

# Chicago Reader

IN BUSINESS

## Breaking the Chains

Armed with research that proves the value of local stores, Women & Children First is fighting the Borders war.

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In mid-April the Sun-Times named Linda Bubon and Ann Christophersen, owners of Women & Children First, two of the city's 100 most powerful women. The 25-year-old Andersonville bookstore is an institution--the only place in the Chicago area where Hillary Clinton signed copies of her memoir last year and the site Jan Schakowsky chose to announce her support for Barack Obama early this spring. Christophersen is also the current president of the American Booksellers Association, the national trade organization for independent bookstores.

But when the Sun-Times story came out, she and Bubon weren't feeling especially powerful. A new Borders Books & Music was set to open less than a week later in Uptown, about a mile away. Although the Borders isn't across the street, it's close enough that Bubon and Christophersen expect to take a hit, and in a business with tight margins, they worry about surviving. "You can be stuck just by virtue of the fact that enough of your customers are picking up at Borders a few of the things they would have bought from you," says Christophersen.

Women & Children First is a specialty store, featuring an extensive selection of women's fiction and nonfiction and children's books like King & King--about a prince who wants to marry a boy--alongside classics like Make Way for Ducklings. But popular feminist writers like Barbara Kingsolver and Barbara Ehrenreich sell big at Borders too, and Women & Children First makes a reliable chunk of its money selling the same books as everyone else. "You should see our numbers on The Da Vinci Code," says Bubon. "Hundreds!"

She and Christophersen have been tightening up their business plan, stocking fewer copies of certain titles and ordering from distributors more frequently, but they're also hoping to get a boost from a new study by an up-and-coming planning consultancy. In 2002 a group called Civic Economics made a splash with a study that compared the economic impact of a proposed Borders in Austin, Texas, to the locally owned competition and demonstrated that spending money at locally owned businesses doesn't just create a warm, fuzzy feeling, it stimulates the local economy as well. Borders eventually walked away from its Austin site, and Civic Economics ended up in the New York Times and on National Public Radio. Now the firm is working on a similar study in Andersonville, where locally



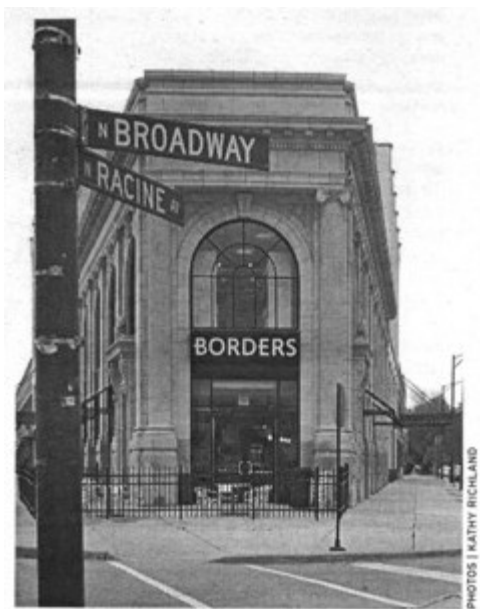
owned businesses like Women & Children First still define the commercial landscape.

"We're at a point in Andersonville where property values have skyrocketed--and taxes too--so we're looking at local independent businesses no longer being able to operate here," says Ellen Shepard, executive director of the Andersonville Chamber of Commerce. In the last six months or so chains like Subway and Chipotle Mexican Grill have come knocking, and Shepard's found herself in the peculiar position of trying to discourage businesses--chain businesses, anyway--from locating in the area. "Our experience is that chain stores tend to be less active members of the community," she says. "One of the things that's attractive about Andersonville is that it's different from everywhere else; you find stores here that you're not going to find in a mall."

Christophersen and Bubon have been battling chain bookstores, both locally and nationally, for more than a decade. But when they founded the store in 1979, they thought--almost hoped--that their little feminist bookstore would find itself swallowed up by the marketplace within a few years. "We felt that women's interests were underrepresented," says Bubon. "But in five years, surely the general bookstores would catch on that 50 percent of the population--and maybe 70 percent of the readers--are female." They figured they'd go back to grad school after their enterprise became obsolete.

