

A Recipe for Success

Catering to their market—figuratively and literally—brothers Glynn and Sheldon Lloyd have grown an ethnic food service business in Dorchester into a thriving enterprise.

Glynn Lloyd is an experienced entrepreneur who nonetheless considers himself an educator by vocation. An alumnus of the Teach For America program, in which college graduates with degrees in areas other than education are sent to teach in tough schools throughout the country, Glynn (pronounced Glenn) returned from teaching high school in Baton Rouge to his native Boston and eventually found himself teaching Dorchester residents in a GED prep program. The Federated Dorchester Neighborhood program in which Glynn was teaching concerns itself not just with helping its students pass the GED exam, but also with placing them in jobs afterwards. The idea of City Fresh Foods, a catering/delivery/take-out business run by Glynn and his brother Sheldon, grew out of this context. “Why remain dependent on others in the community to create a job market for our graduates when we can create jobs ourselves?” asks Glynn.

Glynn’s experience as an entrepreneur goes back to his junior high school days, when he started a landscaping business; by the time he let go of it—when he was an undergraduate at Boston University—he and his employees had over 100 regular clients. Glynn also had previous experience in the food service business: upon first returning to Boston from Louisiana he worked at Fair Foods, a non-profit distributor of perishable foods that would otherwise be discarded by the



City Fresh Foods employees in front of the enterprise’s Dorchester site.

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local businesses that sell them—produce, day-old bread, and other foods. At Fair Foods Glynn worked in operations and distribution, so he was well equipped to deal with the challenges of providing food for a large clientele.

The result of this eclectic background is City Fresh Foods, located at Four Corners in Dorchester. City Fresh is very much a “for-profit” company—a profitable one at that. The company specializes in cuisines that reflect the tastes and background of the community it serves—Caribbean, Latin American, and Traditional Southern, and its core business is providing meals for charter schools and delivered “meals on wheels” for local elderly that require the service. City Fresh currently serves eight schools with about 500 students and delivers over 1,300 meals to elderly clients daily. The company also has a take-out counter at its Bowdoin Street storefront, and provides private catering for functions—the newest and (so far) smallest component of its business.

Once Glynn got the company started, he soon realized he needed somebody to share the burden of managing it. Glynn convinced his brother Sheldon, an experienced sales professional with entrepreneurial experience of his own, to come join him. The two brothers have been partners and co-owners since.

City Fresh currently employs 35 local residents—20 as full-time employees and 15 drivers who operate as independent sub-contractors. In addition to providing employment opportunities, City Fresh strives to serve the Dorchester

community by offering its customers healthy food. Locally grown organic vegetables are used when possible, and although the ethnic cuisines offered by City Fresh are not generally associated with healthy eating, the company limits saturated fat and

