

The Effect of Crime on Minority Business

Willie J. Davis, Moderator*

Our first speaker is Commissioner A. Reginald Eaves, from the Office of Public Safety, Atlanta, and formerly of Boston.

A. Reginald Eaves**

Whatever gains the black community has achieved through the years, especially in the financial area, have come through hard work, determination, suffering, and sheer perseverance. Business in the minority community was usually built on the blood, sweat, and tears of people who had saved for years to attain the necessary capital to implement the enterprise. Many times the owners of these businesses operated at a loss in order to pay the day-to-day expenses.

When criminals strike at business in a minority community, much more than a burglary occurs. Often the work of a lifetime is destroyed, leaving the owner in the same position he was in previously financially, and probably much worse off emotionally.

When we have black-on-black crime, we have a tendency to feel that only the one or more individuals involved are affected. But crime in our neighborhood affects all of us. When a life is taken, we lose a brother or a sister; when a corner drugstore is robbed, we all lose.

We lose because the proprietor has to raise his prices to offset the loss, and you and I pay. The typical minority business operates on a small scale and the enterprise is usually of a personal nature, for example a beauty parlor, barber shop, funeral director, et cetera. Or the business serves the residents of a specific area. The black businessman himself bears an increasing amount of the cost of crime: the cost of providing security for a business, the income he loses by having to close his business early, the customers he loses because they are unable to pay the high prices for goods, and the services lost through criminal victimization.

I just have to emphasize that price for a moment. Many of our small businessmen are confronted with the very serious problem of having to carry this added burden because of the atmosphere of our community. And the added burden makes them raise their prices. In many cases, they are priced out of business because customers are trying to save money and as a result move beyond the community into the larger department stores and grocery stores, in order to save the few dollars that they have. Often

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people accuse blacks of being very poor businessmen. But it doesn't take very close scrutiny to understand that that kind of decision by the customer is not based on a lack of managerial skills on the part of the black businessman. The fact is that black people, who have limited resources, cannot go to a store and pay one-third more for a commodity than they would pay at another store.

Yet we know that if we didn't have security problems, if we didn't have to put in elaborate alarm systems, if we didn't have to hire guards or security officers to stop the shoplifting in the business, we would go out of business anyway. So it's a Catch-22 for the black businessman. It is very difficult for minority businesses to get adequate insurance coverage, which presents a very difficult problem for black business people. Since many of the areas in which these businesses are located are high crime areas, insurers classify them as high risk areas. When coverage is available, its cost is usually exorbitant. And if businesses are robbed or burglarized more than once, their insurance policies are often cancelled. So black businessmen should become educated to the techniques of securing their property against illegal entry by working with law enforcement agencies.

Usually owners cannot sustain more than one loss because they're not strong enough economically. Their counterparts, the white businessmen, may be able to get a loan after a loss, but the black businessmen would find it almost impossible to get one. When we accept the fact that the only one who prospers now is the criminal, then we can begin to look for meaningful alternatives to counter the negative impact of crime on businesses in the minority community. It's high time that black businessmen join hands with the community folk, but more important, it's high time that black businessmen join hands with those in law enforcement to make sure that we cut down on alibis. We must create the kind of atmosphere that will produce a community where a man can move on his ability, where we do not have to double our prices, where we do not have to have more security people than other personnel. Coupled with all the economic problems we have, I think the most severe blow to minority business in a minority community is the effect of crime, and I submit to you as a law enforcement agent that it is our joint responsibility to make our community safe again.

Mr. Davis

Next we ought to hear from somebody who can tell you firsthand about the effects of crime on minority business, a person who has felt the brunt of it. In other words, "a person who has felt the cold blade of steel at his neck," a phrase I use so well because I've felt it myself and I know what it feels like. So we'll ask the President of the Dudley Merchants Association to tell you about the effect of crime on minority business from the businessman's point of view. Mr. Charles T. Calvey, please.

Charles T. Calvey*

I assume that this audience consists mostly of business people. There's little I can say about crime against business that you don't already know. All you have to do is get into your car and drive through our minority business area and the story will be evident. I don't like to elaborate too much because it could discourage shoppers. That's one of our biggest problems. When I was asked to speak on the effect of crime on small businesses, I was most impressed with the fact that somebody cared. As small businessmen we have almost given up. Those of us who have stores are just holding on, and when we get a break or a holdup, it makes our break-even point even higher.

