

The City's College: Transforming the City Through Grassroots, Community-based Entrepreneurship

Carol J. de Fries 26 March 2019



PUYB Business Spotlight and Photo:

Jonathan Williams

Business: Chestnut Hill Cleaning Company

Background: Jonathan runs his own professional cleaning business, Chestnut Hill Cleaning Company, which he started while a junior at Central High School. He provides cleaning and snow removal services to residential and corporate clients.

Impact: Jonathan's profitable business keeps five independent contractors busy cleaning churches, schools and businesses, mostly in the Chestnut Hill area. He landed one of his clients, a barber, after meeting him in the Power Up program they both attended in May 2017.

Participating in Power Up Your Business helped Jonathan realize the importance of continuing his studies and earning his degree. He graduated from Community College of Philadelphia in 2018 with an Associate in Arts degree in Business.

Photo Credit: Community College of Philadelphia

Summary

Recent reports from the Kaufman Foundation have shown that Philadelphia's small business ecosystem is less dense than smaller cities such as Portland, Miami, Boston, and Pittsburgh. They have shown our start-up activity is dropping, with fewer adults becoming entrepreneurs, a

drop in Asian-owned businesses, and a lag in small business owners aged 20-34. Nonetheless, more than 54 percent of new jobs created in the City overall, were created by new businesses. While Philadelphia has a vast array of small business supports for traditional small businesses, the City and the Community College of Philadelphia worked together to create a small business support program that could reach deep into communities, commercial corridors, and low-income neighborhoods, serving businesses and owners that do not traditionally seek or receive services. The College is making an impact through the creation of a grassroots community-based entrepreneurship program, Power Up Your Business.

The Importance of Small Businesses to Philadelphia

Small businesses, both existing and new, are at the heart of the nation's economy, helping drive job growth, innovation, and infusing our local economies with economic activity and vibrancy. Start-ups provide dynamic, creative, nimble, alternative ventures. Existing small businesses provide stability, access to needed amenities, local jobs, forge strong community identities, and improve the quality of life where they are located.

In a recent report issued by JP Morgan Chase and the Initiative for a Competitive Inner City, it found that in four of five cities studied, the importance of small businesses as a source of jobs is greater in distressed inner city

neighborhoods than in the city overall. It also found that a modest increase in the number of employees hired by existing small businesses (one to three employees per business) could create enough employment opportunities for all currently unemployed inner city residents in the study.

With this in mind, through the College's Workforce and Economic Innovation Division, we began asking ourselves how the College could be an engine for the City's growth and attack Philadelphia's persistent and deep poverty rate through a robust small business strategy.

When we begin to drill down to the local level in Philadelphia, comprehensive strategies and resources for both new and existing small businesses can help to foster and enhance our City's economy broadly, and even more directly our neighborhoods, and commercial corridors. An analysis of Philadelphia's small business ecosystem by the Sustainable Business Network found that there are more than 93,000 small businesses in every community of Philadelphia, with the vast majority (73 percent) being self-employed individuals. These businesses contribute \$2 billion in annual receipts to Philadelphia's economy. The City has 25,000 businesses with between two and 50 employees. The vast majority, 90 percent, are licensed and pay taxes. These formalized businesses grow faster and create more jobs.

Job creation in Philadelphia is directly tied to new start-up

businesses, with 65 percent created by businesses five years old or less. We also know that small businesses help keep more funding in our local economies, with approximately \$45 of every \$100 spent at a small business staying in the local economy, versus \$13 of \$100 spent at a national store or chain. Furthermore, the owners of these stores invest in social, civic, and other community organizations that help strengthen these neighborhoods. Whether it is the local corner store, the daycare, dry cleaner, dental office, bakery, clothing, or jewelry store, these businesses not only provide vital services or amenities to each of us daily, but they are also boosting tax revenues, employing our citizens, and driving life into our communities.

