SOCIAL COMPACT

with America's neighborhoods

SOCIAL
COMPACT

- Community Pride Food Stores
- Eaton Navy Controls Division and Northwest side Community Development Corporation
- General Mills, Glory Foods, Siyeza, U.S. Bancorp and Stairstep Foundation

SITE VISIT PROPOSAL:
NEW MARKETS INTIATIVE

SOCIAL COMPACT

COMMUNITY PRIDE FOOD STORES

Richmond, Virginia

The largest minority-owned supermarket chain in America succeeds by transforming neglected properties into high quality stores that are responsive to the unique needs of the community

EATON NAVY CONTROLS DIVISION AND NORTHWEST SIDE COMMUNITY DEVELOPMENT CORPORATION

Milwaukee, Wisconsin

A Fortune 500 defense contractor partners with a local Community Development Corporation to grow competitive neighborhood market advantages

GENERAL MILLS, GLORY FOODS, SIYEZA, U.S. BANCORP AND STAIRSTEP FOUNDATION

Minneapolis, Minnesota

Siyeza, a minority-owned, inner-city, frozen foods manufacturing plant, is the product of a unique collaboration between two Fortune 500 companies, an entrepreneur and a neighborhood-based organization

ABOUT SOCIAL COMPACT

EMERGING NEIGHBORHOOD MARKETS INTIATIVE

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Divider Title: **Community Pride / Richmond Schools**

Site Visit Proposal : New Markets Initiative

Who: Community Pride Food Stores

Where: Richmond, Virginia

What: The largest minority-owned supermarket chain in America succeeds by transforming neglected properties into high quality stores that are responsive to the unique needs of the community.

OVERVIEW

In the brutally competitive grocery industry, Community Pride Food Stores are redefining the norms for doing business in the inner-city marketplace. **Chief Executive Officer Johnny Johnson's strategy is to acquire underperforming or vacant stores and transform them into high quality stores that offer competitive prices and special services such as a van shuttle for customers without transportation. Over the past five years, Community Pride's sales have increased 420 percent to over $100 million and customer counts have gone up 150 percent to 80,000 per week. Inner-city performance has been so strong that Community Pride recently expanded to three new stores, making it the largest minority-owned supermarket chain in the United States.**

COMMUNITY INVESTMENTS

Community Pride invests in Richmond's infrastructure by renovating neglected properties into attractive centers of business. Currently, the seven Community Pride stores generate property and sales taxes of over $5 million. Community Pride also invests in Richmond's residents by giving them solid jobs with growth opportunities. Of the 500 Community Pride employees, 66 percent previously received public assistance and 70 percent are inner-city residents. The stores offer compensation comparable to industry standards in addition to generous benefits packages.

KEY PARTNERS

Community Pride Food Stores was founded by Johnny Johnson in 1992 with a $700,000 investment from the Ukrop Foundation and a $4 million equity investment from Richfood Holding, Inc., which helped attract an $11 million loan from Crestar Bank. **Community Pride has also partnered with Crestar bank to bring video banking services into the stores. One Community Pride Crestar branch outperforms Crestar's 40 Richmond branches.**

POTENTIAL TOUR PARTICIPANTS

- Mr. Johnny Johnson, CEO, Community Pride Food Stores
- Mr. Jim Ukrops, CEO, Ukrops Food Stores
- Mr. John E. Stokely, CEO, Richfood Holding, Inc.
- Mr. Richard Tilghman, Chairman and CEO, Crestar Bank
- Community Pride employee who was formerly receiving public welfare
- Teacher who won a vacation for outstanding performance

PROPOSED ITINERARY

Introduction to Key Partners (5 min.)

President meets Mr. Johnson, Mr. Stokely and Mr. Ukrops and hears why they chose to invest in Community Pride.

Tour (10 min.)

President takes tour of store and meets Community Pride employee who was formerly receiving public aid.

Community Outreach (5 min.)

President talks with teacher who won a vacation from Community Pride for outstanding performance and hears about other ways in which Community Pride is investing in neighborhood market strength.

TOTAL SITE VISIT LENGTH

Approximately 20 minutes

SUPPLEMENTAL INFORMATION

SITE ATTRIBUTES

- **Diversity of stakeholders: African-American entrepreneur, corporate investors, financial institution, public school representatives**
- Self contained location with easily controlled entry and exit points
- Close proximity to Washington, D.C.

COMMUNITY STRATEGY - THE HIGH ACHIEVEMENT PROGRAM

Recognizing that store performance is a function of local market strength, Community Pride has entered into a strategic alliance with the Richmond Public School System. Last year, Community Pride channeled $560,000 of its corporate marketing dollars towards the High Achievement Program, an incentive program that rewards stellar students with bags of products and their families with a store discount. Academic performance and attendance rates have steadily risen, and sponsor product sales have shot up almost 100 percent in one year alone. Community Pride also provides financial support for exchange trips, vacations to honor outstanding teachers, infrastructure improvements, and other programs that are responsive to Richmond's educational needs. Community Pride is marshalling the resources of corporate giants such as Kraft, Hunt Wesson, Merita and Frito-Lay to strengthen the foundation of the Richmond community while maximizing store performance and customer loyalty.

POTENTIAL SITE VISIT ELEMENT

- **Richmond Public School Connection** (5 min.) Tour ends in front of the High Achievement Program bulletin board. President is introduced to students who participate in the High Achievement Program and who explain to him how they got their photos on the board. President meets the Richmond Public Schools' superintendent and hears how Community Pride has benefited the school system.

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Divider Title: **Eaton and Northwest Side**

Site Visit Proposal : New Markets Initiative

Who: Eaton Navy Controls Division and Northwest Side Community Development Corporation

Where: Milwaukee, Wisconsin

What: A Fortune 500 defense contractor partners with a local Community Development Corporation to grow competitive neighborhood market advantages.

OVERVIEW

Eaton Navy Controls Division is the leading supplier of power conversion instruments and controls for the United States Navy's nuclear powered ships and submarines. As an industry leader, Eaton NCD is providing world-class service to its customers and is achieving 10 percent annual rates of growth.

Eaton is revolutionizing ship propulsion systems with a new solid state switch that transmits power levels a million times greater than earlier technology. To successfully pioneer this new frontier and tap into a major market, Eaton NCD faces three challenges:

- Recruiting a highly talented group of specialized engineers
- Developing a reliable blue-collar work force to meet production targets
- Establishing a network of local suppliers to ensure efficiencies in design cycles and production costs

PARTNERSHIP EFFORTS

Instead of moving elsewhere, Eaton has chosen to invest in its facility and in the vitality of the surrounding neighborhood. To meet each of Eaton's three goals, the company partnered with Northwest Side Community Development Corporation to:

- Support a community-based crime prevention program that has been important in enhancing the safety and image of the neighborhood and attracting a high-quality workforce.
- Intervene with at-risk youth by creating a special school for 7-12 graders that integrates a school-to-work program.
- Pioneer sustainable welfare-to-work practices by developing a comprehensive 14-week training program in conjunction with a local college. Of the original 23 candidates, 17 are still employed in well paying union jobs.
- Establish supplier linkages with existing local business and recruit entrepreneurs to the area who will provide customized products for Eaton's highly specialized needs.

