell where one color ends and another begins. While we have a strong definition of what constitutes a social enterprise, applying the definition to any particular organization can be challenging.

From an economic development perspective, the boundaries of social enterprise as a discipline are less important than understanding the various types of business that fall within the spectrum and the benefits each provides to legacy cities. For example, a business with a mission to sell a product and donate a portion of profit to international aid causes is clearly a social enterprise, but the presence of that organization in a legacy city is not necessarily more beneficial than a locally-owned business.

As we examine various organizations, through case studies, we locate them along the spectrum illustrated in Figure 1.

Legacy City Definition

The Lincoln Land Policy Institute defines a legacy city as, “a place with a population of at least 50,000 that has lost more than 20% of its peak population.”⁴ Based on this definition, Michigan is home to eight legacy cities (see Table 1).

³ Ochs, Jeff. “Defining Social Enterprise,” *Minnesota Business Magazine* Dec. 7, 2014.

<http://www.minnesotabusiness.com/defining-%E2%80%98social-enterprise%E2%80%99>

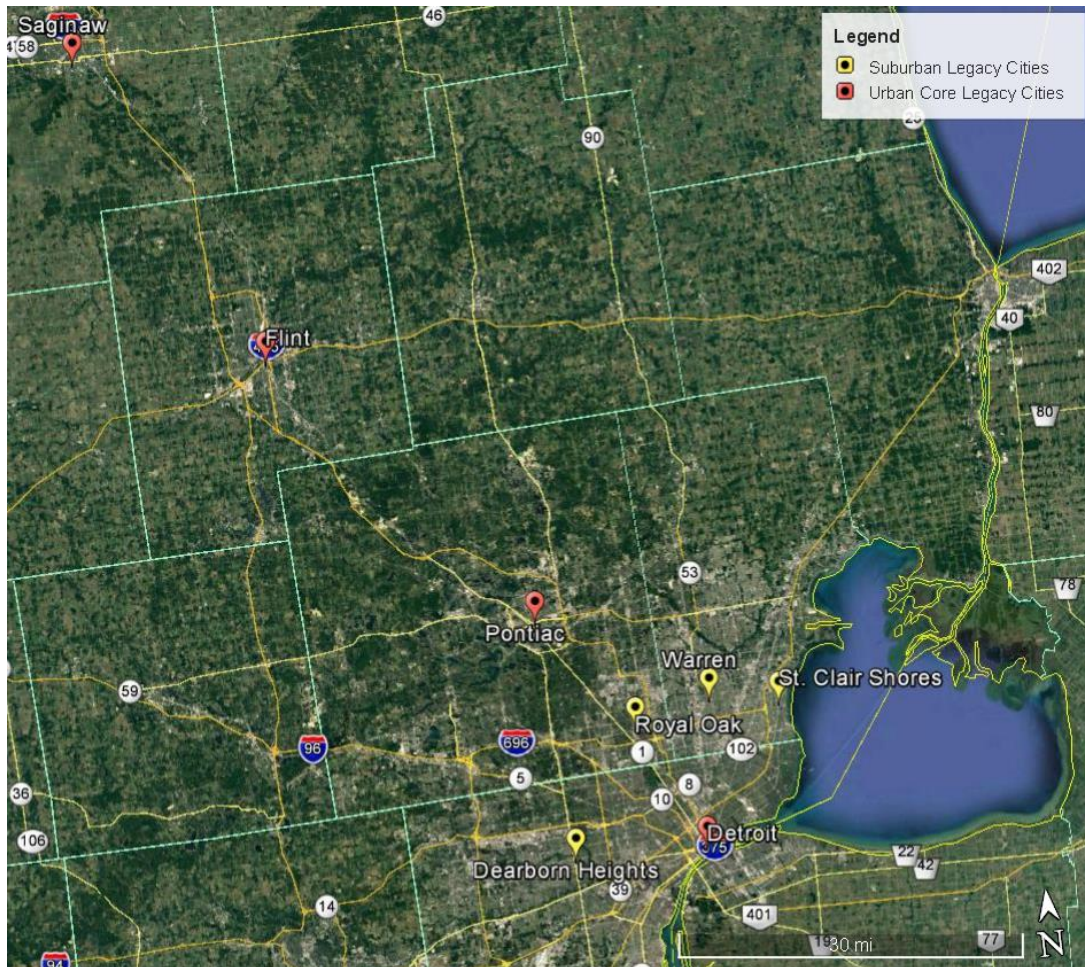
⁴ Mallach, Alan and Brachman, Lavea. *Regenerating America’s Legacy Cities*, Lincoln Institute of Land Policy. 2013. http://www.lincolnst.edu/sites/default/files/pubfiles/regenerating-legacy-cities-full_0.pdf

Table 1: Michigan Legacy Cities (Source: 2015 American Community Survey and 1970 Decennial Census)

City	2015 Total Population	1970 Total Population	Population Change	Percent Change
Detroit	690,074	1,514,063	-823,989	-54.42%
Flint	99,802	193,317	-93,515	-48.37%
Saginaw	50,288	91,849	-41,561	-45.25%
St. Clair Shores	59,888	88,093	-28,205	-32.02%
Royal Oak	58,689	86,238	-27,549	-31.95%
Pontiac	59,928	85,279	-25,351	-29.73%
Dearborn Heights	56,656	80,069	-23,413	-29.24%
Warren	134,857	179,260	-44,403	-24.77%

Michigan’s legacy cities generally fit in one of two categories: industrial urban core cities or first-ring suburbs of Detroit. The issues of the industrial urban core cities (Detroit, Flint, Saginaw, and Pontiac) are more pronounced than the first-ring suburbs, many of which are now experiencing re-birth with millennial populations and young families seeking urban lifestyles outside of Detroit. Combined, the urban core legacy cities lost 52% of their population between 1970 and 2015, while the first-ring suburban legacy cities lost 28% of their population. Figure 2 displays the location of Michigan’s legacy cities.

