

# Relentlessly Local:

Strategies & Practices for  
Strengthening Carrboro's  
Economic Future

## THE SMALL-MART REVOLUTION



HOW LOCAL BUSINESSES ARE  
BEATING THE GLOBAL COMPETITION  
MICHAEL H. SHUMAN

# My Mission

Consistent with RTS &  
Carrboro goals ...

...Improve Framework

...Revise To-Do List



# The Struggle Over Capitalisms

TINA  
VS.  
LOIS



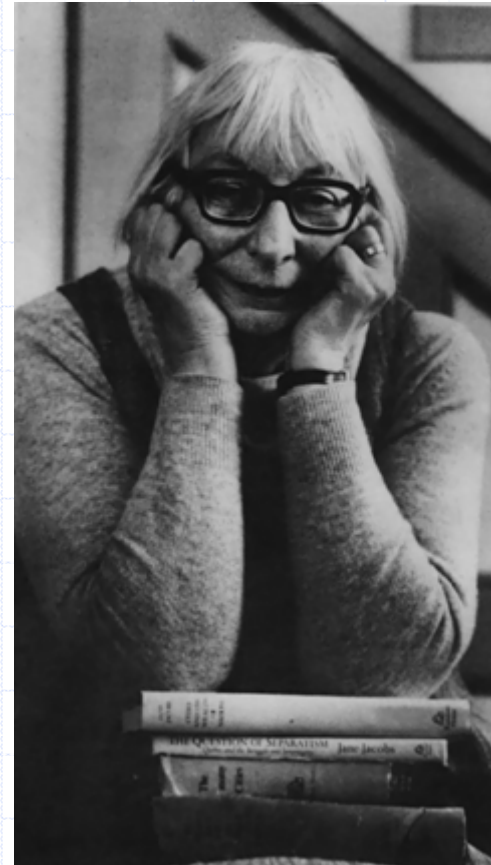
# TINA—There Is No Alternative



- ◆ Get Toyota or Other Outsider Business
- ◆ Prioritize Export-led Development
- ◆ Reassure Local Businesses