EVIDENCE OF SUCCESS

Since 1994, Eaton's sales have grown 170 percent to $80 million and the work force has grown by 50 percent to a total of 479. Eaton boasts a 9 percent turnover rate compared to the industry average of 20 percent. The Northwest side neighborhood of Milwaukee now offers stronger small businesses opportunities, more well paying jobs, and a safer environment in which to raise a family.

POTENTIAL SITE VISIT PARTICIPANTS

- Mr. Sandy Cutler, President, Eaton Corporation, or Mr. Steve Hardis, CEO, Eaton Corporation
- Mr. Ed Bartlett, General Manager, Eaton Navy Controls Division
- Mr. Howard Snyder, Executive Director, Northwest Side Community Development Corporation
- The Honorable Russ Feingold, United States Senator, Wisconsin
- The Honorable Herbert Kohl, United States Senator, Wisconsin
- The Honorable Thomas Barrett, United States Representative, 5th District of Wisconsin
- The Honorable Jerry Kleczka, United States Representative, 4th District of Wisconsin
- Eaton plant employee who went through welfare-to-work training program
- Local travel agency owner who has seen business flourish through a linkage with Eaton

PROPOSED SITE VISIT ITINERARY

Introductions to Key Players (3 min.)
- President meets Mr. Cutler, Mr. Bartlett, and Mr. Snyder.
- Mr. Bartlett talks about why Eaton decided to stay in the inner-city location and what advantages the company has gained from partnering with Northwest Side CDC.
- Mr. Cutler talks about how the Navy Controls Division became one of the top division achievers by integrating a community strategy into their business operations.

Tour of Plant (10 min.)
- President observes operations of plant, noting sophisticated technology and testing procedures as well as ergonomic equipment and other worker-friendly improvements.
- President meets former welfare recipients who went through the training program, have been working for Eaton for more than a year, and have the potential for advancing in the company.
- President meets engineers who chose to come to Eaton instead of their chief competitor in Anaheim, California, due in part to the neighborhood initiatives spearheaded with Northwest Side CDC.

Supplier Linkage Initiative (5 min.)
- Tour concludes in meeting room.
- President meets local travel agency owner whose business has flourished thanks to Eaton NCD exclusively using their services.

- President hears more about supplier linkage initiative and efforts to attract entrepreneurs to the area.

TOTAL SITE VISIT LENGTH

Approximately 20 minutes

Supplemental Information

SITE ATTRIBUTES

Strong example of how defense spending spurs private sector growth and creates community vitality

- **Impressive growth at Eaton makes convincing the potential benefit of corporate investment in underserved communities**
- **Diverse stakeholders: defense manufacturer, local small business people, former welfare recipients**
- Self contained location with easily controlled exit and entry points

THE NEIGHBORHOOD PARTNER

Eaton's strategy for creating a solid neighborhood foundation is to partner with a strong community based organization, the **Northwest Side Community Development Organization**. This innovative **CDC fosters business development** through programs and activities such as:

- The Northwest Industrial Council, Milwaukee's first geographically based business organization
- MetroWorks, a small business incubator that has assisted almost 90 businesses and created nearly 300 jobs for the Northwest Side neighborhood
- Commercial strip revitalization
- Job training and placement

Indicators of success: Milwaukee experienced a 26 percent job loss between 1970 and 1995, while the Northwest side experienced job loss of less than 7 percent.

ECONOMIC REVERBERATIONS OF INVESTING IN UNDERSERVED NEIGHBORHOODS

Eaton's decision to remain in Milwaukee means a significant economic stimulus for the city and particularly the Northwest side. Eaton generates almost $1 million in property taxes and state income taxes on company earnings and wages. Of the $19.1 million total payroll, 22 percent, or $4.2 million, goes to employees who live in the immediate vicinity of the plant. Eaton purchases approximately $8 million in materials from local businesses per year.

SITE VISIT ENDORSEMENTS

- The Honorable Thomas Barrett, United States Representative, 5th District, Wisconsin
- The Ford Foundation

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Divider Title: **Siyeza**

Site Visit Proposal : New Markets Initiative

Who: General Mills, Glory Foods, Siyeza, U.S. Bancorp and Stairstep Foundation

Where: Minneapolis, Minnesota

What: Siyeza, a minority-owned, inner-city, frozen foods manufacturing plant, is the product of a unique collaboration between two Fortune 500 companies, an entrepreneur and a neighborhood-based organization

OVERVIEW

Something extraordinary happened when the **leaders of two Fortune 500 companies, a highly successful African-American entrepreneur, and a visionary nonprofit organization** brought together their unique resources and expertise. **The result was Siyeza, a minority-owned business that transformed an unused manufacturing plant into a state-of-the-art operation.** This generated jobs and wealth for an inner-city Minneapolis neighborhood which is both an empowerment and a HUB zone.

BACKGROUND

In 1991, Stairstep was formed to model the components and processes needed to revitalize the African-American community. **Stairstep functions as two distinct but complimentary entities: the foundation is committed to the social, educational and spiritual aspects of African-American development, and the for-profit company develops capital resources to create businesses managed and staffed by African-Americans.**

In 1996, Stairstep's founder Alfred Babington-Johnson set his sites on developing a large scale African-American owned manufacturing plant in the inner city. **He developed a model equation of ideal partners: a Fortune 500 company, an entrepreneur, a financial institution and a community organization. Stairstep then secured a $1.5 million investment from General Mills CEO Steve Sanger, who was impressed by such a bold formula for growing sustainable neighborhood strength. Entrepreneur Bill Williams, CEO of Glory Foods – the leader in the soul-food industry – saw the opportunity to branch into frozen foods by**

partnering with Stairstep and invested $1.5 million. Finally, U.S. Bancorp made an unusual $1.2 million purchase of preferred stock.

THE END RESULT: NEW BUSINESSS OPPORTUNITY, NEW JOBS

The diversity of partners was critical to developing a sophisticated and comprehensive plan: financing and technical expertise provided by two leading corporations; an entrepreneur with a savvy business sense specificly targeted to the African-American market; and an aggressive community organization committed to building pride and wealth in the community. **Siyeza, an African term meaning "we're coming," is a 65,000 square-foot food manufacturing plant that currently employs 36 people and expects to grow to 150 – 175 employees in the next five years. A key community building aspect of the venture is that management and employees of Siyeza will eventually share a one-third portion of ownership in the company.**

Glory Food Southern Selections frozen food products, manufactured by Siyeza, are currently sold in over 2,100 supermarkets across the country and in 800 Church's Chicken restaurants across the southeast. **The product niche is strong: non-frozen versions are preparation-intensive and no other company produces high quality meal-ready frozen foods of this type.**

NATIONWIDE REVERBERATIONS

The economic reach of Siyeza extends beyond the manufacturing plant in Minneapolis and Glory Foods in Columbus, Ohio, to the sweet potato farmers of Mound Bayou, Mississippi. In order to manufacture their products, Siyeza will buy $1 million of produce every year from these farmers, turning around a poor economy that has crippled the community for years. Glory Foods has also committed to strengthening the capacity of the farmers with a new packing station.