The Community College of Philadelphia as an Engine for the City's Growth

The Community College of Philadelphia has a strong history of helping small businesses to develop growth plans that identify ways to improve their operations and grow their business through our Goldman Sachs 10,000 Small Businesses program, which has served more than 450 small businesses in the region since the program's establishment in 2013. The College's Center for Small Business, Education, Growth, and Training established in 2010 is located at its Northeast Regional Campus (NERC). The Center has provided one-on-one mentoring services, training, and educational workshops, and small business

resources to hundreds of individuals and small business owners.

Building from these experiences, the College began working on a solution to serve as a catalyst for growth in our neighborhoods. It designed a program that could be responsive and flexible in matching a diverse small business community on a citywide, but community-based, scale. This is where community colleges excel, and we made it our mission to focus on the commercial corridor and neighborhood-based businesses, particularly those in low-income communities. We tried hard to structure the program so that it did not compete with the many excellent organizations that already provide business support programs.

Power Up Your Business (PUYB) was launched in January 2017, with a three-year funding commitment from City Council and Mayor Jim Kenney's administration. Because we know that these small business owners work 24-7 in their business, we had to create a structure that would minimize their total time commitment and be in close proximity to where they were located.

The core Power Up Your Business program has two levels of participation:

- The **Storefront Workshop Series** includes free workshops on topics such as building a social media strategy, Facebook marketing, accounting software

made easy, financial management, understanding city taxes, and other areas to help small businesses stabilize and grow their business.

- The **Peer-Based Learning Experience** is a 12-week 36-hour cohort-based small business boot camp that provides training and business and financial coaching support during and after the program.

These programs rotate to each of our three regional centers, a satellite location in South Philadelphia, and on our Main Campus throughout the year, targeting businesses in the surrounding commercial corridors and neighborhoods. This enables the College to serve businesses in West Philadelphia, South Philadelphia, Northwest Philadelphia, Northeast Philadelphia, as well as Center City and adjacent communities. The businesses that have taken advantage of these programs represent a variety of industries: food, daycare, retail, service, salons, and other types of businesses. Many rent, own, and run businesses out of their own homes. They represent businesses that have been in operation for at least one year, with many operating for eight or more years.

The College has held more than 33 Storefront Series Workshops since the start of the program, with more than 430 businesses and more than 800 attendees participating. These businesses represent 47 of the City's 48 zip codes.

With our Peer Learning Experience, 120 businesses have

participated across seven cohorts at all four College campuses and at our satellite location in South Philadelphia. These 120 businesses represent all 10 council districts and 39 of Philadelphia’s 48 zip codes. The program demonstrates that it helps move Philadelphia toward a more equitable and diverse resilient economy, with participation by 84 percent minority-owned companies and 71percent women-owned businesses. This compares to a citywide percentage of 16 percent minority-owned and 19 percent women-owned. Combined, the 120 businesses provide 224 full-time jobs and 171 part-time jobs in the City of Philadelphia. Forty-nine percent of the peer learning participants are located on designated commercial corridors, and more than 60 percent are in low-income qualified census tracts. The program also shows it makes the local economy stronger:

| PUYB Impact data for Peer-based Learning Experience |
|--|
| 56% Hired a new employee |
| 50% Increased Sales |
| 44% Increased net profit |
| 29% Launched a new product of service |
| 62% Secured significant contracts |
| 38% Improved their credit score |
| 32% Purchased equipment |
| 3 Opened a second location |
| 3 Obtained funding in terms of a loan |
| 3 Obtained a grant |

Innovations:

In addition to an innovative structure and unique target population, we organized Power Up Your Business so that we could adapt and create innovations to serve small businesses by industry, by providing additional kinds of educational supports, and by addressing unique community needs.

Community-Based Workshops: To make our training as accessible to local businesses as possible, the Power Up program has partnered with more than 40 local community organizations like Esperanza, Entrepreneur Works, North 5th Street Revitalization Project, SEAMACC, Oxford Circle Christian Community Development Association, and more than four affinity and neighborhood-based chambers of commerce. We also work closely with the City of Philadelphia's Commerce Department, the Philadelphia Industrial Development Corporation (PIDC), and the Free Library of Philadelphia. By working alongside local community organizations, we are able to reach more businesses and develop training that is relevant to business owners. We have held more than 25 workshops at Free Library locations across the city, in barbershops, and in restaurants with close to 600 businesses participating. These workshops have also been taught in Spanish or have included Mandarin Chinese interpreters.

