



## **Hearth & Soul Grocery Concept Paper**

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# Hearth & Soul Grocery Store and Bakery Concept Paper

## Introduction

### The Natural Foods Social Enterprise and Bakery Operation

The Center for Urban Transformation (CUT) is concluding its research before opening the Hearth and Soul natural foods cooperative grocery store and bakery on the south side of Chicago. Initially the CUT was considering the Bronzeville community for its flagship natural foods grocery store. Several considerations lead to rethinking that earlier decision and it was decided that the Englewood community would be where the organization will focus its program efforts. The Bronzeville community is still a community of interest for one of our future stores. As in the previous version of this document other south side communities such as South Shore and Park Manor remain under consideration for a grocery store.

The Englewood community is defined by the CUT as a community bounded by 55<sup>th</sup> Street on the north; 75<sup>th</sup> Street on the south, the Dan Ryan Expressway on the east; and Western Avenue on the west. The boundaries defined by the CUT include the community areas of Englewood and West Englewood. The CUT finds no constructive need to separate those two community areas in terms of its program commitments and designs and it is also consistent with the boundaries defined by one of our partner organizations Teamwork Englewood. Teamwork Englewood has included the CUT in its program activities specifically for the purpose of assisting the development of food based businesses. Food based businesses are a principal component to building healthy and sustainable communities. Food based businesses offer increased food security and food access; the development of a high quality community food environment (also see CUT briefing paper "The Community Food Environment"); entrepreneurial and job creation opportunities and greater opportunities for much better public health outcomes particularly those influenced by the quality of ones nutritional and dietary intake. While a grocery store is an excellent program goal and an institution that will provide options for developing a healthy community it should not be regarded as a panacea. A healthy community offers many possibilities for its inhabitants to obtain high quality food through its produce stands and markets, corner stores and restaurants. In Englewood all of the elements for a healthy community food environment are either missing (high quality grocery stores, produce markets and restaurants) or woefully inadequate (corner/ma and pa stores).

The concept paper presented here is a prelude to the creation of a business plan for the entity describe herein. The concepts discussed here will eventually evolve into several more food related businesses such as a coffee roasting and candy companies that will be committed to the fair trade movement. These businesses will be regional entities and rely heavily on cause marketing to create a regional

customer base. Further details on future projects will be forthcoming in additional concept papers.

## **Rationale**

It has long been observed that African – American communities are grossly underserved by businesses that provide high quality food and customer service. This is apparent regardless of the socioeconomic status of those who chose to live in predominately African – American communities. This observation has been demonstrated by a landmark study completed by Dr. Kimberly Morland, et al in communities in Mississippi, North Carolina, Maryland and Minnesota. The study entitled the *Neighborhood Characteristics Associated with the Location of Food Stores and Food Service Places*<sup>1</sup> noted that the relationship between diet and disease is well established and that sustainable dietary changes are often difficult to achieve under the best circumstances. However, this study investigated how the physical availability of healthy foods impacts individual diets and thus contributes to the high rates of chronic diseases in the African – American community.

The study examined the relationship between the distribution of food stores and food service places by neighborhood wealth and racial segregation.

The results of the study indicated that large numbers of stores and other food outlets are more likely to be located in wealthier neighborhoods and those neighborhoods that are demographically predominately African – American. The study indicated that there are 3 times fewer places to consume alcohol in wealthier communities compared to poorer communities and with regard to neighborhood segregation there are 4 times more supermarkets located in white communities compared to black neighborhoods.

While this study generally supports the observations long held by members of the African – American communities of Chicago it does not address the question of what constitutes high quality food a question that the Hearth & Soul intends to answer when making decisions about what food products to include in its' product mix. Indicators of our institutional practices when it comes to supplying access to high quality food at fair prices can be found throughout this document and in the Vision and Values Statements contained herein.

Another area that will be addressed by the Hearth & Soul project is that of economic drain. That is reflected in the predominance of chain grocery stores that are generally found on the fringes of the African – American communities of Chicago and in shopping districts within the communities and best accessed by those with an automobile and/or the money and energy to travel by public transportation to these locations. The few neighborhood grocery stores are noted for the poor quality of their goods and customer service. These outlets share a major characteristic with chain grocery stores and that is that community

residents rarely own them and they rarely purchase insurance or do banking or other services related to doing business in the local communities.

