TAking care of business
Improving Philadelphia’s small Business climate
WHY

Are Small Businesses Important to the City’s Economic Growth?
98% of Philadelphia’s businesses are small businesses with fewer than 50 employees.

54% of Philadelphia’s jobs are created by small businesses.

65% of jobs in Philadelphia are created by businesses five years old or less.

Supporting small business to form and grow is a more cost-effective economic development policy than attracting established firms from other places.
WHO

Are Philadelphia’s Small Business Owners?
Small businesses are America’s most trusted institution.

Philadelphia has 93,000 small business owners. 25,000 of these have employees.

73% are self-employed and had $2 billion in annual receipts in 2008.

Necessity entrepreneurs start businesses because no jobs exist.

9% operate “under the table”
HOW
Does Philadelphia Rank on Small Business Formation and Survival?
Philadelphia is creating **fewer new businesses** than the national average, and its **businesses are not growing as quickly**

We have the **lowest small business formation rate** of the largest fifteen regions in the country:

- **Philadelphia**: 150 entrepreneurs for every 100,000 people.
- **Los Angeles**: 620 entrepreneurs for every 100,000 people.
## HOW

<table>
<thead>
<tr>
<th>10 Largest Counties and Philadelphia (by employment)</th>
<th>2010 Population</th>
<th>Number of Jobs (December 2010)</th>
<th>Number of Jobs Per 100 People</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York, NY</td>
<td>1,585,873</td>
<td>2,335,900</td>
<td>147</td>
</tr>
<tr>
<td>Dallas, TX</td>
<td>2,369,139</td>
<td>1,392,800</td>
<td>59</td>
</tr>
<tr>
<td>King, WA (Seattle)</td>
<td>1,931,249</td>
<td>1,131,800</td>
<td>59</td>
</tr>
<tr>
<td>Harris, TX (Houston)</td>
<td>4,092,459</td>
<td>2,091,300</td>
<td>51</td>
</tr>
<tr>
<td>Orange, CA</td>
<td>3,010,232</td>
<td>1,382,000</td>
<td>46</td>
</tr>
<tr>
<td>Cook, IL (Chicago)</td>
<td>5,194,675</td>
<td>2,379,800</td>
<td>46</td>
</tr>
<tr>
<td>Maricopa, AZ (Phoenix)</td>
<td>3,817,117</td>
<td>1,643,900</td>
<td>43</td>
</tr>
<tr>
<td>Philadelphia, PA</td>
<td>1,526,006</td>
<td>634,300</td>
<td>42</td>
</tr>
<tr>
<td>San Diego, CA</td>
<td>3,095,313</td>
<td>1,256,100</td>
<td>41</td>
</tr>
<tr>
<td>Los Angeles, CA</td>
<td>9,818,605</td>
<td>3,931,600</td>
<td>40</td>
</tr>
<tr>
<td>Miami Dade, FL</td>
<td>2,496,435</td>
<td>970,300</td>
<td>39</td>
</tr>
</tbody>
</table>

Philadelphia has fewer jobs to offer residents
To Spur Small Business Growth and Job Creation

NINE RECOMMENDATIONS
RECOMMENDATION

1. Reduce the time, cost and confusion of obtaining City approvals.

*Cities that adopt a speedy, simplified regulatory approval process increase business growth.*

ACTIONS

Reduce number and cost of licenses

Eliminate **conflicts between agency** regulations

**Take politics out** of permitting

Increase **concierge services** to guide through process

Increase staff **customer service** training
# How to Obtain Approvals for a Projecting Sign

Every storefront business needs a sign. The process for obtaining approval to put up a projecting (2-sided) sign in Philadelphia illustrates how costly and time consuming it can be to meet city requirements.41

