

What We Thought We Knew, and What We Can Do: The Secrets of Retail District Revitalization



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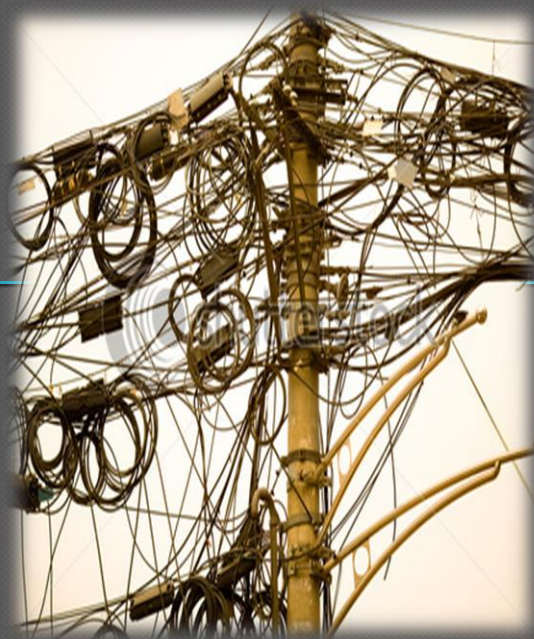
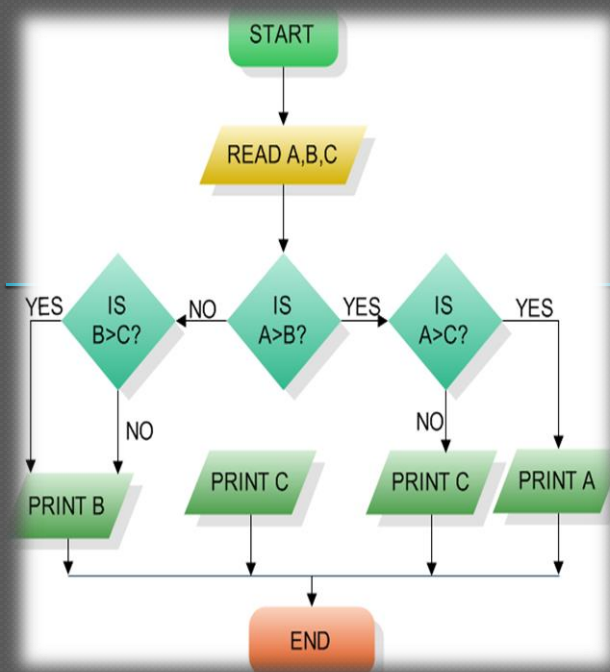


Before we get into this, a little on my background so that you have some clue where I am coming from and what's informing my perspective. I think that's something you should ask of any speaker or writer.

I'm a native of Cleveland, Ohio, where I sometimes say that I got to have a front-row seat for the end of the Industrial Age.

That experience gave me a strong interest in community revitalization and finding ways to make local economies work better, and in the 1990s that led to becoming a charter board member of On Broadway, Inc. On Broadway is a Main Street® downtown revitalization program in Green Bay, Wisconsin -- in the part of the city that was known as the region's Skid Row when I first moved there. A couple of years ago, On Broadway won the Great American Main Street Award, which recognizes exemplary downtown organizations. Obviously a lot happened in between, but having been involved in a little piece of On Broadway's success is still one of my proudest achievements

Since then, I have worked with dozens of downtowns and older suburban commercial districts, on everything ranging from strategic planning to market analysis to just getting people to believe that their place matters and is worth caring about. So that's the perspective I bring to this Short Shot.



Let's start with a simple question: How many of you think that the way a commercial district operates looks like a flow chart – logical, direct, each choice having a clear and logical and simple outcome?

How many of you think a diagram of the way a commercial district operates would have to look more like the second picture...a tangled mess of wires?