Smaller operations compared to chain grocery stores rarely hire community residents and are often family run businesses with family members completing all business related tasks. An example of this situation exists in the Chicago community of Austin. The Neighborhood Trust Study done by Shore Bank's Neighborhood Institute indicated that of \$136 million food dollars spent in Austin \$99.1 million dollars or 72 % was spent outside of Austin primarily in surrounding predominately white communities. That statistic as staggering as it is misleading, the situation is worse than it seems because of those \$37.9 million dollars spent in the 128 small and corner grocery stores in the Austin community; the vast majority is spent in businesses whose owners do not reside in the community. Hence virtually all food dollars in the Austin community leave the community providing little opportunity for reinvestment in the community. The situation also provides few job opportunities for community residents in local retail outlets.

Overall there are very few positive economic opportunities for the African – American community relative to food access and/or processing. This element of the disinvestments that occurs in predominately African – American communities is one, which the Hearth & Soul project intends to address in a positive manner. The Hearth & Soul will fill the void and occupy the niche left by the current food purveyors whether they are chain grocers or small operations owned by people from outside of the community.

The niche, which the Hearth & Soul will occupy, is that of a local full service grocery store which will be either cooperatively or privately owned. The Board of Directors of the CUT in consultation with a variety of legal and business consultants will determine the ownership structure.

Whatever determination is made regarding the legal structure of the Hearth & Soul project it will be organized as a *community corporation* as defined by Michael Shuman in *Going Local: Creating Self-Reliant Communities in a Global Age*<sup>2</sup>. "Henceforth the term *community corporation* (author's italics) shall refer to **for – profits with a residential restriction, as well as to cooperatives, nonprofits, and public enterprises... (T) he promoters of these kinds of kinds of businesses are effectively saying... we aim to be commercially viable, like conventional for – profits. But we affirm in no uncertain terms that the mission of our corporation is to advance the well – being of our community**". The CUT and the Hearth & Soul project subscribe to the thesis outlined in the definition cited above in all this and all future enterprises regardless of how they are ultimately structured. The CUT and Hearth & Soul will modify the definition somewhat with respect to residential restrictions, which is briefly defined as a restriction placed on shareholders requiring that stock ownership is restricted to community residents. Such a restriction may be too limited however and our strategy

**may broaden the shareholders to include those that are interested in social investments as well as community residents. Regardless, the ownership structure of the organization will be unique and provide grassroots investors with the opportunity to invest in projects that are designed to insure social responsibility and local community self –reliance. Another level of change to the definition inherent in the values of the CUT is that the Hearth & Soul project will maintain high quality standards for its operations and maintain the highest level of integrity for ecological and human health as well as labor rights.** The Hearth & Soul project is, like all CUT programs, is informed by the principles of ecological design and architecture, environmental justice, ecologically sustainable economic and community development and human rights.

The store and bakery operations will hire to the greatest extent possible community residents for all positions be they management or otherwise. The Hearth & Soul will not discriminate against any employment candidate regardless of race, color, creed, national origin gender, religious affiliation or any other distinction when selecting employees. The Hearth & Soul will discriminate only on the basis of commitment to community well – being and self – reliance; those not committed to those principles cannot become or remain employees in the Hearth & Soul project.

### **Community Description of the Englewood Community<sup>3</sup>**

The historical boundaries of Englewood were determined in 1920 by social scientists at the University of Chicago and they are broadly accepted. Many community constituents however don't care to separate the Englewood and West Englewood communities. And from the development perspective there is no need to separate the two particularly in terms of attempting to understand economic and market forces in the area. For the purposes of this paper (and for all CUT programs in the area) the area described above will be heretofore called Greater Englewood (again the combined community areas of Englewood and West Englewood).

That potential is revealed in the following market profile:

#### **Market Scope**

Total Population: 79,589

Total Households: 23,985

Occupied Housing Units: 23,985

Median Household Net Wealth: \$38,983

Median Household Income: \$25,847

Middle and Upper Middle Class (Household Income \$50-150 K): 5110

Percentage of Households: 21.3%

## **Market Profile for Groceries – Greater Englewood**

Total Customer Expenditures: \$713 M

Total Retail Sales: \$169 M

Expenditure Leakage: \$534 M

Expenditure Leakage %: 76%

Expenditure Leakage for Groceries: \$69 M

Expenditure Leakage for Restaurants: \$56 M

Expenditure Leakage for Food Based Businesses (Groceries and Restaurants):  
\$125 M

Square Foot Potential for Groceries: 354,158 sq. ft.

