

## Food is Life: Strengthening the Restaurant Sector in Middle Neighborhood Business Districts

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The Greater Chatham Initiative  
Chicago, IL



In Chicago, most neighborhoods are walkable and the many restaurants bring foot traffic and business. Chicago's Greater Chatham neighborhoods are no different and are home to many Black-owned businesses, of which almost half are food related. Businesses along the corridor act as a cultural backbone of the community; when they thrive, the community thrives. In Greater Chatham, these anchor institutions literally feed the neighborhood.

In 2019, Chicago-based organization [Next Street's](#) study, "Assessing Chicago's Small Business Ecosystem," found that technical

assistance for businesses did not specifically support restaurant venues. Popular food entities in Greater Chatham have been in operation from five to 65 years and have various expertise, and most were started by families of entrepreneurs who brought the street skills and working knowledge needed to succeed. What they lacked was support and resources to take their enterprise to the next level.

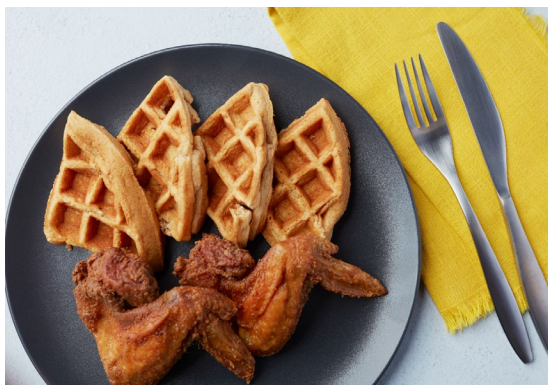
In addition to the stress and challenges posed by the COVID-19 pandemic, 2020 was filled with months of civil unrest. During this time, Chatham lost 25-30 percent of its grocery stores. "It was not exactly a food desert," said Nedra Sims Fears, Executive Director of the Greater Chatham Initiative, "but it created a concern as to where neighbors would get food from." People began eating out more often because that is where the food was. Restaurants became a source of stability and comfort for residents, especially for those without cars, which is about 40 percent of the population. Restaurants along the corridor experienced an increase in demand while also feeling the pressure from imposed COVID restrictions. They had to adopt take-out services and create new delivery methods. Customers wanted options to order online, and most of the restaurants' websites needed major overhauls. One local entity created its first website and saw business increase by 33 percent in just a couple of months. The need for the transition was clear but many restaurants lacked the ability to get it done.

In its effort to strengthen the Greater Chatham corridor, the Greater Chatham Initiative decided to focus on the primary ecosystem: food enterprises. In 2020, [FoodLab Chicago](#) was established to provide resources and expertise to help businesses not only survive the COVID-19 pandemic but thrive thereafter. "The best strategy for improving a middle neighborhood corridor," says Fears, "is to meet the community where it is."

FoodLab Chicago was modeled after FoodLab Detroit, a program run by Davita Davison, an expert on helping small food-based businesses achieve the 'triple-bottom-line' of people, planet, and profit. Davison has helped almost 100 Black-, brown-, and female-owned Detroit businesses and is an expert on Black culture through Black food. FoodLab Chicago was built to help 22 mature food enterprises take the leap to the 21st century 'knowledge economy,' plus connect them with resources and financing so they

could stay viable despite COVID-19 limitations. FoodLab Chicago, with support from Chicago Community Foundation and the City of Chicago Business Affairs and Consumer Protection, helped 10 restaurant owners build websites, create online ordering platforms, and establish delivery programs.

FoodLab Chicago brought in food stylists and food photographers to help restaurants create a strong online menu presence. They offered free workshops that provided guidance, ideas, and direction, plus brought the business community together. They rented a space and created two 'food stadium' events where food stylers helped restaurateurs plate and style dishes while professional food photographers took photos, as well as head shots of owners and chefs. Food stylists offered different plate styles, such as checkerboard, county, urban, charcuterie or millennial – and the restaurant owner or chef would choose the background that best suited their style. They also provided tips on color and placement (a dab of coleslaw here, a dash of pepper there) and through this activity, restaurateurs learned how patterns and color send a message. These events helped food entities pivot to online, but also allowed them to create an online experience that was true to their identity. "It allowed them to put their best 'food' forward," said Fears, "and that was exciting. Restaurants that did not have a website in place saw an immediate climb in business once those platforms were built."



