

The Merchants Fund

Strategic Plan
2022

Overview

The Merchants Fund (TMF) is a Philadelphia nonprofit organization 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 170 years in meeting the aims of its mission by adhering to the goals and objectives of its early founders despite a constantly changing social and economic environment.

In 2006, TMF embarked on an ambitious plan to reinvent the organization to reflect a 21st-century mission. After extensive stakeholder interviews and board deliberations, it was determined that grants for current merchants/small businesses would be worthwhile work not replicated by any other entity in the city.

Beginning in 2007, TMF refined and expanded the scope of its grantmaking while remaining true to its mission of supporting Philadelphia's merchants. These changes included grants for projects, emergencies, and stabilization. Through all of these grant programs, TMF has provided over 900 individual business owners with grants totaling nearly \$8M.

Having undergone a leadership transition in the fall of 2018, TMF has been working for the past several years to delve deeper into its role as a funder within the Philadelphia small business ecosystem. Through intentional board development and conscientious thinking about the organization's missions and values, as well as its larger role with this community, TMF has endeavored to position itself as a trusted partner, a nimble and responsive funder, and a values-led organization committed to equity.

To this end, in the fall of 2021, TMF began the process of developing a multi-year strategic plan. Informed by the dual crises of COVID-19 and social unrest, TMF sought to take time and hold space for critical thinking around its future and the essential role it might play with its resources, in particular its people and its money. This period of reflection has reinforced TMF's mission and reinvigorated its direction with an acute focus on historically marginalized and under-capitalized small business owners.

Born from many stakeholder conversations, this strategic plan seeks to clarify TMF's intentions as a trust-based philanthropic organization, develop the supportive infrastructure (grantmaking processes, operational systems, etc.) that is essential to living into

its desired state, and most importantly, utilize the vital knowledge and access of its people to support a thriving small business ecosystem in Philadelphia.

Current State

Over the past three years, COVID-19 and widespread awakening to systemic racism and other systems of oppression have sharpened the focus on disparities that exist within the small business community. The focus of TMF's grantmaking has always been to serve small businesses with the greatest need that have historically had the least access to other forms of capital due to systemic oppression and racism. As such, TMF prioritizes funding to BIPOC-, immigrant, and women-owned businesses. In 2020, over 91% of grants were made to BIPOC merchants; over 72% to immigrant merchants; and over 50% to merchants where the household income was less than \$50k/year.

According to the Philadelphia Equitable Entrepreneurship Ecosystem Assessment and Strategy, "Philadelphia's communities of color, however, are underrepresented in the city's formal small business sector. Despite having the city's highest startup rates before the pandemic, the city's Black, Indigenous, and People of Color (BIPOC) entrepreneurs and small business owners encounter structural challenges in accessing affordable financing, high-quality support services, and market opportunities to grow and sustain their businesses successfully."

TMF has built a grantmaking program that seeks to address this historical inequity. In addition to providing capital, TMF has built a technical assistance program - Beyond the Grant (BtG) - which supports business owners through peer-based mentorship, skills development, and networking opportunities. Understanding its primary function as a funder, TMF's BtG program is meant to augment other resources and support systems that small business owners may receive.

Board

TMF is governed by a 16-member board of directors. Board diversity has always been - and continues to be - a priority; nearly 75% of TMF's board identifies as BIPOC. Each board member is deeply connected to the work of TMF, often through their professional work. This connectivity, coupled with a commitment to supporting a vibrant small business community within Philadelphia, creates a governing structure that is thoughtfully engaged in and incredibly knowledgeable about the work of TMF.

The Board has a number of standing committees including: Executive, Finance, Program, and Governance, along with sub and ad-hoc committees to support key operational functions (strategic planning, audit, compensation, etc.). Considerable time is allocated to committee work, reinforcing the essential role each board member plays in advancing the mission of TMF.

Team

Led by former small business owner and longtime nonprofit executive, Jill Fink, TMF's work is supported by a full-time Operations Manager as well as a contracted instructor (also a small business owner) for its Beyond the Grant program.

