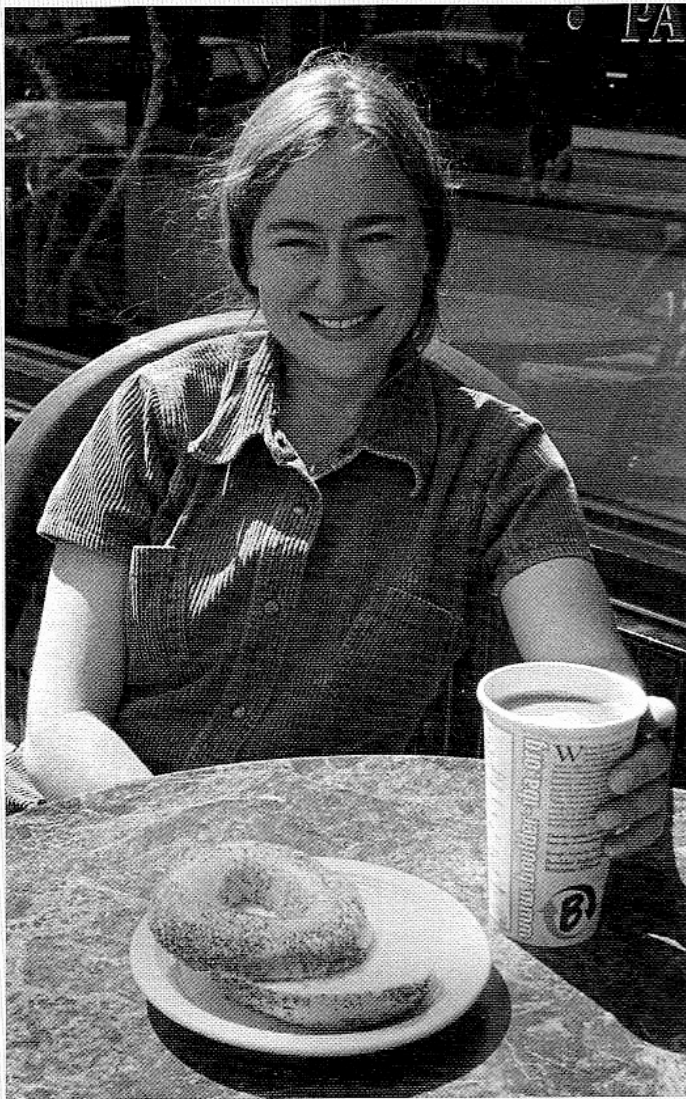


# Homegrown Economics

HOW BOULDER BUSINESSES ARE STAYING AHEAD OF THE CHAINS

by Stacy Mitchell

IF YOU VISIT BOULDER, COLORADO, you can't miss it. It's displayed on the door or window of nearly every locally owned business in town: the Mountain Sun Pub & Brewery on Pearl Street, Heritage Bank on 9th, Albums on the Hill. Stop for coffee at Sidney's Cafe and it'll be on the side of your cup. At the Boulder Book Store you'll find it on the complimentary bookmarks. Open up the *Boulder Weekly* and you'll see it in an advertisement for local video and music stores.



Above: Sita Henninger takes a coffee break at Sidney's Cafe. Her cup sports the BIBA logo, web address, and the names of local restaurants that participate in BIBA.

This widely visible symbol—two arrows circling into each other, much like the mark on a recyclable container—is the logo for the Boulder Independent Business Alliance (BIBA), a pioneering coalition of over 150 locally owned businesses determined to defend the city's homegrown economy from takeover by national and global chains. Much like everything BIBA does, the logo conveys an important lesson in community economics: locally owned businesses recycle a higher percentage of their revenue and profits back into the local economy when compared to their chain competitors.

Founded in 1998, BIBA's primary mission is to make the choice "local or chain?" a significant consideration for residents in their spending decisions. Recent national trends provide a sobering picture of what BIBA is up against. Since 1990 more than 11,000 independent pharmacies have closed. The market share of independent bookstores has fallen from 58 percent in 1972 to just 15 percent today. Two chains, Barnes & Noble and Borders, now control nearly one-quarter of all book sales. Local hardware dealers are disappearing too; Home Depot and Lowe's have captured one-third of that market. Five firms account for one-third of all grocery sales. Blockbuster Video rents one out of every three videos nationwide. A single corporation, Wal-Mart, now controls seven percent of all consumer spending.

