

Independent Businesses, Unite!

By building coalitions with community groups, locally owned enterprises can regain their central role in our economy and communities — replacing giant corporations.

Stacy Mitchell

LAST YEAR, the giant book and music vendor Borders announced plans to build a 25,000-square-foot superstore in downtown Austin, Texas. In predatory fashion, the retailer planned to build its new outlet across the street from two of the city's oldest and most beloved local businesses — Waterloo Records and BookPeople. And, as if that weren't bad enough, the development was slated to receive \$2.1 million in public subsidies.

The encroachment of global corporations and the public favors they receive is a distressingly common story these days. But Waterloo and BookPeople, unlike independent retailers in most cities, had the power to do a lot more than gripe and live with it. As members of the Austin Independent Business Alliance (AIBA), they were backed by an organization representing more than 150 local businesses.

AIBA and Livable City, an Austin civic organization, asked the firm Civic Economics to study the economic impact of allowing Borders to open. The results were stunning. The firm concluded that every dollar spent at Waterloo or BookPeople generated three times as much local economic activity as a dollar spent at Borders. Because Borders was expected to cannibalize much of its sales from the two independents, the study estimated that

Austin would lose \$2.4 million in economic activity — and taxpayers would pay part of the store's construction costs to boot.

The issue became front-page news and galvanized a broad public discussion about the benefits of independents versus chains. The public outcry eventually led Borders to abandon its plans.

JOINING FORCES TO COUNTER THE CHAINS

Austin is one of dozens of communities where independent businesses are building alliances to counter the expansion of global retail chains.

Independents have faced a tough road over the last decade. The statistics are staggering. During the 1990s, 11,000 independent pharmacies closed. Chain drugstores now account for more than half of all pharmacy sales. More than 40 percent of independent bookstores closed during the same period. Barnes & Noble and Borders capture half of all bookstore sales. Local hardware stores are disappearing too as Home Depot and Lowe's now own nearly 45 percent of that market. Five firms now capture about 45 percent of grocery sales nationwide. Blockbuster rents one out of every three videos. More than 40 percent of restaurant spending is captured by the top 100 chains.

Most striking of all, a single firm, Wal-Mart, controls more than nine percent of *all* U.S. retail sales. It is now the largest grocer as well as retailer in the country and captures more than one-third of the U.S. market for numerous products from dog food to diapers.

The rise of global chains is not simply the result of market forces. Public policy has played a significant role. Tax breaks and multimillion dollar subsidies, like those offered in Austin, are routinely provided to chain store developers, but rarely to independent businesses.

The current trends are indeed sobering. But, despite the recent decline, locally owned businesses still control a substantial share of consumer spending, jobs, and economic resources. They enjoy a degree of loyalty and respect unmatched by their corporate counterparts. They yield immeasurable dividends for their communities. And, collectively, they represent a potentially powerful force for shifting our economy to a more sustainable path.

BOULDER BUSINESSES PIONEER AN ORGANIZING STRATEGY

That realization led David Bolduc, owner of the Boulder Book Store, and Jeff Milchen, an activist and founder of ReclaimDemocracy.org, to begin discussing the idea of forming an independent business alliance in Boulder, Colorado, in 1998.

As a long-standing and well-respected business owner, Bolduc had enough stature in the community to help convince ten businesses to sign on to what was, at the time, an untested idea. The commitment of those businesses, which included some of Boulder's "landmark" independents, enabled Milchen to recruit many more members.

Within two years, the Boulder Inde-

pendent Business Alliance (BIBA) had grown to include more than 160 dues-paying members. They range from bookstores and restaurants to auto repair shops and a local bank. The smallest are sole proprietorships. The largest, the Boulder Community Hospital, has 2,000 employees.

BIBA operates an ongoing public information campaign to raise awareness of the benefits of patronizing locally owned businesses and the value they provide to the community. Its tools include storefront decals, bumper stickers, and newspaper advertisements, as well as marketing tools designed for different membership segments, such as bookmarks for local book and music stores, and paper cups for local cafes. All carry messages about why supporting locally owned businesses is critical to Boulder's economic vitality and sustainability.