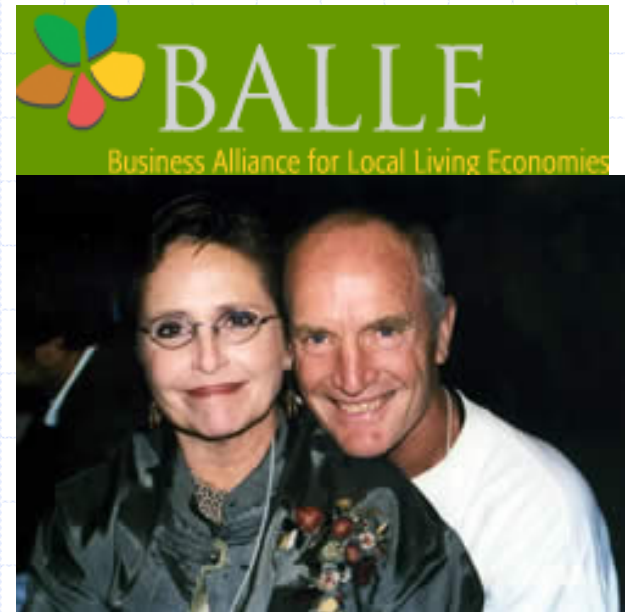
# LOIS– *The Alternative*

- ◆ LO:  
Local Ownership
- ◆ IS:  
Import-Substituting  
Development



# Local Living Economies

- ◆ Local Owned
- ◆ **BOTH** Self-Reliant & Exporting
- ◆ Socially Responsible

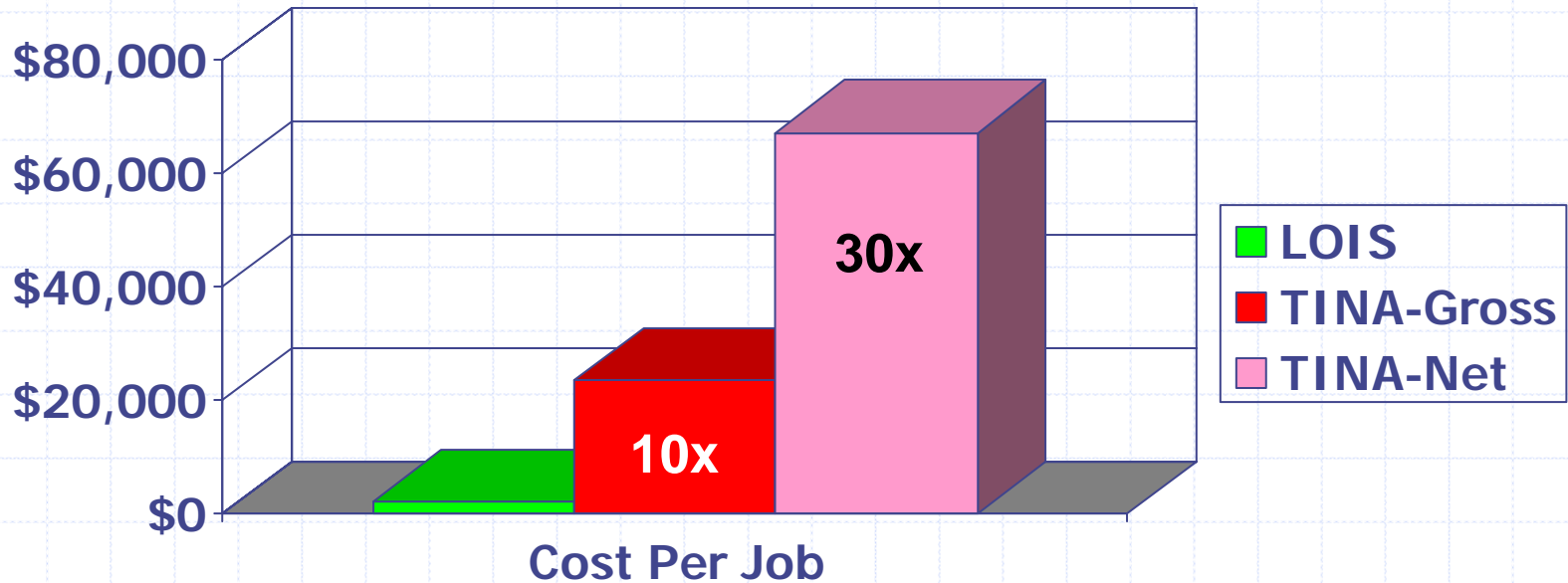


# Overview

- ◆ Tonight: **Why** Embrace LOIS
- ◆ Tomorrow: **How** to Embrace LOIS

# I. Three Reasons to Embrace LOIS

**Business Subsidies in Lane County (OR)  
(mid-2003)**





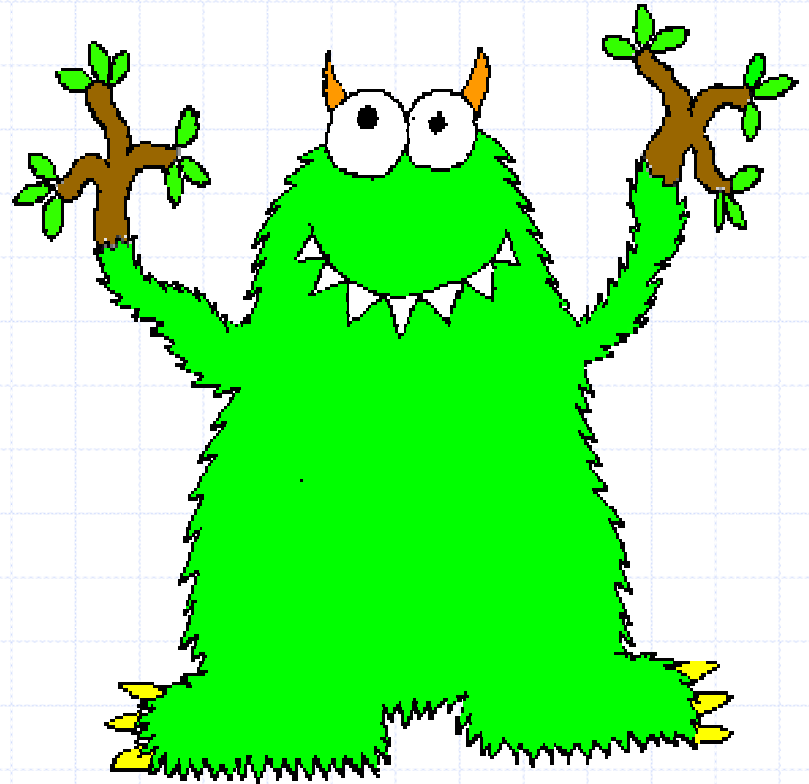
# #1 LOIS Firms Don't Move



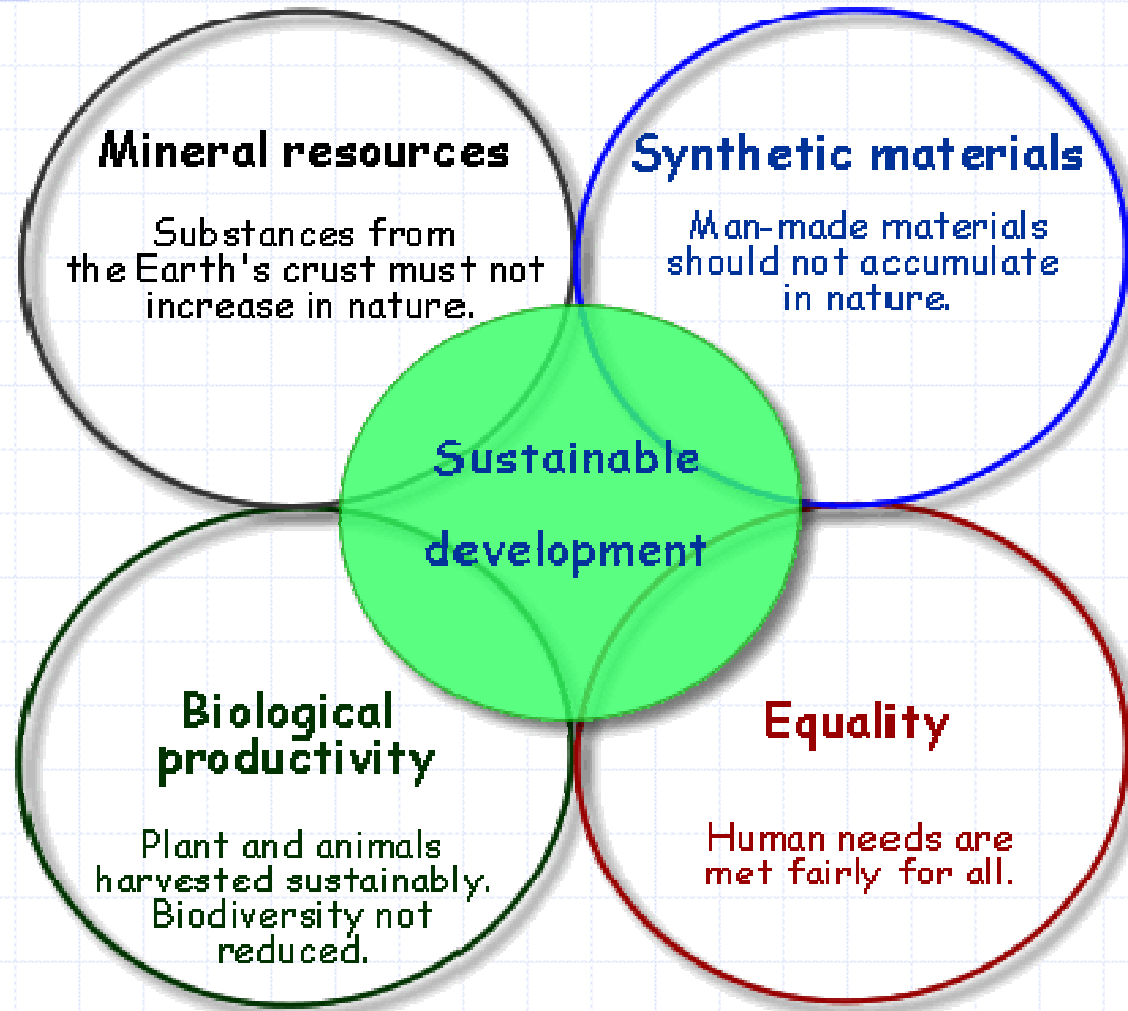
- ◆ Greater Wealth
- ◆ Fewer Catastrophic Exits
- ◆ Higher Standards