Organization

The Merchants Fund operated as a private foundation, with a corpus of \$7-10M depending on market conditions, until October 2022 when it received public charity designation from the IRS, a process the organization initiated in January of the same year. The annual distribution of grants to qualified merchants is roughly \$500,000. This change in status has implications for TMF's work and this plan, but anticipating the public charity designation, this plan speaks directly to this change.

Desired State

As TMF considers these next three years, it does so with a reaffirmed priority to support businesses owned by BIPOC, women, and immigrants. It is the organization's commitment to these historically marginalized and underinvested groups that is at the core of its North Star, described later in this plan. Informed by the reality that these communities have all too often found access to traditional capital challenging and/or inequitable, TMF seeks to play an important role in advancing equity within the small business ecosystem.

Leveraging the considerable connectivity of its leadership coupled with the size of its corpus, TMF endeavors to utilize its extensive network as both a multiplier and amplifier for its work. Through collaboration and trusted partnership building, TMF will not only invest in the most marginalized communities within Philadelphia, but will do so by meeting small businesses where they are. TMF will strive to forgo the traditional hierarchical structures and instead rely on a trust-based high-touch model that centers merchants and invites them to speak candidly about their needs and aspirations.

Board

In addition to maintaining the current engagement levels of its board, TMF will work specifically on the following:

- Ensuring that the makeup of TMF's board continues to reflect the diversity that exists within the communities it serves;
- Continuing to have high-functioning board-member-led committees;
- Establishing effective term durations and succession planning; and
- Supporting a healthy culture of learning and accountability.

Essential to its desired state is that TMF board members will fully utilize their talents, access, and expertise for maximum benefit to the small business community in Philadelphia.

Team

Having grown its staff from one person to two and a contractor, TMF does not seek to grow its staff substantially during this implementation period. Indeed, as it is acutely aware of the financial needs within the small business community, TMF may only seek to add additional bandwidth to support key programmatic activity that might directly benefit the small business ecosystem. Further, any additional human resource capacity will center on engaging either employees and/or contractors with small business experience.

Organization

As TMF transitions from a private foundation to a public charity, it is mindful of its historical role as a funder and does not intend to change that operating model. It also does not seek to become a fundraising organization and will continue to rely on its own dollars to support its operations. With that, TMF will:

1. Remain nimble - ready to serve as a conduit for pass-thru funding opportunities in direct service to the small business ecosystem;
2. Review and refine its internal policies biennially to ensure that they are aligned with best practices of public charities; and
3. Intentionally invest in training to support the professionals (particularly TMF's board and the proposed Merchant Advisory Group) engaged in grant review and provide them with the necessary tools to succeed in this work. Included within these trainings will be facilitated work around anti-racist and equitable practices.

North Star

Throughout the planning process, TMF sought to define and make clear the intention informing its work:

Recognizing its privilege as a funder and the historical and systemic disinvestment in communities of color - including BIPOC business owners - as well as the inequitable access to capital experienced by BIPOC, immigrant, and women merchants, TMF seeks to:

- *Utilize the access and acumen of its leadership to strengthen its grantmaking;*
- *Engage small business owners in decision-making processes;*
- *Align its corpus to reflect its values and advance its mission; and*
- *Make flexible grants that address these historic disparities and build wealth within these communities.*

In doing this, TMF will allocate 85% of its total annual grantmaking to these identified communities.

Impact

Guided by this North Star, TMF will measure its progress in three ways:

1. **Its ability to center people in its operations, decision-making, and values.** TMF will engage its board, leadership, merchants, and partners by creating an environment for thoughtful and meaningful listening and participation that seeks to mitigate historical systems of oppression and break down the inequities often rooted in traditional funder/funded relationships.
2. **Commit to amplification.** TMF will leverage its collective community and financial resources to build partnerships that create an ecosystem of support for small businesses in Philadelphia, and that center the narrative on merchants, their trials, and their successes, as invaluable assets to Philadelphia's prosperity.
3. **Use its money as flexible capital.** TMF will honor its founders' ambitions through grantmaking and mission-driven investments that are responsive, flexible, and concordant with the needs of small business owners.

