

Small Business Investment: An Economic Development Tool for Our Time

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. It is governed by a board of managers of up to 18 people.

TMF

The
Merchants
Fund

FALL 2011
Grant Recipients



The Merchants Fund: Sustaining Businesses in Philadelphia Since 1854

The Board of Managers of The Merchants Fund renewed its commitment to Philadelphia when we opened our doors in Center City in the summer of 2007. June O'Neill acted as our lead consultant and guided our efforts to repurpose TMF for 21st Century grant making. After talking to over a dozen people involved in small business development, it became very clear that our goal would be to make grants to small businesses in Philadelphia to help them make money, save money or do both as well as to grow dynamic and authentic companies in the local economy. Our new work is in some ways a return to our roots. Merchants in Philadelphia during the 19th Century formed a close knit community, dependent on each other to make deals and share customers. Our grantees have been identified as the movers and shakers of modern day small business, and they join the ranks of our founders: the Clothiers, Knights, Longstreths, Woods, and Bensons who drove the economic engine of their day.

Through the stories we heard from grantees and communities in the first three years, we knew we were accomplishing our mission and more. But as they say, the proof is in the pudding, so we hired Haley VanderMeer, an MS candidate in Public Policy at Drexel University, to interview a sampling of grantees, review the original applications and test whether the grants had achieved the desired outcomes. With each new review she confirmed our expectations and intentions enthusiastically. We have created jobs, additional sales, solved problems and enhanced the local community. One of our proudest moments was the opportunity to work with the Commerce Department of the City of Philadelphia to make macro grants ranging from \$30-\$50,000. These ReStore Retail Incentive Grants were designed to incent and leverage the creation and renewal of high quality retail in neighborhoods on commercial corridors. Naively, we assumed that it would take about a year to accomplish this project. Two and half years later we are still at it but the projects have inspired us to think about making an occasional macro grant of our own. Oh, and the world economy came crashing to halt along with the lending markets just as we were trying to start big projects. I am pleased to note that small business owners are some of the most intrepid and risk-ready people I know, willing to open vibrant new companies and creating hundreds of jobs while most of us are hunkering down and waiting it out.

How did we go about picking the grantees profiled here? We have a portfolio of about 150 grants at this writing, including the ReStore companies. We picked a few of those and then selected an array across the geography of the City and neighborhoods, across business type (retail, service, food), and across organizational structures from Mom and Pop to corporate and highly entrepreneurial. I hope you enjoy reading, but more than that, I hope you come to understand how truly local buying can transform neighborhoods, small business and the economy. **BUY LOCAL!**

– Patricia Blakely

Additional 2011 FALL Grant Recipients:

Avery's Mobile Pet Salon:
www.averypetstyle.com

Crane Arts:
www.cranearts.com

Denise's Delicacies:
www.weddingcakesbydenises.com

Geechee Girl Rice Café:
www.geecheegirlricecafe.com

The Gold Standard Café:
www.thegoldstandardcafe.com

High Point Café:
www.highpointcafe.us.com

J. Davis Printing:
www.jdavisprinting.com

LaPearl Beauty Salon:
www.lapearlbeauty.com

Lovers and Madmen Coffee Lounge:
www.loversandmadmencoffee.com

Manakeesh Café+Bakery:
www.manakeeshcafe.com

Mariposa Food Co-op:
www.mariposa.coop

Metropolitan Bakery, University City:
www.metropolitanbakery.com

MilkBoy Café, Philadelphia:
www.milkboycoffee.com

The Night Kitchen Bakery:
www.nightkitchenbakery.com

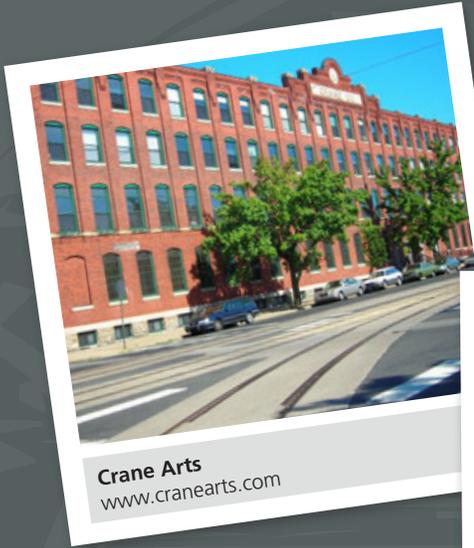
Ricochet Manufacturing:
www.ricochet-gear.com

Tiffin, Girard Avenue:
www.tiffin.com

The Wine Thief:
www.winethiefbistro.com

Yards Brewing:
www.yardsbrewing.com

Yikes:
www.yikesinc.com



Crane Arts
www.cranearts.com



Geechee Girl Rice Café:
www.geecheegirlricecafe.com



The Wine Thief
www.winethiefbistro.com



Yards Brewing
www.yardsbrewing.com



The Gold Standard Café
www.thegoldstandardcafe.com



Metropolitan Bakery
www.metropolitanbakery.com



High Point Café
www.highpointcafe.com

Our ambitious grant-making program supports small businesses in Philadelphia.

