

Sunset Public Hearing Questions for
Office of Business Enterprise
Created by Section 4-26-101, *Tennessee Code Annotated*
(Sunset termination June 2015)

1. Provide a brief introduction to the office, including information about its purpose, statutory duties, staff and administrative attachment.

Response:

BERO was legislatively established in 1977 under Title 4, Chapter 26 (Business Enterprise Resource Office).

BERO is housed within the Department of Economic and Community Development (ECD). BERO serves as a voice for and advocate of disadvantaged businesses (DBE); analyzes, disseminates and promotes best practices and access to capital to service providers; and reports on the status of DBEs statewide. For the purposes of BERO, a DBE (disadvantaged business enterprise) refers to businesses owned by women, minorities and veterans, as well as to businesses operating in remote or rural areas of the state. Resources for DBEs as well as young entrepreneurs and service providers are available at www.tn.gov/ecd/bero.

Staffing: The office is composed of a dedicated director charged with managing the statutory duties of the office.

BERO' statute: Attachment 1.

2. What procedures does the office have for disclosure of potential conflicts of interest by office staff?

Response:

ECD maintains departmental policies regarding "Ethics, Conflicts of Interest, and Acceptance of Gifts" and "Confidential Treatment of Information" for its staff. The policies are affirmed annually.

This is the body of agreement for the "Ethics, Conflicts of Interest, and Acceptance of Gifts" policy:

I, ___(print full name), the undersigned, an employee of the Department of Economic and Community Development, hereby certify that I have received a copy of the Department of Economic and Community Development's policy on "Ethics, Conflicts of Interest, and Acceptance of Gifts", that I have read or had the policy read to me, and that I agree to abide by the terms of the policy as a condition of employment. I also acknowledge and certify that I have received and read a copy of Executive Order #3 concerning ethics, conflicts of interest, and acceptance of gifts on behalf of executive branch employees. By my signature below, I affirm that I understand that failure to comply with either the policy or Executive Order #3 shall be grounds for disciplinary action, up to and including dismissal, where appropriate.

If, during my employment to the Department of Economic and Community Development, my circumstances relative to any of the above statements change, I will immediately disclose such information to my supervisor and immediately submit a new disclosure form incorporating the new circumstance(s).

By my signature below, I affirm that all the above and below is true to the best of my knowledge and belief, and I acknowledge that any material misstatement herein shall be adequate grounds for disciplinary action, up to and including dismissal, where appropriate.

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3. What were the office’s revenues (by source) and expenditures (by object) for fiscal years 2013 and 2014?

Response:

The following was provided by division of accounts:

BERO Expenses and Revenue:

Expenses	FY 2013	FY 2014
Salaries	54,636.15	63,420.00
Longevity	700.00	800.00
Benefits	18,365.57	21,431.77
Travel	3,083.69	3,074.68
Printing & Duplication	4,165.00	560.64
Communications	928.88	690.97
Professional Services - 3rd Party	815.48	1,116.69
Supplies	13.72	157.48
Rental & Insurance	377.74	194.87
Training	2,660.00	2,166.00
Professional Services - State Agency	3,545.46	3,287.20
Total Expenses	89,291.69	96,900.30

Revenue	FY 2013	FY 2014
Interest on Loans	1,686.66	4,408.73
Departmental Interest	265.35	84.10
Total Revenue	1,952.01	4,492.83

4. Describe the nature and extent of the office’s activities and any major accomplishments during the past year. How did the office’s activities address each of the powers and duties itemized in Section 4-26-103, *Tennessee Code Annotated*?

Response:

The section below is broken into three main areas:

BERO serves as a voice for and advocate of DBEs:

- Reviewed state legislation and reports, made recommendations
- Provide recommendations and assistance on economic inclusion for new and existing programs - internally and externally
- Contracts and procurement:
 - In partnership with the Governor’s Office of Diversity Business Enterprise (Go-DBE), we began posting FastTrack Infrastructure Development Program (FDIP) and Community Development Block Grants (CDBG) procurement opportunities offered through ECD on Go-DBE’s website opening opportunities up to a larger pool of business.
 - Organized an automotive procurement opportunities event in partnership with Southern Automotive Women’s Forum (SAWF) and Tennessee Automotive Manufactures Association (TAMA).

- Office of Small Business Advocate Roundtable Meeting:
All liaisons to the Office of the Small Business Advocate were invited to attend a roundtable discussion to (1) strengthen interagency relation, (2) broaden understanding of the challenges businesses face with rules and regulations through the use of case study, and (3) start a dialogue on ways the customer service can be or has been addressed, processes reduced.
- Department of Treasury, Small and Minority-Owned Business Assistance Program (SMOB):
Served to advise on current market demands and challenges facing DBEs as it relates to this program and the newly enacted legislation.
Note: Public Chapter 359 of the Acts of 2013 amends statute relative to the loan funds of SMOB, permitting monies from the fund to be transferred to the board of trustees of the baccalaureate education system trust fund, which became effective July 1, 2013.
This amendment redirected a pool of capital that was intended for the benefit of women- and minority-owned businesses in Tennessee.
- BERO director currently serves on the:
 - Women’s Economic Development Foundation Board
 - TDOT DBE Advisory Committee
 - Southern Automotive Women’s Forum, Executive Advisory Board
 - TN Basic Economic Developer Advisory Board
 Note: Presented the Small Business and Entrepreneurship session at the 2014 Basic Economic Development Course, an International Economic Development Council (IEDC) certified course, presented by UT-CIS.
 - Liaison for Office of the Small Business Advocate for ECD (effective early-2014)

BERO analyzes, disseminates and promotes best practices and access to capital:

- Launched new BERO and ECD-BERO Revolving Microloan Program (a.k.a. Rural Small Business and Entrepreneur Loan Fund) website sections (same address - new format) at www.tn.gov/ecd/bero and www.tn.gov/ecd/bero/loan.html
Under each DBE tab on BERO’s main website topics on technical assistance, financing, procurement, etc. can be found.
- The TN Smart Start Guide, a startup and small business guide, is published and distributed along with a complementary postcard in both digital and hard copy formats. The guide gives an overview on a broad base of relevant topics from legal structure to financing to procurement.

The guide is distributed through ECD’s nine regional offices to resource partners including, but not limited to, elected officials, chambers of commerce, development districts, state agencies (such as the Office of the Small Business Advocate, Revenue, Secretary of State, Human Services and Labor and Workforce Development), UT-CIS, TN Small Business Development Centers, the US Small Business Administration, USDA Rural Development, SCORE, AEO, the Federal Reserve Bank of Atlanta and St. Louis, business incubators and accelerators, among many others. **Also, the guide has been recognized nationally as a best practice resource.**

It is usually printed once per year and updated online once per year and/or when major changes occur. Many resource partners place a button on their website that links directly to the guide, and it is featured on the state’s main page at www.tn.gov. **The guide is currently averaging over 1200 page views per week.**

A complementary piece, a rack card/post card, is also printed and distributed along with the guide and at events with the link to the BERO’s website and the guide (PDF).
See Attachments 2-3 for the TN Smart Start Guide and postcard.

- Quarterly communication with stakeholders through eNewsletters (sample: Attachments 4-6), which are sent to a listserv and posted on the BERO website (current and immediate past only).

BERO launched these with the Fall 2012 edition. The newsletters serve as a platform to bring attention to what is happening across the state and beyond for DBEs; to highlight what's working well for service providers and their clients; to seek feedback; and to bring attention to challenges.

The newsletters features articles collected over each quarter relative to DBEs including those specific to rural and youth. The current and last newsletter is posted on BERO's website; and the recent quarter's articles are also posted on the webpage for easy access at www.tn.gov/ecd/bero.

- DBEs and small businesses are assisted through:
 - Serving as a go-to resource on DBE topics to ECD's business development staff across the nine regional offices. The most requested topics are related to elements involved in steps to startup or move a business, access to capital and procurement.
 - Addressing direct information requests received for business information and assistance made through telephone, email, postal service and referrals from communities, elected officials, resource partners, other businesses, etc. (Individuals and companies can submit requests for business information through ECD's website at www.tn.gov/ecd/BD_request_info.html.)
- Conducted regional meetings series: "Community Development Block Grants (CDBG) for Microenterprise Economic Development"
Agencies and organizations that work with small, women-owned, minority-owned, veteran-owned, rural and urban core businesses as well as youth entrepreneurs were invited to participate in these discussions. The purpose of the series was to garner information and ideas to be used to determine the potential use of funds available to microenterprise. Based on the series, the target is to roll the microenterprise program out this fall; final approvals are in process. See Attachment 7.
- Coordinated ECD participation including, but not limited to, the following:
 - Economic Summit of Women
 - TN Dept. of Veteran's Affairs Outreach Series
 - TVBA Annual Business and Education Expo
 - MMBC Economic Development Forum
 - And disseminated information on events targeted at DBE's across the state and nation through the eNewsletters (Attachments 4-6) and inclusion in the ECD Hot Sheet, a weekly eNewsletter.
- IRS Small Business Forum: this event brings together resource providers from across the mid-state: share best practices, learn about new programs, etc. This event has been conducted annually.
- Liaison for Pathway Lending regarding:
 - Small Business Jobs Opportunity Fund
 - Rural Opportunity Fund

Note: A new fund was created under Appalachian Community Capital through a multi-state pool of Appalachian Regional Commission funds. It was seeded in 2013 (TN portion: \$365K), launched publicly in 2014, and is currently making loans and raising capital across the ARC region.

BERO reports on:

BERO met reporting deadlines for FY2013 and 201.2

- The status of DBEs statewide under T.C.A. § 4-26-105
This report highlights programs and activities relative DBEs insofar as access to assistance and capital that are (1) managed within ECD, (2) affiliate programs managed outside ECD, and that are of

particular relevance within (3) other agencies/organizations; in addition to other reporting elements both statutory and for the broader consideration and understanding of the topic.

- Public funding received by state agencies to assist small businesses under T.C.A. § 4-3-729
 - Federally reporting as designated by funders, such as USDA Rural Development, and any other reports related to contracts.
5. Has the office developed and implemented quantitative performance measures for ensuring it is meeting its goals? (Please answer either yes or no). If the office has developed and implemented quantitative performance measures, answer questions six through thirteen. If the office has not developed quantitative performance measures, proceed directly to question fourteen.

Response:

While the statute does not require quantitative measures, the office has established them.

6. What are your key performance measures for ensuring this office is meeting its goals? Describe so that someone unfamiliar with the program can understand what you are trying to measure and why it is important to the operation of your program.

Response:

Performance measures include the following:

- Current and timely resources:
 - Websites:
 - BERO, www.tn.gov/ecd/bero is updated quarterly with eNewsletter and articles; links and information are updated as needed
 - Microloan website, www.tn.gov/ecd/bero/loan.html is updated, annually and as changes are needed
 - TN Smart Start Guide: A startup and Small Business Guide and postcard - available in hard copy and digitally (PDF); usually printed once per year and updated online
 - Quarterly communication with stakeholders through e-newsletters (Attachments 4-6) which are sent to a listserv and posted on the BERO website (current and immediate past only)
- Reporting:

Timely submission of state and federal reports; reports are tracked and spot checked by internal audit.
- Management and maintenance of the ECD-BERO Revolving Microloan Program:
 - Annual, and as needed, updates to program as applicable, such as Policies and Procedures, Direct Loan Authority, loan documents, etc.
 - Program applicant data maintained in excel (race, gender, ethnicity, jobs created/saved, etc.)
- Participation/attendance in at least three conferences annually; the information garnered is disseminated and applicable recommendations made; this is reported through the eNewsletter and/or through the department as applicable.
- Program management: projects as assigned; may include appropriations, contracting, monitoring and closing activities

7. What aspect[s] of the program are you measuring?

Response:

Please see question 6.

8. Who collects relevant data and how is this data collected (e.g., what types information systems and/or software programs are used) and how often is the data collected? List the specific resources (e.g., report, other document, database, customer survey) of the raw data used for the performance measure.

Response:

- The BERO Director collects data related to BERO activities.
 - The microloan data is maintained in a spreadsheet with data points including, but not limited to, race, gender, ethnicity, business type and location.
 - Periodic surveys are conducted on an as-needed basis (i.e. through the eNewsletter)
- The BERO Director on data per T.C.A. § 4-26-105. Please see BERO's Annual Report in Attachments 8-9.
- ECD has adopted a CRM platform, and the strategy division is translating its data into utilization.

9. How is the actual performance measure calculated? If a specific mathematical formula is used, provide it. If possible, provide the calculations and supporting documentation detailing your process for arriving at the actual performance measure.

Response:

While capturing performance metrics does require specific mathematical formulations, the office carefully tracks the previously noted measurements.

10. Is the reported performance measure result a real number or an estimate? If an estimate, explain why it is necessary to use an estimate. If an estimate, is the performance measure result recalculated, revised, and formally reported once the data for an actual calculation is available?

Response:

Estimates are not applicable to quantifying performance measurements, therefore numbers are real as of the stated date.

11. Who reviews the performance measures and associated data/calculations? Describe any process to verify that the measure and calculations are appropriate and accurate.

Response:

The BERO director and appropriate other staff.

For example, financial data for the microloan program is maintained and reported on by the division of accounts; the overall reporting to the funding agency on the microloan is handled by the BERO director; and internal audit performs periodic spot-checks on reports and verifies data accordingly.

BERO is housed within the strategy division of ECD, and the assistant commissioner of strategy provides oversight.

12. Are there written procedures related to collecting the data or calculating and reviewing/verifying the performance measure? Provide copies of any procedures.

Response:

Procedures are in place for ECD-BERO Revolving Microloan Program: the data is maintained in a spreadsheet with data points including, but not limited to, race, gender, ethnicity, business type and location per guidance by USDA Rural Development.

13. Describe any concerns about this office's performance measures and any changes or improvements you think need to be made in the process.

Response:

Performance measures for the office will continue to evolve, and the office continues to identify and adopt operations efficiencies as applicable. ECD has adopted a CRM platform, and the strategy division is translating its data into utilization.

14. How many loans are currently being guaranteed by the office? What is the average value of the loans being guaranteed by the office at the present time? Please describe the loans guaranteed by the office during fiscal years 2013 and 2014.

Response:

As of August 8, 2014 there are 11 loans guaranteed totaling \$117,744.00 in principal loaned and an average loan of \$10,704.00.

Cumulative totals on program as of end of FY2014 (6/30/2014):

- Total principal loaned: \$289,744.00
- Total BERO Fund Balance: \$116,314.39
- Total of loans written-off: (\$18,486.51)
 - Principal lent: \$44,000
 - Principal collected: \$25,037.34
 - Total collected (principal, closing fee, late fees, interest): \$28,812.13

15. Has the office annually submitted to the Governor and both Speakers "a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund" as required by Section 4-26-106(d)? If so, please attach copies of the reports covering the last two fiscal years for which the reports were made.

Response:

The office has addressed this as part of the annual BERO report (Attachments 8-9); it was noted that the loan fund remains unfunded within ECD.

16. Has the office submitted annual reports to the Governor, both Speakers, the chairs of the Senate Commerce, Labor and Agriculture Committee and the House Commerce Committee and "any governor's advisory committee on minority economic development" concerning the office's administration and operation as required in Section 4-26-105? If so, please attach copies of the reports for the last two fiscal years that the reports were made. Does the office prepare any other reports concerning its activities? If so, please attach copies of those reports for the last two fiscal years that the reports were made.

Response:

In the most recent report, pursuant to Tennessee Annotated Code Section 4-26-105, "the Department of Economic and Community Development, Business Enterprise Resource Office (BERO) shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1."

In addition to the BERO annual report, the office is also charged with reporting on T.C.A. § 4-3-729. The two most recent annual reports for each are attached (Attachments 8-11).

17. Describe any items related to the office that require legislative attention and your proposed legislative changes.

Response:

Given the era of BERO's establishment and the changes that have taken place in the 37 years since its original legislation, there are suggested revisions for consideration. Please find BERO's statute attached (Attachment 1) for reference.