Planning Process

The Merchants Fund worked with Christopher Barrett Politan, Principal Give, Get, Grow Philanthropic Advisory on this Strategic Planning Process. In this capacity, the consultant:

- interviewed 25 individual stakeholders, identified by Jill Fink and the Strategic Planning committee including all board members, as well as a selection of grantees and community partners;
- aggregated interviewee comments without attribution to inform key findings and used them to develop a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis;
- conducted a literature review of available collateral;
- facilitated a Strategic Planning retreat with the Board;
- presented this plan for approval and adoption.

Vision, Mission, and Values

These foundational statements were refined during TMF's Strategic Planning retreat and speak to its work both now and in the future.

Vision

We envision a future where Philadelphia small businesses and their owners thrive and where talented and diverse merchants have equitable access to meaningful assistance, capital, and other resources necessary to build business, family, and community wealth.

Mission

The Merchants Fund provides grants and other support to merchants and small businesses in Philadelphia.

Values

- ***Justice***

We acknowledge that structural inequities have limited access to opportunities for historically marginalized communities and have stifled overall economic development in Philadelphia. We intentionally direct resources to people in these communities, strive to center their voices throughout the decision-making process, and adopt policies and practices that advance diversity, equity, inclusion, and belonging.

- ***Service***

We are servant leaders. We approach our work from a place of humility, respect, empathy, approachability, and deep listening. We recognize that as stewards of community resources, we are accountable to those we serve, and thus actively work to mitigate power differentials in grantmaking.

- ***Relationships***

We prioritize the time to invest in people and build authentic relationships grounded in trust, integrity, openness, and kindness. We encourage opportunities for collaborations that will enhance shared goals and foster meaningful community-building.

- **Courage**

We celebrate the entrepreneurial spirit. We take risks and recognize failure as an opportunity to evolve and create new approaches to advance our mission. We embrace the inevitability of change with a commitment to be adaptive, responsive, and nimble.

SWOT (Strengths, Weaknesses, Opportunities, and Threats)

<p>Strengths</p> <ul style="list-style-type: none"> - Strong and engaged board of directors - Leadership deeply connected to small businesses - Lived experience(s) as small business owners - Strong connectivity within the larger small business ecosystem - Diversity of thought, experience, and talent on the board of directors 	<p>Weaknesses</p> <ul style="list-style-type: none"> - Organizational capacity - small relative to the need - Brand recognition - Fundraising infrastructure
<p>Opportunities</p> <ul style="list-style-type: none"> - Expanded brand recognition - Diversified funding opportunities - Programmatic expansion - New administration in 2024 - Change in our IRS designation from Private Foundation to Public Charity 	<p>Threats</p> <ul style="list-style-type: none"> - Acts of God - Overextension of its mission - Partnership development and sustainability - Market forces

Key Priority Development

After reviewing the literature, conducting stakeholder interviews, and facilitating a Board retreat, the following themes emerged. Within this Strategic Plan, these broad themes are called *Key Priorities* and represent large pieces of work that the organization will address through smaller initiatives and tactics over the duration of the plan.

Key Priorities are defined by a Strategic Objective that speaks to The Merchants Fund's desired state. The Key Priorities are further broken down into Strategic Initiatives which are the annual tactics to be deployed in service of each Key Priority. Strategic Initiatives are designed to be small, finite pieces of work and have been designated to either TMF team members and/or standing committees of the TMF Board. All Key Priorities contain impacts that speak to the implementation of the Strategic Initiatives over the life of this plan. Finally, all Key Priorities have been aligned with TMF's commitment to equity.

The Merchants Fund's Key Priorities include:

Community

Convener

Catalyst

Capacity

Key Priority #1 – Community

Strategic Objective - TMF will work to define, deepen, and make more transparent its engagement with Philadelphia’s micro and small business communities.

