



## **Co-op America, Green Business Conference**

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### ***Business Network Aims to Build the Green Economy***

About 150 participants in green businesses from across the Midwest came to Co-op America's Green Business conference, a two-day gathering held May 14-15 in Chicago, Illinois. The conference, held amidst of a wave of growing enthusiasm for environmentally focused business, displayed both hope and concern. As Raphael Bemporad, a pollster put the question, "Is green a micro-trend, bubble or paradigm shift?" The answer to that question remains undetermined, of course, but was central to many of the discussions.

The mission of Co-op America, which recently celebrated its 25<sup>th</sup> anniversary, is as Executive Director Alisa Gravitz noted, to grow the green economy. Denise Hamler, Director of Co-op America's Green Business Network, said while she has "been in the green industry for 30 years," she had seen "more movement in the past two years than I could have imagined." The figures are impressive. Hamler noted that green building is now a \$15 billion industry and green and clean energy is now a \$55 billion industry. Recycling alone is now a \$37 billion industry that employs 1 million people. Yet Hamler also pointed out limits. The economy is becoming "clean and more efficient, but only incrementally... Green business has shifted from movement to market," Hamler said, "and there is much more to do."

The city of Chicago, which hosted the conference, has made a major effort to move the city in a green direction, a point emphasized by many city officials at the conference. Sadhu Johnson, Chicago's Chief Environmental Officer, noted that two decades ago the Bureau of Forestry was taking down more trees than it was planting. But in the past two decades, the city has planted 500,000 trees and now has 80-90 miles of planted medians. Johnson also said that the city has estimated that it can create 8-10,000 jobs a year through retrofitting buildings. Arnold Randall, head of the Department of Planning and Development, added that the city now has 37 LEED [Leadership in Energy and Environmental Design] certified buildings, the most of any municipality in the United States. LEED is a third-party certification system used to rate building energy efficiency by the United State Green Building Council, a nonprofit organization with 15,000 organizational members nationwide. Commissioner of the Environment Suzanne Malec-McKenna also noted achievements in other areas, including 24 city hotels that meet "green seal" environmental conservation standards, the development of a "waste to wealth" network of area manufacturers, and a buyers' co-op of restaurants to purchase more produce locally.

Raphael Bemporad and Dave Lubensky presented consumer market data they had collected through polling and in-depth interviews. The main lessons of their work: there is a market for "green" products, but that market still only covers a minority of U.S. consumers. Nonetheless, this minority is not insignificant. The researchers noted that 35 percent of all American

consumers avoid at least some products based on personal values and 17 percent regularly buy products on the basis of whether they are “good for the planet.”

Craig Sieben of Sieben Energy Associates reviewed the likely energy and environmental policies of the presidential candidates. Sieben noted that in 2000, Al Gore’s platform on energy efficiency “was modest: \$1 billion for sprawl; \$2 billion over 10 years to purchase open space.” But this year Sieben predicts, “Climate change, energy efficiency, and renewable energy will be a priority for the next president,” no matter who gets elected. The difficulty, however, will come in the implementation. Sieben noted that California aims to return to 1990 emission levels by 2020. “California is [already] the most energy efficient state in the country,” Sieben said, but “To achieve 1990 emission levels will require: a) triple energy efficiency programs, b) 20 percent renewable energy, c) effectively ‘doubling’ building [energy efficiency] standards.”

Participants also heard from a number of green business leaders. Jeff Harvey, CEO of Burgerville, talked about the most unlikely of green businesses, a fast food restaurant. Burgerville, centered in Portland, Oregon, employs 1,500 people, but with a very different business model from the conventional fast food restaurant. The company purchases 70 percent of its food locally and 100 percent of its energy from recyclable sources, while enjoying more than 10 percent annual growth the past three years.

Erin Ford, Farmer Renewables and Energy Manager at Organic Valley, described the growth of the Organic Valley cooperative. Founded in 1988 with 7 farmers from La Forge, Wisconsin — a small town of 780 people — Organic Valley has grown to have 1,288 farmer members and is now the largest organic food production co-op in the country.