- o Items within BERO statute suggested for update are as follows:
 - Update language:
 - Expand the definition of "disadvantage business" to include "veteran-owned" or "service-disabled veteran-owned" businesses (align definition with Go-DBE certification).
 - Expand language in legislation to include "rural businesses." Use a standard definition of "rural" such as defined by USDA Rural Development.
 - Update language, such as "during the Vietnam war;" and "that it is not the policy of this state to encourage employment outside the home of mothers of minor children".

4-26-102. Chapter definitions.(B) Impeded from normal entry into the economic mainstream because of past practices of discrimination based on race, religion, ethnic background, sex or service in the armed forces during the Vietnam war; provided, that it is not the policy of this state to encourage employment outside the home of mothers of minor children;

- o Address ECD's responsibility for the "disadvantaged business loan guarantee fund" reporting:

4-26-106. (a) (1) The general assembly finds...(d) The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within ninety (90) days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund. [Acts 1990, ch. 1071, § 1.]

This fund has remained unfunded. It is possible that any funds that existed were a part of the transfer of funds from ECD to the Department of Treasury, which included the Small- and Minority-Owned Telecommunications Assistance Program (TAP) dollars.

In 2004, the TAP statute was overwritten and replaced by the SMOB statute. See question four regarding additional information regarding SMOB.

- o Update language:

C.2. BERO shall annually report on advisements regarding disadvantaged businesses and the number of or amount of community block grants received by disadvantaged businesses. (§ 4-3-728)

ECD administers the "Small Cities" Community Development Block Grants (CDBG) program through funding from the U.S. Department of Housing and Urban Development (HUD). All communities in Tennessee are eligible except those in "entitlement communities," which are communities that receive money directly from HUD; and where ECD is prevented from making grants and loans. "Regular round" CDBG funds are not spent in entitlement communities, and disaster funds may be spent in entitlement areas. Entitlement communities include the following: Shelby County and Memphis, Jackson, Clarksville, Davidson County, Murfreesboro, Oak Ridge, Knox County and Knoxville, Chattanooga, Cleveland, Morristown, Kingsport, Bristol, Franklin, Hendersonville, and Johnson City.

The CDBGs funds administered through ECD are available to communities. Procurement guidelines, established by HUD, are followed. The program funds are for the following:

- Economic Development, which includes grants for industrial infrastructure, as well as loans for industrial buildings and equipment.
- Community Development, which includes grants for water and wastewater system improvements, water and sewer line extensions, housing rehabilitation and projects aimed at improving community livability.

Recipient communities report on their contracts to ECD; this data, from FY2013, can be found in question 19 of this document.

This particular sub-chapter does not allow for an accurate picture of CDBG funds due to the delineation of entitlement and non-entitlement communities. In partnership with the Governor's Office of Diversity Business Enterprise (Go-DBE), we began posting FDIP and CDBG procurement opportunities offered through ECD on Go-DBE's website opening opportunities up to a larger pool of business. (<http://tn.gov/ecd/CDBG>)

- o Language standardization:
There is not a standardization of definitions within Tennessee's statutes as it pertains to disadvantaged businesses, including, but not limited to the designations for women-owned business, minority-owned business, veteran-owned and service-disabled veteran-owned business, as well as small business. As a result of the connective and interdependent language of the code, those multiple definitions create confusion and disparate interpretations. Moreover, the definitions do not necessarily reflect federal definitions nor those of today's accepted socio-economic norms.
- o Interoffice alignment:
Given the establishment of other offices, such as the Office of the Small Business Advocate under the Comptroller of the Treasury and Governor's Office of Diversity Business Enterprise under the Chief Procurement Officer with the General Services, language that aligns the goals and targets of the offices to reduce overlap and exemption would be beneficial to the public.

18. Should the office be continued? To what extent and in what ways would the absence of the office endanger the public health, safety or welfare?

Response:

BERO provides critically placed connectivity and advocacy to a constituency of Tennessee-based business operators that face distinct market challenges and unmet development needs.

The following details information relative to DBE's and small business; Tennessee's data are generally reflective of national landscape. Therefore, the continuance of BERO and its unique deliverables is vital to ensuring the access, placement and utilization of resources which is integral to the state's economic health.

Data snapshot:

Women businesses:

- In 2013 8.6MM women-owned businesses and are 29% of all enterprises
- Growing at 1 ½ times the national average
- Not employing comparably, only 6%

Source: The State of Women-owned Businesses, 2013, American Express OPEN

Minority business:

- In 2012, nearly 15 percent of all U.S. business owners were non-white, and over 10 percent of owners were Hispanic
- 1.6MM Asian-owned businesses with average receipts of \$290,000;
- 1.9MM African-American-owned businesses with average receipts of \$50,000;
- 2.3MM Hispanic-owned businesses with average receipts of \$120,000; and
- 0.3MM Native American/Pacific Islander-owned businesses with average receipts of \$120,000.

Source: U.S. Census Bureau, SIPP, SBO (2007)

Veterans:

- 9.1 percent of U.S. business owners were veterans (2.45MM)

Capital disparity:

- Women- and minority-owned businesses (African American- and Hispanic-owned firms) showed some similar disparities in their capital structure relative to firms owned by men and nonminorities.
- They used a different mix of equity and debt capital and were more reliant on owner equity investments.
- The average women- or minority-owned business operated with much less financial capital, even after controlling for other factors including credit score.

Source: SBA Advocacy report, www.sba.gov/advocacy/7540/584931

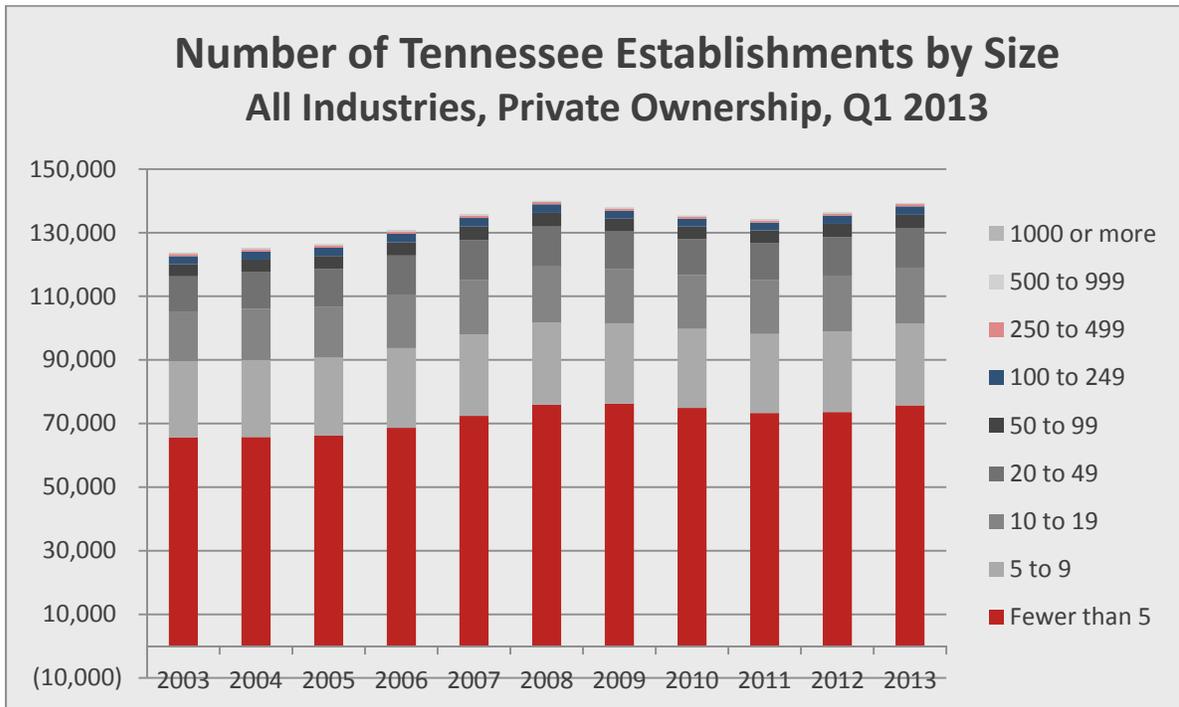
A note on Small Business and Microenterprise:

Small businesses and microenterprises are vital employers, innovators and contributors to the state's community livability and economic success. For example, in the Nashville-Davidson--Murfreesboro--Franklin MSA of the 29,000 employer firms, 53 percent of those firms have 0-4 employees; the firms with fewer than 20 employees comprise 80 percent of all firms; and firms with fewer than 100 employees make up 94 percent of all firms in the MSA. Not factored into these numbers are the non-employer firms (or self-employed) in the MSA which is over 137K. Comparably in rural Union County, of the 192 employers firms 157 have fewer than 20 employees; 87 percent have fewer than 100; and the county has a reported 1,231 non-employer firms. The national average is that three-quarters of small business are non-employer. (Source: US Census 2011 County Business Patterns). Additional multiple MSA and data points are available.

In its recent report, *Bigger than You Think: The Economic Impact of Microbusiness in the United States*, the Association for Enterprise Opportunity (AEO) reports that 92 percent of all U.S. business is a microenterprise and account for 31 percent of all private sector employment. Microenterprise is generally defined as a business with fewer than 5 employees including the owners. Microenterprise provides lower barriers to entry than other types of businesses, and is therefore more often accessible to the DBE. AEO reports can be found at www.aeoworks.org.

Related to the chart below:

- Over the last 10 years, private sector establishments have grown 12.6% (15,580 net new establishments)
- Establishments with fewer than 5 employees have grown 15.3% (10,020 net new establishments); those with fewer than 10 employees have grown 13.4% (11,955 net new establishments)



Please refer the attachments, especially the BERO annual reports for detailed information and data. Also, the BERO microloan webpage features success stories from Tennessee businesses and their progress.

19. Please list all office programs or activities that receive federal financial assistance and, therefore are required to comply with Title VI of the Civil Rights Act of 1964. Include the amount of federal funding received by program/activity.

Response:

- ECD-BERO Revolving Microloan Program was initially seeded by USDA Rural Development a two grants totaling \$172,500. The grants dollars in the loan fund have fully revolved so no current dollars in the program are direct federal funds.

Totals on program as of 6/30/2014:

- Total principal loaned: \$289,744.00
- Total BERO Fund Balance: \$116,314.39
- Total of loans written-off: (\$18,486.51)

www.tn.gov/ecd/bero/loan.html

- Additionally per BERO's statute, CDBG information is reported: §4-3-728. COMMUNITY DEVELOPMENT BLOCK GRANTS TO DISADVANTAGED BUSINESSES. *BERO shall annually report on advisements regarding disadvantaged businesses and the number of or amount of community block grants received by disadvantaged businesses.*

From the FY2013 report:

Community Development Block Grants (CDBG)

ECD awards CDBGs to rural communities for infrastructure, health and safety projects, and downtown improvement. The communities in turn contract with a company for its performance.

The information gathered regarding the award recipients is pulled from the annual, federally required Title VI reporting. Per federal guidelines under Section 570.491 of the State Community Development Block Grant (CDBG) Rule requires states to submit to HUD data on the racial,

ethnic, and gender characteristics of persons who are applicants for, participants in or beneficiaries of CDBG programs. The following table shows what the participation report reflected for the applicants, who are counties and municipalities, and the beneficiaries, who are the residents.

Federal FY2012	Applicant Total Number	Beneficiary Total Number
1. White	1,115	180,812
2. Black/African American	5	15,378
3. Asian	0	246
4. American Indian/Alaskan Native	4	105
5. Native Hawaiian/Other Pacific Islander	0	48
6. American Indian/Alaskan Native & White	3	130
7. Asian & White	0	32
8. Black/African American & White	5	199
9. American Indian/Alaskan Native & Black/African American	3	423
10. Other Multi-Racial	37	3,429
11. Female head of households (if applicants or beneficiaries are receiving a direct benefit)	126	33,272

Contract Awards for Federal FY2013

In the U.S. Department of Housing and Urban Development (HUD) report Contract and Subcontractor Activity on CDBG awards, of the 54 awards to 19 companies totaling \$2,006,952.00; 17 women-owned companies were awarded \$1,946,227.00; two companies, neither woman-owned nor minority-owned, were awarded \$60,725.00; 18 companies awarded \$1,970,452.00 reported company ownership as “White Americans” and one company awarded one contract of \$36,500.00 reported ownership as “Asian/Pacific American,” and the average contract award amount for was \$37,867.02.

For the purposes of this CDBG report to HUD, the following racial and ethnic designations used were: White Americans, Black Americans, Native Americans, Hispanic Americans, Asian/Pacific Americans and Hasidic Jews.

www.tn.gov/ecd/CDBG

ACTION

BERO has partnered with the Governor’s Office of Diversity Business Enterprise (Go-DBE) to make CDBG opportunities available to a larger number of DBEs by posting contracting opportunities in the Construction Industry Opportunities section of Go-DBE’s webpage at www.tn.gov/businessopp/procure_opp.html. The official launch in July 2013 occurs during FY2014.

Note: These posting have been in place for a year and will be reported on in BERO’s FY2014 report.

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If the office does receive federal assistance, please answer questions 20 through 27. If the office does not receive federal assistance, proceed directly to question 26.

20. Does your office prepare a Title VI plan? If yes, please provide a copy of the most recent plan.

Response:

BERO has received federal funds in the past. ECD has a Title VI Implementation Plan in place. Please find the most recent one attached (Attachment 12).

21. Does your office have a Title VI coordinator? If yes, please provide the Title VI coordinator's name and phone number and a brief description of his/her duties. If not, provide the name and phone number of the person responsible for dealing with Title VI issues.

Response:

Civil Rights/Title VI Unit is comprised of two (2) staff members:

- a. Summer Carr
Title VI Coordinator/Director of Contracts
Department of Economic and Community Development
615.253.1944
- b. Leslie-Joi Davis
Assistant Title VI Coordinator
Department of Economic and Community Development

Duties and responsibilities of the Title VI Coordinator include, but are not limited to: Collects compliance data from various divisions within the department; conducts Title VI meetings with Executive Staff including Commissioner, Assistant Commissioners, Directors and Program Managers as needed; prepares and updates Title VI Implementation Plan; conducts pre- and post- award reviews; conducts Title VI compliance training and workshops within the department; conducts Title VI compliance training and workshops with CDBG grantees as needed; updates Title VI information on the department's website as necessary; coordinates with program managers to ensure subrecipient, contractor, and vendor Title VI compliance.

22. To which state or federal agency (if any) does your office report concerning Title VI? Please describe the information your office submits to the state or federal government and/or provide a copy of the most recent report submitted.

Response:

BERO reports to USDA Rural Development as it pertains to the ECD-BERO Revolving Microloan Program (a.k.a. Rural Small Business and Entrepreneur Loan Fund).

ECD has a Title VI Implementation Plan in place. Please find the most recent one attached (Attachment 12).

23. Describe your office's actions to ensure that office staff and clients/program participants understand the requirements of Title VI.

Response:

ECD has a Title VI Implementation Plan in place:

Training for ECD staff is web-based and available to all ECD staff, subrecipients, and contractors. The Title VI training program is housed on ECD's website and a report is available to show employees who successfully completed training. The training consists of approximately 25 slides of information material followed by a quiz consisting of ten questions to gauge whether the employee, subrecipient, contractor, or vendor has read and understood the material.

ECD disseminates information about its Title VI policy, complaint procedures, nondiscrimination policy, programs and services, and minority participation on planning boards and advisory bodies through its website. This information is available to the public as well as to clients and communities who may come in contact with the agency. ECD's Communications division works closely with all divisions of the department to ensure the pertinent compliance information is available and up to date.

24. Describe your office's actions to ensure it is meeting Title VI requirements. Specifically, describe any office monitoring or tracking activities related to Title VI, and how frequently these activities occur.