Case Study Highlights: 2011 Fall Grant Recipients

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Weavers Way Food Co-Op 19





Case Study:

Bario-Neal

www.bario-neal.com/bn – \$10,000

BARIO-NEAL HISTORY

Young artists Anna Bario and Page Neal launched their fine jewelry label, Bario-Neal, in Philadelphia in June of 2007. Bario-Neal is committed to creating high-quality custom jewelry using materials from ethical sources, and they sell their goods to both large retailers and private clients. Working out of their low-impact studio space, the artists use only materials that have been sourced using strict environmental and ethical protocols as well as reclaimed and recycled metals. Bario and Neal demonstrate their support of local business through collaborations with craftsmen and women on Philadelphia's historic Jewelers Row. Since 2007, Bario-Neal has gained international popularity through direct online sales as well as collaborations with numerous retailers. The partners are also members of the Sustainable Business Network (www.sbnphiladelphia.org), and Executive Director Leanne Kruger-Barneky acted as their sponsor for a TMF grant.

BARIO-NEAL GOALS

In 2009, Bario and Neal revised their business model in reaction to the 2008 economic downturn. The craftswomen formulated numerous business objectives for 2010-2011, including expanding their boutique and jewelry line, increasing online sales, and attracting the attention of more large-volume retailers such as Barney's and Anthropologie. Opening a storefront location at the corner of 6th and Bainbridge Streets was the initial step toward achieving their ambitious expansion goals, allowing Bario-Neal to increase their visibility as an independently owned and operated business in Philadelphia. This storefront location now functions as a showroom, consultation space, central production site, and office space. Expanding from a studio space to a retail space has benefited Bario-Neal as a business and the Bella Vista neighborhood. While many retailers were closing shop, Bario and Neal took a calculated risk opening a retail location. Since the rent on the new space was the equivalent to the rent at their previous studio, if retail didn't provide a practical new stream of income, they could close the doors and operate just a workshop space. Fortunately, the risk was well worth the return on the investment.

BARIO-NEAL SUCCESS

The Bainbridge Street location has led to regional success for Bario-Neal, attracting clients who travel from New York, DC and Boston and helped to quadruple sales since the previous year. Area residents have expressed gratitude that an attractive, modern business now occupies the once unsightly, ill-fitting skateboard shop. Bario-Neal's presence has increased foot traffic within its node, encouraging patrons to visit other independent shops in the area including Bean Exchange Coffee Shop and Big Eye Sushi Restaurant. The presence of Bario-Neal has also encouraged additional development in this neighborhood node, such as the relocation of popular Philadelphia restaurant Little Fish and the opening of Philadelphia Hair Studio, which now occupies an old corner store on the corner of 6th and Fitzwater Streets that stood vacant for years. Bario-Neal's retail location also boosts the local economy through job creation. The storefront location staffs three part time employees who each work four days a week. Job duties include aiding in jewelry manufacturing, sales and bookkeeping.

“Bario-Neal has experienced tremendous success since the opening of their storefront, exceeding 2010-2011 fiscal year projections.”



NEIGHBORHOOD TRANSFORMATION

Bella Vista, located just south of the Center City district, is one of the most affluent neighborhoods in Southeast Philadelphia. Home to the famous Italian Market and located a block from popular tourist destination South Street, the area is heavily residential. However, due to its proximity to South Street, it also sees an influx of tourists who frequent the independent retail shops and restaurants Bella Vista has to offer. Bario-Neal Jewelry is now located within a node of the neighborhood that previously appeared inconsistent with retail locations and lacked identity. In 2009, before the opening of Bario-Neal, the only solid business fixture in the neighborhood was Bean Exchange Coffee shop on the corner of 7th and Bainbridge Streets. Bario-Neal's storefront on the corner of 6th and Bainbridge Streets has given a sense of cohesiveness to this neighborhood node and has encouraged additional business expansion along the block.



Case Study:

Cosmic Catering

www.cosmicfoods.com – \$10,000

ABOUT COSMIC CATERING

Cosmic Catering is a full-service green catering company committed to supporting the Philadelphia economy and environment by offering food items using locally made and grown products. In addition to catering, the company's products were sold three times per week at the Chestnut Hill Farmers' Market on Germantown Avenue, where their main kitchen space was located prior to their relocation to Boathouse Row. Cosmic Catering has been enthusiastically promoting a diet benefiting both personal health and the environment since 2000, and as a founding member of Philadelphia's reputable Sustainable Business Network, it participates in triple bottom line (people, planet, profit) business practices. The company shows their support for the environment by providing their own reusable dining ware during events as well as reducing landfill waste through composting and recycling.

COSMIC CATERING'S GOALS

Cosmic Catering applied for a Merchants Fund Stabilization Grant in October of 2008 as a reaction to both the economic downturn and the negative impact of construction on Germantown Avenue in Mt. Airy on farmers' market sales. In order to achieve the level of expansion necessary to maintain status as a leader in the green catering market, owner Peg Botto envisioned a thorough overhaul of the company. In order to facilitate the business's expansion, Botto hired marketing and management consultant Kim Miller to help rebrand Cosmic Catering, increase the company's visibility and develop its customer base. Botto also saw the need for electronic accounting software, upgraded hardware, and a training program.