### **Market Area**

Bolstering the notion of Englewood as the center for sustainable economic and community development are the socioeconomic profiles of adjacent and surrounding communities.

Major consideration is given to the market potential apparent in other communities in the vicinity such as Greater Grand Crossing, Woodlawn, Washington Park, Fuller Park, New City, Chicago Lawn, Ashburn and Auburn Gresham. The economic or expenditure leakage for the eight communities combined is \$172 million for groceries and \$155 million for restaurants. All communities all lie within a 3-5 mile radius of Greater Englewood.

The total economic or expenditure leakage for all of the communities (Englewood and the projected market area sited above) within the scope of this analysis is \$241 million for groceries and \$211 million for restaurants.

The market area has a total of \$452 million in potential capital available to food based businesses. The economic profile for food based expenditures for the total population of the market area described is 370,646, with households considered middle class by virtue of household incomes between \$50 and \$150 thousand totaling 34,951. The total numbers of households in the community areas that are in this profile are 117,815 with middle income households as defined above being 29.7% of the total households analyzed.

The CUT thus concludes that Greater Englewood has exceptional potential in support of various food based businesses especially grocery stores and produce markets. Our findings also support the decision to make Greater Englewood the focus of the CUT socially responsible business ventures.

## Proposed Corporate Models and Values

One model has the Hearth and Soul being organized as a non-profit cooperative subsidiary of the Center for Urban Transformation. A multi-level membership program is currently under consideration. Joint membership in a community development credit union, which is concurrently being planned, is also under consideration. By joining the credit union one would automatically become a member in the cooperative. The model for this is the Hyde Park Coop that has a membership program, which offers automatic membership in the coop once a person becomes the member of the credit union.

In the CUT's early plans a credit union connected to Hearth and Soul was part of the mix. However the CUT will be exploring the possibility of cultivating membership relationship with a local a community development credit union (CDCU) with whom the CUT will seek a long-term relationship.

Long – term plans of the CUT still envision the development of a CDCU as part of our sustainable ventures projects. The CDCU will be a community development institution modeled after the Self-Help Credit Union, [www.self-help.org](http://www.self-help.org), the Alternative Federal Credit Union, [www.alternatives.org](http://www.alternatives.org), and the Vermont Development Credit Union, [www.vdcu.org](http://www.vdcu.org). In the interim the CUT will encourage a participatory relationship with a local CDCU. As long – term CDCU plans are actualized the CUT will maintain a close working relationship with the CDCU with whom it has worked closely.

The CUT will consider proposing to the local CDCU a working partnership that will become an optional membership structure, whereby one could join the Cooperative separately at membership levels mentioned below or one may become a joint member of the credit union and the cooperative for additional membership privileges, such as an automatically higher discount rate. The arrangement with a CDCU is contingent upon whether the Hearth & Soul is legally organized as a cooperative entity. The cost of a member share has not been determined at this time. The membership levels currently under consideration should the decision be made to organize as a cooperative are:

Level One - Basic membership for the purchase of at least one share is a 4% discount.

Level Two - Purchase of at least one plus 3 volunteer hours per month is a discount of 4% plus an additional 3% for the volunteer service.

Level Three - Purchase of one share plus three regularly scheduled volunteer hours per month is a discount of 4% plus an additional 6% for regularly scheduled volunteer hours.

In addition every second Tuesday of the month will be Member Appreciation Day with all members receiving an additional 2% discount for all purchases. Seniors will be provided with a 10% discount with the purchase of at least one share. All members will be charged a one time non-refundable processing fee of \$5.00. All membership shares are redeemable with all members required to maintain a minimum of one share to be considered an active member of the cooperative. Discounts will apply to the vast majority of products. Membership shares will be maintained in an interest bearing escrow account with any revenue earned by the cooperative being applied to sustaining the cooperative as well programs and general operating support for CUT.

The second model will be the development of a for – profit natural foods grocery store which like the Cooperative will carry a variety of certified organic, transitional and farm -direct produce, meats, fish natural grocery products; as well as household and personal care items which are nontoxic or the least toxic alternative. Initial food sections will include section for frozen and refrigerated products, baked goods, bulk foods, vitamins, herbs, beverages, personal care items and household cleaning products. A juice bar, which will also sell organic coffees and feature baked goods from the bakery will occupy a section of the store and be adjacent to the bakery section.