How to prevent Boulder from succumbing to these trends has long been a concern of David Bolduc, owner of the 28-year-old Boulder Book Store, which occupies a three-story building in the heart of downtown. "I wanted to develop a way to inform people of the differences between chain stores and independents," he says. Local businesses are owned by people who live in the community and are invested in its future. Their kids attend local schools. Their tax dollars pay for local services. They are often actively involved in civic and cultural organizations. By

doing business with our neighbors, Bolduc believes, we build a web of personal and economic relationships that are essential to a strong community.

Bolduc discussed the idea of an alliance with other local merchants. They recognized that they all faced common challenges and that their prosperity depended in part on one another's survival. Home Depot's arrival not only affects the local hardware store, but the many local businesses that the hardware store supports, like banks, printers, and accountants. Chains centralize these functions at their head offices and keep local spending to a minimum. The never-ending demands of running a business, however, precluded Bolduc and the other business owners from pursuing an alliance. Then in 1997 Bolduc met Jeff Milchen, a

Bolduc provided the initial funding to get BIBA off the ground and Milchen began organizing. Recruiting members was a hard sell at first. With nothing similar in existence, BIBA offered little more than an untested idea. "One essential thing early on was having a few landmark businesses on board," contends Milchen. "They gave me credibility when I walked in the door." BIBA's founding members included the *Boulder Weekly* and several other well-known and respected businesses. Another key was providing immediate, tangible benefits for joining. BIBA's initial offerings included window decals that identify a business as locally owned, reduced advertising rates with local media, and a listing in a new local business guide.

Once past the initial difficulties, BIBA grew steadily over the

## By doing business with neighbors, we build a web of personal and economic relationships that are essential to community.

community activist and founder of ReclaimDemocracy.org, a national organization that promotes grassroots democracy and works to restore democratic authority over corporations.

The idea of forming an independent business alliance had already occurred to Milchen; it was a natural extension of his work. "Political and economic democracy are intricately related," he argues. When chains displace local businesses, not only are economic assets transferred to absentee owners, but many important decisions—whether to pay a living wage, sell produce from a nearby organic farm, stock a controversial book—are moved to distant boardrooms, where the values of the local community carry little weight.

Milchen's interest was also motivated by a desire to protect Boulder's sense of place. "I want to live in a community that has its own identity," he says. Such places are increasingly rare as more cities and towns are ringed by massive, impersonal superstores and acres of asphalt. Once vibrant Main Streets are now gutted and vacant. Distinctive urban neighborhoods have been overrun by an endless stream of Gap stores and Starbucks logos. Milchen sees Boulder's numerous homegrown businesses as a valuable community asset—one worth fighting for.

**BOLDUC AND MILCHEN BEGAN** brainstorming. They developed a brochure outlining their goals, persuaded ten local businesses to become founding members, and formally incorporated the Boulder Independent Business Alliance in early 1998.

Membership is open to any business that is majority owned by area residents and keeps decision-making authority local. Annual membership fees start at \$200 for businesses with fewer than six employees and increase to \$400 and up for those employing 20 or more.

next three years. It now has 150 members and boasts a renewal rate of nearly 90 percent. A wide variety of businesses have joined, including food producers like Twisted Pine Brewery and the Boulder County Farmer's Market, repair shops like Hoshi Motors, retail stores like Video Station, service providers like Silver Star Printing, restaurants like The Sink, and Boulder's only independent commercial bank, Heritage Bank. The smallest are sole proprietorships. The largest, the nonprofit Boulder Community Hospital, has more than 2,000 employees. BIBA currently employs two part-time staff, as well as an intern to keep it all going.

