

# How Small Businesses can Transform Philadelphia

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## Introduction

Small businesses are critical to the economic health of our country. According to the Small Business Administration, small businesses make up 99.7% of U.S. employer firms and over 60% of net new private sector jobs. Their potential to boost America's competitiveness, innovation and economic growth is tremendous. With a little help, small businesses have the power to transform cities. To do this, public-private partnerships are essential. By leveraging a partnership-driven model backed by the commitment of national and local leaders, we can strengthen American entrepreneurship and really make a difference in cities across the nation.

Goldman Sachs's *10,000 Small Businesses* is a \$500 million investment committed to helping small businesses in the United States create jobs and economic growth by providing entrepreneurs with a practical business education, access to capital and business support services. The program is based on the broadly held view of leading experts that greater access to this combination of education, capital and support services best addresses barriers to growth. To date, the program has served over

5,600 small businesses, which represent nearly 100,000 employees across the United Kingdom and United States, including forty-nine states, Washington, D.C. and Puerto Rico, and collectively have over \$3 billion in revenues. This includes having committed over \$160 million to twenty-five capital partners who have lent over \$110 million, resulting in over 710 loans to small businesses.

## **The Potential for Small Businesses in Philadelphia**

The city of Philadelphia has the key ingredients to support entrepreneurs. Home to nearly 63,000 small businesses according to the U.S. Census Bureau, Philadelphia offers small businesses a diverse economic base and public and local leaders dedicated to supporting business development and job creation. Recognizing this opportunity, Goldman Sachs and the Goldman Sachs Foundation brought the program to Philadelphia in 2013.

Philadelphia is an ideal location to deploy such a partnership-driven model. Goldman Sachs's *10,000 Small Businesses* has made a \$20 million commitment to promote small business job creation in the greater Philadelphia region. Through the program, over 200 businesses have been served in Philadelphia to date through eight education classes and over thirty loans secured.

*10,000 Small Businesses* has impacted entrepreneurs like

Michael Brown, owner of Environmental Construction Services. Since graduating from the program, Michael has increased revenues over 600% and added twenty new employees.

Strong partnerships are critical to such impact as a consortium of local partner institutions is at the heart of the program's effectiveness. Practical business and management education is delivered by the Community College of Philadelphia. Access to capital is provided by stronger lending institutions such as the Community First Fund and the Philadelphia Industrial Development Corporation.

Additionally, leadership plays an important role in the program's effectiveness. The dedication of Philadelphia Mayor Michael Nutter to small businesses in the region has been instrumental to the program's success. Of the program, Nutter said, "*Goldman Sachs 10,000 Small Businesses* has provided Philadelphia with an entrepreneurial boost demonstrated in the job creation and increased revenues our small businesses are already showing. It has also helped executives at these small businesses to network, share resources and collaborate so they can handle larger projects."

## ***10,000 Small Businesses Success Stories***

Data proves that *10,000 Small Businesses* continues to

create meaningful impact. In-depth program analysis by Babson College released earlier this year reports that 67% of program participants have reported increasing their revenues just six months after graduating, which rises to 76% after eighteen months and 46% of participants have reported creating net new jobs just six months after graduating, which rises to 57% after eighteen months. Of note, an even greater number, 52% of Philadelphia graduates, have reported creating net new jobs just six months after graduating, compared to 22 percent of U.S. small businesses according to a survey by the National Small Businesses Association (NSBA).

Even for entrepreneurs who have established successful local businesses, expanding to new markets can feel unknown. Joel Hommes, director of business development at Wash Cycle Laundry, built a faster, more convenient way for urban consumers, businesses and institutions to do laundry and rent linen in Philadelphia after completing the program. The program helped Joel gain confidence by establishing metrics to assess his business' strength, driving decisions to expand from Philadelphia to Washington, D.C. and Austin, Texas.

As small businesses grow, business goals must evolve as owners' perspectives expand. When Katie O'Neil, co-owner and creative director of Mushmina, a company that provides fair trade sourced home goods, first launched her business her goal was to create a popular and visually appealing store to attract customers. With an established

boutique up and running, the program helped Katie think even bigger about how to turn her popular store into a burgeoning business with a positive bottom line.

## **Conclusion**

Small businesses remain essential to the economic health of our country and region. Compelling data and success stories strongly indicate the value of programs such as Goldman Sach's *10,000 Small Businesses* and Philadelphia remains ripe for the development of scalable small businesses. Further utilizing strategic public-private partnerships, in addition to the commitment and support from local and national leaders will only enhance small businesses' potential to create jobs and grow the economy, ensuring a brighter future and transforming the city in the process.

## **Reference:**

Community College of Philadelphia. 2015. New Report Finds Graduates of Goldman Sachs 10,000 Small Businesses Outperform U.S. Small Businesses Overall in Revenue Growth and Job Creation. Retrieved November 2015 from: <http://ccp.edu/about-us/news/news/new-report-finds-graduates-goldman-sachs-10000-small-businesses-outperform-us>