Commercial districts, like any part of our communities, operate more like *ecosystems* – complicated sets of interrelated and interdependent elements – than like logical, mechanical systems. We know that in our guts as humans, but we tend to oversimplify when it's our job to make a commercial district or a community work better. The history of commercial district revitalization is full of this over simplifying: if we just fix *this one thing*, if we just make *this one part* look or feel better, that will *fix everything*.

We desperately want to believe that there's a Magic Lever we can push that will make everything better, that there's some *ipso-facto* relationship we can manipulate to bring money and people back to a place. But if we're honest with ourselves, and with the history of commercial revitalization in the 20th century, we have to admit that it's nowhere near that easy. We have messed up a lot of cities by believing that if we *just do this*, everything will be great.

The kinds of issues we often
think are causing the problems

In Which We Revisit the Kinds of Issues that
We Were Told Would Fix Our Commercial
Districts

Ugly streetscapes

One of the Magic Levers that urban planners and downtown supporters often default to is the streetscape: *if we just make it look better, if we make it pretty and clean and appealing, then businesses will show up.*

Certainly we need to fix safety hazards like the sidewalk shown in the first picture. But we don't have to look hard to find plenty of evidence that a streetscape is not a Magic Lever that you can pull to create economic prosperity.

The picture on the right shows a street with a 10-year old streetscape (so it wasn't just built yesterday.) Every building to the right of this sidewalk is vacant. And I didn't put much effort into finding this picture. At the same time, both you and I have probably visited successful commercial districts whose sidewalks were paved with plain grey concrete and punctuated by mismatched newspaper boxes.

Although streetscape improvements can help an area's appearance, no one goes to a commercial district to see the pavers and the hanging baskets. They are a nice touch, a visual happy point, but they do not themselves bring in businesses and customers. If we ever did a return on investment analysis for streetscape enhancements, I'm not sure we would be thrilled with the results.



Vacant buildings



Of course, sometimes people think that the vacant buildings themselves are the problem, and the message becomes *just get something in there!* The assumption here is that getting rid of the vacancies will solve the problem – in other words, that all businesses are the same as long as they can activate that space.

Vacant buildings can certainly have a negative impact., especially if they're not secured or they're creating a safety issue. But vacant buildings are also necessary to a healthy economic environment – especially if you have small independent retailers and service providers. Vacant buildings are a natural part of the life cycle of businesses and commercial districts, and in a mature commercial district, vacancies are critical to being able to support the kind of growth and change that keeps people engaged.

If we focus too much on filling vacant spaces, we could be cutting off the opportunity for the district to grow and evolve in the ways that best fit the market. Even if we have a lot of them, vacant buildings are an *asset to be leveraged*, not a problem to be solved. That's a key differentiation when it comes to thinking about what we do with them.

Cars, cars, cars

I spent 10 years working in planning/engineering firms. And if I had a nickel for all the worrying about cars we did, I'd be in Aruba on a sailboat today.

We fuss about moving cars, slowing cars, speeding up cars, storing cars... cars, cars, cars. And yet, look at any successful retail district, like Chicago's Loop or Beverly Hills or Tribeca or SoDo... or this picture right here. What do you see beyond the SUV's? PEOPLE.

If a district has things, places and experiences that people want, they'll be there. Period. Traffic congestion, distant parking, meters, permits.... 9 times out of 10, people recognize that those are just the cost of doing business, a side effect of being in a place where cool stuff is going on. Where the cars are and what they are doing is a lot less central to the experience and value of these districts than we often think they are. If you ask a business owner why their business is failing, a lot of them will gripe about parking, but that's an answer that needs a deep look below the surface, as I'll explain in a minute.

Don't get me wrong, we need to have parking, and we need to manage air pollution, and we need to keep pedestrians safe. But is someone is trying to sell you the idea that "fixing" your traffic flow or your parking is the solution to your commercial district's problems, don't buy it. It's just one piece of the puzzle, and from the customer's point of view, a much smaller piece than you might think.



Is there a simple solution?



After all that, what'dya expect?

A big piece of what got us in this situation in the first place has to do the assumption we made, often without realizing that we were doing it, that we could find those Magic Lever Solutions, if we just spent enough money.