Figure 2: Legacy City Locations



II. MICHIGAN LEGACY CITY PERFORMANCE

The challenges faced by Michigan’s legacy cities are pronounced. While the cities have significant infrastructure and locational assets that are underutilized, they all perform poorly on basic metrics of prosperity and economic opportunity.

The following charts illustrate the challenges facing Michigan’s urban core and first-ring suburban legacy cities compared to other cities with a population greater than 50,000 in Michigan, as well as the state and nation. Legacy cities face a variety of issues, but perhaps the greatest issue is that their residents have been left behind as other places have progressed.

Figure 3: Labor Force Participation (Source: 2015 ACS 1-Year Estimates)

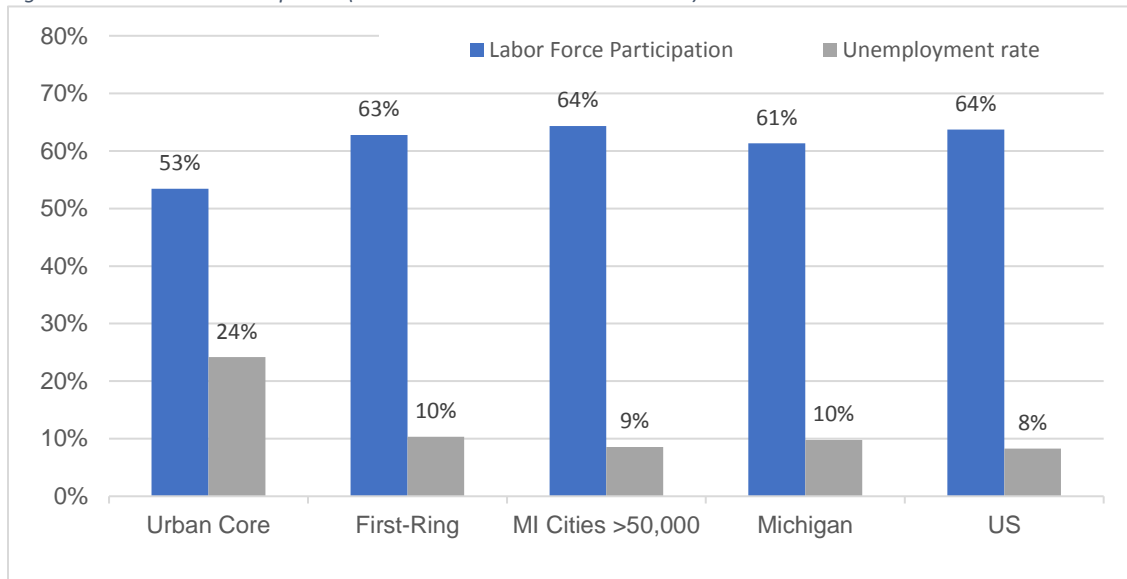


Figure 4: Weeks worked for population between 16 and 64 (Source: 2015 ACS 1-Year Estimates)

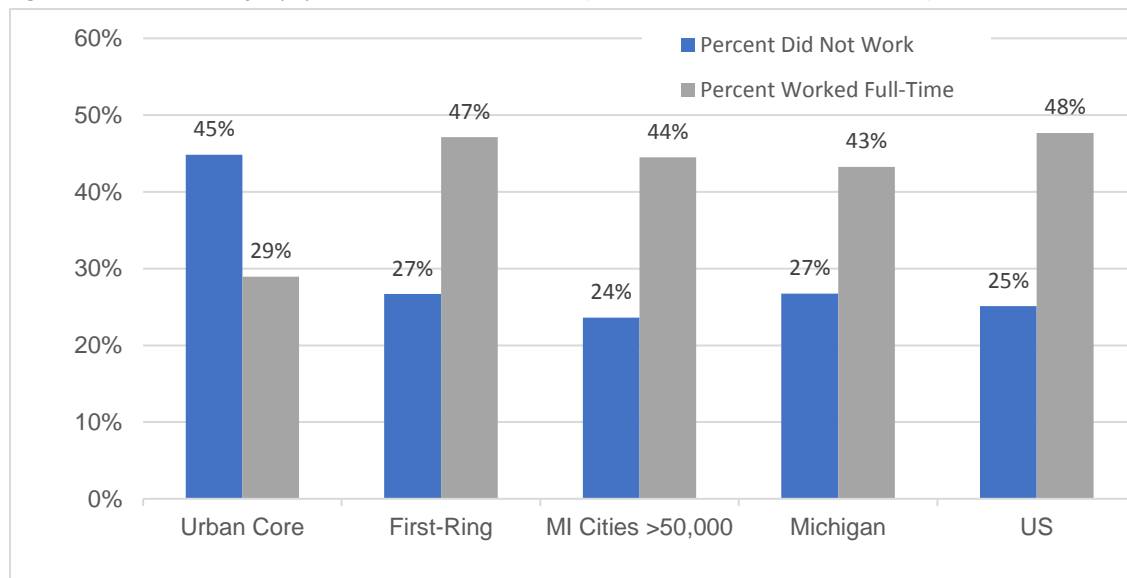


Figure 6: Poverty Rate (Source 2015 ACS 1-Year Estimates)

