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Detroit Nonprofit Powers Through Recession With Diversified Revenue



Ty Wright, for The Chronicle

Tracy Smith and Emma Johanon of the Peaches and Greens Produce Market, a mobile farm stand that uses a former UPS truck the group purchased from Craigslist for \$5,000.

By Drew Lindsay

Lisa Johanon is a serial entrepreneur in Detroit, a city that can crush the spirit of business owners. Between her eight (soon to be nine) businesses, she's learned about the reproductive habits of fish, the centrifugal power of washing machines, and the PR benefits of a visit by the first lady. Not all the enterprises are profitable, but each is aimed at her bottom line: contributing to the revitalization of one of Detroit's most troubled neighborhoods.

Ms. Johanon moved to Detroit's Piety Hill neighborhood with her husband nearly 30 years ago after planting a church in Chicago's Cabrini Green projects. In 1994, she started Central Detroit Christian, a community economic-development corporation that, like many nonprofits, lived from grant to grant. "You always hope that the next grant is the one that takes you to the promised land, but it never does," she says.

CDC first started incubating retail businesses in 2002 when it opened a Tastee Freez franchise to provide jobs for local teenagers. Even as the recession hit, Ms. Johanon pushed on with her expansion strategy as she sought to create still more jobs for local residents. In a neighborhood where liquor stores outnumbered grocers 23 to 1, Ms. Johanon started talking about creating a fresh-produce market. "I didn't get a whole lot of love from our board or our accountant," she says. "They thought I was nuts."

But in late 2008, CDC launched Peaches and Greens, a produce store and mobile farm stand — an old UPS truck bought on Craigslist for \$5,000 and sent rolling through the neighborhood blasting rap music. Michelle Obama visited in 2009, and the store attracted nationwide acclaim as a tool to fight poor health in the inner city.

Fresh Fruit and Rap

As Detroit stumbled into bankruptcy, CDC expanded its small-business portfolio to include a restaurant (converted from the Tastee Freez); gardens to supply the restaurant, Peaches and Greens, and other markets; a store that sells donated household items, office supplies, and other goods at nominal rates; a property-management company; a security firm; a landscaping operation; and, most recently, the city's first aquaponics operation, with herbs, other plants, and fish cultivated together in a former liquor store. Next up: a laundromat with a fitness center.

Almost by accident, Ms. Johanon is building a small-business empire that fulfills what nonprofit-management experts say should be every organization's goal: diversified revenue and, where possible, earned income. Though the businesses collectively don't quite break even yet, several operate in the black. More important, the entrepreneurship is drawing support from grant makers; CDC revenue since 2008 has climbed from around \$800,000 to more than \$2.7 million.

Whatever the businesses' effects on the accounting ledger, they create jobs for hard-to-employ neighborhood residents, particularly young men in the drug trade. "Some people we've hired are 30 or 35 years old, and this is their first legal job," she says. Last year, six of the 11 men working for the CDC security firm were hired by private contractors.

The Community Foundation for Southeast Michigan recently gave a \$10,000 grant to Higher Ground, CDC's landscaping business. "We thought it has right-size goals," says Katie Brisson, program vice president for the foundation. "It is both innovative and sustainable."

Ms. Brisson is watching Piety Hill and the surrounding North End area closely. Nearby Midtown Detroit is thriving again, and CDC's work, she says, offers hope that North End could be next to turn around.

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