Instead, for their first dozen years, revenue grew steadily--from \$80,000 in '79 to nearly a million in '91. Then Barnes & Noble and Borders started opening stores on the north side and in Evanston, and in '92 and '93 Women & Children First's revenue fell by 14 percent. Christophersen admits that there's no way to prove the chains were to blame, "but it was difficult for us to account for it any other way. There weren't any other environmental factors we could point to."

For the next decade they tried to catch up, setting up book tables at conferences and developing a sideline in textbook sales that now accounts for up to 5 percent of their business. Meanwhile, Christophersen stepped up her participation in the ABA, joining the board six years ago. Independent bookstores' share of the market dropped from 33 percent to 15 percent during the 90s but has held steady for the past few years. Christophersen credits the ABA's efforts--including suing several major book publishers for allegedly violating antitrust laws by offering preferential treatment and discounts to the chains--with helping keep them afloat. (The lawsuit was settled out of court.)



But by the time Christophersen became president in 2002 the battle had come even closer to home. At a public meeting in the fall of 2001, the owner of a set of historic but dilapidated properties on Broadway near Lawrence--the former Goldblatt's building, the Plymouth Hotel, and a bank--presented a plan for using TIF monies to redevelop the land into residential condominiums and storefront retail, with a Borders anchoring the whole shebang.

Bubon and Christophersen went to the meeting to plead their case against what they saw as the city giving an unfair advantage to their competitors, to no avail. In September 2002 the City Council voted 50 to 0 to approve a \$5.7 million subsidy for the development.

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Matthew Cunningham pretty much wandered into the modest fame his work on retail economics has brought him. Ten years ago he left his native New York for Austin, fleeing the weather in Binghamton, where he went to college. "The winter of 1994, it snowed 180 inches," he says, "so my girlfriend at the time and my best friend from high school and I all drove down to Austin. It seemed good enough. And since there was a school there, I applied to planning school. I didn't really know too much about planning--I was a political science major, and there was a book in the career resource center that said some things you could do with a political science degree. It was either planning or law school."



After he got his master's degree he took a job with the state. Then, in the spring of 2001, he bumped into Dan Houston, an acquaintance from planning school, at a local arts festival. Houston was working at a private consulting firm specializing in economic development and technology industries, and he hooked Cunningham up with a job.

A year later Cunningham left the firm to move to Chicago with his wife, who was following her career in landscape architecture to greener pastures, but he had trouble finding work. Houston was looking to move on as well, so the two decided to go into business together, establishing a long-distance partnership. They started Civic Economics in the summer of 2002, taking what Cunningham calls "a more holistic approach to economic development." One of their first pitches was to Steve Bercu, the owner of BookPeople, Austin's largest independent bookstore.

A piece of prime real estate across the street from BookPeople had been vacant for years, and city subsidies were about to be allotted to a new development where Borders would be a key tenant. Bercu was campaigning against Borders under the slogan "Keep Austin Weird," and Houston offered him some ammo: numbers showing that supporting local business wasn't just weird, it was good economic policy. Bercu called back the next day, and the two started hammering out a plan.

Bercu recruited his neighbor Waterloo Records, which would also face competition from Borders. The Austin Independent Business Alliance and a fledgling activist group called Livable City signed on as cosponsors for the proposed study. Between them the four coughed up about \$5,000 for the report. The Civic Economics partners took some of their pay in books.

Houston and Cunningham's first clue that they might have stumbled into something big came when they hit Google to find previous studies comparing the economic impact of chain stores and locally owned businesses on a given community. As far as they could tell, there weren't any.

They devised a research model and mapped out five means by which a business might put money back into the local economy: wages, outsourced work (like buying ads in a paper or hiring an accountant), selling local artists' work on consignment, donations to local charities, and profits. They interviewed the owners of BookPeople and Waterloo and researched the companies to determine their total revenue and spending. Borders' filings with the Securities and Exchange Commission disclosed revenue; to get information on wages and staffing practices they talked with former employees and lurked on a listserv for workers trying to set up a union. They didn't bother asking Borders directly, says Houston, because "we just knew they wouldn't tell us anything. These publicly held companies don't want to tell you anything more than is in their annual report."