COSMIC CATERING'S SUCCESSES

Miller collaborated with Mt. Airy graphic designer Tesia Barone to update Cosmic Catering's outdated logo. The new logo's sleek design features a fork whose leaves form a tree. The logo now effectively portrays Cosmic Catering's image as a young and modern green company. A family member of Botto's volunteered to update Cosmic Catering's website, reflecting this identity.

Miller credits the updated modern logo with Cosmic Catering's ability to secure a location for Cosmic Café on Boathouse Row, where prepared breakfast and lunch foods are served to customers. The café is located in Lloyd Hall recreational facility in Boathouse #1 and includes a large outdoor patio overlooking the Schuylkill River. Customers who frequent the café are usually Kelly Drive hikers, bikers, and joggers seeking a drink and a bite to eat.

The new location, which provides a larger kitchen space, has afforded Cosmic Catering the opportunity to increase their corporate customer base. Miller and Botto have created twelve employment positions with the opening of the café, and they recently hired an additional catering chef in order to keep pace with the increased demand for catering services.

Receiving the funding and the ability to expand their business has opened up numerous opportunities for Cosmic Catering. Miller hopes other businesses will expand to Boathouse Row, drawing people to the area and defining it as a destination for Philadelphia residents. As Cosmic Catering continues to grow, the café draws customers to the scenic outdoor patio with prepared picnic baskets and live music on weekends. Cosmic Catering's overhaul and expansion is an example of how a business strategically grew during a time of economic hardship.

“An advertising campaign was vital to increasing Cosmic Catering's visibility and showcasing a new line of prepared foods. Miller facilitated advertising for Cosmic Catering in a number of local publications including Weavers Way Shuttle, Philadelphia Weekly, Philadelphia Local Food Guide, and Philadelphia City Paper.”



Case Study:

Empirical Point

www.philadelphia-acupuncture.com – \$7,600

HISTORY OF EMPIRICAL POINT IN PHILADELPHIA

Sharon Sherman, founder of Empirical Point Acupuncture and Oriental Medicine, has been treating patients in the Philadelphia area since 2001. Sherman is an accomplished Licensed Practitioner of Oriental Medicine and a Master of Science in Oriental Medicine with a very devoted client base. Empirical Point began in the Mount Airy neighborhood of Philadelphia. Taking advantage of the recession, Sherman was able to relocate to a LEED certified building adjacent to the busy commercial corridor of Germantown Avenue in Chestnut Hill at an affordable price. In addition to the Chestnut Hill location, Empirical Point's satellite office is located on Walnut Street in Center City. Sherman's move to Chestnut Hill has considerably increased her customer counts.

EMPIRICAL POINT'S GOALS

Sherman applied for funding in fall of 2010 for the purpose of organizing and maintaining her ever-increasing client records as well as heightening workplace efficiency and participating in greener business practices. In order to increase patient service space within her office, she removed unnecessary filing cabinets. With the additional space she added another massage table, increasing the revenue capacity.

Sherman's next goal is to acquire a new associate and offer the opportunity to some of her Center City clients to switch to the Chestnut Hill location. This strategy lowered her operating expenses while allowing her to expand her business into the Chestnut Hill medical community, specifically to Chestnut Hill Hospital. Sherman aims to create relationships with local physicians.

POSITIVE CHANGES FOR EMPIRICAL POINT

With TMF's grant, Sherman purchased software package Client Tracker to manage patient files electronically and began to transfer all paper files to the system this spring. She created two part time scanning jobs this summer to speed along the process. Sherman's long-term goals with the paperless project were to increase revenue capacity and decrease costs. Sherman's next project is to input and track her inventory with Client Tracker. In addition, Sherman suggested specific improvements to the Client Tracker software developers and now has access to an upgrade path for free as long as Empirical Point exists.

Sherman paid out of pocket for a second massage table, and the new table has increased Sherman's capacity to take on more clients. With increased clientele, she hopes her new associate will create her own client base to maximize use of the Center City space.

"pull-quote?"



Case Study:

Four Worlds Bakery

www.fourworldsbakery.com – \$10,000

“Woodland Avenue’s current state of underdevelopment can be traced back as far as post-World War II trends of suburbanization.”

WOODLAND AVENUE NEIGHBORHOOD ECONOMIC PROFILE

West Philadelphia, an affordable and picturesque neighborhood in the city, draws many young urbanites who want the city experience with greener surroundings. The neighborhood borders University City, where many residents attend University of Pennsylvania, University of the Sciences Philadelphia, and Drexel University. The area is also comprised of many families who have been there for generations. Stark borders between the popular residential area and underdeveloped commercial corridor become more apparent the further west one travels along Woodland Avenue.

Over the decades, regular urban cycles up to the recent economic downturn have all had a negative effect on the commercial corridor and appearance of the area. The avenue backs up to the Schuylkill River, not lending itself easily to development, visibility, or economic viability. Woodland Avenue is utilized as a highway leading elsewhere, rather than a destination in itself. Woodland is a very wide, auto-dominated thoroughway, and is not pedestrian-friendly. These factors have led to an unstable neighborhood base that has not shared in the revitalization much of West Philadelphia has enjoyed.

