

Column: Facts, Figures and Logic for Truly Local Spending

Quote of the week: "Nobody can go back and create a new beginning, but anyone can start today and make a new ending." Maria Robinson

This column has and will continue to stress the need for your community to rapidly create a Truly Local mentality. The case for your community to adopt a Truly Local mentality can be intangible at times. Ultimately, it comes down to real facts, figures and logic. Over time, we will convey in greater detail each of the facts, figures and logics discussed below in future columns. Let's briefly touch on a few of the common tangible reasons for your community to adopt this hyper local mentality.

#1 - Greater Financial Return. Numerous studies over the years show that dollars spent with locally owned and operated businesses recirculate throughout your community between ***three and seven times***. This is compared to those same dollars being spent with Big Box and National Chain businesses, which circulate just one time. Using a 10% sales tax as only an example, one million dollars spent with big boxes and chains will return \$100,000 in sales tax to your community versus \$300,000-\$700,000 when being spent with locally-owned businesses. Those are real dollars for real communities.

#2 - Greater Community Support. Additional studies have shown that owners of locally owned and operated businesses support local causes, organizations and charities by approximately a ***three-to-one*** margin over businesses with outside or Wall Street ownership. The foundations of many communities are often built through active volunteerism, non-profit organizations and civic groups; this is a vital component to thriving communities.

#3 - Community Involvement Quotient. Owners and managers of locally-owned and operated businesses are ***four times*** more likely to be involved in leadership, politics and chambers in their communities than owners and managers of Big Box, Chain and out-of-town or Wall Street owned businesses.

#4 - Less Poverty Expectation. A recent study indicated that a community's poverty rate is somewhat directly linked to the percentage of prosperous locally owned and operated businesses. Put another way, the greater percentage of your retail dollars taking place with Big Boxes, Chains and out-of-town or Wall Street owners within a smaller or mid-sized community, the higher the poverty rate might be expected to be. The more local innovation, creativity and entrepreneurs there are, coupled with active support of such by the various community's government entities; the greater expectation for an increase in the average household incomes.

#5 - Higher Financial Return Downtown. Dollars invested in the community's downtown district return on average approximately ***30% higher*** return on their investment or ROI. There is no better return a community can make of their tax dollars than stimulating the return of the heart and soul to a community's downtown.

#6 - Housing Market Stimulation. Want to grow the real estate values in and around your downtowns? It has been shown that by returning the vibrancy, heart and soul of your community to the downtown, you can also expect to see an increase in surrounding real estate values as well. Not only does this create renewed pride in the community, it grows the real estate ad valorem tax base, which benefits the school as well as the entire community.

As we indicated in previous columns, it isn't that Big Boxes, Chains and out-of-town or Wall Street owned business are bad, that isn't the case at all. The devil is always in the details, or in this case, the devil is in the balance. Cities that find a way to balance the growth of the Big Box or Chain segment of the community **ALONG** with the growth and support of the Truly Local business segment will find an economic balance that leads to great prosperity.

True balance is achieved by understanding. Communities must understand and realize that Big Box and Chains are only a fraction of the foundation from which to build. The Truly Local concentration, which brings true vibrancy to your community, will bring the true prosperity every community seeks. Additionally, it is all about building and creating uniqueness in your community, something that only a Truly Local concentration can create. As we will discuss in the future, uniqueness will become vital in the new and emerging economics of your community.

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