



BUYING LOCAL:

Why Companies Do It

By JULIE AHO

Businesses Can Boost Employment, Uphold Quality – and Forge Stronger Customer Relationships

Can cream cheese be compelling? Yes – when it’s from Franklin Creamery, spread on Johnson’s Bakery bagels. And when a Duluth Entertainment Convention Center convention crowd enjoys them while reading that their breakfast items were sourced locally.

Food Service Director Chelly Townsend said the DECC’s initiative to buy locally as much as possible not only promotes regional companies’ products and services; it dovetails with a mission to reduce packaging waste, transportation costs and environmental impact.

“We’re focused on serving food from within the Lake Superior Basin,” Townsend said, noting the buy local initiative stems from an environmental mission developed in 2003. “It can be hard to find certain locally grown food for a convention of 1,500 people because of our growing climate. But the products are better, fresher. We get local vegetables in the fall and farmers rise to the occasion when we ask them to put aside carrots, onions and potatoes for our events.”

The DECC is bottom-line oriented, and “meeting planners

obviously look at prices,” Townsend said. “But our clientele are not driving our mission on this; our environmental mission drives us to the next steps. We also like to think buying local will make these companies and vendors friends of the DECC – that they’ll refer business here and have meetings here.”

The DECC’s initiatives resulted in it receiving the Governor’s Minnesota Great Award in 2008 and the Lake Superior Bi-National Forum Award within the U.S. Business category.

The buy local philosophy extends to the DECC expansion, said Director Dan Russell: “The only reason we exist is to entertain the region and generate economic benefits and employment for Duluth.”

The timing of the expansion meant legislation was in place to maximize local participation, Russell noted, referencing

economic stimulus support of “shovel ready” projects. More than 50 contractors and subcontractors are involved, all but two from Minnesota. One of the two is a glass company based in Superior, Wis., and the other is a Michigan seating manufacturer, “because there’s no seating manufacturer in Minnesota,” Russell said. “The expansion has a \$30 million impact locally and a number of subcontractors said it helped them keep people on staff during difficult economic times.”

Our region benefits, Russell said, because “We end up with their A-teams. The quality of their work is beyond compare. I think you’ll end up with a better building if workers aren’t from out of state – a place they’ll bring their families to and take pride in.” The project also funnels economic benefits to local architects and the city of Duluth (for building permit fees and temporary heat from the city this winter). “The people at the job site trailers are local,” Russell said. “All sorts of support services are also local.”

THE IRON MINING ASSOCIATION

Iron Mining Association (IMA) President Craig Pagel said, “Because of our heavy industry, some things must be purchased outside the area.” However, he noted, the Iron Range mining industry relies heavily on local and regional products and services.

“I think it’s important to recognize that we have a regional economy,” Pagel said, referencing a UMD Labovitz School of Business and Economics research project reporting on the ferrous mining industry’s local purchases from suppliers and how much they contribute to mining production: truck transport – 13 percent; natural gas distribution – 11 percent; management – 7 percent; wholesale trade – 7 percent; machinery – 4 percent; rail – 4 percent; material handling – 3 percent; petroleum refineries – 3 percent; construction machinery – 1 percent; electric power – 30 percent; and other – 13



CRAIG PAGEL, IRON MINING ASSOCIATION

percent. And for every mining job, there are 1.8 spinoff jobs.

“About 25 percent of the IMA’s membership is companies with Duluth addresses,” Pagel said, “which indicates that Duluth and its economy is heavily reliant on the Iron Range – and the Range is heavily dependent on Duluth’s economy.”

Moreover, knowledge and expertise gained by area industries and vendors that serve the mines can be marketed and sold outside our region, Pagel said, “if we promote it well. Entrepreneurs who recognize this can do – and have done – well. Quite often, Duluth-based companies establish offices on the Iron Range. What we can do is attract companies here because of expertise and work ethic. Some companies based domestically and/or internationally have opened offices on the Range to establish local contacts and a local presence.”

The mining industry requires specialized expertise and “one thing the IMA does is help local companies make ties to companies outside Duluth and the Iron Range, so relationships can be developed with those companies throughout the U.S.,” Pagel explained. “A Colorado company may come here to sell products to the mines – but they may need a specialized motor service in Colorado and our region could provide it.”



PAIGE MELLINGER, CHRISTIE PRINTING

CHRISTIE PRINTING

In making purchasing decisions, the philosophy of Christie Printing co-owners Paige and Rick Mellinger has always been “Who do we know – where can we get it locally?” said Paige Mellinger. “If we can’t find it locally, we next go to the greater Duluth area.”

The company buys domestic paper (mostly from Minnesota-based suppliers), “even though we can get it cheaper from foreign companies,” Mellinger said. Husband Rick added: “You hear horror stories about some countries’ production practices, their labor practices. We buy here because we know they’re paying attention to sustainable forestry practices.”

“We try to support jobs here and money that stays local,” said Paige Mellinger. “Some companies you can deal with don’t provide jobs here and don’t donate to the community. They aren’t as invested.” Her experience is that local suppliers “know what we need and when we need it – and that positively affects turnaround time to serve our customers.”