POTENTIAL SITE VISIT PARTICIPANTS

- Mr. Alfred Babington-Johnson, President and CEO, Stairstep
- Mr. John Grundhofer, President and CEO, U.S. Bancorp
- Mr. Steve Sanger, CEO, General Mills
- Mr. Bill Williams, President, Glory Foods
- A major grocer who will make a commitment to putting products in all stores
- Siyeza employees

PROPOSED INTINERARY

Introduction to Key Players (5 min.)

- President meets Mr. Babington-Johnson, Mr. Grundhofer, Mr. Sanger and Mr. Williams.
- President hears why these stakeholders decided to invest in an inner-city manufacturing plant and what their expected returns are, both financially and socially.

Tour (10 min.)

President tours the manufacturing plant and talks to workers about what this job opportunity means to them.

Sampling (5 min.)

President tastes samples of products such as chicken with dumplings, macaroni and cheese, and collard greens.

TOTAL SITE VISIT LENGTH

Approximately 20 minutes

SITE ATTRIBUTES

- Self contained location with easily controllable entry and exit points
- Unique combination of partners: two Fortune 500 corporations, an African-American entrepreneur, and an African-American centered nonprofit organization
- Large scale, replicable investment model
- Empowerment zone
- HUB zone

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Divider Title: **About Social Compact**

SOCIAL COMPACT

An Overview: Social Compact's Mission, Impact and Programs

Mission

Building on John Locke's concept of a covenant with the community from which one has prospered, Social Compact was launched in 1990 by a coalition of diverse financial services industry leaders.

The mission: to increase business leadership for and investment in lower-income communities. The goal: strong neighborhoods and strong markets.

Impact

Over the past nine years, Social Compact has evolved into a uniquely bipartisan coalition of diverse industry leaders who are united by their shared self-interests in the strength of America's neighborhood markets. Social Compact has built a national reputation:

- Equipping decision-makers with a knowledge of the partnership strategies that work for achieving sustainable private investment in redeveloping neighborhoods.
- Promoting and recognizing business leadership for neighborhoods, both investing and doing business in underdeveloped communities.
- Marshaling the strengths and expertise of business for the business of neighborhood development.
- Driving a forward-looking vision for neighborhood development built on the combined insights of on-the-street neighborhood development entrepreneurs and business leaders.

Programs

Operating as a tax-exempt, private not-for-profit corporation, Social Compact carries out three distinct yet mutually reinforcing programs.

I. The Social Compact Awards

Referred to as the "Baldridge" of the financial services industry, this is a highly prestigious and competitive national recognition and benchmarking program. The awards engage industry and community leaders in a rigorous peer-to-peer evaluation of corporate performance helping to strengthen neighborhoods, as well as success doing business in underdeveloped neighborhood markets.

The value of the awards is reinforced by the participation of national leaders of the stature of the Chairman of the Federal Reserve, the Leadership of the House of Representatives, and national bipartisan public and corporate leaders such as Bill Bradley and John McCain. The National Press Club Forum, Congressional Symposium and Federal Reserve Leadership Celebration are key elements of the program.

Award applicants are featured in case study publications, and award winners' neighborhoods are the site of post-awards site visits for private sector leaders and the media.

II. Beyond the Beltway: Neighborhood Laboratories of Success

The Neighborhood Site Visits equip public and private decision-makers and media with an on-the-street understanding of the policies and business strategies that work for both neighborhoods and businesses. An alternative to the polarized, "inside-the-Beltway" public policy discussions, these site visits provide a pragmatic neighborhood perspective, with opportunities for discussion with the practitioners and industry leaders. Participants in site visits have included Dr. Laura Tyson, former chairman, Council of Economic Advisors, Steve Forbes, CNN, The Chicago Tribune, Chicago sun Times and the Christian Science Monitor.

III. Emerging Neighborhood Markets Initiative

Social Compact is being nationally recognized by philanthropic, corporate and media leaders for playing a pioneering role in the emerging business of neighborhood markets.

The objective is to attract a second wave of private investment that will help ensure the sustainability and competitiveness of redeveloping communities that have been the focus of neighborhood development partnership work. The challenge is to offset the negative stereotypes and poverty data that have traditionally defined inner-city neighborhoods and discouraged private business investment. The response is to create a new lens through which decision-makers can view inner-city neighborhoods, one that focuses on market strengths vs. community weaknesses, one that is designed to attract business investment vs. public subsidies.

In this first year of work, the strategy is twofold:

A. To mobilize the expertise and resources of diverse market leaders and begin building the framework of a new model for assessing the market strengths of redeveloping neighborhoods. Core model elements include proprietary business data, diverse industry market indicators and profiles of successful early market pioneers.

B. To introduce the new lens to opinion leaders with the objective of surfacing a new asset-based paradigm for defining inner-city markets.

In conjunction with the Social Compact Awards events in May 1999, the Congressional Symposium provided a forum for a preliminary report on the pilot project. Over the course of the two-year pilot, the aim is to create a new model for assessing neighborhood market strength that can be locally adapted and applied across the country.

WHAT PEOPLE ARE SAYING ...

About Social Compact

"I commend your honorees for their leadership, vision, and compassion. Working in partnership to strengthen our families and rebuild our communities, you are investing in the power of personal responsibility that has always made our nation strong."

— PRESIDENT BILL CLINTON

"As long as organizations such as yours exist, there will be imaginative, creative and worthwhile projects that contribute to making our neighborhoods safer and better places to live."

— THE HONORABLE ALAN GREENSPAN, Federal Reserve Board Chairman
Social Compact Awards Keynote Speaker

"It is good banking and good citizenship for bankers to build strong communities ... and the simple fact is that partnerships like these work."

— REPRESENTATIVE JIM LEACH, House Banking Committee Chair
Social Compact Forum

"Social Compact is demonstrating that you can do well economically in America and still do good socially in America. And it is that belief that I think drives the participation of all those who are engaged in these partnerships. It is more than volunteerism; because by doing well economically, and good socially, you are effecting social change."

— THE HONORABLE BILL BRADLEY
Social Compact Awards' National Press Club Forum

"Social Compact is changing the lenses through which we look at our neighborhoods. Where we have traditionally seen despair, they are presenting opportunity ... and the future for how we do business in America's lower-income communities."

