

12 Local Synergy™ Strategies for Revitalizing Main Street



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What is *Local Synergy*™

Local Synergy is a comprehensive approach to identifying and connecting existing social, economic, infrastructure, and natural assets within a community, thereby creating sustainable catalysts for revitalization and economic prosperity.

Local Synergy™ is a unique process for unlocking your community's potential

How Can *Local Synergy* Revitalize Main Street



Every community has the capacity to be prosperous. It starts by recognizing that prosperity is something a community can drive and control.

The *Local Synergy* process engages representatives from all sectors of the community in a common effort to create a cohesive and interconnected local economic system. By building upon the unique characteristics of each community, success is defined and achieved locally.

12 *Local Synergy* Strategies for Revitalizing Main Street

Communities focused on revitalizing their downtowns and community can benefit from the following twelve strategies for rebuilding and re-localizing their economies:

- 1 Community Supported Enterprise
- 2 Cooperatives
- 3 Collective Marketing
- 4 Community Wealth Building
- 5 Demand-Driven Development
- 6 Community-Development Financial Institutions
- 7 Public Seed Funding
- 8 Policies
- 9 Cross-Sector Partnerships
- 10 Re-localized Production
- 11 Education
- 12 Incubators

1 Community Supported Enterprise

Businesses at various phases of development have begun to use a model that can be generalized as “community supported enterprise” in order to get financing when it is unavailable through conventional sources. This term relates to “Community Supported Agriculture” models in which consumers buy “shares” in a farm and pre-pay for a weekly box of mixed produce. This model has expanded to include a diversity of enterprises and investment dynamics. In some cases, investors become “members” of the enterprise. In other cases, they are simply the lender earning interest as their loans are repaid. Others provide rewards in exchange for investment such as gift cards of greater value, or promotional materials.

Strategy at Work



Claire’s Restaurant in Hardwick, VT, is a rural restaurant that sources over 80 percent of its food from farms within 15 miles. The venture is the product of two distinct community enterprises.

One, the Hardwick Restaurant Group, which raised capital from about a dozen local investors, secured a 12-year lease on a downtown space and paid for the equipment and build-out for a restaurant. The other venture, Claire’s Restaurant, was financed by a much larger group of residents. Half of the \$100,000 in capital needed to start the business came from about a dozen families who made \$5,000 loans at 5 percent interest. The other half came from more than 100 local families who purchased a subscription to the future restaurant. These \$1,000 subscriptions (some of which were shared among multiple families) are being redeemed at the rate of \$25 per month for 10 months each year for the restaurant’s first four years.

Links to other examples of Community Supported Enterprises at work:

- **Greenlight Bookstore, Brooklyn, NY**
<http://abookstoreinbrooklyn.blogspot.com/>
- **Awaken Café, Oakland, CA**
<http://www.awakencafe.com/>
- **New Mexico Tea Co.**
<http://www.nmteaco.com/>
- **Dandelion Café**
<http://dandelioncommunittea.com/>
- **Little City Gardens**
<http://www.littlecitygardens.com/>
- **Real Goods**
<http://www.realgoods.com/>
- **Equal Exchange**
<http://www.equalexchange.coop/>

2 Cooperatives

Various cooperative business models are springing up as viable ways to maximize capital. Consumer-owned coops produce more consumer loyalty by giving customers a voice in purchasing decisions, a share in the benefits that their patronage produces and/or discounted pricing comparable to the “bulk pricing” that larger corporations offer. Worker-owned coops have proven to increase productivity and quality while also generating wealth-building opportunities that demonstrate the regenerative nature of re-localization. Producer cooperatives such as dairies and other agricultural businesses have long demonstrated success in ensuring fair pricing and streamlining distribution, processing and/or packaging for groups of local-scale farmers.

Strategy at Work

Oklahoma Food Coop exclusively sells products made in Oklahoma via an online marketing hub and 70 delivery sites across the state (1,500 products for sale/month). It was completely self-financed by the sale of membership shares (\$51.75/share). By 2008 (year 5) it had 2000 members, 125 producers and was generating \$61- 65K/month in sales. OFC charges producers 10% for selling through the coop, and customers pay 10% for buying through the coop. Members can support multiple producers through a single monthly order/payment/delivery.



www.oklahomafood.coop

3 Collective Marketing

Businesses that are already established but want to get more local exposure are benefiting from various collective marketing models. Some of the best examples of collective marketing are being generated by the 80+ BALLE (Business Alliance for Local Living Economies) organizations throughout the US. These initiatives often involve a local branding campaign such as "Buy Local" as well as print and web promotions that feature multiple local businesses in one location. Online hubs and community networking events help to maximize local patronage and the multiplier effect that takes place when business owners agree to patron one another in a local community, re-circulating wealth.