Joe McNulty, the Corridor Manager for the University City District, states that strong development and business strategy is necessary in an area with cheap rents, such as Woodland Avenue’s commercial corridor, in order to prevent easily launched marginal business that will have little positive effect on the local economy. The types of businesses McNulty refers to include nail salons and storefront churches. Storefront churches specifically have been known to contribute a deadening factor to retail areas by drawing the community into the area only on Sundays, the day that most surrounding businesses are closed.

USP’S ROLE IN WOODLAND AVENUE RETAIL REVITALIZATION

Revitalization of Woodland Avenue’s commercial corridor began in 2008. The section of the avenue that was the main focus for improvement is located just west of University of the Sciences in Philadelphia [USP]. USP partnered with the Civic Association and the Southwest Community Development Corporation to stabilize the community for the current residents who want to remain in the neighborhood as well as to appease the bordering University’s interest to see improvements to the area for students and faculty. The plan was very community-based, involving the residents in every aspect of the planning process. The University City District directed USP’s attention to available Merchants Fund grants, which were described as instrumental to revitalization of Woodland Avenue’s commercial corridor by Liz Bressi-Stoppe of USP.

FOUR WORLDS BAKERY SUCCESS

Four Worlds Bakery is an artisanal bakery, owned and operated in West Philadelphia by former attorney Michael Dolich since 2006. Four Worlds formerly operated out of a cooperative shared kitchen with Kaffa Crossing Café and Restaurant and opened its first retail space as part of the revitalization project on Woodland Avenue. The expansive space provides enough room for a large convection oven to produce goods for wholesale and a coffee roaster maintained by Joe Cessa of Joe’s Coffee Bar, formerly located near Jefferson University.



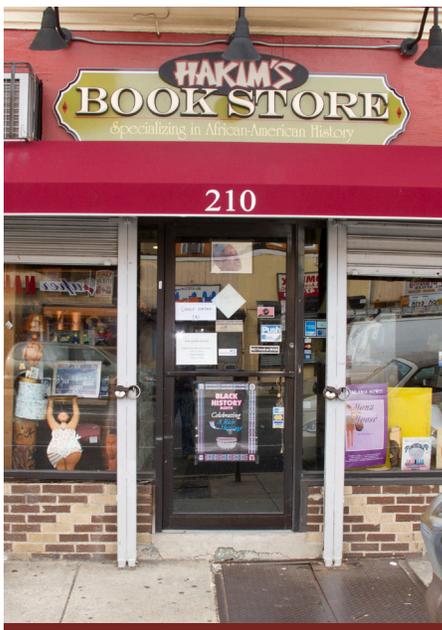
Since the opening of Dolich's retail space on Woodland Avenue, Four Worlds has seen a revenue increase from bakery and coffee sales, which Dolich did not expect to see. He has also created five full time and one part time position and has greatly increased his wholesale orders. One addition to Dolich's wholesale customers is the new South Street burger joint, Burger.org, which sources its local hamburger buns from Four Worlds Bakery. Dolich also reduces business costs by renting kitchen space to the "Cupcake Lady" of Philadelphia's famous Buttercream Cupcake Truck (www.buttercreamphiladelphia.com). Dolich's business model to co-locate and sublet with other like-minded businesses is ripe for replication on other corridors.

NEIGHBORHOOD TRANSFORMATION

The presence of Four Worlds Bakery is sparking an increase in foot traffic along the block, showcasing the corridor as a viable place to do business. USP has aided in the migration of students and faculty westward on the avenue with various promotional tools, such as email and print coupons for Four Worlds, the upcoming Mexican restaurant, Guacamole (also a ReStore grantee), and the new Whispering Leaves Tea Shop.

The opening of these businesses along Woodland Avenue was a catalyst in the block's rapid and dramatic transformation. More students have selected to live in the area, which has incited property owner Guy Laren to renovate his buildings into apartments rather than commercial spaces. Laren, a cautious and calculating property manager, indicates an eclectic mix of businesses on Woodland is needed to ensure the success of new retail.

McNulty partially attributes the success of Woodland Avenue's revitalization to available grants such as The Merchants Fund, and he actively marketed them to the property owner as well as the University and Civic Association. McNulty also predicts that with current relocation trends moving more southwest and Point Breeze pushing northwest, there will be more traffic to the commercial corridor on Woodland Avenue.



Case Study:

Hakim's Bookstore & Gift Shop

210 South 52nd Street, West Philadelphia – \$10,000

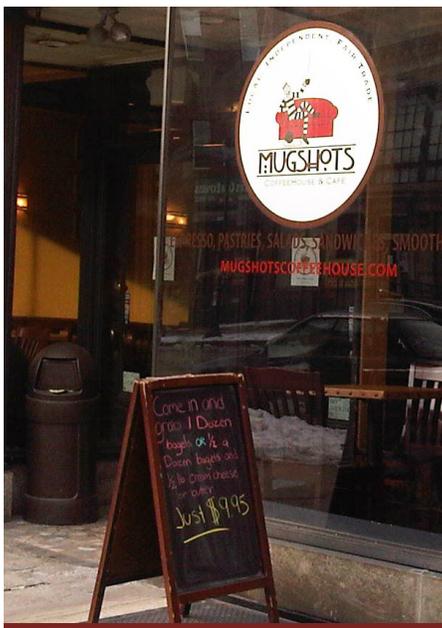
ABOUT HAKIM'S BOOKSTORE & GIFT SHOP

Hakim's Bookstore and Gift Shop is a fixture in West Philadelphia. For fifty years, the family-owned and operated store has sold literature about African American culture and heritage as well as featured many notable African American authors. Their current location at 210 South 52nd Street has been open for over thirty years. Yvonne Blake, President of Hakim's Bookstore, applied for TMF's Business Stabilization grant in the winter of 2008, during the height of the economic downturn. At the time, SEPTA's El Construction Project was also negatively impacting businesses on this block. Funds were needed at Hakim's in order to purchase inventory, make necessary repairs to the building façade, and improve storefront signage.