# Green Wal-Mart's?

- ◆ Community Shame
- ◆ Unsustainability of Global Shipping
- ◆ Model Sustainability



# Principles of Sustainability: The Natural Step



# Evolving Concepts of Sustainability

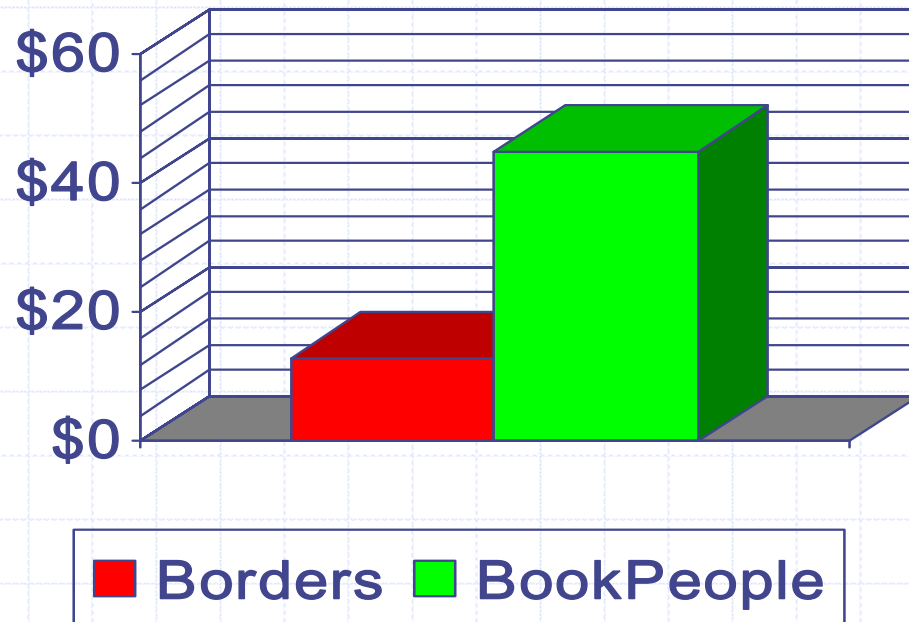
Meet the needs of the current generation without sacrificing the ability of future generations to meet their needs.

- Brundtland Comm'n

Meet the needs of your community without sacrificing the ability of other communities, present or future, to meet their needs.

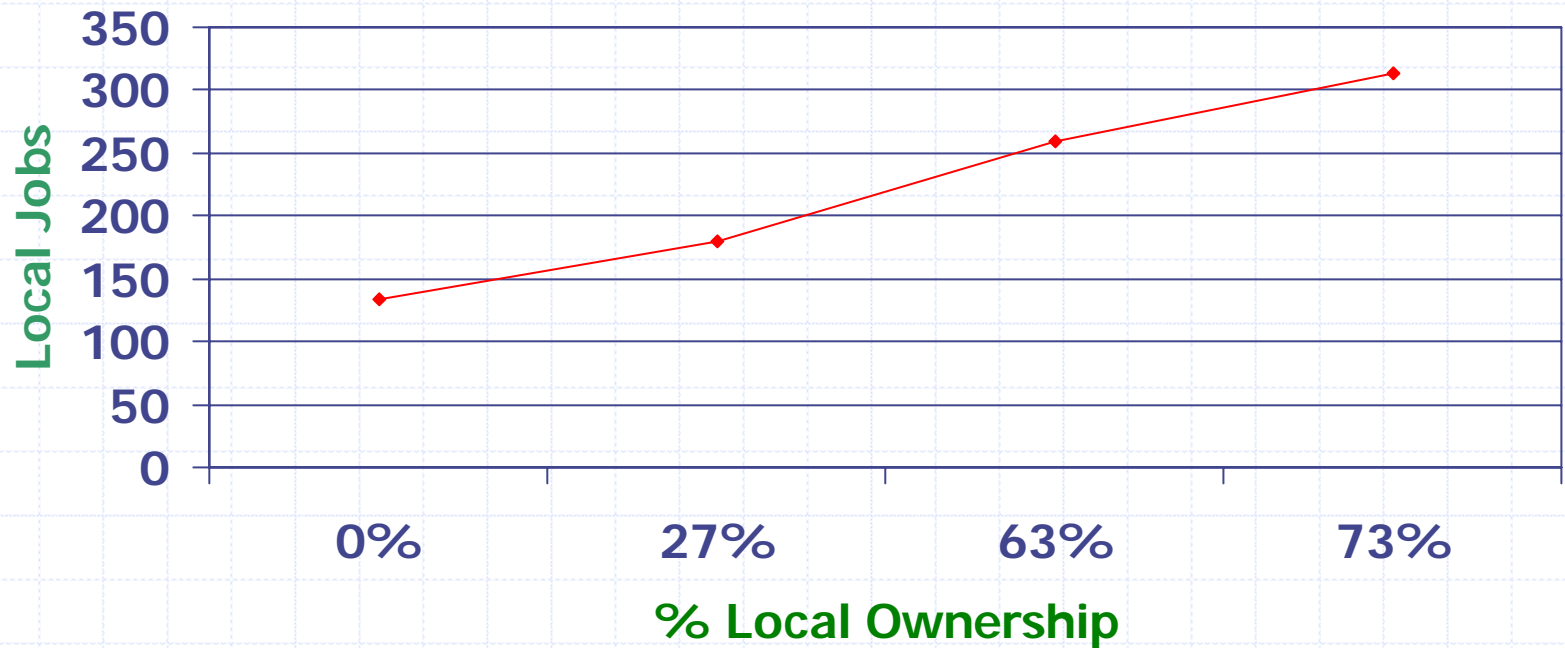
# #2 LOIS Firms Have Higher Economic Multipliers