Response:

BERO reports loan information twice per year via USDA Rural Development's online reporting system and completes a compliance review once per year in which additional loan information is provided. Information on Title VI compliance is included in each borrower's closing package.

ECD monitors all subrecipients and contractors concerning the dissemination of information about the following to the public: nondiscrimination policies, programs and services, complaint procedures, and minority participation on planning boards and advisory bodies. The department requires all subrecipients to disseminate information to the public concerning nondiscrimination policies, programs and services, complaint procedures, and minority participation on planning boards and advisory bodies. ECD collects compliance data from all subrecipients and contractors and subjects subrecipients and contractors to onsite reviews or desk audits at any time.

25. Please describe the office's procedures for handling Title VI complaints. Has your office received any Title VI-related complaints during the past two years? If yes, please describe each complaint, how each complaint was investigated, and how each complaint was resolved (or, if not yet resolved, the complaint's current status).

Response:

A complaint alleging discrimination may be filed with the ECD Title VI Coordinator or directly with the Tennessee Human Rights Commission. All entities receiving assistance from the department will be required to have information available for public review on the procedures for filing a complaint. The Title VI Coordinator is responsible for receiving, logging, acknowledging and investigating complaints as well as reporting the findings of investigation. Once a complaint is received by the Title VI Coordinator, the Commissioner and appropriate Program Director will be notified. Procedures for filing complaints are also posted on the ECD website.

After receiving a complaint or identifying potential discriminatory activity the department will take the following steps:

- Within 30 calendar days of receiving the complaint, the Title VI Coordinator will conduct a fact finding investigation. The Coordinator will meet with the complainant or the staff member who identified the alleged discriminatory activity to determine the nature of the complaint and whether Title VI requirements were violated. The Coordinator will meet with the director in whose area the alleged violation occurred to ascertain the director's perspective on the complaint. The Coordinator will notify the members of the Title VI Review Committee.

- If the Coordinator determines that discrimination has not occurred, the complainant, commissioner and program director will be informed. The complainant will then have a right to appeal the decision.
- If the investigation indicates that discrimination did in fact occur, it will be discussed with the program director. The Title VI Coordinator will discuss ways in which to resolve the complaint and seek voluntary corrective action.
- The complainant, applicant or program director may appeal any rulings made by the coordinator to the Title VI Review Committee within 10 calendar days of the receipt of the written findings. The request can include relevant documentation and sworn testimony, if any, from appealing party, together with any testimony by witnesses having first-hand knowledge of the Title VI violations. The testimony may be in the form of an affidavit and shall describe in detail the circumstances and events that would lead a reasonable person to believe that a Title VI violation has occurred. The Title VI Review Committee will have broad latitude to review an appealed case and make a finding. The committee may discuss the complaint with the complainant, the alleged offender, the Title VI Coordinator or other parties to determine the facts. The committee will make a finding on the appeal within 15 calendar days of receipt of the request for appeal.
- If the discriminatory activity cannot be resolved by the committee, a written report on the situation will be prepared and forwarded to the Tennessee Human Rights Commission. If a complaint involves one of the department's federally funded programs, the federal agency sponsoring the program will also be notified. Information will also be provided to the parties involved on the procedures for appealing to the federal level.
- If either the Tennessee Human Rights Commission or other federal agency determines that discrimination has in fact occurred, the offending party will be denied further services or benefits of the department's programs until the discriminatory activities have been terminated.

###

There were no Title VI complaints received during the last two fiscal years ending June 30, 2013 and June 30, 2012.

26. Please provide a breakdown of current office staff by title, ethnicity, and gender.

Response:

BERO staff: BERO director, non-Hispanic, female.

27. Please list all office contracts, detailing each contractor, the services provided, the amount of the contract, and the ethnicity of the contractor/business owner.

Response:

BERO does not currently have any applicable contractors on which to report.

BERO currently manages the following appropriations and non-recurring grant for ECD:

- In FY2014 and 2013, two \$100,000 direct appropriations were awarded by the Tennessee General Assembly to the Nashville Minority Business Center and the Minority Enterprise Development Corporation in Memphis.
- The Tennessee General Assembly approved the distribution of a non-recurring grant for \$50,000 for the fiscal year ending June 30, 2013 and \$75,000 for the fiscal year ending June 30, 2014 to the Black United Fund of Tennessee (BUF) for "the provision of enterprise development week youth economic summits." In FY2013 the \$50,000 grant served 35 student interns in Memphis (13), Nashville (12) and Chattanooga (10). For the FY2014 award, Knoxville was added to the list.
- The contracts above are operated by non-Hispanics.

Closing note:

Please don't hesitate to contact the office for additional information on any area. While the questions herein were addressed as concisely as possible, a lot of information, details, stories and resources are found in the attachments to this document.

Inquiries maybe directed through ECD's Legislative Liaison, Sammie Arnold at sammie.arnold@tn.gov or 615-532-9083.



**Tennessee Department of Economic & Community Development
Business Enterprise Resource Office
Statutory Authority: Attachment**

**Title 4 State Government
Chapter 26 Business Enterprise Office**

4-26-101. Establishment.

There is established within the department of economic and community development an office of business enterprise.

HISTORY: Acts 1977, ch. 135, § 1; T.C.A., § 4-2601.

4-26-102. Chapter definitions.

As used in this chapter, unless the context otherwise requires:

(1) "Bid bond" means a bond conditioned upon the entering into a contract by a bidder, if the bidder receives the award thereof, and furnishing the prescribed payment bond and performance bond;

(2) "Commissioner" means the commissioner of economic and community development;

(3) "Department" means the department of economic and community development;

(4) "Director" means the director of the office of business enterprise;

(5) "Disability" means a physical impairment that, in the written opinion of a person's licensed physician, substantially limits one (1) or more of the major life activities of such person and is expected to continue to exist for more than five (5) years. As used in this subdivision (5), "major life activities" means caring for oneself and performing manual tasks, which includes writing, walking, seeing, hearing, speaking, and breathing;

(6) "Disadvantaged business" means a business that is solely owned, or at least fifty-one percent (51%) of the outstanding stock of which is owned, by a person who is either:

(A) By reason of social background unable to obtain technical, business or financial assistance of a quality or quantity similar to that available to the average business;

(B) Impeded from normal entry into the economic mainstream because of past practices of discrimination based on race, religion, ethnic background, sex or service in the armed forces during the Vietnam war; provided, that it is not the policy of this state to encourage employment outside the home of mothers of minor children;

(C) Unable to compete effectively because of tendencies of regular financing and commercial organizations to restrict their services to established businesses;

(D) In a state of chronically low income because of long residence in an urban area with high unemployment and low income; or

(E) Impeded from normal entry into the economic mainstream because of a disability;

(7) "Obligee" means:

(A) In the case of a bid bond, the person requesting bids for the performance of a contract; or

(B) In the case of a payment bond or performance bond, the person who has contracted with a principal for the completion of the contract and to whom the obligation of the surety runs in the event of a breach by the principal of the conditions of a payment bond or performance bond;

(8) "Payment bond" means a bond conditioned upon the payment by the principal of money to persons under contract with the principal;

(9) "Performance bond" means a bond conditioned upon the completion by the principal of a contract in accordance with its terms;

(10) "Prime contractor" means the person with whom the obligee has contracted to perform the contract;

(11) (A) "Principal" means:

(i) In the case of a bid bond, a person bidding for the award of a contract; or

(ii) The person primarily liable to complete a contract for the obligee, or to make payments to other persons in respect of such contract, and for whose performance of such person's obligation the surety is bound under the terms of a payment or performance bond.

(B) A principal may be a prime contractor or a subcontractor;

(12) "Subcontractor" means a person who has contracted with a prime contractor or with another subcontractor to perform a contract; and

(13) "Surety" means the person who:

(A) Under the terms of a bid bond, undertakes to pay a sum of money to the obligee in the event the principal breaches the conditions of the bond;

(B) Under the terms of a performance bond, undertakes to incur the cost of fulfilling the terms of a contract in the event the principal breaches the conditions of the contract; or

(C) Under the terms of a payment bond, undertakes to make payment to all persons supplying labor and material in the prosecution of the work provided for in the contract if the principal fails to make prompt payment.

HISTORY: Acts 1977, ch. 135, § 2; T.C.A., § 4-2602; Acts 1987, ch. 369, § 2; 1993, ch. 488, § 1; 1994, ch. 767, §§ 1, 2.

4-26-103. Powers and duties.

The department is authorized to:

(1) Provide assistance to disadvantaged businesses by advising and counseling on all phases of procurement policies, by obtaining information concerning prime contractors in letting subcontracts and by encouraging the letting of subcontracts by prime contractors to disadvantaged businesses;

(2) Receive funding from sources other than the state;

(3) Make studies and conduct workshops, conferences and seminars, with owners and employees of disadvantaged businesses to enhance their understandings of business management, bidding, licensing procedures, procurement procedures and any other activities incident to their positions in business;

(4) Develop training and educational programs in cooperation with institutions, associations, and other state, local and federal agencies, and coordinate the training efforts of the various organizations presently providing technical assistance to disadvantaged businesses;

(5) Encourage and provide the direction and coordination necessary to secure franchises and dealerships from private firms for disadvantaged businesses;

(6) Review and evaluate legislation and determine its effect upon disadvantaged businesses and make appropriate recommendations to the governor and the general assembly;

(7) Employ such personnel as may be required to implement and administer this chapter; and

(8) (A) Develop sources of capital for minority entrepreneurs;

(B) Assist in setting up new minority banks, small business investment companies, as defined in 15 U.S.C. § 681(a), and minority enterprise small business investment companies, being the companies authorized in 15 U.S.C. § 681(d) [repealed]; and

(C) Develop loan packages to assist minority business persons in the start-up or expansion of businesses, or any other financial counseling necessary to enable minority business operations to operate on a sound financial basis.

(b) (1) The department shall continually evaluate the progress of disadvantaged businesses through monitoring and techniques of evaluation, such as surveys and feasibility studies.

(2) The department shall maintain complete and consistent program data.

4-26-104. Purpose and construction.

This chapter shall be liberally construed to carry out the following purposes and objectives that:

(1) Disadvantaged businesses share in the American economic system of private enterprise through free and vigorous competition;

(2) Such competition be fostered through the encouragement and development of disadvantaged businesses; and

(3) The state aid, counsel and assist in every practical manner disadvantaged businesses in order to preserve free competition on equal terms with those businesses constituting the major part of the business community.

HISTORY: Acts 1977, ch. 135, § 4; T.C.A., § 4-2604.

4-26-105. Reports.

(a) The department shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1.

(b) The report shall advise the officials and committees mentioned in subsection (a) on the administration and operation of this chapter.

HISTORY: Acts 1977, ch. 135, § 5; T.C.A., § 4-2605; Acts 2013, ch. 236, § 14.

4-26-106. Disadvantaged business loan guarantee program.

(a) (1) The general assembly finds that conventional funding sources for emerging and expanding disadvantaged businesses are limited or nonexistent.

(2) The general assembly further finds that promoting and encouraging economic opportunity and development within the state's minority community is a worthy public purpose.

(3) Such economic opportunity and development serve the health, safety and welfare of all citizens through creation of long-term employment opportunities, reduction of unemployment, diminished demand for costly social services and increased revenue collections.

(b) (1) There is created within the state treasury a restricted account not to exceed fifty thousand dollars (\$50,000) to be known as the "disadvantaged business loan guarantee account."

(2) Amounts in the account at the end of any fiscal year shall not revert to the general fund but shall remain available to the department for the purposes set forth in this section.

(3) Amounts in the account shall be invested for the benefit of the account by the state treasurer pursuant to § 9-4-603. The account shall be administered by the commissioner.

(c) (1) There is created within the department the disadvantaged business loan guarantee program.

(2) The purpose of the loan guarantee program is to ensure the availability of conventional financial resources to emerging and expanding disadvantaged businesses by guaranteeing loans for disadvantaged businesses.

(3) To qualify for a loan guarantee, a disadvantaged business must demonstrate to the satisfaction of the commissioner that the loan will be fully repaid and will produce economic benefit for the community and state.

(4) The department is authorized to determine the total dollar amount of loans to be guaranteed, subject to a maximum of five (5) times the balance of appropriated funds within the loan guarantee account, plus income, less expenses associated with the program.

(5) The department is authorized to charge a premium to the borrower to help defray the cost of administering the program.

(6) The department may establish other terms and conditions for guarantees of loans.

(7) The total aggregate amount of the loan guarantee may not exceed eighty percent (80%) of any loan.

(8) All documentation evidencing a loan guarantee shall clearly state that such guarantee is an obligation of the disadvantaged business loan guarantee account and not of the general fund or the state of Tennessee, and that any amounts required to be paid pursuant to the loan guarantee are subject to the availability of sufficient funds within the guarantee account.

(d) The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within ninety (90) days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund.

HISTORY: Acts 1990, ch. 1071, § 1.

4-26-107. Guidelines and reports to the government operations committees of the senate and house of representatives.

The office of business enterprise shall provide guidelines to address any impediments by other state agencies to the conduct of the office of business enterprise to the members of the government operations committees of the senate and the house of representatives. The office of business enterprise shall also provide periodic reports to the government operations committees of the senate and house of representatives relative to the audit findings of the office of the comptroller.

HISTORY: Acts 2006, ch. 935, § 3.

Additional TCA relative to BERO:

Title 4 State Government

Chapter 3 Creation, Organization and Powers of Administrative Departments and Divisions

Part 7 Department of Economic and Community Development

4-3-728. Community development block grants to disadvantaged businesses.

(a) Notwithstanding any provision of the law to the contrary, in the allocation and use of community development block grants it is the policy of this state that a substantial portion of such grants shall be utilized whenever reasonably possible for the development of contracts with disadvantaged businesses as defined in § 4-26-102.

(b) The office of business enterprise in the department of economic and community development shall advise the commissioner, or any other official with authority to allocate or disperse community block grants, of disadvantaged businesses that should be considered as recipients of such block grants.

(c) The office of business enterprise shall annually report not later than December 1, to the general assembly, of all such advisements regarding disadvantaged businesses and the number of or amount of community block grants received by disadvantaged businesses.

HISTORY: Acts 1984, ch. 873, § 1.

4-3-732. Enhanced policymaking role for minority business.

Notwithstanding the provisions of any law to the contrary, the director of the office of business enterprise, created by § 4-26-101, may, in the discretion of the commissioner, serve as a full, voting member of each committee, board, task force, group or other entity that is formally or informally attached to or established within the department for the purpose of formulating, adopting or recommending state policies to enhance economic and community development. The general assembly urges the department of economic and community development to develop an enhanced policymaking role for minority business.

HISTORY: Acts 1996, ch. 976, § 1.

TENNESSEE SMART START



SMALL

BUSINESS

GUIDE





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*G*reetings!

Small businesses make up the majority of all companies in Tennessee and are the backbone of our state's economy. Some of the largest, most well-known companies in Tennessee today began with small business owners who dared to dream big and worked hard.

The challenges and obstacles that small business owners and entrepreneurs face are often intimidating. Adequate support and resources are crucial to navigating the early days of a new venture.

This guide is designed to support the successful growth and expansion of small businesses and aspiring entrepreneurs. With one of the country's best business climates, there's no better place to start or grow a business than in Tennessee and no better time than now!

We invite you to explore the opportunities.

SELECTING A *Business*

For the starting entrepreneur, one of the first decisions you will need to make is whether to purchase an existing business, franchise or to start a new business. There are unique benefits and concerns for each option; however, it is ultimately up to you to decide which course to take.

Purchase an Existing Business

You may save time and trouble by purchasing an existing business. If you are considering purchasing a business that is a sole proprietorship or general partnership, you are buying assets from the owner. You will need to obtain a new business license for the existing business from your county clerk office. You are not assuming liabilities unless you specifically agree to it. Make sure all taxes that were due prior to the purchase are paid or you may be required to pay outstanding taxes.