The Enterprise Center Community Development Corporation was the supporting agency in revitalizing Hakim's Bookstore. The work included painting both the first and second floors of the storefront, repairing the building exterior, installing new lighting, and adding an awning. Hakim's leveraged a Storefront Improvement Program grant from the Commerce Department in order to secure a grant from TMF, broadening the scope of the project. Hakim's new signage was nominated for the 2010 Citywide Storefront Challenge and won the "Best Bang for the Buck" Award. The improvements to the storefront increased customer counts and revenue for Hakim's. The new signage has spurred a neighboring beauty shop to improve their storefront as well. The improvements also inspired the 52nd Street Business Association to remove the decrepit and outdated awning covering many storefronts from Chestnut to Market on 52nd Street.

As a result of the uptick in business, Yvonne was able to increase both her inventory and revenue. A number of promotional events and tactics for the store helped to draw in a larger customer base. Some examples include live broadcasts from inside the store by WURD radio, the creation of a Facebook page, and the introduction of a Webmercial, played on various local websites. SEPTA also ran advertisements at train stations for Hakim's. The Merchants Fund's grant to Hakim's enabled Yvonne to preserve and continue her family's legacy and a unique cultural fixture in West Philadelphia.

"The improvement to this commercial corridor has brought more businesses to the block, such as the Cricket Store a few doors south of Hakim's. "



“The partners’ vision is to create positive exposure for Brewerytown through retail revitalization and development along the avenue, laying the foundation for Brewerytown to be viewed as a desirable residential neighborhood in Philadelphia.”

Case Study: Mugshots Coffeehouse & Café

www.mugshotscoffeehouse.com – \$50,000
ReStore Grant

NEIGHBORHOOD ECONOMIC PROFILE

West Girard Avenue, a commercial corridor and main thoroughway located in the Brewerytown neighborhood of Philadelphia, has been undergoing retail and residential revitalization since 2001. Businesses in the commercial area along the avenue were family-owned for decades, but some have been shut down, and the goods and services that remain do not always fit residents’ needs. According to an analysis on Brewerytown demographic data performed by Interface Studio LLC, Brewerytown sees a considerable amount of income leakage into Center City and other regional shopping centers due to its lack of useful and necessary commercial retailers. Existing transit stations bookend the blocks, and this creates an abundance of foot traffic in and around the neighborhood as well as contributes to the avenue’s appeal as an economically viable place to expand business.

Real estate developers Jacob Roller and David Waxman of MM Partners LLC are committed to preventing business failure on West Girard Avenue from adversely affecting the residential potential of the Brewerytown neighborhood. Roller stated that their goal is to create a diverse offering of services for the Brewerytown community, which has been absent for decades. Roller states, “The commercial corridor must be there first before implementing the residential strategy.” Both MM Partners and the Fairmount Community Development Corporation [FCDC] are committed to stabilizing this area of Girard Avenue and turning it into a “safe, attractive, and economically viable place to do business.” Necessary improvements to the area include renovations to ill-maintained and outdated storefronts as well as streetscaping projects including outdoor lighting, sidewalk maintenance and trash pickup.

MUGSHOTS GOALS

The Fairmount Community Development Corporation [FCDC] endorsed the expansion of Mugshots Coffeeshop and Café to the 2800 block of West Girard Avenue. Providing necessities to Brewerytown residents through retail is an important step toward increasing and encouraging residency in the area. The opening of the Brewerytown Mugshots location was contingent on TMF’s contribution of a \$50,000 ReStore Retail Incentive Grant for fit out.

MUGSHOTS SUCCESS

The opening of Mugshots Coffeeshop and Café brought a sense of optimism and hope to the neighborhood of Brewerytown. The shop has provided a space for community events, which work to increase the neighborhood’s visibility and appeal. Art shows, clothing swaps, and electronics recycling days at the café draw out the younger crowds in the evenings and encourage them to stick around for a while. The new lighting and renovated storefront have also contributed to a safer environment. West Girard Avenue continues to rapidly develop commercially as well as residentially, and MM Partners has renovated many old Brewerytown houses and apartments into modern, affordable spaces which are marketed to a younger population who desire to live near the Art Museum/Fairmount Park area.



According to Mugshots Coffeeshop and Café owner Angela Vendetti, the most dramatic change to West Girard Avenue after the opening of her shop was the litter clean up. The amount of litter that lined the sidewalks was a deterrent for visitors to the neighborhood. FCDC funded the installation of trashcans along the avenue and cleaned up existing litter on the sidewalks. The absence of trash paired with state of the art street lighting transformed a seemingly seedy environment to a safe avenue.