Crime discourages big business as well as small business. As a small businessman, I can't survive unless I can compete with bigger businesses that have the customers. However, crime doesn't only affect small business, it affects all business.

Mr. Davis

Thank you, Mr. Calvey.

Next we're going to hear from an agency which is not a business per se but it is involved because one of its functions is to provide aid directly and indirectly to all businesses, especially minority businesses. So we'd like to hear what that representative has to say about the effect of crime on minority business. To that end, I'd like to call on Mr. George J. Morrison, the Executive Director and founder of the Roxbury Action Program.

George J. Morrison**

Those of you who live in the Boston area have been inundated lately with news about the effect of crime on economics and specifically on businesses. The Christian Science Monitor of September 17th had this heading: "ECONOMIC CRIME. IS IT OUT OF HAND?" The Herald: "... every time I see someone come in here, I wonder if he's carrying a gun now." That's September 23rd. And again the Herald, September 24th: "SMALL TIME PILFERAGE COSTING BAY STATERS A FORTUNE." It's serious. I'm sure we all know that. Let me say that I don't have the answer but I know that something has to be done. The reality, however, is that it's such a problem and has such widespread effects that it's hardly a pretty picture.

*President, Dudley Merchants Association

**Executive Director, Roxbury Action Program

I'm convinced that the single greatest obstacle to success for minority businesses is crime, specifically shoplifting, armed robbery or "cold steel," as somebody has already mentioned, employees' pilferage, and to a lesser degree, breaking and entering. You've already heard about what you must do about those things, the mechanical kinds of things, the people you have to employ to try to eliminate some of these factors. I suggest that none of the proposals is totally successful.

I say this based, unfortunately, on hard firsthand experience. Somehow the rhetoric of pride in ownership, in the community and in accomplishment, as well as meeting the need for goods and services at the neighborhood level, is not enough.

Consider specifically a pharmacy, for which the need has been so well documented; few pharmacies serve the Roxbury community. And it is also documented; few pharmacies that most of those that do serve us tend to rip us off in terms of high prices, but that has nothing to do, necessarily, with crime. None of the stores that remained from the early days stayed open after the sun went down. So a combination of 1) scarcity, 2) high prices, and 3) unavailability at urgent times, created an instant market and certainly a need at the community level.

The need and supply and demand factors seemed favorable, and we thought we could depend pretty much on an exclusively black marketing area, which ought to be more than enough to support several pharmacies. Those of us who live in the black community realize that there are very few. However, despite this leverage of a marketing place (Roxbury, Dorchester, Jamaica Plain, and to some degree, the South End), it's difficult if not impossible to have a neighborhood pharmacy survive. There is a high cost of doing business in the black community at the retail level. The cost of remaining open after dark, which is critical, is one of the problems. It has been proven in our case that it's not worthwhile to increase the time of being open because of the high cost of extending the service, and even if you change the hours by opening up later in the day, it's still not worthwhile in terms of dollars.

There is another factor, and that is the fear that the people have of leaving their homes after dark. That's not just due to the crime in stores, but rather the general crime, the crime in the community, prevents people from coming to a place of business, even though it's there to serve. Therefore, they continue to do without the medicines, or go elsewhere, perhaps somewhere safer. However, the problem is not just enumerated crimes but also a more general problem related to crime in the community: fear of walking in the streets, especially after dark; fear of small groups that congregate close to or in front of the place of business which obviously bring to mind mugging, handbag snatching, and so forth.

It's impossible to calculate how much more it costs a minority business person to do business in his or her own community at the retail level. However, it's clear that the odds are overwhelmingly against success, and I have not yet even touched on management, capital needs, continuity

of cash flow, especially as it relates to third-party payments. It gets even tougher. In terms of retail trade — and that is the most obvious example — people bring stolen goods to locations near the local entrepreneur's place of business, and then sell them. The businessman cannot compete with the sale prices of these goods, which are sold at a fraction of their original cost.

In 1973, the Roxbury Action Program started out on its first business venture, a full-service neighborhood pharmacy. We started with lots of positive things going for us, more than most first-time entrepreneurs. We had a team of Harvard Business School students prepare an in-depth market and feasibility study of the pharmacy; we had a joint partner, Circle Capital Venture Fund, to help us with management, inventory pricing, marketing systems, and controls. We had a close relationship with a former principal of a major discount pharmacy chain, who negotiated for us to share in purchasing with a chain of discount stores, and after a year we had a 30-second TV ad that ran 7 times a week for 13 weeks on one of the major television stations. And that's a lot going for you.

