

The Small-Mart Revolution

How Local Businesses
Are Beating the
Global Competition

THE SMALL-MART REVOLUTION



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

Basic Points

- ◆ I. The Value of Small-Marts
- ◆ II. The Competitiveness Of Small-Marts
- ◆ II. Collaborative Strategies for Small-Marts



Caveats for an Ugly American

- ◆ Data Largely U.S.
- ◆ Probably Applicable
- ◆ Welcome Discussion of Difference



The Struggle Over Capitalisms

TINA
VS.
LOIS



TINA—There Is No Alternative

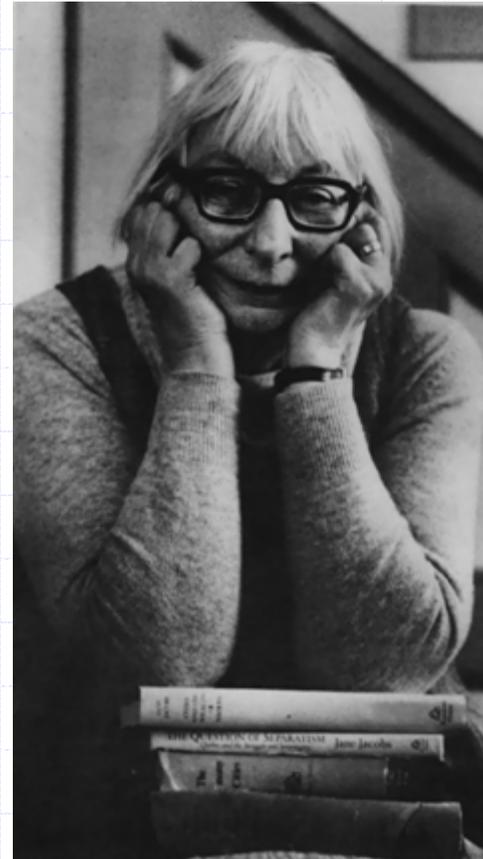


- ◆ Get Toyota
- ◆ Prioritize Export-led Development

LOIS– *The Alternative*

