



DO SUCCESSFUL BUSINESSES “GROW” EVERY YEAR?

BALLE BEAT

Michelle Long

WHAT is successful business development? Do successful businesses “grow” every year? Is there a point when enough is enough? Rather than defining the development of a business or a community as unlimited growth, can we instead define development as the enhancement of what already exists?

Owners of local, independent enterprises who are members of Business Alliance for Local Living Economies (BALLE) networks are exploring that question. One such company who has followed a local living economy growth strategy is Ann Arbor, Michigan’s Zingerman’s Deli. In January 2003, this strategy contributed to its selection as a cover feature as *Inc. Magazine’s* “Coolest Small Company in America.”

REBOUNDING FROM A WALL

Zingerman’s cofounders Paul Saginaw and Ari Weinzweig built their enterprise into an extremely popular and internationally known business, but ten years after opening, felt they had hit a wall. They had grown to that point where complacency can creep in and entrepreneurs itch for a new challenge. Of course, the most common growth strategy within the retail food business is to franchise...opening Zingerman’s clones in other cities. Weinzweig, however, was adamantly against that idea. “For me, it was important to be part of something great and unique. You lose the uniqueness when you try to replicate the original,” reported *Inc. Magazine*. “That other way, however, proved frus-

tratingly elusive. Saginaw and Weinzweig had no interest in pursuing acquisitions or moving to another location, and they knew of no alternative growth strategies for small companies like theirs. So they did a lot of reading, thinking, and talking. By 1994 the outlines of a grand design had emerged. The Zingerman’s Community of Businesses (ZcoB) was ready to be born....”

Zingerman’s Community of Businesses was Weinzweig and Saginaw’s vision for a company that by 2009 would be made up of 12-15 individual businesses. All the businesses, Zingerman’s Delicatessen, Bakehouse, Creamery, Catering, Training and more, would share the Zingerman’s name, but each would have their own identity and remain small and located in the Ann Arbor area. Funding for each of the start-ups would come from Weinzweig, Saginaw and a managing partner who would work in the business as the owner.

What were the results? “Much has changed at Zingerman’s. The company has been adding businesses at the rate of about one every 18 months, and the pace shows no signs of slackening. Altogether the businesses employ 334 people, up from about 125 in 1994, when the company consisted of just the deli and the bakery. With the new businesses have come new partners, new language, and new opportunities for employees, as well as energy, passion, and excitement that was missing a decade ago....”

“Yet for all the changes, what is most striking is how much Zingerman’s has remained the same. It’s still a local, independently owned business with extraordinarily close ties to Ann Arbor and its environs. Last year, on the 20th anniversary of the company’s founding, 13 local not-for profit organizations put up

a giant plaque next to the Zingerman’s Delicatessen saying, ‘Thank you for feeding, sheltering, educating, uplifting, and inspiring an entire community.’ One organization, Food Gatherers, was actually started by Zingerman’s in 1988. ‘We don’t like to advertise our work with nonprofits,’ says Saginaw, “but it’s fair to say this would be a different community if we didn’t do what we do.”

CREATING MORE “COMMUNITIES OF BUSINESSES”

Seattle’s Essential Baking Company shares a similar growth strategy. Entrepreneur and BALLE Seattle steering committee member, Jeff Fairhall, founded Essential Foods (natural sandwiches and wraps) on a shoestring and made the first products from his home in 1988. By 1994, he had become successful in his current location and saw further opportunity to offer new fare and launched the Essential Baking Company. Now a successful and well recognized name throughout the greater Seattle area, Jeff says he has a range of ideas for the Essential Baking Company and local living economies.

Over the next year, this independent business owner plans to continue to invest in his core business while expanding his own “community of businesses” to open a new line of premium quality gourmet chocolates. He plans to buy Fair Trade beans directly from suppliers and to make local chocolate. Like the bakery, he plans to offer tasty, educational tours of the new chocolate factory. Jeff doesn’t want the Essential Baking Company to grow very large, but he does want to grow his opportunities to be creative and to make a difference. See the profile of Essential Baking Company on page 10 of this issue.

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BALLE NATIONAL CONFERENCE

On May 30 – June 1, 2003 in Portland, Oregon, BALLE is holding its National Conference, "Building Economies for the Common Good." This Conference will discuss such issues as: Growing a business to the benefit of the business and the community; City and county policies that support independent enterprises; and Redefining economic development. Featured speakers include Judy Wicks, Stacy Mitchell, Laury Hammel, David Korten and Woody Tasch.

Register before May 1st and pay \$125 for the Friday night reception, two-day conference, regional cuisine and fun! You can register in the Events section of www.LivingEconomies.org

Family farms, independent local businesses, community newspapers, local artists, entire ecosystems, and the unique character of our towns are disappearing. The only people who can ensure the vitality of your home, or even have the motivation to ensure that your place doesn't become every place, are the people who live there. With this recognition, local business alliances across this country are working together to equitably increase prosperity, strengthen community and ensure healthy local environments.

We also strongly encourage you to come early and attend the Portland, Oregon Sustainability Forum at the Portland Hilton and Executive Tower on Thursday and Friday, May 29-30. Presented collaboratively by 45 nonprofit organizations and government agencies, the Forum will offer over 130 presentations, panels, and workshops over three days. All day Friday, BALLE will be presenting a Local Living Economy series of workshops. Information: www.SustainableNorthwest.org

Hope to see you there!

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