Continuing Professional Education: As an institution of

higher learning, the College understands that these types of programs often lead owners to realize that they might need additional education or training. The program has provided 54 scholarships for those who graduated from our peer-learning experience to take a course in our continuing education and professional development offerings. The courses owners have taken include an in-depth four-week social media class, grant writing, and Quick Books.

Industry Best Practices: In the fall of 2018, Power Up launched an Industry Best Practices series, which provides discreet workshops that take a deeper dive into the issues and best practices of running a business in a specific sector. Its first offering focused on early childhood education as 16 percent of our businesses have been in the childcare industry and the City has made early childhood education a priority. Power Up worked with Children's Villages Child Care Center and early education experts to run a seven-week series for existing Child Care Center owners. The program taught best business practices on management, financials, funding, and human resources to 23 childcare center owners, representing 30 locations, and more than 140 employees. These owners consisted of a diverse group ranging from one year to 20 years of experience and star level ranging from one to three stars. Our goal is to offer similar programs for the Food and Beauty industries who also comprise many of our graduates.

Start-Up: At our workshops, we have seen a very strong interest in budding entrepreneurs who do not qualify for our peer-learning program. The College joined with Mt. Airy USA to help launch a free six-week small business training program for start-up and early stage businesses. The College developed the curriculum and has provided an instructor to facilitate the program.

Economic Impact

The College engaged Econsult Solutions, Inc. to help review our one-year survey results and help us understand what kind of economic impact each cohort has on the City of Philadelphia. Based on their February 2019 report, Econsult found that PUYB participants are 50 percent more likely to be in business and have annual revenues that are 50 percent higher than non-participants. This means, in aggregate, each annual cohort of PUYB participants will generate more than \$110 million in net new revenue within the city in the first ten years after they complete the program. The new revenue has a \$175 million total economic impact in Philadelphia over the ten years. PUYB also yields more tax revenues for the City, with an estimated \$2.8 million over ten years in wage tax, sales tax, and BIRT from each year's cohort of participants. This represents a three-and-a-half times return on investment by the City.

Conclusion

In addition to strengthening Philadelphia's local economy, this program is empowering individual business owners as they gain knowledge, skills, networks, and confidence. Even more important, is the impact we are having in securing participants that represent the diverse tapestry of Philadelphia in areas of the City that typically do not see small business services. Every day, our graduates and participants tell us how much this program has helped them with their business. These businesses represent the building blocks of our communities and help reinforce that the Community College of Philadelphia truly is an institution of and for the community.

To learn more about the College of Philadelphia's program, Power Up Your Business (PUYB), visit <https://www.ccp.edu/powerup>.

Works Cited

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⁴ Arnobio Morelix, et al, "The Kaufman Index 2016: Growth Entrepreneurship, Metropolitan Area and City Trends," Ewing Marion Kauffman Foundation, June 2016.

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⁶ Arnobio Morelix, et al, "The Kaufman Index 2016: Main Street Entrepreneurship, Metropolitan Area and City Trends," Ewing Marion Kauffman Foundation, November 2016.

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⁸ Lee Huang, et al, "Economic Case for Power Up Your Business Memo to Community College of Philadelphia," February 2019.

Author Bio



Photo Credit: Community College of Philadelphia

Carol de Fries is the Community College of Philadelphia's Vice President of Workforce and Economic Innovation where she is responsible for expanding the form and the function of the College's workforce development, continuing education, job readiness, job training, and job creation and entrepreneurship programs by establishing partnerships with local businesses and the institution. Since taking on this role in 2015, Ms. de Fries has secured more than three million dollars in grants for new initiatives at the College, increased revenues and profits by 30 percent, and increased enrollments for non-credit offerings at the College. She has more than 20 years of experience in building successful strategic partnerships for economic and civic growth. Ms. de Fries is a graduate of Georgetown University and the University of Pennsylvania's Fels Institute of Government.