Chicago: Restaurant Start-Up Program

Restaurants are a leading job creator in Chicago, responsible for nearly 10 percent of jobs in the city. However, they face a harsh reality of razor-thin profit margins, and many fail within their first year in business. In June 2012, Chicago announced the Restaurant Start-up Program to ensure that the city is a partner and resource for restaurants, not an obstacle. Since its launch, the program has helped over 1,000 restaurants open their doors quickly, reducing time to open by as much as 50%, and putting more dollars in the restaurant owners’ pockets.

The success of the program lies in the restaurant community’s participation in the development of the program. At more than a dozen roundtable meetings, the restaurant community identified pain points in the city process and ways that the city can improve. Based on this feedback from the restaurant community, the city tailored its program to address those issues. The program includes the following reforms:

- Streamlines the application process to allow both building permit and license application processes to begin concurrently
- Uses a client-based approach to walk restaurant owners through every step of the process to obtain a license
- Ensures that restaurants undergo the necessary zoning and location reviews up front, minimizing the risk that owners will need to make expensive course corrections
- Reduces the number of inspection visits for new restaurants through a team-based inspection approach
- Helps restaurants pass their inspections the first time by providing them with pre-inspection consultations and a comprehensive start-up guide (see www.cityofchicago.org/restaurant)

The restaurant community is thrilled with the success of the Restaurant Start-up Program in reducing the time it takes to open a new restaurant. They are particularly pleased to see that the inspections are more transparent and consistent, and as a result, they are more prepared for inspections. The program improved the health inspection pass rate by nearly 66%.

Chicago incorporated the success and lessons learned from the Restaurant Start-up Program into its Small Business Center which was launched in March of 2013 to help businesses in every industry.

Help Small Businesses Build a Web Presence

A strong online presence is a key factor in a small business’ ability to engage customers and attract new business. According to a LinkedIn study, 81 percent of small and medium sized businesses use social media in some capacity.\(^\text{11}\)

City leaders can play a role in helping their small business owners learn how to use the internet and social media for marketing. One example would be providing training for their small businesses so they not only create a website, but they learn how to show up in online search engines.
In the city of Louisville, the Department of Economic Growth and Innovation developed a new program called Digital Economic Corridors to help small businesses utilize the internet to increase web presence and brand visibility. The city was prompted to take action after realizing that a significant number of local businesses are not well-represented in online search portals like Google Places, Yelp, Yahoo!, and Apple Maps. Through a new series of community workshops small businesses learned how to register with these sites.12

Louisville: Digital Economic Corridors

Cities assist businesses in numerous ways to drive economic growth in their communities. Mayor Greg Fischer kicked off a new way that Louisville, Kentucky is helping its businesses, with a concerted effort to help get them an increased website presence.

The internet and mobile devices are making it possible for us to have an impact on small business growth, because increasingly, people turn to the web or their smartphone to find places to eat, shop, and do business. When streets lined with local businesses show up in those online searches, businesses and the surrounding neighborhoods will benefit with increased economic activity and vitality.

The pilot project focused on an older but significant commercial corridor that has lost investment over the years.

Of the local businesses in the target area, only 16% are accurately represented online. Forty three percent are present in online portals, but lack key information like their hours or a link to their website. Meanwhile, 20% are incorrectly categorized and 21% don’t appear at all in Google Maps.

These online inaccuracies were the impetus for the city’s new effort to get all local businesses within a defined economic corridor properly represented in online information portals like Google Places, Yelp, Yahoo! Local and Apple Maps.

The project aims to get local businesses to attend workshops or follow step-by-step instructions, where they will learn how to get their businesses properly represented online, and learn the best practices for ensuring they are prominent and easily found in online searches. That same information is available online for all Louisville small businesses.

For more information visit: www.louisvilleky.gov/economicdevelopment/digitaleconomiccorridors
Reevaluating and reforming how city resources are provided to small businesses not only makes government work better, but these approaches also create a customer service culture that recognizes small businesses as valuable community assets.

Providing Small Businesses with Access to Capital Through Microlending and Crowdsourcing

One of the most critical ways that city leaders can support small businesses is by providing connections to various funding opportunities. Particularly in this time of economic recovery when traditional loan and grant programs may be harder to find, cities can step in to help small businesses access alternative funding streams.

Non-traditional sources like microlending, peer lending circles, and crowdfunding are gaining popularity among the peer network cities.

Microloans are typically around $50,000 or less and are often offered through smaller, non-traditional financial institutions such as non-profit organizations. These types of loans can help fill financing gaps for business owners who may not have the credit histories to qualify them for more traditional lending options.

Chicago: Chicago Microlending Institute (CMI)

Microloans are critical to the success and growth of many small, “mom-and-pop” businesses. These funds are used to build inventory, pay for unexpected expenses, seed growth and expansion, or hire new staff. In Chicago, there were too few microlenders and the available capital fell far short of the need. Larger financial institutions find it too costly to make loans smaller than $50K – it becomes even more challenging for loans below $10K.

The city of Chicago partnered with Accion Chicago to establish the Chicago Microlending Institute (CMI), with the goal of establishing new microlenders to increase access to capital for small businesses. The city provided seed capital of $1M in 2012 for loans to small businesses, while Citibank and the Searle Funds at the Chicago Community Trust stepped in to support operating costs.

Leveraging Accion’s microlending expertise, CMI provided training, start-up capital, and best practice consulting to non-profit organizations committed to excellence in microlending. Two community organizations were trained in the first round - Chicago Neighborhood Initiatives (CNI) and the Women’s Business Development Center (WBDC) - successfully increasing Chicago’s microlending capacity and infrastructure, reaching underserved communities.

Through CMI, Accion conducted a year-long training program for the two new lenders, providing them with technical assistance, mentoring, and support. The original $1M in city funding provided for 126 loans, which created 240 new jobs and maintained 289 more. Those jobs have an estimated payroll of $8.7 million (based on minimum wage), and total business revenues resulting from loans made through CMI totaled $21.9 million. CMI loan beneficiaries were 77% minority, 57% female, and 61% low-to-moderate income individuals.

CMI plays a critical role in Chicago’s Neighborhood Small Business Strategy by establishing strong relationships with community organizations that connect with prospective borrowers in diverse communities. By working through these partners who understand the specific needs in their communities, the city can better support the growth of small businesses. The city has recently announced a second round of funding to further these efforts and continue to expand access to capital for entrepreneurs across Chicago.