The window decals are among BIBA's most popular props, reminding residents of the full impact of their spending every time they approach a local business. To these, BIBA has added bumper stickers—*Put Your Money Where Your House Is!*—as well as marketing tools designed for specific membership segments. Bookmarks list nearly two dozen locally owned book, music, and video stores in town and offer five reasons to support them. *Number 4: Do you really want Wal-Mart (the fastest growing music seller)*



Above: Advertising includes a brochure, bumper sticker, and bookmark. Below: The BIBA logo is displayed in the windows of member businesses.



deciding what gets recorded? Eight local cafes use BIBA coffee cups—for less than the price of generic cups—which list each cafe's address and offer customers a word of thanks: *By buying this beverage from a local independent business, you've just helped keep Boulder the great town we all love!*

For residents and visitors alike, one of BIBA's most useful creations is *The BIBA Guide*, a directory of locally owned businesses. If you're looking for a toy and all that comes to mind is the heavily advertised Toys 'R' Us chain, the guide offers a solution: Grandrabbit's Toy Shoppe. Or what about pet supplies? Instead of Petsmart, try Petland of Boulder. Issued twice yearly, the colorful directory is sprinkled with answers to the question, Why shop locally?

BIBA advertises through many local media outlets. Initial ads built awareness of the alliance and recognition of its logo. Later ads made the case for buying local, ranging from conservative ads in the mainstream paper to an edgier, *You're not a clone. Why shop at one?*, in the university-oriented *Colorado Daily*. More recent ads focus on specific membership segments, highlighting music and video stores, for example, or businesses in a particular neighborhood.

BIBA's new Community Benefit Card promises that residents need not choose between supporting a local business and getting the best deal. Available for \$15—less than a membership at one warehouse buying club—the card provides discounts at more than 60 member businesses. Cards can be purchased at local stores or from several nonprofit groups, which keep a portion of the proceeds. This arrangement, says Milchen, helps fulfill another goal of creating stronger bonds between local businesses and nonprofit organizations.

BIBA is developing still more new ideas: gift certificates, a pooled health insurance program for local businesses and their employees, a local business investment fund to serve as an alternative to stock market funds, and a local currency.

WHILE THE MARKETING efforts have raised consumer awareness, Milchen says "voting with your dollars" has limits. "Chains have used their economic and political power to stack the deck," he contends, noting that many public policies—tax breaks for big retailers, land-use rules that favor

sprawling developments over central business districts, and lax enforcement of antitrust laws—give large corporations unwarranted advantages over locally owned businesses.

To reverse the current trends, communities must adopt new rules that support, rather than undermine, the homegrown economy. Last year BIBA introduced the Community Vitality Act (CVA), a package of four local ordinances drafted with the help of the Institute for Local Self-Reliance's New Rules Project, a national effort to identify and promote policies that build strong, sustainable local economies.

The CVA would require that the city give preference to locally owned businesses for purchases and contracts; prohibit the city from leasing city-owned property to nonlocal businesses; limit the number of "formula" businesses (i.e., identical chains) that could

locate within Boulder; and establish a public review process for approving new large-scale retail stores.

Backing the CVA was a big leap for BIBA's members. Most business owners are reluctant to take stands on public policy. "When you run a retail business," notes Ken Renner, general manager of 45-year-old McGuckin Hardware, "you generally avoid talking to your customers about religion or politics." But BIBA members took the risk. Many posted information in their stores explaining the need for the CVA, met

with city officials, and gave interviews to the media.

The CVA quickly became the talk of the town and the subject of dozens of media stories. At first, it was highly controversial. Opponents decried it as an interference in the marketplace and a violation of property rights. But BIBA pressed its case. "We have the right and responsibility as citizens to determine our community's future," Milchen argued in op-eds and debates.

After a while, letters in support of the CVA started pouring into the newspapers. One writer echoed the sentiments of many: "A downtown that is a destination will not be built on the backs of the Borders or Starbucks or Cheesecake Factories of the world. It will be built by the hard work and community loyalty of our local businesses."

An unprecedented number of people contacted the city council, with supporters far outnumbering opponents. Several public debates were widely attended and broadcasted on local television. "The CVA clearly touched a chord with the community," says Mayor Will Toor. The proposal, however, continues to be debated by city officials. The local purchasing preference will likely move forward this year, but the formula business restriction faces a more difficult road. Some officials are concerned that it will shift consumer spending to chains outside

Did you know?

A single big-box store like Wal-Mart can generate as many as 20,000 car trips daily.



the city's limits and taxing jurisdiction.

Even if the CVA is never enacted, says David Boiduc, it was well worth the effort for the quality and scope of the public conversation it generated. Milchen says the CVA "vastly increased the number of people familiar with the association and generated serious thinking about the difference between acting as an engaged citizen and merely being a consumer."