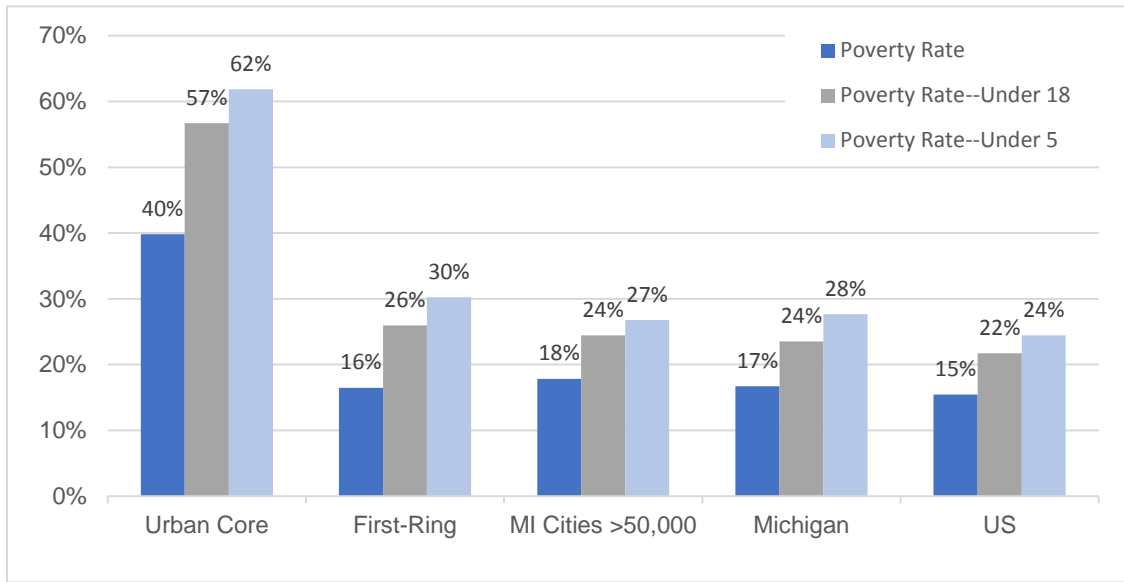


Figure 5: Educational Attainment (Source 2015 ACS 1-Year Estimate)

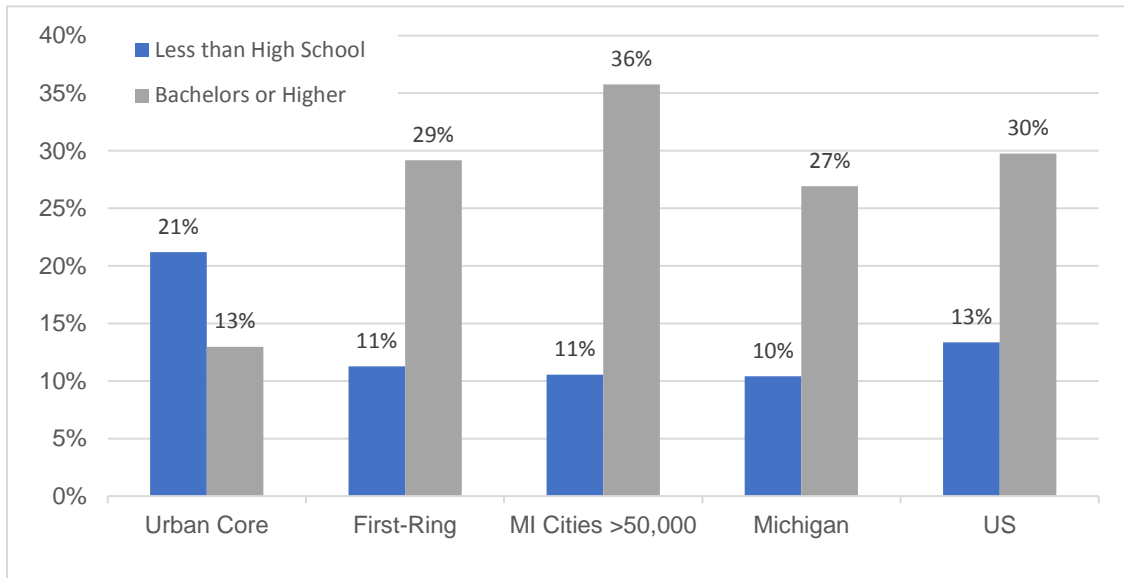


Figure 7: Average Median Income (Source: 2015 ACS 1-Year Estimates)

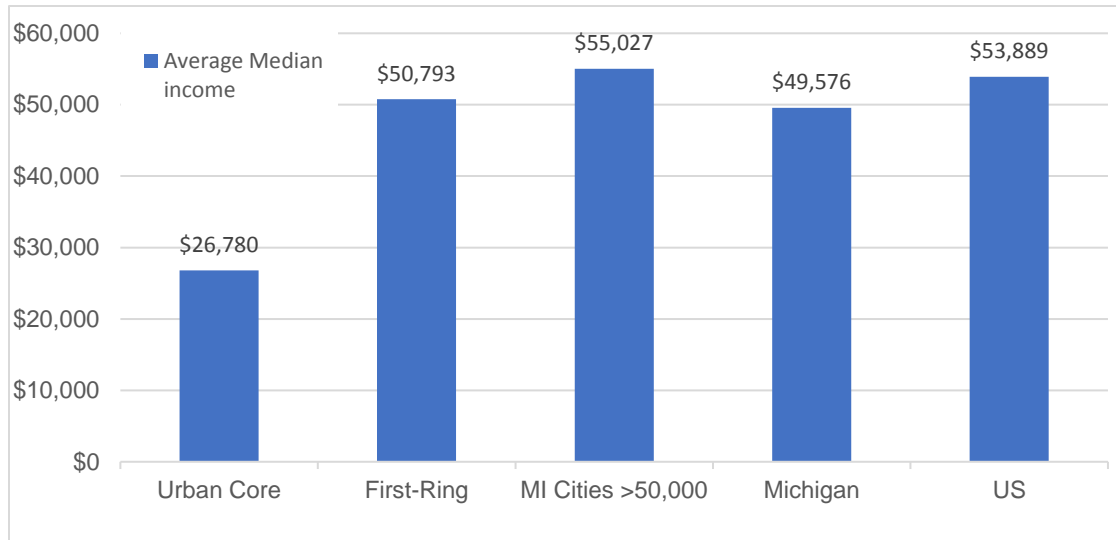


Table 2: Change in State Equalized Value (Source: Michigan Department of Treasury)

