

Scaling Impact: Equity, Access, and Opportunity in Boston's Regional Food Economy

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We were thrilled to host Federal Reserve Governor Brainard and her team for a tour of CommonWealth Kitchen last week and discussion of our work to build a just, equitable, regional food economy.

Photo Credit: CWK Federal Reserve Board Governor Brainard!

Social innovators are working to address some of the

most pressing challenges facing society --economic mobility, environmental resilience, community health, food insecurity, intergenerational poverty, and racial, social, and economic inequality. Rather than looking at each of these challenges in isolation, could a single innovative concept create a cascade of impact improving conditions across a multitude of vexing societal issues? That is what Commonwealth Kitchen ("CWK") is working to figure out. Their platform? Food. Their innovation? A food business incubator and pioneering small-batch food manufacturing enterprise, working to build a just, equitable, resilient regional food economy. And their work is having impressive early results.

Enabling Innovation

CommonWealth Kitchen describes its core mission as working to close Greater Boston's growing wealth divide by breaking down the barriers for low-income women, immigrants, and people of color to build viable food companies and create jobs with few barriers to entry as a means to generate assets and wealth, and break the cycle of poverty. To accomplish this work, CWK operates Greater Boston's only food business incubator and food manufacturing social venture.

More than just a shared kitchen, CWK takes a deep, systems-based approach to comprehensive business and human capital development. CWK works closely with aspiring entrepreneurs from the very beginning to help

them navigate the complex process of starting a food company -- assisting on topics like recipe development, permits, licenses, packaging, and market strategy. As the business gets going, CWK provides support in identifying and building a customer base, sourcing ingredients, ensuring safe food handling, finding employees, and accessing early stage capital. As companies add sales channels and distribution, CWK provides small-batch manufacturing services, so that the business owner can outsource production and focus on sales and brand building. As businesses become established, CWK connects them with a mix of retail, wholesale, and institutional markets, distributors, event planners, funders, and investors.

This comprehensive approach takes its cues from private equity firms who not only invest in portfolio companies, but also serve as mentors, advisors, and connectors. Similarly, CWK provides an extensive set of technical services, educational programs, coaching, and strategic partnerships to help its primarily women, immigrant, and minority-owned companies gain business and personal skills and secure the peer and industry networks necessary to build a viable business.

Today, CWK provides kitchen facilities plus business and technical support to more than 50 wholesale and retail member companies -- 75 percent of which are owned by women and/or people of color, employing more than 140 people. CWK also orchestrates a supply network spanning

more than 35 additional wholesalers, retailers, and farms through its manufacturing operation, and is engaged with more than 30 other aspiring businesses hoping to launch within three to six months. Since its 2009 inception, CWK has graduated more than 45 companies who are still in business, collectively creating nearly 500 jobs. Combined, CWK's member companies and graduates generate more than \$40 million/year in revenue. To support this work, the organization itself has grown by more than 450 percent in the last three years, with nearly 50 percent of its \$2 million annual budget generated from kitchen operations. In 2015, CWK was named Boston's Best Incubator by Boston Magazine and a "Game-Changer" by The Boston Globe.

CWK's innovative, systems-based approach to inclusive entrepreneurship and small business development has enormous potential for replication and scaling. The emergent model challenges notions of the education and background needed to launch and run a viable business; the scale and timeline needed for success; the access required to leverage industry networks to achieve success; and the scope of services and infrastructure that should be included in building a high impact innovation within a complex ecosystem. As defined by the work of Purdue University's Innovation and Leadership Studies Program, CWK's model has the potential to be described as an *enabling innovation*.

Enabling innovations are technical or conceptual

advances that drive change in a paradigm, and form the basis for a cascade of progressive activities that serve a broad array of purposes in multiple contexts, collectively driving tremendous cumulative impact (Sinfield and Solis, 2016). Effectively, *enabling innovations* form the foundation upon which multiple new innovations can happen.

Building equity and opportunity in a complex ecosystem

Building an equitable, resilient business network within a complex ecosystem like food relies on creating a responsive chain of interconnected and interdependent activities, in which any weak link can break the system. Analysis of CWK's work by the Purdue Innovation and Leadership Studies Program indicates there are at least 140 distinct links within the CWK system. They include all of the elements that must be true to identify and recruit promising business owners and help them home and develop their business concepts; to break down the myriad barriers faced by racially, socially, or economically disenfranchised populations; to support these aspiring business owners in developing the confidence, communication skills, business acumen, technical knowledge, and entrepreneurial mindset required for success; to effectively engage with key players and decision-makers all along the supply chain; to secure investment from traditional debt and equity players in an

industry known for high failure rates and narrow margins; and to forge strategic partnerships with suppliers, distributors, purchasers, funders, regulators, government agencies, and community advocates in a closely aligned network.

By weaving together all of these core elements, CWK's work is creating a powerful multiplier effect of impact that reaches far beyond the individual incubator member companies and their employees. CWK's work is beginning to increase food access in neighborhoods across the city. It is strengthening the regional food economy and diverting food surplus by expanding sales channels for farms. It is changing how large retail and institutional buyers are handling their purchasing, and how distributors think about onboarding and selling new companies and products. It is even creating a strong sense of place, community pride, and reinvestment in one of the lowest income neighborhoods of Boston.