So the first step to constructively addressing these issues is probably... accepting that real solutions will be complex, multi-prong and sometimes unglamorous.

I tell clients this a lot: *If it were easy, you would have done it already.*

Other issues we might not think about

In Which We Enter The Mind Of
The Small Business Operator
(which may require protective
clothing)

Business people sometimes have little knowledge of how to run a business

A few years ago I was sitting in a meeting with a state Main Street manager planning a training, and he was struggling to describe why he felt that the attendees needed some ridiculously basic information.

After stammering for a minute, the words finally burst out of him: "Some of those business owners.... You know.... They're NUTS!" Everyone in the room laughed one of those knowing/wincing laughs, because we'd all thought the same thing at some time.

I have met small business owners who were exceptionally savvy, but I have also met a lot who had no clue what level of hard work, attention to detail, managerial capacity and basic thinking-through are necessary to run a small business successfully. I have seen dozens who:

- Park on the street in front of their building and then complain about not having any convenient parking for their customers.
- Are open banker's hours (or only open when they feel like it) and then wonder why no one shops there.
- Don't notice the layer of dust on their merchandise or the dead flies in their front window.
- Think that as long as there is a positive balance in their bank account, that means they are "doing fine."

If you've worked with small businesses, you can probably add a few of your own.

Given that, it's no wonder so many small businesses and retail districts struggle. The big issue is that when they struggle, it doesn't just affect one person. Poor business practices at even a small number of businesses can put large parts of the district at risk.



Or they don't have enough capacity to do everything right



An even bigger issue, though, is that even commercial district business owners who know what to do are often spread too thin.

Small business ownership is an exercise in learning-on-the-fly. Even the most experienced antique dealer / accountant / chef faces a daunting array of things that they suddenly find that they have to do when they step out of someone else's shop or office or kitchen and go out on their own. Insurance? Inventory management? How to hire the right person? How to train an employee? How to repair a furnace when it stops working on a Sunday night in December? Even the best-educated small business owner does not know how to do everything that they will have to deal with.

And what do they do? They do the best they can.

Without reliable staff or partners, owners can spend their days running from one crisis to the next, while critical big-picture issues, like financial management, inventory management, and succession planning, get lost in the shuffle.

Under this kind of scenario, it doesn't take much of a crisis to trigger the loss of a beloved local business – a loss that could have been averted if the owner had just a little more assistance.

“I am an island”



Business owners, especially independent businesses, sometimes tend to think of themselves as existing in splendid isolation, like this cabin in the Himalayas. They built this business from scratch, after all, even when their mother-in-laws thought they were nuts and the bank refused to give them a loan and they had to work 14 hour days to get it off the ground. Their success depends on them, and them alone... even if they are located cheek-by-jowl with other businesses.

Of course, this is another version of that over-simplification that I accused us of a few minutes ago. In reality, at least some proportion of any business's traffic depends on their surroundings -- either what they offer and who they draw into the district, or whether the surroundings make people want to be there or scare them away. Businesses can sometimes succeed in a sketchy environment, especially if it adds to a factor of uniqueness that they have already cultivated, but a really bad environment, like really bad business management, can finish them off in short order.

A second side of the island mentality is the opportunity cost. As I pointed out before, small business owners are often stretched to the limit. Nonprofits sometimes complain that small business owners don't join their boards or committees... chances are, their free time for meetings feels like it's in very short supply. The Kiwanis Club-style connections between a business and a community are rare today.



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We have a mental picture of all the business owners in a district singing together like on Sesame Street, but chances are decent that many of your small business owners don't know anyone in the district beyond the building next to them. If you have immigrant business owners, speakers of multiple languages or high establishment turnover, that may be even more likely to be true. And it's unfortunate, because it means that these stretched-thin small business owners may be missing valuable supporters, collaborators and client opportunities right outside their door.

We might be inclined to think, "well, can't they see how much better off they would be if they just built those relationships?! Why don't they just do it?"