One of BIBA's most popular creations is the *BIBA Guide*, a colorful directory of local businesses sprinkled with answers to the question, "Why shop locally?" The group has also produced a Community Benefit Card, available for \$15 that provides discounts at more than 60 independent businesses.

BIBA has succeeded in building a strong culture of support for independent businesses. Just one measure of its success is the proliferation of ads promoting community-rooted businesses. Even the daily newspaper now fills a regular advertising spread featuring businesses under the banner "shop your locally-owned. . ." Local ownership has become a selling point in Boulder.

BIBA has also succeeded in encouraging its members to operate more sustainably. One example was BIBA's early promotion of a program that allows customers to pay higher rates for wind power. Forty-four members—almost half of BIBA's members at the time—signed on, compared to less than one percent participation among Boulder businesses overall.

Word of BIBA's success spread and Milchen soon began fielding calls from business owners across the country interested in forming similar alliances. In 2001, Milchen and BIBA's assistant director, Jennifer Rockne, established the American Independent Business Alliance. AMIBA's role is to help launch IBAs in interested communities, network their organizers, and continue to build a national movement to

reverse the decline of independent businesses. AMIBA now has affiliates in half a dozen communities.

PRESERVING TUCSON'S UNIQUE FLAVOR

Good ideas, like seminal inventions, often emerge simultaneously in multiple locations. As it turns out, the folks in Boulder were not the only ones thinking about the power of numbers.

That same year, 1998, a group of independent restaurant owners in Tucson, Arizona, stopped thinking of themselves as competitors and

launched a collective effort to counter the expansion of chain restaurants. They formed Tucson Originals and pooled their resources for joint purchasing, advertising, and other initiatives.

Tucson Originals now has 46 members, ranging from inexpensive eateries to upscale dining. The association urges residents to "support Tucson's unique flavor." It relies on advertisements in local magazines like *Tucson Monthly* and a card included with every diner's check to deliver its mes-



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DO BOTH!

The Boulder Independent Business Alliance announces the Community Benefit Card. Get exclusive discounts at over 60 independent locally-owned businesses and save \$5 while supporting your community. A full list of benefits is online at Boulder-iba.org or call 303-442-1579 for a free BIBA Guide.

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Independents Week July 1-7

As we celebrate our nation's independence, we invite you to join in celebrating our great local independents... for all your shopping, dining and entertainment needs. Visit participating businesses from July 1-7 for your chance to win a selection of valuable gift certificates. Enrich your life with the diversity, unique products, and excellent customer service your neighbors and friends provide.

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- Alice en Place Restaurant 2100 N. Oracle Ave • 248-4418 www.aliceenplace.com
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You're Not a Clone, Why Shop at One?

Get something more of the best independent local businesses in Boulder County. Get the Community Benefit Card for just \$15 per year. \$15 in savings each year. For more info, call 303-442-1579 or visit www.iba.org.

THE BIBA GUIDE

NOW ONLINE: WWW.BOLDER-IBA.ORG

YOUR GUIDE TO LOCAL INDEPENDENT BUSINESSES IN BOULDER COUNTY

SUMMER/FALL 2000

BOULDER INDEPENDENT BUSINESS ALLIANCE 303-442-1579

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Book Stores & Public Libraries

Independent business alliances raised community awareness of the many benefits of buying locally-owned firms through decals, bumper stickers, fliers, bookmarks and directories.

sage. The cards and ads list local restaurants and describe their importance to the community: "Local, independently operated restaurants provide the soul and distinctive flavors of food that help define a sense of place."

Tucson Originals also hosts a variety of events and high-profile fundraisers for local nonprofits. In addition to boosting its members visibility, the association has helped them reduce food costs by ten to 20 percent through a joint buying program.

Good ideas often emerge simultaneously in multiple locations. The folks in Boulder were not the only ones thinking about the power of numbers.

Tucson Originals has been so successful that has inspired similar restaurant alliances in a dozen other cities, including Birmingham, Kansas City, Milwaukee, Minneapolis and Washington DC. A new organization, the Council of Independent Restaurants of America, much like AMIBA, works to seed local alliances, build a national network, and disseminate tools and information.