Impact of \$100 Spending (Austin)



# Local Ownership Increases Jobs

## Ethanol Plant in Iowa



Source: Iowa State University, 2006

# #3 LOIS Businesses Fit With Cutting-Edge Eco. Development Theories

- ◆ **Smart Growth**
- ◆ Cool Downtowns
- ◆ Creative Economies



# #3 LOIS Businesses Fit With Cutting-Edge Eco. Development Theories

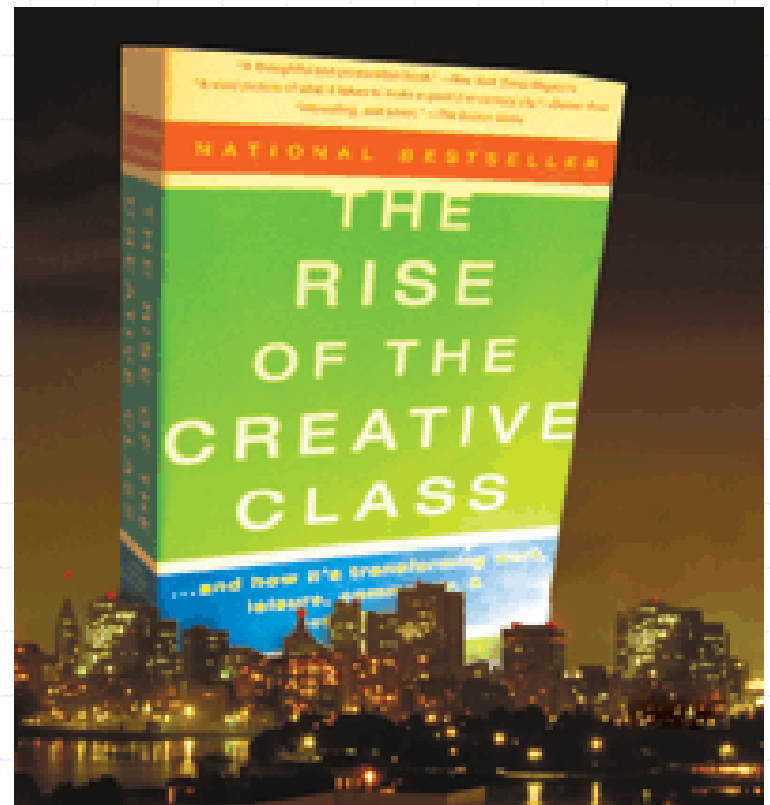
- ◆ Smart Growth
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# #3 LOIS Businesses Fit With Cutting-Edge Eco. Development Theories

- ◆ Smart Growth
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- ◆ **Creative Economies**



# But Is LOIS Competitive?

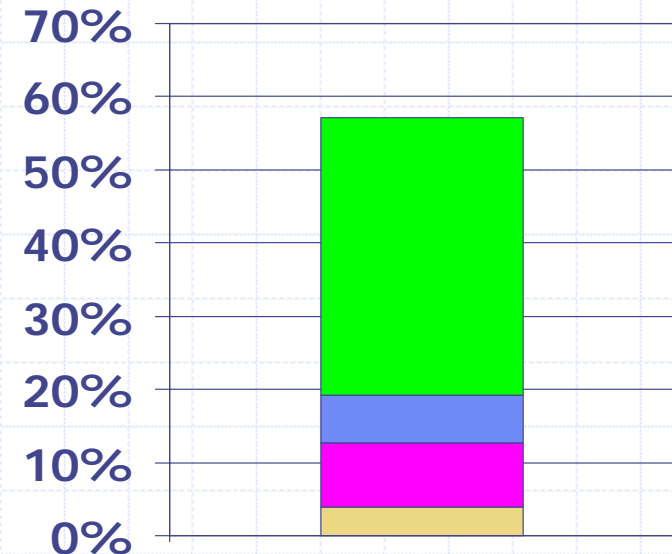
◆ **Rare Part of Economy**

◆ Most Fail

◆ Most Can't Innovate

◆ Most Can't Compete

U.S. GDP



- Small Biz
- Nonprofit
- State/Local
- Federal

# But Is LOIS Competitive?

- ◆ Rare Part of Economy
- ◆ **Most Fail**
- ◆ Most Can't Innovate
- ◆ Most Can't Compete

Net Births of Firms  
(2000-2001)

Small: +32,000

Large: -200

# But Is LOIS Competitive?

- ◆ Rare Part of Economy
- ◆ Most Fail
- ◆ **Most Can't Innovate**
- ◆ Most Can't Compete

