



# Community Food Enterprise

*Local Success in a Global Marketplace*

*A project of the Wallace Center at Winrock International and  
the Business Alliance for Local Living Economies*



Community Food Enterprise: Local Success in a Global Marketplace

**A project of:**

Wallace Center at Winrock International  
Business Alliance for Local Living Economies

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**For more information:**

[www.communityfoodenterprise.org](http://www.communityfoodenterprise.org)  
[info@communityfoodenterprise.org](mailto:info@communityfoodenterprise.org)

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2121 Crystal Drive, Suite 500  
Arlington, VA 22202

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# Community Food Enterprise: *Local Success in a Global Marketplace*

**Report Authors:** *Michael Shuman, Alissa Barron and Wendy Wasserman*

**Project Directors:** *Dr. John Fisk and Michael Shuman*

**Lead Report Editor:** *Cari Beth Head*

**Lead Financial Analyst:** *Karen McSpadden*

**Additional Core Project Team Members:** *Anthony Garrett and Matthew Kurlanski*

## White Dog Café

For 25 years Judy Wicks' wake-up ritual was to go to her bedroom mirror and chant a four-word mantra: "Good morning beautiful business!" Her commute to the business, the White Dog Café, was about 60 seconds, as she wound her way down the stairs of her three-story brownstone, through the offices of the nonprofit White Dog Community Enterprises, past her retail shop called the Black Cat, selling locally made and fair trade gifts, and finally entered the restaurant. Besides being a popular eatery and bar featuring local food, organic produce, and humanely raised meat, the White Dog has become ground zero for efforts in Philadelphia, and nationally, to organize locally owned businesses.

If the White Dog has a "homey" feel to it, it's because the building, across the street from the University of Pennsylvania Law School, has actually been Judy's home. Each of the half-dozen sitting spaces in the restaurant has a special ambiance: tables out front resembling a neighborhood porch; a living room with big, bright windows and lace curtains; a darker room with a piano; a horse shoe bar next to the entrance. Scattered throughout the restaurant are funny dog statues, pictures, and knick knacks. The menu features its own canine labels of wine, "Snaggletooth," and microbrews under the name "Leg Lift Lager."

The two upper floors of the White Dog were Judy's home and office. "It would have been impossible to raise my children without living above the shop. A restaurant is so intensive, with people here almost 24-7...My daughter, Grace, was a bus girl at one point, one of our first sales girls in Black Cat, and is now Director of Community Programs. My son, who is more shy, tended not to go down as much as she did, but he did work as a busboy in high school and as our tech guy before he left for college. It has been a real family business."

This past year, two momentous changes have taken place. First, Judy finally sold the business to another local proprietor to focus on White Dog Community Enterprises and moved into a new house. And second, White Dog Community Enterprises merged with the Sustainable Business Network of Greater Philadelphia, a local network of the international Business Alliance for Local Living Economies. But more on these shortly.

### Business Model

Today, the White Dog Café and the Black Cat total \$4.4 million in annual sales, down from a high of \$5 million several years back. The scale of operations—seating for about 250 people—has not changed much since the early expansions in the 1980s. Despite this, Judy reports, "For, the first twenty years we grew every year in sales, but rather than continual physical growth, we grew deeper by expanding our educational programs and growing our sustainable business model."



Carl Beth Head for the Wallace Center at Whinnock International

### At a Glance

<b>Where</b> Philadelphia, Pennsylvania	<b>Year Founded</b> 1983
<b>What</b> Restaurant	<b>Number of Employees</b> 90 (2008)
<b>Founders</b> Judy Wicks	<b>Total Revenues</b> \$4.4 million
<b>Website</b> <a href="http://www.whitedog.com">http://www.whitedog.com</a>	



Until the recent sale, the White Dog Café was an S-Corporation and Judy the sole owner. This wasn't always the case, however. "During our earlier years, the manager and the chef each owned some of the restaurant. I didn't have enough money to pay the manager when she first started at the muffin shop [the precursor to today's full-service restaurant]....so I paid her in stock. She stayed ten years and owned ten percent, while the chef owned five percent until he left five years ago."

The performance of the White Dog as a restaurant business has been impressive. True, nearly half of Americans' food budget these days goes to eating out, but their priority is fare that's fast and cheap—and Judy's is neither. At the higher rungs of the industry, restaurants become faddish, then obsolete, faster than hula-hoops and yo-yos.

One reason regulars keep coming back is that the food is superb and reasonably priced. Judy searches for high-quality ingredients, fresh and local, whenever possible. Customers also are drawn to the steady stream of speakers, art openings, and special events, all advertised through a quarterly newsletter that contains Judy's sharp commentary on world affairs. "I think the community events identify the restaurant, our values, and what we stand for. I assume that's a big part of our success. We get customers at certain events that wouldn't normally come and build a community of shared values among our clientele."