The advantages of buying a business are avoidance of start-up costs, usually little to no downtime in acquiring customers, established vendor relations and some kind of financial history on which you can base your decision. The disadvantages of buying a business may be the other side of the advantages listed. There may be few customers to acquire, vendor relations may be

terrible because of unpaid bills and the financial history may not be as rosy as the owner projects.

Once you have decided to purchase an existing business, there are a few steps to take. Decide what you want the business to accomplish. Do you want to make a living; provide employment for you, a spouse, children and their spouses? Locate an existing business that is for sale. Entrepreneurs may use business brokers to find businesses that are for sale, the chambers of commerce and business advisors, such as attorneys and CPAs, may also know of businesses for sale. Determine the value of the business you plan to buy. This is as much art as science. A business is valued by either the worth of its assets, ability to generate cash, the client base, earning ability or physical assets only. An analysis of the company's profit-and-loss statements from three years should help you determine trends, a rough cash flow and profitability of the business.

Most entrepreneurs are compelled to seek outside financing to close the deal. In these cases, most lenders will require some owner financing. This serves to reduce their risk as well as keep some owner involvement or at least interest in the continued success of the venture.

The bottom line is that after careful and knowledgeable analysis, you can purchase a business that can help you realize your dreams; however, without a careful and knowledgeable analysis, the purchase can turn into a nightmare of bankruptcy and strained relationships.



There are also franchise assistance companies that help individuals identify the franchise that is right for them. These companies will do a lot of research for you and they have relationships with many existing franchisers. They can also assist you with turning your existing business into a franchise model. These companies include Entrepreneur's Source, FranNet and Fran Choice, among others. These companies will either charge you or the franchisers a fee for their services.

The Entrepreneur's Source helps individuals by educating, coaching and guiding them through franchise ownership. They charge a flat fee once you have identified the franchising opportunity to pursue. Their initial services are provided at no cost.

FranNet recommends franchise opportunities, educates you on anticipated cost, financing options and training. FranNet offers their information and services at no charge, as they are paid by the franchiser.

Fran Choice guides you through the franchise search process by gathering information about your experiences and goals and develops a personalized model for use in evaluating franchise opportunities. There is no cost to use Fran Choice services or for the information about franchise opportunities.

Starting a New Business

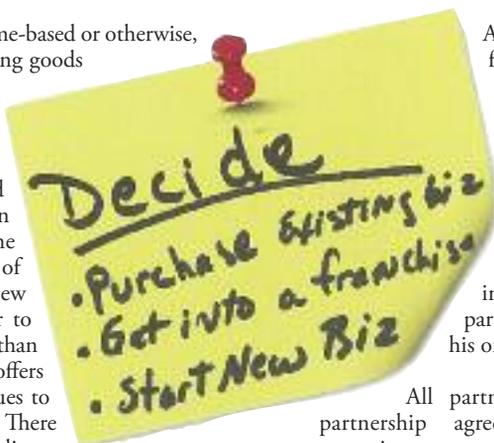
The benefits of starting your own business include flexible hours, being your own boss, getting away from a corporate setting and having no limit to your income. The time required in a start-up business, energy needed to run a new business, stress put on family and financial stress could be a few of the concerns for starting a business. The "20 Questions Before Starting" article www.sba.gov/content/20-questions-before-starting-business can be used to determine if you are ready to start your own business.

Will you be working full-time or part-time? A part-time home-based business can add income to increase the household budget. Starting part-time enables you to learn valuable lessons in business management, especially time management. These lessons can function as a stepping-stone to running a full-time business.

As you enter this endeavor, recognize that the most important ingredient is you. Know your personality, interests, abilities, drive, commitment, relationships, priorities and dreams. In addition, you should ask yourself a few questions: do you have the required experience in marketing, pricing, financial projections and bookkeeping?



Remember, businesses, home-based or otherwise, do not operate by producing goods or services. They operate by selling those goods and services at a profit. They make profits by controlling costs to produce goods and services at a lower cost than they sell them. Does the business you are thinking of starting require learning new skills? It may be harder to develop skills on your own than in a corporate setting that offers training as well as colleagues to help the learning process. There are a variety of resources online or in person.



Setting Up Your Business

Choosing the right legal structure for your business will require that you to contact an attorney, CPA or a business counselor. You need professional advice on the pros and cons of each legal structure. Legal structures include: Sole Proprietorships, Partnerships, C Corporation, S Corporation (also called Subchapter S Corporation), Limited Liability Company or Limited Liability Partnership.

Sole Proprietorships

The majority of small businesses start out as sole proprietorships. One person, usually the individual who has day-to-day responsibilities for running the business, owns the firm. Sole proprietors own all the assets of the business and the profits generated by it. They also assume complete responsibility for all of its liabilities. In the eyes of the law and the public, you are one in the same with the business. Sole proprietorships pay less in taxes than corporations. Net income from the business is regular income filed on the owner's personal income tax return. Sole proprietors need a business license from the county and/or municipality in which the business operates.

Partnerships

A general partnership is the relationship existing between two or more persons who join to carry on a trade or business. Each person contributes money, property, labor or skill and expects to share in the profits and losses of the business. An example of a general partnership is a husband and wife owned business. This type of partnership is not a form of a corporation and carries the same personal liability as a sole proprietorship.

A general partnership must file an annual information return to the IRS to report the income, deductions, gains, losses, etc., from its operations, but it does not pay income tax. Instead, it "passes through" any profits or losses to its partners. Each partner includes his or her share of the partnership's income or loss on his or her tax return.

All partnerships should execute a partnership agreement. The partnership agreement is a contract between the partners of the business that details expectations, contributions and the responsibilities of each partner. Discuss future expectations with your partner(s). Do they want to grow a company to operate, do they want to grow a company to sell short-term, how will profits be distributed and what percentages? Each partner should contribute value to the business and each partner must recognize the value of the others' contributions. Determine ahead of time who will contribute cash, labor, industry experience and knowledge, sales leads, loans or guaranties. Responsibilities may differ from contributions, so be sure to define the partner's individual responsibilities as well as the group responsibilities. Include who can sign debt instruments for the partnership, who determines compensation, salaries, draws or profit sharing, who will handle the record keeping, who oversees recruitment to or dissolution of the partnership and who can make amendments to the partnership agreement. In any case, the partnership agreement should be a written, notarized document. A lawyer can draw up the agreement and act as a facilitator to cover points not previously included. There are examples of partnership agreements online at www.tn.gov/sos, www.sba.gov and www.score.org.

Legal Structures Include:

- Sole Proprietorships
- Partnerships
- C Corporations
- S Corporations
(also called subchapter S Corporation)
- Limited Liability Company

Corporations

Incorporation gives the business a legal existence separate from an individual person. That is, it can own assets and conduct business in its own name.

A business assumes a corporate identity when registered or “incorporated” with the Tennessee Secretary of State. A corporation can shield you and the stockholders from personal liability from any lawful activities. Corporations pay federal taxes at a higher rate than sole proprietors. The corporation is liable for the state’s franchise and excise tax. There are two basic types of corporations, the C and S Corporations.

C Corporations are standard corporations that are primarily used by large groups of investors. A few of the requirements to be a corporation include having a board of directors and corporate officers, having stockholders as owners, holding regular board meetings, maintaining board minutes and approving corporate resolutions. The corporation allows the board to authorize certain actions such as borrowing money, entering into contracts and allocating corporate resources beyond routine business transactions.

If your business is an eligible domestic corporation, you can avoid double federal taxation (paying taxes to the corporation and again to the shareholders) by creating a S Corporation under the rules of Subchapter S of the Internal Revenue Code. Under the laws of Tennessee, an S Corporation is incorporated; therefore, they are subject to state franchise and excise taxes. In this way, the S Corporation passes its items of income, loss, deduction and credits through to its shareholders to be included on their separate returns.

If the company is incorporated outside of Tennessee, you are required to obtain a Certificate of Authority to conduct business operations within Tennessee. The Certificate of Authority, TCA 48-11-309, is evidence that out-of-state corporations are in good standing in their state and are authorized to conduct business in the state of Tennessee.

Basic requirements for S Corporations include:

The company must be a Domestic Corporation with one class of stock

Have no more than 35 citizens or legal resident shareholders

All your shareholders must consent to S Corporation status

Use a permitted tax year

Company must file IRS Form 2553

Limited Liability Company

Limited Liability Company (LLC) is a relatively new business structure allowed by state statute. An LLC can be expensive to organize and requires more administrative work than other legal forms of business. LLCs are popular because, similar to a corporation, owners have limited personal liability for the debts and actions of the LLC. Other features of LLCs are more like a partnership, providing management flexibility and the benefit of pass-through taxation. Owners of an LLC are called members. Since most states do not restrict ownership, members may include individuals, corporations, other LLCs and foreign entities (businesses outside of Tennessee). There is no maximum number of members. Most states also permit “single member” LLCs, those having only one owner. A few types of businesses generally cannot be LLCs, such as banks and insurance companies. There are special rules for foreign LLCs.

The Tennessee Bar Association (TBA) will guide you to a legal referral service and help you determine if you would qualify for free legal service. The TBA also has an online information section titled LawBytes. LawBytes is a free public service program that offers easy-to-understand summaries on more than 70 topics, ranging from employment law to wills and estates. More information about TBA and LawBytes can be found online at www.tba.org.

The Tennessee Society of Certified Public Accountants (TSCPA) is the state professional organization for certified public accountants. TSCPA can help businesses find a Certified Public Accountant (CPA) to assist with the start-up and running of the business. TSCPA also has an online Small Business Resource Center. The Small Business Resource Center mission is to educate, provide information and resources that would assist small business enterprises. This and more information can be found online at www.tncpa.org.

Foreign-Owned (Out-of-State) Corporations

The state of Tennessee recognizes businesses incorporated outside of Tennessee as foreign-owned (or out-of-state) corporations. When you relocate your business to Tennessee, you will need to decide if you will operate your business as a foreign-owned business or establish your business as a Tennessee corporation. Foreign-owned businesses pay a one time \$600 fee and a \$20 annual fee to the Tennessee Secretary of State. You will need to fill out application form ss-4429 for corporations and application form ss-4236 for an LLC. These forms can be found online at www.tn.gov/sos. A letter of good standing from your original state needs to accompany your application. Typically, remaining a foreign owned business is beneficial only if you plan to continue operations in your original state. A trusted CPA can advise you on the specific tax liabilities for your business.

If you plan to cease operations in the state you are moving from, you should register your business with the Tennessee Secretary of State as a Tennessee corporation. You can register your new corporation at <http://tnbear.tn.gov/NewBiz>. Certain registrations can be filed and paid for online, but others will require that documents be printed and mailed. In addition to registering your corporation with the Tennessee Secretary of State, you will also need to register with the Tennessee departments of Revenue and Labor and Workforce Development.

You will most likely need to obtain local business

licenses through the county clerk office where the business will be located in Tennessee. If you are in a regulated industry, such as general contracting, that requires specific licenses, check with the regulatory agency who licenses you to see if they have a reciprocal agreement with the state of Tennessee to transfer your license.

FEIN

If you do not want to use your social security number to identify your business, you are required to obtain a Federal Employer Identification Number (FEIN) from the IRS. The FEIN is your business's permanent identification number and can be used for most of your business needs including: opening a bank account, applying for business licenses and filing a tax return by mail.

You can register for your FEIN online at www.irs.gov or by calling 1-800-829-4933. All corporations and partnerships are required to have an FEIN.

Requirements for an LLC include:

Membership fee is due annually

LLC fees range from \$300 - \$3,000

An annual report filed with the Secretary of State

Financial records prepared for any member requesting them

Board minutes recorded and maintained

Memberships sold only when all members agree to the transaction

Advantages of Tennessee

There are many benefits to relocating your business to Tennessee. Tennessee fosters a pro-business climate that gives access to vital economic components, such as a right-to-work environment, a dependable and educated workforce and a wealth of technology resources that provide opportunity for business growth and profitability. In addition, Tennessee offers a reasonable cost of living and does not impose a personal state income tax or a state property tax.

Tennessee compares favorably with the cost of living in other states. In fact, its eleven largest cities rank below the national average for cost of living and housing costs are among the lowest in the nation. Tennessee enjoys a generally mild climate, providing favorable conditions for the state's many advantages as well as working and living with a minimum of weather-related disruptions. Tennessee borders eight states and is within a day's drive of 75 percent of the U.S. population.

Tennessee has a strong entrepreneurial climate. Recently, Tennessee ranked as having the fourth highest entrepreneurial activity rate in the nation in a national study. The state of Tennessee supports small businesses and entrepreneurs with a low business tax burden, lower cost of living, an online business registration systems, access to nontraditional financing and a diverse, robust economy proximity to three-quarters of the U.S. population.

Relocating Your Family

The state of Tennessee provides information at www.tn.gov with helpful links and information on becoming a legal resident in Tennessee. There are also resources to help you familiarize yourself with Tennessee's communities, neighborhoods and education systems.

Taxes and Insurance

When you start or expand a business in Tennessee, it is important to understand the potential tax liability. This section will provide you with a basic understanding of standard taxes that may affect you while doing business in Tennessee. The information provided in this section will assist you in estimating tax payments to include in cash flow projections of the business plan. You should also consider local property taxes and special excise taxes that may be applicable. The main areas of tax for small businesses are local, state, federal, franchise and excise taxes and sales and use taxes.

Local, State and Federal Taxes

The Tennessee General Assembly authorizes counties and municipalities to levy a privilege tax, that is, a tax for the privilege of operating a business in their jurisdictions. All counties with the exception of Clay, Claiborne and Morgan levy the tax as a business license tax. Incorporated cities can also impose the privilege tax. This tax is based on a percentage of sales or gross receipts in succeeding years. If the business has a physical location in several different cities or counties, the business is liable to each city or county based on sales or receipts accumulated in each location. All businesses generally are subject to this tax.

Exempt businesses include manufacturers, businesses with less than \$3,000 in annual sales, and professionals such as doctors and lawyers. The U.S. Treasury collects federal taxes through the Internal Revenue Service (IRS). The legal structure of your business determines what federal taxes are due and payable. There are four general kinds of federal business tax: federal income tax, self-employment tax,



Franchise Tax:

- Tax on the greater of net worth or book value of property owned or used in Tennessee
- Tax rate is 25 cent per \$100
- Certified Pollution Control is exempt
- Property under construction and not being utilized will not be included in the tax base
- Property rented from the industrial development corporation may be valued by capitalizing it on the books

Excise Tax:

- Tax is based on the net earning of the company derived from doing business in Tennessee
- Tax rate is 6.5%
- Sales outside of Tennessee are not taxed
- All capital losses are claimed in the year incurred

Net operating losses can be carried forward for 15 years Sales and Use Tax

- 7% state sales tax plus the applicable local rate (2.25% - 2.75%) on any person or company who manufactures, distributes or sells tangible personal property within the state
- No Sales Tax is levied on: Purchases, installation, and repairs of qualified industrial machinery

Raw materials for processing

- Pollution control equipment for manufacturers
- Reduced sales tax rates for manufactures' use of energy fuel and water (1.5% vs. 7%)
- Qualified industrial supplies
- Items purchased for resale
- Containers, packaging, and wrapping materials
- Additional exemptions of credits may be available

www.tn.gov/ecd/bd_home.html

employment tax and excise tax. Every business must file an annual income tax return to the federal government. Publication 583 released in January 2007 is a good starting point for information about federal taxes. This and many more relevant IRS publications can be found online at www.irs.gov.

The Tennessee Department of Revenue is the state's chief tax collector and is responsible for collecting approximately 92 percent of total state tax revenue. The most common business taxes they collect are franchise and excise taxes and sales and use tax. The department publishes a start-up guide specific to tax liabilities. You can access the guide online at www.tn.gov/revenue.

