The Set-up:

You are the senior pastor of a medium-sized church in Seattle with a congregation of about 200 parishioners. You have one associate pastor and one office manager/receptionist. You have been preaching a sermon series looking at questions of poverty and economic justice and have been urging your congregation to consider issues of stewardship and care for the poor.

After one of your recent sermons, you have been approached by Jon, one of your more faithful members, who asks for an appointment. He tells you that he wants to get your advice on several business issues that he has been struggling with – particularly as he considers the implications of your recent sermon series.

You agree and shortly thereafter meet Jon for coffee. After the exchange of a few pleasantries, Jon begins to explain his situation. He tells you that he has been managing a set of three 7-11 stores in the Central Area (one of the poorer and more diverse areas of Seattle). Jon was hired to manage the stores six months ago taking over from a series of managers each of whom had not lasted more than two months in that role before he came along. As he explains, under his management the stores have been "cleaned up." The employees in the stores have been given more training in customer relations and several regular customers have been so taken with the "new spirit" of the stores that they have taken the time to fill out comment cards praising the level and quality of the service that they have received. Sales have also increased by 6% over the prior six months. At first blush, life is good.

<u>Ownership structure:</u>

All three of the stores are owned by R&L Corp. and operated under a franchise agreement with Southland Corporation. R&L Corp. is a family corporation named after its two shareholders: Mr. Roy and Ms. Louise Carlson, husband and wife. Roy and Louise are relatively hands-off owners. They have provided Jon with the very detailed operations manual that Southland makes available to all its franchisees (and which they as a franchisee are contractually obligated to implement) but as long as Jon sends them the money that they expect him to earn from operations they tend to leave Jon alone and let him manage however he wants. In other words, they are pretty much all about receiving a reasonable set of financial results. Their expectations are not lavish. They expect the three stores to generate about $3,000,000 each year in the aggregate. They expect to receive approximately 4% of the gross sales from the stores – a percentage return which is fairly typical for 7-11 operators. Put differently, Roy and Louise hope to make about $120,000 each year (on their initial franchise purchase price of $1,600,000).

Roy and Louise are retired and live off of a modest amount of social security, a very small pension left over from Roy's earlier career as a truck driver and the earnings from the stores. Roy and Louise believe that they are only looking for a reasonable amount of money from the stores and that they really need it to support them in their retirement. Under the previous managers the sales totals for the stores never reached $2,800,000 per year. Jon explains that under his leadership sales have just about reached the "reasonable" $3,000,000 level.

The Stores:

Not all stores are created equal. Store A has gross sales of about $1,000,000 but it actually loses money. It is in one of the poorest regions of the Central Area and while there is high traffic, the average sale is small so costs per sale are high. There is also a very high level of "shrinkage" (i.e. theft) in this store. It is, however, the only source of groceries in a 2 mile radius for this community.

Store B and Store C are much better performers returning more than 6% on gross sales. Store C also sells gas.

The Employees:

Each store employs 4-6 employees who work different shifts over the week. These are typically recent immigrants. They are hard-working and live in the neighborhood but would find it very difficult to find other employment if they were to lose their work in the store. They are typically paid the minimum wage - approximately $10/hour. The lead employee in each store receives an additional $3/hour. Jon explains that he has checked and has discovered that most folks estimate that the living wage for a single person in Seattle is $17/hour.

You ask Jon to tell you a little more about this notion of a livable wage and he explains as follows: a livable wage is the wage that a full time employee needs to sustain herself. As best as Jon can tell the amount of a livable wage in any area is calculated by adding up the costs of the minimum bundle of goods and services the employee needs to survive. Looking on-line, however, it has become apparent to Jon that there is little agreement over what should be included in the bundle. There is also little agreement as to whether one should assume that the employee is the sole parent of children who also need to be provided for out of the wage. His estimate of $17 per hour is near the low-end of what he saw on-line for Seattle and he notes that as an order of magnitude, the livable wage tends to be around twice the minimum wage in most jurisdictions.

Jon tells you that he is paid $65,000/year to manage the stores. (This translates to approximately $25/hour).

Challenges:

The Environmental Challenge.