The programs of the White Dog are perhaps its most unique signature, along with its fresh local food with moderate prices. "There are some restaurants like mine...that buy from local farmers like Chez Panisse. But they don't do all the programming. Nora in Washington, D.C., she's organic, but her prices are a lot higher. We can't do that because we're on a campus in Philly, which isn't New York City or DC." The White Dog, while not cheap, is able to draw a steady traffic of budget-conscious students.

Judy has always viewed the White Dog not just as a restaurant but as a platform for social change. "I think that the type of programming we do—more and more focusing on local food, sustainability forums, corn dinners, sustainable fish dinners—are educating on what I feel are the crucial issues of our time. We do farm tours, solar house tours, water conservation workshops—these are the things that people need to know. That has become part of our product along with food and service."

Mindful of her global mission, Judy struggles to balance within the restaurant business the three P's: profit, people, and planet. "When I have a good year profit-wise, I try to figure out how to make business more socially sustainable... like offering benefits and healthcare and

Business Model Overview	
<b>Sector</b> <i>Service</i>	<b>Customers</b> <i>Direct sales (100%):</i> Locals and tourists
<b>Ownership Type</b> S-Corporation	<b>Niche(s)</b> Fresh, local food; moderate prices; creation of a web of local food producers, distributors, and retailers; triple bottom line values; educational and community programming
<b>Local Ownership</b> <i>Yes (100%)</i>	
<b>Products</b> Restaurant fare, community programming	
<b>Market</b> <i>Domestic: Local</i>	

401(k)s to our servers."

Her triple bottom line initiatives are impressive. Judy has steadily sought to localize her ingredients and educate her customers about supplying farmers and food producers. For items she must import, like coffee and cocoa, she prioritizes fair trade sources. She opted into a local green energy program, making the White Dog's electricity 100% regional wind power. She pays her lowest-rung employees a "living wage" to ensure that full-time work raises the beneficiary family above the poverty line.

## History & Drivers

Judy dreamed of having her own restaurant three decades ago while working as a waitress at another restaurant nearby. She worked her way up to becoming general manager but hit a dead end. "Though I was promised ownership, and played the role of the proprietress, the partnership was never formalized, so I set out on my own. I had to start from scratch after working for ten years to build this other business. But this was better than trying to be a partner with someone whose values didn't align with mine."

Initially the White Dog Café was a take-out muffin shop. Judy tapped every source she could find for the initial capital: \$30,000 from her savings, \$60,000 borrowed from various family members, \$75,000 from a friend who sold a beach house, \$50,000 in a low-interest loan from the Philadelphia Community Development Corporation. As the land value escalated, in part due to the success of the restaurant, bigger loans from banks became possible. Because she lived where she worked, Judy could secure loans in the form of a mortgage.



White Dog Café

Judy sought to improve the socially responsible behavior of her restaurant at every turn. One key moment occurred in the late 1990s. After learning about the abysmal confinement of pigs in factory farming, she removed all pork products from the menu until she could find a local farmer who raised his pigs humanely. When she found one but discovered that he did not have a way to transport his meat, she extended him a low-interest loan to buy the truck. To ensure that his truck was full on each trip, she organized other restaurants in Philadelphia—her competitors—to substitute humanly raised pork as well.

She started a nonprofit, White Dog Community Enterprises, initially funded by the restaurant's profits, to support local food initiatives through its Fair Food programs, including chef consulting in local purchasing, local farm tours, farm-to-school and farm-to-hospital programs, and the Fair Food Farm Stand. Future plans of the Foundation include helping inner-city residents create their own sustainable businesses.



Cari Beth Head for the Wallace Center at Winrock International

While serving as board chair of Social Ventures Network (SVN), a national consortium of progressive businesspeople, Judy recognized the need for organizing local networks of independent businesses. She despaired when she saw how many of her friends in SVN had sold out to larger companies—Ben & Jerry's was bought by Unilever, Stonyfield Yogurt by Group Danone., and Odwalla Juices by Coca-Cola. Her response was to help launch, in 2001, the national Business Alliance for Local Living Economies (BALLE). At the same time, Judy launched a BALLE-affiliated local effort called the Sustainable Business Network of Greater Philadelphia and made it a project of White Dog Community Enterprises.

All these initiatives, Judy argues, were an integral part of White Dog's "business." But the price of this expansive view of her job, as well as her irresistible impulse toward assuming leadership, was exhaustion. "When you have a hundred employees, and young people, there are always emergencies—deaths, babies, quitting, firings. It's what makes the business interesting, but it's also what makes it tiring after so many years."