## Recent Performance

- ◆ 60-80% New Jobs
- ◆ 13-14x Patents

# But Is LOIS Competitive?

- ◆ Rare Part of Economy
- ◆ Most Fail
- ◆ Most Can't Innovate
- ◆ **Most Can't Compete**



# Our Perception of Globalization

Coming to a Town Near You



# Why LOIS Lost 3-4% Market Share Over Last Decade?

## ◆ Subsidies

- \$50 Billion State/Local
- \$63 Billion Federal

## ◆ Equity Markets Bias

## ◆ 1001 Legal Wrinkles



# Reasons for Optimism

◆ **Buy-Local  
Movement**

◆ **Global Trends**

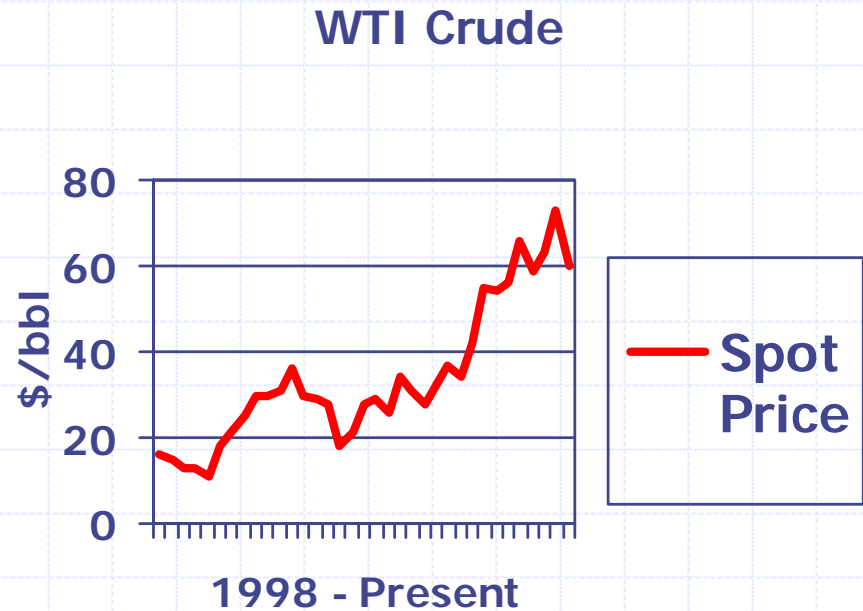




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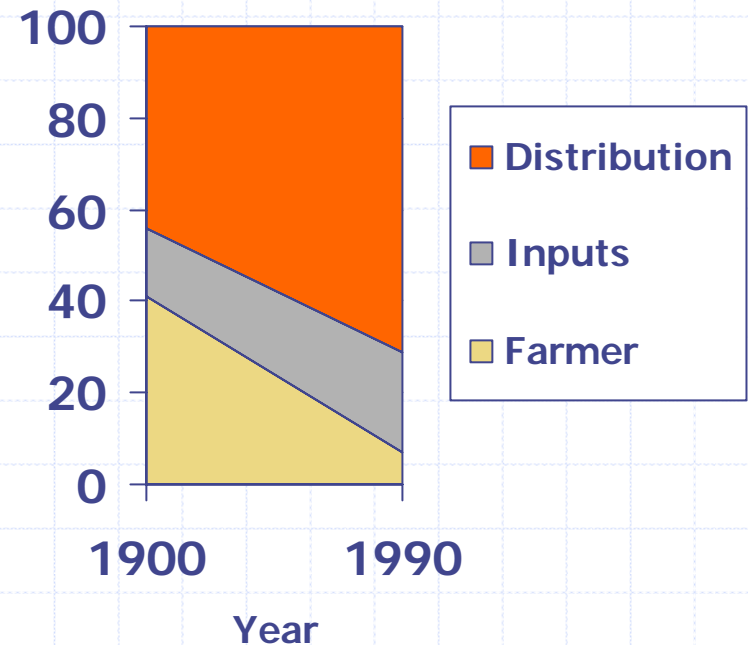