Representatives of *Save our Sound* have recently contacted Jon. They are concerned that the nozzles on the gas pumps at Store C often "dribble" a little gas on the ground after a customer finishes pumping gas. While this involves only a few drops per customer they point out that over time this amounts to a sizable volume of gasoline that is being absorbed into the soil, and they claim, with somewhat inconclusive evidence, that this gasoline ends up flowing into the groundwater and on into the Sound.

They are asking Jon to replace the nozzles with a new advanced design that would eliminate this problem. The cost to make this retrofit, however would be $90,000. The company could finance the expense but it would cost an additional $8,500 every year for the next 30 years to do so. The company is not legally required to make this change and the Carlsons are not interested in funding it. They have told Jon that he can make the changes if wants to but only if he can figure out a way to do so and still get them what they are looking for by way of annual returns.

The Personnel Challenge

Jon reminds you of one of your recent sermons when you were preaching about the intrinsic dignity of all persons (each created in “the image of God”). Jon was very moved by the message and immediately sat down to calculate the cost of increasing his employees’ wages up to a livable wage standard.

The discouraging result: his labor costs would rise by over $3,500 per week or approximately $180,000 per year. (Not surprisingly, the Carlsons are not interested in reducing their returns by this or any other amount. As they point out, “why would we pay them more when they are perfectly happy to work for what we pay them now?”)

As Jon has gotten to know the employees better, he has learned a good deal about their families. He tells you that he has a strong desire to help them succeed. He’s just not sure what he can do.

The Product Challenge

A collection of folks who grow vegetables near to Store A on an urban farm (i.e. an empty lot now filled with small vegetable gardens) have approached Jon and have asked him to sell their vegetables in his store. To Jon, this seems very impractical for a number of reasons. This would take lots of precious shelf space. It would violate the Southland operating guidelines (although it is unlikely – but not impossible – that anyone would care). The supply would be uneven and difficult to manage. And worst of all, it is not at all clear that Jon’s typical customers would be at all interested in buying raw carrots, cucumbers, etc.

The local “farmers” point out, however, that his store sells mostly high carb, high calorie food that is unhealthy for the local community and that there is no other potential source of fresh fruit and vegetables in the area. They have threatened to organize a boycott of the store if Jon declines their request – but Jon doubts that any efforts at a “boycott” would be very likely to put much of a dent in his sales.

The Profitability Challenge

The Carlsons are fed up with Store A. They realize that they would make more money if they just closed it. (Given its long history of losing money, they doubt that they could get anyone to buy the franchise from them.) But Jon explains how the community relies on this store for quick grocery purchases. He also highlights the challenges that his current employees would face if the store closed. Two of them are trying to support families with young children and in at least one case, one of the children has serious medical needs that are currently covered under the 7-11 health insurance plan.

Jon has asked the Carlsons not to close the store and they have agreed to think about it. They have offered to give Jon some time in which to develop a plan that would make keeping Store A a viable financial option.

Jon tells you that he has searched the Scriptures and regularly prayed over these challenges. Still he feels as confused and uncertain as ever. He has always seen you as a wise pastor and now needs your advice.

First session (ONE HOUR, 1:00-2:00pm): Begin by taking a few minutes to let everyone review the case.

With the four themes of the Economic Wisdom Project as a starting point for discussion (stewardship & flourishing, value creation, productivity & opportunity, and responsible action), work in your groups to develop answers to the questions below. Do NOT try to "wordsmith" exactly the right phrasing of your answers – budget the time so you have answers for all four questions.

Appoint an amanuensis to record your group's answers on the "canonical" note sheet provided; members of the group can record additional insights on the "deuterocanonical" note sheets.

1. List up to three easily understood insights you would want Jon to take away from his meeting with you that would be encouraging to him about how his work is an opportunity to have a positive impact in the community.
2. List up to three easily understood insights you would want Jon to take away from his meeting with you that would challenge him to prioritize kingdom values in his work.
3. How would you answer each of the two previous questions if you were speaking not to a manager with decision-making authority, but to a clerk in one of these stores?
4. List up to four specific things you would counsel Jon to do or not do regarding the challenges he faces in his business.

Second & third sessions (45 MIN EACH, 2:00-2:45pm & 2:45-3:30pm): In each of these two sessions your group will be joined by a business leader from the Phoenix area. Share your answers with them for feedback and discussion.