— STEVE FORBES
Social Compact Awards' National Press Club Forum

SOCIAL COMPACT

Board of Directors

W. Roger Haughton, *Incoming Chairman*, Chairman and Chief Executive, PMI Mortgage Insurance Co.

Joe Belew, President, Consumer Bankers Association

Paul Bognanno, President and Chief Executive Officer, Principal Residential Mortgage, The Principal Financial Group

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James Cirona, Former President and Chief Executive Officer, Western Farm Credit Bank

Richard Crabtree, President and Chief Operating Officer, Nationwide Mutual Insurance Company

Brian Dittenhafer, Chairman, MBD Management Company

Raymond Elliott, Former President, Federal Home Loan Bank of Boston

James R. Faulstich, Former President and Chief Executive Officer, Federal Home Loan Bank of Seattle

William Goodyear, Former Chairman, Bank of America, Illinois

Roger Joslin, *Former Chairman;* Chairman, State Farm Fire & Casualty Company

JoAnn Kane, Executive Director, The McAuley Institute

Lawrence B. Lindsey, Former Member, Board of Governors of the Federal Reserve System
Managing Director, Economic Strategies

Preston Martin, Former Vice Chairman, The Federal Reserve System
Chairman, Martin Associates

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Lynn Reilly Whiteside, Chief Executive Officer, Social Compact

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Divider Title: **Emerging Markets**

THE BUSINESS OF AMERICA'S
EMERGING NEIGHBORHOOD MARKETS

SOCIAL COMPACT

Emerging Neighborhood Markets Initiative: A business-driven initiative that is creating the competitive knowledge and strategic business alliances to support business investment and entrepreneurial opportunities in inner-city markets.

Background
Spearheaded by Social Compact, the Emerging Neighborhood Markets Initiative has been quietly under development for the past year in two Chicago pilot markets. With the leadership of Bank of America Illinois, key corporate partners have included Allstate Insurance Company, Chicago Association of Realtors, Commonwealth Edison, Delray Farms, Dominick's, Harris Bank and Principal Residential Mortgage.

A longstanding leader in Social Compact, State Farm has joined forces with the Ford Foundation and the John D. and Catherine T. MacArthur Foundation to provide the financial resources necessary to transform the early pioneering work into a new model for assessing inner-city communities, measuring market strengths, and attracting private investment in the future of America's emerging neighborhood markets.

For years, corporate America has been focused on emerging markets overseas, when we have emerging markets in our own backyard. America's inner-city neighborhoods are markets with tremendous unrecognized consumer spending power that is highly concentrated and subject to very little competition. This represents a major business opportunity. According to Roger Joslin, Chairman of State Farm Fire & Casualty and lead corporate sponsor of the work, "Our goal is to challenge the negative stereotypes and change the lens through which we view inner-city markets."

The two-year initiative will result in a new, locally adaptable model with two core elements:

- a new approach to profiling inner-city markets based on dependable business data, diverse business indicators of market strength, and the expertise of the successful early market pioneers
- new strategic alliances between businesses and neighborhood development organizations that can help businesses enter and achieve competitive strength in these niche markets

Emerging Neighborhood Markets Chair, Bill Goodyear, President of Private Client Services at the new Bank of America Corporation noted, "The key to rebuilding communities is attracting private investment vs. public assistance. This is about helping families build wealth vs. qualifying for subsidies. We aim to shift the focus from community deficiencies to market strengths and opportunities."

According to Lynn Reilly Whiteside, Chief Executive of Social Compact, the organization spearheading the Emerging Neighborhood Markets Initiative, "What we are doing is creating the competitive market knowledge and strategic business alliances that will help companies achieve market success. This is not about philanthropy, tax credits or compliance programs. It's about helping companies pursue genuine market opportunities."

Emerging Neighborhood Markets drills down to the micro-market building block — neighborhoods — and is a hands-on approach to market development that incorporates the hard realities and disciplines of business.

While in its early stages, the innovative business indicators and data being assembled dramatically challenge traditional stereotypes of inner-city markets. For example, household density and expenditure patterns have demonstrated that more than one third of overall consumer expenditures in the country are by households with incomes less than $30,000 in "reported" income. $890 billion is being spent by the lowest-income households.

Concentrated spending power, income distribution patterns, consumer expenditures by income level, the hidden economy, and wealth formation combine to reflect tremendous untapped market opportunity. And the successes of early market pioneers such as Allstate, Ameritech and Bank of America demonstrate solid business opportunity.

Unique to the Emerging Markets Neighborhood Initiative and fundamental to its success are its cross-industry nature, the active involvement of senior corporate officers and the resulting pragmatism and business-based reality that guide the initiative. In short, it's all about business: the new business of emerging neighborhood markets.

Social Compact is a national coalition of financial services industry executives who have joined forces to stimulate business leadership for and investment in lower-income communities. Contact: Lynn Reilly Whiteside, Chief Executive • Social Compact • 5225 Wisconsin Ave., N.W., Suite 204, Washington, D.C. 20015 • 202/686-5161 • Fax 202/686-5593.

WEST SIDE STORY

Retailers Thrive in Inner City

By Abraham McLaughlin
Staff writer of The Christian Science Monitor

MONDAY, AUGUST 10, 1998
PAGE 1 / COLUMN 1

Could it be that some of America's seemingly destitute inner cities are actually untapped gold mines of consumer desire — that they're ready to hand a handsome profit to retail stores willing to venture into struggling neighborhoods?

There's new evidence that the answer is a surprising yes. And if true, it could be a key link in restoring vitality to America's urban cores.

Take Little Village, a mostly Hispanic area on Chicago's West Side. In a by-the-numbers sense, it's a fringe area. The median household income is $30,000. Many residents are on welfare. The average home price is about $110,000.

But there's a lot more economic vitality than these numbers let on. Residents and visitors spend money here, lots of it. On weekends, they dress in their best-starched pink bows, spit-shined shoes, even the occasional sombrero — to stroll the bustling main drag.

They make retailers thrive. The Ameritech cell-phone and beeper store, for instance, is the fastest-growing in the region. The local McDonald's has the second-highest revenues in the city.

Indeed, it seems that — contrary to conventional wisdom — low income doesn't necessarily mean little spending. High population density, less penny-pinching, and a big underground economy make the spending power of poor neighborhoods higher than the median income numbers suggest.

"They spend it as they get it," says entrepreneur David Andalcio, president of Interface Cellular Communications and owner of Little Village's Ameritech store. "Especially the younger generation, they love the toys, and they don't forecast their spending." Not only do they want the cellphone, he says, "but they want the colorful one that vibrates."

His firm is one of the fastest-growing Hispanic-owned companies in the nation.

It's successes like this that prompted Social Compact, a Washington-based community-development group, to begin to quantify inner-city strengths. The organization's corporate backers —which include Allstate Insurance Co., Commonwealth Edison, and Bank of America, Illinois — are interested in the markets it may uncover.

These and other potential corporate prospectors know that doing business in the inner city can be high-risk. Bad infrastructure, crime, a poorly educated workforce, and other troubles have sunk many urban ventures.

Furthermore, no one expects high-end shops like Neiman Marcus to rush into impoverished areas. But members of the Social Compact believe that in neighborhoods that show good profit potential — as determined by a new measurement system — there are solid investments to make.