City Type	2000 Equalized Value	2016 Equalized Value	Change
Urban Core	\$13,505,601,745	\$4,411,728,098	-206%
First-Ring	\$9,530,587,284	\$5,720,586,755	-67%
MI Cities >50,000	\$46,475,880,153	\$32,547,288,370	-43%

Performance Conclusions

Urban core legacy cities face pronounced issues that place them at a significant disadvantage as they compete for economic development. They have aging infrastructure, declining tax revenue, generally lack staff capacity for business attraction, and their workforce is poorly equipped for employment opportunities. With poverty rates exceeding 40%, residents in many of these cities lack work experience and mentors that model behavior typically expected by employers. Significant declines in tax revenue since 2000 further hinder the ability of urban core legacy cities to invest in the infrastructure required to remain competitive. Put simply, our approach to creating economic opportunity in legacy cities must be different from the approach in other major cities.

“Nothing stops a bullet like a job.” – Fr. Greg Boyle

First and foremost, we must make our legacy cities attractive to prospective employers. This requires developing a workforce that has skills and experience that is competitive with other cities and regions. Social enterprises, especially those that place an emphasis on providing opportunities for people that are otherwise outside of the workforce, have a unique opportunity to address this challenge. As Fr. Greg Boyle, founder of Homeboy Industries, a social enterprise based in Los Angeles that employs hundreds of former gang members repeatedly says, “Nothing stops a bullet like a job.”

III. SOCIAL ENTERPRISE EMPLOYMENT

Community Ventures (CV) is an economic development initiative that promotes employment and social enterprise. A key driver of the program is the creation of public-private partnerships that provide structurally unemployed people a career pathway out of poverty. CV partnered with more than 150 companies in 5 years to place over 5,000 individuals into employment. Of those 150 companies, there were 3 companies that meet our definition of “Social Enterprise.”

SIPI worked with the Michigan Community Ventures program to examine the performance of social enterprises in the program compared to traditional businesses enrolled in the program. Table 3 provides a summary of retention rate for the social enterprises compared to a cross-section of traditional business enrolled in the program. As a whole, the social enterprises had a retention rate of 81%, compared with 68% for the traditional businesses.

Table 3: Social Enterprise Retention Rate Cross-section

Type	Organization	Average Wage	CV Employees	12-Month Retention	Retention Rate
Social Enterprise	St. Luke New Life Enterprises	\$8.90	32	25	78.13%
	Rebel Nell	\$12.00	7	5	71.43%
	The Empowerment Plan	\$12.00	28	24	85.71%
Social Enterprise Subtotal			67	54	80.60%
Traditional Business	Genesee County Packaging Company	\$8.90	8	3	37.50%
	Lapeer County Automobile Supplier	\$10.12	169	90	53.25%
	Detroit Automobile Manufacturer	\$12.30	396	281	70.96%
	Oakland County Call Center	\$10.00	162	69	42.59%
	Saginaw County Manufacturer	\$13.90	426	348	81.69%
Traditional Business Subtotal			1,161	791	68.13%

Note: We have not to published the names of participating companies to protect their privacy.

There are a variety of factors that determine the success of CV participants. Those factors include:

- Employability of participants
- Wages and benefits offered by companies
- Opportunity for upward mobility
- Company culture that is conducive to the success of CV eligible employees
- Effective delivery of wraparound services

While the CV social enterprises generally offer lower wages and less upward mobility, they tend to have a high employee retention rate. This is notable because these social enterprises tend to recruit and employ individuals who generally had fewer skills and experience compared to the average CV participant.

When compared to performance across the regions in which CV was active, the social enterprises also performed well, with a retention rate approximately 10% greater than any of the regions (See Table 4).

Table 4: Regional Retention Rate

Region	Retention Rate
Detroit	69.48%
Flint	68.62%
Pontiac	51.18%
Saginaw	67.67%
Social Enterprises	80.60%

While the information provided by the Community Ventures program is an extremely small sample, it does indicate that social enterprises are more successful than traditional businesses at retaining employees in legacy cities with significant barriers to stable employment. Each of the social enterprises that participate in CV also have a goal of transitioning their employees on to higher-paying jobs as they develop the necessary professional and life skills. Further analysis of the long-term outcomes for these employees as they transition beyond social enterprise employment would help the economic development and workforce development community more thoroughly understand the benefits provided by employment within these training-focused social enterprises.

IV. SOCIAL ENTERPRISE CASE STUDIES

SIPI conducted in-person interviews with organizations throughout Michigan to illustrate various approaches to social enterprise and to understand how economic developers can more effectively support social enterprises. These case studies highlight different approaches to serving a social purpose while also generating revenue for financial sustainability and/or profit. Case study organizations are summarized in Table 5. Full case-studies are provided in the final section of this report.

