

Starting Small but Hoping Big
The Philadelphia Inquirer
November 20, 2000

As evening settled in, five women pulled up chairs around Alva Clemons' dining-room table to talk, as they do every two weeks or so, about a subject dear to their hearts: their businesses.

Or their dreams of having a business.

Teresa Duncan reported that she had secured copyright and trademark protections on the name and logo for her business, Golden Cheetahs. She has plans to convert a closed neighborhood grocery into a fitness center for senior citizens.

Wanda Hill, a newcomer to the group, said she was moving forward with posting retail items on the Internet.

Strangers to each other before they began meeting at Clemons' home, and coming from different areas in the region, the women are taking part in a "peer-lending" and business-education program run by the Philadelphia Development Partnership.

The partnership is a nonprofit group trying to spark entrepreneurship and self-employment in the region's low-income neighborhoods. Its goal with its Community Capital Works program launched in late 1998, is to help micro-enterprises, described as business with less than \$100,000 in sales.

Even the program's supporters say it is too small to revive neighborhoods by itself. But the partnership has ambitions to help people through modest loans to purchase inventory or weather tight spots when cash flow tightens. As these micro-businesses thrive, other economic activity will follow – that's the theory.

The program has \$50,000 in its loan fund, and commitments for an additional \$40,000 for loans if the program grows, the director of the partnership, Jeremiah J. White, Jr., said. The money came from private donors and government programs.

There are 120 people participating in 22 groups in Chester and Philadelphia, White said. Loans range from \$500 to \$5,000 and have helped fund a caterer, retail boutique, sewing shop, hairstyling salon, skin oils manufacturer, and mental-health consulting office.

The process is called peer lending because each group votes on whether one of its members is ready for the loan – which means having a business plan, among other things. And there is a self-regulating mechanism in place. If a member of the group defaults, credit to that group is cut off until the loan is paid back. Groups typically comprise four or five people.

“We have put out 42 loans, and we have not had any defaults,” White said. Most participants would not qualify for a bank loan or have been rejected by a government program.

But some people join for more than the more than the money. They find support, build a network, and learn. “We have a lot of people in the program just for the business education,” White said. “They can go to a family member and borrow \$1,000. But they don’t have the foggiest idea of how to run a business.”

One mistake that micro-businesses regularly make is with pricing: “Many people charge too little for their product or service,” White said.

The women at Clemons’ table, who range from their late 30s to their mid 50s, ran the gamut of business operators – from the elegantly dressed Hill to the casually attired Malta Lambert, who operates a cleaning business.

Lambert has been frustrated with the intricacies of legal contracts; another member of the group did not understand the mechanics of real estate deals. All said they were exasperated by government programs that they said seemed designed to assist only those on welfare.

Clemons, who runs a handbag and watch retail business out of her West Oak Lane home and has established a for-profit cooperation on the Internet, tried to keep the group focused.

She went into business for herself in the mid-1990s after she was laid off by an insurance company. “The idea was to go back out and survive in the job market or go out on my own,” Clemons said. She has survived, and enjoys the camaraderie of the group.

Another woman who likes the relationships built in the group is Lauren Holley, a spirited dealer of second-hand goods.

“Whatever we talk about at this table stays at this table, because our business is our baby,” she said.

Holley operates her business, called Past-2-Present, outdoors on the corner of 48th and Brown Streets in West Philadelphia. She calls herself a “trash picker” because she has no reluctance to salvage items from the trash and resell them – though her children sometimes find it embarrassing, “I tell them this could be a pizza,” she said.

Holly is taking each step of Past-2-Present’s expansion slowing and methodically. Her last move was to relocate the 200 to 300 items in inventory from her home to a storage shed.

She would like to take her business inside and rent a building, but she does not want to overextend herself. She also wants to make sure her children will want to help her when they grow up.

She has not borrowed money yet, but is hoping to learn about real estate from her participation.

Lambert, a Jamaican immigrant who lives in Bryn Mawr, cleans about a dozen houses, driving among them in a mini-van packed with rags, buckets, and other cleaning materials. Lambert said she has been cleaning houses since she came to the United States 27 years ago; she has been self-employed for the past five years.

She wants to expand into cleaning commercial buildings or doctors' offices - which would be more profitable and stable than working in private houses. But she said she could not find anybody who would help her write a contract that she could present as a bid to a potential customer.

"It's like hell to get people to talk to you straightforward," Lambert said in a thick accent. "They still think everybody is on welfare."

As for joining the group and meeting with the other women, Lambert said, "In this business, people do not give you information...I'm not looking to borrow money, I'm looking for information."

Hill, of Norristown, wants to open a store and stock it with African-themed items, including candleholders, artwork, statues and jewelry. She would also sell leather goods ---

"It's a passion of mine," she said. And to maintain a steady cash flow, she said she would sell Asher's chocolates and freshly baked Otis Spunkmeyer cookies.

Naomi's Collectibles - which Hill hopes to set up within a few blocks of the courthouse in Norristown -- is a name whose inspiration came from the Book of Ruth in the Bible, she said.

This is not Hill's first commercial venture. In the 1990s, she ran Mrs. Hill's Variety Store on the 4100 block of Mantua Avenue in Philadelphia, first offering canned food, packaged meats and penny candies. She eventually expanded into other items, such as handbags.

The venture was profitable for a while, but Hill ran into hard times after welfare reform was enacted and women in the neighborhood saw their incomes drop sharply. "Welfare reform got me," she said.

Hill said she would take the lessons from Mantua to Naomi's Collectibles. And she said she hoped the Community Capital Works program would help her purchase inventory for the store.

The Philadelphia Development Partnership is on the Internet at <http://www.pdp-inc.org>.

The group can also be reached at 215-545-3100.