

“Small Business is Good Business”
Lost in Translation Workshop
October 16, 2007

Thank you for coming today. We have a very interesting agenda for you that I think you are going to find compelling and informative.

I am so pleased to see this many people taking the time from their busy schedules to come together this morning on this important issue. I see members of the Board of Selectmen, members of the School Board, other government officials, chamber officials, business leaders, hospital staff, representatives of non-profit organizations, members of the Latino community, people from our local churches, and faculty, students, and staff of Eastern Connecticut State University. You are truly the leaders of our community!

I want to thank a number of people for making today’s event possible: Hector Bauza, Wilson Camelo, and Raul Lorensen of Bauza & Associates Hispanic Marketing; Roger Adams and his staff at the Windham Region Chamber of Commerce; Ken DeLisa, Ed Osborn, and the other members of our Institutional Advancement team at Eastern; and the staff at the Connecticut Small Business Development Center who are providing some of our presenters today. I also want to recognize Frank Alvarado, director of the Spanish American Merchants Association in New Haven, who will be making their own announcement soon on opening a satellite office in Willimantic—this is very good news for our town!

So why are we here today? Your invitation talked about bridging language and cultural gaps between the dominant Anglo culture and the Latino culture. For instance, while our Latino culture takes a more traditional view of gender roles, the dominant American culture emphasizes women’s right and equality of the sexes. When Latinos and Anglos sit down for a meeting, one group judges the meeting’s success by whether or not it started on time, while the other evaluates the social connections that were made. And when a Chevrolet car dealership wants to make a TV commercial selling Novas to Latinos, he needs to know that “Nova” in Spanish means “does not go” — doesn’t work. Hector Bauza and his colleagues are going to talk at length about this cultural disconnect and how, once we understand each other better, we can begin to work more closely in the business arena and as a community.

Your invitation also mentioned our interest in small business development, hence the title of my opening remarks, “Small Business is Good Business.” To give you some context for the rest of my comments, allow me to set the stage with some historical information about Willimantic. Many of you know these details, but I think our history helps to answer some of the questions that come to mind this morning — why are we talking about the Latino culture in Connecticut’s Quiet Corner? And what in our past has led us to our situation today in Willimantic, without an industrial base and with a Latino population growing before our eyes?

In 1956, the Hartford Poultry Co. recruited its first Puerto Ricans to town. In the 1960s, the American Thread Co. also began traveling to Puerto Rico to recruit workers. At the time, ATCO was Willimantic’s largest employer, with 2,000 workers. Even into the 1970s, downtown Willimantic was thriving, with shoe stores, jewelry stores, a Woolworths, the Capitol Theater, and even a maternity store. Then the companies left, with the American Thread Company moving to North Carolina in 1985. It had begun its

downturn several years before. The town was devastated; in 1984, unemployment among the town's Puerto Ricans was 28 percent.

Today, our town is working hard to return to its former glory. The Windham Mills development holds promise of revitalizing the thread mills, while other downtown renewal projects, including the wonderful Willimantic Whitewater Partnership, will bring new businesses, new jobs, and new vitality to the town.

There are also positive signs regarding services and support for our growing and increasingly diverse Latino community. I have already mentioned the Spanish American Merchants Association's commitment to Willimantic. Latinos increasingly have political representation on boards and councils. The advisory board for Compañeros, Windham's two-way bilingual program, wants to expand the program to become an intra-district magnet school. The Connecticut Small Business Development Center is newly organized, with dedicated staff housed here at Eastern. And First Selectman Mike Paulhus and his staff are taking Spanish!

As we continue to make inroads, an influx of newcomers has added a new wrinkle to the personality of Willimantic. A wave of Mexican immigrants and other Central and South American people has changed the face of the Latino population. Dominicans, Nicaraguans, Cost Ricans, Cubans, Jamaicans — we may have the most diverse small town in America! While the United States and Connecticut have a Latino population around 12-15 percent, Willimantic's Latino ratio is 40 percent or higher. With so many undocumented immigrants, being more precise with our census data is becoming difficult if not impossible. Our school system is even more Latino. The national percentage of Latinos in American schools is around 20 percent; 16 percent in Connecticut. Unofficial estimates place the figure in Windham's public schools at 65 percent or higher. This new migration not only strains social service agencies (97 percent of the pre-natal clients at the local hospital last year were undocumented immigrants), it also creates a fluid dynamic within the Latino population and adds new challenges to the issue of communication we are discussing.