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Where Food Dollar Goes



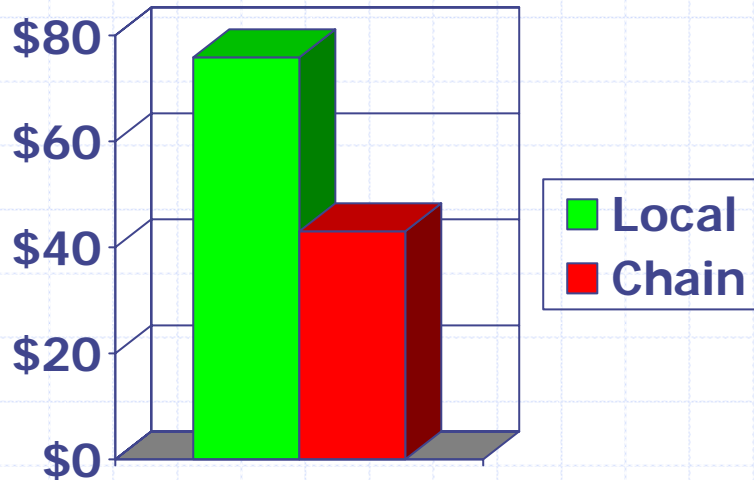
# Implication for Carrboro #1

A LOIS Lens Improves ED Efficacy

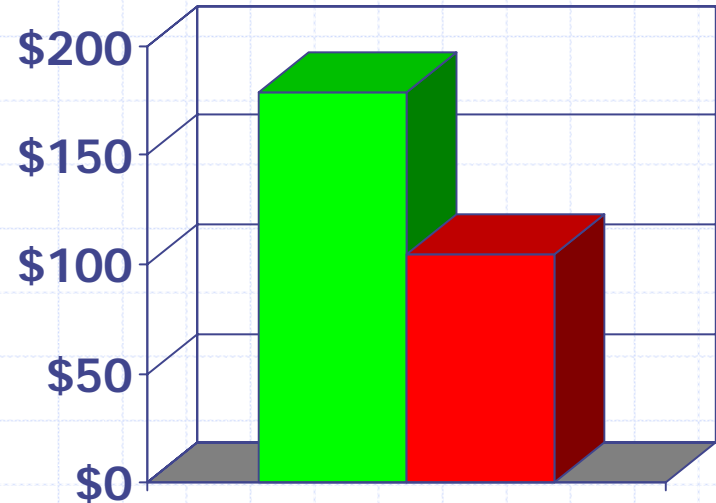


# Andersonville (IL) Study

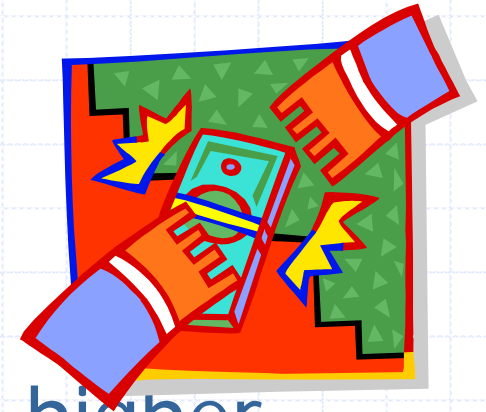
**Local Impact Per  
\$100 Revenue**



**Local Impact Per  
Square Foot**



# In Tax Terms...



Because local businesses have higher multipliers...

- **LOIS Sales** → more sales taxes
- **LOIS Demand** → more real prop. taxes
- **LOIS Capital** → more personal prop. taxes

# Implication for Carrboro #2

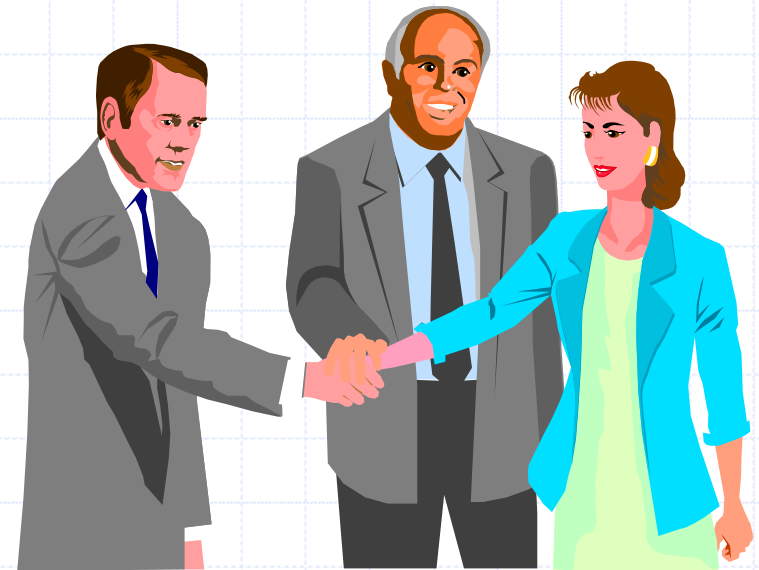
Set Aside Obsolete Location Theories...



...because LOIS  
businesses  
increasingly can do  
most anything from  
anywhere!

# Promote The Widest Range Of LOIS Businesses

- ◆ Entrepreneurship
- ◆ Business Networks
- ◆ Investment Mobilization
- ◆ Demand Mobilization
- ◆ Space Mobilization



# Implication for Carrboro #3

## Residences Have Commercial Potential

- ◆ End-Run Around Parking Problem
- ◆ Revenue/Service \$ Data Changing
- ◆  $\frac{3}{4}$  CE Workers in OC Are Self-Employed
- ◆ Do Zoning Laws Impede?



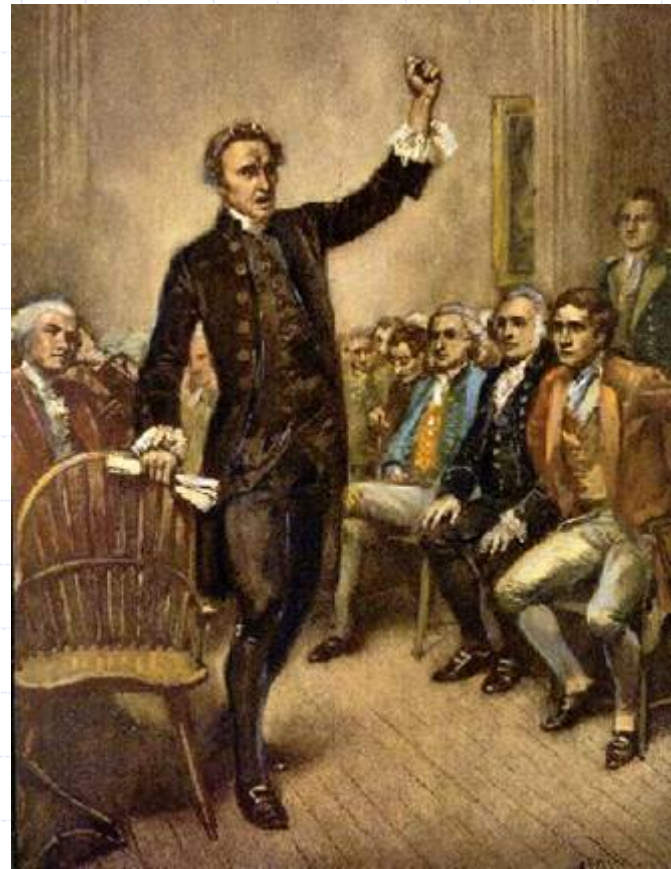
# Implication for Carrboro #4

Focus on Inner Development, Not Attraction

- \* No Deficit of Interest (eg, Vacancy Rate)
- \* Plenty Leaks
  - Retail
  - Jobs (only 8.5% work local)
- \* Obvious Gaps

# Patrick Henry: (with minor edits)

"Why stand we here idle? Is life so dear or peace so sweet as to be purchased at the price of chains...? Forbid it, Almighty God. I know not what course others may take, but as for me, give me **community** or give me death!"