They don't do it for all the reasons we have identified. Because they are overextended, stretched thin, running from the latest emergency to the next. And because they may not realize that they are not the only ones who feel this way. Business people are very good at putting on the positive face – for you the customer, and for other small business owners. And for the small business owner who is living in a panic and hears from others that business is "great," the sense of being alone in her or his struggle makes it all the harder to build the kind of support network that perhaps we thought they already had.

Other issues we might not think about

In Which We Visit the Kinds of
Issues That May be Impairing
Your Commercial Districts That
Your Business Owners Might
Not See (or Want to See) Yet

That's not a location that works for a store anymore



We all know at some level that the retail landscape has changed massively in our lifetimes. Between new store types and online and mobile shopping, what we buy and where we buy it has been shifting so profoundly that many of us have to think hard to remember where and how we bought certain items 20 years ago.

And sometimes that means locations that were primo 20 years ago are not where people are looking for retail today.

This is especially an issue for independent businesses and entrepreneurs. As we discussed before, many of them are working so hard to hold body and soul together that they often fail to pick up their head and see how their customer base has changed until it's too late. On top of that, business owners who may not be able to afford the best locations, or perhaps didn't spend enough time researching exactly how their target market makes their purchases, can easily find themselves stuck in a location that doesn't work for their business.

A lot of these situations could be avoided if business owners simply had better information – the kind that local governments and many community organizations already have in hand.

Demographics changed and the business didn't



This is a similar issue to the last one. A lot of us have fond memories of the old-fashioned candy store. But if a business is offering stale penny candy in a neighborhood where the demand is for truffles and cappuccino, chances are that business model has outlived its market. In the technology world, the word for what a business should do at this point is "pivot."

Businesses fail to pivot for a lot of reasons. Sometimes it's fear of the unknown. Sometimes it's having too much money tied up in inventory that they cannot get sold or equipment that they can't figure out how to repurpose. Sometimes it's a factor of the business's longevity itself – if the building's mortgage is paid off, the inventory doesn't get moldy and you don't need many employees, then it can actually take so little in sales to keep the place afloat that it's not worth it for the owner to invest the time and money in making a pivot. After all those years of putting out fires and struggling to make a business work, it's not all that surprising that some of these business owners decide to coast.

But every coasting wheel eventually runs out of momentum. Adapt or die is a hard truth, but a truth nonetheless.

We've forgotten that our regulations & policy are from another era



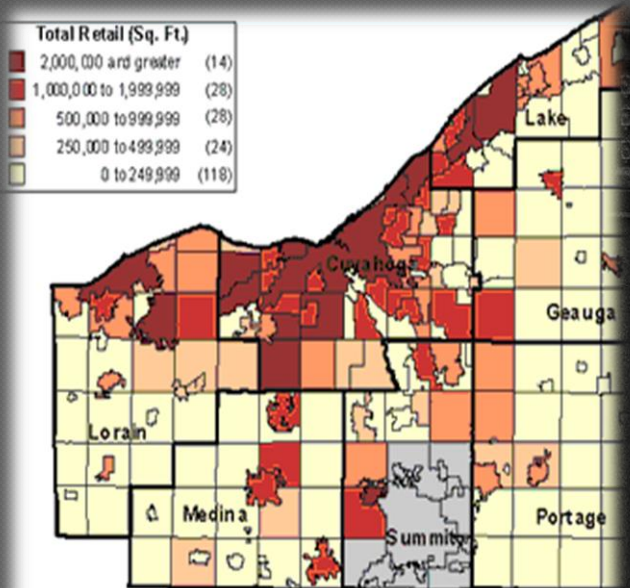
Ah, cars again. Urban planners and people who focus on the physical environment are used to talking about how our parking standards are out of date and require these seas of parking that we don't really need. And sometimes we even manage to deal with that by changing those requirements – often with much wailing from some quarters, but it can be done.

But what about the other policies and standards on our books – the ones that date from a June Cleaver era that doesn't exist anymore? What about mandated closing times? Sidewalk tables? Sunday liquor sales? Food carts? Pop up parks? Music played outside a storefront?

