

How Will We Live?

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Ellen Shepard Interview

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Italicized are portions appearing in the documentary "How Will We Live?"

You know it's not so much that local people spend more money in a local store, it's because we weren't looking at chain stores that are actually here, we were looking at potential chain stores that could move in so we couldn't make that comparison. But we do know looking at the national figures for chain stores and how their money re-circulates versus our localized numbers for our local stores we know that the money re-circulates much more locally if you shop at a local businesses.

In the early 80's again there was sort of an exodus from the area by the groups that lived around here and again the merchants banded together and they were led by a locally owned bank. A guy named Guy Wieman and unlike the national banks, he announced that he would give loans to small business owners and Bus went round to people who he knew were interested and one by one the little stores started filling up again. And there's one in particular called the landmark of Andersonville owned by Ann Baxter. She opened the landmark as a co-op and as a remarkably successful small business incubator. A number of the small business still here today started at the landmark which started from a loan from Bud Weiman. So from its history all the way through now it's been these local business and the dedication they showed to the local economy that's made Andersonville vibrant.

A locally owned business bottom line is going to be very different. If you are a person who owns a business, most likely you are doing what you love to do. In our community, people have a business and they're not looking to expand, they're not looking to have a million different versions of the Landmark of Andersonville or whatever their business in. They're looking to make a living for themselves and for their families. Mostly they're very community minded in terms of what they give back. The difference when it comes down to dollars and cents is when a locally owned business needs a much less profit margin in order to make the choice to stay in business than a chain store does. A locally owned business can therefore be much more able to put down roots. If you can accept a 3 or 5% profit margin each year because that keeps you afloat and allows you to keep your livelihood and allows you to keep doing what you do, you can stay in a community and keep providing the services that you've been providing to the community. A chain business would never stick around with a 3-5% profit each year. They would close that outlet and take those jobs away and move somewhere else. It really makes a difference to a community in terms of longevity to a community that that business is based here and is local.

One of the things that we've been looking at to protect our locally owned business is

something called the Formula Retail Ordinance and again Formula is a fancy word for chain store. This is something that's been tried around the country and what it does is it helps control the flow of chain stores. Some communities have an outright ban on stores in their areas. Other communities are trying a density prevention method where you can only have so many chain stores in a given area or you can only have ten in your city. There's a community California or Oregon that's done that. In other cases, the chain store becomes a special use in the zoning code. For example San Francisco has an ordinance where if you wish to open a formula retail store in those neighborhoods you have to go through a community approval process. You're automatically considered a special use and you have to prove to the community that you'd be an active supporter of the community in order to come in. So it's not a ban, but it gives the community that chance to have a say so it's not all based on the market. In Chicago there's a number of Alderman looking at the sort of ordinance that would be most effective here.

Do the bottom lines of corporate versus local business ever come into conflict?

I don't know that they come into conflict as much as they come into contrast. I mean in our community there's a contrast between the businesses that are locally owned to those are that are corporate owned. The corporate business don't belong to the chamber of commerce. You don't know if they're going to be sticking around the neighborhood.

I speak from the experience of our own community that the chain stores are very unlikely to take part in the local events. If their manager happens to be community minded in any given place and time they might join the chamber of commerce. There's a difference in the feel when you walk into their store/. You walk into the locally owned business in Andersonville if you've lived here any length of time you know the person behind the counter. That's not necessarily the case in the chain stores.

We've seen this language about the communities right to self determination. What happens when that conflicts?

I don't have an answer for that but I do think it's important to raise the question. You *have corporation which have certain legal rights and you have communities which don't have certain legal rights.* And it's a tricky balance. In a community like ours, part of what we've been struggling for is that a community does have a right to determine what happens in it. Our community has determined that Andersonville will be better if culturally and better for quality of life and better economically if Andersonville continues to be a community of small businesses. If you have a community of small business it's much better to market it because no one is going to come to Andersonville to go to a chain store that they go to somewhere else. It's interesting that the legal system is set up in such a way that the community doesn't have rights. Doesn't have the power to make those kinds of choices. Um, and so the answers are necessarily here yet, but asking those questions about who does have the right to make those decisions. *Does a corporation have the right to come into a community and make the profit it wishes. Or does a community have the right to say you know what it's not the right fit for our community it's not the right thing and it might do damage to our community. And are there tools to*

help prevent that and shouldn't those tools be legal and accessible.

What led up to the Andersonville study?

What led to the Andersonville was that because of our neighborhoods uniqueness, it started to draw attention from a lot of the chain stores in the area and we needed solid information instead of the gut response from our community about how horrible it was all going to be. Aside from those feelings and in order to be able to speak with our elected leaders we felt that we needed some data. So we contacted (the group that did the work in Austin, TX) *What they did when they came here they looked at ten different businesses in Andersonville, they chose ten different chain business that they thought would be potential competitors for those business across 3 different sectors, restaurants, retail and also service and then in each one they looked are four different elements to compare how much of the money a consumer would spend at each one of those stores would stay and circulate in the community.* So they looked at the amount of hiring that's done locally whereas at a chain store a lot of the management is done somewhere else so those dollars don't stay here. *They also looked at the profits made by the owner, so if you shop at one of the local businesses here and the owner lives her as many of them do when they make a profit they're re-spending back on their community whereas a chain store that money goes back to Hoboken or wherever their home office is.* They also looked at local procurement. *A local business is going to be hiring a local accountant, a local lawyer and a local graphic artist whereas national business are going to be using those services wherever their home state is or wherever their home country is.* They also looked at charitable giving because they knew the local charities were much more like to be the beneficiaries from local businesses than from chain businesses.