Franchise and Excise Tax

Tennessee's franchise and excise taxes are corporate taxes. The franchise tax is based upon the higher of either the corporation's net worth or the book value of real and tangible property owned or used in the state, plus rental values. Most businesses (except general partnerships, sole proprietorships and those businesses exempt in T.C.A. 67-4-2008) organized for profit and doing business in Tennessee are subject to the state's franchise tax. Out-of-state companies doing business in Tennessee are liable, even if they are not based in Tennessee, but they may apportion their tax base. If you have a question concerning whether or not your business is exempt from this tax, please contact the Tennessee Department of Revenue.

The excise tax is based upon the net earnings of taxable entities conducted within Tennessee. Most businesses (except general partnerships, sole proprietorships and those businesses exempt in T.C.A. 67-4-2008) organized for profit and doing business in Tennessee are subject to the state's excise tax. Out-of-state companies doing business in Tennessee are liable even if they are not based in Tennessee, but they may apportion their tax base. If you have a question concerning whether or not your business is exempt from this tax, please contact the Tennessee Department of Revenue at www.tn.gov/revenue.

Sales and Use Tax

The sales and use tax is a consumer-oriented tax imposed on the manufacture, distribution or retail sale of tangible personal property within the state. It also is imposed on many forms of services. Any business that sells, leases or rents tangible personal property or services (unless the business is specifically exempt) is liable.

Assistance with Taxes

The IRS and Tennessee Department of Revenue provide assistance to new and existing businesses to understand and comply with their tax burdens. The IRS sponsors educational workshops that are delivered through Small Business Development Centers throughout the state. You can find contact information for the centers in the Resource Section of this guide. The IRS also publishes free cd's and online video instructions for small business at www.irs.gov/smallbusiness. The Tennessee Department of Revenue publishes a tax guide for new businesses. You can also send questions via e-mail to TN.Revenue@tn.gov.

Registering Your Business

You can register your business with the Tennessee Department of Revenue online at: <https://apps.tn.gov/bizreg>

Tax-Based Incentives

Tennessee allows businesses a franchise and excise tax credit based on a minimum level of capital investment and number of jobs created. The amount of tax credits and the period of time the credits may be used are determined by the size of the business investment. Typically, the minimum requirements are \$500,000 in capital investment and creation of 25 net new full-time jobs with benefits over a 36-month investment period. Credits include distribution and warehouse, call and data centers, headquarters, manufacturing, industrial machinery, emerging industry and pollution control equipment. Tax incentives are based on Tennessee statutes that are set forth by the Tennessee State General Assembly. Detailed information on all of the tax credits listed above can be found online at www.tn.gov/ecd/BD_home.html.

Work Opportunity & Welfare-to-Work Tax Credits

The Work Opportunity Tax Credit and Welfare-to-Work Tax Credit programs are designed to help individuals facing barriers move into gainful employment. The program encourages employers in the private sector to hire job seekers from one of the

designated target groups. The target groups are residents of welfare family households, veterans with 181 days active duty who live in a food stamp household, ex-felons who have been convicted or released within the last 12 months, residents and summer youth in HUD-designated depressed "enterprise zones," food stamp recipients and SSI recipients. The Welfare-to-Work program is designed to encourage long-term employment of welfare recipients. Employers receive tax credits totaling \$3,500 per employee the first year and \$5,000 per employee the second year. To apply for the tax credits, the application must be postmarked within 21 calendar days following the start date of employment. For more information, call WOTC State Coordinator, at 800-432-5268 ext. 585 or visit www.tn.gov/labor-wfd and select businesses and employers.

All taxes listed previously in this section constitute most of the taxes common to businesses in Tennessee. Businesses may be liable for other taxes ranging from mortgage registration taxes to auto license taxes. Additionally, the Tennessee General Assembly considers exemptions and adjusts rates in virtually every session. As a business owner, you are encouraged to contact the Tennessee Department of Revenue for the most current tax information. The Department of Revenue's website is www.tn.gov/revenue.

Workers' Compensation

Required in every state except Texas, workers' compensation insurance pays for employees' medical expenses and missed wages if injured while working. In Tennessee, workers' compensation coverage is required for employers that employ five or more persons for pay (construction businesses have stricter requirements). Workers' compensation is acquired through insurance agents who obtain the actual coverage through licensed insurance companies. Due to rating deregulation, rates and premium amounts will vary between insurance companies. If an employer is unable to obtain this coverage, they may submit an application to the Tennessee Workers' Compensation Insurance Plan to get workers' compensation. You should visit www.twcip.com to find forms and more information about the Tennessee Workers' Compensation Insurance Plan.

Unemployment Insurance

Unemployment insurance provides benefits to unemployed workers who have lost their jobs through no fault of their own. Most employers who have workers in Tennessee are liable to pay state unemployment insurance (SUTA) premiums. The



Online or Web-based Businesses

The State of Tennessee recognizes online or web-based businesses as Tennessee businesses. Tennessee web-based businesses are liable for the same taxes and regulations as businesses with a storefront. Tennessee web-based businesses that sell products or taxable services are required to collect sales tax from their Tennessee consumers. If they sell to consumers outside of Tennessee, they are not required to collect sales tax because those consumers are required to pay a use tax to their domestic departments of revenue.

More information on this topic can be found online at www.tn.gov/revenue.

Tennessee Department of Labor and Workforce Development, Employment Security division, administers the unemployment insurance program in Tennessee. You can register your business with the Department of Labor and Workforce Development online through the One Stop Business Resource found at: <https://apps.tn.gov/osbr> or call the Department of Labor and Workforce Development at 1-800-344-8337 and select 1 (call (615) 741-2346 if out of state).

General Liability Insurance

Many business owners buy general liability or umbrella liability insurance to cover legal hassles due to claims of negligence. These help protect against payments as the result of bodily injury or property damage, medical expenses, the cost of defending lawsuits, and settlement bonds or judgments required during an appeal procedure.

Insurance and Bonding
 Insurance is considered a cost of doing business and nearly all businesses need to carry some form of business insurance. Some forms of insurance, such as worker's compensation and unemployment insurance, may be required by the state of Tennessee. Other forms of insurance, like general liability and health insurance, are optional policies that protect your business's physical and human assets. Following is a description of the various types of insurance which can be obtained from a licensed insurance agent.

Product Liability
 Every product is capable of personal injury or property damage. Companies that manufacture, wholesale, distribute and retail a product may be liable for its safety. Additionally, every service rendered may be capable of personal injury or property damage. Businesses are considered liable for negligence, breach of an express or implied warranty, defective products and defective warnings or instructions.

Home-Based Business Insurance
 Contrary to popular belief, homeowners' insurance policies do not generally cover home-based business losses. Commonly needed insurance areas for home-based businesses include business property, crime and theft, professional liability, personal and advertising injury, loss of business data and disability.

Internet Business Insurance
 Web-based businesses may wish to look into specialized insurance that covers liability for damage done by hackers and viruses. In addition, e-insurance often covers specialized online activities, including lawsuits resulting from meta tag abuse, banner advertising or electronic copyright infringement.

Criminal Insurance
 No matter how tight security is in your workplace, theft and malicious damage are always possibilities. While the dangers associated with hacking, vandalism and general theft are obvious, employee embezzlement is more common than most business owners think. Criminal insurance and employee bonds can provide protection against losses in most criminal areas.

Business Interruption Insurance

Some businesses may wish to acquire insurance that covers losses during natural disasters, fires and other catastrophes that may cause the operation to shut down for a significant amount of time.

Key Person Insurance

In addition to a business continuation plan that outlines how the company will maintain operations if a key person dies, falls ill, or leaves, some companies may wish to buy key person insurance. This type of coverage is usually life insurance that names the corporation as a beneficiary if an essential person dies or is disabled.

Malpractice Insurance

Some licensed professionals need protection against payments as the result of bodily injury or property damage, medical expenses, the cost of defending lawsuits, investigations and settlements, and bonds or judgments required during an appeal procedure.

Business Property Insurance

Business property insurance protects your building and equipment investments and natural disasters such as tornados, floods and earthquakes. You may also want to

“ENTITIES DOING BUSINESS IN THE STATE OF TENNESSEE THAT CREATE NEW JOBS, EITHER FULL TIME OR PART TIME, THAT ARE FILLED BY INDIVIDUALS WITH DISABILITIES MAY BE ENTITLED TO A ONE-TIME JOB TAX CREDIT.”

get a fire insurance policy included in your property insurance policy, especially if your building is physically attached to other businesses.

Tennessee Jobs Tax Credit for Employing Persons with Disabilities

Employers may be eligible for a tax credit if they hire employees with disabilities who have received vocational rehabilitation services through the state Division of Rehabilitation Services. Entities doing business in the state of Tennessee that create new jobs, either full time or part time, that are filled by individuals with disabilities may be entitled to a one-time job tax credit.

T.C.A. § 67-4-2109(g) provides for a job tax credit of \$5,000 for each net new full-time employee job and a credit of \$2,000 for each net new part-time employee job for

employment of persons with disabilities who are receiving Tennessee state services directly related to the disabilities. Employment of the person with a disability must create a net increase in the number of persons with disabilities employed by the taxpayer within the 90-day period immediately preceding the employment. The taxpayer must provide the qualifying employment for at least 12 consecutive months for no less than the minimal hours per week as described in the enacting legislation.

To claim the tax credit, the taxpayer must file a plan with the Tennessee Department of Revenue, Taxpayer and Vehicle Services Division on or before the last day of the fiscal year in which the employment begins and must state the number of persons with disabilities newly employed. Information about the job tax credit can be found in the Taxpayer and Vehicle Services Division’s Franchise and Excise Tax Guide on the Department of Revenue’s website at www.tn.gov/revenue/tntaxes/fae.shtml. The Jobs Tax Credit Business Plan form can be found at www.tn.gov/revenue/forms/fae/f1308601.pdf. The Jobs Tax Credit Business Plan form can be found at www.tn.gov/revenue/forms/fae/index.htm. For questions about applying for the Jobs Tax Credit for Hiring Persons with Disabilities, call (615) 741-4892.



Bonding

Some small businesses, especially those performing contracting services, will be asked to bond its work in advance. A bond is a financial guarantee that you will honor a business contract. In some states certain types of contractors are required to be bonded. A bond (sometimes referred to as a surety bond) is a third party obligation promising to pay if a vendor does not fulfill its valid obligations under a contract. There are various types of bonds: license, performance, bid and payment bonds. A performance bond is a guarantee that you will perform work in accordance with the terms of a contract. A bid bond is a guarantee that you will perform work if the bid is won by you. An indemnity bond promises to reimburse loss incurred if you fail to perform or if you fail to pay other vendors in the performance of the contract. A license bond is required by some states for specific businesses. In some cases you pay the state directly rather than obtaining a bond. A payment bond promises you will pay all subcontractors and material providers utilized in the performance of a contract. Contact your insurance agent to obtain a bond and/or ask the SBA about their surety bond program.

Responsibilities and Regulations

If a company employs people to work in the business, it is considered an employer by Tennessee's definition. As an employer, the company has certain responsibilities under various state and federal laws as well as certain regulations that it must follow.

Responsibilities

Employer responsibilities fall primarily in the areas of wages, unemployment compensation, taxes, and labor practices and standards. The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, record keeping and child labor standards affecting your full- and part-time workers. The FLSA allows

the company to set rules on vacation time, holiday days off, severance pay, premium pay for holidays or weekends, pay raises and sick pay.

The U.S. Department of Labor has made available a booklet entitled *New Business Package about the Fair Labor Standards Act*. It also provides the publication Handy Reference Guide to the Fair Labor Standards Act for employers. Regulations implementing the FLSA are available as well. Visit www.dol.gov/elaws/flsa.htm for more information about FLSA. The Family and Medical Leave Act (FMLA) is designed to help employees balance work and family responsibilities by allowing unpaid leave for certain family and medical reasons. The law requires employers of 50 or more employees to give up to 12 weeks of unpaid, job-protected leave to eligible employees for the birth or adoption of a child or for the serious illness of the employee or a spouse, child or parent.

The company is also required to follow federal Occupational Safety and Health (OSHA) rules. Standards vary with the three broad classifications of businesses: agricultural, construction and general industry. If the organization has 11 or more employees, you must maintain records in accordance with OSHA rules. You can find a list of all of OSHA rules at www.osha.gov. The state of Tennessee provides employers, especially smaller employers, assistance to help them achieve a safe and healthful workplace for their employees. The Tennessee Occupational Safety and Health Administration (TOSHA), consultative services offers both occupational safety and industrial hygiene services to manufacturing, construction, and other types of businesses in Tennessee. This no-cost service is designed to assist employers in developing or enhancing safety and health management systems. The industrial hygienist and occupational safety specialist will identify safety and health hazards and help you implement cost-effective hazard control solutions. Contact TOSHA by phone at (615) 741-2793 or 1-800-249-8510.



Regulations

Different types of business activities are regulated at the state and federal level. These regulations deal with licensing of certain jobs, as well as protecting the public welfare in such areas as business practices, standard weights and measures, and pollution control.

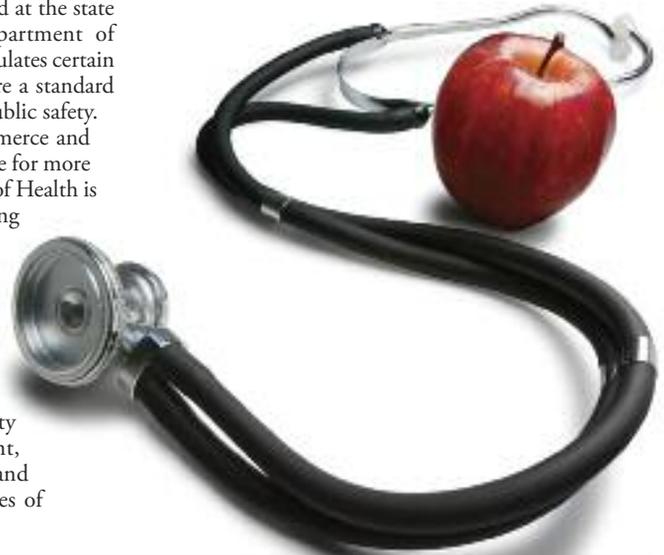
Municipalities generally regulate or zone the location of different types of businesses. Entrepreneurs are encouraged to contact their local zoning boards and/or county clerk's offices for this information.

Different types of professions are regulated at the state and federal level. The Tennessee Department of Commerce and Insurance licenses and regulates certain non-medical professions in order to insure a standard level of skills and business practices for public safety. Visit the Tennessee Department of Commerce and Insurance online at www.tn.gov/commerce for more information. The Tennessee Department of Health is charged with the responsibility of regulating health care professionals to help assure the quality of health care and protect the public's health, safety and welfare. Visit the Tennessee Department of Health online at www.health.state.tn.us. The Tennessee Department of Mental Health and Developmental Disabilities (TDMHDD) works to insure quality prevention, early intervention, treatment, habilitation and rehabilitation services and supports based on the needs and choices of

individuals and families. A list of licenses issues by TDMHDD can be found in the appendix section or online at www.tn.gov/mental.

The Tennessee Department of Environment Conservation (TDEC) regulates environmental out put of businesses. TDEC issues air, water, waste, radiological and natural resource permits. TDEC is online at www.tn.gov/environment.

If you are not sure if your business is regulated by the state of Tennessee, contact the Division of Regulatory Board at (615) 741-3449 or visit them online at www.tn.gov/commerce/boards.