Table 5: Case Study Summary

Organization	Type	B-Corp	Employees
Article One	Social Purpose-Driven Business	No	7
Bazzani	Social Purpose-Driven Business	Yes	10
Brewery Vivant	Social Purpose-Driven Business	Yes	30
Cascade Engineering	Social Purpose-Driven Business	Yes	1,600
Rebel Nell	Revenue-Generating Nonprofit	No	7
The Empowerment Plan	Revenue-Generating Nonprofit	No	30
St. Luke N.E.W. Life Center	Revenue-Generating Nonprofit	No	35

Social Enterprise Interview Conclusions

SIPI conducted hour-long interviews with each organization, either individually or as a group. We found a high-degree of consistency between the various organizations based on the type of business. For

example, each of the organizations that have achieved B-Corp certification from B-Lab cited the importance of connecting with like-minded businesses to their success, while the Revenue-Generating Nonprofit organizations lacked connection to other similarly-situated organizations. Key conclusions from interviews are summarized below.

1. Social Enterprise is Hard

For the Revenue-Generating Nonprofit organizations interviewed, each organization emphasized the difficulty in employing individuals that lack work experience and are coming from generational poverty. These organizations continually struggle with balancing revenue-generation with serving their missions of providing opportunity for the structurally unemployed.

Rebel Nell employs women from homeless shelters in Detroit to manufacture hand-made jewelry that they sell through an online store, in-person and wholesale. This commitment to employing formerly homeless women serves their mission, but makes it difficult to compete with other boutique jewelry manufacturers pulling from a broader workforce without the same barriers to employment. Furthermore, Rebel Nell, and most of the businesses highlighted through case studies, have made a commitment to their employees and work with them to address the issues that prevent them from being productive employees, rather than finding a replacement.

The Empowerment Plan, which also employs people transitioning from homelessness, has people on their staff for an average of two years before they are ready to move on to outside employment. This commitment of time and effort is costly, and requires them to subsidize wages with sponsorships, grants, and donations.

2. Social Enterprise Requires ‘Patient Capital’

Both types of organizations interviewed discussed the difficulty of working with traditional sources of funding, whether grant funding or investment capital. From a nonprofit perspective, grant funders and donors often struggle to understand the dynamic of needing to subsidize wages for employees working in a revenue generating activity. In contrast, the for-profit businesses discussed the pitfalls of maintaining a commitment to their social purpose that often reduces short-term profit.

Because of their approach, both non-profit and for-profit social enterprises often take longer to deliver a return on investment, whether in the form of revenue or mission-driven outcomes, but the results may also be more sustainable. For example, Brewery Vivant’s approach to running a brewpub is more costly in the short-term because they pay their employees benefits and wages not often seen in the restaurant industry. However, their turn-over rate is 1/3 the industry average. This results in more stable, year-over-year profit.

Similarly, Cascade Engineering has made a commitment to hire former inmates for positions throughout the company through its Returning Citizens program. While this approach may create cost increases in the short-term, they have found many of these individuals to be outstanding employees that are represented at each level of the company (including vice presidents). As a result of Cascade’s commitment to their people, their employees consistently demonstrate loyalty to the company and ‘buy-in’ to the company culture and goals.

3. Talent is Critical

The four for-profit organizations interviewed all cited access to diverse, talented people as a significant challenge for their respective organizations, while the non-profit organizations interviewed are each working to build a base of skills among disadvantaged populations to meet the needs of employers. As Michigan’s unemployment rate continues to drop, access to talent is becoming an increasingly important issue for employers, and social enterprises are not immune to this issue.

Bazzani, an architectural and development firm in Grand Rapids, cited their biggest challenge in scoring well on their B-Lab certification each year is maintaining a diverse workforce. The construction industry is overwhelmingly white and male, which makes it difficult for the company to meet its commitment to maintain a diverse workforce.

St. Luke N.E.W. Life Center (NEW Life) trains and employs people for employment in NEW Life social enterprises and then connects them to stable, long-term employment with a network of employer partners. NEW Life has developed strong relationships with customers and employers who utilize their services and hire their employees because employers often cannot find enough talent through traditional means.

Article One, an independent eyewear company based in Flint, has found that their commitment to a social mission (addressing vitamin A deficiency) improves employee retention and attraction. Even though it is often difficult to attract and retain talented professionals in Flint, especially young professionals, the social mission component gives employees a greater sense of purpose.

4. For-Profit Collaboration is Easier than Non-Profit Collaboration

Each of the B-Corp enterprises interviewed in the Grand Rapids area (Bazzani, Brewery Vivant, and Cascade Engineering) identified the value of working with Local First, an organization in Grand Rapids dedicated to, “the development of an economy grounded in local ownership...” Through Local First, each of these organizations engages with other like-minded businesses to discuss issues and share strategies for success. This allows relatively small businesses like Brewery Vivant to access the expertise of leadership at multi-national corporations like Cascade Engineering because they share common values.

For the nonprofit organizations interviewed, collaboration with other organizations engaged in similar work is much more limited. This may be due to a variety of factors, but certainly one of these is that the nonprofit organizations are in competition for the same funding. In contrast, the private businesses with B-Corp certification in the Grand Rapids area are in different industries or serve different customer segments. It is notable that each of the B-Corp businesses interviewed cited a more collaborative approach in the Grand Rapids region than in the Detroit region.

V. RECOMMENDATIONS FOR ECONOMIC DEVELOPMENT

The term social enterprise is often associated with international organizations employing a business model at scale that generates profit and social impact. As an industry, much attention has been paid to these business models that simultaneously deliver significant return on investment and social impact. While these models do exist, there are many more examples of strong concepts that address a critical need, but that are not likely to generate returns expected from venture capitalists or international aid organizations.