Your specific community might need some of these rules. But it might not. And there might be rules (either official regulations or less official things, like loan standards) that are preventing some of the good things you want from happening.

The problem with rules and regulations is that they are written to control the bad behavior that *might* happen. We don't want a certain outcome, like blaring loud music, so we prevent *anything* that might cause it – shutting down potential good outcomes, like a contribution to a lively street life, in the process. Why not control the undesired outcome (no projected sound over a certain decibel level) and leave the situation open to interesting and enjoyable adaptations?

We can't support all the retail we have



Northeast Ohio Areawide Coordinating Agency



Snapshot - Army Supply Store - Louisville, KY
Chad Simcox ★ Favorite □ Comment

It's a pretty well-documented fact now that we have far more total retail space in the U.S. than our population can support.

As long ago as 2000, a study in Northeast Ohio documented that the amount of square footage in the region devoted to retail was on the order of **double** what conventional models said the amount of income available could support. More recent studies have shown that the average amount of retail space per person in the U.S. is also about double what it is in Europe (and we do *not* have twice as much money).

Part of that surplus comes from changes in purchasing patterns that we noted before, although the fact that many of these studies predate Amazon indicates that we had a problem long before we began buying stuff online.

We can argue about the causes of this and point fingers at who caused it, but the fact of the matter is that this is the hand we are dealt today. And in this kind of setting, not all retail that was historically retail makes sense as retail space anymore – even though sometimes our own assumptions and expectations and regulations make us try to force those spaces into those old and now ill-fitting holes.

So what do we do?

In Which We Discover That The
Answers Are Simple, But That
Does Not Mean They Are Easy.

Look beyond bricks and mortar



Even though a lot of us come into this field from the physical design world, we need to get out of the thinking that we can build something, design something, make big or small physical improvements, and that this will somehow make all the good things happen.

Design is one of the tools, not the only tool. Think about this for a moment – people's lives have multiple dimensions. We have a social dimension, an economic dimension, a personal dimension, a belief or optimism or hope dimension, all in addition to our physical existence. Our bodies and our health are important, but if we spend all our time working out and we don't talk to other people, manage our money, or think about our future, we will have a very limited (and probably short) life span, despite our muscles and our low body fat ratio.

For a long time, we have given a high proportion of our energy and money to the physical design or improvement of our places, and I think that's because this was the part we could see, touch, manipulate. And sometimes we did good, and sometimes we did a lot of good. But after the ribbon cutting, too often we learned that the physical changes stayed on the surface, and didn't percolate through the rest of the system the way we had hoped.

If we are serious about helping our local economies work better and helping commercial districts thrive, we need to keep in mind that what the place looks like is only one part of what makes a business district work.

Stop trying to be like everyone else

The value that we attach to a product (a watermelon, a fish tank, a car) is directly proportional to the degree to which the thing in question provides something that is useful *in a unique and appealing manner*.

It is that uniqueness that separates a low-cost, strictly utilitarian commodity from a product to which we attach a premium value. It is what entices us to pay more for an original piece of art than a reproduction, to search more stores for a statement necklace than for a basic string of beads, to have a wedding dress tailor-fitted but buy everyday clothes off the rack knowing that we'll have to push up the sleeves a bit.

The same is true for products, for businesses and for commercial districts.

You will not build a vibrant commercial district by being “the next” something, or “a lot like” some other place. That was the thinking that led to the construction downtown of suburban-style shopping malls, and we’ve seen how wildly successful those have been.

What makes you unique is what makes you valuable. That uniqueness may not be appreciated by every possible visitor or customer, but it will be worth more to those who find it valuable. Finding and articulating that uniqueness, for a store or for a district, becomes crucial to success.



Help build good business owners



In my opinion, the single most important thing we can do to create healthy commercial districts is work on creating healthy businesses. Rather than take that for granted, or assume that the business owners know their stuff as much as they say they do – or tell yourself that small business training is Someone Else's Job - it's time to break out of our self-imposed box and address the problem directly. Better businesses will make up for a host of design flaws that you can't fix – and it's a lot cheaper than putting in streetlamps.