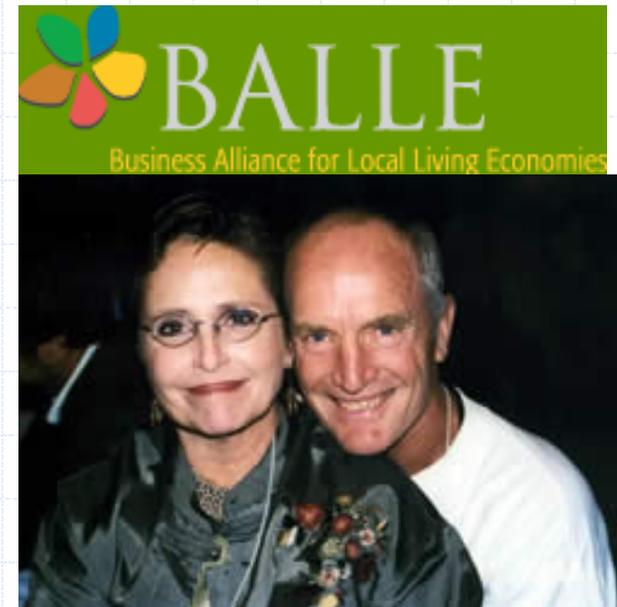
◆ LO:
Local Ownership

◆ IS:
Import-Substituting
Development



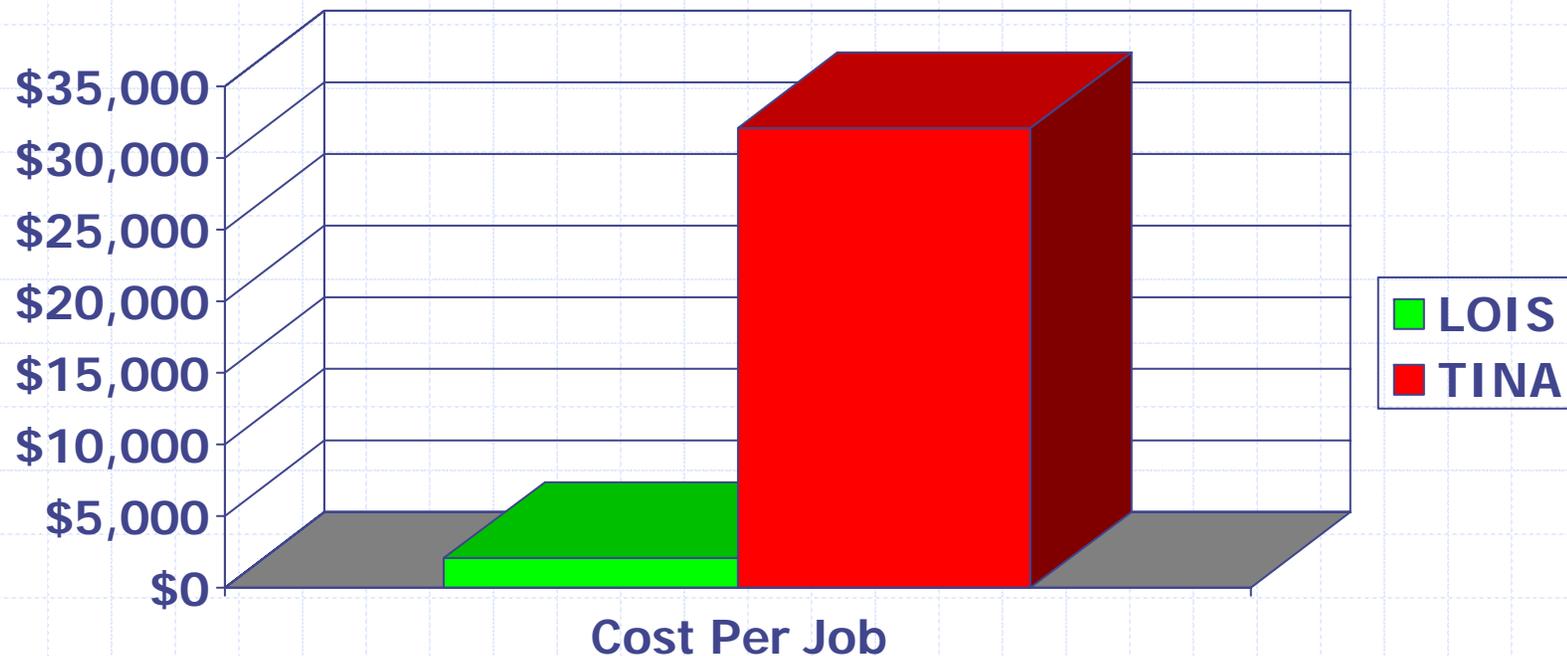
Local Living Economies

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



I. The Value of Small-Marts

Business Subsidies in Lane County (OR)



#1 Greater Wealth



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#2 Fewer Catastrophic Exits



#3 Higher Standards

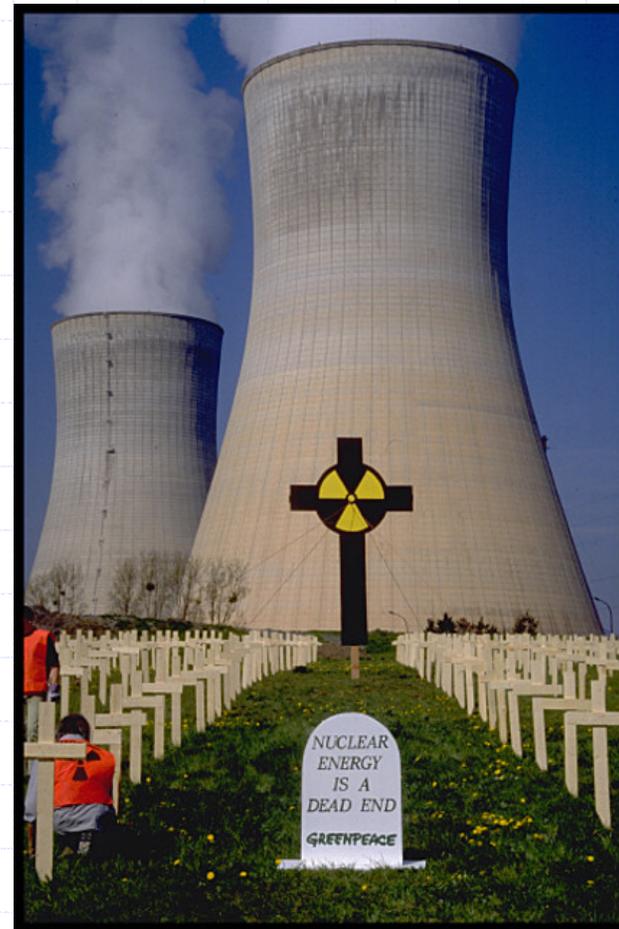


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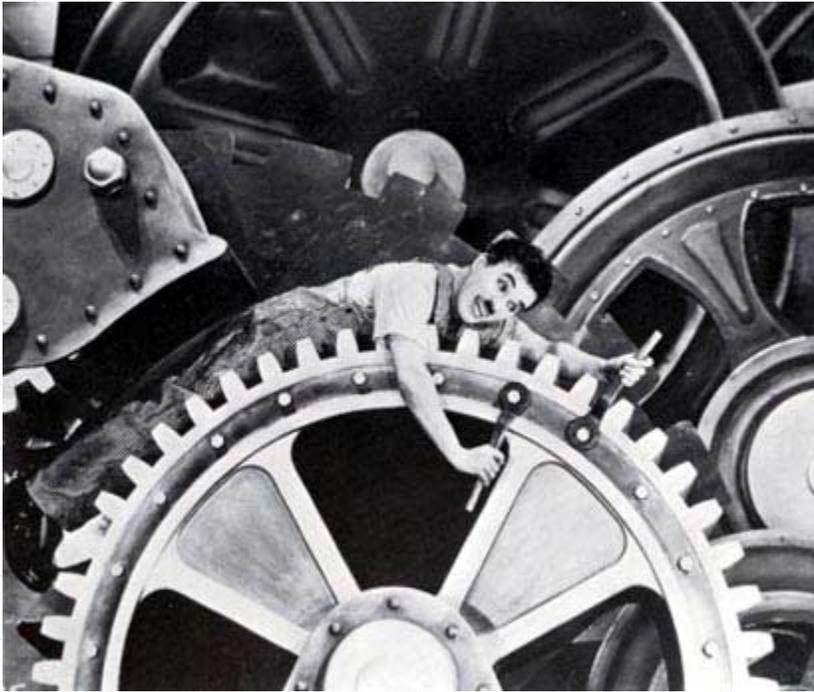
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#4 More Sustainable