According to Jacob Roller, partner at MM Partners, Mugshots was the perfect fit for the revitalization of West Girard Avenue. A coffeeshop has a broad base of consumers, attracting a wide demographic of people to the area and appealing to a number of people. The opening of Mugshots also follows the model for developers to incent food-based businesses into an area first, since their failure rate is low and they attract other independent retailers. Since Mugshots' opening, not only are residential sales increasing, but other businesses have since expanded into the area, including a nail salon, a bicycle shop, and a pharmacy.

The opening of Mugshots has boosted the local economy by creating four jobs, including positions for individuals involved in the Welfare-to-Work program. Mugshots has also set a standard for other businesses in their commitment to sustainability, and they utilize LED lighting supported by an energy rebate program from the Commerce Department of the City of Philadelphia. As part of the storefront improvement program also run by the Commerce Department, security cameras were installed, helping to create a safe environment on the avenue, and not just a perception of safety. The Brewerytown neighborhood is a rapidly developing commercial corridor, and TMF funds were crucial in the area's renewal.



Case Study:

Spike's Trophies

www.gospikes.com – \$10,000

ABOUT SPIKE'S TROPHIES

Spike's Trophies has been a fixture in the Philadelphia area since first opening in 1929. Over the past 80 years, Spike's has made a name for itself as one of the largest manufacturers of trophies, plaques, and other recognition awards in the nation. 1991, a pivotal year for Spike's, saw the relocation of their factory from 13th and Race Streets to make way for the expansion of the Pennsylvania Convention Center to North 2nd Street in Philadelphia, as well as the opening of two showrooms, one in Center City and one in the Northeast.

Business boomed with the launch of their web-based store in 1999. A decade later, owner Keith Baldwin saw the need to increase efficiency of their manufacturing operation. This was necessary not only to keep pace with the increase in orders, but also to help them stay afloat during the 2008 economic downturn, when some of their biggest clients, such as the Philadelphia School District, were losing funding and cutting their spending.

HISTORY OF LIGHT INDUSTRY IN PHILADELPHIA

Spike's Trophies is considered a light industry, producing small consumer goods traveling directly from the manufacturer to the consumer. Other examples of light industries include clothing, shoes, and electronics manufacturers.

Light industry has a distinguished history in Philadelphia. However, with deindustrialization, which reached its peak in the 1980s, our once booming industrial city faced the closing of many factories and light manufacturers. Those industries that survived beyond the 1980s are looking to update their production practices. Updates to both the production practices and the facilities themselves are necessary for a business's survival in order to handle increasing Internet-based orders and assure compliance with new environmental standards for businesses.

LEAN MANUFACTURINGS

Lean manufacturing is a production practice used to optimize efficiency within the workplace. Lean manufacturing has proven successful for manufacturing businesses that want to increase efficiency and improve organization. The ultimate goal of lean manufacturing is to create a steady flow of work within the factory while reducing and continuing to limit negative environmental impact.

FUNDING FOR SPIKE'S

Spike's Trophies received a \$10,000 grant for lean manufacturing implementation and an employee-training program through Delaware Valley Industrial Resource Center [DVIRC]. Owner Keith Baldwin's main objective was to stay afloat during the economic downturn, and he felt lean manufacturing was a vital step toward that goal. Construction at Spike's Trophies began with the removal of two containers of unusable materials in the factory space, which then provided an area to set up the lean manufacturing zones.

Spike's previous manufacturing area design featured a table lining its perimeter, organizing craftsmen in an assembly-line fashion. This model proved inefficient with increasing sales, because employees were forced to walk the perimeter of the factory to fetch necessary

“A business that is considered a light industry tends to have less of an adverse environmental impact than one that is considered a heavy industry because energy requirements and materials for production are insignificant.”



material. The lean manufacturing system reorganized the craftsmen, eliminating the assembly-line design. Labeled stations with the necessary materials and machines were erected in close proximity, saving time by allowing employees to walk freely around the manufacturing space and maximizing the efficiency of their operation.

Baldwin credits The Merchants Fund grant and the implementation of lean manufacturing with the company's ability to weather the economic downturn and maintain a successful business. Baldwin was also able to retain all employees rather than laying them off during the worst of the recession. Spike's Trophies did not receive gap, façade, or green financing, and all ran smoothly, with no identified barriers or outstanding issues. Spike's Trophies is currently looking to relocate the factory to a new location - a 12,000 square foot building in Northeast Philadelphia.



“Despite the economic downturn, web and technology-based businesses have continued to thrive as other businesses utilize these services to increase their marketing and visibility.”

Case Study:

Tactile Design Group

www.tactiledesigngroup.com – \$10,000

ABOUT TACTILE DESIGN GROUP

Tactile Design Group, LLC [TDG], founded by Marc Coleman in 2007, is a Philadelphia-based web and graphic design business. In addition to providing web and graphic design services for small to medium sized businesses within and outside the Philadelphia region, the full service creative agency offers social media integration, strategic and email marketing, branding, and video production. Their client base includes everything from service to government to health care companies.

