

America's Tomorrow: Equity Is the Superior Growth Model



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Features

A Business Model that Brings Jobs, Health, Services—and Joy—to the Hardest-hit Communities



Philadelphia's mayor, Michael Nutter, visits ShopRite after the opening of a new branch in Cheltenham, Pennsylvania.

Want proof that the goals of business and the needs of the most vulnerable can align? Meet Jeff Brown, fourth-generation grocer and owner of the 10-store ShopRite regional chain based in Philadelphia.

By mixing old-fashioned customer service with innovative new approaches, Brown is chipping away at the nation's jobs challenge, starting in the communities worst hit by the financial crisis. And he is proving that equity can be the superior growth model for business leaders.

Giving a Second Chance to Ex-Offenders

After being sentenced to jail for five years for selling drugs in his hometown of Lancaster, PA, Louis Rivera was determined to turn his life around. An eighth-grade dropout, he spent his first year in prison preparing for and obtaining his GED. Upon release, he moved to Philadelphia and sent out dozens of

In Brief

Inequality Widens in Rural America

Across the country, rural counties experienced the largest increases in income inequality since 2000, according to a recent *Bloomberg* news [story](#).

In Iowa, for example, skyrocketing land prices and industrial job losses widened the gap between rich and poor over the past decade in the traditionally egalitarian state, land values tripled since 2000, creating instant millionaires out of longtime landowners. At the same time, many nonfarm jobs in many rural counties have disappeared, farm rents have increased 43 percent since 2008, and food stamp demand increased to twice the nationwide average over the past year.

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Growing Food, Growing Incomes

Learn how urban farms in Brooklyn (NY), Cleveland (OH), Holyoke (MA), and elsewhere are creating economic opportunities for youth, immigrants, the

resumes, hoping, at age 31, to secure the first real job of his life.

No employer responded. Louis was frustrated and scared: "I knew I could not go back to the life I had been leading. I needed a break." He walked to the Brown's ShopRite grocery store down the street from his apartment where he had applied online. He said to the hiring manager, "I'm not leaving here until you give me a job." She laughed at his mix of pluck and desperation, and after listening to his story, gave him that break: a minimum wage job in the seafood department.

Louis had gone to the right place. He did not know it at the time, but Brown's ShopRite is the only grocery store chain in Philadelphia, and possibly in the nation, with an explicit focus on hiring ex-offenders. Jeff Brown explains that these employees are just as successful as a group compared to those without criminal records. "I have not seen evidence that the fears are true," he says.

Brown believes his success with hiring ex-offenders is due to a strong partnership with a nonprofit workforce training organization, [ABO Haven](#), that screens ex-offender candidates to find those who are a good match for the grocery's culture, provides training in "soft skills" like how to be successful in a work environment, and then checks back in with the workers once they are on the jobs. From a profit perspective, hiring ex-offenders actually saves Brown money, since workforce training dollars support the initial screening, training, and follow-up.

Four years and three promotions later, Louis is a model of the type of upward mobility that is on the wane in America. As assistant store manager, he brings home \$53,000 per year plus benefits. He has been able to provide for his fiancée and three children, and now owns a home and two cars. He plans to stay with the company, and hopes to become a store manager one day.

Greening Food Deserts

Brown is also one of the first grocers to recognize that opening stores in underinvested low-income communities and communities of color that other retailers have fled or avoided can be profitable. Six of Brown's stores are located in areas that were "food deserts" before he opened his stores: low-income neighborhoods without grocery stores or other healthy food retailers. Food desert neighborhoods tend to have [higher](#)

homeless, and formerly incarcerated adults while producing fresh, tasty vegetables.

[Growing Urban Agriculture](#), a PolicyLink report released last week, profiles successful urban agriculture programs and presents community and policy strategies for implementing such programs in many other communities.

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The Price of Inequality? Health and Happiness

Take a look at this [infographic](#) showing how countries with high inequality also rank lower on measures of health, poverty, civic participation, and trust. In a glance, the *New Statesman* shows how the U.S. performs worse than Japan, Sweden, Germany, France, and the United Kingdom across all 14 measures examined.

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[rates](#) of diet-related health problems like obesity and diabetes.