Most social enterprises are unlikely to create jobs at the rate of multi-national employers, but the impact they have on communities may be equally significant over time. As such, there is an important role for the economic development community in working with these organizations to support their dual missions of social impact and profit/sustainability.

- 1. Make Customer/Supplier Connections:** Connecting social enterprises with other companies, either as customers or suppliers, can be invaluable to proving their business model. Further, the presence of socially-conscious companies within a supply chain is a strong consideration of many corporations. For example, the St. Luke N.E.W. Life Center was introduced to Stormy Kromer, its largest customer, through staff at the MEDC. This is especially important for

businesses located in legacy cities where economic activity is depressed and there are limited options for new customer connections.

- 2. Facilitate Collaboration:** Collaboration is too often dis-incentivized in legacy cities facing scarce resources. If economic developers can bring diverse organizations together to address shared challenges, there are likely to be opportunities for positive-sum results that are not achievable if organizations act independently.
- 3. Create More Nuanced Grant and Incentive Criteria:** Most of Michigan's economic development incentives are tied to significant job creation (50 jobs or more) and private investment. These incentives also tend to prioritize high-tech investments in city centers. While these priorities are valid, we often ignore opportunities for small wins in urban neighborhoods that are experiencing significant declines while the city center is rebounding. Our incentive programs must become more nuanced and willing to make small bets on relatively low-risk projects rather than focusing on high-risk, high-reward development projects.
- 4. Take a Long-Term View of Development:** Just as social enterprises require patient capital, so too do legacy cities. The likelihood of attracting major industrial facilities back to places like Flint and Pontiac decreases as infrastructure continues to age and the local workforce continues to lose ground to competitors. Instead, we can prioritize attracting and nurturing small companies with a social mission, or a commitment to making community impact, in addition to driving profit. The timeline for creating new jobs with this economic gardening approach is much longer, but it may create more resilient local economies.
- 5. Get to Know Your Social Enterprises:** Founders or leadership in many social enterprises are not likely to know the economic development landscape or fully understand the incentives and programs available to them. By working directly with these organizations, economic developers can help them identify opportunities that may be missed otherwise. Engaging with these organizations also may support efforts to attract business and investment to a community by offering opportunities for local sustainable supplier relationships or access to employees. It is also important for economic developers to understand the unique value proposition to their community provided by each social enterprise, as community impacts vary widely.

VI. SOCIAL ENTERPRISE CASE STUDIES

Article One

Quality You Can Feel

Organizational Structure: Limited liability company

Mission: Article One was founded to raise awareness and funding for Vitamin A deficiency in developing nations. We accomplish this mission by donating a portion of each pair sold to Helen Keller International.

Current Annual Budget: \$1,000,000

Revenue Mix: Wholesale / sales of eyewear

Number of Employees: 4 full-time, 3 part-time

ABOUT ARTICLE ONE

Article One is an independent eyewear company based in Flint, Michigan. They produce handcrafted eyewear in Italy and sell to boutique optical shops around the U.S. Article One is a proponent of complete brand transparency, giving credit to craftsmen, supporting small business, giving back to our community, and thoughtful design. Article One frames are handmade in a small village in Northern Italy.

Article One advocates for the position that prescription eyeglasses are a medical device and should be thoroughly customized to ensure the best experience for the wearer. They are not only passionate about supporting small business, they believe it's incredibly important for glasses to work properly, meaning an optical professional should be involved from start to finish.

An integral part of Article One's progression was founder Wes's decision to move the company from Chicago to Flint. Being surrounded by a community of tenacious doers who want to see their neighbors succeed has proved integral in shaping the company.

BUSINESS MODEL

Article One manufactures eyewear in Northern Italy and wholesales the frames to different optical shops throughout the US and Canada.

MISSION

Approximately 500,000 children globally go blind each year from vitamin A deficiency, and half of those children die within 12 months as a result. It costs just one dollar for a year's worth of supplements for one child. For Article One, that means that each dollar donated to Helen Keller International will ensure at least one child will not die or go blind from vitamin A deficiency. Article One donates \$2 from each sale of glasses to Helen Keller International. To-date, Article One has raised over \$15,000 for the foundation.

In addition to its commitment to Vitamin A deficiency, Article One also launched The Flint Collection to support local causes. 100% of profits from these glasses (~\$150/pair) are donated to Flintkids.org, an organization dedicated to long-term solutions for the health and development of Flint's youth in the wake of the Flint water crisis.

3-YEAR GOALS

Article One would like to move its manufacturing operations to Michigan. They also plan to continue to grow sales to a team of 25 full-time staff dedicated to sales, marketing, and management.



Guided by the Triple Bottom Line Philosophy

Organizational Structure: S-Corp

Mission: To serve our clients by creating high-performance buildings that are cost-effective, efficient, and sustainable.

Current Annual Revenue: \$9,500,000

Revenue Mix: Sales and Services

Number of Employees: 8

ABOUT BAZZANI

Bazzani is an architectural, development, and property management firm devoted exclusively to designing and building green. The company has completed projects throughout West Michigan and into Mid-Michigan over its 30-year history. Its founder, Guy Bazzani, and his partners Peter Skornia and Dan Colella have earned a reputation as pioneers and visionaries of high-performance green design and construction within diverse urban environments. Bazzani is guided by a triple bottom line philosophy. In each of its projects, Bazzani balances aspects of economic viability, social responsibility, and environmental integrity. Recent projects include both new construction and renovations of; mixed-use buildings, adaptive re-use of historic properties, entertainment venues, commercial, light industrial, and attached residential.