**The Foodie Spot**

A second component to FoodLab Chicago was helping restaurants set an appropriate pricing strategy. Many market analysts would say that entrepreneurs should charge what others are charging, but that knowledge is not always available. To create a broader view, FoodLab Chicago led a market study for Greater Chatham, which allowed owners to see where they were on the pricing continuum. For example, the cost of one chicken wing ranged from \$.70 to \$2.79 per wing in the area, a difference of \$25.08 for a dozen wings. "The market study allowed for ah-ha moments," said Fears, "these integral pieces of information created big opportunities for entrepreneurs."

FoodLab Chicago also offered technical assistance to help Black-owned businesses apply for PPP emergency assistance loans that were offered as part of the CARES Act. They put restaurant owners in contact with local financial institutions offering the loans and helped create a streamlined process and positive connection between business owners and local lenders, which created a more personalized experience. The lenders appreciated the coordinated, concerted effort and worked hard to respond quickly and help restaurants get assistance in a timely manner. Creating a partnership with local

institutions was a big part of the success story during the pandemic; this work could only end in success if they could afford to maintain it. The 22 restaurateurs received \$1.9 million in loans and grants, and not one establishment permanently closed. They weathered the storm.

When asked about supporting anchor institutions along middle neighborhood corridors, Fears said: “In Greater Chatham, for the corridor to be strong, we had to consider the end goal, which was to stabilize. Restaurants are the key anchors and needed help to survive. Find the anchors in your middle neighborhoods and provide support. Helping corridor anchors has a positive impact for the entire area.”

**For more information, contact:**

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### Food and Beverage Leakage

In Greater Chatham, another tool provided to local restaurateurs was a 2020 survey about “Food & Beverage Leakage” developed by urban planning students from the University of Illinois. This survey explored whether (or not) people were eating outside the community, and if so, by what percentage. The study revealed that Chatham neighborhood residents were spending \$70 million on food, but in other communities. That information essentially gave restaurants ‘permission’ to raise prices. It simply showed that it was not true that neighborhood residents could not afford the increase. Keeping in-step with why there is and how to address ‘food leakage’ keeps the dollars in the community.



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## Tips for Success

<b>Communicate Clearly</b>	Clear communication is key to building trust between parties involved, especially during a vulnerable time. Clear and honest communication makes the difference.
<b>Build Relationships</b>	Work to strengthen relationships that already exist. Owners of family businesses know each other and efforts to build those relationship dynamics will help create strong networks, and form collaborations and supportive partnerships.
<b>Acknowledge Challenges</b>	Throughout COVID, local business owners faced financial difficulties, business challenges, illness, and even death. The emotional nature of the times added an extra layer of fear and stress while trying to keep a business afloat. It is important to acknowledge these realities and provide people with an opportunity to process the enormity of the challenge.
<b>Provide Tech Support</b>	Many business owners need help to make a digital transition. They may need guidance on how to manage or update website information and successfully use photography. Create a plan with strategies to make it easy going forward.
<b>Do a Market Analysis</b>	An updated market analysis can be eye opening for local restaurant owners (include menu items and plate costs!). Partner with a university if possible; it is a great project for students and useful for area restaurants.
<b>Offer Financial Literacy Support</b>	Business owners need to know the numbers. Making a profit is not possible unless there is a clear understanding of financial statements and trends. Teach plate cost and food costs, and how to balance the books, recognize growth, and calculate price margins.
<b>Use Local Lenders</b>	Local small lenders are tied to and known by the community. They may prioritize local entrepreneurs by being more responsive and supportive to their needs.
<b>Hire Professionals When Needed</b>	Food sector consultants and food entrepreneurs are the experts. Create a space where they can talk to and learn from each other. Engage sector experts who are well versed in restaurant work so they can communicate at a credible level on this topic with highly experienced entrepreneurs.
<b>Partner with an Accountant</b>	Find an accountant that understands the nuances of owning and operating a restaurant, who can assist entrepreneurs who may need help converting from checkbook accounting to QuickBooks. This type of conversation creates efficiencies that save time and money.
<b>Support Menu Engineering</b>	Help restaurant owners understand the impact of promoting the sale of certain dishes that have a higher margin for profit. One example in Chicago: a local cake maker started slicing her cakes into 15 slices rather than 12 slices. This simple fix increased her margin by 15 percent.