Regulatory Boards

- Accountancy
- Alarm Systems Contractors Board
- Architectural & Engineering Examiners
- Auctioneer Commission
- Barber Examiners
- Collection Service
- Contractors/Home Improvement License
- Cosmetology
- Employee Leasing
- Funeral Directors, Embalmers, Burial & Cemetery Services Advisory
- Home Inspector Licensing Advisory
- Land Surveyors
- Locksmith Licensing Program Advisory
- Motor Vehicle Commission
- Private Investigation & Polygraph Commission
- Private Probation Service Council
- Private Protective Services Advisory
- Race Track Licensing Program
- Real Estate Appraisers
- Real Estate Commission
- Scrap Metals Registration Program

www.tn.gov/commerce/boards

Hiring Employees

Understanding your regulatory requirements as an employer is crucial to the success of your business. Before hiring employees, you need to get an Employment Identification Number (EIN) from the U.S. Internal Revenue Service (IRS). The IRS requires you to keep all records of employment taxes for at least four years. These records include Federal Income Tax Withholding (Form W-4) and Federal Wage and Tax Statement (Form W-2). Form W-4 must be signed by the employee on or before the date of employment. The employer must then submit the form to the IRS and maintain a copy for their records. Visit www.irs.gov to obtain an EIN and find Form W-4. Form W-2 reports wages paid and taxes withheld for each employee. This form must be submitted to the Social Security Administration by the last day of February for employees who worked the previous calendar year. Copies of Form W-2 should be sent to employees by January 31 following the previous calendar year. To find Form W-4 visit www.socialsecurity.gov.

In addition to Forms W-4 and W-2, federal law requires employers to verify an employee's eligibility to work in the United States. Within three days of hire, employers must complete an Employment Eligibility Verification Form (Form I-9) and keep the form on file for three years after the date of hire. The U.S. Immigration and Customs Enforcement (ICE) agency conducts routine audits to ensure employers are following the law. You can find Form I-9 at www.uscis.gov.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 require employers to report newly hired and re-hired employees to a state directory within 20 days of their hire date. You can access Tennessee's New Hire Reporting system at www.tnnewhire.com.

The Business Plan

A key ingredient in every business is the business plan. The plan allows you to obtain financing and establish a direction for the business. This document is not written once and stashed in a file cabinet. Most experts say the business plan should be reviewed once every three (3) to five (5) years and revise the current economic environment. The timeframe depends on how fast or slow your business grows and is completely up to you. The entrepreneur must view the business plan as a living entity that changes as the company grows and reaches certain milestones. The business plan usually contains an executive summary,

introduction, financial projections, personal financials, marketing plan, and the resumes of the management team.

The Business Plan contains:

- Executive Summary
- Introduction
- Marketing Plan
- Résumés of the management team
- Financial Projections
- Personal Financials

Business plan templates, including financial projections, are available online at:

www.score.org
www.sba.gov

Executive Summary

The executive summary is the first page of the business plan. Write every other part of the business plan first and then summarize the entire document into one page. The executive summary is your first selling point followed by your financial projections when trying to get financing. If you are looking for a loan, include the amount you are asking for, purpose and how the loan will be paid back.

Introduction

In this section, you include the details of your business. Include a description of the company's operations, primary market, background and eventual goals. Explain the company structure, legal structure (sole ownership, partnership, corporation or limited liability) and business location. Include your product and/or service and identify your company or entrepreneur name. This section should be two to three sentences long.

BERO

312 Rosa L. Parks Ave., 11th Floor
Nashville, TN 37243
Ph. (615) 741-2626 or 1-800-872-7201

Developments Districts

East TN Development District
P.O. Box 249
Alcoa, TN 37701
Ph. (865) 273-6003

First TN Development District
207 N. Boone St., Suite 800
Johnson City, TN 37604
Ph. (423) 928-0224

Greater Nashville Regional Council
501 Union St., 6th Floor
Nashville, TN 37219
Ph. (615) 862-8828

Memphis Area Association of Govt.
1420 Union Ave., Suite 410
Memphis, TN 38104
Ph. (901) 729-2871

Northwest TN Development District
124 Weldon Dr.
Martin, TN 38237
Ph. (731) 587-4213

Southeast TN Development District
P.O. Box 4757
Chattanooga, TN 37405
Ph. (423) 266-5781

South Central TN Development District
P.O. Box 1346
Columbia, TN 38402
Ph. (931) 381-2040

Southwest TN Development District
27 Conrad Dr., Suite 150
Jackson, TN 38305
Ph. (731) 668-7112

Upper Cumberland Development District
1225 S. Willow Ave.
Cookeville, TN 38506
Ph. (931) 432-4111

Go-DBE

Go-DBE
312 Rosa L. Parks Ave., 3rd Floor
Nashville, TN 37243
Ph. 1-866-894-5026

Incubators

Campbell Co. Small Business Incubator
2603 Jacksboro Pike
Jacksboro, TN 37757
Ph. (423) 201-8306

CEED

158 Madison Ave.
Memphis, TN 38103, Suite 101
Ph. (901) 525-6512

CET Life Sciences Center

111 10th Ave. S., Suite 110
Nashville, TN 37203
Ph. (615) 255-6270

Cleveland-Bradley Business Incubator

3505 Adkisson Dr., Suite 102
Cleveland, TN 37312
Ph. (423) 478-6476

Cumberland Business Incubator

2569 Cook Rd.
Crossville, TN 38571
Ph. (931) 456-4910

Cumberland Univ. Culinary Center

One Cumberland Square
Lebanon, TN 37087
Ph. (615) 547-1376

Entrepreneur Center

105 Broadway, Suite 200
Nashville, TN 37201
Ph. (615) 873-1257

Emerge Memphis

516 Tennessee St.
Memphis, TN 38103
Ph. (901) 312-7700

ETSU Innovation Laboratory

2109 W. Market St.
Johnson City, TN 37604
Ph. (423) 439-8500

Fairview Technology Center

17 Market Square, #201
Knoxville, TN 37902
Ph. (865) 546-5887

Four Lake Authority

702 McMurry Blvd.
Hartsville, TN 37074
Ph. (615) 374-4607

Hamilton Co. Business Center

100 Cherokee Blvd.
Chattanooga, TN 37405
Ph. (423) 752-4301

Holston Business Development Center

2005 Venture Park
Kingsport, TN 37660
Ph. (423) 578-6235

Memphis BioWorks

20 S. Dudley, Suite 900
Memphis, TN 38103
Ph. (901) 866-1400

Nashville Business Incubation Center

315 10th Ave. N., Suite 108
Nashville, TN 37203
Ph. (615) 963-7184

UM Ctr. for Entrepreneurship & Innovation

365 Innovation Dr., Room 326
Memphis, TN 38152
Ph. (901) 678-5266

UT Technology Incubator

1534 White Ave., Suite 403
Knoxville, TN 37996
Ph. (865) 974-0520

Tech 20/20

1020 Commerce Park Dr.
Oak Ridge, TN 37830
Ph. (865) 220-2020

MBDA

Minority Business Development Agency

158 Madison Avenue, Ste. 101
Memphis, TN 38103
(901) 528-1432

Nonprofits

Alliance Nonprofit Excellence

5100 Popular Ave., Suite 502
Memphis, TN 38137
Ph. (901) 684-6605
www.npexcellence.org

Center For Non-Profit Management

44 Vantage Way, Suite 230
Nashville, TN 37228
Ph. (615) 259-0100
<http://cnm.org>

Pathway Lending

201 Venture Circle
Nashville, TN 37228
Ph. (615) 425-7171

Regional Accelerators

Launch Tennessee

<http://LaunchTN.org>

SBA

SBA Memphis

555 Beale St.
Memphis, TN 38103
Ph. (901) 526-9300

SBA Nashville

2 International Dr., Suite 500
Nashville, TN 37217
Ph. (615) 736-5881

SCORE

Bristol SCORE

20 Volunteer Pkwy.
Bristol, TN 37620
Ph. (423) 989-4866

Chattanooga SCORE

Eastgate Business Center
515 Franklin Bldg.
Chattanooga, TN 37411
Ph. (423) 553-1722

Greater Knoxville SCORE

412 N. Cedar Bluff Rd. Suite 450
Knoxville, TN 37923
Ph. (865) 692-0716

Memphis SCORE

Clark Tower
5100 Poplar Ave., Suite 1701

Memphis, TN 38137
Ph. (901) 544-3588

Northeast Tennessee SCORE

112 E. Myrtle Ave. Professional Bldg.,
Suite 408
Johnson City, TN 37601

SCORE Nashville

2 International Dr., Suite 500
Nashville, TN 37217
Ph. (615) 736-7621

TN Main Street

312 Rosa L. Parks Ave.
Nashville, TN 37243
Ph. (877) 768-6574

TSBDC

Austin Peay State University

601 College St., McReynolds Bldg.
Offices 111 and 113
Clarksville, TN 37040
Ph. (931) 221-1370

Chattanooga State Technical Comm. College

Business Development Center
100 Cherokee Blvd., Suite 202
Chattanooga, TN 37405
Ph. (423) 756-8668

Cleveland State Community College

Technology Bldg., Room 126
3535 Adkisson Dr.
Cleveland, TN 37320
Ph. (423) 614-8707

Dyersburg State Community College

1510 Lake Rd.
Dyersburg, TN 38024
Ph. (731) 286-3201

ETSU Innovation Laboratory

2109 W. Market St.
Johnson City, TN 37614
Ph. (423) 439-8505

ETSU - Satellite - KOSBE Office

Kingsport Area Chamber of Commerce
151 E. Main St.
Kingsport, TN 37660
Ph. (423) 392-8825

JSCC Jackson Chamber of Commerce

197 Auditorium St.
Jackson, TN 38301
Ph. (731) 424-5389

MTSU Rutherford Co. Chamber of Commerce

3050 Medical Center Pkwy.
Murfreesboro, TN 37129
Ph. (615) 898-2745

MTSU - Columbia Satellite Office

Maury Alliance
106 W. 6th St.
Columbia, TN 38402
Ph. (931) 388-2155

Pellissippi State Community College

Knoxville Area Chamber Partnership
17 Market Square #201
Knoxville, TN 37902
Ph. (865) 246-2663

PSTCC – Maryville Satellite Office

Blount County Chamber
201 S. Washington St.
Maryville, TN 37804
Ph. (865) 983-2241

Roanne State Community College

Oak Ridge Chamber of Commerce
1400 Oak Ridge Turnpike
Oak Ridge, TN 37830
Ph. (865) 483-2668

Southwest TN Community College

Parrish Bldg., Room 134
737 Union Ave.
Memphis, TN 38103
Ph. (901) 333-5085

STCC – Memphis Satellite Office

Memphis Renaissance Center
555 Beale St.
Memphis, TN 38013
Ph. (901) 526-9300

Tennessee State University

Avon Williams Campus
330 10th Ave. N.
Nashville, TN 37203
Ph. (615) 963-7179

Tennessee Tech University

College of Business Administration
1105 N. Peachtree
Cookeville, TN 38505
Ph. (931) 372-3670

UT Martin REED Center

406 S. Lindell St.
Martin, TN 38237
Ph. (731) 587-7333

Volunteer State Community College

Betty Gibson Hall
1480 Nashville Pike
Gallatin, TN 37066
Ph. (615) 230-4780

USDA

Chattanooga Area Office

Southeast Development Center
309A N. Market St.
P.O. Box 4941
Chattanooga, TN 37405
Ph. (423) 756-2239 ext.2

Cookeville Area Office

Fountain Court, Suite K
390 S. Lowe Ave.
Cookeville, TN 38503
Ph. (931) 528-6539 ext. 2

Covington Area Office

2043 Hwy 51 S.

Covington, TN 38019
Ph. (901) 475-3350 ext. 203

Greenville Area Office

214 N. College St., Suite 300
Greenville, TN 37744
Ph. (423) 638-4771 ext. 4

Jackson Area Office

West Towne Commons
85G Stonebrook Place
Jackson, TN 38305
Ph. (731) 668-2091 ext. 2

Knoxville Area Office

4730 New Harvest Ln., Suite 300
Knoxville, TN 37918
Ph. (865) 523-3338 ext. 4

Lawrenceburg Area Office

237 Waterloo St.
Lawrenceburg, TN 38464
Ph. (931) 762-6913 ext.4

Nashville Area Office

3322 West End Ave., Suite 302
Nashville, TN 37203
Ph. (615) 783-1359

Union City Area Office

1216 Stad Ave., Suite 3
Union City, TN 38281
Ph. (731) 885-6480 ext. 4

UT-CIS

UT-CIS – Chattanooga

744 McCallie Ave.
Doctors Bldg., Suite 502
Chattanooga, TN 37403
Ph. (423) 634-0850

UT-CIS – Jackson

605 Airways Blvd., Suite 109
Jackson, TN 38301
Ph. (731) 423-3710

UT-CIS – Johnson City

3119 Bristol Hwy, Suite 301
Johnson City, TN 37601
Ph. (423) 926-8282

UT-CIS – Knoxville

Institute for Public Service
105 Student Services Bldg.
Knoxville, TN 37996
Ph. (865) 974-2249

UT-CIS – Memphis

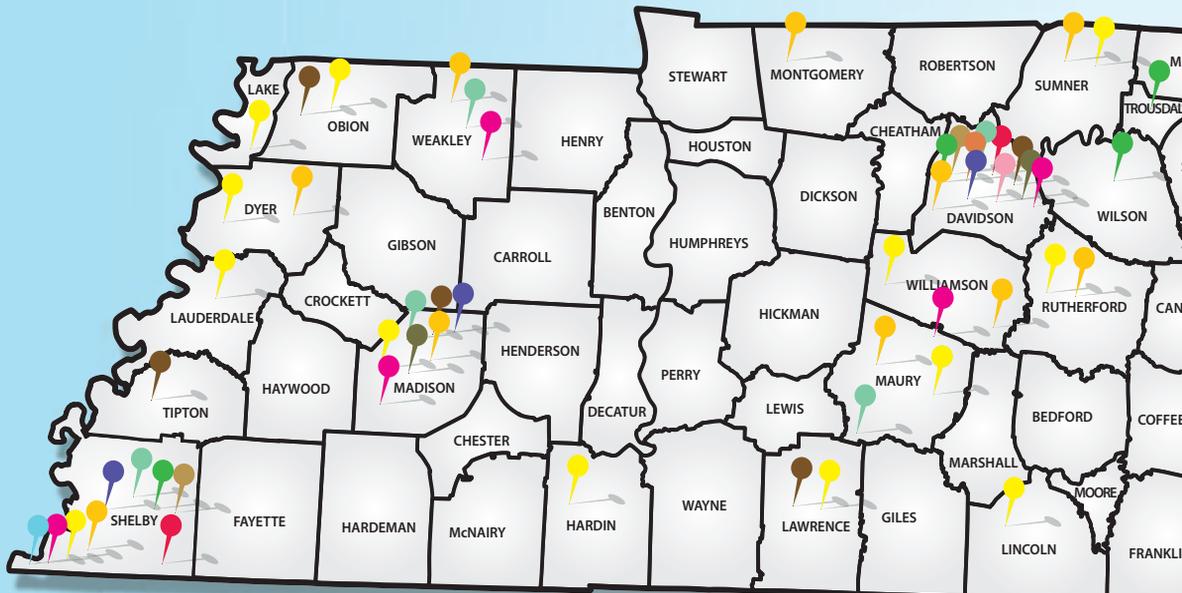
P.O. Box 970
Munford, TN 38058
Ph. (901) 323-9339

UT-CIS – Nashville

193 Polk Ave., Suite C
Nashville, TN 37210
Ph. (615) 532-8657

T E N N

Small Business



LEGEND



BERO

www.tn.gov/ecd/bero



Development Districts

www.discoveret.org/etdd/tdda.htm



GO-DBE

www.tn.gov/diversity



Incubators

www.nbia.org www.tvaed.com

The Marketing Plan

This is one of the crucial aspects of your business plan. In this section, you will include a market analysis, identify your competitors, your target market and include a marketing plan. You want to provide information on the economic environment of the industry. The economic environment will tell how well the industry is performing versus the economy as a whole. In addition, it should review business cycles and practices that may be unique to the industry. It describes competitors who may affect the success of your business and identifies pricing or technical innovation strategies that give your business a competitive advantage in the market. You want to include anyone that makes or offers a product or service that is comparable to what you offer. You will define the specific customer you plan on targeting. This section contains valuable data about customers, such as what they expect of the product or service. In addition, you will include data on purchasing dollars spent, road and foot traffic around the business location and market share you expect to gain. The marketing plan