Another set of local business networks coalesced in 2001 under the banner Business Alliance for Local Living Economies. As readers of this magazine know, BALLE is a national coalition of local business networks working to build sustainable, community-based economies.

CELEBRATING INDEPENDENTS WEEK

Finding time is one of the biggest challenges facing merchants who'd like to form a local business alliance. Carla Jimenez, co-owner of Inkwood Books in Tampa, Florida, has long admired the Independent Business Alliance model. She'd like to start something similar in Tampa, but she's far too busy running her own store.

In 2002, she hit on a relatively easy but effective way to network with other business owners and build public support for the local economy. For several years, Jimenez had used July 4th as an opportunity to remind her cus-

tomers of the importance of independent businesses through in-store displays and promotions. Last year, she invited other local businesses to join her. About 20 — including a record store, grocer, hardware dealer, clothing shops and a gift store — signed on.

They created Independents Week, a week-long celebration so successful that it has become an annual event. Posters displayed on storefronts and cash registers urge residents to "Celebrate the nation's independence by celebrating your independents." Participating businesses hold raffles throughout the week in which customers win gift certificates to other locally owned businesses.

The event requires very little time, according to Jimenez. Yet it has been very effective in reaching people and generating media coverage. Last year the local Fox affiliate broadcast its morning news show from a different independent business each day that week. This year, the event was the subject of a front page story in the local section of the *Tampa Tribune*.

The story gave Jimenez an opportunity to broadcast an important message about why local ownership matters. The *Tribune* quoted her, "We make our decisions locally. When we need shelves, we have them crafted here in Tampa. We have a local printer, accountant, local bookkeeper, we even have a local, independent pest control company."

LINKING TO COMMUNITY GROUPS

As independent businesses organize and become more vocal, they are building connections with a variety of community organizations that share their goals.

Over the last few years, citizens in hundreds of communities have come together to fight corporate retail development. Earlier this year in Oregon City, Oregon, neighborhood groups joined with labor unions to block a sprawling Wal-Mart supercenter. In Easton, Maryland, the grassroots Citizens for Sound Growth initiated and won a ballot referendum to stop a Home Depot. In Tampa, Florida, small business owners and neighborhood associations defeated a large Walgreens.

Many of these grassroots efforts have expanded to embrace a broader

agenda. They are working to implement new land use and economic development policies that support sustainable, small-scale retail. Hood River, Oregon; Bozeman, Montana; and Belfast, Maine are among dozens of communities where citizen pressure has led to the passage of laws that ban large retail stores.

Other communities, such as Greenfield, Massachusetts, and Santa Cruz, California, now require a community impact review (similar to an environmental impact assessment) before approving new retail development. Still other towns are shifting their economic development resources away from chain store sprawl and back into supporting Main Street.

In all of these places, small business owners have played a critical role by lending their voices to the cause, providing grassroots groups with financial support and free services such as printing, and helping to organize meetings and public forums.

As independent business alliances grow, they may become an important political force — one capable of challenging the growth-at-all-costs model of development espoused by many traditional business groups. For many people, any serious campaign for business sustainability means replacing giant corporations with locally-rooted businesses, whose owners truly care about the communities in which they operate. According to Jennifer Rockne, AMIBA's co-founder, "publicly traded corporations are inherently unsustainable—they are perpetual growth machines operating in a world of finite capacity."

The age of chain business proliferation is not yet over, but strategies like those presented here offer hope for reversing the current trends. By banding together and building coalitions with community groups, locally owned businesses can regain their central role in our economy and communities. □

*Stacy Mitchell is a researcher with the Institute for Local Self-Reliance and author of *The Home Town Advantage: How to Defend Your Main Street Against Chain Stores and Why It Matters*. She publishes an e-mail newsletter on grassroots efforts to curb chain store growth and revive local enterprise available at www.newrules.org. (To learn more about what these communities are doing and to download research and tools to help change policy in your own community, visit the Institute for Local Self-Reliance's web site at www.newrules.org.)*