- ◆ Minimize Transport
- ◆ Stay within Own Resources
- ◆ Shame
- ◆ Special Risks of Large Scale



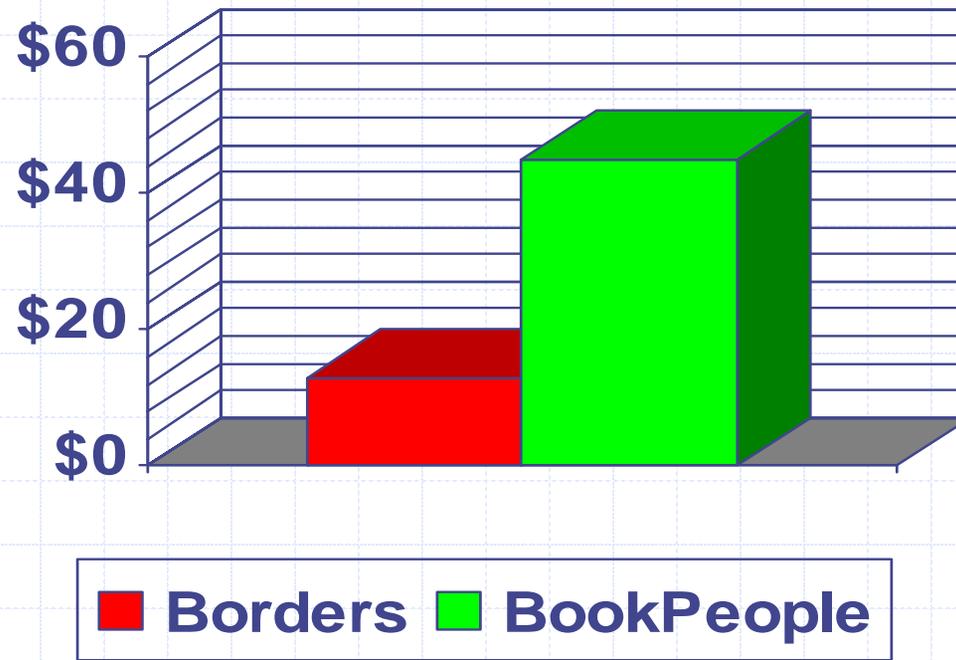
#5 Better Workplaces



- ◆ Alienation & Opportunity
- ◆ Mobility v. Local Standards
- ◆ Public Policy More Important

#6 Higher Multipliers

Impact of \$100 Spending (Austin)



#7 Less Vulnerability



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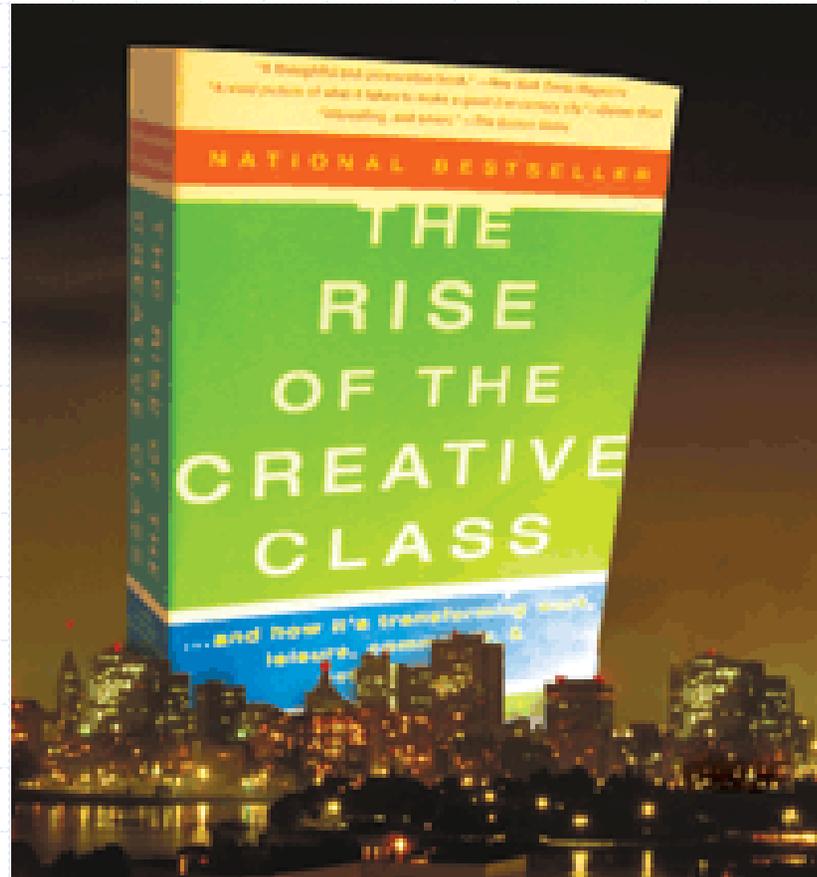
#8 Smarter Growth