TDG’s strategy is to capitalize upon the opportunity to increase their client base and profit. TDG is a certified SBA 8(a) company and is in line to compete for Federal contracts, which are the driving force of the growth plan.

TDG asked for funds to renovate a larger office space and to purchase necessary equipment to support additional staff. The move was strategic for TDG, since the renovations would take place within the same building they currently occupied at 1315 Walnut Street. Coleman argued that for technology-based companies, there exist common market entry barriers, such as the cost of computer equipment and expensive software updates.

The Merchants Fund awarded TDG funding in the amount of \$10,000 based on the company’s opportunity to increase business quickly, the importance of supporting a minority owned company, and the potential for creating jobs in Philadelphia. TDG’s goals included two new full time staff positions in 2009 and additional staff by May 2010. TDG has fulfilled their goal of adding two new full time staff positions as well as one part time staff position and an intern. There has been an uptick in business since January of 2011, and Coleman noted that TDG has exceeded their goal; in fact, they have doubled revenue. This has allowed TDG to raise their price point, creating the potential for a further increase in revenue in the future.

Coleman identified TMF as a critical component to not only TDG’s growth but also to its survival. The barrier money was necessary in order to fund the rapid growth nature of a technology-based business. The only outstanding issue that Coleman identified is the need to hire four more people, because their business has grown so large since their expansion.



Case Study: Urban Jungle

www.urbanjunglephila.com – \$50,000
ReStore Grant

EAST PASSYUNK AVENUE PROFILE

The East Passyunk Avenue business district in South Philadelphia has undergone intense revitalization since 2008. According to Renee Gilinger of the East Passyunk Avenue Business Improvement District, the area acquired nineteen new local businesses in 2009. Seventy-nine jobs were created, and the numbers continue to grow as East Passyunk Avenue becomes a destination for a wide age range of Philadelphians to patronize. The square surrounding the Singing Fountain, the current site of Urban Jungle, was previously half-occupied by restaurants and a coffee shop. The fenced-in fountain and surrounding seating area deterred visitors from the square.

The warehouse space that is now Urban Jungle began as a gas station, rendering the basement off-limits for future renovations. The space then transformed into a graffiti-covered Mummer's Club, and in its last days, it served as a warehouse and finally morphed into an unlicensed storage space. The space is unique: a wide-open cavern with no windows, bare brick walls deteriorating from a leaking roof. Finding an appropriate retail store to fill the warehouse on the square was a difficult task.

URBAN JUNGLE

Urban Jungle is the only business of its kind in Philadelphia, bringing vertical landscaping services to the harsh, concrete-dominated environment of the city. Vertical gardening and window boxes offer dynamic visual appeal to a storefront or residential block as well as an affordable alternative to other greening efforts, such as planting trees. The business has grown steadily since April of 2000.

Owner Curt Alexander's goal in 2009 was to open a garden center focused on the particular needs of Philadelphia's urban environment, such as space and soil limitations. Alexander mainly needed an outlet to showcase hardware, which was his biggest sales challenge. The warehouse on E. Passyunk Avenue provided him with the perfect space to showcase his window boxes, vertical gardens, and fountains.

Offering half-off products to surrounding businesses on the avenue, Urban Jungle has helped to beautify the Singing Fountain, advanced by a partnership with Sam Sherman of the Passyunk Avenue Revitalization Corporation [PARC]. PARC and Alexander have beautified the block with vertical gardens and minor paint touch-ups to surrounding businesses on the square, attracting visitors and future residents from all over the Delaware Valley Region.

Alexander created four full time and four part time positions, which include jobs for experts in the fields of horticulture, irrigation, construction, design and retail. The new employees have given Alexander the opportunity to work solely on installations, thereby increasing his revenue capacity. He received \$50,000 in funding from the city to include environmentally friendly solar lighting throughout the warehouse, and plans to add solar hot water coils for the floor this coming winter. Sales increased \$300,000 in 2010, and Alexander anticipates his revenue will double in 2011. Alexander credits TMF's funding for giving him an outlet to showcase and sell hardware as well as the opportunity to work on installations.

"The opening of Urban Jungle in April 2010 not only dramatically increased business for Alexander but also had an unexpected impact on the avenue as a whole."



Urban Jungle is an interesting case study because it not only shows the rapid growth of a unique local business, but also demonstrates the dramatic transformative effect a business like this can have on a block. Urban Jungle's presence on the square has beautified the neighborhood, increased surrounding property value, and doubled their revenue. Urban Jungle's success has inspired future development on East Passyunk Avenue, including increasing green public space that surrounds historical fixtures in the neighborhood such as the statue on Mifflin Street. Other revitalization efforts include a previously vacant lot, which has been transformed into an outdoor seating area by popular Mexican gastropub, Cantina Los Caballitos. Completing the businesses on East Passyunk Square, cocktail bar Stateside will open next to Urban Jungle in 2011.



