

Local Business Manifesto

Presented to the
City of Austin

by the
Austin Independent Business Alliance

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Executive Summary

When the Austin Independent Business Alliance was formed 10 years ago, the economic benefits of locally-owned businesses to local economies were suspected but unproven. In the years since, and with pioneering and nationally recognized leadership from the AIBA, the absolute correlation between local businesses and their positive impacts has been proven. In March 2010, the Mayor convened the first Small Local Business Summit to explore the issues of local business in Austin. Since then, the AIBA has worked diligently with a round-table of local business owners to answer the next vital question—How can the City of Austin stimulate local business ownership? This document attempts to answer that question.

We present three goals in this Manifesto and programs to achieve these goals:

Local Business—Our goal is to make starting and running a local business as obstacle-free as possible through supportive practices and policies and to engage the City of Austin in growing a healthy and sustainable local business community.

- Provide hiring incentives
- Create employment pools
- Create an alternative compliance policy
- Create smaller spaces
- Encourage landlords to lease to local business
- Create parking districts
- Establish business recycling

Local Government—Our goal is for local government to work with local business to attain the mutual goal of a thriving culture for local entrepreneurs and independent business and to do so with respect.

- Hire a Local Business Czar
- Create case managers
- Modify city code
- Clarify city policies
- Convene an annual Local Business Conference

Local First—Our goal is to shift more purchasing to Austin locally-owned businesses and to achieve a greater degree of self-reliance by providing local goods and services currently imported from outside of Central Texas.

- Implement an incentive program
- Direct city money
- Buy local first
- Certify small businesses

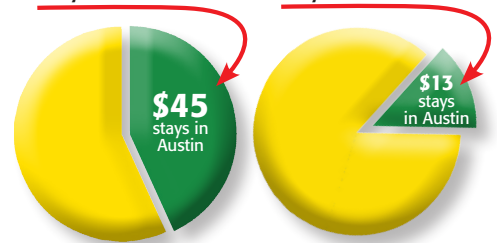
Locally-owned, independent businesses are the backbone of our local economy and the foundation of Austin's unique culture. Austin is home to more than 75,000 local business owners who account for the bulk of the tax revenue that fuels our city. Our sheer numbers dictate our economic impact. Independent businesses employ the people, pay the taxes and create most of the growth that keeps Austin's economy healthy. According to the Census Bureau, Austin small businesses with fewer than 20 employees accounted for 81% of total growth in all businesses.

While these businesses contribute most of Austin's tax revenue, an even greater impact exists in the recirculation of dollars spent at locally-owned businesses. A landmark study conducted by Civic Economics (a locally-owned business) found that more than three times the dollars stay in our community from money spent at a locally-owned business rather than a chain store. Specifically, spending \$100 at a locally-owned store puts \$45 recirculating in our local economy whereas only \$13 of \$100 spent at a chain store stays in Austin's local economy. These facts have now been confirmed through studies in large and small communities all across the nation.

**Shopping locally puts
3 times as much money
in our local economy**

Of every \$100
spent at a local
business, \$45
stays in Austin

Of every \$100
spent at a chain
store, only \$13
stays in Austin



A healthy local economy will include a mixture of local and non-local retail, services, manufacturing and industry, it is the local business that contributes most to our sustainability. The recirculation of money through the local economy results in more profits staying in Austin, increased use of local goods and services, and a larger contribution to local charities. A stronger local business community makes us more self-reliant. AIBA members represent a balanced cross-section of our

From the unique shops to the musicians (independent businesses one and all) to the entrepreneurial spirit that exudes the attitude that anything can be done—local business makes it happen every day.

local economy: 39% of our members are retailers, 58% are in service industries and 3% are in wholesale or manufacturing.

But local business is more than an economic powerhouse. It is the manifestation of our drive to create. It is the direct response of neighbors to the needs of other neighbors. It is the storefront of our hopes and dreams as individuals and as a community. Entrepreneurs embrace their talents with a passion that feeds both their endeavors and our culture. From the unique shops to the musicians (independent businesses one and all) to the entrepreneurial spirit that exudes the attitude that anything can be done—local business makes it happen every day.

Locally-owned businesses nourish the heart and soul of any community. They are, in fact, what gives a community its unique character and identity. It is perhaps this reflection that gives Austin

its vast and varied local business pool. While many swim in Barton Springs, many more dip into the pool of independent businesses on a daily basis. This is what brings tourists and newcomers year after year. It is what proud Austinites value—that uniqueness that stakes a claim and says we are unlike anywhere else.



When considering Austin’s rich history and community assets, invariably the names of unique, locally-owned businesses, present and departed, roll off the tongues of engaged citizens. The Armadillo, Threadgills, Whole Foods, BookPeople, Waterloo Records, Amy’s Ice Creams, Alamo Drafthouse and many others have helped define who we are as a community and as a culture. In many ways and many places, our citizens have shown how they value local business. In the creation of the vision statement portion of Imagine Austin, valuing local business and entrepreneurs was one of the highest-scored options.

Why a manifesto?

We have created this manifesto to chart a course for ourselves, our community, and our local government. We have identified and outlined key components to a successful path and present them here.

