

Proposal Summary
Meeting Date: 8/21/2019

Plant Chicago Request # 115895

Project Title:	Cultivating Networks for Local Circular Economies
Duration:	24 months
Request Amount:	\$198,000
Recommended Amount:	\$198,000
Program Area:	Education\Continuing Education\Adult\Entrepreneurship
Population Served:	General Public
Type of Support:	Program Support
Location:	Chicago, IL

Organizational Background

Founded in 2011, Plant Chicago (PC) is housed in *The Plant*, a former meat packing facility that is being repurposed as a collaborative community of food businesses. *The Plant* is located in the Back of the Yards neighborhood on the southwest side of Chicago. Since its beginnings, PC has focused on educating small local business on materials reuse, urban agriculture, and sustainable food systems. Programming includes circular economy research and small business support. The Education Program seeks to inspire and challenge businesses to engage with the circular economy. Through the Research Program, PC explores the economic and environmental potential for closing “waste” loops between businesses. The Research Program is a partnership with local universities to train and support future innovators. The Small Business Program facilitates the growth of new ventures focused around circular economy principles and sustainable production practices.

Finances

	Budget	Actual	Actual
	12/31/2020	12/31/2019	12/31/2018
Revenues	\$367,218	\$310,391	\$381,737
Expenses	\$361,299	\$321,900	\$315,594
Surplus (Deficit)	\$5,919	(\$11,509)	\$66,143
Net Assets		\$186,021	\$217,451

Annual Revenue Sources

Grants	46%
Fees	2%
Government	14%
Private Support	14%
Earned Income	17%
Other	7%

Program Description

While there are circular economy thought leaders, such as the Ellen MacArthur Foundation, there is no widely accepted definition of the term “circular economy”. Often, the easiest way to describe a circular economy is by describing what it *is not*. A linear system focuses on extraction of new materials to “make” a product with little effort to recapturing the material after the end of its life, often referred to as a culture of “take, make, dispose”. A linear system is designed to utilize materials in one direction, ending either in a landfill or deposited into the environment where it may have harmful impacts.

Example: A lot of resources are used to create plastic water bottles. While most plastic bottles are "recyclable," few are actually recycled. In fact, about 7 of 10 plastic water bottles get incinerated, dumped into landfills or left as litter.

Example 2: A "circular" phone is designed for disassembly at the end of use, made with approved high-quality materials that can be safely re-utilized, into another phone or other suitable products. The reuse of resources includes their recovery by the original manufacturer for use in new products, allows substantial financial savings to manufacturers. This activity retains material value and dramatically reduces undesirable ecological impacts.

What benefits can a circular economy bring to small businesses and what role can they play in the transition? Will a circular economy bring benefits to neighborhoods like Back of the Yards, or will it result in further economic disparity? Can a circular economy support diversity in an ecosystem? Plant Chicago aims to work with small local businesses to cultivate local circular economies, which envision a paradigm shift in production, consumption and waste and generate economic opportunity. Plant Chicago's expertise lies in helping businesses understand circular economy models and take tangible actions to incorporate those concepts into daily operations or create new products.

This request is to support a pilot initiative to form a network of entrepreneurs and existing small businesses with fewer than 20 employees. The initiative will focus on providing technical support, shared resources, education, peer-to-peer knowledge sharing, and "business 101" topics, such as accounting, licensing, marketing, and more. The project will establish a network for small business and demonstrate that circular economy business practices can be viable and beneficial for businesses, their communities, and the environment. The objectives of the project are to:

- Create a local knowledge and resource sharing network of entrepreneurs operating "bio-based" businesses. Participants could include farmers, composters, food producers, compostable packaging, and food recovery/recyclers.
- Incorporate circular economy practices into early stage business processes or products.
- Recruit at least 40 member businesses to the network.
- Create a Circular Economy Toolkit for Small Businesses to guide PC's work with entrepreneurs.
- Develop a model for long term sustainability through shared use and/or membership fees and corporate partnerships.