An excellent model exists in Portland Oregon; by the name of New Seasons Market ([www.newseasonsmarket.com](http://www.newseasonsmarket.com)). New Seasons Market has a corporate philosophy, structure and commitment to the community that is worthy of replication in the underserved communities of Chicago. The New Seasons Market model is one best suited for larger venues of greater than 25,000 square feet. By contrast the Real Food Company model is envisioned as a model for smaller venues that may be comfortably placed within the context of commercial districts which currently exist on the South Side such as 59<sup>th</sup> and 63<sup>rd</sup> Streets.

While the cooperative model is a viable and generally suitable model the CUT is leaning toward a for-profit model for the grocery stores that we are proposing to develop.

This decision was made primarily in consultation with one of our partners – the Small Business Opportunity Center at Northwestern University School of Law. Cooperative models are legal entities and are in no way an inferior organizational structure. Rather cooperatives offer just one of several viable organizational structures by which businesses are organized. In communities that have traditionally been woefully underserved the focus should truly be on offering a variety of options for acquiring food including, produce stands (several examples exist in Chicago that offer a full array of products from produce to grocery items to meats); smaller grocery stores, chain grocery stores as well as Mom and Pop operations. This is the reality in most communities in Chicago with the glaring exception being the communities of people of African descent.

Chain grocery stores **are not the only solution to lack of access to quality foods in the community. In fact by many standards, unless strict attention is paid to product mix and quality they offer no solution at all and indeed contribute to the public health problems associated with food consumption patterns in the community (health problems which are really shared by all communities).**

The CUT is committed to offering a product mix that to the greatest extent possible will offer a combination of quality and healthier choices such as consciously produced foods and products. The product mix will consist of products for example that don't contain trans fats, hydrogenated oils and high fructose corn syrup, all food additives that have been implicated in a host of poor public health outcomes.

Discussions will ensue to determine the product mix which may include the development of a Product Advisory Board consisting of people from a list of integrative and complementary medicine providers including allopathic physicians, chiropractors, practitioners of traditional Asian modalities, massage therapists, naprapaths, naturopathic physicians, etc. in addition to consumers and community residents.

The Hearth & Soul store(s) will also specialize in and offer an array of black, semi-black, green and white teas from Asia and Africa, tonics and tisanes (herbal infusions). The store will also offer herbs and herbal preparations of practitioner grade that meet the exacting standards of International Quality Assurance. These products in keeping with the values of the CUT must be standardized, 100% animal/cruelty free and eco sourced from suppliers from around the planet.

### **The Bakery**

The bakery will make an assortment of goods for the wholesale and retail sectors, and will procure contracts for contract and co-branding baking with regional companies and the hospitality and culinary sectors. Bakery products will be packaged and distributed for delivery to local and regional natural foods customers in a mixture of businesses such as, restaurants, stores, hotels, etc. Bakery products will also focus on certified organic ingredients for all of its goods.

### **The Physical Facilities – The Next Generation of Commercial Buildings**

The building for the cooperative/bakery will optimally be recycled and renovated to specification to house the cooperative/bakery and a passive solar rooftop greenhouse, which will be used to grow a variety of culinary produce through much of the year. The produce will be used in baked goods and sold in the store and depending upon yields to wholesale customers. The space requirements for the store based upon our preliminary research estimates are approximately

12,000 to 15,000 square feet. The bakery will require approximately 2,000 square feet and the store will require 5,000 to 7,000 square feet. The remaining space will be utilized for storage, receiving and office space. However, the bakery if necessary may be housed in a separate location for production operations. Retail sales of baked goods will be through the store and deliveries to wholesale customers will proceed through normal delivery operations. If both operations are contained at one site ample space may be available for expansion of either entity with a space of approximately 15,000 square feet (it may be after further study feasible to build or renovate a space as large as 25,000 square feet to accommodate various program possibilities currently under review.

New construction is also a strong possibility due to the possibility that a suitable building may not currently exist within the target area meeting the specifications required for a grocery store. Should new construction be required the CUT will to the extent possible create a commercial building, which is the next generation of commercial buildings combining mixed use, energy efficiency and renewable energy design into the facility.