We ask of ourselves that we become better businesses. We are part of the fabric of neighborhoods and should embrace them to the fullest extent. Be good neighbors and the community will reward us with not only their patronage, but also their loyalty. Treat our customers and staff like the valued friends that they are. Dazzle them, delight them and impress them with innovation, quality and uniqueness.

Push to excel in your business, not despite the fact that you are a local business but *because* you are a local business. Be proud that you are independent and acknowledge the contribution that you make to Austin. Recognize that you are part of the unique community of local businesses that sustains our economy and celebrates our culture. In your own business, seek to find and buy the goods and services you need from other locally-owned businesses by thinking **local first**.

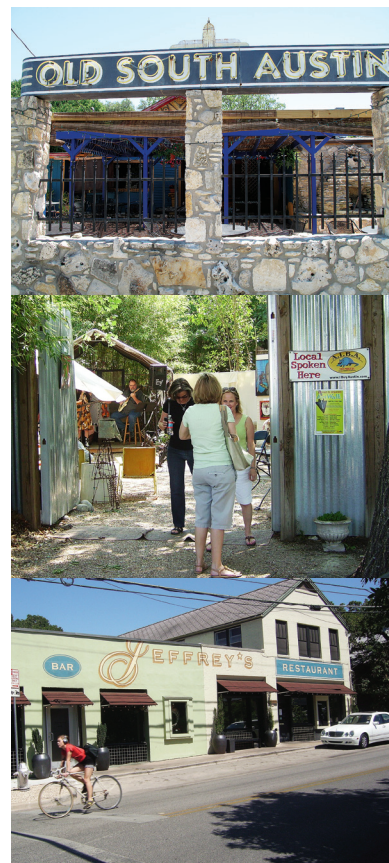
We ask of our community that it continue to support locally-owned businesses. These businesses are your neighbors, friends and colleagues who seek to offer you the goods and services you need and want.

We ask that you the local alternative in every purchasing decision you make. Shifting just 10 percent of your shopping from chain stores to locally-owned businesses has a huge impact.

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choices could have. Begin by shifting your thinking, then take action to move your purchasing and your banking to **local first**.

If everyone in Austin made this simple shift, it would put an additional \$244 million into our local economy annually. This would, in turn, create 2,855 new jobs. When reading the headlines about Austin attracting big business with incentives and tax breaks to obtain 500 new jobs, consider the larger impact your purchasing



We ask of local government that it take a leadership role in nurturing and valuing local businesses as a resource of our community and to refocus economic development policies to benefit and support locally-owned businesses. We have long operated on the theory that big business was king and the small, local businesses lived or died of their own accord. Local economic policies have focused on the kings of commerce. However, economic studies have shown that this is not a kingdom at all, but a democracy of large and small, local and national businesses. Indeed, the kings of commerce are few and the local merchants of the kingdom are many. It is time to realign our economic policies to benefit and grow the real economic strength of our base—the local businesses.

Our city government continues to give millions in incentives and direct contracts to big corporations to do the things local business does every day, every month, every year. Local

In many ways and many places, our citizens have shown how they value local business.

governmental policies and codes continue to harm small, local business by being onerous and arbitrary. Many city departments operate with a combative culture rather than a helpful, service approach that should emanate from civil servants. We seek to reverse this trend and to make local government work with local business, not against us.

To accomplish this we have outlined three goals for the city. This manifesto includes programs, policies and ideas to assist with the accomplishment of these goals. Some of these are based on successful programs in other cities. Some are innovative new approaches to provide solutions. All are designed to shift governmental thinking to **local first**.

Goals and programs

Local Business—Our goal is to make starting and running a local business as obstacle-free as possible through supportive practices and policies and to engage the City of Austin in growing a healthy and sustainable local business community.

People—We wish to create a workforce that is accessible to and addresses the needs of local business. These policies and programs will not only aid local business, but provide jobs for our citizens and help our overall economic vitality.

- Provide hiring incentives—Initiate a program to provide hiring incentives for local business. These incentives could come through direct payment for jobs or tax credits. The City of Austin recently entered into an agreement to reimburse PayPal \$250 per year, per job for a period of 10 years to create 1,000 jobs over the ten-year period. This is \$1.2 million for 100 jobs per year, less than two jobs per week. The City of Austin should encourage local business to grow instead of focusing economic policy on bringing big business to Austin. We propose the creation of a program that rewards local businesses for risking additional hires, which result in a lower unemployment rate and contribute to a healthier economy. A similar program exists statewide in Florida.



- Create employment pools—This is a place where job seekers register and obtain necessary certificates or licenses needed for employment and basic training. The pool could prepare applicants for work in food services, retail, bars and office administrative staff. This program might be accomplished through creating partnerships with local employment agencies and community colleges.

Places—Local businesses all live somewhere—in a shop, in an office, in a warehouse or in a trailer, even in a home. The place local business calls home is governed by a complex set of permits, ordinances and regulations. Often these are created for big business and are unduly burdensome to small local businesses. The enforcement of these policies is often executed with a complete lack of respect or helpfulness and a disregard for the important role small business plays in our local economy and in the funding of city government through taxes. Mayor Lee Leffingwell has been quoted as saying that 90 percent of companies in Austin have fewer than 10 employees. This 90 percent drives our economy and should be assisted rather than impeded.

