

# THE MERCHANTS FUND

*stories of success*



# who we are

*The mission of The Merchants Fund is to provide financial assistance to current merchants in Philadelphia. TMF is a private foundation under Section 501(c)3 of the IRS statute. The Fund distributes 5% of its assets annually and is governed by a board of managers of up to 18 people.*

## **BRIEF HISTORY**

The Merchants Fund is a Philadelphia charity established in 1854 to provide charitable gifts to business persons facing financial hardship. It evolved from the Mercantile Beneficial Association, an organization dedicated to providing business advice, networking opportunities, and protection from financial failure or default due to illness, old age, or disability at a time in our nation's history when there was no health or disability insurance, or pension plans.

The Merchants Fund has succeeded for nearly 150 years by keeping the goals and objectives of its early founders in a constantly changing social and economic environment.

# what we do

*Today, The Merchants Fund carries on the mission of its founders by using an array of different tools to support small businesses across the greater Philadelphia Area. Our financial support is a driver of community stability and economic development.*

## OUR PROGRAMS

Beneficiaries of our programs are current business merchants that demonstrate a pressing financial need. We provide assistance in three forms:

***Business stabilization grants:*** Grants of up to \$20,000 are available to help small businesses remain stable and viable in the face of economic challenges, changes, or growth opportunities.

***Matching loan grants:*** Grants of \$1,000-2,000 are available to merchants in several forms, including Business Loan matches from accredited government programs and banks.

***Special grants:*** The Merchants Fund selectively award grants to foster the betterment of a group of merchants in a corridor or in a business district.

# URBAN JUNGLE

*Empowering Philadelphia citizens and businesses to create green urban environments*



*Urban Jungle's new warehouse, store, and headquarters*

**BUSINESS:** A full-service garden center that specializes in vertical landscaping.

**LOCATION:** 1526 E. Passyunk Ave.  
Passyunk

**EMPLOYEES:** 6 FT, 10 PT

**USED FUNDING FOR:** Building renovation

**REVENUE INCREASE:** 330%

**SITUATION:** Curt Alexander was always passionate about fostering green environments. He grew tired of the concrete-dominated environment of Philadelphia and founded **Urban Jungle**, a vertical landscaping service that beautifies commercial and residential buildings by adding elements such as gardens, trees and window-boxes filled with plants.

As his business grew, Alexander struggled with the lack of a suitable space to showcase his hardware, which limited his sales. Eventually, he leased an abandoned building on East Passyunk Avenue. **Unfortunately, the building was not suitable for a retail space and Alexander lacked the funds to renovate.**



**ACTION:** The Merchants Fund gave \$40,000 to Alexander to renovate the building into an elegant, attractive, and green retail space. The grant enabled him to showcase his offerings to customers in a way that was not possible without additional funding.



**RESULT:** As a result of their success, Urban Jungle hired two full-time and six part-time employees, eventually increasing to six full-time, and ten part-time employees. **Revenue has also increased 330%, from \$220,000 to \$950,000.**



Further, Urban Jungle has become a vital anchor for the East Passyunk Ave. retail corridor, which continues to attract new retail and restaurants. They also planted 50 trees along to improve the streetscape in the area. **Their contributions have helped to increase surrounding property values and attract visitors and future residents from across the region.**



*"It is simple. without The Merchants Fund, my business wouldn't have been established."* - CURT ALEXANDER

# FABRIC HORSE

*Supporting high-quality, environmentally conscious retail in Philadelphia*



*Fabric Horse's store, opened with revenue generated from their new website*

**BUSINESS:** A handmade vegan apparel and accessory business

**LOCATION:** 1737 E. Passyunk Ave.  
Center City

**USED FUNDING FOR:** New website,  
manufacturing capacity

**SITUATION:** Carrie Collins founded **Fabric Horse** when she was a student at the University of Cincinnati, and brought it to Philadelphia when she moved here. Fabric Horse sells handmade, vegan utilitarian accessories and urban gear including utility belts, bags, fanny packs, and costumes.