What's that you say? You don't know anything about running a business? I didn't say you had to. There are lots and lots of organizations in your community that can help you– from your high school's DECA class or your local college's marketing program, to the Service Corps of Retired Executives (SCORE) and the Small Business Development Center. Or a tech accelerator. Or just the people in town who have run shops of their own.

These groups share two key characteristics: they have huge capacity to help people learn to run businesses better, and they have lots of trouble finding and connecting to the people they want to help. So help them connect to your business owners. If you want to demonstrate real improvements with very little impact on your budget, here's Exhibit A.

Connect the islands



People connect with each other through communication. But to communicate requires feeling that you are in a place where it is safe to do so. When we don't believe we are safe, we go back to the safety of our island.

Got islander businesses? Start connecting them – help them discover the resources just outside your front door. Those resources might be facts, or they might be commiseration – or they might be simply the realization that we business owners are not alone.

Most small business people seem to benefit from a combination of two different types of connection. The first is sort of continuing education – connection to information that they can use to help run their establishment better. The second is peer-to-peer: sharing stories, complaining, coaching, listening to each other. Sometimes we do the first one, but we usually ignore the second, and that's a mistake. They will learn plenty of information from each other, but they will also have a chance to build a community that makes all of them stronger. Being a small business owner is tough, and no one understands that better than the others in the same boat.

Depending on who you have and what they like to do, you can use social media, newsletters, coffee klatches – whatever works with their schedules and how they learn and communicate. There won't be a one-size-fits-all solution, and some people will cling stubbornly to their little spot in the water. Don't let that disturb you – an archipelago doesn't form overnight.

Help property transition away from retail to other (compatible) uses -- uses that put people in the district

When it comes to physical property, one of the important things we can do to support a healthy commercial district is... keep the place from having too much commercial. As we discussed, total market demand for commercial space is declining nationally, both because of overbuilding and because so much retail is shifting online.

So rethink your retail space: maybe a boutique really only needs a small storefront, not the whole first-floor space, because a large amount of what they sell is on the internet. Maybe they can co-locate with something else. For many contemporary small businesses, conventional storefront spaces are actually too large: businesses need less equipment and less inventory on site than they did years ago. And a small business whose money is tied up in a lot of inventory is often a small business heading for trouble.

Maybe a restaurant could operate in that storefront without an expensive commercial kitchen if it does its meal prep at its sister space down the street...or the seldom-used kitchen in the church down the block. Does your code permit that? Many don't.

In many places, the definition of what's permitted in a retail space needs to be loosened up-- both because there's not enough demand to justify it, but because uses that bring people into the district for other reasons will do retailers more good than another marginal tchotchke seller.

Could that space be a preschool? Performance space? Sports training? Coworking? In the right location, with the right management, uses like these and more could become powerful anchors in the new retail landscape.



Does that all sound a little....?

Squishy? Fluffy? Touchy-Feely?

Yup.

If we could have solved our commercial district revitalization issues through streetscapes, park benches, building design, etc., we'd be chockablock with vibrant, thrilling, lovely commercial districts by now.

Not all problems can be solved with the same tool. There's a reason why a carpenter has a box full of gadgets, instead of just one hammer. Each one does different things, sometimes very slightly different things, and the difference between fine craftsmanship and a mess of wood and nails often hinges on using the right tool at the right time.

We've had a tendency in downtown revitalization to use a hammer when sometimes what we probably needed was an adze or a screwdriver, and then we wonder why our grand efforts haven't generated the results we were promised.

We need to stop thinking that the conventional planning tools can do everything that we need to do in commercial districts, and we need to stop assuming that we can't add to the toolbox we inherited.