The bottom line, Houston and Cunningham concluded, was that for every dollar spent at a locally owned business, 45 cents went back into the local economy. For a dollar spent at Borders, only 13 cents stayed local--mostly in the form of wages. Most of the difference came from profits (which, as Houston and Cunningham like to say, in the case of Borders go "straight to Ann Arbor") but the local businesses also spent a higher percentage of revenue on wages, partly because of higher pay rates,

and partly because of less efficient staffing. Cunningham and Houston calculated the total economic impact of each store, using what planners call "multipliers" to account for the fact that local spending sometimes begets local spending, and concluded that BookPeople generated \$2.8 million in local economic activity per year and Waterloo \$4.1 million. Borders, according to their estimates, would generate \$800,000.

In December 2002 they held a press conference, and the next day they were reading about themselves on page one of the Austin American-Statesman. "Over the course of time," says Cunningham, "people started quoting the numbers back to us, and it started changing the debate, and eventually Borders dropped out of the plan."

Borders spokesperson Emily Swan dismisses the idea that the Civic Economics study influenced the firm's April 2003 decision to pull out of the proposed site. Given that Cunningham and Houston didn't seek Borders' input and that their study was funded by the competition, says Swan, "we would probably question their findings."

The "Keep Austin Weird" debate, says Swan, was a nonissue. "We had major issues with the developer there. The site plans had changed numerous times throughout our negotiations--including the placement of the store, the size of the store, the tenants--and it came to the point where it seemed to us that it was not worth it to put the store in that particular development."

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Whatever Borders' reasons, Cunningham and Houston were happy to claim victory when the New York Times and NPR came calling. Publishers Weekly and the American Booksellers Association newsletter picked up the story, and a national advocacy group called the Institute for Local Self-Reliance spread it around too.

In June 2003 Ann Christophersen spoke about the Civic Economics study at a conference organized by Sustainable Chicago, an organization championing locally owned businesses and sustainable business practices. Ellen Shepard, a

member, was in the audience. The next day Shepard asked her deputy, Shoshana Cohen, to find out more about it. She didn't know that Cunningham lived just a couple of blocks from her office.



When they came to Chicago, Cunningham and his wife had settled in Wrigleyville but quickly fell in love with Andersonville and moved there the following year. "We were like, "Wow, I didn't realize this kind of little oasis existed up here," he says. When Cunningham got the call from Cohen, he and Houston were scouting for a community where they could do a follow-up on the Austin study, expanding the scope to include enterprises like restaurants and hardware stores. In their two years in business they'd made most of their money on other projects--including a strategic plan for the Appalachian Regional Commission and an economic-impact study for a Wal-Mart distribution center in Opelousas, Louisiana--but the local-retail story was the one with legs. After Shepard and Cohen tracked him down, Cunningham came by their office. "I talked about this study we were trying to pitch in other communities, and they were very interested," he says.

In April, after months of discussion, the Andersonville Development Corporation, a sister agency to the Chamber, agreed to sponsor a Civic Economics study with money from a special tax fund that Clark Street commercial property owners had levied on themselves to pay for things like streetscape maintenance and community marketing. The price tag, around \$6,000, is just enough to cover the consultants' time. "This is the last one we're doing for four figures," Cunningham jokes.

He has trouble holding a consistent line about whether the study is just impartial planning work or a piece of advocacy. "We feel like we're on the right side of a cause," he says, "but we specifically told the chamber that we don't guarantee any specific results. We're not advocates--well, we are--but we worked for a Wal-Mart distribution center. That was one of our other contracts. That's good to show that we're not one-sided. We just do the numbers, wherever the numbers take us."