Fabric Horse had a storefront in Northern Liberties where rent was cheap in return for flimsy lease terms. They were forced to move out when someone offered to pay higher rent for the space. **Fabric Horse needed a new way to promote their brand and sell products after the loss of the Northern Liberties store.**



**ACTION:** The Merchants Fund gave a \$10,000 grant to Fabric Horse so they could rebuild their website as their primary point of sale following the loss of their store. Collins hired a professional photographer and a developer and bought photography equipment for future use. Collins also used the funding to join NextFab, which gave her access to equipment to make products since she no longer had a workshop.



**RESULT:** Fabric Horse re-opened a physical store in 2011 on East Passyunk Avenue using revenue from the new website. The website, which was built in 2010, continues to be a significant source of sales.



They have also expanded their product line, having branched out into product design, prototypes and samples for other companies. In addition to selling products at their store and online, they now also sell products through other retailers.



*"Being able to support small businesses is really important."*

- CARRIE COLLINS

# PHILLY PHAITHFUL

*Creating pride for Philadelphia sports teams*



*Philly Phaithful found, Dan Hershberg, with the Phillie Phanatic*

**BUSINESS:** A store selling Philadelphia sports teams apparel

**FOUNDED:** 2008

**LOCATION:** 737 N. 4<sup>th</sup> St.  
Northern Liberties

**USED FUNDING FOR:** New computer hardware and software

**SITUATION:** After years of working in sports industry, Dan Hershberg decided to create a store selling apparel for the Philadelphia sports teams that he loved. He called the business **Philly Phaithful**.

As his store grew, he wanted to improve the supply chain management system, as it was hindering the customer experience. Philly Phaithful needed a new computer system to manage inventory and customer purchasing in order to keep pace with the growing demand for Philly Phaithful products. **To purchase the equipment the store needed, Dan looked at possible loan options but he was already in significant debt and could only qualify for high-interest loans.**



**ACTION:** The Merchants Fund gave \$6,000 to Philly Phaithful to purchase iPad POS systems and desktops with design and supply chain management software. Because of the time-sensitive nature of Philly Phaithful's needs, The Merchants delivered the grant immediately upon approving the application.

**RESULT:** The desktop computers allowed designers to work within the store instead of remotely, saving thousands of dollars. Also, Hershberg began to do his own design in addition to hiring part-time designers.

The new iPads allowed Philly Phaithful staff to easily complete transactions, check prices, and manage inventory. Also, the ease of use of the iPad's allowed Hershberg to hire and easily train more part-time sales people. For Philly Phaithful, the more advanced computer systems enabled the store to expand their produce line, increase sales and add new employees.



*“TMF helped our employees to provide seamless customer service that helps build long-term relationships.”* - DAN HERSHBERG

# SMAK PARLOUR

*Setting a local and national precedent for mobile retails*



*Kessler and Lubieski showing off the Smak Parlour truck*

**BUSINESS:** A clothing and accessories boutique

**LOCATION:** 219 Market St.  
Society Hill (and mobile)

**USED FUNDING FOR:** A truck

**REVENUE INCREASE:** 25%

**SITUATION:** Abby Kessler and Katie Lubieski studied fashion at Drexel University and together opened **Smak Parlour**, a successful clothes boutique. When they wanted to expand, however, the costs of opening a second bricks-and-mortar business seemed too high.

After brainstorming low-cost ways to expand their customer base, they decided to create a mobile fashion boutique using a truck. They planned to sell their goods at beach towns, truck roundups, street fairs and college campuses. **However, Kessler and Lubieski lacked the capital needed to purchase and outfit a truck.**



**ACTION:** The Merchants Fund gave \$20,000 for Smak Parlour to purchase the truck. Kessler and Lubieski converted the truck into a mobile retail store, with a fold-out staircase for customers to enter. The Smak Parlour truck became the first mobile retail concept in Philadelphia, helping not only to generate sales but also to build brand visibility.



**RESULT:** After launching the fashion truck, Smak Parlour's revenue increased by 25% and they were able to hire seven new employees plus interns. Their internship program that hires students from schools in Philadelphia and gives them the opportunity to have a hands-on retail experience and learn how to manage a small business.



The Smak Parlour truck has become a national precedent for mobile retail and has been covered in press outlets including Fox News, the New York Times, and BBC.



