

Vermont Guardian

For The Independent Mind

Think local, shop local: Vermont businesses think outside the boxes



Amy Kirschner of the Burlington Currency Project

By Shay Totten | Vermont Guardian
photo by Amanda B. Cashin

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Vermonters are used to looking for the “made in Vermont” slogan, thanks, in part, to the successful ad campaigns of the Agency of Agriculture encouraging consumers to “buy local.”

The program has been so successful that the Attorney General’s office felt compelled to propose, and the Legislature to adopt, rules that govern what can be deemed “made in Vermont.”

Now, a group of Vermont business owners wants consumers to turn their attention toward other goods and services, from bookstores to banks and beyond.

The group plans to use an upcoming national conference in Burlington to launch its efforts.

Starting Thursday, the Business Alliance for Local Living Economies (BALLE), a national organization of hundreds of businesses and dozens of communities forging “local first” campaigns around the country, will host its annual meeting in Burlington. BALLE officials expect 450 people from 38 states and five Canadian provinces to attend.

The three-day meeting will bring to Vermont some of the leading economists and thinkers in an

economic movement that has sprung from the original socially responsible business concept. The basic thrust is to get consumers to give their local businesses a try before buying into the argument that all chain or national stores have a better price.

The conference will put many Vermont entrepreneurs on display, showcasing some of their ideas on how to build strong local economies. From the Vermont Independent Business Alliance to the efforts to develop local currencies to the promise of employee-ownership as a way to keep companies rooted in the community, Vermont has plenty to offer to the discussion.

The Vermont alliance, which was started in part by Chris Morrow of the Northshire Bookstore in Manchester, has been meeting off and on since last fall.

“We’re using the good energy behind the conference to get more interest and hopefully get some actual work done on marketing it and putting the strategy together and recruiting more businesses,” said Morrow. The group plans to meet on June 15 to officially launch its efforts.

Originally, the idea for an independent business alliance started with companies in Manchester, Morrow noted.

“But we realized that Manchester by itself was too small, so we looked to the whole state of Vermont,” he said. “There are some local-first campaigns right now that are in cities where there are more than the 600,000 or so people in Vermont. While still a lot of the work would be done locally, we thought there should be some umbrella group to make it easier for that to happen, and at the same time connect those businesses statewide.”

One of the co-founders of BALLE, Laury Hammel, who owns a group of health clubs in suburban Boston, has been helping Morrow get Vermont’s business alliance started, and sees great promise for Vermont.

Hammel, who also had a hand in helping to launch the New England Businesses for Social Responsibility in 1988 — the predecessor to the national Businesses for Social Responsibility group and Vermont Businesses for Social Responsibility — has seen these groups overtaken by larger, publicly held companies that don’t always keep an eye toward the local economy.

“Take Starbucks for example. It’s a very progressive company in many ways, but that being said, the role they play in the business world overall is negative,” said Hammel. “The interests of small business are different from the interests of corporations . . . [Corporations] have to be concerned about the stockholders, period.”

That’s why Hammel and others formed BALLE in late 2001 and began fostering local-first campaigns around the country. There are currently about 30 campaigns in North America, he notes.

The goal of these campaigns, Hammel said, is to “protect small businesses, which are the bedrock of many American communities and protect a character and culture in a community where you can walk about and know the owners of the companies.”

Hammel said the campaigns often strike a chord with consumers, and residents, as more people yearn for the connection to their community that small businesses offer over chain stores.

“The main thing is that we’re not asking people to spend all of their money, all the time with local

businesses, just that they think about spending money locally first,” said Hammel. “There is a big need for one [of these campaigns] in Vermont because there is a ton of chains that are sapping small town businesses, and people are doing a lot of shopping in Vermont from chain stores, but they also like to support local products.”

The local edge

Buying local doesn't always mean spending more or paying a “premium,” argues one author.

This is often a chief argument made by economists who think that local-first campaigns promote isolationism and force people to pay more just to feel better about where they spend their money.

“Local businesses are a lot more competitive than we think, and in fact with just a little bit of modest and careful nurturing we can expand local businesses from 58 percent of the economy to 70 to 80 percent of the economy,” said Michael Shuman, author of the book *The Small-Mart Revolution: How Local Businesses Are Beating the Global Competition*.

In a city like Burlington, and throughout Vermont, Shuman noted, local businesses can be helped to be an even greater part of the overall economy.

In fact, Shuman notes, a recent review of the thousands of categories of the North American Industry Classification System (NAICS), found that there is less competition within various industries than most people think. The NAICS is a government coding that identifies each business by a separate identifying number, to allow for better statistical comparisons.

Of those thousands of NAICS categories only seven are truly competitive, Shuman said, such as central banking or the operation of a nuclear power plant.

“These are not something you would expect a local business to be competitive with,” Shuman said.

Shuman said critics of local-first campaigns often call such attempts isolationist, promoting businesses that hire people at lower wages than non-local companies and sell goods at higher prices. In other words, not everyone can pay the “price premium” to keep local businesses in business.