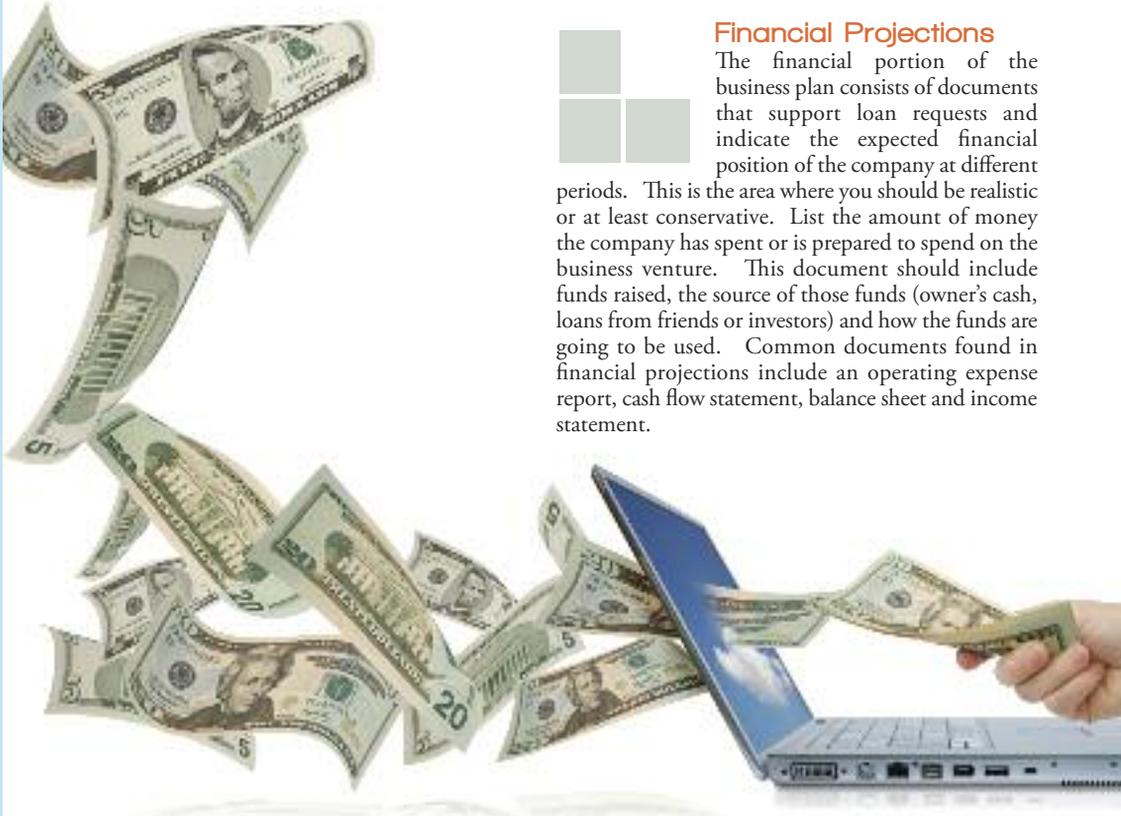
details how you are going to advertise, when you will advertise and where you will place your advertisements. This is important, because it shows how you will inform customers about your product and/or service.

Management Team

This section should include the name, address, telephone numbers and relevant work or industry experience for each team member. The purpose of this section is to acquaint loan officers with the team's industry experience and demonstrate their ability to operate a company. Unlike a job-seeking résumé that concentrates on accomplishments, this résumé should outline learned skills and experiences that facilitate the operation of a company. This section should answer several key questions: Who is going to run the daily operations? Who will balance the books? Who will market and sell your product or service? Who is your attorney? Having the management team's roles and responsibilities on paper benefits everyone because they know their duties. In this section you may include an advisory board that supports your company in area where your team lacks experience.

Financial Projections

The financial portion of the business plan consists of documents that support loan requests and indicate the expected financial position of the company at different periods. This is the area where you should be realistic or at least conservative. List the amount of money the company has spent or is prepared to spend on the business venture. This document should include funds raised, the source of those funds (owner's cash, loans from friends or investors) and how the funds are going to be used. Common documents found in financial projections include an operating expense report, cash flow statement, balance sheet and income statement.





Entrepreneurs say the most common mistake in starting a business is underestimating start-up costs and the time required to generate positive cash flow. Start-up costs are either fixed or variable costs. Examples, sometimes referred to as overhead, are the purchase or lease of equipment, supplies, utility deposits, furniture, fixtures and vehicles, real estate rent or mortgage. They will be the same regardless of the volume of business generated. Variable costs such as payroll, inventory, utility bills, production waste costs, unanticipated production costs and underestimated job quotes are associated with the volume of operations. It is usually a good idea to add 10-20 percent of variable costs as unanticipated expenses. List fixed and variable costs on the operating expense report.

The cash flow statement is one of the fundamental projections in securing outside financing. Cash flow projections demonstrate the inflow and outflow of cash over an interval of time. They project increases and decreases in the cash accounts of your company. As a result, the cash flow statement projects your firm's ability to pay bills, cover payrolls and service bank debt from one period to the next (usually per month). It shows the source of cash and the uses of cash.

The balance sheet describes the condition of the company on a particular day, usually the last day of the month, quarter or year. This makes it different from other financial statements, most of which cover a time period. Another difference between the balance

sheet and other statements is that it must balance the assets and liabilities of the company. An asset is anything the business owns that has monetary value. The assets of a small business commonly include cash, notes receivable, accounts receivable, inventories, land, buildings, machinery, equipment and other investments. A liability is the claims of creditors against the assets of the business. In other words, debts owed by the business. A new business should prepare projected annual balance sheets for three years. An existing firm should include historical balance sheets from the three previous years (or for however long it has been in existence if fewer than three), as well as three years of annual projections. You will also need to calculate a break-even analysis. This analysis determines the volume of sales necessary to reach that minimum point where you can cover both fixed and variable costs. The point of no loss and no profit is the break-even point.

Personal Financials

If you are going to use the business plan to support a loan request, include personal financial statements. Personal financial statements are needed for every owner no matter how small the percentage of ownership. Owners should list any assets owned and debt owed to creditors. Knowing the credit score of all owners is very important when submitting the business plan to lenders.

Getting Funded

Financing is probably the first thing on many entrepreneurs' minds when it comes to starting a small business. One of the biggest challenges in starting your own business is identifying the amount and source of funding necessary to carry out your plan. There are many forms of financing for small business owners, including a variety of state and federal programs. Not every source of financing is right for every small business. You need to find the one that fits your business. Financing options explained in this section will be brief, and it is highly recommended that you contact a small business counselor.

There are several financing sources for your business. A business can utilize personal assets, family, friends and colleagues, commercial credit, credit cards and government financing. If the business is a startup, you will be expected to provide 20-30 percent of your own financing, utilizing your own assets. Most government and commercial lenders generally require this level of owner investment. The Tennessee Small Business Resource Directory (www.tn.gov/ecd/bero) is a great resource for finding county-specific lenders. You should know your credit score before you request outside funding.

You can receive free credit history once per year from the three reporting agencies from www.annualcreditreport.com or call 1-877-322-8228.

Family, Friends and Colleagues

Often a preliminary source of funding is family, friends and colleagues. They often loan funds and take a promissory note or settle for stock options with a formalized agreement to ensure smooth business dealings. A small business can issue stock without the formal registration process if fewer than 15 people purchase the stock and stock is not offered for sale to the public. The investors must hold the stock for their own portfolios. More information on limited stock issue can be obtained from the Tennessee Department of Commerce and Insurance website at www.tn.gov/commerce.

Credit Cards

Credit cards are a common source of financing, especially for small items and equipment your business might need. As credit cards carry a higher rate of interest than conventional loans, their use should be planned and carefully used. Maintaining a good credit history is important as the business grows and evolves.

Commercial Credit

Lenders usually offer two types of commercial loans to small businesses: term loans and seasonal

lines of credit. For most bank loans, lenders ask you to pledge personal assets (including your house) as collateral and furnish signed guaranties from all principals.

Term loans are generally for fixed assets; that is, they are used to purchase real estate and equipment. You collateralize the loan with the assets purchased. As such, lenders generally extend a loan for a percentage of the value rather than full value for the goods. Such loans usually take the form of installment loans with monthly payments.

Seasonal lines of credit are extended to satisfy the working capital needs of a firm. Proceeds are used to purchase inventory, take purchase discounts and make payrolls. While some lenders may take accounts receivable and inventory as collateral, be prepared to use all assets of the company to secure these loans. Borrowers are expected to pay off seasonal lines of credit at least once a year. Small business borrowers generally draw down and pay off seasonal lines of credit several times a year. Other lines of credit include: business line of credit and home equity line of credit. A business line of credit typically has a variable interest rate at or near the prime rate and does not need to be repaid annually. A home equity line of credit (HELOC) authorizes you to spend up to the amount of equity (present value of home minus existing mortgage debt you have in your home). Interest rates are typically variable and do not need to be repaid annually. Be sure to read all documents prior to signing and don't hesitate to consult your attorney.

Federal Government Loan Programs

The Small Business Administration (SBA) is a federal agency that provides small businesses with loan guarantees, counseling and training. SBA works primarily with banks to help reduce their risk in lending to small businesses. If you are interested in an SBA-guaranteed loan, you do not go to the SBA; you meet with an SBA banker at a traditional bank. The SBA's largest loan program is the 7(a) loan guarantee program. Loan guarantees help reduce the risk for banks making loans to new, small businesses.

Guarantees range from 50-85 percent depending on the loan amount.

The SBA Micro-Loan assists small businesses that need small amounts of financial assistance. Under this program, SBA makes direct and guaranteed loans to nonprofit lenders who use the proceeds to make micro-loans to eligible borrowers.

Another loan offered by the SBA is the Certified Development Company (CDC) 504 loan. The 504 Program provides expanding businesses with long-term, fixed-rate financing for major fixed assets, such as land and buildings. The 504 loan program allows small businesses to take advantage of the open capital markets, but avoid much of the costs associated with entry into these financial markets. More SBA Loan information is online at the U.S. Small Business Administrations website at www.sba.gov. You can access a list of SBA certified lenders in Tennessee online by visiting

www.sba.gov/tn
and click on
Financing.

The U.S. Department of Agriculture (USDA) Rural Development Division has Business-Cooperative Programs that provide business and industry loans in rural areas across Tennessee. Generally, the USDA defines a rural area as a non-urbanized area with less than 50,000 in population. The USDA loan programs are administered through its regional offices and focus on assisting businesses that create jobs for rural citizens. Contact your local USDA Rural Development Office for more information or visit them online at www.rurdev.usda.gov/tn.

The Tennessee Valley Authority (TVA) also has loan opportunities for small businesses. The Economic Development Loan Fund (EDLF) is a multi-million-dollar revolving loan program designed to stimulate capital investment and job creation in the TVA region. Minority- and woman-owned companies and companies within targeted industrial sectors are given special emphasis and consideration. The TVA Southern Appalachian Fund is a \$12.5 million venture capital fund that provides equity capital

and operational assistance to qualifying businesses in Kentucky, Tennessee and the Appalachian counties of Georgia, Alabama and Mississippi. The TVA Special Opportunities Counties (SOC) fund is a \$16 million revolving loan fund that is available for buildings, equipment, real estate, industrial parks and building development. More information is accessible online at www.tvaed.com.

State Government Loan Programs

The Tennessee Department of Economic and Community Development (ECD) offers a low-interest small business loan. The Rural Small Business and Entrepreneur Loan Fund provides loans of \$500-\$20,000 to small business with fewer than 10 employees. Only entrepreneurs and small businesses operating a business in rural Tennessee are eligible. The Business Enterprise Resource Office (BERO) manages the program and also arranges for technical assistance for the life of the loan. The loan application can be downloaded at www.tn.gov/ecd/bero. Contact BERO by phone at (800) 872-7201 or at ecd.bero@tn.gov.

The Tennessee Energy Efficiency Loan Program provides low interest loans to qualified commercial, industrial or nonprofit Tennessee-based businesses. The program allows 100 percent financing for energy efficient technology, energy retrofits and renewable energy systems. It was launched mid-year 2010 and is a collaborative effort among state of Tennessee, TVA, Pinnacle National Bank and Pathway Lending. To learn how energy efficiency is a tool that can save your business money and

strengthen your bottom line go to www.pathwaylending.org

The Tennessee Rural Opportunity Fund (ROF) provides much needed access to capital for small businesses in rural Tennessee. The Small Business Jobs Opportunity Fund (SBJOF) builds on the success of the ROF to create a sustainable funding source for urban and rural businesses to expand and create jobs. Both the ROF and the SBJOF, launched in 2008 and 2010 respectively, are joint funds among the state of Tennessee, the Tennessee Bankers Association and Pathway Lending (changed from Southeast Community Capital in 2010). Visit www.pathwaylending.org or call 1-888-533-PATH (7284) to learn more.

The Tennessee Department of Treasury administers the Small- and Minority-Owned Business (SMOB) Assistance Program. SMOB loans have been available for the acquisition of machinery and equipment, working capital, supplies and materials, inventory and certain other business related activity. If you are interested in being placed on a waiting list to be notified if additional funds become available, visit www.tnsmob.org.

Non-Traditional Financing

Certified Development Financial Institutions (CDFI), as certified by the CDFI Fund, a division of the U.S. Treasury Department, may provide loans to disadvantaged small businesses lacking access to traditional financing options in both urban and rural areas. Pathway Lending manages multiple loan funds throughout the state and northern Alabama. In 2012, Accion Delta launched in West Tennessee (www.acciondelta.org).

Development Districts

Development Districts are regional planning and economic organizations owned and operated by the cities and counties of Tennessee. Each district operates a business and industry loan program and can provide small business loans, typically focusing on businesses that create jobs within its district. The nine development districts include: Northwest Tennessee, Greater Nashville Region, Upper Cumberland, First Tennessee, East Tennessee, Southeast Tennessee, South Central Tennessee, Southwest Tennessee and Memphis Area. (www.tennesseedevelopmentdistricts.org)

Electric Cooperatives

Most of the electric cooperatives in the state manage a revolving loan fund for businesses within their service area. Contact your local electric cooperative for additional information. You can find your local electric cooperative online at www.tnelectric.org.

Small Business Investment Companies (SBIC)

SBIC's are private investment and loan companies established to serve the small business market. They are funded with a combination of private and federal investment. Visit www.sba.gov/tn to find more information about local SBICs.

Equity Financing

Equity capital is money raised by a business in exchange for a share of ownership in the company. Ownership is represented by owning shares of stock outright or having the right to convert other financial

Loan	Maximum Loan Amount	Website
SBA - CDC/504	\$ 5,000,000	
SBA - Basic 7(a) Loan	\$ 5,000,000	
SBA - International Trade	\$ 5,000,000	www.sba.gov
SBA - Express Loan	\$ 350,000	
SBA Micro-Loan	\$ 50,000	
USDA - RED Loan and Grant	\$ 450,000	www.rurdev.usda.gov
TVA - EDLF	\$ 2,000,000	
TVA - Southern Appalachian Fund	\$ 600,000	www.tvaed.com
TVA - SOC Fund	\$ 500,000	
Tennessee Rural Opportunity Fund	\$ 125,000	
Small Business Jobs Opportunity	\$ 2,500,000	www.pathwaylending.org
Energy Efficiency Loan Program	\$ 5,000,000	
BERO Loan Fund	\$ 20,000	www.tn.gov/ecd/bero



instruments into stock of that private company. A key source of equity capital for new and emerging businesses is venture capital firms.