After years of failed federal subsidies, this could bring a wave of private investment to inner cities — and represent a switch to a more—capitalist form of development. "The chance of success is highest in these neighborhoods when people are pursuing their own self-interest," says William Goodyear, chairman of Bank of America, Illinois. "They know the market. They know the people. They have the energy."

In its first effort to quantify inner-city possibilities, Social Compact is comparing Little Village with Kenilworth, an upper-crust Chicago suburb. In this genteel North Shore community, quiet oak-shadowed streets run along sprawling estates with mansions that often have tennis courts or four-car garages, or both.

In a small cluster of stores, the Groseille bakery offers French pastries, dark-roast coffee, and wrapped gift baskets.

The Chicago Live Poultry Shop in Little Village, by contrast, has caged chickens and ducks that employees butcher while you wait. Kenilworth's median income is much higher than Little Village's. But consider spending power on a per-acre basis: In Kenilworth it's $37,754. In Little Village it's more than double that — $85,018 —according to Social Compact.

Population density explains some of the gap. But there are also different spending habits.

In Little Village, the "disposable income is not such that people are taking their families to Disneyland, but they are willing to pay $39.99 for cable and do conference calls around Bulls games," says Lynn Reilly Whiteside, executive director of Social Compact.

BRANCH BANK BOOMS

In fact, when Ameritech recently launched its new cable service, it came first to Little Village. Banco Popular, a bank with Puerto Rican roots, also recently opened a branch along the crowded neighborhood's main street.

Residents walk from their tidy three-tiered apartment buildings, past rows of flower beds that line sidewalks, and deposit a total of more than $1 million per month in the new bank branch.

To be sure, some gang problems persist here. There is occasionally graffiti scrawled on the sides of buildings. But the neighborhood, which was founded by East Europeans and more-recently settled by Mexican immigrants, has come a long way since the days of white flight.

Nor are residents of Little Village the only urban dwellers willing to part with their money. African-Americans who live in inner cities, for instance, spend far more on clothes than most Americans, according to a recent study by Harvard Business School professor Michael Porter. Blacks who live in poor urban areas spend an average of $1,032 per year on children's clothes and $745 on men's clothes. The average American family spends $518 on kids' apparel and $447 for men.

Another difference between affluent and poor communities is the size of the underground economy. While this occasionally involves illicit drugs, the vast majority is cash traded for everything from in-home laundry services and auto repairs to baby-sitting and lawn mowing.

This parallel economy's size isn't known, but experts estimate it totals $1 trillion annually in the US. More of this activity goes on in the inner city, where friends and relatives often perform services. As for the track record of inner-city businesses, there is little national data.

Although there have been many failures, there are also success stories, including supermarkets. The New York-based Local Initiatives Support Corporation (LISC) has helped open six inner-city grocery stores since 1993. Twelve more are in the works. The group is helping open a Sterling Optical branch next week in New York's Harlem section.

"The key is to look at what residents spend money on," says Jeff Armistead, a senior vice president at LISC. "It's groceries, pharmaceuticals, clothes, and shoes." Those fields are where the early opportunities are, he says.

EASY CREDIT

Another key to inner-city success, says Mr. Andalcio, the Little Village entrepreneur, is offering easy credit. "People here have money stored away under their mattresses or in their tortilla makers," he says, "not in bank accounts." His customers pay as they go — or put $200 down and start a credit line.

Another more-fundamental key, says Social Compact's Ms. Whiteside, is a stable housing base, which is usually developed through years of work by community-development organizations. Perhaps most important is a shift in perceptions by corporate America. "We're no longer accepting the deficiency-based statistics," says Mr. Goodyear, the chairman of Bank of America, Illinois. "And when you do that you can come to some pretty different conclusions."

Chicago Tribune editorial
Sunday, August 2, 1998
Section 1 Page 16

There's gold in them thar urbs

You're looking to open a small retail business somewhere in the Chicago area. Someone suggests Little Village, the mostly Mexican neighborhood on the Near Southwest Side. So you check it out by looking over U.S. census data. You learn that one-fourth of the households are in poverty, that the median household income is around $22,000, that the median home value is about $58,000.

You take what seems the prudent course and pass on Little Village, setting your sights instead on a certifiably affluent community like north suburban Kenilworth. Depending on the kind of business you own, you just may have made a bad decision. So says a new report by a national coalition of major banks and financial services firms. It deserves attention.

Research by the Washington-based Social Compact argues that census data and other government-generated measurements poorly predict the economic vitality of urban neighborhoods. Right away this makes a certain sense because such data—even when current—are designed primarily to measure community *deficiencies* for the purpose of determining who qualifies for federal programs.

Social Compact, which seeks to mobilize private investment in low-income communities, is calling for business leaders and lenders to pay attention to more accurate—and encouraging—indicators. With direction from William Goodyear, chairman and chief executive officer of Bank of America Illinois, the organization is making its case by examining two Chicago neighborhoods: Little Village and South Shore. Its findings offer hard evidence for the theories of Harvard professor Michael Porter and others who see inner-city areas like Chicago's South and West Sides as fertile ground for economic enterprise.

One reason an entrepreneur might choose Little Village over Kenilworth, the study notes, has to do with "concentrated spending power." The Census shows that median household income in Kenilworth is five times that in Little Village. But an examination of money spent in each community on a per-acre basis shows Kenilworth has half the spending power of the more densely populated Little Village.

That's only the beginning. Government income measurements fail to capture total spending in low-income neighborhoods because many transactions—for car repairs and other services—are handled with cash and go unreported. Likewise, says Social Compact, local aldermen, who keep track of votes, can be better resources for interpreting population than the census, which historically underreports. And real estate listings can provide a truer picture of neighborhood wealth. (They show that houses in Little Village go for more like $110,000.)

Some businesses have discovered the real economic strength behind the government's dismal portrait. The McDonald's on 25th street in Little Village ranks second in the city in revenue generated, according to the report. A telecommunications store there is the fastest-growing Ameritech distributor in the region. A local Allstate Insurance agent boasts an account base double the state average. Companies like DelRay Farms supermarkets and Walgreen's are expanding in lower-income communities. Social Compact hopes its research persuades more companies to follow these examples and more lenders to get behind those ventures—not simply to accomplish a social good but because it makes good business sense.

Reprinted from THE WALL STREET JOURNAL.
MONDAY, DECEMBER 28, 1998

REVIEW & OUTLOOK

Up From Poverty

Numbers are powerful things. Take the poverty measure, concocted one fair afternoon in 1963 by a group of low-level statisticians at the old Department of Health, Education and Welfare. The humble datum lost no time in morphing into the wonder weapon of Great Society advocates and urban renewal grantsmen. The more poverty they could document, the more money liberals got for their inner-city programs.

Fast forward 35 years. We as a nation have long since recognized that dumping federal dollars on the urban poor does as much to drown as save them. Yet the poverty measure is still out there — along with a host of other politicized data, including income distribution figures — providing cover for the Beltway's big spenders. Only recently the White House used the one bit of relatively bad news it could find in the September poverty report to make a bid for federal spending on job programs.