A year and a half later we added a convenience food department, receiving extensive technical assistance from one of our major convenience food store chains. In addition we had the resources of an established bookkeeping department at our institution, with experience in management and cash reserves.

Today, three years after it started, the pharmacy/food store may be going out of business, and RAP has lost thousands of dollars it spent in trying to keep the store afloat. The reason — theft, \$1,000 a month.

At first, when our profit and loss statement showed a gross profit of \$10-\$12,000 less than it should have, we thought it might have been poor pricing. Although we used a surveillance camera, armed guards, and everything else we could think of, we could not beat the shoplifting and pilferage. We could overcome the problems of pricing, marketing, and inventory control — but not theft.

I don't know what the answers are specifically in terms of retailing practices. Our ventures were developed basically on needs expressed by the residents of Highland Park. Being able to see the need and hear the voices of citizens crying, demanding, and begging for services at the retail level, it has been very distressing to us to find it almost impossible to continue. In the final analysis, it seems that at the retail level one has to be able to depend on a greater market, a market that simply is not available to a pharmacy or other small business located in the heart of the black community.

Mr. Davis

Our last speaker will be the man who probably will receive the full brunt of your wrath if crime in the area does not drop, and pretty soon. It is my pleasure to present to you the new Boston Police Commissioner, Joe Jordan.

Joseph M. Jordan*

After I sat and listened to each panelist give his statement about some of the problems that exist in the minority business area, it would really be very foolish of me, I think, to get up and say, "Well, you know, we're doing a great job about this," especially when the gentleman from the Dudley Street Merchants Association was so overcome that he probably couldn't even tell you some of the problems that they have. All I can say is, I'll tell you what we have been doing, what we've done in the past, and what we intend to do in the future.

My predecessor, Commissioner DiGrazia, placed great stress on training and on the recruitment of minority candidates for police service. I think it's very important to continue these two aims. When we go by any area of the city — a minority area or any other — and see a large group of abandoned stores, clearly everyone has failed. Now, however, people are beginning to show a tremendous concern about their neighborhoods. I remember talking to the merchants of the Dudley Street area about a year ago and they had problems then as they do now, so we developed walking patrols. But still it's not enough. And to be quite honest, I don't think that between the merchants and the police we're going to be able to do the job; I think it's got to be a real effort on everybody's part. I'm talking about the community, other municipal departments, and other agencies that may be involved in trying to prevent crime or save some of these minority businesses.

In our department, we have stressed training programs. We still are a very traditional department; we still have areas that we must really be concerned about in terms of trying to be an effective force in this city. As you all know, in order to be effective, your police department really has to have the support of the community. I've seen some things develop, especially around the Dudley Street station, where we've had a hard job in controlling the youngsters. That was one of the complaints that the police addressed themselves to. But evidently we need other types of support agencies to really become effective in that particular type of situation.

We have initiated a computerized dispatching system. We've got a 911 number and we know that people are constantly complaining that the police don't respond within a reasonable time. But one thing I want you to know: I am perfectly willing to admit that we have some deficiencies. And we're going to try to improve. We learn about our deficiencies when people say: "Hey, this kind of a situation developed and the police did this or the police did that." Then we can investigate, and if we were negligent, we can try to correct our errors.

As we all know, living in urban areas has problems. I'm going to try to make sure that we respond to whatever problems the minority business area has. We're going to put our best foot forward and try to correct some of the problems, but I don't think that we're going to be able to really ad-

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dress ourselves to the whole situation. We need other support and assistance to make sure that these businesses survive. I think we all have a duty and a responsibility to do that, and certainly as Police Commissioner, I am quite aware of it. And as I review some of the problems that have developed in minority businesses, I can see that the Police Department must have the support of every segment of our city so that we can develop some really meaningful plans.

We have all kinds of preventive programs. We have a robbery suppression unit that we utilize in Roxbury once in awhile, and also a crime prevention program, where personnel can go in response to business queries to make recommendations about the type of locks and alarm systems that should be installed. Those items have really been very important because in the areas where they have been utilized, they have helped to reduce the number of reported incidents.