

## Case studies

# Growing Sustainably: Revenue Strategy Dilemmas at Farrell Street Market

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Founded in 2020, Farrell Street Market (FSM) has become a vibrant centerpiece in the Fountain Square neighborhood of Indianapolis, Indiana. Part public market and part business incubator, FSM provides affordable vendor spaces for food entrepreneurs, artisans, and pop-up shops. The market's mission is to support local entrepreneurship, promote sustainability, and foster community, all without relying on traditional investors.

Now in its fifth year of operation, FSM is exploring strategies to diversify its revenue. Co-founders Melissa and Bob Williams are considering a structured corporate sponsorship program but are also aware of alternative possibilities such as program-based grants, vendor fee restructuring, and strategic partnership. Their challenge lies in sustaining FSM's mission while increasing revenue in ways that resonate with their stakeholders.

### Learning Objectives

1. Evaluate the economic impact of local business incubation in urban communities.
2. Identify and recommend five mission-aligned sponsorship opportunities for FSM within the Indianapolis business community.
3. Analyze the advantages and risks of corporate sponsorships in nonprofit, mission-driven enterprises.
4. Propose strategies for stakeholder engagement that reflect the interests of FSM's community partners, vendors, and customers.
5. Design a sponsorship model (tiered, custom, or hybrid) that balances FSM's values with its revenue goals.
6. Assess alternative revenue strategies that support FSM's sustainability without compromising its community mission.

### Case Background

Melissa and Bob Williams met in graduate school while studying public administration, where they shared a passion for sustainable urban revitalization and equitable entrepreneurship. After working in various nonprofit and public sector roles, they launched Farrell Street Market in early 2020, transforming an abandoned warehouse into a thriving food hall and vendor space. They envisioned FSM as more than a market: it was a space where diverse, under-represented entrepreneurs could launch their businesses without the prohibitive costs associated with traditional retail spaces. By January of 2025, FSM had incubated over 50

small businesses, from craft coffee roasters to artisan bakers, and earned a reputation as an inclusive, sustainable community hub through its ongoing cultural events, farmers' markets, and art shows.

FSM uses a "pay as you grow" rent model to accommodate early-stage entrepreneurs. This aligns with their mission, but it also limits cash flow. FSM reinvests profits into operations, and as a Certified B Corporation and 501(c)(3) nonprofit, it operates within specific legal and ethical constraints.

### Theoretical Frameworks in Play

Melissa and Bob are drawing on stakeholder theory to understand how FSM's vendors, customers, sponsors, and partners can be engaged in strategic growth conversations. They are also guided by social enterprise literature, which supports hybrid business models that balance financial sustainability with mission integrity.

### Community and Financial Context

Located in a gentrifying part of Indianapolis, FSM attracts a diverse demographic ranging from working-class families to young professionals. FSM is home to 35 permanent vendors and over 100 rotating pop-up vendors annually. Its 15,000 square-foot space includes a communal dining area, an outdoor patio, and dedicated areas for local artists to display their work. The market attracts over 50,000 visitors each month, with peak traffic during weekend farmers' markets and special events. FSM's commitment to sustainability is evident in its zero-waste goals,

local sourcing requirements, and community composting initiatives. Its mission has earned recognition in regional media outlets and accolades from the Indianapolis Green Business Association. However, FSM is currently dependent on two revenue streams:

1. Vendor rents: 85% of total revenue
2. Ticketed events: 15% of total revenue

To fund additional programming and stabilize growth, FSM aims to raise \$150,000 annually in new revenue. Proposed initiatives include:

- Business development workshops: \$25,000
- Cooking/nutrition classes for youth: \$20,000
- Facility upgrades (HVAC, LED retrofits): \$50,000
- Community marketing: \$15,000
- Administrative staffing: \$40,000

### Considering Sponsorship as a Revenue Path

Melissa and Bob recognize the urgency of developing sustainable revenue strategies that align with their mission and stakeholder values. As such, they have begun to explore a variety of funding options. One promising, but potentially polarizing, path involves developing a formal corporate sponsorship strategy. This leads them into a deeper discussion about the structure, implications, and alignment of sponsorship with FSM's identity. They are split on how to approach corporate sponsorships. Bob prefers a clear, tiered model (Gold, Silver, Bronze), while Melissa believes customized packages could lead to deeper, long-term partnerships. They must weigh several questions:

- Would tiered sponsorships limit engagement with potential donors?
- Can custom packages remain consistent and fair?
- How will sponsorships affect FSM's grassroots identity and community trust?

### Potential Sponsorship Model (Optional Concepts for Student Evaluation)

| Tier   | Investment    | Benefits                                                                                                                              |
|--------|---------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Gold   | \$50,000/year | Naming rights for FSM community events, logo placement on signage and website, exclusive vendor collaborations, VIP access to events. |
| Silver | \$25,000/year | Logo placement on FSM website and social media, recognition at events, employee volunteer opportunities.                              |
| Bronze | \$10,000/year | Social media shout-outs, inclusion in the monthly FSM newsletter, vendor booth sponsorship opportunities.                             |

Bob has identified a range of potential sponsors based on size, community relevance, and alignment with FSM's mission, "To create a thriving community space that supports local businesses and fosters meaningful connections." Melissa is wary of pricing limitations and values-based mis-

alignment, especially with national corporations. They agree on one thing: competitors of tenants or their own coffee brand should be excluded.

### Exploring Alternatives

Rather than rely solely on sponsorships, FSM could also consider:

- Charging for cooking classes
- Grant-funded youth programming
- Revenue-sharing agreements with successful vendors
- Increasing vendor fees slightly for higher-earning businesses

### Stakeholder Considerations

Melissa and Bob must also navigate the expectations of:

- Vendors-many of whom are just breaking even
- Customers-who value FSM's grassroots authenticity
- Community partners-who may serve as funders or collaborators
- Potential sponsors-with varying motives and expectations

Currently, FSM lacks an external board of directors. Melissa has proposed forming an advisory board to ensure diverse stakeholder perspectives guide strategic planning.

### Strategic Challenge to Students

FSM must raise \$150,000 annually without jeopardizing its mission. Students are positioned as consultants to help assess FSM's strategy. Their role includes conducting a needs assessment, analyzing sponsorship models, and recommending financially and ethically sound strategies for sustainable growth.

### Discussion Questions

1. What are the strategic challenges facing FSM as it scales?
2. What are the risks and benefits of tiered vs. customized sponsorship models?
3. How should FSM engage stakeholders in shaping its revenue strategy?
4. What criteria should FSM use to evaluate sponsorship opportunities?
5. Beyond sponsorships, what alternative strategies can generate sustainable revenue?
6. How might FSM measure success beyond revenue growth (e.g., vendor success, community impact)?
7. What role might a board or advisory group play in helping FSM scale responsibly?

**Instructor Note (Course Fit):** This case is suitable for courses in social entrepreneurship, nonprofit management, marketing strategy, and organizational analysis. It offers a platform for teaching stakeholder theory, mission-driven business models, nonprofit financial planning, and strategic communication. Instructors may assign students the role of external consultants tasked with assessing FSM's

revenue strategy and aligning it with its mission and community values.

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