Still, after all these years one has to wonder: Does all the reported trouble obscure what good news there is to be heard about our cities?

A lot, says a study of the inner city by a clutch of officers from financial services firms. The group, known as Social Compact, pulled together Washington's official data on the economic health of Chicago neighborhoods. Then it coaxed growth and revenue numbers out of private-sector companies that actually operated businesses in the same areas. Two very different pictures emerged. The federal government's "social case" proved to be the private sector's "opportunity."

Start with South Shore, a largely African-American area on Chicago's far South Side. The last census showed a poverty rate of 27%. Median household income — to use another of the bad news bears' favorite stats — was $25,100, well below the Chicago average. To believe the federal numbers, South Shore is a neighborhood that needs help.

The private sector, though, knows a different South Shore, one showing signs of important growth. Ameritech reports that a full 71% of South Shore residents paid Ameritech extra for a "call waiting" feature on their phones, compared with 42% citywide. In the past decade the neighborhood's use of electricity, as measured by Commonwealth Edison billing, has increased at twice the city average. The Dominick's supermarket in South Shore grossed $20 million in sales last year, placing it among the top three of 60 Dominick's in the city. And insurer State Farm found purchases of homeowner policies in South Shore was increasing at double the city average.

The contrast between official numbers and reality is even greater in Little Village, a West Side neighborhood of Mexican-Americans. (Old Chicago hands will also know the area as South Lawndale). The federal government focuses on the fact that two in 10 Little Village families live in poverty, and that the official median household income is a modest $30,061. Yet those aren't the numbers a firm like McDonald's looks at.

It concentrates on store revenues in the area, which happen to be the second-highest of the hundred-plus McDonald's stores in the city. Nor is the boom confined to fast food: An Allstate agent in the neighborhood boasts an account base double the Illinois average. Allstate's competitor, State Farm, is also doing fine. Homeowner policies bought by Little Village locals increased 69.8% in the 1990s, compared with 18.4% citywide.

To be sure, these are just two neighborhoods in one city. But Social Compact's findings illustrate a reality economists have been describing for years: the "poor" aren't always as incapable as Washington portrays them to be. Nationally, for example, there is this paradox: low earners spend far more money than the government income and poverty numbers say they have. Indeed, Americans who earn below $10,000 a year spend a full 254% of what they make, according to official data. Those earning between $10,000 and $20,000 spend 140% of what they make. One reason for this is the strength of our hidden economy. Americans, particularly poor ones, don't want to pay tax on what money they do make. In any case it is clear that official numbers can't tell the whole story.

Social Compact and its directors, from firms such as BankAmerica Corp., State Farm and Fannie Mae, argue that America's inner cities represent a far better investment than any emerging market. A useful line, perhaps, at least at this point in the global cycle. Nobody, however, is calling for the sort of domestic "social investment" that dresses up charity as business. The message here is that it's high time we all looked beyond the poverty propaganda machine to see what's actually going on every day in the economic life of the cities.

FINAL

THE SUN

October 21, 1997 Baltimore, Maryland 50 cent

Big business discovers the inner-city market

By NEAL R. PEIRCE

CHICAGO — For years, corporations have been encouraged to get involved in the cities' minority neighborhoods because it's the right thing to do.

Now there's a new message: Do it or you're missing important niche markets in the fiercely competitive new global economy.

The message seems to be taking. Ameritech, the Midwest's husky telecommunications company, noticed how hot prepaid long distance cards are in Mexico and is starting to market them heavily in Hispanic Chicago neighborhoods.

Allstate Insurance has a Neighborhood Partnership model of working with low- to moderate-income neighborhoods to fix hazards and talk candidly with homeowners about deficiencies.

Born in Philadelphia in the early '90s, the effort has spawned thousands of new policies and turned big Allstate losses into solid profits across some 20 cities.

Chicago's big Harris Bank is taking inner city neighborhoods very seriously, too.

Incomes still lag. But Harris has found that customers from those neighborhoods turn out to be more loyal, buying more products, from checking services to savings accounts, than their suburban counterparts.

The Bank of America Illinois discovered its low-income-neighborhood business lending growing faster than its other income segment portfolios.

CEO William Goodyear now chairs the new Neighborhood Markets initiative of the Social Compact, a nationwide coalition of corporate chieftains looking for ways to increase private investment in those neighborhoods.

Chicago will be the proving ground, says Social Compact Executive Director Lynn Reilly Whiteside, for the coalition's new set of market indicators designed to show how some corporations have learned to sell profitably in the inner city — and how others might.

The government-generated statistics — lower family incomes, teen-age pregnancies, crime, infant mortality — are overwhelmingly negative.

Spending power

But the new indicators will show that if you measure on a square-mile basis, more dense inner cities often have substantially *more* spending power than sprawling affluent suburbs.

Many strengths in inner-city neighborhoods go unrecognized: pockets of rising homeownership, active (often ethnically based) shopping cores, and new small businesses like the remarkable number of computer and design firms now springing up in urban neighborhoods coast to coast. The indicators aim to capture these pluses.

"Follow the money" will be the message: Poor people spend a lot more money than government statistics ever catch. Most of it is spent in the unreported cash economy, ranging from home repair to auto maintenance. Estimates of these services run into the hundreds of billions of dollars a year.

Corporations furiously searching out markets in far-flung corners of the world need to remember, say the Social Compact leaders, that a third of all U.S. consumer expenditures — $869 billion a year — are by households with less than $30,000 income.

But, people may ask, will corporations simply exploit inner-city neighborhoods, leaving them no better off?

Not necessarily, replies Robert Weissbourd, executive vice president of Shorebank, a Chicago institution famed for registering profits even while rejuvenating depressed South Side communities.

Remember, he says, that the problem of poor neighborhoods isn't just lack of money. It's isolation from the economic mainstreams of their regions — from banks to retailers, suppliers to manufacturers.

As a neighborhood slips, financing of new businesses, insurance underwriting, corporate investment, job referrals all shrivel up. But create new contacts, Mr. Weissbourd notes, and the downward spiral cán be reversed on all those counts.

Indeed, any new investment interest from the outside — a franchise restaurant, bank outlet, quality food market, hardware store — helps reverse decline.

Suddenly, residents and workers can get what they want locally and no longer have to spend time and money traveling elsewhere.

"A cineplex," Mr. Weissbourd adds, "just came to our neighborhood. Some people ask how, beyond a few jobs, it will help. I say it makes the neighborhood more attractive for people to stay, invest, spend money here. It sends a message that it's worth investing here."

The most safely investable inner city neighborhoods, argues Social Compact's Ms. Whiteside, are those with strong grass-roots organizations — community development corporations, affiliates of the Neighborhood Reinvestment Corp., or community development banks like a Shorebank.

They know local conditions, they can help assemble land and provide reliable local candidates for opening jobs. So it makes economic sense for corporations to work with them.

Hispanic heart

Little Village is an old Slavic neighborhood on Chicago's West Side. It's close to some of the city's worst urban devastation. But it has become the Hispanic heart of the Midwest.

