

## SEEDING SMALL BUSINESSES: FIVE IDEAS FROM DETROIT<sup>1</sup>

Stacy Mitchell©

A couple of weeks ago I was invited to spend a day in Detroit meeting with local entrepreneurs and sharing ideas for spurring small business development. Detroit is an enormously challenged city. It is the poorest big city in the U. S. Nearly one in three workers is unemployed. The city's population has shrunk to a mere 40 percent of what it once was. Vacant houses and empty lots comprise large portions of Detroit's land area. This devastation makes all the more remarkable the new tendrils of economic activity that are emerging around the city. While these homegrown enterprises are still modest relative to the scope of Detroit's unemployment, they point the way to a promising new economy—one that is locally owned, oriented toward local needs, and capable of cultivating value from resources discarded by corporate America.

At the end of my visit, I came away feeling that Detroit has quite a bit to teach the rest of us about how to build a local economy from the ground up. Detroit entrepreneurs are learning to rely on each other, finding the seeds of a new economy in resources discarded by corporate America. Here are five ideas from Detroit that every city could benefit from.

### 1. Creative Conversion

Throughout Detroit, there are striking examples of residents converting something discarded into an economic asset. Last year, four friends pooled \$6,000 dollars and opened the Burton Theatre in the auditorium of a historic elementary school that has been vacant since 2002. The movie house shows independent and foreign films just about every evening and has become enough of an anchor of activity in the neighborhood that the city recently decided to turn this section of Cass Avenue's street lights back on.

Detroiters have begun to think about other ways to nurture wealth from the city's 80 empty school properties. Inspired by the Burton, some Detroiters have begun to think about other ways to nurture wealth from the city's 80 empty school properties. Many are equipped with commercial kitchens, for example, that could be used to incubate and support Detroit's burgeoning community of food producers.

By far the most conspicuous example of re-use in Detroit is the proliferation of agriculture on the city's many vacant lots. Detroit is now home to an estimated 1,200 urban farm and community garden plots, along with a growing population of chickens and goats. Some growers produce food for themselves and their neighbors. Others sell through the cooperative Grown in Detroit. Still others are full-fledged commercial farms, like Brother Nature Produce, which is situated less than a mile from the towers of downtown, sells to a variety of restaurants, and, together with two other Detroit farms, launched the city's first CSA last year.

### 2. Open City

Open City's founders describe it as a "support group" for aspiring and established business owners. Monthly meetings, held at Cliff Bell's, a local bar, usually draw about 100 people,

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roughly a quarter of whom already run a business, while the rest are toying with the idea of opening one. Every city has its latent entrepreneurs, but this is especially the case in Detroit, where unemployment hovers near 30 percent, and lots of people daydream about inventing their own livelihoods. Most never act, though, because they don't know where to begin or how to overcome the myriad of challenges along the way.

Hoping to nudge these latent entrepreneurs along, Claire Nelson and Liz Blondy launched Open City in 2007. They had both recently started businesses—Nelson owns the retail shop Bureau for Urban Living and Blondy runs a dog daycare business called Canine to Five—and were keenly aware of how much their success had depended on the advice and encouragement of other business owners. Nelson and Blondy designed Open City as a forum for providing that mentoring on a broader scale. Each meeting features a panel of speakers on a particular theme (see a list of this year's topics [\[here\]](#)), plus lots of time for participants to talk about their business ideas and share information and advice.

Open City has contributed to the launch of numerous new businesses. Greg Lenhoff attended Open City meetings for several months before opening Leopold's Books. Torya Blanchard says Open City has been an invaluable source of guidance as she's expended her business, Good Girls Go to Paris Crepes, to two locations. Kelli Kavanaugh and Karen Gage got advice on financing from Open City before starting Wheelhouse Detroit, a bike rental business. Dave Mancini was struggling to find a good location for his start-up, Supino Pizzeria, and was even beginning to think about the suburbs, when a fellow Open City participant let him know about a vacant space in Eastern Market, where Mancini now employs seven people.