One of those stores is located in West Philadelphia's Parkside neighborhood. An African American community of about 100,000, Parkside went without a supermarket for nearly three decades.

Since its 2008 opening, the Parkside ShopRite has been an overwhelming success. It brought 260 jobs to the area, and 40 of them went to ex-offenders. The store's roof is covered in solar panels, and the product mix is tailored to the community's cultural preferences, including halal products and African food staples. Like the other stores in the chain that opened in food deserts, overall sales, revenue, and fresh product sales are on par with suburban stores.

Brown says that making fresh foods available in communities with limited access to them is changing people's diets, shifting them away from processed food to a healthier mix that includes more produce and fresh foods. A recent [study](#) found that childhood obesity rates are dropping in Philadelphia, suggesting that the city's efforts to increase access to healthy food in communities and schools is making a difference.

Creating Community Hubs

Every ShopRite store includes a community room that community groups can use for free. A new store opening in North Philadelphia will include two community rooms, one of which will contain cooking equipment that can be used for nutrition classes.

Brown is experimenting with bringing other needed services in to the stores. In September 2011, American Heritage Federal Credit Union opened up a branch in the Parkside store, offering free checking and ATM services with no minimum balance requirements. A second branch was opened in the Roxborough store in June 2012. The banking services are incredibly popular, with lines most days of the week.

More recently, Brown has sought to increase access to affordable health care in these communities by opening nonprofit clinics in stores. The first clinic opened five months ago and a second clinic will open in the Parkside store within the next several months. The clinic has not been an instant success, but the model is being tweaked to meet community needs, including implementing a sliding fee scale for uninsured patients.

Sparked by a Public-Private Partnership

The six ShopRite stores located in Philadelphia's grocery-poor neighborhoods could not have opened were it not for the Pennsylvania Fresh Food Financing Initiative (FFFI), a public-private partnership that provides start-up funding in the form of one-time loans and grants to help retailers open or improve food retail stores in underserved low- and moderate-income communities.

The FFFI program has impressive results: 88 new or renovated stores in urban, rural, and small-town Pennsylvania, and more than 5,000 jobs created or retained. And the idea has spread: 15 other states have taken steps to set up similar public-private partnerships. In 2010, the federal government began a similar initiative, the Healthy Food Financing Initiative (HFFI), which is also a central pillar of Michelle Obama's Let's Move campaign. Since its launch, HFFI has provided nearly \$500 million in loans, tax credits, and grants toward healthy food retail projects including grocery stores, farmers' markets, cooperatives, food hubs, and other innovative efforts.

Brown believes that his comprehensive approach to solving community challenges is the key to his success: "Believe it or not, solving the community's problems helps on the financial side as well." Cultivating strong relationships with community leaders, for example, helps to increase sales and reduce theft.

He also thinks his success can be replicated elsewhere, and has begun a nonprofit consulting firm, UpLift Solutions, to share what he's learned with other business leaders. A number of major cities are getting ready to launch citywide initiatives focused on hiring ex-offenders using Brown's model, and other major retailers have expressed interest as well.

The Brown's ShopRite story is proof positive that it is possible to meet a community-oriented mission—to "bring joy to the lives of the people we serve"—while turning a profit. It also shows how well-crafted public-private partnerships can be critical to making this happen. Hopefully the model is paving the way for a new generation of entrepreneurs who are meeting the "triple bottom line" of people, planet, and profit.

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An "All In" Job Creation Strategy

for the San Francisco Bay Area



Mauricio Duque, who immigrated from Colombia, is the warehouse operations support manager at Premier Organics, one of the companies assisted by Inner City Advisors.

All the talk about job creation this election season misses a critical point: to put the nation back to work, our country needs an economic model that allows everyone to co-create and prosper from growth.

That's the conclusion of Jose Corona, CEO of Inner City Advisors (ICA), a nonprofit business development organization that's putting an equity-driven growth model into action.

Corona, a lifelong soccer player and the son of an immigrant entrepreneur, has a track record of helping businesses scale up in ways that build healthy, equitable communities. In a recent *Stanford Social Innovation Review* [blog post](#), he challenges foundations, lenders, and investors to step up to the urgent task of growing enterprises that create good jobs for those who need them most.