**ONE WAY TO MEASURE BIBA'S** impact is to skim the newspapers. The number of businesses that include "locally owned" in their ads has risen sharply. The city's papers now feature advertising sections specifically for locally owned businesses. "Independent ownership has become a selling point," says Milchen.

Boulder's chain stores, while no fewer in number, are taking more heat. Last December, in an event unconnected to BIBA, 60 protesters marched on Borders Books and Starbucks demanding an end to corporate-driven globalization. Protesters have haunted Borders for several months and, by some accounts, the store is struggling.

Mayor Toor believes BIBA has also made city officials more aware of the impact their decisions have on local businesses. The city is now examining zoning changes to help ensure that affordable commercial space remains available for entrepreneurs.

Nearly a dozen other communities are now forming independent business alliances. Some were inspired by Boulder's success; others arrived at the idea independently. A new Salt Lake City alliance was instrumental last year in blocking plans for a sprawling shopping center. In Vermont, general store owners are forming an alliance for joint purchasing and marketing. In Tucson, restaurants have banded together under the banner Tucson Originals to lower costs through group purchasing and build awareness of the value of local restaurants to the city's sense of place. To nurture this fledgling movement, Milchen recently launched the American Independent Business Alliance, a national network that will serve as an incubator and support structure for local coalitions.

The trends for local businesses are dismal. But trends are not destiny. Increasing numbers of people are acting to protect their communities from global economic consolidation. The Boulder Independent Business Alliance provides an innovative and hopeful model for strengthening locally owned businesses and building strong, self-reliant communities. ♣

*Stacy Mitchell is a researcher with the New Rules Project of the Institute for Local Self-Reliance and author of The Home Town Advantage (ILSR, 2000). She produces an electronic newsletter on efforts to support locally owned businesses available at [www.newrules.org](http://www.newrules.org).*

♣ The Boulder Independent Business Alliance, P.O. Box 532, Boulder, CO 80306, 303/402-1575, [info@boulder-iba.org](mailto:info@boulder-iba.org), [www.boulder-iba.org](http://www.boulder-iba.org).

## 9 TIPS FOR STARTING AN IBA

by Jeff Milchen

❶ **Don't try to sell the invisible.** The American Independent Business Alliance (AMIBA) offers a starter kit with concrete examples of accomplishments and information about the successes and failures of early IBAs.

❷ **Master the issues.** Study the impacts of chain encroachment on community identity, good jobs, the environment, and sprawl. Stacy Mitchell's *The Home Town Advantage* and Michael Shuman's *Going Local* are two excellent resources. A more extensive resource list is part of AMIBA's packet.

❸ **Hit the pavement before** a new mega-mall or big-box store threatens your town! Stop by a few businesses that would be impacted by chains. Coffee shops, grocery stores, and bookstores are excellent candidates because of their vulnerability, but also for the outreach potential they offer. Ask to meet with the owner or manager. Describe how an IBA can help support their business and bring reading material from BIBA (and a copy of this article!) to leave with them.

❹ **Get a small representative group** together that includes concerned and *active* community and business members. Present some ideas (using examples) of how an IBA can benefit the attendees as well as the community as a whole—then listen attentively.

❺ **Offer in-kind memberships** in exchange for basic needs. Some of the key services to line up early on are: local independent media, offset printing, copy shop, bank, internet service provider, webmaster, graphic artist, and accountant.

❻ **Establish a membership dues scale** appropriate for your area. Set up a (locally-owned!) bank account, hire a staff person, and you're on your way.

❼ **Set up a solid database,** accounting system, and business plan (templates are available from AMIBA). Energy and idealism without these fundamentals can only go so far.

❽ **Generate media coverage** for your campaign. Business owners will take your effort more seriously if you've been covered in the media. Op-eds and letters to the editor can be as valuable as reported coverage because they generate community discussion.

❾ **Check back with AMIBA.** In addition to its comprehensive package of tools for organizers, AMIBA will launch a website with more extensive information and support for prospective IBAs in late 2001. Plans are also underway to provide on-site workshops and consulting.

♣ American Independent Business Alliance, P.O. Box 532, Boulder, CO 80306, [info@AMIBA.net](mailto:info@AMIBA.net).