By the time we did our first interview with Judy, in early 2008, she had decided it was time to retire from the restaurant business. "I've been running restaurants my whole adult life, thirty-five years, and I don't want to do it anymore because my nonprofit work is pulling me away, and that's where I feel I can do the most good."

She began shopping for new partners. She had hoped that her daughter might take over the business, but she has "seen how hard it is for me, and doesn't want to be responsible for running the business...." She looked on websites like iHospitality and through job-hunting companies. "[But] I just got hacks."

"I need someone who really understands the restaurant business," Judy complained, "but many in the restaurant business have lousy values. People who are smart and socially active often don't want



White Dog Café

to run a restaurant or don't know how to. We're a really odd combination."

She thought about moving ownership to her employees, but concluded that "they're not, I don't know what you would call it, entrepreneurs? It's hard—restaurant work is often a working class job—cooks, servers, bartenders. There is often a big difference between someone who owns and someone who works in a restaurant. It's rare to find someone in this kind of business who starts as waitress or bartender and who becomes an owner. It happens, as I did it, but it's rare."

"To get high caliber people, you need to give them a piece of the action. I think that's a better ownership model. That's what I'm looking for now. I would like to have shared ownership again, but haven't found the right people."

Ultimately, Judy decided to hand the keys to her kingdom to an seasoned Philadelphia restaurateur. The unusual

I've been successfully doing for twenty-five years. A lot of people have been inspired by White Dog and have told me as much. They might not do all that we do, they might do different pieces or parts of what we do, but they do borrow. I want to continue to encourage young and idealistic people to use restaurants as a vehicle [for social change]."

Still, the White Dog story suggests many of the challenges facing restaurants, along with those that strive to meet a triple bottom line:

- *Profitability*—As Judy notes, "Popular restaurants come and go in cities, and not many are around for a long time." Recent downturns in the U.S. economy have been especially tough on the White Dog's bottom line, and Judy worries how it will stay competitive: "We're twenty-five years old, and there are so many new restaurants in town with flashy new decors and new ideas." A new concern is rising food costs. Mindful of

***After learning about the abysmal confinement of pigs in factory farming, she removed all pork products from the menu until she could find a local farmer who raised his pigs humanely. When she found one but discovered that he did not have a way to transport his meat, she extended him a low-interest loan to buy the truck.***

aspect of the sale, which took place in January of 2009, is that Judy retains ownership of the brand and licenses it back to the new owner with a "social contract." Through the contract, Judy protects the values of the business, including local purchasing, humanely raised meat and poultry, composting, recycling, and a host of other practices that must be adhered to in order to use the name "White Dog Café." Any additional restaurant locations must abide by the same contract including local, independent ownership. But beyond policing the social contract, Judy no longer has to worry about the daily management headaches. Plus, she now has the financial and time resources to devote her full attention to nonprofit work.