Case Study:

Weavers Way Food Co-Op

www.weaversway.coop – \$50,000
ReStore Grant

NEIGHBORHOOD ECONOMIC PROFILE

Chestnut Hill, a seemingly unlikely candidate for merchant financial assistance, is one of the most affluent neighborhoods within the Philadelphia area. Located in the Northwest section of the city, nearly half of Chestnut Hill's residents' average yearly income meets or exceeds \$100,000, rarely falling below \$60,000. However, as a result of the 2008 economic downturn, a number of large chain stores located in the neighborhood's retail shopping area on Germantown Avenue, such as The Gap and Borders Books, closed their doors, leaving a once-bustling retail location an avenue of empty glass. The failing business trend continued in Chestnut Hill in 2009, affecting the smaller independently owned shops, and was only exacerbated by inconvenient and irregular business hours in the Chestnut Hill district. In addition, many business owners are deterred from opening up a shop in Chestnut Hill as a result of uncompetitive rents coupled with a lack of incentive programs to expand their business to the area.

The Chestnut Hill Retail Recruiter Eileen Reilly was hired by the Business Association as a proactive measure to identify high quality retail and to establish a diverse mix of companies to complement the existing mix. Area residents assert that the shopping area on Germantown Avenue is in need of retail revitalization in order to correct the market problem as well as prevent the decline of property values in the area. The ultimate goal for Germantown Avenue is a diverse, mixed-use, independent retail district to retain consumer dollars in the local economy. In order to achieve this goal, Reilly is using a multi-pronged strategy including making storefront improvements such as refreshing paint and lighting, encouraging mixed-use development, and incenting food-based businesses to open up on Germantown Avenue (thereby drawing smaller independent retail to the open storefronts on the avenue as well).

WEAVERS WAY GOALS

The 2008 closing of Caruso's Market, previously located in the current Weavers Way space for over a hundred years, rendered Chestnut Hill a food desert. According to Weavers Way General Manager, Glenn Bergman, after Caruso's Market closed its doors, many Northwest Philadelphia residents were leaving the area to grocery shop in Flourtown, a nearby suburb. Bergman's goals for the new Weavers Way location were to keep Chestnut Hill residents grocery shopping within the community and to increase retail traffic on Germantown Avenue by a few hundred shoppers per day. Bergman and the Coop's membership, committed to the triple bottom line economic model (people, profit, planet), projected to produce at least thirty full time employment positions that pay a living wage and include a full benefits package while substantially increasing purchases of local foods and services. Bergman's vision was to rebuild a retail grocery store using sustainable building methods and energy efficient equipment as well as increase the Co-op's outlets for produce, some of which is grown on small farm plots around the Northwest section of the city.

WEAVERS WAY SUCCESS

Over a year since the opening of Weavers Way on Germantown Avenue in May 2010, both the Chestnut Hill and Mt. Airy Co-op locations have seen a two-fold increase in sales volume, walk-in customers and small orders in the mornings. The frequency with which customers patronize the Chestnut Hill Weavers Way per week has also increased, which Bergman at-

“The opening of Weavers Way Co-Op was the first step toward increasing retail traffic on Germantown Avenue.”



tributes to the large European-informed population residing in the neighborhood, where frequent grocery store visits is a cultural norm. Bergman exceeded his projected number of full-time jobs created by 10-13 employees, some of whom are post-incarceration and Welfare-to-Work, all receiving at least \$10/hour and a generous health benefits package. Bergman's business practice of paying a living wage and benefits results in very little turnover within his stores compared to corporate grocery stores, contributing to a self-sustaining business model. Since the opening of Weavers Way Co-Op in the old Caruso's Market location, local farms have also shared in the success of the Chestnut Hill location of Weavers Way. According to Bergman, since the opening of the new location, local farms have increased sales and profit of dairy and produce, including Merrymead Farm of Montgomery County, Pequa Farms, and Seven Stars.

One unexpected phenomenon since the opening of the new Weavers Way is that the Chestnut Hill location has experienced twice the amount of food stamp use as the Mt. Airy location. This may be a result of SEPTA commuters utilizing the co-op when traveling Germantown Avenue, or there may be more fixed income low and moderate residents in Chestnut Hill and surrounding neighborhoods than one might suspect. Not only has the new Weavers Way location increased access to food for residents and commuters, but its presence has increased foot traffic by five hundred people per day along Germantown Avenue. Surrounding businesses have seen an uptick in customer counts and sales, which has kept more money revolving locally as well as contributed to the retail revitalization of Germantown Avenue.

While the financing from Philadelphia Industrial Development Corp (PIDC) and The Reinvestment Fund (TRF) for the purchase and fit out of the building may have been far larger than the ReStore grant from TMF, this contribution allowed 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 building. Chestnut Hill Neighborhood Association is known for stalling approvals for new building but the Weavers Way design sailed through approval with minor changes.

Weavers Way Co-Op has experienced enormous success since opening in Chestnut Hill. Not only has its presence improved the retail area of Germantown Avenue, but they have increased their own customer base, providing access to healthy foods for those in adjacent neighborhoods who commute through Chestnut Hill. As expected, the opening of Weavers Way has encouraged other businesses to expand to Germantown Avenue, such as popular Delaware Valley brewpub, Iron Hill Brewery (www.ironhillbrewery.com). Also, Chip Roman, owner of Blackfish Restaurant in Conshohocken, Pennsylvania, has opened his newest endeavor Mica (www.micarestaurant.com) on the avenue, offering progressive American cuisine. The area continues to grow during difficult economic times, which is great incentive for other businesses to expand to the area.

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