#9 Weirder Downtowns



#10 More Creative



#11 Better Society

- ◆ Greater Equality
- ◆ Greater Social Stability
- ◆ Less Welfare



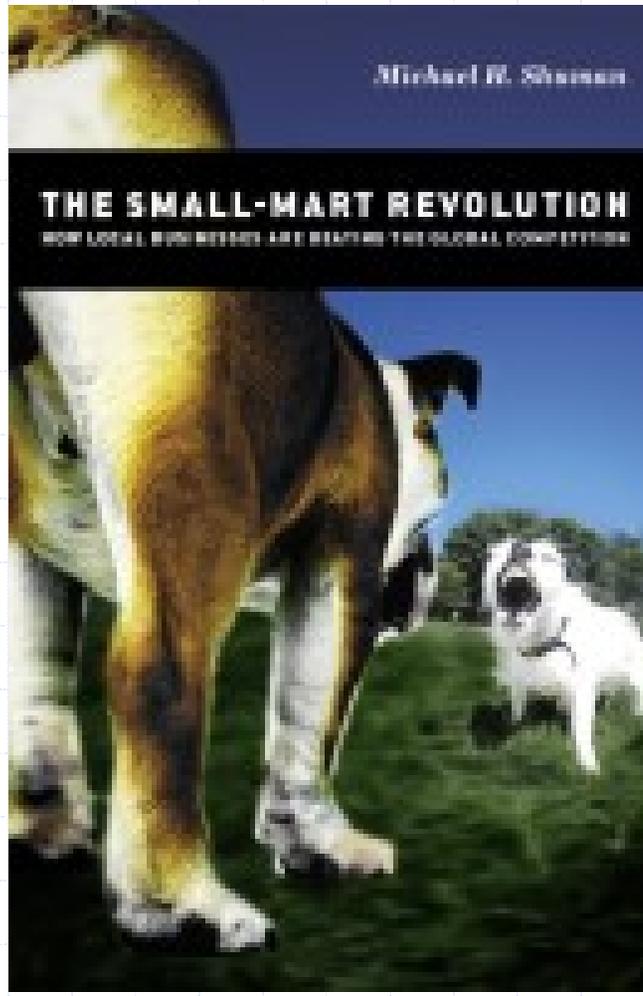
#12 Healthier Democracy



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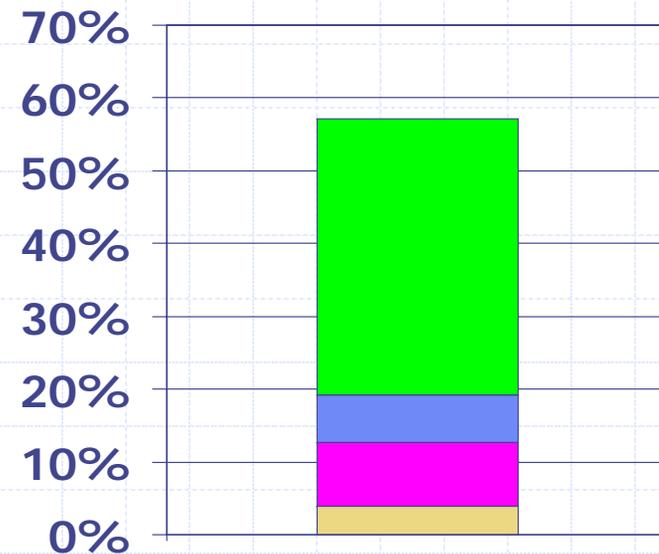
II. The Competitiveness of Small-Marts



4 Myths About Small Business

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

U.S. GDP



- Small Buz
- Nonprofit
- State/Local
- Federal

Excluded from GDP Data

◆ Household Work (25% GDP)

◆ Volunteer Labor

◆ Black Mkt Econ. (10% GDP)

◆ Overall (40% GDP)



4 Myths About Small Business

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Net Births of Firms
(2000-2001)

Small: +32,000

Large: -200

4 Myths About Small Business

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

Recent Performance

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

4 Myths About Small Business

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



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

- ◆ Subsidies
 - \$50 Billion State/Local
 - \$63 Billion Federal
- ◆ Equity Markets Bias
- ◆ Trade Rules
- ◆ 1001 Legal Wrinkles