Set this social context against our economic reality and you can see why small business is such a critical element in our town's future success. With the United States moving to a service economy, a lack of a local industrial base, the absence of a highly trained workforce that might attract knowledge industries, and the fact our three largest employers — the hospital, Eastern, and the town government — are public or service employers, it is clear that employment opportunities must come from somewhere else.

That somewhere else is small business. Nationally, 60-80 percent of new jobs come from small business. 85 percent of our local chamber members are small businesses. Also, when you see Latino grocery stores, restaurants, and other retail operations springing up, you can see why we believe our cultural discussion today and our discussion of small business development are interconnected in a town such as Willimantic.

What do we need to do to turn Willimantic into a small business hotbed, including the development of new Latino businesses? I would like to refer to Michael Shuman's excellent book, "The Smart Mart Revolution," for inspiration and information on this issue. Schuman's chief point is that globalization and large retailers have decimated local economies for a number of reasons. His two mantras are "local is better," and "grow your own." He passionately believes in businesses on the "human scale," versus the

WalMart scale. Now I have no quarrel with WalMart, but it is the largest retailer in the world and two percent of our Gross National Product. We need other local choices, small business choices, according to Shuman.

Consider some of his documentation. We know all about the exportation of jobs. Rogers Corporation left Willimantic in the late 1990s to move to China. One of Shuman's examples, Maytag, moved from Illinois to Mexico in 2004. In the process, the city of Galesburg essentially lost \$9 million in local tax abatements that Maytag took advantage of before leaving town anyway. Shuman cites similar examples amounting to \$113 billion in state and federal tax subsidies that go to non-local businesses each year, many of them like Maytag, United, and AT&T, where the subsidies didn't pay off — local jobs and positive local economic impact didn't occur.

When 42 percent of all groceries sold are from 5 chains, when 45 percent of all hardware and home building supplies are sold by Home Depot or Lowes, and when Barnes and Noble sells 50 percent of all the books in the United States, maybe it's time to refocus on local small businesses.

Why does Shuman think local is better? He makes a compelling argument that the support and growth of small business, especially in towns like ours, will result in local ownership, local investment, creation of products and services that are sold to local markets, creation of local jobs for the existing local labor pool, and positive local economic impact. He explains that in such a locally-created, locally-focused economy, money stays in town and circulates. It adds to the local multiplier effect used to calculate economic impact. That is why, while Borders Books only pumps \$13 into a local economy for every \$100 of books sold, a locally owned bookstore can return \$45 or 3½ times more to the local economy. And local owners stay put.

Local small business development also reinforces the sense of community so essential to the emotional well-being of a small town. Activities as simple as the discount card that local businesses support for Windham's athletic teams, or the use of Eastern's CAT card at downtown businesses, are examples of how keeping it local maintains and enhances a town's sense of self. In addition, a diverse set of small businesses insulate a town from the devastation caused when a single large employer, such as the American Thread Company, leaves town.

Shuman also talks about "growing your own" — supporting businesses, big and small but chiefly small, that already exist within your community. Again, he is arguing against using tax incentives to attract new, out-of-town businesses. He believes in local job and entrepreneurial training as well. There are certainly signs that people throughout the United States are on the same wavelength as Mr. Shuman. Micro-breweries, cottage industries such as soaps, jewelry, and candles, and other small businesses are cropping up all over. The state pavilions at the annual Big E are overflowing with small businesses from Maine, Vermont, and yes, our state of Connecticut. Two Eastern graduates — a married couple in Stonington — have started their own business at home, marketing equestrian products. And the new, Democratically-led Congress just passed the \$4.8 billion Small Business Tax Relief Act.

Here's one other interesting thought. Puerto Ricans in this country send anywhere from \$400 million to \$1 billion a year back home to Puerto Rico. Immigrants from other countries do the same thing. What if our local Latino community had opportunities to invest some of their own funds in a local small business of their own,

knowing they had the support of the community and the necessary training, investment capital, and other essential ingredients to success?

In conclusion, I think Willimantic is ripe for a small business revolution of our own. We have the right leadership. We have new resources and support coming. We have a Latino population that wants desperately to be part of the local economy. And after today, I hope we have the beginnings of a new understanding of each other, and a commitment to move ahead as a unified community on the important issue of economic development in the context of our diverse population.

So again, welcome, and thanks again for coming. As we learn today how to communicate to each other better, how to market our companies better, how to build small businesses in Willimantic, let us remember that our ultimate challenge is to work together to make our town a better place to live for everyone who has made it home.