Strategy at Work

Bellingham, WA-area residents are not only aware of local BALLE network Sustainable Connections' Local First program, but also are making significant changes in their purchasing behavior because of it. The lead researcher says, "To have nearly 3 in 5 households attributing a behavior change to this program shows an amazing impact."

Key findings:

- 58% of Bellingham residents reported that as a result of the program they are more deliberate than they were three years ago (before the program began) about choosing local, independently owned businesses first.
- 92% of business participants would recommend the program to other businesses in their industry.
- 67% of participating businesses have, as a result of the program, adopted specific new practices that lessen their environmental impact and strengthen community.

Think Local" Impact in Bellingham

<http://www.livingeconomies.org/aboutus/research-and-studies/studies>

4 Community Wealth Building

Community wealth building is an approach that leverages economic development to maximize local business ownership. It can take the form of providing seed funding and/or training to local entrepreneurs. It can also relate to businesses modeled to provide an equity-share to employees. Disadvantaged communities with high poverty levels can benefit from this by proactively decreasing the social costs of under-earning community members while empowering residents to have even greater economic empowerment. Once again, this strategy amplifies a local multiplier effect by increasing the buying power of the local marketplace.

Strategy at Work

Zingerman's is a community of high-quality food retail and service businesses that share common principles about food, service, business practices and relationships. Zingerman's founders choose to grow "from within" by creating an umbrella for numerous specialty foods shops in the Ann Arbor, Michigan area.



<http://www.zingermans.com/>

5 Demand-Driven Business Development

This strategy begins by looking at where there are gaps in a local economy. This often relates to goods and services that are being imported or procured outside of the community, but could easily be replaced or redirected to local businesses. This strategy provides a compelling case for financing, and ensures multiple benefits from the business to the community. Again, this strategy increases the local multiplier effect by retaining spending revenues that would otherwise be leaving the community.

Strategy at Work

The Mercantile, located in Powell, WY, is a community-owned clothing store financed through selling shares at \$500 each. 800 residents raised a starting fund of \$400,000. The store has fared well through the recession, with daily sales in 2009 ranging from \$1,500 to \$5,000.

The Mercantile

<http://www.cbsnews.com/stories/2005/12/19/earlyshow/series/main1134875.shtml>



6 Community-Development Financial Institutions (CDFI)

Re-localization expert Michael Shuman writes in his book "Going Local" that "...the principal affliction of poor communities in the United States is not the absence of money, but its systematic exit." If people's investments, loans and savings accounts were with local financial institutions committed to local investment rather than banks that may have "redlined" the very community their customers live in, then people would see a regenerative benefit from the interest their banking generates in their own neighborhoods. Shuman identifies community-development financial institutions (CDFIs) as a cornerstone of community-based financing institutions. He estimates that there are 350 CDFIs in the U.S. including commercial banks, thrifts, place-based credit unions, and community-development loan funds

Strategy at Work

The South Shore Bank of Chicago is a commercial bank which has profitably provided hundreds of millions of dollars of loans to refurbish low-income housing.

South Shore Bank of Chicago

<https://www.sbk.com/personal>



Additional CDFIs

- The Community Capital Bank in Brooklyn
<http://www.nytimes.com/1989/09/18/business/new-bank-to-emphasize-aid-to-small-borrowers.html>
- Union Savings Bank in Albuquerque, NM
<http://www.usbnm.com/>
- Self-Help Credit Union in Durham, NC
<http://www.self-help.org/>

7 Public Seed Financing

Public seed funding applies to both grants and loans through either non-profit or government programs. This financing is often accompanied by education/training opportunities that help to empower first-time business owners, especially disadvantaged people such as minorities, single-parents, under-earners etc. This provides another avenue for unconventional start-up financing and community wealth building.

Strategy at Work

Iowa's Community Vitality Center is a ten year old organization that works with smaller communities in Iowa to do two things: 1) develop the entrepreneurial talents of the community 2) provide matching grants. They also created a state-wide micro-enterprise loan fund (for lenders turned down by banks).

Iowa's Community Vitality Center

<http://www.cvcia.org/>

8 Policies

Some communities have enacted policies that encourage local purchasing for government spending. This practice helps to internalize the benefits of the local multiplier effect in allocating public funds to support local businesses. This kind of big-picture strategy can demonstrate how even a slightly higher bid by a local company is actually more competitive than one submitted by a company that will not be generating revenues within the city from those funds.