Context – As a funding entity exclusively focused on small businesses, TMF seeks to deepen its relationships and points of engagement with individual small businesses and in doing so amplify the needs and value of the entire small business ecosystem of Philadelphia.

Equity – The Merchants Fund will intentionally focus its grantmaking and business coaching on expanding access for BIPOC, women, and immigrant-owned businesses.

Strategic Initiatives

1. Through a new grantmaking strategy, TMF seeks to meet **MERCHANTS** where they are and provide appropriate tools for support.
2. TMF will engage Philadelphia’s **DEPARTMENT of COMMERCE** in a multi-year exploration of opportunities to leverage collaborative funding.
3. TMF will review its capacity to provide **BUSINESS COACHING** services through its Beyond the Grant program as well as develop relationships to ensure **BUSINESS COACHING** is available to merchants who seek it.

Outputs

1. Within our new grantmaking strategy, merchants are segmented into grant programs aligned with their needs and our grantmaking goals
2. Deepen funding relationship with the Department of Commerce
3. Strategic partnership with one business coaching provider and thought partner

Impact/Outcomes

1. TMF will have a grantmaking process that is both people-centered and nimble. Leadership (Team and Board) will be deeply involved in reviewing applications and conducting site visits to ensure greater process transparency and equity.
2. In collaboration with the Department of Commerce, TMF will amplify its financial capacity and support equitable and merchant-level engagement.
3. TMF will multiply its capacity for and commitment to exceptional technical assistance and coaching through a trusted partner whose values and approach to merchants is aligned with its own.

Key Priority #2 – Convener

Strategic Objective - TMF will seek to leverage the considerable expertise and access of its Board and leadership to convene trusted partners.

Context – Leveraging the skills of TMF’s Board and leadership, the organization seeks to convene and connect more deeply with new thought, funding, and programmatic partners.

Equity – The Merchants Fund will center its values on expanding relationships with partners and engaging its volunteers (Board members, interns, etc.)

Strategic Initiatives

1. TMF operates within a broader **ECOSYSTEM** related to small businesses in Philadelphia and seeks to deepen and expand relationships within that ecosystem.
2. The **GOVERNING** board of TMF has formidable experience and relationships within the small business ecosystem which TMF seeks to leverage through more organized partnership building.
3. TMF has had interns, including Board Fellows, from various universities and will continue that practice with an intentional focus on aligning **INTERN/FELLOWSHIP** projects with its values.

Outputs

1. New ecosystem partnership
2. Enriched Board connections within the small business ecosystem and 1-2 new formal partners
3. More robust, value-based internships

Impact/Outcomes

1. TMF will be a recognized resource and value-added partner within Philadelphia's small-business ecosystem, serving as a thought leader with respect to its grantmaking approach and deep, direct connectivity to merchants.
2. Already connected to the small business community of Philadelphia, TMF's board will expand its work by building collaboration and trusted partnerships.
3. TMF will be seen as a vital learning partner for local university internships.

Key Priority #3 – Catalyst

Strategic Objective - TMF will utilize its capital to create equitable and innovative points of access beyond its traditional grantmaking process.

Context – TMF annually provides financial support to small businesses, but seeks to expand the scale and scope of this support by implementing a new grantmaking process, engaging merchants in decision-making, and serving as a conduit for services beyond its programming.

Equity – The Merchants Fund will center the voices of BIPOC, women, and immigrants in decision-making both in its deployment of capital and in how it invests its capital.

Strategic Initiatives

1. TMF will adopt a new **GRANTMAKING** program that is focused on deep commitment within a community, broader access to responsive capital, and a new fund to support opportunities where TMF's resources can be a catalyst.
2. Through its **INVESTMENTS**, TMF will ensure that its portfolio is values-aligned.
3. TMF will **ENGAGE MERCHANTS** as decision-makers in grantmaking.