Aided by Neighborhood Housing, Little Village's home values have tripled since 1979. This clicked on neighborhood has a retail base — 1,400 registered businesses and $1.4 billion in yearly payrolls — second only to ritzy North Michigan Avenue.

Social Compact's long-term goal: a lot more Little Villages, first in Chicago, then across the United States. Its message to corporations: The cities are a market you can't afford to ignore.

Neal R. Peirce writes a column on state and urban affairs.

Profitwise

The Federal Reserve
Bank of Chicago

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Social Compact makes an impact on Chicago

ALSO IN THIS ISSUE

Social Compact

makes an impact on Chicago

A year and a half ago, as the world looked toward emerging markets in Southeast Asia and Latin America, a group of executives pioneered a new business approach to emerging markets at home. Looking within America's communities, they found $920 billion of untapped business opportunities in America's underserved neighborhoods. Social Compact has helped make this possible.

> *"You don't have to cross the International Date Line to find an emerging market. We have some right under our noses."* –Michael Moskow, President, Federal Reserve Bank of Chicago

Putting emerging neighborhood markets in context

The Midwest has one of the healthiest economies in the world. Its gross domestic product is higher than that of the United Kingdom, France or Italy. *(figures 1 and 2)* It is home to Chicago, one of the world's leading metropolitan areas. The U.S. Commerce Department predicts that Chicago will create more jobs in the next ten years than any other city in the U.S. Chicago's GDP alone is higher than the emerging markets of Taiwan, Indonesia, Hong Kong, Thailand, Singapore or Malaysia.

The key to the city's future growth is what Chicago Mayor Richard Daley described in his State of the City speech as the "fundamental building blocks of our city": the neighborhoods.

> *"The Emerging Neighborhood Markets Initiative drills down to the micro-market building block—neighborhoods—and is a hands-on approach to market development that incorporates the hard realities and disciplines of business."* –Roger Joslin, Chairman, State Farm Fire and Casualty and lead corporate sponsor, Emerging Neighborhood Markets Initiative

Viewing inner-city neighborhoods through a different lens

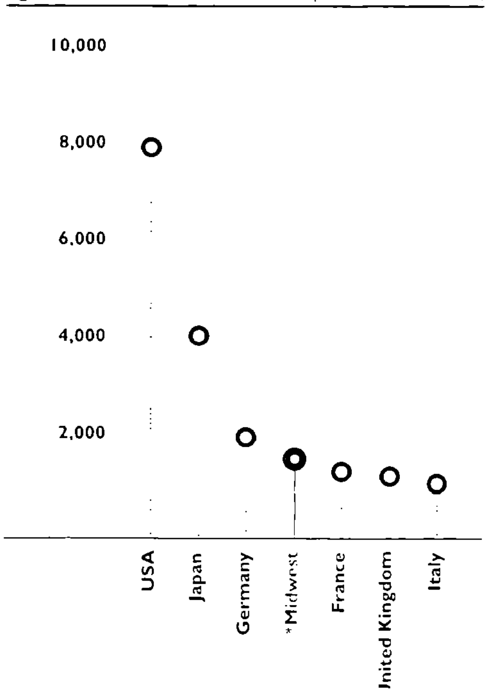
The Emerging Neighborhood Markets Initiative has been under development for the past year in two Chicago inner-city neighborhoods: Little Village on the west side and South Shore on the south side.

Inner cities are often overlooked as business opportunities because of the negative stereotypes and poverty-based data sets that define these communities. Traditional economic indicators generated by federal government statistics portray communities like Little Village or South Shore as risks rather than opportunities.

Federal poverty programs have had the perverse effect of motivating local communities to define themselves in terms of

Figure • 1

Global Market Strength
(1997 GDP in billions)



* *Midwest: Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio and Wisconsin*

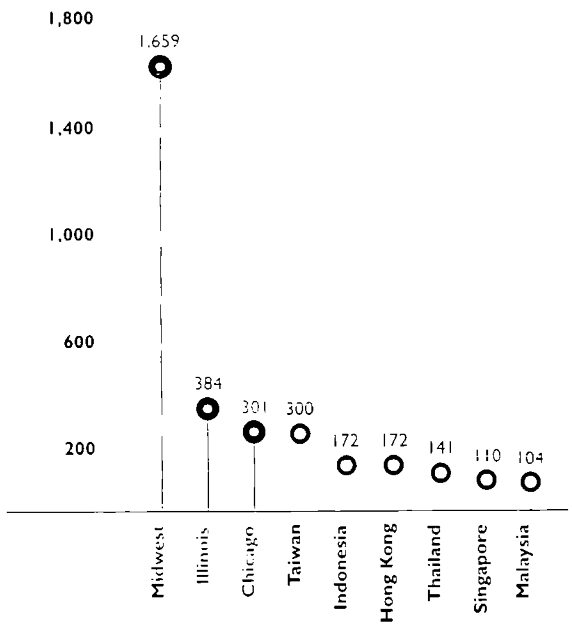
weakness. The worse a community looks, the more federal assistance it can access. These negative portraits ultimately impact not only how public and private sector decision-makers view inner-city areas, but also how the residents themselves view and define their communities.

The Emerging Neighborhood Markets Initiative is a new and innovative business approach that views lower-income and underserved neighborhoods as competitive "emerging" markets in which to do business. The initiative seeks to identify new market indicators with the goal of attracting sustainable business investment and entrepreneurial opportunities in these communities.

"We are creating the competitive market knowledge and strategic business alliances that will help companies achieve market success."

–Lynn Reilly Whiteside, Chief Executive, Social Compact

Figure • 2 **Market Opportunity** (GDP in billions)



Lead corporate sponsor State Farm Fire and Casualty successfully challenged the Ford Foundation and the John D. and Catherine T. MacArthur Foundation to provide the financial resources necessary to transform the South Shore/Little Village initiative into a new, replicable model for assessing market opportunity in other inner-city communities. With consulting assistance from Shorebank, this model will provide a new profile of inner-city markets based on dependable business data, diverse business indicators of market strength and the expertise of successful early market pioneers.

"It's about attracting private investment and replacing the old paradigm of poverty pessimism with educated optimism," said William Goodyear, Chairman, Emerging Neighborhood Markets Initiative and Former Chairman, Bank of America Illinois.

"This is not about philanthropy, tax credits or compliance programs. It's about helping companies pursue genuine market opportunity."

–Lawrence B. Lindsey, Managing Director, Economic Strategies and Public Policy Advisory Group Chair, Emerging Neighborhood Markets Initiative

The Emerging Neighborhood Markets Initiative

A team of diverse business leaders represents the Emerging Neighborhood Markets Initiative. Mobilized by Social Compact, a coalition of corporate leaders who have joined forces to stimulate business leadership for and investment in America's underdeveloped communities, the Emerging Neighborhood Markets Initiative seeks to create a new lens through which inner-city markets are viewed.

