

Inspiring entrepreneurs: Ellicott City, Maryland

Turning dreams into reality

By Lauren Adkins | From *Main Street Story of the Week* | March-April 2012

Although it's not a designated Main Street® community, Ellicott City, Maryland, has become a magnet for creative entrepreneurs in recent years. Located between Baltimore and Washington, D.C., this historic small town benefits from high growth in a suburban region. Smart growth legislation enacted by Howard County has sent property values soaring. You'll have the opportunity to tour this picturesque community during the 2012 National Main Streets Conference, but, in the meantime, let's meet two of the entrepreneurs who are making the downtown so interesting.

8125 Main Street Sweet Elizabeth Jane

In April 2011, Tammy Biedeman turned the downtown's historic department store into her dream job. Sweet Elizabeth Jane is the type of business we all want: a lifestyle store that carries a wide range of new and antique accessories and home items. The large space is filled with vintage-inspired clothing, unique cards, kitchen wares and much more.

A former teacher who took time to be a stay-at-home mom, Tammy spent her weekends going to flea markets and yard sales as a way to get out of the house. She loved refurbishing old furniture and putting it to a new use. By February 2004, her house was filling up so Tammy began selling her repurposed treasures at antique cooperatives and through other retail outlets. She soon leased a tiny closet in the Old Lucketts Store, an antiques shop in Leesburg, Virginia, but outgrew that space quickly. After the birth of her third child, Tammy also wanted to be closer to home.

Moving through several other co-locations in retail stores between 2004 and 2011, she decided to "take the plunge" in the fall of 2010 and began looking for space in downtown Ellicott City. Tammy combined her love of antiques, historic districts, and anything with a "story." She leased a storefront in February 2011 and opened her store six weeks later.

When deciding to open her own store, Tammy consulted the most trusted of advisors— her family. Many of her relatives are entrepreneurs. Tammy's mother owns a bookkeeping business and Tammy was her first client. Tammy's aunt and uncle have operated a store in Bethesda, Maryland, for more than 30 years. They advised her to expect ups and downs. A cousin who is a custom home builder grilled her on the financial aspects of the business. When they were done, Tammy knew her estimated sales per square foot, overhead expenses, start-up costs, and inventory buying plan.

Outside of her family, Tammy also received good advice from a woman who owned a successful retail store in downtown Ellicott City. Tammy hired her as a consultant to help with a buying plan. This mentor merchant provided some key advice for staying focused at trade shows and pulling the collections together.

After thoroughly working her network, Tammy read as much as she could, including at least five books on owning a retail store, along with materials available from the local small business resource center. She also attended a workshop hosted by the Ellicott City Business Association, which featured speakers from the Small Business Administration. Although Tammy purchased software to create a business plan and started to write one, it's not complete yet.

Meanwhile, she visited locally owned stores and corporate retail stores throughout Maryland and in the neighborhoods of New York City. As a customer with a purpose, Tammy looked at store layouts and floor plans to see how they were organized, get display ideas, and compare staffing. She took pictures and notes to guide her in putting her own philosophy, floor plan, and designs together. Through these visits, she gleaned ideas and inspiration to create a unique store. And she still does this kind of research.

In the spirit of keeping her business local, Tammy found her local bankers (in the building across the street from her store) to be a good source of advice and funding. She started talking to them while she was partnering with other stores. They gave her feedback on her options and eventually provided an unsecured business loan for \$10,000 and issued a credit card for the store. Tammy also tapped into her retirement fund for a loan.

Tammy used her funds to purchase inventory and remodel the store's interior. She created a light-filled, bright space and has recently installed more partition walls to create new spaces within the floor plan. Her total start-up costs, including renovations, initial inventory, equipment, insurance, and licensing were approximately \$100,000.

Sales for the first three quarters have been consistent with her expectations. Now that she has almost a full year under her belt, we asked Tammy what she would do differently if she opened another store. Her advice to budding entrepreneurs: Take more time to prepare the store, business plan, the staff, the "framework," and the procedures.

Tammy spent six years developing vendor lines, marketing ideas, and a good customer base. Before opening her own store, she was able to make mistakes on a smaller scale, which helped her learn what not to do.

Sources of Funds

Personal savings - \$45,000

Loans from family/friends - \$0

Loan from a bank - \$10,000

Public financing - \$0 (SBA loans, etc.)

Loans from vendor - \$15,000

Credit cards \$15,000

Other: Loan against retirement fund - \$15,000

TOTAL - \$100,000

8020 Main Street: Art and Artisan

Karen Besson is a more mature merchant with almost seven years' experience operating an art gallery in downtown Ellicott City. Her store is small—only 300 square feet— but it is a jewel box featuring work from artists and artisans. About 75 percent of the work she shows was produced regionally, and 25 percent is produced within the country or through fair-trade networks. Most of the fine art is consigned. Jewelry makes up a substantial part of the store's business mix and Karen purchases it directly.

Karen opened her store in May 2005. She was intrigued by downtown's untapped potential. "On a scale of 1 to 10, we are hitting a 6 right now," she says and notes that downtown is interesting because the economy has had its ups and downs over the decades.

Ellicott City's historic and funky architecture attracted Karen's eye long before she opened her store. She felt that a store in a commercial strip center would be soulless and she didn't think the traffic would be as strong. As an art collector for over 25 years herself, opening an art gallery was always in the back of Karen's mind as she worked at as a historic site membership administrator and for various nonprofit exhibit spaces, studios, and a retail gallery.

In preparing to open her store, Karen intensively interviewed other business owners in Ellicott City. She has taken many business classes in graduate school and those lessons helped her get started. Her detective work served her well, leading her to a decision to start small and grow gradually. Other business owners were very open about their numbers—traffic, locations, and sales trends. “Real” information was more important to Karen than abstract business plan work and research. She hasn't created a business plan (although she knows that she should).

Art and Artisan is located in the historic McGowan Hotel built in 1861 to serve customers arriving on the brand new railroad. Ellicott City was the first stop on the B&O Railroad, which arrived in town in 1830. In the 1930s, the hotel building was reconfigured to house retail spaces on the first floor and apartments above. As with most buildings in Ellicott City, it is made from local granite.

Karen's space was not in very rough shape when she leased it. About \$16,000 of her start-up funds went into building rehabilitation, including electrical upgrades, new lighting, paint, and display cases. While the store wasn't in bad condition, it wasn't ready for her business either. The rest of her start-up money (\$20,000) went into inventory. One month after Karen acquired the lease, Art and Artisans opened its doors.

Closely observing her customers and their buying patterns, Karen quickly noticed that jewelry far outsold her other merchandise so she reduced her inventory of fine art pieces to make room for more jewelry, which accounts for 80 percent of her sales. If the shop had just been an art gallery, it would not have lasted. Over the years, Karen notes, there has been a marked decline in art collecting, which has been made much worse by the current recession and an influx of factory-produced artwork. Adjusting the store's business mix helps her survive the uneven sales from art collectors. She continues to alter her product mix and is looking to add more items for children and pets.

Karen's advice to other would-be entrepreneurs is to find a desirable location. Karen got as close as she could afford to the bulk of the downtown stores. New owners should expect to invest approximately 30 to 40 percent more than they planned in start-up costs.

Sources of Funds

Personal savings - \$36,000

Loans from family/friends - \$0

Loan from a bank - \$0

Public financing - \$0 (SBA loans, etc.)

Loans from vendors - \$0

Credit cards - \$0

Other - \$0

TOTAL - \$36,000

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