The building whether it is renovated or new construction will be designed and engineered to be energy efficient, use renewable energy if not exclusively to the greatest extent possible and to have engineered into its design a greenhouse and hydroponic<sup>4</sup> operation. There are two major reasons for this approach. First, in this age of uncertainty it is necessary to begin to expand the potential to create the capacity to increase the supply of food created in an urban setting bolstering the creation of an urban agricultural system. Second, while the primary marketing area is the surrounding community listed above it is critical to the marketing strategy to have a building that is innovative and interesting that will make Hearth & Soul a destination grocery store. As a destination store the store will become appealing to customers throughout Chicago particularly surrounding south side communities.

The CUT is committed to the concept of the neighborhood grocery store. Several examples abound and they are still a number of such entities in Chicago. As stated above the Hearth & Soul will be housed in a building that is predicated on the next generation of commercial buildings.

## **Market Research**

Extensive marketing research to determine product mix and to carefully identify the consumer base will be a critical component of the planning, design and development of the store and bakery. Another important component of the strategic process for the implementation of the store and bakery will be visiting and/or communicating with several natural foods and specialty cooperatives and bakeries across the country. This strategy will be critical to minimizing if not

eliminating mistakes during any phase of the design and development of the social venture.

The Flatbush Food Coop in Brooklyn is a good example of an urban food coop (regardless of whether the store is organized as a cooperative or some other legal structure). The Flatbush Coop is a full - line coop with an emphasis on organic produce and products, which is a strategy that the Hearth and Soul coop will follow. For more information on the Flatbush Food Coop see [eachan.dorsai.org/~coop](http://eachan.dorsai.org/~coop). Additional information about cooperatives may be found at the following web sites:

Food Cooperatives

[www.columbia.edu/~jw157/food.coop.html](http://www.columbia.edu/~jw157/food.coop.html)

Cooperatives and Nonprofits

[csf.colorado.edu/co-op](http://csf.colorado.edu/co-op)

University of Wisconsin - Center for Cooperatives

[www.wisc.edu/uwcc/index.html](http://www.wisc.edu/uwcc/index.html)

The store/bakery/greenhouse/hydroponic business will present an opportunity to work in partnership with a variety of public and private institutions and individuals in both rural and urban communities. Opportunities to strengthen the bond between urban and rural communities are tremendous.

Should the decision be made to develop the Hearth & Soul store as a for – profit grocery store one model that we have discovered through our research is Real Food Company of San Francisco, CA [www.realfoodco.com](http://www.realfoodco.com), which along with New Seasons Market are an excellent model for the corporate goals of the CUT and the Hearth & Soul Grocery Stores.

The Whole Foods model is one that the CUT deems inappropriate for dense urban communities. New Seasons Market and Real Foods stores by contrast are entities that blend nicely into the community and their values and principles are similar to the CUT. The primary difference is that the Real Foods stores carry no meat, poultry or fish products that will be available in the Hearth & Soul store, which makes it more closely related to the full service grocery stores operated by New Seasons Market. This category of products will be restricted to those suppliers that utilize certified organic principles for meat and produce and sustainable practices for fish.

The design and development of Hearth and Soul is not unique. Natural food cooperatives and stores exist all over the country. The difference is that none with the range of natural and organic products and programs are located in communities of color in general and African communities in particular. Services that promote a healthy and sustainable lifestyle such as cooking classes, stress

reduction and healing activities such as yoga, tai chi and meditation are available at stores such as Whole Foods, Wild Oats and New Seasons Market. Likewise, they will be a part of the Hearth and Soul store because they should be and are a vital part of community and public health education.

### **Health and Consumer Education as an Essential Marketing Component**

Integrative and complementary health practices and education will also be a vital piece of the marketing strategy that will generate demand for a healthy lifestyle in the community, while increasing the customer base of people looking for products that support healthy lifestyle changes.

Most importantly the store will promote the conscious development of a healthy community and support the reduction of a host of disease rates while also supporting the sustainability of our vital ecological resources. Clearly there is a need for the design and development of natural food social venture in urban communities, particularly in stores that are compatible to community development. The Hearth and Soul natural cooperative and bakery will provide redevelopment opportunities, especially in locations that were once small grocery stores that have since been abandoned. This strategy differs dramatically from most Whole Foods and Wild Oats stores and is more appropriate for communities of color and the current market in those communities. The store will also be an anchor for the development of a revitalized and redeveloped commercial sector in an appropriate area in the core community (see Sustainable Communities Initiative and CUT Social Venture Programs). Many of the proposed social ventures are food - related and include: roasting coffee beans, spice and culinary herb sales, and packaging.