Reasons for Optimism

◆ **Buy-Local
Movements**

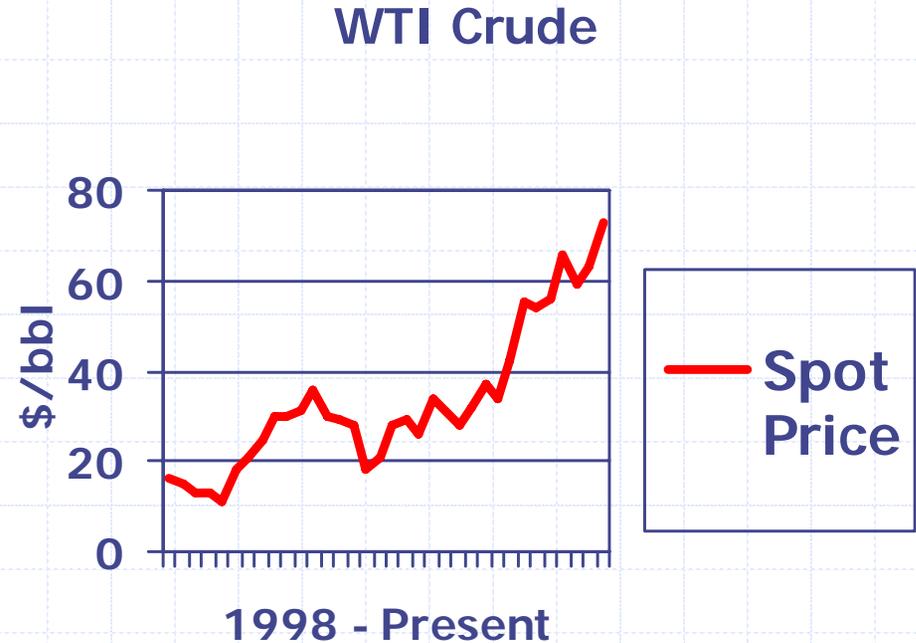
◆ Global Trends

◆ Case for Jurassic ED
Falling Apart



Reasons for Optimism

- ◆ Buy-Local Movements
- ◆ **Global Trends**
- ◆ Case for Jurassic ED Falling Apart