BUSINESS MODEL

Bazzani's triple-bottom line approach reduces long-term costs and ensures tenants and users of the buildings they design and construct have the best possible experience. In each of their projects, Bazzani makes a commitment to genuinely engaging the community, which ensures projects have community support. The company sees responsible business as a vehicle for improving the economic, social, and environmental health of all the communities they serve. Bazzani earned its B-Corp certification in 2014, and in 2015 was included on B Lab's "Best in the World List", which recognizes companies earning a B Impact Score in the top 10% globally. Bazzani has renewed its B-Corp certification and continues to be committed to its Triple Bottom Line philosophy.

BENEFITS OF B-CORP CERTIFICATION

Bazzani's commitment to building sustainable communities made B-Corp certification a natural choice for the company. Certification by B-Labs has helped the company maintain and measure its commitment to the triple-bottom line. As Guy Bazzani, the company's founder, considers reducing his role in the day-to-day operation of the company, his partners Peter Skornia and Dan Colella will continue its B-Corp certification as an essential mechanism to ensure the company maintains a sustainable vision in perpetuity.



Lean. Nice. Profitable.

Organizational Structure: Limited liability company

Mission: Brewery Vivant promotes living the good life by brewing farmhouse inspired beer, serving from a scratch menu and building a sustainable community one beer at a time.

Current Annual Budget: \$4,500,000

Revenue Mix: Sales

Number of Employees: 65

ABOUT BREWERY VIVANT

Brewery Vivant is the realization of years of dreaming and much discussion of what a great brewery can be. What makes the brewery different from the rest is the way they approach the craft and operate their business. The core of Brewery Vivant can be found at the crossroads of three passions:

- Their love of the tradition and artistic approach of the Belgian & French styles of beers
- Devotion to using local sources for ingredients and running their business according to the three pillars of sustainability; Environmental Integrity, Social Equity, and Economic Viability
- Sharing the experience of how beer and food can be paired to uplift the enjoyment of both

Much of the inspiration for their beer came out of a trip to the French-speaking Belgian countryside visiting small farmhouse breweries. This trip also inspired Brewery Vivant's logo, which is modeled from that region's flag and was created to honor the beer and people of that region.

BUSINESS MODEL

Brewery Vivant's model is summarized as *Lean. Nice. Profitable*. They seek to operate the business without excess space, equipment, or labor; run the company while treating customers, the community, and the environment well; and maintain the operation in their 'sweet spot' of 6,000 barrels of beer annually. The commitment to treating the community and employees well has had significant benefits for the company, especially in employee retention where the turnover rate is just 35%, extremely low for the restaurant industry which hovers around 100%. Brewery Vivant became a certified B-Corp in 2014 and is the first LEED certified commercial microbrewery in the world.

BENEFITS OF B-CORP CERTIFICATION

Brewery Vivant's commitment to B-Corp status helps the company maintain accountability to its core values, while also creating strong connections with other values-aligned companies and individuals. Being able to call on organizations with decades of expertise in business has been invaluable. Vivant owners also believe they are better able to attract and retain talent because of their values and the legitimacy to their brand that B Corp certification brings.



Business with A Different Mindset

Organizational Structure: Unavailable

Mission: Unavailable

Current Annual Budget: \$400,000,000

Revenue Mix: Sales

Number of Employees: 1,600 across 15 locations

ABOUT CASCADE ENGINEERING

Cascade Engineering (Cascade) specializes in large-part plastic injection molding to solve unique manufacturing challenges around the world. They believe diversification is their strength. In service to a wide variety of industries, they share engineering, technology and knowledge across multiple products and industries. Cascade takes inspiration from one area, knowing it can often lead to breakthroughs in another. Their goal is to put forth products that deliver the highest value without deviating from their cultural values. Cascade is composed of a family of nine companies spread across the U.S. and Europe. Their primary markets and products include automotive, material handling, office furniture, polymer compounding, RFID connected products, truck & bus and waste & recycling.

BUSINESS MODEL

Through manufacturing, product development and technology and innovation, Cascade informs and transforms the products people use every day. Cascade is committed to a Triple Bottom Line—People, Profit, Planet—approach in everything the company does. This includes continually increasing the amount of recycled content in products as well as a variety of company initiatives to enhance diversity and provide opportunities to people who are often left out of traditional corporate structures. For example, Cascade operates a *Welfare to Career* program designed to guide people off welfare and into a meaningful career. Since 1999, the program has guided some 800 people from welfare to meaningful, thriving careers. Cascade also operates a Returning Citizens Program for former inmates and is a certified B-Corp through B Lab.

BENEFITS OF B-CORP CERTIFICATION

Cascade has been committed to the values of benefit corporations since its inception; certification as a B-Corp was a natural step for the company. The company views the triple-bottom-line approach as a growing movement that supports all aspects of its operation. Certification through B Lab provides a high-degree of accountability for the organization to stay true to its culture through 3rd party certification.



Employing, educating, and empowering disadvantaged women in Detroit

Organizational Structure: C-Corp with affiliated 501 (C)(3)

Mission: To employ disadvantaged women in Detroit, to educate them on financial management, life wellness and business, and to empower them to successfully transition to an independent life.

Current Annual Budget: \$300,000

Revenue Mix: Sales and small grants

Number of Employees: 7 full-time

ABOUT REBEL NELL

Rebel Nell was started with the sole purpose of employing, educating and empowering disadvantaged women in Detroit. They make jewelry from unique local materials, while providing a transitional opportunity for women in Detroit. Their goal is to help women move from a life of dependence to one of self-reliance, overcoming barriers to employment through the fruits of their own labor. Working directly with local shelters, they identify women who are ready to make the transition to a new phase in their lives. The primary goal at Rebel Nell is to restore the confidence in the women they hire. In addition to employment, Rebel Nell provides financial literacy, business education and a focus on life wellness to help women successfully transition to an independent life.