### **Commercial Community Kitchen**

Space and operations permitting, the Hearth and Soul will also design and initiate a program that would provide local entrepreneurs with an opportunity to develop microenterprises in a community based social venture incubator by providing facilities on a subscription basis to local people that are interested developing a food - based business.

An example would be a small pie company, which would rent the ovens at a reasonable cost to bake pies for sale or catering. The subscriber would have access to the proper facilities that meet public health standards for a resale operation. This would provide options for the distribution of the product to stores, restaurants and other institutions, which cannot purchase products for resale that, have been made in the kitchen of their home.

In addition the CUT would assist the local companies in obtaining all of the training and licensing requirements necessary for operating their company

through developing a business development program or through a partnership with an appropriate agency. Also the CUT and Hearth and Soul would encourage the use of quality ingredients from certified organic, transitional and natural sources as a prerequisite for being part of the subscription/incubator program as it is philosophically and ethically consistent with the values of the CUT. A certification program will be developed to ensure customers that the ingredients are of the highest standard and where possible organic.

### **Corporate Relations and Partnerships**

Organic and natural foods are generally thought to be expensive and they are at current price levels. However ongoing research indicates that prices can be reduced significantly through an increase of market share and also by the sheer simple task of charging less at the retail level. The price reductions can be accomplished by developing a more community - minded approach to marketing and sales. Overhead could be reduced by constructing facilities that are energy and resource efficient, and by integrating of locally grown produce with solid planning and partnerships with various entities throughout the food infrastructure.

Examples include:

A. The development of relationships with regional organic farms for a variety of food items through the purchase of their produce. Opportunities to define community -to- community business alliances that will be aimed at offering tools by which some of the remaining family farmers as well as new farmers may survive. Additionally, and of equal importance, is the supply of quality and healthy produce and other food items directly to urban communities in ways that provide a variety of nutritional products and food based jobs for members of urban communities.

B. The establishment of a farmers' market that will feature produce from both urban and rural agricultural sources.

C. The development of programs that allow a number of market opportunities to become sources of high quality food, especially produce. The CUT is working in consultation with the Shed Studio (Michael Newman and Rashmi Ramaswamy, Principals, Chicago, IL) to create an array of retail outlets ranging from carts to small grocery stores as sources for food access. Designs are currently under development for the various entities.

D. The development of commercial relationships with a variety of urban agriculture businesses such as Growing Home for local markets and value added business opportunities... This will encourage the development of other urban agriculture businesses locally and in other communities across the country.

E. The provision of technical assistance for the development of other Hearth and Soul cooperatives and bakeries in communities of color across the United States and assistance in the development of other food based businesses in those communities.

F. The development of relationships, which encourage sustainable agriculture and protect natural resources in the Americas, Africa and Asia, through a commitment to source many products from fair trade sources

G. The cultivation of long - term and short - term partnerships. For example the CUT will be established with local educational institutions that specialize in or have culinary arts programs to train bakery employees. Similar arrangements are anticipated for community - based job training programs for employees in all aspects Hearth and Soul operations. Relationships with local institutions and organizations that render accounting, legal, and other professional services is also anticipated.

Public health, nutrition, sustainability, ecological and environmental justice, will be the foci at the Hearth and Soul. In accordance with these concerns the cooperative will offer classes and sponsor symposia in subject areas germane to public health and nutrition.

Classes and seminars will be held on natural cooking and baking, nutrition and fitness. Relaxation and health classes will be offered in modalities such as yoga, qigong, tai chi, meditation and an array of bodywork therapies (e.g. acupuncture, reflexology, shiatsu, etc.). In addition, a bookstore offering a range of holistic health and self-help materials including books, videotapes, workout apparel and equipment will be connected to if not located in the store. This section will be an important part of the retail operation, and will be an important outreach and marketing tool. The store(s) can then become a center for an increase in the overall health and well - being of the community. This is critical given the well - known rates of degenerative, chronic and acute diseases in the community and the unacceptable mortality and morbidity rates for infants, children and adults in communities of color in general, and the African communities in particular.

