

“Small Business Capital Access: Supporting Community and Economic Development”

The Committee on Small Business

2:30 P.M. on Friday, October 20, 2017

Studio C at The Enterprise Center

4548 Market Street, Philadelphia, PA 19139

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Owner

Bright Yellow Creamery

They say it takes a village to raise a child. I say it takes the same to raise a small business. I’ve been lucky enough to have had a village help raise the artisanal ice cream company I always dreamed of having, but it hasn’t been easy.

My journey started roughly two years prior to launching Bright Yellow Creamery in the Spring of 2017. Before stepping into the entrepreneurial world, I always envisioned opening my own café as I worked tirelessly for one of the largest law firms in the world. With a clear goal in mind, and the knowledge of how tight access to capital would be for new—and what banks would call “high-risk”—companies, I accelerated my savings by picking up a second job on weekends, renting my apartment for additional funds, and diverting my retirement contributions to low-interest bank savings. This meticulous approach not only came at the expense of leisure but also the long-term safety net of retirement planning.

But I knew the gamble before I served my first ice cream cone.

I knew that there was a façade around the level in which major banking institutions would cater to small businesses. I quickly found out that despite a near 800 credit score, two years worth of savings, a post-graduate business degree, and a clear and concise business plan, I was simply too “high-risk” for traditional institutional lending. The nostalgic image of a young person going to their neighborhood bank for a loan to open their first business was met with a harsh reality. Without years of business returns and substantial collateral, the funds I had saved would be my only option. I quickly found myself pouring out years of savings to jumpstart my dreams. Bright Yellow Creamery was truly bootstrapped with our first piece of commercial equipment and a mobile vending unit nearly depleting all I had.

With equipment and a framework for the business in place, I found myself, like many other first time entrepreneurs, at Philadelphia’s Enterprise Center. Their efforts in assisting minority enterprises with business resources and support is what drew me in. Under their guidance, my business was born out of their food business incubator, The Dorrance H. Hamilton Center for

Culinary Enterprises. Seven months later, the savings initially poured into the business has returned in earnings and the equipment purchased carries a zero balance. The journey has been viable and certainly worthwhile thus far, both financially and emotionally. Yet, I continue to find myself in the same shoes as many others in our inability to tap into bank lending for continued acceleration. The ability to purchase larger equipment, hire staff, and secure a brick-and-mortar location are natural progressions of any business with aspirations of growth but, with limited options to capital, painstakingly slow growth appear to be the only way for some to continue their dreams. These businesses can quickly become stagnant as output is capped with a lack of resources. Without capital to grow, expansion becomes near impossible, job growth suffers, and communities suffer.

I've been fortunate in my ability to save in the way I did. With the support of friends, I used my residence as a means of generating revenue while I stayed elsewhere. I worked for family members in part-time, flexible roles. And am, somewhat, young enough to sacrifice a few years of retirement savings for short-term gain. Many others don't have these luxuries. The peers I know from the Enterprise Center are chasing their dreams with families to provide for and loved ones to care for. The funds that may go into some form of savings are used for basic necessities in life. They, like me, aspire to use their business as a vehicle to revitalize a community and create jobs. Programs like 7(a), CDC/504, and Microloan provide lending options for small businesses where there aren't any. Often, small business owners are asked to sacrifice almost everything they have today and in the future to match their ambitions. I hope the Committee recognizes just how vital these capital access programs are to helping those ambitious entrepreneurs, even if it's with just a half step forward.