“Local First arms consumers with information and encourages them to buy local wherever they find the comparative advantage of doing so. Where they don't, they should feel free to buy global. But every dollar wasted on a non-local good or service that could be obtained locally at the same [or better] price leads a community to lose economic vitality,” writes Shuman in a response to one critic.

“The healthiest economy is both as self-reliant as possible and a strong exporter. Meet as many of your own needs as possible, then compete globally with a diversity of products. By being relatively self-reliant, you're far less vulnerable to events outside your control. By having global sales, you're not closing off your economy to outside goods and technology.

“Meanwhile, you're conducting as much business as possible with both local and foreign consumers, which brings wealth into the community and pumps up the multiplier. Cut back on either local self-reliance or exports, and you lose income, wealth, and jobs,” he argues.

Shuman points out that most state and local governments use tax incentives to lure non-local businesses to town, often subsidizing jobs upwards of \$30,000 per employee or more, while local businesses see

little in terms of retention and expansion capital.

“Economic development these days is fundamentally focused on the wrong things,” he said. “It needs to be focused on expansion and retention. Rather than spending many millions of dollars on attraction and retention, you can spend it on financing and entrepreneurship and emerging smaller businesses; they pay more in local taxes and each dollar they produce is ultimately going to come back into the community.”

Shuman said it’s too early to tell if the communities that have started local-first campaigns have been successful.

In one nearby community, in St. Lawrence County in upstate New York, leaders fundamentally revamped their economic development strategy three years ago and began to focus on how to “plug the leaks” in their economy.

“The result was they worked on developing smaller businesses, and some interesting things have come out of it,” said Shuman. “For example, an energy services company has been launched as well as an eBay training program to help businesses and people market their goods more successfully on eBay. This nicely demonstrates that a concerted effort involving lots of different stakeholders really can have some interesting results.”

Bellingham, WA, launched a business directory and helps to educate people through in-store signs and product labels that help consumers know where their money is going. That community also publishes a local coupon book each year.

Spending your “bread”

Another way communities support local businesses is through local currency projects.

Similar to a barter network, local currencies place value on an exchange of goods and services, but in the case of a currency network there are physical “dollars” exchanged.

In Burlington, such a project has been around for eight years and will play host to a daylong conference the day before the BALLE event, featuring currency groups from around Vermont and the nation, as well as the founder of the euro, the currency of the European Union.

“A local-first campaign does a fantastic job of promoting buy local, and while it’s so fantastic to spend U.S. dollars locally you don’t know where they will spend that dollar later — it may be Wal-Mart. Not everyone else down the line will necessarily represent your values as you would spend that money,” said Amy Kirschner, an organizer of the Burlington Currency Project, in which members use “Burlington Bread” to purchase goods and services from other members.

Businesses throughout Chittenden County accept “bread,” including Gardener’s Supply, American Flatbread, and the Book Rack and Children’s Pages.

The group has about 60 business members and roughly \$30,000 worth of currency in circulation, Kirschner said. The group even has banking hours every Thursday from 2-6:30 p.m. at its “Bread Bank” on Steele Street on the Burlington waterfront bike path.

“People seem to assume that money is value neutral and that a piece of paper doesn’t mean anything,” said Kirschner. “With a local currency, it’s fantastic to have a piece of paper that does promote your

values as opposed to something that does not.”

“Local currencies offer an action as a tool to do all the things that BALLE is talking about,” Kirschner added.

For more information on Burlington Bread, go to www.burlingtoncurrency.org.

On the BALLE

The Business Alliance for Local Living Economies (BALLE) is a growing alliance of 30 local networks with more than 5,000 small business members dedicated to building “local living economies.” The group’s mission is to catalyze, strengthen, and connect local business networks.

Vermont Businesses for Social Responsibility members employ 8 percent of the state’s workforce and lobby for increased support for renewable energy and universal health care.

In Philadelphia, the local BALLE network trains new social entrepreneurs in the business skills they need to be successful through its Social Venture Institute.

Several studies have proven that money spent at locally owned businesses stays in the local economy and continues to strengthen the economic base of the community.

A 2002 study called “Liveable City” showed that for every \$100 in consumer spending at a national bookstore in Austin, TX, the local economic impact was only \$13. The same amount spent at locally based bookstores yielded more than three times the local economic impact.

A 2003 study in Maine covering several lines of goods and services validated these findings. That study found that chain stores circulated only about 14 percent of their revenue in the local and state economies; local businesses circulated about 55 percent of their revenue locally.

Other studies have shown that small and locally owned businesses make indispensable contributions to communities and neighborhoods. A study of charitable giving by businesses in Oregon showed that when in-kind contributions were included, small firms gave an average of \$789 per employee, medium-sized firms gave \$172, and large firms \$334.

Most local-first campaigns use the following criteria to determine if a business is local: a majority of the business owners live either in the state, or within close proximity of the city sponsoring the program, and the business owners can make independent decisions regarding purchasing, practices, and distribution.

— S. T.

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