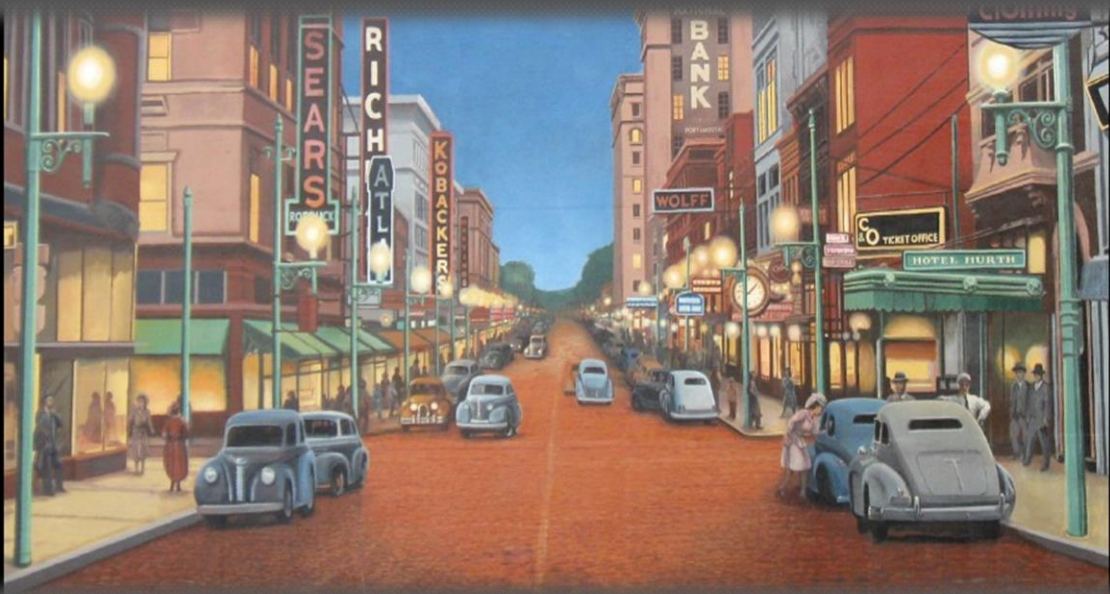
Here's a few things to add to your toolbox. Your community may need others:

- Ways to knit a community of business people who can support each other
- Ways to help business people grow their business management skills
- Ways to systematically rethink regulations
- Creative alternative ways to use the oversupply of traditionally retail spaces, (some of which may need help getting off the ground).

If we truly believe that it is our responsibility to help create vibrant and energetic commercial districts, we have to take a fresh look at how the full ecosystem of our commercial districts work today, and add to our toolbox the best methods for impacting the parts of the ecosystem that we have been overlooking to date.

The Big, Important Change: from *fixing* it to *helping it evolve*.





This is a painting on a floodwall in Portsmouth, Ohio, an industrial town on the Ohio River. The street it shows is Portsmouth's main commercial district, Chillicothe Street, in the late 1930s.

My mother was born in Portsmouth in 1933, and like many Appalachians, she moved to Cleveland (at the other end of the state) in the 1950s. In 2000, shortly after I moved back to Ohio, I took her to Portsmouth for the first time in over 30 years.

Mom loved this painting, because it shows what she remembered as the “big city” of her childhood. I even bought her a throw blanket woven with this picture for Christmas that year. But the real Chillicothe Street, with its boarded-up storefronts and empty sidewalks, left her very sad. After that visit, she never went back again.

A few years later, I had the privilege to work with Portsmouth on downtown revitalization planning. It didn't take much of a market study to see why traditional retail had abandoned Downtown Portsmouth, but once I got to know the community more deeply, it became obvious that Downtown Portsmouth had some huge assets - and an opportunity to bring a different kind of energy, economic health and overall liveliness to downtown. The Downtown Portsmouth that is evolving today doesn't look quite like the one my mother knew, but it's starting to work in its own right.

I finished that plan right after she died, so I only got to share with her a little bit of the positive change that was starting to happen in Portsmouth. I don't think my scattered descriptions made a ton of sense to her, but she understood that something new was evolving in the old space, and I think that made her glad. It made me glad, too.

Commercial districts change, and that's OK. Let's help them change intelligently.

Thanks for reading. Best Wishes, and go get 'em.