Reasons for Optimism

◆ Buy-Local Movements

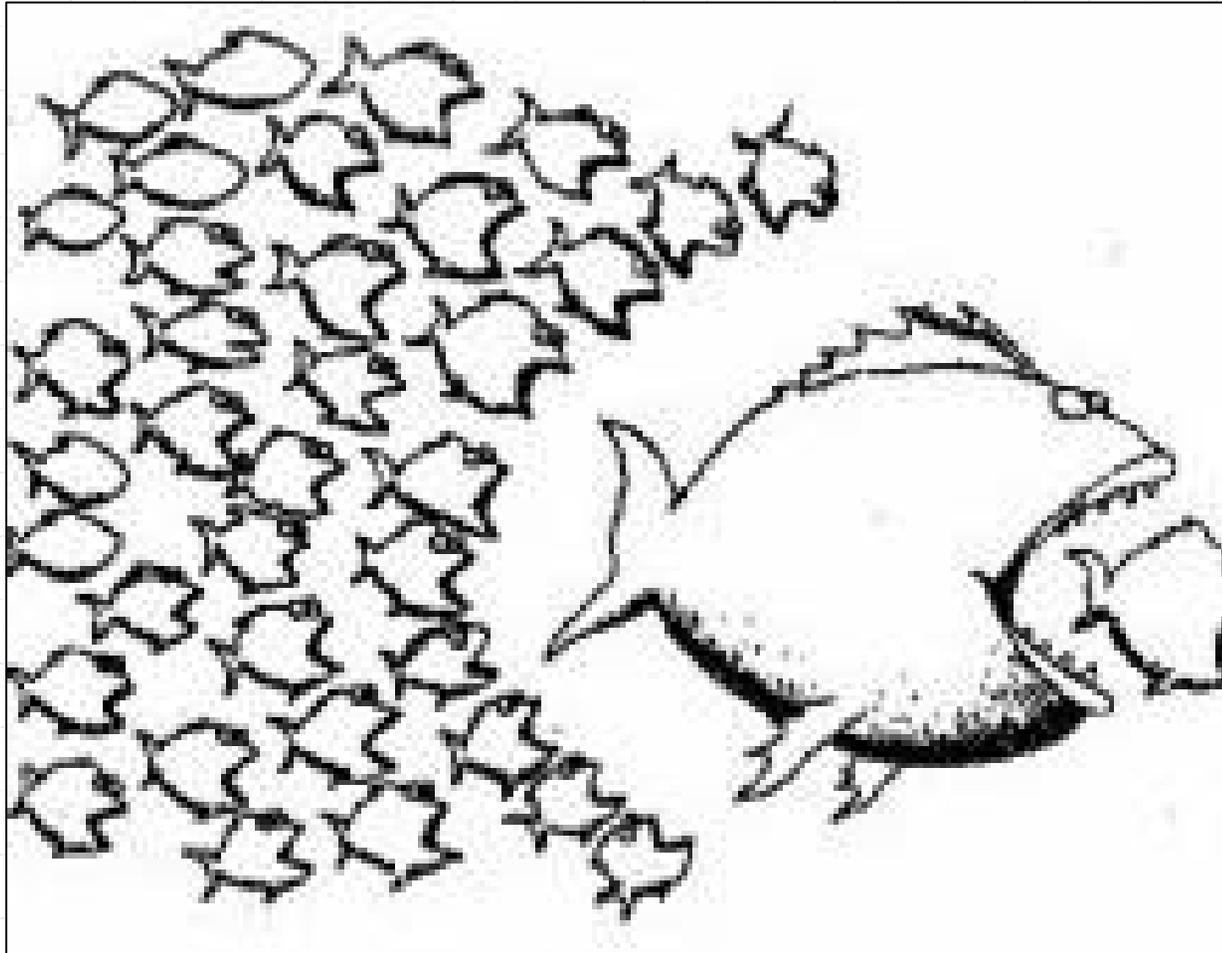
◆ Global Trends

◆ **Case for Jurassic ED Falling Apart**

“Even before terrorists leveled the World Trade Center, economic and technological forces were combining to decentralize the economy. Sept. 11 will only reinforce these centrifugal forces...”

- Wall Street Journal

III. Collaborative Strategies for Small-Marts



Six Degrees of Collaboration



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#1 Mobilize Entrepreneurs

- ◆ Youth Entrepreneurs

- ◆ Mentorship

- ◆ Community Schools

- ◆ Incubators



#2 Mobilize Small Businesses

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



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#2 Mobilize Small Businesses