Building a Pathway to Equity, Access, and Opportunity

In pinpointing how and why CWK's work has had such widespread early impact, it is instructive to understand the three interrelated systems managed by CWK: one that shapes and supports cultivation of the business and the entrepreneur; one that strengthens the infrastructure needed to start and scale successful food companies; and one that forges partnerships and builds peer and industry

networks in which the fledgling business will operate.

1. Shaping and Cultivating a Food Business

In working with its incubator member companies, CWK has learned that a critical element to sustained success is investing not only in developing a strong business concept but also investing in the human capital that drives it. No matter how great an idea might be, if the business owner does not have strong business fundamentals and technical knowledge, realizing sustained success is nearly impossible. Therefore, CWK works with aspiring companies on technical support such as recipe development, food costs, permits, packaging, shelf-life testing, safe food handling, and food flow plans. In parallel, CWK offers business and personal development workshops on topics including sales and marketing, negotiation strategies, HR, bookkeeping, debt and equity financing, and is expanding its coaching and mentoring program.

To complement the workshops, CWK also offers formal classroom training. For entrepreneurs who are brand new to the field, there is a 12-week food business start-up class offered in partnership with the Lawyers Committee for Civil Rights and Economic Justice. This fall, CWK is helping to launch a new "Cultivate Small Business" program, a new signature initiative from Santander Bank, in partnership with the Initiative for a Competitive Inner City and Babson College. The eight-month program is

focused on working with existing food businesses to improve business fundamentals and provide access to industry advisors to build strong business fundamentals.

This intentional focus on industry-specific technical skills, traditional business skills, and personal development provide members with the transferable leadership skills, entrepreneurial thinking, and resilient problem-solving needed for sustained success.

2. Building the Regional Food Manufacturing Infrastructure

A 2014 report by the Natural Resources Defense Council noted that U.S. food production accounts for 50 percent of land use, 10 percent of energy consumption, and 80 percent of fresh water use. Despite this enormous resource investment, the USDA estimates that more than 40 percent of all food produced in the U.S. is thrown out, including nearly 30 percent of all fruits and vegetables. This equates to more than \$165 billion of food waste each year, and accounts for more than 16 percent of US methane emissions.

A major factor contributing to this inefficiency and waste of natural resources is that the current consolidated food system relies on immense, centralized networks for aggregation, processing, and distribution of consistent, uniform products. The supply chain is not set up to be nimble, work with smaller volumes or unpredictable crops,

manage inconsistent processing runs, or quickly respond to fluctuations for drought, surplus, consumer demand, or seasonality. This inefficiency leads to enormous waste, and leaves many farms, food producers, and low-income consumers struggling for access.

CWK's food manufacturing social venture is playing an increasingly pivotal role in filling this gap. Initially launched to help incubator companies efficiently scale production, CWK's manufacturing operation has quickly become an integral part of CWK's network-building model. The service fills a critical gap for farms with perishable ingredients in search of markets; restaurants struggling to find labor to keep up with back-of-the-house production; producers looking for low cost ways to do rapid market testing, and institutional buyers looking to increase local sourcing. In any given week, CWK's production staff produces everything from salsa, veggie burgers and cookies, to sauces and juices for member businesses; value-added products for regional farms; custom products for restaurants and institutional buyers; and product development for a wide range of food companies, including several focused on addressing the enormous food waste challenge.

In order to keep up with this demand, CWK's business model requires flexibility and dexterity in scheduling, enormous attention to detail in production and packaging, partial automation, and a team trained in food safety. The initiative allows CWK to meet its mission goal of building

viable food businesses, while forging deep connections all along the supply chain. The result is a rapidly growing cascade of impacts across the regional food ecosystem.

3. Creating an Inclusive Business Network

A final critical element in the success of CWK's work is its ability to build collaborative networks and forge strategic partnerships all along the supply chain. With more than 50 diverse member companies, integrated with its own rapidly growing manufacturing services, CWK has been able to attract interest from a range of retail and wholesale buyers and distributors, including Whole Foods, Harvard University, Partners Healthcare, Eataly, and Sysco, all looking to meet consumer demand for authentic, ethnically diverse, minimally-processed food options. As CWK builds these market opportunities for its members, it is seeing growing interest from a range of mission-based lenders and impact investors interested in collaborating in order to build their pipeline, as well as small business training providers looking to connect.

Similarly, through a range of value-added processing services, CWK is building strong collaborations with regional farms, aggregators, and food rescue organizations, which has led to an increased advocacy role with city and state government around food policy planning and regulatory matters. This broad spectrum of collaborations and strategic partnerships is providing CWK with an enormously powerful platform on which to

deepen its efforts to build an inclusive, equitable, resilient, regional food economy that works for everyone.

Looking Ahead

Through its complex systems approach to food business development, CWK is quickly building a powerful road map for comprehensive social innovation that is showing signs of the “cascade of impact” that stems from true enabling innovations. As CWK continues to iterate and formalize this exciting new model, the multiplier effect is enormous: helping create viable minority and women-owned companies; generating assets and wealth in low-income communities; creating middle-skill urban manufacturing jobs; improving small farm viability; increasing access to minimally processed healthy food; diverting food waste; improving healthy food access; building a vibrant food business ecosystem; generating a reliable stream of earned income to ensure CWK’s long-term viability; creating a replicable, scalable model for urban food manufacturing; and building a road map for a just, equitable, inclusive regional food economy that works for everyone.