Food and nutrition play critical roles in the preventative measures that must come to the fore in the community if there is to be a real and substantive change in the condition and well - being of the community. The overall improvement of the health of the community is contingent upon the creation of institutions like the Hearth and Soul and is therefore the only rationale required for undertaking and supporting the development of this endeavor.

The Hearth and Soul social venture is unique only in the sense that a full service natural foods store and bakery is not the kind of business that is generally located in communities of color. The reasons for this oversight are complex and generally beyond the scope of this document. However, a prevalent (and

erroneous) assumption is that communities of color are not good locations for health-oriented businesses. The CUT of course, does not subscribe to that notion. Indeed, we believe that communities of color in general, and African communities in particular, are prime targets for the introduction of full - service natural food businesses, particularly companies that are ethical and just in their approach and that provide opportunities for learning for a broad segment of the population. Many segments of the community are potential long - term customers of the proposed social venture as many people are interested in health and health related issues.

Additionally the "cultural creative" segment of the community is larger and more active than generally realized. This segment of the populace will be attracted to a social venture that is ethical, customer friendly and which provides high quality food and education programs. Other segments of the community will be similarly attracted; particularly those that are concerned with overcoming or optimally managing a host of health problems through the use of nutrition, exercise and appropriate complementary therapies. Members of these demographic categories will constitute the major customer base for Hearth and Soul.

The availability, utilization and consumption of quality foods are critical to the design and development of sustainable communities and provide the backdrop for optimal human and community development, health and well-being.

Mainstream policy initiatives provide little or no support for universal health insurance and food security thus making it imperative for communities to develop their own institutions and programs to assist its members in developing wholesome lifestyles that reduce, if not eliminate the need for intervention in the mainstream health care system, as appropriate. Even if policy initiatives were to change, prevention rather than intervention should be at the core of any health care system. Food, appropriate nutrition, exercise and complementary therapies are essential to the preventative paradigm, and should be made available to all communities.

### **Resources and Technical Assistance**

This section is an introductory list of organizations and institutions that may be able to provide technical assistance at various points of project design and development. A more exhaustive list is certain to emerge as the project evolves and will be reflected in later documents.

National Center for Economic and Security Alternatives  
[www.ncesa.org](http://www.ncesa.org)

Seedco  
[www.seedco.org](http://www.seedco.org)

Community Development Research Institute  
[www.newschool.edu/milano/cdrc.htm](http://www.newschool.edu/milano/cdrc.htm)

Local Initiatives Support Corporation  
[www.liscnet.org](http://www.liscnet.org)

National Congress for Community Economic Development  
[www.ncced.org](http://www.ncced.org)

CDFI Coalition  
[www.cdfi.org](http://www.cdfi.org)

Self Help Association for a Regional Economy  
[members.aol.com/efssociety/share.html](http://members.aol.com/efssociety/share.html)

Shore Bank  
[www.sbk.com](http://www.sbk.com)

Woodstock Institute  
[www.woodstockinst.org](http://www.woodstockinst.org)

### **Preliminary Budget Notes for Proposal and Business Plan**

This section is being developed on an ongoing basis as information is collected and decisions are made relative to establishing the store. As such this section is where notes will be kept for creating an overall project budget.

Rent/Lease/Purchase of 8,000 - 10,000 sq. ft. Building (Planning, strategic and logistical considerations may necessitate an increase in the size of the building).

Renovation Costs:

Renewable energy, electrical, plumbing and HVAC systems

Contingency: New Construction:

If a suitable site is not available for a variety of reasons then a budget covering the cost of new construction of a small, neighborhood scale facility, with renewable energy, energy conservation and efficiency systems and passive solar rooftop greenhouse will be developed.

## Start Up Costs:

Store inventory, etc. (Total startup costs is the sum of all expenses and costs to actualize the project)

## Salaries and Benefits:

For management and store and bakery personnel. (Calculated over 4 year period for support over that period of time) Generally, it takes most businesses about 4 - 5 years to become self-sufficient.

Equipment and Supply Costs: (These figures are very preliminary; ongoing research will provide the figures required for the business plan process).

Plumbing for kitchen, bakery and coop sinks, refrigeration and freezers, floor drains, bathroom(s) and gas lines will vary depending upon the specific site.

Bathrooms and kitchen/bakery will be required to meet the health department codes as well as any renovation construction such as dry wall surfacing and dropped ceilings if required. Tile flooring will be required for kitchen and bathroom areas.