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

Features of the
Emilia-Romagna
Miracle

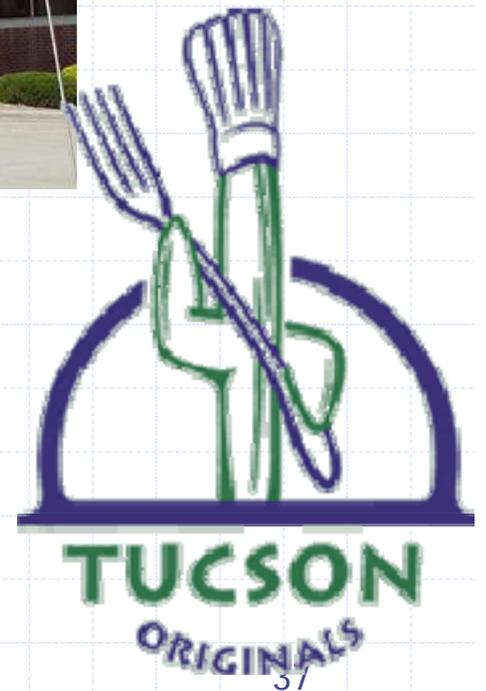


53,000 Manufacturing
Companies

97% Have Under 50
Employees

#2 Mobilize Small Businesses

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



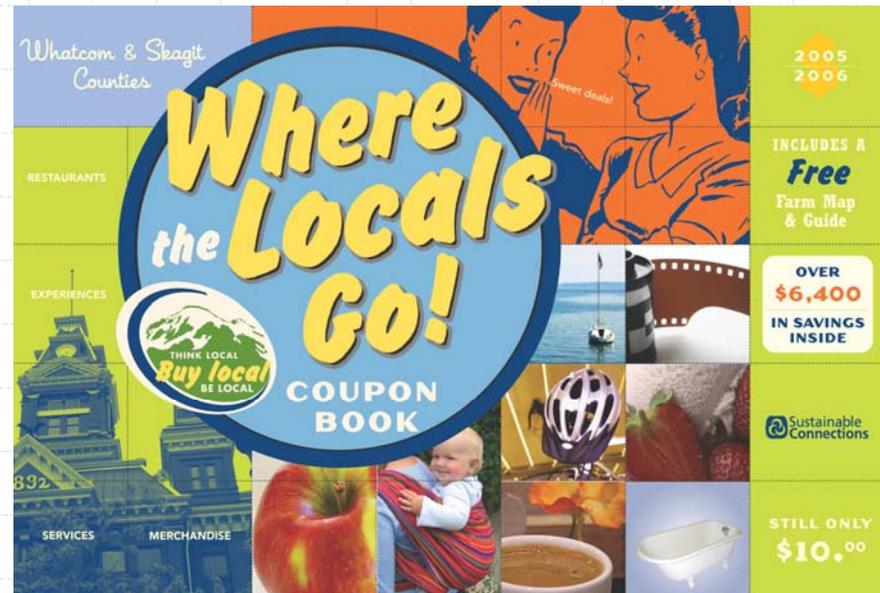
#3 Local Consumer Mobilization

◆ **Coupon Books**

◆ Labels

◆ Buy Local Weeks

◆ Local Gift Cards



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- ◆ **Labels**
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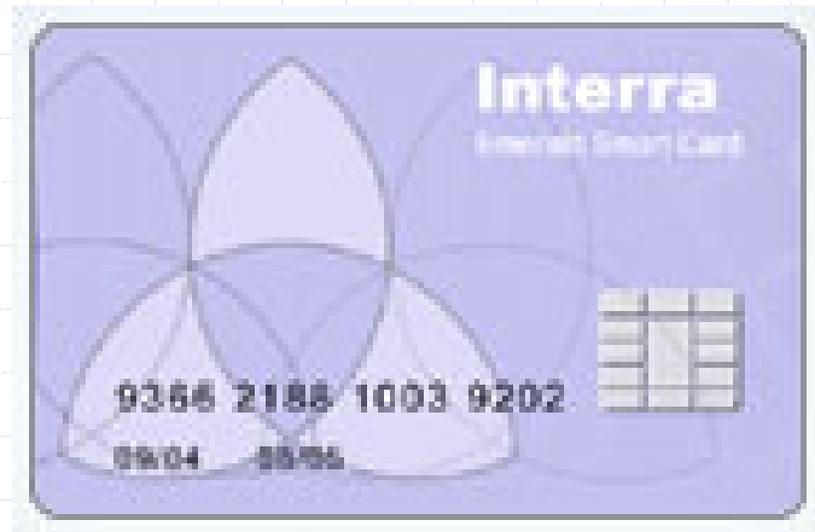
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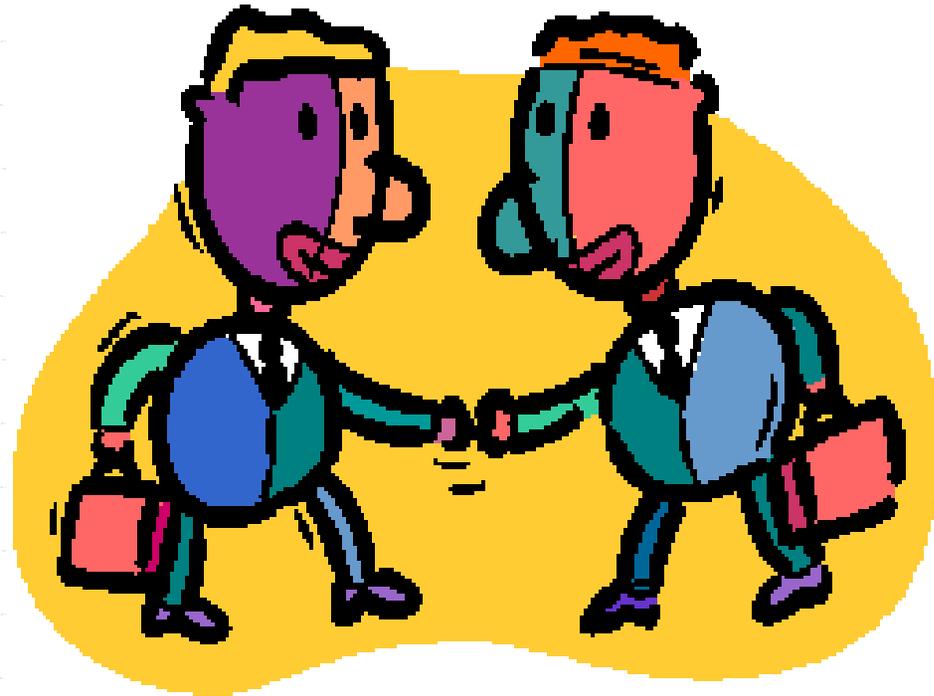