# Which Way for Carrboro?



# Recap

- (1) Focus on LOIS Enterprises
- (2) Defocus on Business Types  
(Though Retain Social Criteria)
- (3) Focus on Home-Based Businesses
- (4) Entrepreneurship > Attraction

# The Tax Question

- (1) LOIS Yields Greater Tax Benefits (b/c Multipliers)
- (2) Broader Range of Businesses Has More Tax Potential
- (3) Home-Based Businesses:
  - can/should pay taxes
  - raise property values
  - graduate to non-residential businesses
- (4) Entrepreneurship Is KEY to Prosperity
  - Key to Getting LOIS Businesses
  - Key to Engaging Hispanics and African-Americans

# Six Action Steps



# #1 Entrepreneurship Training

- ◆ Youth Entrepreneurs
- ◆ Mentorship (SCORE)
- ◆ Incubators
- ◆ Community Schools



# #2 Mobilize Small Businesses

- ◆ **Bazaars**
- ◆ Direct Delivery
- ◆ Flexible  
Manufacturing
- ◆ Producer Cooperatives





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Features of the  
Emilia-Romagna  
Miracle

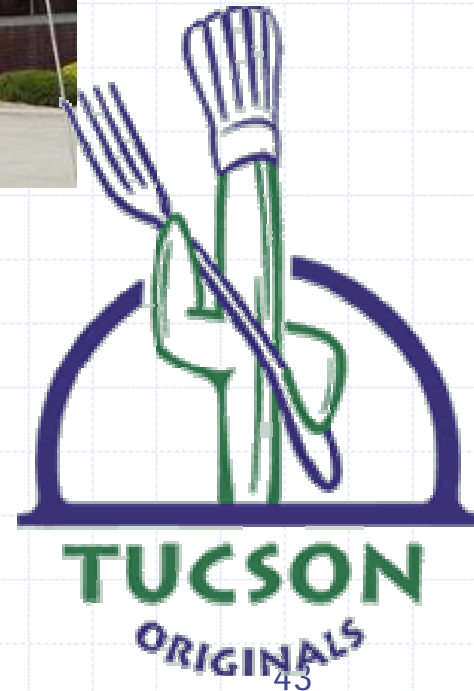


53,000 Manufacturing  
Companies

97% Have Under 50  
Employees

# #2 Mobilize Small Businesses

- ◆ Bazaars
- ◆ Direct Delivery
- ◆ Flexible Manufacturing
- ◆ **Producer Cooperatives**