- Create an alternative compliance policy—Create an alternative compliance policy for small, local businesses that recognizes many codes pertain to health, safety and neighborhood issues, while many more are designed for big business and are onerous to small, local business.

- Create smaller spaces—Small, local business needs small spaces. The City of Austin should adapt zoning and policies to encourage developers to create more lease space ranging from 500 to 1,500 square feet.
- Encourage landlords to lease to local business—Develop a program of incentives to encourage landlords and developers to include locally-owned businesses as 15% percent of their development. These incentives need to reward landlords for their continued leasing to local business.
- Create parking districts—Establish small business parking districts in neighborhoods with existing clusters of local business. Rather than requiring each business to provide a certain number of parking spaces, the city should create a neighborhood zone with parking for all the businesses. This recognizes that many customers walk or bicycle to these businesses. Those who do drive are likely to visit more than one business in such a setting. In larger zones, look for ways to create surface or garage parking that could recoup costs through paid parking.
- Establish business recycling—Provide single stream recycling for small businesses at their places of business. In shopping centers where private contractors collect trash, require landlords to provide single stream recycling as well. In surveys conducted by AIBA, this ranked at the top of what businesses would like the city to do.

Local Government—Our goal is for local government to work with local business to attain the mutual goal of a thriving culture for local entrepreneurs and independent business and to do so with respect.

Culture of local governments—The general perception among local businesses is that many city employees view small, local businesses as an annoyance or, worse, as an adversary, leaving business owners with the same attitude toward the city. This was loudly voiced in the 2010 Local Small Business Summit and through the community involvement process for Imagine Austin. This perception of an adversarial relationship is shaped in numerous ways, such as different inspectors giving conflicting answers to business owners' questions, reflecting an attitude of looking for ways to say no rather than looking for ways to say yes. Many local business owners fear reprisals or retaliation if they complain. We need to find ways to change these attitudes from adversary to advocate.

- Hire a Local Business Czar—Create a position with authority to ensure a smooth and timely process of permitting and regulations and to work with city departments to add clarity and common sense.. Currently there are two small business liaison employees within the Small Business Development Program who are excellent at dispensing information but have no authority over any other department and thus run into the same roadblocks individual businesses encounter when trying to complete application and permitting processes.

- Create case managers—Assign local businesses a case manager who will follow their project through city departments from entry to end. These case managers should have the authority to report issues to the Local Business Czar.
- Modify city code—to eliminate overlapping conflicts and become more local business friendly.
- Clarify city policies—Eliminate room for individual interpretation, ensuring consistent application of said policies.
- Convene an annual Local Business Conference—To address ongoing issues and to continue the work begun at the Small Local Business Summit held on March 23, 2010.



Local First—Our goal is to shift more purchasing to Austin locally-owned businesses and to achieve a greater degree of self-reliance by providing local goods and services currently imported from outside of Central Texas.



- Implement an incentive program—For every dollar given to big business to locate here, establish a matching fund for local business to expand and create jobs.



- Direct city money—The City of Austin should conduct all its financial business with local institutions. Banking with local banks and credit unions invests in Austin and benefits its citizens as well as our local economy.

- Buy local first—Change city purchasing procedures to buy locally first to the fullest extent state law allows and only purchase from outside vendors if the goods or services aren't available from a local vendor or the price is unreasonably high.

- Certify small businesses—Extend and expand the Small Business certification and opportunities currently available from the current Small Business Construction Program to encompass all departments.

- Promote shopping locally—Work with AIBA by funding a Shop Locally-owned campaign.

- Promote economic sustainability—Expand the City of Austin Sustainability Office to encompass economic as well as environmental sustainability through programs that emphasize and support the local business community, recognizing that independent business reaches beyond economic development and is the cornerstone of a more sustainable economy.

In conclusion

AIBA, local businesses and our citizens join to compel the City of Austin to support locally-owned businesses through these initiatives. AIBA continues to work diligently to promote our independent business community and to see that this valuable segment of our economy and our culture does not disappear in the sea of big-box, big-business corporations. Together we can ensure the viability of this community.

This manifesto seeks to support the efforts that are working and bring change to the areas that aren't working. This document was created by the Austin Independent Business Alliance's Leadership Circle. The Leadership Circle was sponsored by Richards, Rodriguez & Skeith and is comprised of ten business owners who are members of AIBA.

AIBA Leadership Circle

Rebecca Melançon, Executive Director, AIBA
Hill Abell, Owner, Bicycle Sport Shop
RC Beall, Owner, Texas Coffee Traders
Roger Chan, Owner, Evergreen Global Group
Monica Emilienburg, Attorney, Richards Rodriguez & Skeith
Chris Gray, Owner, Clayworks
Marvin Jansen, Chief Financial Officer, Wellness for Workers
Mat Lee, Owner, Téo
Laura Moore, Owner, InStep
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