100% of Rebel Nell graduates are currently living outside of shelters.

BUSINESS MODEL

Rebel Nell makes hand-crafted jewelry from chipping away graffiti and other local materials. The revenue generated from sales allows them to sustainably hire women in transition and provide services to allow the women to move beyond homelessness. Rebel Nell established T.E.A. (Teach, Empower, Achieve), an affiliated 501(c)(3) organization, to invest in training, education, skills development, coaching and mentorship services, including basic employment opportunities, and to provide other support and assistance to homeless and formerly homeless women in the Detroit, Michigan area. On average, women who work at Rebel Nell require about two years in a position to successfully change their situation and move on to other employment.

3-YEAR GOALS

Exceed \$1,000,000 in sales and open a second location in another city utilizing local recycled materials.



Creating Jobs that Lift People out of Poverty

Organizational Structure: 501 (C)(3)

Mission: The Empowerment Plan is a Detroit-based nonprofit organization focused on permanently elevating families from the generational cycle of homelessness. We hire single parents from local shelters and provide them with training and full-time employment as seamstresses so that they can earn a stable income, find secure housing and regain their independence.

Current Annual Budget: \$2,600,000

Revenue Mix: Grants and donations (80%) and Sales (20%)

Number of Employees: ~30 full-time

ABOUT THE EMPOWERMENT PLAN

The Empowerment Plan hires people to manufacture a coat designed to meet the needs of those in the homeless community. The durable EMPWR Coat also transforms into a sleeping bag or an over-the-shoulder bag. Since 2012, **The Empowerment Plan has provided employment to 43 homeless individuals—all of whom have secured permanent housing for themselves and their families and distributed over 20,000 coats to those in need in the U.S. and Canada.**

Founder and CEO Veronika Scott was inspired to start The Empowerment Plan when she was challenged to create a product to fill an actual need in her community. Veronika began spending time at a nearby warming center where the design for the EMPWR coat was born. While conducting her research, Veronika was angrily confronted by a homeless woman who stated that she did not need a coat—she needed a job. This is the moment that shaped the innovative business practices adopted by The Empowerment Plan.

BUSINESS MODEL

The Empowerment Plan employs individuals overcoming homeless and poverty to produce a coat that turns into a sleeping bag, which is distributed for free to people living on the streets. We receive sponsorships from foundations, individuals, corporations, and governments to produce and distribute the coat. We are also in the process of launching a direct to consumer line that will be sold to the public. This earned revenue through both products for sale and sponsorship will enable us to serve the community while operating sustainably. **The coat is secondary to the people.**

3-YEAR GOALS

To own a building that allows The Empowerment Plan to scale and launch retail sales while also adding new satellite locations.



ST. LUKE

N.E.W. LIFE CENTER

Stitching Lives Together

Organizational Structure: 501 (C)(3)

Mission: To offer transformational programs that provide life skills, education, and workforce training to help individuals become self-sufficient and support their families.

Current Annual Budget: \$1,100,000

Revenue Mix: Grants and donations (85%) and Sales (15%)

Number of Employees: ~35 full and part-time

ABOUT THE ST. LUKE N.E.W. LIFE CENTER

Initiated by two Roman Catholic nuns in 2002, the St. Luke N.E.W. Life Center (NEW Life) is a faith-based nonprofit organization that serves structurally unemployed men and women in North Flint, Michigan. They are committed to building trusting and enduring relationships with families who receive assistance through their programs. To receive support from NEW Life, an individual must have a genuine desire to change his or her situation and must regularly participate in activities for the duration of the program in which he or she is enrolled.

In addition to training programs, NEW Life operates two social enterprises, a food pantry that serves over 3,000 people annually, and a variety of community services, including crisis intervention, childcare and a literacy center. These services are critical to the success of the social enterprises, as they provide employees with additional wrap-around services required to support their families. Ultimately, many of the people completing workforce training at NEW Life are employed by the Center at least temporarily. **In 2016, NEW Life graduated 48 people from its employment preparation program; today, over 30 of the graduates are still gainfully employed.**

BUSINESS MODEL

NEW Life operates two social enterprises, sewing and lawncare, that employ graduates of its 16-week employment preparation program. Graduates employed by the social enterprises gain work experience and valuable skills. NEW Life's biggest customer is Stormy Kromer, an outerwear brand based in Ironwood, MI. The NEW Life sewing enterprise manufactures several vests and mittens for Stormy Kromer, who then distributes the products internationally. NEW Life also partners with local employers to develop training programs tailored to employer needs.

3-YEAR GOALS

To construct a new facility designed to house NEW Life's activities, including expanded services for the community and additional wrap-around services and education available to graduates while they are employed elsewhere.

About REI

The MSU EDA University Center for Regional Economic Innovation (REI) seeks to identify and develop new economic development tools, models, policies and practices to support innovative economic development high-growth enterprises and job creation in distressed regions across the state. REI has established a new economic development ecosystem to cope with the ever-changing global and regional dynamic(s). Through this ecosystem, we engage innovative and creative minds which result in new economic development practices.

The REI University Center was established in 2011 with support from the U.S Department of Commerce, Economic Development Administration, and in collaboration with the following Michigan State University offices:

Office of the Provost

Vice President for Research and Graduate Studies

University Outreach and Engagement

MSU Extension Office

College of Communication Arts and Sciences

School of Planning, Design and Construction

College of Social Science



Michigan State University

EDA University Center for
Regional Economic Innovation

MICHIGAN STATE
UNIVERSITY

Center for Community and
Economic Development
University Center for Regional Economic Innovation