# #3 Think Local First

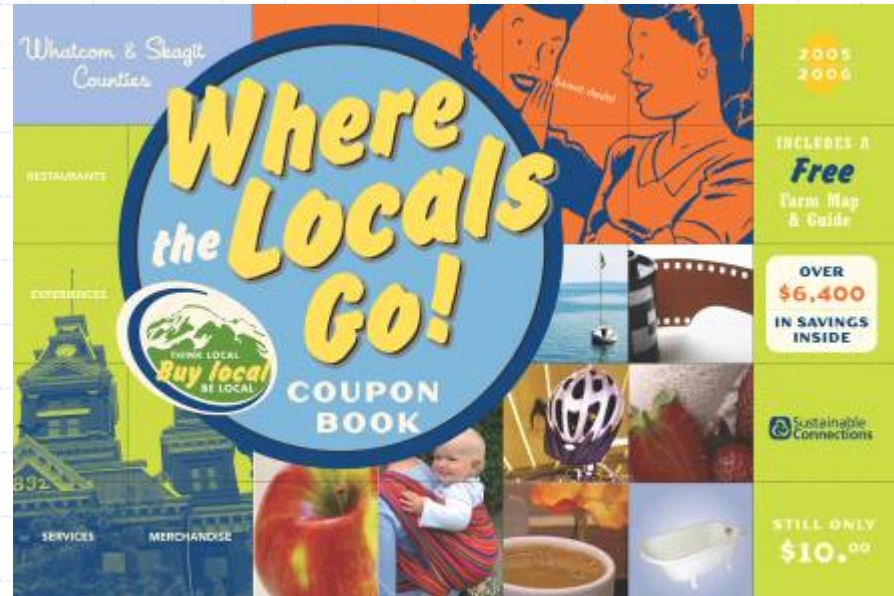


- ◆ Encourage, Not Require
- ◆ Good, Not Perfect
- ◆ B2C, B2B, & B2G



# Local First Tools

- ◆ **Coupon Books**
- ◆ Labels
- ◆ Buy Local Weeks
- ◆ Local Gift Cards



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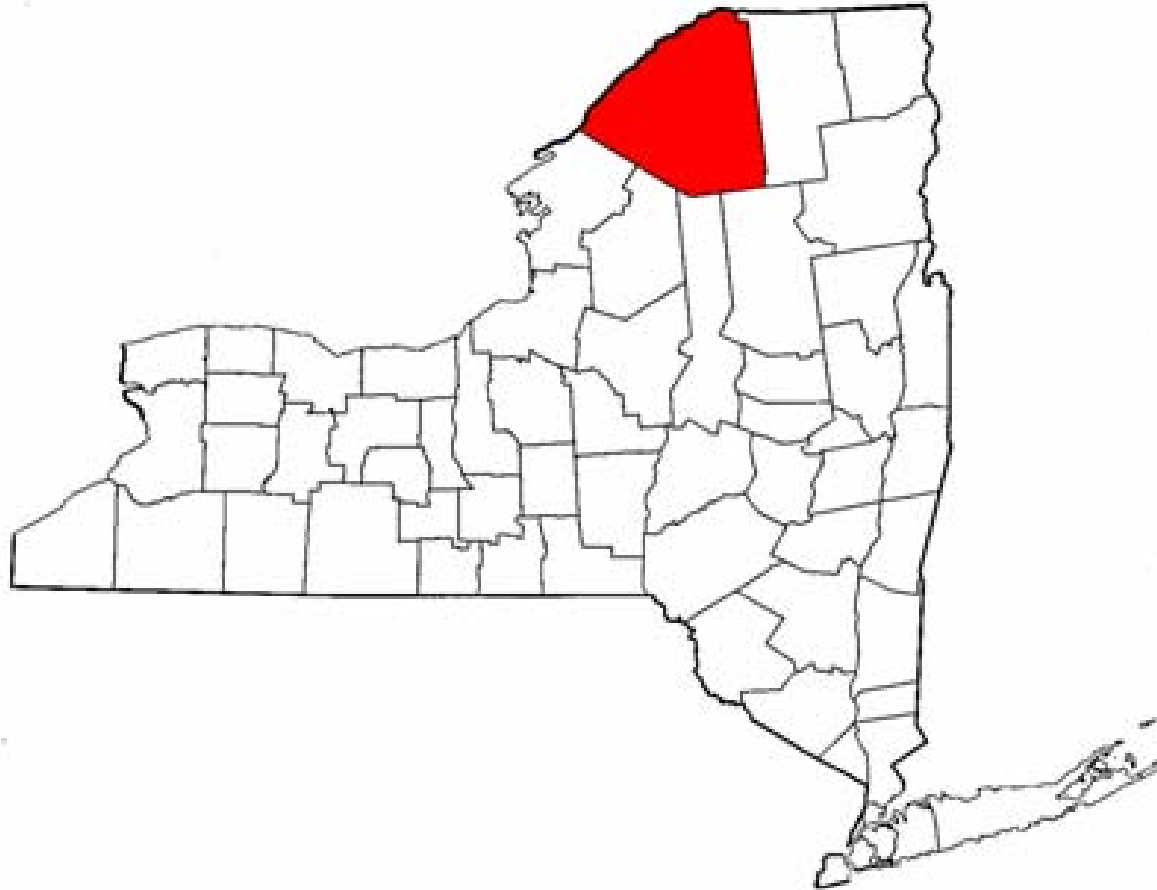




# #4 Economic Development by Identifying & Plugging Leaks



# The St. Lawrence County Model



# 11 Working Group Sectors

◆ Agriculture & Food

◆ Construction & Housing

◆ Education

◆ Energy

◆ FIRE

◆ Health

◆ Manufacturing

◆ Retail & Wholesale

◆ Services

◆ Tourism

◆ Transportation



# Assets

- ◆ Land: 322,000 under Cultivation  
224,000 Vacant
- ◆ Labor: 3,700 Unemployed
- ◆ Capital: \$1 Billion in Dep. Institutions  
\$5 Billion in Other Savings

# Import Dependencies



	Livestock Raised	Livestock Consumed
Beef Cows	4,176	15,461
Hogs & Pigs	1,587	37,939
Sheep & Lambs	2,277	2,141
Chickens	3,741	2 Million

# Results Thus Far...

- ◆ ESCO
- ◆ Farm-to-School
- ◆ Carp Tournament
- ◆ E-Bay Marketing



# #5 Investor Mobilization

## ◆ Create Local Stock

- BFC
- Mercantiles

## ◆ Local Exchanges



# #6 Public Policy Reform

- ◆ **ED Priorities**

- ◆ Big Box Dispersal

- ◆ Procurement Prefs

Basic Principle:

Welcome Everyone,  
Serve LOIS



# #6 Public Policy Reform

◆ ED Priorities

◆ **Big Box Dispersal**

◆ Procurement Prefs



# #6 Public Policy Reform

- ◆ Incentives Law
- ◆ Big Box Dispersal
- ◆ **Procurement Prefs**



# A Dozen Revenue-Generating Projects

- ◆ Incubator
- ◆ Community School
- ◆ Bazaar (Local Mall)
- ◆ Direct Delivery
- ◆ Producer Cooperatives
- ◆ Local First Directory
- ◆ Local Debit Card
- ◆ Local Gift Card
- ◆ B2G Midwife
- ◆ Local Stock TA
- ◆ Stock Trading Platform
- ◆ Health Insurance

# First Steps

## ◆ Staff Focus:

- Assess/Improve Entrepreneurship
- Assess/Improve Business Networks
- Launch Local First Campaign
- Undertake Leakage Analysis & Team Building
- Explore Local Stock with Fuqua/Law School
- Implement Policy Reforms

## ◆ Seed Revenue Generators:

- Refocus Loan Fund
- Business Plan Competition



# Choose Wisely



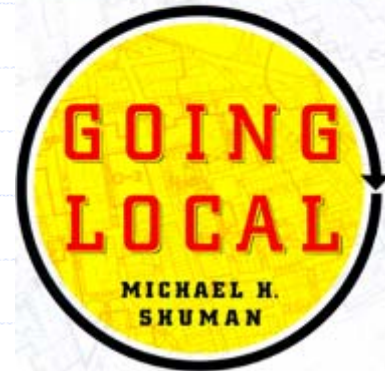
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