Inner City Advisors has created thousands of jobs in the San Francisco Bay Area by connecting start-ups committed to hiring local residents with strategic guidance and giving them access to networks, capital, and other vital resources. The organization launched an ICA Investment Fund this year to help inner-city businesses overcome one of their biggest obstacles: obtaining growth capital to expand and create more jobs. *America's Tomorrow* spoke with Corona in his Oakland office.

You often say Inner City Advisors is not about growth for growth's sake. What is it about?

Our mission is not just to help entrepreneurs grow financially. For us, it's important that as businesses grow, they create jobs and more specifically, jobs for the populations that we

care about—people with higher barriers to employment. We focus on four groups: the formerly incarcerated; immigrant English learners; aged-out foster youth; and people with lower educational attainment.

How has thinking about equity influenced your business strategy?

Eight years ago, when I came to ICA, we tracked only jobs created. Then we said, "What about jobs for inner-city residents?" We went from 27 percent of employees at ICA companies being from the inner city to 76 percent currently. Then we pushed a bit further and said they have to be good-quality jobs. So we look at wages, health benefits, and wealth-building opportunities for the employees. The equity framework got us asking: Who is accessing those jobs? Who is benefitting from them?

What did you discover?

Just because you live in the inner city doesn't mean that you were the employee that we were targeting. An equity-driven model meant we needed to dive in to the socio-economic status of the employees. High-skilled, higher education people—the market will generally take care of them. They are going to land jobs somewhere. We need to care about the people who don't have those skills and opportunities.

Did that change your investment priorities?

Absolutely—it was a major shift. We targeted certain industries that create job opportunities, and better yet, career-ladder opportunities for the population we wanted to serve.

Which industries?

We focus on food and beverage production and manufacturing, other manufacturing, and professional services like in-home childcare or in-home senior care. We also just formed a partnership with [Sungevity](#), one of the fastest growing companies around solar financing. Not just because it was solar, but because we really wanted to understand the workforce needs of that industry and whether it can be a job creator for the populations we care about.

How do you make sure your companies hire the people who've faced the biggest employment barriers?

When we take on companies, above anything we look at the values and the character of the entrepreneurs. Do they really care about this mission? Are they committed? We want to build on their social responsibility component and make it

easier for them. It's hard to convert someone rather than work with someone that already has those values as part of their personal and business DNA.

Are more entrepreneurs coming to you with that commitment?

They are. People are really starting to look at their own communities and figuring out how to make an impact. It's not enough anymore to just be in the inner-city community. You have to be committed and active in it, reinvest back into it and hire from it.

How do you think inner-city business development translates into broad economic gains?

It goes back to our belief that making the opportunities equitable to all businesses will make and transform a community. Small business owners and people who live in the inner city just want that equal opportunity, and that's what we focus on. If everybody benefits, then everyone has a greater chance of succeeding.

What's ahead for Inner City Advisors?

We are looking at scaling this model. It's great to have it here in the Bay Area—the hope would be to have this model in other cities like Detroit, Philadelphia, and New Orleans. We've grown from serving 10 companies to now touching over 200 companies a year. From creating 80 to 100 jobs a year to 2,554 jobs in the last year alone. And I know we can do more.

What inspired your passion for equity and entrepreneurship?

My dad is a farmer and entrepreneur. As a young immigrant from Mexico, he was given the opportunity by people he worked for to run and own his own land. And over the years, he turned that opportunity into 155 acres in the Salinas area. At one point he employed 300 people on his farm. So we grew up with that kind of story—an entrepreneur who was given an opportunity. If we could replicate that story over and over, imagine the opportunities we can create for people who need them most, and the impact we can have on communities.

You've played soccer since age 5, including a year on Team USA. What lessons on the field guide you in your work?

It's all about the team. But within the team, everyone needs to play their position. If everybody out there does their part, we will have a better chance to win. I also learned that leadership

comes from within. You have to lead by example on and off the field. It's not about driving and pushing your people. It's about how you develop and invest in your people. Good teams always have individuals who have each other's backs.

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America's Tomorrow highlights campaigns, leaders, policies, reports, and local models that are advancing equity as an economic imperative. It is produced by Chris Schildt, Sarah Treuhافت, Fran Smith, and Ana Louie. To learn more, visit the *America's Tomorrow* [webpage](#).

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