*"The Merchants Fund definitely played a major role for our store to get media's attention!"* - **ABBY KESSLER**

# WEAVERS WAY CO-OP

*Bringing fresh, local food to the Chestnut Hill community and greater Philadelphia*



*The Weavers Way Co-Op, with the façade illuminated at night*

**BUSINESS:** A grocery store selling fresh food products

**FOUNDED:** 2010 (Chestnut Hill location)

**LOCATION:** 8424 Germantown Ave.  
Chestnut Hill

**USED FUNDING FOR:** Building renovation

**EMPLOYEES:** 50+

**SITUATION:** Following the 2008 recession a number of retailers in the Chestnut Hill neighborhood were forced to close, including the local grocery store, Caruso's Market, that had been in that location for over 100 years.

Glenn Bergman, general manager of **Weavers Way**, partnered with the local food Co-Op with the vision of rebuilding a local grocery store focused on sustainability and fresh, local food. **Bergman planned to construct the store in the space formerly occupied by Caruso's Market.** Bergman recognized that it would be an extremely costly undertaking, especially to meet the high standards of Chestnut Hill's wealthy residents.



**ACTION:** The Merchants Fund gave \$50,000 to Weavers Way Co-op to construct a high-quality façade with lighting and a unifying cornice element which greatly improved the curb appeal of the new store space.

**RESULT:** Weavers Way's current revenue is approximately \$10 million, compared to Caruso Market's annual revenue of approximately \$3 million. The store currently employs more than 50 workers, all of whom receive at least \$10/hour plus healthcare benefits.

Weavers Way has also increased foot traffic on Germantown Avenue, with surrounding businesses reporting an uptick in customer counts and sales.

Further, Bergman reports that since the opening of Weavers Way, local farms have increased sales of dairy and produce, including Merrymead Farm, Pequa Farms, and Seven Stars.



*“The Merchants Fund helps connect people and provides good business acumen skills.”* - GLENN BERGMAN

# PHILLY HOMEBREW OUTLET

*Giving Philadelphians the equipment and knowledge to create great homebrew beer*



*Jimmy McMillan in the Philly Homebrew Outlet store*

**BUSINESS:** A store selling equipment and good for home beer and wine making

**FOUNDED:** 2011

**LOCATION:** 1447 N American St.  
Olde Kensington

**USED FUNDING FOR:** Building renovation

**SITUATION:** Barry Mulherin launched Barry's Homebrew Outlet in 1996 to sell products to make your own beer and wine. The store was a quick success, and in 1999 Jimmy McMillan, a former chef, began contributing product ideas to the shop. In 2002, Nick Less purchased a brewing kit from Barry and discovered that he had a knack for homebrewing. He went on to get a full-time job in the store.

In 2011, Mulherin sold the company to McMillan and Less. **The new owners soon realized that they needed a larger space to grow their retail business and expand their offerings to include things like classes and tastings.**



**ACTION:** The Merchants Fund gave a grant of \$10,000 to Philly Homebrew Outlet in 2012 to enable them to move into a larger space. In addition to securing a new location, they wanted to increase their product line to include cheese making equipment as well as glassware. They planned to use a significant portion of the money on equipment needed to hold classes at this location as well.

**RESULT:** Philly Homebrew Outlet opened a 1,800 square foot location, three times the size of their previous space.

Jimmy and Nick have also capitalized on the popularity of the DIY movement by holding classes. In addition to generating revenue from the classes themselves, they also sell more goods from the retail business as a result. They have expanded the concept of “homebrewing” to include all do-it-yourself consumables, and expanded their product line accordingly.



*“It’s great for small businesses to be able to apply for this plan.”* - JIMMY McMILLAN

# MILKBOY CAFÉ

*A new Philadelphia entertainment venue with a focus on local food and music*



*Patrons enjoying food and drink at MilkBoy Cafe*

**BUSINESS:** A café featuring food, drink, and live music

**FOUNDED:** 2011

**LOCATION:** 1100 Chestnut St.  
Center City

**USED FUNDING FOR:** Café construction

## SITUATION:

**MilkBoy Studio** was founded in north Philadelphia in 1994, and has been recognized as a premier recording studio. Musical artists ranging from R. Kelly to Miley Cyrus have recorded there. MilkBoy Studio's goal has always been to help independent artists get exposure and following in that theme, Tommy Joyner and Jamie Lokoff wanted to open a cafe to host live music shows.

However, **MilkBoy** faced a challenge, as a small independent business, in raising the capital necessary to open the café.