<table>
<thead>
<tr>
<th><strong>City Department to Visit</strong></th>
<th><strong>Paperwork Needed</strong></th>
<th><strong>Cost</strong></th>
<th><strong>Time</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1  L&amp;I Zoning Unit</strong></td>
<td>Zoning Application accepted! You must gain approval from Art Commission and Streets Department for zoning to be approved. Go to Art Commission (step 3).</td>
<td>- OR - Zoning Application rejected: your sign is too large and/or in a residential district. You must obtain a variance from Zoning Board of Adjustment. Go there (step 2).</td>
<td>$400-500 for all drawings +$100 filing fee (credited toward permit fees at end of process) +$420 expedited fee to receive review in 5 days or less</td>
</tr>
<tr>
<td><strong>2  Zoning Board of Adjustment</strong></td>
<td>File “Petition of Appeal” and post orange poster on property 12 days before hearing. Need attorney if business is a corporation. ZBA approved your variance. Submit Notice of Decision to L&amp;I Zoning to continue process.</td>
<td>Deed or Lease Signed L&amp;I Notice of Refusal Letter of support from Councilperson and community group recommended Plot plan showing relation of sign to property line</td>
<td>$250 for hearing +Roughly $1,000 for attorney fees if corporation</td>
</tr>
<tr>
<td><strong>3  Art Commission</strong></td>
<td>Your sign design was reviewed and approved. Your sign may appear in the public right-of-way</td>
<td>Six photos of building exterior, street views, and adjacent buildings or sites Drawing that shows location</td>
<td>+$50 for drawing reproductions where sign design must appear before</td>
</tr>
</tbody>
</table>
2. Simplify the tax compliance burden for small businesses.

**ACTIONS**

- **Simplify** tax calculations and forms so do not need to hire accountant
- End two year *upfront tax requirement*
- **Make it easier** for business owners to fix city errors
- Create **online forum** for tax questions
3 Ensure laws do not unnecessarily harm small businesses.

**ACTIONS**

Inform small business about **proposed laws** that may impact them by e-mail notification.

**Welcome feedback** by allowing electronic business comment submission.

Limit new **licensing requirements**

**Add Sunset clauses** to new business laws and regulations.
4 Reform the inspection system to ensure it is fair, objective, and offers the right to a timely appeal.

**ACTIONS**

- **Adopt Bill of Rights** for small business inspections to make inspections less intimidating and subjective
- **Publish common reasons** businesses fail an inspection
- Require agencies to **resolve conflicts** within 24 hours
- Inspect closed businesses that harm **commercial corridors**
Reform the inspection system to ensure it is fair, objective, and offers the right to a timely appeal.

Business Owner Bill of Rights
New York City

As a business owner, you have the right to:

- Courteous and professional treatment
- Information about how long inspections will take and cost of all related fees
- Request a reinspection as soon as possible
- Receive explanation of violation details
RECOMMENDATION

5 Partner with CDFIs and nonprofits to increase financing.

| 2008 Direct Financing Outstanding for Business and Microenterprise (less than 5 employees) |
|-----------------------------------------------|-----------------------------------------------|
| National                                      | Philadelphia                                  |
| Total ($)                                     | $6,235,044,032.61                             |
| Average ($)                                   | $60,097,824.00                                |
| $12,596,048.55 for 495 CDFIs Nationwide       | $4,006,521.60 for 15 CDFIs Located in Philadelphia |

Fewer **CDFI loan dollars** in Philadelphia

**Bad credit** major reason behind denial

Where obtain government contract, **need gap financing**
Partner with CDFIs and nonprofits to increase financing.

**ACTIONS**

Offer **credit building** program modeled on Justine Petersen in St. Louis

Increase **small business loan capacity** of CDFIs

Partner with PIDC to offer **gap financing**

**Monitor** small business loan activity of CDFIs that receive city funding for technical assistance
Encourage collaboration and increased accountability among small business support organizations.

ACTIONS

Create an **efficient network** with non-profits each playing strong, complimentary roles with US Sourcelink

**Define city’s expectations** for nonprofits it funds to eliminate overlapping missions and better meet businesses’ needs

Inform owners about small business **support resources**
RECOMMENDATION

Transfer vacant land and enforce tax foreclosure laws to provide land for new and expanding businesses.

ACTIONS

Create clear and fair vacant land disposition process without politics

Reduce transaction time – goal to complete purchase within 180 days

Hold owners accountable through code enforcement and tax foreclosure
**RECOMMENDATION**

8 Consolidate and modernize the City’s $1 billion procurement process to increase small business participation.

**ACTIONS**

Consolidate all contract offerings on searchable website. Provide **clear guide** to objective process.

**Email notices** regarding relevant opportunities

Offer **online bid submission**. Post awarded contracts to make clear vendors not politically connected.

**Pay city invoices in speedy manner** and lower performance bond requirements
RECOMMENDATION

9 Improve communication between government and small businesses.

Owners would like to deal holistically with government, not by siloed agency

Owners want to perform routine tasks online
RECOMMENDATION

9. Improve communication between government and small businesses.

ACTIONS

- Allow **routine transactions online**, receipt provided
- Provide clear **information online**
- **Ensure consistency** among staff answers
- **Create annual town meeting** between small business, Mayor and City Council