On April 22 Women & Children First hosted an event cosponsored by the online civic-action group MoveOn.org, whose founders recently published a book of essays on do-it-yourself activism called 50 Ways to Love Your Country. MoveOn had suggested that each store hosting an event pick an issue for the evening, and Women & Children First chose sustainable economic development. They brought Shepard and Cunningham in to speak alongside three speakers from MoveOn. "This isn't a support-Women-and-Children-First-fest," Christophersen said from the mike, "although we wouldn't mind if you drew the conclusion that we're an independent business and worth supporting."

"Borders is in, and that may be our end, although we're gonna fight like hell," she continued. "I went there yesterday to check it out, and I can see why they wanted a bookstore in that community. My beef is this: If a chain can be underwritten, why can't a local business be underwritten too?" Policymakers like 48th Ward alderman Mary Ann Smith supported the subsidy for the Borders development, Christophersen says. "It was a deal, like the Austin proposal, where our taxpayer dollars are part of why this happened."

Smith's chief of staff, Greg Harris, says Borders itself got no public subsidy (Smith herself is on medical leave). The TIF-generated funds went only to the developer, who used them to retain--and in some cases restore--the Goldblatt building's exterior, a public good that couldn't have been accomplished otherwise.

But Harris says Smith is interested in some of the ideas raised at the MoveOn event, where Shepard had noted that communities nationwide have passed ordinances limiting the ability of chains to open new locations. The proposal "is obviously of interest," says Harris, "because Andersonville and the commercial streets in our area were built by small, locally owned businesses, and a lot of the charm is because of those businesses and we want to maintain that."

A month or so ago Harris talked to the Department of Planning and Development about a zoning ordinance to protect locally owned businesses. "As it turns out, the city is very interested in pursuing an ordinance," he says, adding that a few other aldermen liked the idea too.

The DPD has started looking at an ordinance San Francisco's board of supervisors passed in March. It restricts the establishment of "formula retail" outlets. In one gentrifying neighborhood, San Francisco bans chains entirely; in another, they have to go through a public-hearing process before they can open a new store. In most of the rest of the city, the chains must give notice that they intend to move in, giving community members the right to ask for a review. "The trick is, how do you write these definitions, and how do you make it work in Chicago?" says Harris. "What do you do with a Leona's restaurant or other local-businesses-made-good?" In late May he was working to set up a June meeting between Andersonville business owners and the DPD.

Cunningham and Houston are putting the final touches on the design of their study, and they hope to have results by mid-July. The Andersonville Development Corporation has recruited ten local businesses to participate--including Joel Hall Dance Studio and the Swedish Bakery as well as Women & Children First. It's going to be difficult to match each business to a comparable chain store--what's the national competition for the Swedish Bakery?--but so far they're planning to include Borders, Panera Bread, and PetsMart in the study as well. They've sent letters requesting information to the chains, but don't expect a response. Instead, as in Austin, they're relying on SEC data and other public documents.

Shepard acknowledges that her expectations for the study depend on who's asking. The chamber, she says, wants the study to provide a reality check on its current strategy of keeping chain businesses out. "We felt that we needed more data, frankly, to find out if we were wrong," she says. "We've got some answers that we hope will come out of it, but we've got to know. I say that with my chamber hat on. With my Sustainable Chicago hat, I know what it's going to say."

Whatever the study's conclusions, they won't resolve Christophersen and Bubon's immediate worries. Christophersen says it's too soon to measure the impact of the Uptown Borders on their business, but she's taking the long view. "The Borders is a fact of life for us now," she says, "but given that Barnes & Noble usually plunks down near Borders, this may come up a year or two from now--that Barnes & Noble would like to open up down the street. So even from the perspective of an impact on my business, there could be worse to come."

Mamie Lake, the owner of Star Gaze--a Clark Street lesbian bar--had to be reminded, the day after her bar's sixth anniversary, that she's participating in the study. She chuckles when asked who her national competition might be. "None," she says. "We are the mecca. Am I gonna get rich on it? No. Women don't spend money like the men do. But I keep my head above water."

But Lake hopes that Women & Children First will weather its competition. "It's hard," she says. "You see another new business, and you're like, 'Oh, God, there goes another \$300 a month.' But they're a great place," with loyal customers, she says. "Very loyal. My wife's one of them. That and Starbucks--I oughta buy stock in that one."

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