The spirit of mutual aid that underpins Open City seems to pervade Detroit's small business culture. Everywhere I went, business owners talked up other businesses. At Avalon International Breads, co-owner Jackie Victor left off talking about her bakery to ask if I'd visited a new spa around the corner, Textures by Nefertiti. "You should really see what's she's doing," said Victor. Many make a point of sourcing locally too. Midtown retailer City Bird, for example, features housewares and other goods produced by dozens of designers from Detroit and other Rust Belt cities, while local restaurants, like Russell Street Deli, purchase a growing share of the food they serve from Detroit farmers.

### **3. Collaborative Visibility**

Aside from fast-food outlets and some chain drugstores, Detroit has very few national retailers. There isn't a single chain supermarket and even Starbucks, so ubiquitous in other cities, has only a couple of outlets in Detroit. This dearth of big-name retail has led many outsiders, especially national journalists, to declare that there's no place to shop in Detroit and certainly no place to buy groceries. That's not in fact true. While the city does need more grocery stores, Detroit is home to several high-quality independents, like Honey Bee Market, a large, full-service supermarket that carries all the usual stuff plus a robust selection of Mexican foods, and R. Hirt Jr., a 120-year-old, four-story general store that sells groceries, toys, and a variety of other items, as well as the city's famed Eastern Market, through which some 70,000 tons of produce pass each year.

Yet it's all too easy, even for residents, to overlook Detroit's homegrown businesses, especially its many recent start-ups. Lacking the high-profile and advertising muscle of the chains, they don't make it onto people's mental maps of the city. Assuming there's nothing much there, people head to the suburbs or shop online. Although more extreme in Detroit, this lack of visibility is a challenge that small businesses in many cities face. Overcoming it requires

collaboration, which is beginning to happen in Detroit with initiatives like Shop Midtown, a joint effort of about 30 businesses to make one another better known by distributing a guide to their neighborhood's commercial offerings and organizing events like Third Thursdays. Over time, the hope is that similar initiatives will sprout in every neighborhood and be linked together through a citywide Independent Business Alliance.

#### **4. Anchor Businesses**

Another lesson from Detroit is that the right business can catalyze the commercial revival of an entire neighborhood. A good example is Avalon International Breads, a retail and wholesale bakery that opened in 1997 and is widely credited with attracting other entrepreneurs to Midtown and spurring the area's revitalization. Slows Bar-B-Q, which opened five years ago along a largely abandoned commercial stretch in the Corktown neighborhood, is another example. Today, thanks to Slows' success, the entire block is coming life with new restaurants and bars, renovated second-floor housing, and the reclamation and replanting of nearby Roosevelt Park.

In struggling neighborhoods, chains are invariably followers, never pioneers. It's the locals who are willing to invest and take risks. For many cities, bringing in an "anchor" retailer means trying to go after a national chain. But, as the experience in Detroit, Philadelphia, and other cities has shown, in struggling neighborhoods, chains are invariably followers, never pioneers. It's the locals who are willing to invest and take risks, which is why, as civic leaders work to bring more grocery stores to Detroit, they might look to Pennsylvania's Fresh Food Financing Initiative as a model for providing the financing that independent food retailers so often lack.

#### **5. Inter-not Holidays**

These days, it's not just suburban malls, but increasingly cyberspace, that sucks dollars out of cities, especially during the holidays. Forecasters are predicting another record-breaking year for online holiday shopping. This has prompted a grassroots campaign in Detroit calling for an Inter-not holiday. Why send dollars to support companies and economies that are far, far away, asks a brochure created by the advertising firm Team Detroit and distributed by the thousands around town. Featuring a map of local business alternatives, the tri-fold guide notes, "Every time you shop in Detroit, you support your region's schools, your parks, your world."

It's a message that has resonated with Detroiters, say local business owners, who hope that hometown loyalty keeps driving the city's economic revival forward.