Outputs

1. Implement a new grantmaking process with additional application tools
2. Formalize and adopt a revised Investment Policy Statement
3. Engage merchants in the decision-making process for grantmaking within their respective communities

Impact/Outcomes

1. In building and implementing a new grantmaking strategy, TMF will reinforce its practice around centering the voices of historically marginalized communities by creating a flexible and responsive system that is grounded in equitable access.
2. TMF will align its corpus to its values and in doing so, it will publicly share its Investment Policy as a means of encouraging like-minded organizations to both reflect on the values-alignment of their endowments and to make their investment strategies transparent.
3. In assembling a merchants advisory group charged with advising grantmaking decisions, TMF will more deeply live into its values and provide further transparency to its grantmaking process.

Key Priority #4 – Capacity

Strategic Objective - TMF will intentionally invest resources in its internal capacity and in doing so will bolster the small business ecosystem in Philadelphia.

Context – TMF is committed to a nimble operating model, but seeks to expand its role in championing small businesses in Philadelphia and creating new funding models to support them.

Equity - The Merchants Fund will actively seek to align its internal operations with its values and seek to reflect the community that it serves.

Strategic Initiatives

1. To highlight the work of small businesses, TMF will develop and implement a multi-channel **MARKETING + COMMUNICATIONS** strategy.
2. Leveraging the tools developed during the COVID-19 pandemic, TMF will seek **FUNDING PARTNERS** such that it can continue to serve as a pass-thru grantor for small businesses.
3. TMF will align its **HUMAN RESOURCES** with this Strategic Plan and in doing so, evaluate team members against it.
4. As responsible stewards and organizational leaders, TMF's **BOARD** will engage in annual enrichment activities related to their service.

Outputs

1. Annual Marketing/Communication plan implemented
2. One new funding relationship established
3. Evaluation tools developed and implemented to measure team progress against this Strategic Plan
4. Ongoing Board training activities in place on an annual basis

Impact/Outcomes

1. Through a concentrated marketing and communications effort, TMF will increase awareness about the vital role of small businesses in Philadelphia.
2. TMF will position itself as a vital link for pass-thru funding to support Philadelphia's small businesses.
3. In articulating its aspirations, TMF will measure its team members and operations against this plan.
4. As board leadership becomes more involved in grantmaking, TMF will engage in professionally facilitated training to support ongoing learning for all leadership specifically around its goals focused on equity.

Addendum

Interview Questionnaire

1. How deeply engaged do you feel in the work of TMF and what motivates your engagement? Are we leveraging your acumen to its full potential? **(BOARD/TEAM ONLY)**
2. Does the mission of TMF speak to its work and role within the community?
3. How do you personally measure TMF's successes and failures?
4. What partnerships could TMF seek and develop to further expand and or enrich its work?
5. What does it mean for TMF to invest intentionally in businesses owned by marginalized communities?
6. Do TMF's systems (internal and external) establish transparency and build trust within the population(s) it seeks to support?
7. What role does TMF's leadership (team and board) play in advancing anti-oppressive and anti-racist structures?
8. How responsive is TMF to the community it engages?
9. What might TMF do differently if its available grantmaking dollars were doubled? Tripled?
10. What does TMF look and feel like in five years? What, if anything, has changed? What might you hope for?
11. Anything else you'd like to share about your experience with TMF?

Stakeholder List

Internal

Jill Fink

Lindsey Boyd

George Pitsakis

Kersey Azocar

Michael Banks

Tom Ginsberg

Peter Gonzales

Bruce Hotaling

James Johnson-Piatt

Melissa Kim
Steven King, Sr.
Carey Morgan
Shawn Nesbit
Samantha Porter
Shalimar Thomas
Andy Toy
Ana Lisa Yoder
Dafan Zhang

External

Jeannine Cook
Karen Fegley
Heather Hanowitz
Quetsy Lozada
Reco Owens
Roberto Rodriguez
Lauren Stebbins
Tina Wahl

Thank you

Thank you to all of the stakeholders who participated in interviews and shared their collective wisdom and insights.