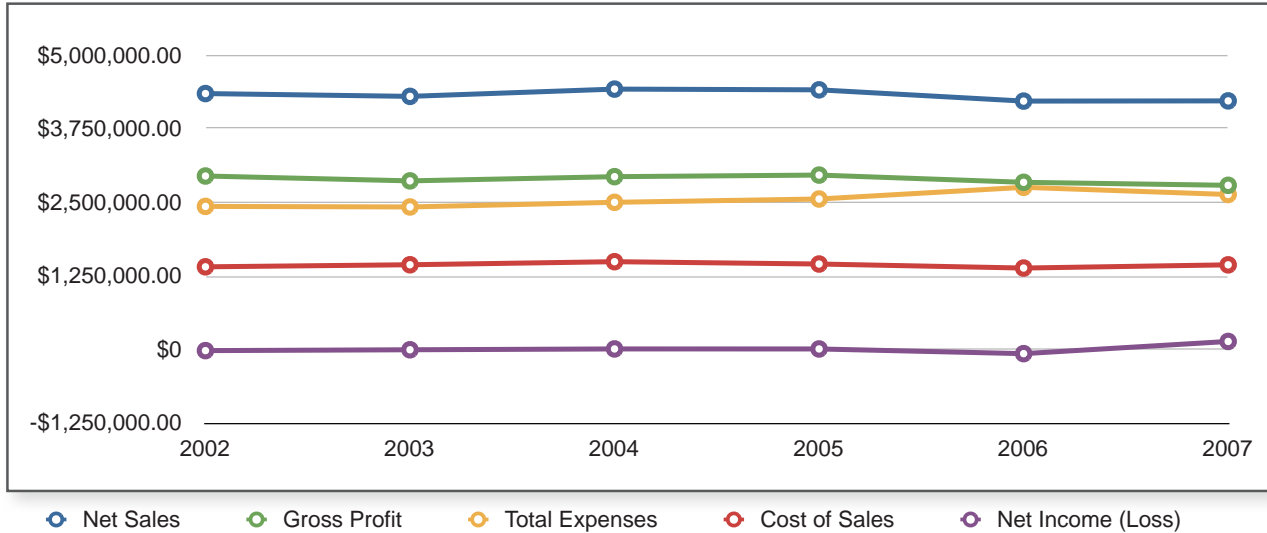
## **Key Challenges & Lessons**

The difficulty Judy had in exiting her business suggests the big questions facing others who might follow in her path. How can anyone possibly copy the personal signature of the White Dog? Yet many aspiring restaurateurs from around the country come each year to the White Dog, study what Judy has done, and incorporate elements in their own businesses. "I don't discourage people from going into the restaurant business," Judy says. "Restaurants are an incredibly viable vehicle for what

the restaurant's mid-scale clientele, she observes, "Our prices are now up to twenty-five or thirty dollars an entrée, and we can't really go any higher."

- *Balancing Three Bottom Lines*—"Allocating resources is always a challenge—when there's a good profit, how much should go to increasing employee benefits and profit-sharing, how much to community contributions, and how much for installing a solar hot water system or composting project?" Attention to people and planet means that the White Dog periodically skirts on the financial edge. 2008 was a tough year, and 2009 promises to be tougher still.
- *The Double-Edges of Social Responsibility*—One of the most painful experiences Judy had in her restaurant's history involved a labor dispute during a sabbatical she had taken to write a book. "While I was gone, the servers organized because they felt the person I hired was too corporate, and they were afraid they would lose their excellent benefits, which are unheard of in this business." Ultimately, the staff decided not to unionize, but the fight was costly. "It was heartbreaking. I couldn't believe after all I'd done to have a model workplace... the servers organized against me."

## Financial Performance



*On the surface, this business appears to be in financial distress. Sales are consistent and gross profit appears healthy, but the company's liabilities consistently exceed their assets and equity is negative. With the exception of 2007, long-term debt to their shareholder has increased annually. From the information available, it appears that the business is being kept afloat by financial infusions from the shareholder. Further investigation into accounting practices and the flow of money between the sole shareholder and the corporation need to be investigated to fully understand what is going on with this business. From the available information, it does not look promising.*

That her "beautiful business" has been such an intimate part of Judy's life has been both a strength and a weakness of the business. "It really requires an owner who is here all the time, who wants it to be her life. When it was my life, I enjoyed it for many years." Now that it doesn't consume so much of her life, she can enjoy it even more.



White Dog Café

## Social & Environmental Performance

### B Corporation Report Card Score: *Pass*\*

*\* According to the B Survey rating system, this enterprise qualifies as a "Beneficial Corporation"*

#### Additional Indicators

Indicator	Findings
<b>Social &amp; Labor Stewardship</b>	
Established mechanism for worker representation in decision making/management?	Yes
Benefits provided to employees and their families?	<ul style="list-style-type: none"> <li>• Part-time/flex work schedules (30% using)</li> <li>• Paid/unpaid medical sabbatical with job security</li> <li>• Living wage to all part-time &amp; full-time employees</li> <li>• Retirement plan for full-time employees at least partially paid for by company</li> <li>• Paid sick leave</li> <li>• Paid vacation</li> <li>• Paid maternity leave</li> <li>• Paid paternity leave</li> <li>• Counseling services</li> </ul>
Membership in associations that foster labor, community, or societal stewardship?	Sustainable Business Network of Greater Philadelphia (BALLE network); GreenAmerica; Social Venture Network; Chefs Collaborative
<b>Environmental Stewardship</b>	
Are all sites of enterprise activity free of regulatory problems, liabilities, or fines for environmental issues?	Yes
Energy conservation or renewable energy practices?	<ul style="list-style-type: none"> <li>• Energy usage measured annually</li> <li>• Energy efficiency policies (5-9% saved last year)</li> <li>• &gt;50% energy from renewable sources</li> <li>• 5-25% energy from renewable onsite production</li> </ul>
Membership in association(s) that foster environmental stewardship?	Sustainable Business Network of Greater Philadelphia (BALLE network); Social Venture Network; Chefs Collaborative
<b>Local Economy Stewardship</b>	
Majority (over 50%) of enterprise ownership located in the same community as at least 2/3 of workforce?	Yes
Expenditures (other than labor) directed towards independent local suppliers?	<ul style="list-style-type: none"> <li>• Supplies and services: 60+% of expenditures (other than labor)</li> </ul>