On a cautionary note, Melissa Bradley Burns, founder of New Capitalist, a New York-based consulting firm, discussed the failure of Nau, a socially conscious clothing company that had phenomenal initial growth, but collapsed when income did not meet projections. Bradley Burns pointed out the difficulties Nau’s founders had in building a market niche for a company that aimed to be more socially conscious than competitors such as North Face and Patagonia. It is “easier to meet than make market demand,” Bradley Burns reminded conference participants. She also challenged conference participants to “expand and diversify target markets” beyond the safe niche of people with “LOHAS” (lifestyles of health and sustainability).”

Combining green business with social enterprise was also a topic of discussion. Xavier Hegelsen described Better World Books, a used book business that is environmentally sound (it recycles already produced books) and raises money for students in Africa. Ella Silverman of World of Good noted that when her company was founded four years ago, fair trade was perhaps a \$200 million slice of a \$50-billion U.S. gift market. Silverman explained that her company this year has entered into a partnership with E-Bay to make fair trade products more readily available.

Brenda Palms-Barber, CEO of Sweet Beginnings, described how her business, which makes honey-based personal care products, was formed as a subsidiary of the nonprofit North Lawndale Employment Network, a Chicago-area workforce development agency. Most of the employees are ex-convicts. Ms. Palms-Barber pointed out that in Cook County (where Chicago is located), more than 10,000 convicts are released annually and that 57 percent of adults in North Lawndale

neighborhood have had some involvement in the criminal justice system. “Our goal,” Palm-Barber said, “is the revitalization of North Lawndale.” Business sales currently top \$200,000. So far, the business is in its third year and has hired 56 ex-convicts. Down the road, Palm-Barber hopes to “franchise the model to other cities.”

The second day of the conference was devoted to the role of the media. Sara Snow of Discovery Channel focused on the importance of communicating clear standards. “Increasingly,” Snow said, “consumers are demanding socially minded products, services and supply chains.” But standards are needed to send clear signals. The claim to be “natural” is confusing, Snow asserted, while “organic” now makes more sense, due to the establishment of US Department of Agriculture standards. A trade association, the Natural Products Association, is seeking to develop a standard definition so that consumers in the future will be able to more easily identify what constitutes a “natural” product. Bianca and Michael Alexander discussed their web broadcast, *Conscious Living*. “One of the best things that happened was to be rejected by venture capitalists,” Michael Alexander said. At present, the website gets 72 million viewers a month.

Following the media discussion, a new set of panelists discussed a range of ecological business solutions. Jason Graham-Nye, Co-Founder and CEO of gDiapers, discussed the challenge of implementing an Australian model of decomposable diapers (they decompose within 50 days of use) in the United States. Phil Bough of Green Exchange described his company’s effort to bring a number of Chicago-area green businesses under one roof – an effort to build the “country’s first all-green business community” in an office building that will be located next to a Chicago elevated public transit line. Georgia Maki of Seven Star explained how Green Festivals—public exhibitions put on by Co-op America and Global Exchange that regularly attract 35,000 people— have helped push the convention industry to be more sustainable in its practices.

A final plenary session of the conference on green building practices focused on Chicago. Michael Berkshire, General Projects Administrator of the city’s Department of Planning and Development discussed how the Chicago has gradually phased in more stringent rules since 2004. A particularly important policy tool has been expedited permitting. As Berkshire explains, “Typically, it takes 60-90 days to get a permit; with qualified projects, it is 30 days or less. This represents a significant savings in time and means money to project developers.” Projects that exceed standards (“deeper shade of green”) can have fees waived and even have the permitting process reduced in exceptional cases to 15 days.

Roger Post, Vice President and General Manger of Christy Webber Landscaping, described how Chicago’s rules helped nudge his company to focus more on environmental goals. “Landscaping is about as un-green a business as you can get,” Post acknowledged. “You use mowers, blowers, and trucks – all run on fossil fuels. But on our building, we do save 60 percent on energy costs through using geothermal, solar thermal, and windmill energy. It is a drop in the bucket compared to our carbon footprint, but it is a symbol of where we want to be.”

Katie McClain, Chicago City Director of the Clinton Climate Initiative described how the Clinton Foundation encourages conservation by guaranteeing that companies realize the energy savings that Foundation-sponsored audits say can be realized. “It is an investment-grade audit,” McClain explained, “The Clinton Foundation will guarantee the savings (pay the difference if

projected savings are not realized). So this is a low-risk way for building owners to do energy efficiency work. You can finance it 100 percent—with equaling out energy savings to cover debt service—so that it doesn't affect cash flow.”

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