So what we found when looked at these numbers was that when you spend \$100 at one of the locally owned businesses 58% of that money stays within our local economy than when you spend it with the chain stores. What was really surprising to a lot of other people was that if you look at the actual sales done by each of them which is what a local municipality is going to do because of the sales revenue, the sales of the local stores was actually greater than that of the chain stores. So this argument that city officials make that were going to bring in these national chains because it's good for our economy...doesn't pan out. It's actually better if its locals. Per square foot the locals actually circulated about 70% more than the chain stores. So what we foUnd was that the locals were much better for the economy than the chains stores.

So not only do local people spend more money in the local store apparently, more of that money stays in the local community.

You know it's not so much that people spend more money in a local stores because we weren't looking at chain stores that are actually here, we were looking at potential chains stores that could move in so we couldn't make that comparison, but we do know that looking at potential chain stores and how their money re-circulates versus our localized numbers we know that the money re-circulates much more locally if you shop at a local business.

Describe some of the difficulties.

In many key ways both the tax and the policy system at the state and city levels are not set up as well as they should be to support locally owned business. I think those bodies don't recognize enough how important locally owned business is to the local economy and that's despite the statistics that most new jobs are created by locally owned business. Most economic growth period is created by small business. It's kind of like the talk about tax reform where you tax the things you want less of. You want to tax emissions and other kinds of pollution. In this case the amount of fines and regulation and red tape that a small business has to go through is prohibitive and it should be the other way around. All those things should be geared to the local business who bring in the jobs and vitality and all the things that local business provide. For example, the property tax system in Illinois. The education funding in Illinois is heavily weighted on property taxes. There's been a lot of stories in the media about what this does to residential properties and how it's driving people out of their homes and there's been some but probably insufficient actions taken to help this like for example in our community there were tax caps placed on the residential properties. Unfortunately what that did is kind of like a tooth paste tube. The state has to have that money and if you squeeze it it comes out on the other side and it put more of the burden on business. Not just that could afford it but neighborhood businesses in our community. In a neighborhood like ours that's getting more popular, property tax has just skyrocketed. People got their last property tax bill and it has doubled and tripled. Even though we have local landlords who get the whole local business thing and would strongly prefer to rent to locals. They get to a point where they can't afford it. Their taxes have gone up so much that they have to double or triple their rents. So I think that as our state officials are starting to look at the residential effects of this they really need to be looking at the business side of it and that includes the commercial district.

Education is obviously a vital foundation for creating local entrepreneurship. You asked me that in terms of college education and I'm going to respond in a way that's more familiar to me and that's just entrepreneurship training. I think there are too few opportunities and too little value in this country placed not on just a specific job tasks but how to have a career through the course of their life.

Probably the more sinister part is that big business has more money to lobby and so they get more favors from government entities. I think there is some truth to that. But it's also true that people who genuinely thought it was good idea to subsidize big business. I think the thought on this is relatively new and that of course change is very slow. I think the city planners and policy officials genuinely thought they were doing the right thing. You've got an area that was blighted and you bring in a big business or a big box and it brings in big jobs. Somehow if you're not thinking through it all the way it makes sense and at least if it's not tested it makes sense. You know it's not until you actually see what's happened to the community where that's it's occurred where you start to realize boy that's not the right path to go down.

Education is obviously a very vital foundation for creating local entrepreneurship. You ask me about it in a way of college education and I'm going to respond in a way that's more familiar to me and that's training, entrepreneurship training. I think there are too few opportunities and too little value put in this country to train people not even just for a specific job task, but how to have a career through the course of their life. I would also argue that a economy that is locally based does a much better job at training people at those kinds of skills than the economy that's global and each person learns a specialized task and if you know how to run the paper mill and the paper mill goes out of town you don't have any way of earning a living anymore. But if you're part of a local economy that is as self sufficient as possible then hopefully you've learned a variety of tasks and how to problem solve and you've learned how to operate within a more diverse economy than the one you're in your own specialized job. That being said there's lot of interesting experiments being tried, um in terms of training of entrepreneurship. I've talked to you a little bit about Michael Shuman and the work he's doing how to manage their money, how to write a resume how to have a job interview and even more than that how to manage themselves within an office, problem solving kinds of skills that can take them to the next thing if that opportunity closes off to them.

Part of what we're finding our task to be is to just get the information out there. About what the benefits of locals are. And if they still choose the big box then that's their prerogative. *My guess is that people intuitively want local. I mean you don't hear people saying , gosh we really need another Wal-Mart, or we really need WalMart to be bigger. I wish we had more of these charming local stores. I can't tell you how many people have said to me, 'I wish my neighborhood, my community looked like Andersonville.' I don't hear anyone saying, 'I wish my neighborhood looked like that strip mall.'* I think intuitively people understand that that's not what they're after and when they get the information about why it is they feel that way and what it means to their community when it is locals rather than a chain, they consciously go back to local businesses.