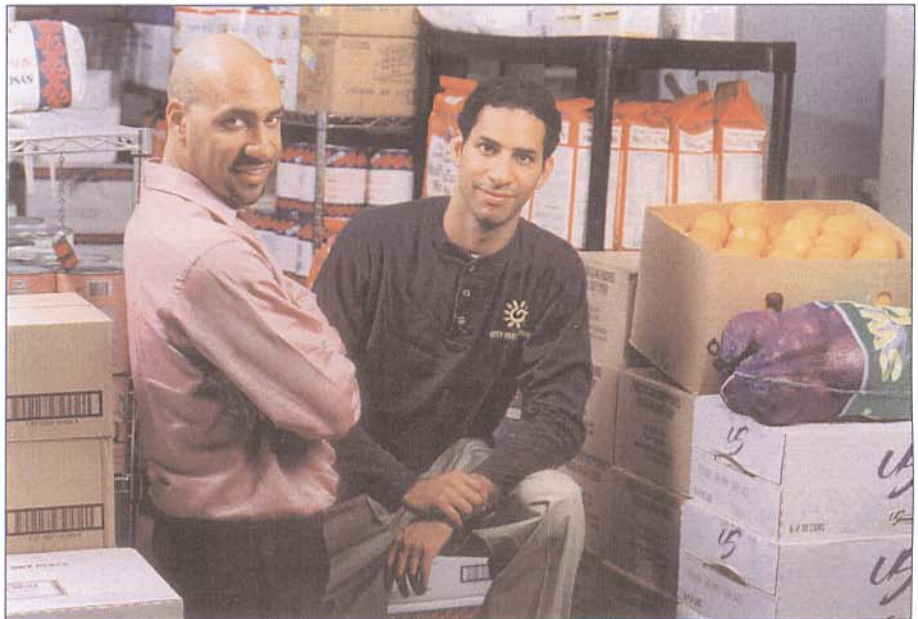


Photo by Gustav Freedman

City Fresh Foods co-owners Sheldon (left) and Glynn Lloyd in the business' storeroom.

salt content in an effort to offer customers their favorite foods in a more healthful form.

City Fresh started in 1998 with a grant from the City of Boston. The grant was essentially a loan that wouldn't have to be paid back so long as the company maintained certain benchmarks—such as keeping a required number of people employed. The company has since gotten loans from local community development programs and kept their operating cash flow going by taking out higher-interest, private loans against receivables. Eventually City Fresh got the attention of

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Boston Community Capital, a financing firm that runs a venture fund earmarked for investment in businesses that serve local communities in Boston (see sidebar below). Boston Community Capital bought an equity stake in City Fresh, and the resulting cash inflow enabled the company to purchase the Four Corners building that houses their operation, increasing profitability, and to concentrate on growing their core business rather than raising operating cash. The Lloyd brothers re-



Photo by Gustav Freedman

City Fresh Foods founder Glynn Lloyd, who considers himself an educator by vocation, goes over processes with employee Al Fulcher.

main majority owners.

Glynn and Sheldon have turned what started out as an idea for providing job opportunities for GED grads into a profitable \$2 million annual business. Visions for the future include breaking into institutional catering beyond the charter school market, and expanding into other locations and communities in the Greater Boston area. Given their track record, it's not hard to imagine that we'll be hearing a lot more about City Fresh Foods in the future.

Spotlight on Boston Community Capital

There is a network of public and private non-profit organizations whose mission is to promote economic development in urban communities. As a provider of a significant number of jobs in Dorchester, City Fresh Foods was able to tap into this network for low-interest loans and grants during company's cash-strapped early days. For smaller, Mom and Pop-type businesses, the resources of this network may be more or less sufficient, but as City Fresh started to grow into a nearly half-million dollar annual business, Glynn and Sheldon Lyod realized they were going to need someone with deeper pockets to help them leverage the growth opportunities they saw ahead—preferably someone who would be willing to invest in the company, rather than simply lend them money.

The Lloyd brothers' search for an investor brought them to Boston Community Capital (BCC), a private community development financial institution—known in financial circles by the acronym CDFI. The over-arching

mission of BCC is to help develop opportunities within low-income communities in Massachusetts. BCC underwrites loans, primarily for non-profits, through its Boston Community



Loan Fund, and actually invests in for-profit businesses through its Boston Community Venture Fund.

BCC liked City Fresh—and Glynn and Sheldon—and through the venture fund made an equity investment in the company. Other companies in BCC's venture portfolio include Bari & Gail, a premium chocolate manufacturer in Walpole, and ZipCar in Cambridge.

Venture capitalists are generally known to be focused on exit strategies: how do they eventually generate cash

out of their high-risk investments? This is typically done through bringing portfolio companies public so venture investors can then sell the stock in the public markets. BCC's venture portfolio may be full of well-run companies with solid business practices, but BCC's focus on social utility within local communities means they are generally looking at and investing in smaller-scale operations—companies that even if wildly successful are not likely to be taken public by a major investment banking firm.

With a grant from the Ford Foundation, BCC has been working on a potential solution to the "exit problem" of community development venture capital (CDVC) investing: aggregating companies within a venture portfolio and taking them public as a *holding* company. If the market is receptive and this becomes a viable solution for CDVC, investment in small-scale, high social-return businesses may become significantly less risky and thus more attractive. And this could have profound implications for talented urban entrepreneurs and community development in general.