Electrical service planning will be required for all electrical needs. It is anticipated that lighting consultation will be required for efficiency and productivity.

Some costs such as a walk-in refrigerator may be higher than anticipated here. This is because it is certain that a walk-in refrigerator will be required for bakery and coop operations. Therefore it will in all probability be a more cost effective choice to buy one larger walk-in refrigerator than to buy two; one for each entity.

Many of the budget figures cannot be determined until a site for the cooperative and bakery is chosen. Subsequent drafts of this document will add more cost projections as the project develops. Complete budget figures will be developed for the capital development and business planning phases of organizing this project.

## Administrative Costs

Legal, accounting and regulatory for audits, contracts, licensing and other requisite administrative and financial tasks. Computer hardware and software, fax, copier, internet/e-mail, office supplies

## Consulting Costs Pre-construction, Construction and Post Construction

Architects, designers, engineers, electrical, plumbing and HVAC contractor

## Footnotes

1. Kimberly Morland, PhD, et al “Neighborhood Characteristics Associated with the Location of Food Stores and Food Service Places”, *American Journal of Preventive Medicine*, 2001
2. Michael H. Shuman, *Going Local: Creating Self-Reliant Communities in a Global Age* (New York, Routledge, 2000), pp102-3 (See Chapter 3, “Community Corporations)
3. Community Description was compiled from the Census tract information and from City of Chicago, Department of Planning and Economic Development. statistics.
3. Many farmers eliminate the use of chemical fertilizers and pesticides before they are certified organic; the certification process requires a minimum of three years of not applying chemical inputs before a farm can be certified. The interim steps between conventional agricultural practices and organic practices leave many farmers in a tenuous position. By supporting transitional crops the CUT will be part of a process by which farmers are encouraged to switch to organic agricultural practices and be rewarded for making the shift.
4. Hydroponic agricultural systems are indoor systems, which use a growing and fertilization medium to grow a variety of plants. The hydroponic system, which the CUT will utilize for this project, will be one that uses organic principles in the operation. There is some debate about organic practices in hydroponic systems although the CUT believes it is possible to use hydroponic systems in a way that is organic. Organic systems have been called bioponic systems. For more detailed information on hydroponic or bioponic systems see Growing Edge magazine and/or do an internet search.

## **Appendix**

### **Hearth & Soul Food Enterprises**

#### **Mission Statement**

The Hearth & Soul is a sustainable economic development project of the Center for Urban Transformation (CUT). The mission of the project is to provide access to high quality food at reasonable prices for the African – American community in particular and all urban communities in general. The African – American community has a dearth of food purveyors in the community especially those committed to providing quality products and customer service to those communities. The Hearth & Soul project is being designed to address the problem of lack of access to food in a meaningful manner. While addressing the problem of food access the Hearth & Soul project will also begin to address problems of health outcomes, as well as those of community and economic development associated with lack of access.

#### **Vision Statement**

The Hearth & Soul project is devoted to providing high quality food and customer service to all underserved communities, regardless of race, class, ethnicity, national origin or religion.

The Hearth & Soul is particularly interested in focusing on to the greatest extent possible local food and food processors. The next level of priority is sources east of the Mississippi River, including Canada. Next priority will be given to national sources west of the Mississippi River.

Priority will be given to international sources located in the western hemisphere, particularly Mexico, the Caribbean Basin and Canada. The Hearth & Soul will limit its' business to those international sources that practice the principles of fair trade, human rights, organic agricultural practices and ecological sanctity in their operations.

To the extent possible the Hearth & Soul project will utilize technologies and strategies for all of it's' operations and facilities that conform to the highest standards of energy efficiency and energy conservation. Also, the project will utilize renewable energy sources and strategies to the greatest extent possible for all operations and is committed to promoting the next generation of commercial buildings. To the CUT the next generations of commercial buildings are those that combine ecological design and architecture principles into their

construction and operations insuring a resource future for the next one thousand generations.

### **Values Statement**

The CUT and the Hearth & Soul project is committed to the greatest extent possible practices and operations that are informed by the principles of environmental justice, ecological design and architecture, human rights, fair trade and labor rights. The organization will remain dynamic in its' approach to learning and functioning so that it will always be able to make informed decisions that protect the life sources for all future generations.