“When buying local,” Rick Mellinger said, “you keep revenue here that supports services all businesses and residents benefit from – city services, schools, fire protection.” The Mellingers noted that conducting research on the Internet by type of product/service desired can result in finding area suppliers and vendors one may not have known about.

Another driver to buy local is Christie Printing’s environmental stewardship initiative. Last fall it was recertified for the Printing Industry of Minnesota’s Great Printer Environmental Initiative, a voluntary green certification that demonstrates a commitment to minimize impact on human health and the environment. This is the second year Christie Printing has been certified and among the 47 Minnesota companies earning certification, it’s the only one in Northeastern Minnesota.

“We received so many e-mails and calls congratulating us,” said Rick Mellinger. “They said ‘That’s why we do business with you.’ And new clients came to us after hearing about our recertification.”

WHOLE FOODS CO-OP

In 2007, Manager Sharon Murphy said, Whole Foods Co-op formally determined its definition of “local” so it could create shelf tags identifying items sourced locally. “The locavore movement expanding then was to support foods that are fresher and that support local economies,” she said. “And gas prices were rising exponentially. So our shipping costs were rising.”

The more Whole Foods Co-op sourced locally, the more control it had over its own pricing. And it wanted to support others in the community by not sending its money elsewhere. “Our definition of local is within a 300-mile radius that includes Minnesota, Wisconsin, Iowa, the Upper Peninsula of Michigan and North Dakota,” Murphy said. “We buy only from independently owned suppliers – individuals or family-owned businesses.”

Whole Foods Co-op increased the number of produce growers with which it does business from 26 in 2008 to 45 in 2009. “And the produce is extraordinary,” Murphy said. “We’re known for it. We sell as much unwrapped as possible to cut package waste. It’s not cheaper for us. Growers receive no federal government subsidies, so they must charge what they need to make a living; it’s the real cost of food. And it’s more complicated and labor intensive than for chain stores. But the money stays in our region.”

The locavore movement is growing, though it faces challenges. “A new federal farm bill under consideration would support family-owned farms and provide subsidies, just like corn and soybean growers have,” Murphy said. “Young people are interested in farming, but the cost of land can put it out of reach.”

But business at Whole Foods Co-op is booming. Customers clearly appreciate the products, including meats, produce, syrups, jams and honey, eggs from free-range chickens, grains and seeds, wild rice and even locally produced body-care products. The co-op offers hot and cold deli items and a quiet corner of tables in which to enjoy them. Customers also appreciate Whole Foods Co-op’s work to transform an existing building to its current, energy-efficient facility. It is Duluth’s first Leadership in Energy and Environmental Design (LEED)-certified retail building. It’s also the first co-op in



SHARON MURPHY, WHOLE FOODS CO-OP

the country to be LEED certified and the first retail business in Minnesota to achieve that distinction.

“We chose to stay on the hillside, where grocery stores are few and far between,” Murphy said. “We don’t want this area to have a food desert – meaning no access to fresh, healthful foods for those without cars.”

INVEST IN THE NORTHLAND

Vice President and Station Manager David Jensch’s inspiration for the Northland’s NewsCenter’s “Invest in the Northland” campaign was definitely local: a neighbor. “He wanted to buy a car in the Twin Cities and said there were great deals there,” said Jensch. “When I asked why in the world would he go to the Twin Cities to buy a car, he said, ‘What difference does it make?’”

Jensch told his team about that conversation. A self-described “process guy,” he first researched the economic impact of buy local campaigns, including studies conducted in Iowa and Texas. Armed with the knowledge that such campaigns work, he developed a strategy to educate the public on why buying local nurtures a stronger local economy – and a stronger community.

The Invest in the Northland campaign on TV and at www.northlandsnewscenter.com not only showcases a wide array of businesses and nonprofits (including Chamber members); it helps people become more cognizant of the fact that dollars spent locally strengthen businesses, residents and city services we all depend on in a variety of ways.

“I was pleasantly surprised by business support in buying ads for the campaign,” Jensch said. “We found good support and they’re pleased someone’s speaking on behalf of local businesses. They also realize that when the economy is down, that’s the time to advertise. Businesses need to advertise like never before.”

As well as the Twin Ports, the campaign reaches the Hibbing, Grand Rapids, Virginia, Superior and Cloquet markets through Northland’s NewsCenter’s six affiliate TV stations.

And Northland’s NewsCenter practices what it promotes.



DAVE JENSCH, NORTHLAND'S NEWSCENTER

It evaluated its own business policies/practices and purchases as many local products and services as it can, including computers. “Local vendors are competitive with the national guys, and they’ll stand behind their products with local support,” Jensch said.

The initiative has resulted in a great deal of positive feedback from businesses and residents. In fact, Jensch joked that he may have achieved greater recognition through his appearance on an “Invest” TV promotion than as a reporter: “Sometimes people will say, ‘Hey – you’re that Invest in the Northland guy.’” **D**

Julie Aho is editor of the Duluthian.

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