**ACTION:** The Merchant Fund gave MilkBoy a grant of \$50,000 in 2011 to help construct the café (total cost: \$500,000). The money was disbursed in phases to help with construct needs as they arose. Beyond the financial investment, TMF was heavily involved in day-to-day strategic decisions. MilkBoy also leveraged Executive Director Patricia Blakely’s professional contacts to get off the ground.

**RESULT:** MilkBoy Café opened at 11<sup>th</sup> and Chestnut in 2011, featuring a music venue, two full bars, and a full menu. Their executive chef, Joel Mazigian, has received several accolades from Philadelphia press.

By being one of the first high-quality places to open in that part of Center City, MilkBoy drew in a lot of traffic, which made the neighborhood a more desirable place to do business. Many more establishments have opened up in the immediate area since.



*“I don’t know how we would’ve opened without The Merchant Fund.”* - JAMIE LOKOFF

# METROPOLITAN BAKERY

*A new Philadelphia entertainment venue with a focus on local food and music*



**BUSINESS:** A gourmet bakery focused on high-quality, local ingredients

**FOUNDED:** 1993

**LOCATION:** 4013 Walnut St.  
University City

**USED FUNDING FOR:** Bakery construction

**PROFIT INCREASE:** 5%

## SITUATION:

**Metropolitan Bakery** opened in 1993 by the pastry chef and managing partner, Wendy Smith Born and James Barrett, of White Dog Café. While working at White Dog, they commiserated over what they believed was a lack of good bread and pastries in Philadelphia, and the idea was born.

Over time, Metropolitan Bakery expanded into multiple locations and an online business. They planned to open a new café at 40th and Walnut where they could also expand their product offering. **They looked at several grants and loan options – none of which was viable**



**ACTION:** The Merchants Fund gave Metropolitan Bakery 2 grants - \$3,500 in 2010 and \$6,000 in 2011. The first grant went towards creating outdoor seating and the second grant was to add kitchen equipment to enable them to expand their menu. In addition to appliances, this grant enabled them to buy big-ticket items like a new exhaust system. They wanted to sell more hot food and extend their hours into the evening and over the summer.

**RESULT:** The new seating increased the café's capacity by 30%. An expanded product line has also led to higher sales. Last, the ability to make more of their product rather than buying has decreased costs. **Their cost of goods sold has decreased by 5% and their profits have increased by 5%.**

Metropolitan Bakery continues to use locally sourced and sustainable products and they are involved in initiatives to fight homelessness, support healthy food programs and train low-income students with job skills.



*“Patricia is a particularly smart, savvy businesswoman....Her ideas were almost as important as getting the grant.”* - JIM LILLY

# CENTRAL BARK DOGGY DAYCARE

*Bringing a nationally recognized leader in pet care to Philadelphia*



Two "clients" at Central Bark make friends

**BUSINESS:** Doggy daycare

**FOUNDED:** 2012

**LOCATION:** 2501 Wharton St.  
Grays Ferry

**USED FUNDING FOR:** Construction of  
new location

**REVENUE INCREASE:** 20%

**SITUATION:** Portia Polko, a Philadelphia native and dog lover, realized that the City was lacking in good, reliable places in where people could leave their dogs during the day when they go to work or school. She wanted to open a doggy day care center where both owners and dogs are knowledgeable and care about dogs and where the dogs themselves could be comfortable as possible during the time away from home.

Polko decided to open a branch of the very popular chain, **Central Bark Doggy Daycare**. However, she lacked the capital that would be needed to construct the business' space.



**ACTION:** The Merchants Fund gave \$10,000 for Central Bark Doggy Daycare to build out a new location for the national chain. In particular, funding was used to build the entrance way. The project included concrete work, iron work for railings, and the security door.



**RESULT:** After opening the location, Central Bark Doggy Care was able to serve a larger number of clients and their pets. **As a result, revenue increases by 20%.** Central Bark Doggy Daycare was also able to offer superior, all-inclusive services such as grooming, nighttime care, and even doggy birthday parties. Today Central Bark is recognized as the leading doggy daycare in the greater Philadelphia area.



*“Working with The Merchants Fund was pleasant and efficient and I enjoyed every part of the process.”* - PORTIA POLKO



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