Strategy at Work

The Local Producer Ordinance in Cleveland, Ohio promotes local economic development and food production through bid discounts on competitively bid contracts and evaluation credits on professional service contracts for companies based on three-tiers of evaluation criteria. Companies meeting one standard receive 2% discounts/credits, and companies meeting 2 or 3 standards receive 4% discounts/credits. The three tiers include:

- Companies headquartered in the five-county region which fabricate, process or supply goods in the region; as well as companies headquartered in a wider 15-county region which grow food within the wider region.
- Companies headquartered in the five-county region which meet sustainability practices as set by the Office of Sustainability.
- Companies located anywhere which purchase at least 20% of the amount of their city contract from local food producers.

The City's Office of Equal Opportunity verifies the applicants qualifications for the local food criteria and the Office of Sustainability verifies the applicants qualifications for the sustainable practices criteria.



Cleveland's Local Producer Ordinance

www.gcbl.org/system/files/cle_localfood_ord.pdf

9 Cross-Sector Partnerships

There are many advantages to communities fostering cross-sector partnerships, especially leveraging resources to produce multiple benefits. Businesses that are providing a social benefit can partner with non-profit organizations to get grant funding in place of conventional financing. Similarly, academic organizations offer a tremendous amount of unconventional capital through grants, interns, education/training, and generating an educated population, labor-pool and marketplace. Lastly, cultural/arts programs are often a key to community revitalization.

Strategy at Work



Fairfield, Iowa was a ghost town on weekends with many empty store fronts.

They founded an artwalk/street festival the first Friday of every month by having different groups sponsor each of the events. Recently, the local bank

sponsored "Oktoberfest." Fairfield created an arts district and built a new a civic center. Spending has increased every year.

Arts-Driven Redevelopment, Fairfield Iowa

<http://www.fairfieldiowa.com/>

Links to other examples of Cross-Sector Partnerships:

- **Mandela Foods Cooperative**
<http://www.mandelafoods.com/>
- **Progressive Upholstery**
<http://cuttingedgecapital.com/financing-strategies/>

10 Re-Localized Production

This strategy is in many ways the response to demand-driven development. Understanding gaps is a critical piece to re-localizing production, but there are often other external costs that are eliminated by transitioning production to local sources. The two focus areas for re-localized production are food and energy. These two markets are critical, and ensuring local sources of both provides tremendous security and resilience despite the volatility of these markets in the larger system. Additionally, local job supply is bolstered significantly through this strategy, as production also merits the need for distribution and retail jobs that can synergize into a cohesive local market.

Strategy at Work

This study evaluated how New Mexico could reach a goal of 25% food localization by 2020. The study found that doing so would generate \$1.4 billion in additional output, \$346 million in additional earnings, \$44 million in additional business taxes, and more than 10,000 additional jobs. Of these benefits, roughly 17% come from increased farming, 18% from the increased raising of fish, game, and meat, and the rest from value-added food manufacturing, distribution, retail, and restaurants. The study also estimated that 100% food localization would provide a job to more than half of all New Mexicans unemployed today.



Dreaming New Mexico Project

<http://www.dreamingnewmexico.org/>

11 Education

Education plays a key role in local economic development. Other strategies have related to programs that educate and/or train business owners, and this is an important component of establishing a strong main street economy. Similarly, programs that provide job-training skills (particularly those with a social benefit such as *green* jobs) help to reduce social costs while increasing the spending powers of the local community. There is also a strong need to educate consumers and existing business owners on the benefits of economic localization.

Strategy at Work

Slow Money is a 501(c)3 non-profit formed in 2008 to catalyze the flow of investment capital to small food enterprises and to promote new principles of fiduciary responsibility to support sustainable agriculture and the emergence of a restorative economy.

Slow Money
www.slowmoney.org/



12 Incubators

Incubators are physical places, or hubs, where small-scale and/or start-up enterprises are able to share resources and maximize their efficiency. These venues often have a theme, such as “technology” or “media” and shared resources can include both physical assets like desks, printers etc. as well as labor assets like accountants, lawyers, receptionists etc. Aside from the obvious benefits of having a dramatically reduced overhead, businesses often benefit from collaboration with other incubator members.

Strategy at Work

The Sonoma Mountain Business Cluster is a non-profit business in Rohnert Park, CA. It plays a key role in returning jobs to the region and provides mentoring, resources and space for start-ups with a focus on sustainable-resource and socially relevant technologies.



**Sonoma Mountain
Business Cluster**
sonomamountainbusinesscluster.com/