Many small businesses can benefit from opportunities to learn about aspects of running a business. In order to provide integral information to entrepreneurs, PC will partner with organizations who have expertise in topics, such as business planning, legal advice, mentoring, information on financing, and other topics that are helpful to small, early-stage businesses. Primary partners for providing such information will be the Institute for Justice Clinic on Entrepreneurship and Accion Chicago (both CFI grantees). Institute for Justice Clinic will provide resources on legal issues, support and advocacy for low-income entrepreneurs. The Institute will also offer coaching on business structure, licensing, and advice for this project. Accion will offer workshops on business planning, accounting, and financing options and an opportunity for small businesses to access loans.

Strengths / Weaknesses

Strengths:

- PC will facilitate, coordinate education, and leverage connections to bring shared assets to the network to help entrepreneurs create businesses with the ability to impact a circular economy.
- PC partners with academic programs (Illinois Institute of Technology, Dominican University, and K-12 programs) to help innovate and create business products.
- Partnerships with Institute for Justice Clinic and Accion Chicago will create a stronger program for early-stage businesses in the Chicago area.

Weaknesses:

- The plan to create the network is new for the organization and will likely incur some challenges. Plant Chicago’s goal is to develop a network large enough to produce revenue from membership fees in order to provide financial sustainability.

Why Fund

The project aligns with CFI Entrepreneurship-In-Neighborhoods strategy to fund business support organizations. Plant Chicago is one of a small number of entrepreneurship support programs in Chicago that serves this niche in the market. There is a need for programs that offer support to small and medium-scale businesses that are working to circulate materials instead of sending them to landfills. While there are many incubator programs in Chicago, most focus on opportunities for entrepreneurs to scale up, attract venture capital, and enter large-scale markets. These businesses face unique challenges and need a different style and scale of incubation, which is the niche for Plant Chicago - small businesses with less than 20 employees in the Back of the Yards and surrounding community.

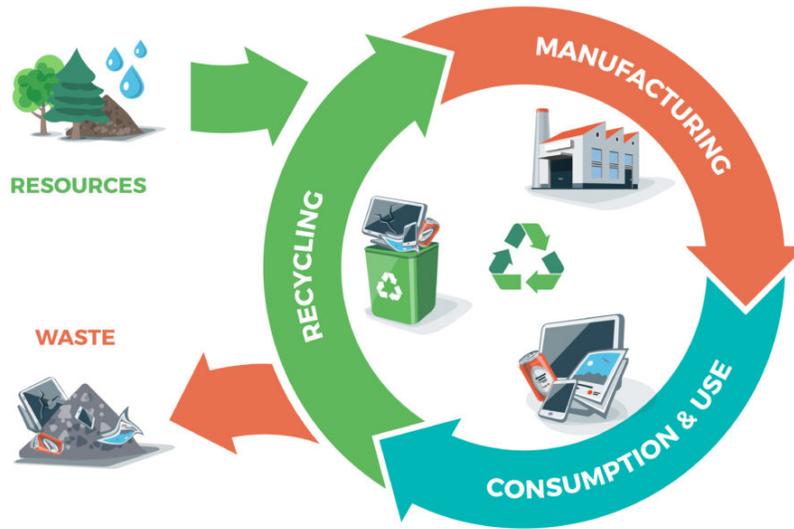
Rosa and Alison have been working on this request. Alison is supportive of this proposal.

Prior Grants

This would be a first grant to Plant Chicago.

Grants Budget (if not general operating)			
Expenditure Category	Recommendation	Other Sources	Total
Salaries – 3 FTEs	\$184,000	\$43,000	\$227,000
Benefits & Fringes (15%)		\$34,050	\$34,050
Promotional/Marketing	\$8,000		
Food costs	\$1,200		
Consultants	\$2,400	\$3,600	\$6,000
Equipment	\$2,400	\$3,600	\$6,000
Totals	\$198,000	\$50,200	\$282,250

CIRCULAR ECONOMY



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