Pioneering organizations involved with the initiative include: Ameritech, Bank of America, Chicago Association of Realtors, Commonwealth Edison, Delray Farms, Dominick's, Harris Bank and PMI. These industry leaders have unique proprietary databases and/or track records of success in emerging neighborhood markets.

Creating a new model

Working with pioneering businesses, Social Compact identified three core market drivers that businesses analyzed when making market expansion decisions: buying power, stability/confidence and security. *(figure 3)* But looking at these variables using a traditional resource such as the U.S. Census can misrepresent any community's market potential.

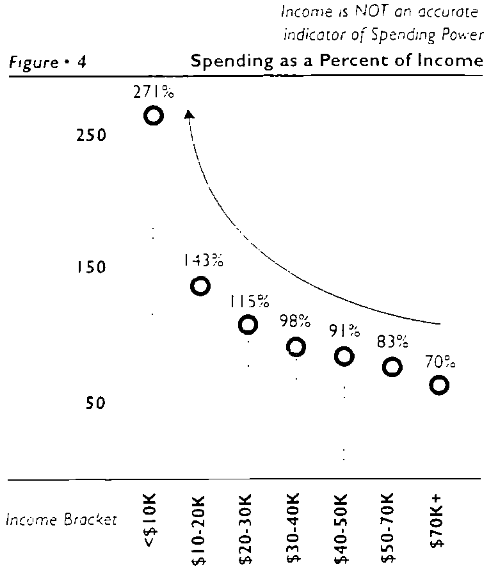
Figure • 3 **Market Indicators**

Buying Power Indicators	Traditional	Innovative and/or Business Resources
Household Income	Census Median Income	Shorebank/Social Compact Buying Power Profiling
Housing Values	Census Median Value	MLS Databases
Density	Census Population	Local Alderman
Stability Indicators		
Population Shifts	Census: Ethnicity Changes	Phone/Utility Hook-up and Disconnect Patterns
		School Transiency Figures
Security Indicators		
Level of Criminal Activity	Police District Uniform Crime Reporting	Fire and Police Violent Crime Data by Beat
		Insurance Company Loss Ratio Data

Consider the following indicators of buying power —median household income, median housing value, and population density—in Little Village.

According to the 1990 U.S. Census, the median household income in Little Village is $24,049. But income is not an accurate indicator of spending power, according to the Department of Commerce's 1996 Consumer Expenditure Survey. The survey results show that households making less than $30,000 spend more than their reported incomes. *(figure 4)* How can this be?

Figure • 4 **Spending as a Percent of Income**



These households are key players in the cash economy—an estimated $1.5 trillion marketplace where cash transactions like car repairs, home improvement services, child care or tutoring go unrecorded. This liquid income often flows back into the consumer economy, according to the Department of Commerce study. Households with less than $30,000 in reported income account for 31 percent of all consumer expenditures in the country. A total of $920 billion a year is spent by the lowest-income households! *(figure 5)*

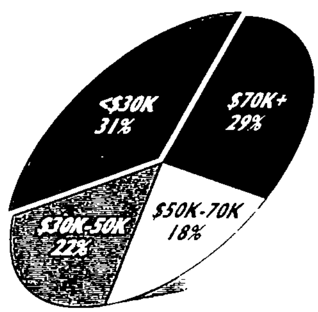
Shorebank/Social Compact buying-power profiling shows Little Village's concentrated retail spending power exceeding that of Forest Glen's: $ 518,096 per acre spent in Little Village as opposed to $193,056 in Forest Glen.

What about housing values? Little Village's median housing value is $45,112, according to the 1990 Census, but the proposed Emerging Neighborhood Markets innovative resource, Multiple Listing Service (MLS) real estate listings, shows that the average 1996 sales price of a house in Little Village is $110,000.

Little Village's population, according to the 1990 Census, is 49,714. But another new emerging markets indicator, Dunn & Bradstreet projections based on 1996 figures, shows the neighborhood's population to be 97,809. Little Village's profile is dramatically changed when using these indicators. *(figure 6)*

Figure • 5 **Total Expenditures by Income**

Income	Consumer Spending
<$30K	**$920 billion**
$30-50K	$639 billion
$50-70K	$526 billion
$70K+	$836 billion



Other new methods include evaluating stability using phone/utility hook-up and disconnect patterns or school transiency figures to monitor population shifts; and analyzing a neighborhood's level of criminal activity using fire and police violent crime data by beat, rather than precinct, or looking at insurance company loss-ratio data.

"This is groundbreaking work. And if it can be done anywhere, it will be done in Chicago with this kind of corporate leadership."
–Richard M. Daley, Mayor, The City of Chicago

Business success in emerging neighborhood markets

- The McDonald's in Little Village is the second-highest revenue-generating store in the Chicago.
- A Little Village Allstate agent's account base is twice the state average.
- Last year, the Dominick's supermarket in South Shore made $20 million in sales, putting it in the top three conventional Dominick's locations in the city of Chicago.
- A telecommunications store in Little Village is the fastest-growing Ameritech distributor in the region.

The success of individual businesses speaks for itself, and there are other significant business opportunities in these markets.

A strong local corporate leadership team and excellent city leadership drive the continuing success of sustaining and attracting business investment and entrepreneurial opportunity in Little Village and South Shore. The City's support for the initiative is highlighted by its approach to inner-city development: creating a climate and infrastructure that attracts and supports private investment.

The Emerging Neighborhood Markets Initiative's success in Chicago, though, leads to the bigger challenge of replication in other interested cities across the country.

	Traditional	Innovative and/or Business Resources
Buying Power	Median housing value: *1990 Census: $45,112*	MLS 1996: $110,000 *(average sales price)*
	Median household income: *1990 Census: $24,049*	D&B projection 1996: $34,307
		Concentrated Retail Spending Power: *Shorebank/Social Compact Profiling: $518,096*
	Population: *1990 Census: 49,714*	D&B projection 1996: 97,809
Security	District composed of eight beats	Four Little Village beats comprise 50% of district *= 36% of crimes*

"You can feel the electricity on the streets in these emerging neighborhood markets. We want to transplant what's happening in these places to cities across the country."
–Laurence H. Meyer, Governor, Federal Reserve System

Conclusion

Demand for the Emerging Neighborhood Markets initiative is intense. With the resources in place to create a model in Chicago within a two-year period, what remains is the execution of this new framework for assessing other inner-city markets' business strengths.

The Emerging Neighborhood Markets Initiative is about creating a model that will measure the market strengths of redeveloping neighborhoods and identify strategic business partners, a model that can be applied and adapted locally to communities across the country. And the goal is to strengthen the micro-market building block: the neighborhood.

The Emerging Neighborhood Markets Initiative is all about business. What makes it unique is that it is driven by a cross-industry group of business leaders, built on the pragmatism and reality of business and grounded on the disciplines of the marketplace.

Businesses and local government interested in learning about or becoming a resource to the Emerging Neighborhood Markets Initiative can visit its Web site at www.neighborhoodmarkets.org.

Source for all figures: *1996 Consumer Expenditure Survey*, Department of Commerce.

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