#4 Other Demand Mobilization

◆ **B2B**

◆ B2G

◆ Global
Consumers



#4 Other Demand Mobilization

◆ B2B

◆ **B2G**

◆ Global
Consumers

\$2 Trillion



#4 Other Demand Mobilization

◆ B2B

◆ B2G

◆ **Global
Consumers**



#5 Investor Mobilization

- ◆ Create Local Stock
- ◆ Invest Public \$\$\$
- ◆ Local Exchanges



#6 Public Policy Reform

◆ **Tax Law**

◆ Securities Law

◆ Incentives Law



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◆ **Securities Law**

◆ Incentives Law

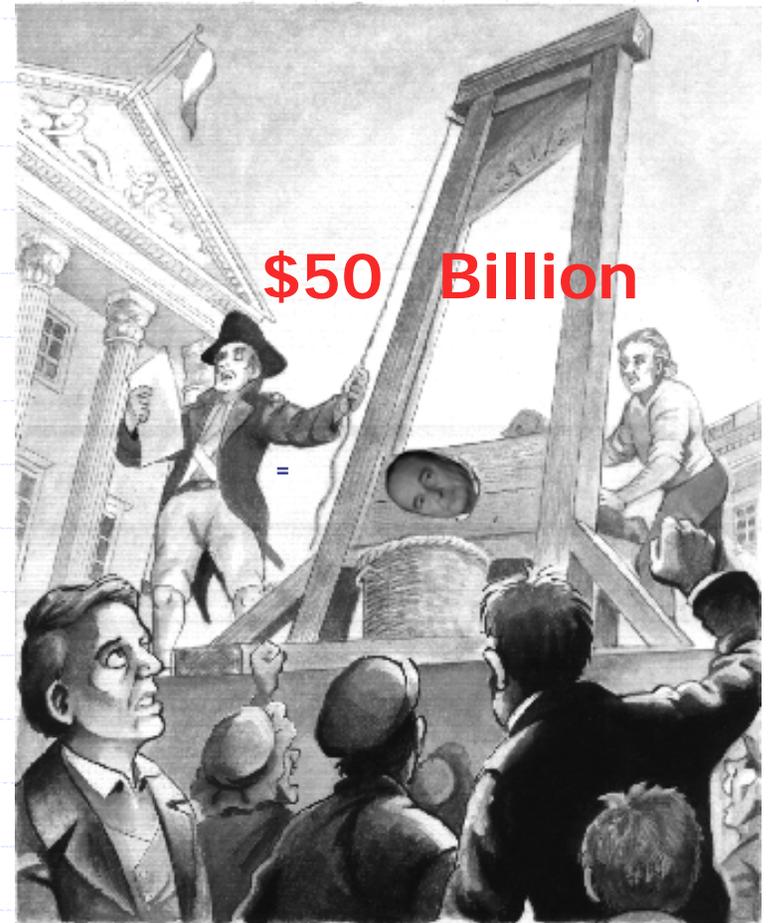


#6 Public Policy Reform

◆ Tax Law

◆ Securities Law

◆ Incentives Law



Final Points

◆ Chambers of
Commerce



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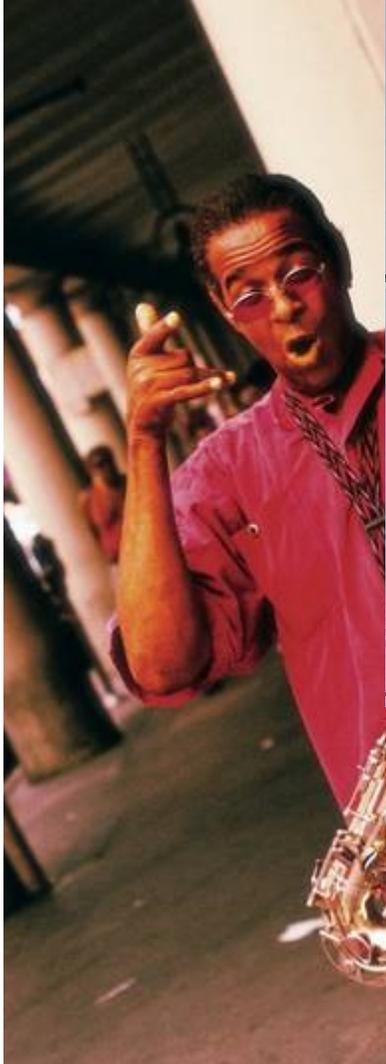
◆ BALLE Chapters



Final Points

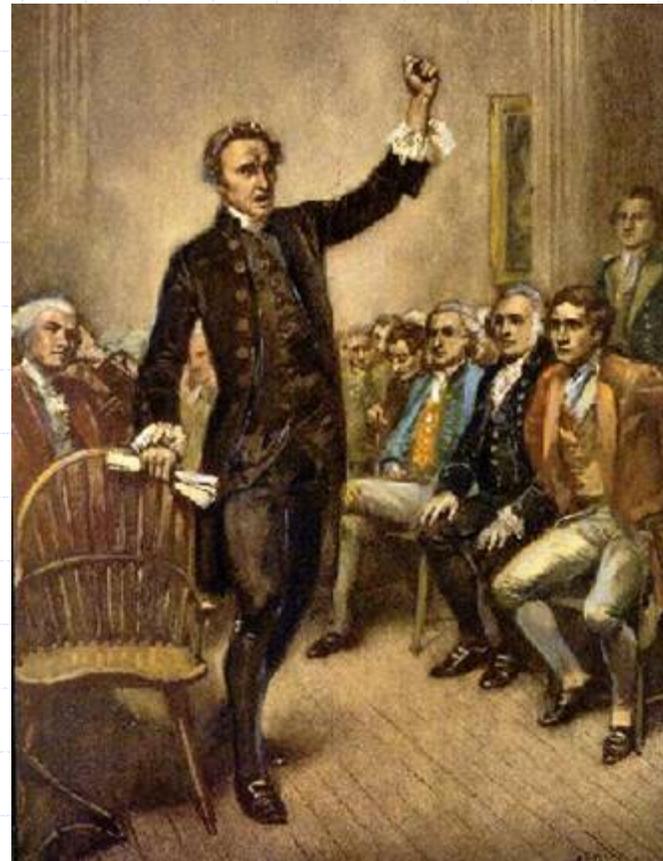
- ◆ Chambers of Commerce
- ◆ BALLE Chapters
- ◆ Profitable Ventures





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!"



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