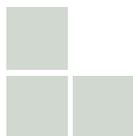
INCITE Co-Investment Fund

The INCITE Co-Investment Fund is a venture capital program designed to stimulate the growth and development of innovative small businesses in Tennessee and increase the number of better-paying, high-quality jobs in our state. Developed by ECD and administered by Launch Tennessee, the Fund is backed entirely by a \$29.7 million award through the U.S. Department of Treasury's State Small Business Credit Initiative. The Fund is a key component of Gov. Haslam's \$50 million INCITE initiative to raise Tennessee's profile in innovation-based economic development and increase the number of knowledge-based jobs by assisting companies with access to early-stage capital. The INCITE Co-Investment Fund provides equity funding to supplement investments in Tennessee companies made by venture capital funds and investors from across Tennessee and around the country. For more information visit www.launchtn.org.

Co-Investment Fund (part of INCITE)

The co-investment fund focuses on assisting Tennessee companies with access to early stage capital, using \$30 million in state and federal funding to create early stage, seed and mezzanine capital co-investment funds, and provides capital for low interest loan funding which can help a company build the critical

mass necessary to succeed. This program is expected to launch in early 2012. For details, go to www.tn.gov/e cd or email ECD.Innovation@tn.gov.



TNInvestco

TNInvestco is a state-sponsored, venture capital type program created by the Tennessee Small Business Investment Company Credit Act. The state, using a competitive process, has picked ten different entities to provide capital to potential high-growth, transformational businesses in Tennessee. The ten TNInvestco entities were awarded \$200MM in premium insurance tax credits which were sold generating approximately \$146MM of investable capital. The TNInvestcos are authorized to invest funds in qualifying Tennessee small and start-up businesses; the program assists in bringing additional capital into the state, strengthening Tennessee's entrepreneurial network, while the state provides oversight of the program. For a business to qualify to receive investment funds from a TNInvestco, the business must have its headquarters and principal business operations located in Tennessee, employ no more than 100 employees, and at least 60 percent of its employees must be located in Tennessee. To apply for funding from a TNInvestco, visit www.tn.gov/tinvestco.

Venture capital is a type of private equity capital typically provided by professional, outside investors to new, high-potential-growth companies in the

interest of taking the company to an IPO or trade sale of the business. Venture capital investments are generally made as cash in exchange for shares in the invested company. In Tennessee, venture capital funds can be found in Nashville, Knoxville, Oak Ridge and Memphis.

Government Grants

The truth is that federal and state governments do not provide grants directly to individuals to start or expand typical small businesses.

Most grants offered by the government are designed to expand and enhance organizations that provide small business management, technical or financial assistance. These grants generally support non-profit organizations, intermediary lending institutions, and state and local governments; however, the U.S. government does offer a wide-variety of loans and training programs to help entrepreneurs start and grow their businesses.

Some federal and state agencies award a limited number of grants for very specialized business activities such as scientific research and development. These R&D, or research and development, grant programs include the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. The STTR and SBIR are competitive, nationwide grant programs designed to stimulate innovation and development in high technology industries. In Tennessee, businesses can get assistance with applying for SBIR and STTR opportunities through the University of Tennessee, Center for Industrial Services. Visit them online at

www.cis.tennessee.edu or call 1-888-763-7439.

Persons receiving disability benefits from the Department of Human Services, Vocational Rehabilitation Services, may apply for a self-employment grant to start a small business. In addition, farmers can compete for cost-reimbursement grants from the Department of Agriculture for specific activities. More information is provided in the "Targeted Businesses and Topics" section of the guide.

Business Assistance and Training

You can find assistance for your small business during each stage of the business cycle. Resources include: start-

up assistance, licensing requirements, business relocation, identifying capital, government procurement, exporting, agriculture and business expansion, among others.

Business Enterprise Resource Office (BERO)

The Office of Business Enterprise, otherwise known and referred to as the Business Enterprise Resource Office (BERO), was created in the Department of Economic and Community Development (ECD) by Chapter 135 of the Public Acts of 1977, codified as Section §4-26-101 et seq.

BERO serves as a voice for and advocate of disadvantaged businesses (DBE) statewide. For the purposes of BERO, DBE refers to businesses owned by women, minorities and veterans.



It also refers to businesses operating in remote or rural areas of the state. BERO is also tasked to analyze, disseminate and promote best practices and access to capital to service providers as well as report on the status of DBEs across in the state. The most recent report on the progress of DBEs is online.

BERO provides a variety information on its website, including this guide at www.tn.gov/ecd/bero.

Tennessee Small Business Development Centers (TSBDC)

The Tennessee Small Business Development Centers (TSBDC) offers assistance to help business owners grow and develop successful, thriving businesses at little or no cost. The TSBDC is a network of professional business consultants with 12 centers and two satellite offices in 14 cities throughout the state of Tennessee. The TSBDC prides itself on providing expert business advice to all types of businesses whether you are a manufacturer, retailer, service provider or a professional.

SCORE

SCORE "Counselors to America's Small Business" is a non-profit association dedicated to educating entrepreneurs and the formation, growth and success of small business nationwide. SCORE is a resource partner with the U.S. Small Business Administration (SBA). SCORE employs volunteers that are working or retired business owners, executives and corporate leaders who share their wisdom and lessons learned in business. At the time of the publication, active Tennessee SCORE chapters can be found in Bristol, Chattanooga, Crossville, Johnson City, Nashville and Memphis.

Small Business Online Training Network

The Small Business Training Network (SBTN) is the SBA's online interactive training tool. This tool offers a wide variety of free online courses, a library, web

chats and access to SBA business counselors. See [map/appendix](#) for contact information.

Tennessee Manufacturing Extension Program

The Tennessee Manufacturing Extension Program (TMEP) helps Tennessee's manufacturers become more productive, more profitable and more competitive. TMEP assist businesses with new production techniques, business practices, expanding markets, complying with regulations and a host of other areas. TMEP is a branch of the University of Tennessee Center for Industrial Services (UT-CIS).

Business Incubators and Accelerators

Business incubators offer programs that nurture the successful development of entrepreneurial companies through an array of business support resources and services. Business accelerators, similar to incubators, provide services; however on a compressed timeline bringing their products and services to market in matter months. You can visit the National Business Incubation Association online at www.nbia.org/resource_center to find a local incubation center. There are nine accelerators locate across the state. To find the regional accelerator closest to you go to www.launchtn.org or www.startuptn.com.

Targeted Businesses and Topics

This section contains information on a variety of topics an entrepreneur or small business owner may find helpful. The topics include home and internet-based businesses, inventors, patent, copyright, and trademark, government contracting, disabled business owners, regulatory assistance and export assistance.

Home and Internet-Based Business

If you are considering a home-based business, you should contact your local zoning and building codes office or commission to find out if you need special

Continued Education Contacts

Website

TVA	TVA Business Incubation Centers	www.tvaed.com
TSBDC	Tennessee Small Business Development Center	www.tsbdc.org
SCORE	Service Corps of Retired Executives	www.score.org
SBTN	Small Business Training Network	www.sba.gov/services/training
NBIA	National Business Incubation Association	www.nbia.org

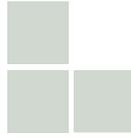
permits. In addition to a local zoning permit, you may need to obtain a business license from your county clerk office to run your home-based or internet-based business. This requirement depends on how much income you earn and varies by county in Tennessee. In addition, you may need to look at business insurance, because homeowners' insurance policies do not generally cover home-based business losses. Common insurance areas for home-based businesses include business property, professional liability, personal and advertising injury, loss of business data and crime insurance.

Internet and catalog businesses are required to collect sales tax from customers living in Tennessee. Tennessee does not require businesses to collect sales tax from non-citizens of Tennessee. Other states may require you to pay tax for sales in their state. Visit www.tn.gov/revenue to find more information about Tennessee taxes.

Original writings, artwork, photographs and other forms of authorship protected may be protected by copyright. Visit the U.S. Copyright Office online to find the procedures for copyright registration for online works (Circular 66) at www.copyright.gov.

The Internet Corporation for Assigned Names and Numbers (ICANN) has accredited over 860 registrars that offer domain name (website address) registration.

The ICANN registrars allow business owners to purchase a domain name, or purchase a domain name and package of services such as web hosting services. Visit www.icann.org for a list of accredited registrars. Internet-based businesses should look into insurance that covers liability for damage done by hackers and viruses, lawsuits, banner advertising or electronic copyright infringement.



Inventors

The first step for applying for a patent is to conduct a patent search online at the United States Patent and Trademark Office (USPTO) to see if any current patents that match your idea. Once you have searched for existing patents, you can then start the process of applying for a patent with the USPTO. The type of patent you apply for depends on your product. The most common patent filed is the non-provisional utility patent, according to the USPTO.

An important note is that the "poor man's patent" will not protect your invention. This idea that by writing a description of your invention and mailing it to yourself or someone else by mail or certified mail will protect your invention is not true and may hurt your later patent rights.

You can build the prototype before or after receiving





your patent from the USPTO. The prototype is a working model of the product that you intend to bring to market. It is often used to obtain financing for the mass production of the product. You will also need a business plan to obtain financing from banks and other lenders. You want to highlight how the product will be manufactured and your marketing plan for the product.

The Inventors Assistance Center (IAC) within the USPTO provides patent information and services to the public. The IAC can answer general patent examination questions, direct calls to appropriate USPTO personnel, assist you with forms and provide general information concerning rules, procedures and fees. The IAC is online at www.uspto.gov or call 1-800-786-9199.

The Tennessee Inventors Association (TIA) is an organization of inventors. The TIA has members all across Tennessee and as far away as Ohio and Virginia. The TIA is a great resource for inventors, innovators and entrepreneurs. The TIA provides seminars, information and guidance to those involved in innovation. The TIA has produced an inventor's guide that provides step-by-step instruction on how to take your idea to a functioning product. The guide includes information about establishing a date of originality, patent protection, licensing, prototypes and the inventor's log. This guide is free to all members of the TIA. You can join the TIA by visiting their website at www.tninventors.org.

Patents, Copyrights and Trademarks

A patent for an invention is the grant of a property right to the inventor issued by the United States Patent and Trademark Office.

According to the United States Patent and Trademark Office, there are three types of non-provisional patents: utility, design and plant patents. A utility patent is granted to anyone who invents or discovers

a new and useful process, machine, article of manufacture, or composition of matter, or an improvement of the before mentioned. Design patents may be granted to anyone who invents an original and decorative design for an article of manufacture. Plant patents are granted to anyone who invents or discovers and asexually reproduces any distinct and new variety of plant. There are two types of utility and plant patents, which are the provisional and non-provisional patent. The provisional patent was designed to provide a lower-cost first patent filing in the United States. The provisional patent is granted for a term of 12 months with no official patent claim, oath or declaration, or any information disclosure statement. The non-provisional patent is a complex legal document, best prepared by a patent lawyer or a trained professional.

As stated by the Library of Congress' Copyright Office (www.copyright.gov), "A Copyright is a form of protection provided to the authors of 'original works of authorship' including literary, dramatic, musical, artistic and certain other intellectual works, both published and unpublished." A copyright is the protection of the creative expression of an idea not the idea. You can copyright the actual steps or methods of creating an object but not a list of items used to create the object.

You may wish to protect your company name and/or service mark in the state of Tennessee by obtaining a state trademark. As a business owner, you can obtain a state trademark, which will protect your business name and/or service mark within Tennessee for five years. You may also wish to protect your company name and/or symbol in the U.S. by obtaining a federal trademark. As a business owner, you can obtain a federal trademark, which will protect your business name and/or symbol within the United States for 10 years.

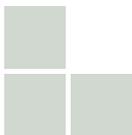
You may want a combination of copyright, patent and



trademark protection for your work. More detailed information on patents, copyrights and trademarks can be found online at www.uspto.gov. You should consult an attorney to determine which form(s) of intellectual property protection best corresponds to your individual situation.

Federal Government Contracting

The Center for Industrial Services (CIS) is an agency of the University of Tennessee (UT) Institute of Public Service. UT-CIS helps Tennessee's manufacturers become more productive by new production techniques or business practices. UT-CIS also provides the service of the Procurement Technical Assistance Center (PTAC). PTAC is a local resource available at no or nominal cost that can provide assistance to business firms in marketing products and services to the federal government and its prime contractors. PTAC is an arm of the U.S. Department of Defense National Procurement Technical Assistance Program (PTAP). UT-CIS is online at www.cis.tennessee.edu.



State Government Contracting

The Governor's Office of Diversity Business Enterprise (Go-DBE) focuses on ensuring that minority, women, service-disabled veterans and small businesses are afforded a fair and equal opportunity to participate in state procurement activities and contract awards. Minority, women, service-disabled and small businesses interested in doing business with the state are required to register

with the office. Businesses will be interviewed and assessed for a determination of procurement interests and qualifications such as licensing, bonding and certification. To register, certify and review the list of certified diversity companies, visit Go-DBE at www.tn.gov/diversity.

The Tennessee Department of Transportation provides assistance to disadvantaged business enterprises through their Civil Rights Office Small Business Development Program. The program assists with program management and development, government compliance, community development, workforce development and human resource management. To learn more go to www.tdot.state.tn.us/civil-rights/smallbusiness.

Local Government Contracting

If you are new to government contracting, a first step is to do business with your local government. Generally, local government processes are easier to understand. It can take less time to get accustomed to how it operates, making you more likely to win bids. Many of the larger municipalities have formal vendor programs with staff that provide assistance to small, minority- and women-owned businesses, including Nashville, Memphis, Knoxville and Chattanooga. For more information, visit your municipality's web site or contact its finance or procurement office (www.tn.gov/local).

Business Ownership Certifications

Often times, larger entities such as corporations or government agencies will request that small, veteran,

minority- or women-owned businesses become certified. Certifications provide third-party verification to help entities make decisions about a potential vendor. Information includes: owner(s) involvement and control of the daily operations of their business; business operational capabilities; ethnic and gender information about the owner(s). Because the information collected during the certification process can be specific to a particular corporation or industry, there is not one universal certification used by all organizations. In Tennessee, certification programs are offered by the Governor's Office of Diversity Business Enterprise, Tennessee Department of Transportation, U.S. Small Business Administration, Tennessee Minority Supplier Development Council, Women's Business Enterprise National Council and National Women Business Owners Corporation. The first step in deciding if you need a certification is to evaluate whether the companies you do business with (or want to do business with) require vendors to have a particular certification. If you are pursuing federal government work, you should consider an SBA certification; state government work, then Go-DBE; TDOT and airport work, then TDOT; private corporations only, then minority supplier development council or one of the national women's certification groups.

Regulatory Assistance

Housed in the federal Small Business Administration, the National Ombudsman assists small businesses when they experience excessive or unfair federal regulatory enforcement actions. The National Ombudsman acts as a liaison between small business owners and federal agencies. The National Ombudsman receives comments from small business concerns and acts as a liaison between them and federal agencies. Comments received from small businesses, are forwarded to federal agencies for a high level review and federal agencies are requested to consider the fairness of their enforcement action. A copy of the agency's response is sent to the small business owner by the Office of the National Ombudsman. In some cases, fines have been lowered or eliminated and decisions changed in favor of the small business owner. The ombudsman can be contacted by email at ombudsman@sba.gov or phone at (888) 734-3247. The website is www.sba.gov. The Office of Small Business Advocate, housed within Tennessee's Comptroller of the Treasury, serves as a point of contact to state government for owners of businesses with 50 or fewer employees. The office

assists in the resolution of issues concerning small businesses and state departments and agencies. For more information call 1-866-831-3750 or visit www.comptroller.tn.gov/OSBA.

The Tennessee Department of Environment and Conservation, (TDEC) Office of Environmental Assistance (OEA) program, provides information and non-regulatory support to businesses. The OEA has a Small Business Environmental Assistance Program (SBEAP) that provides technical, administrative, and regulatory support for small businesses. The SBEAP works as a liaison between the regulatory agencies and small business. Reach the SBEAP by phone at 1-800-734-3619 or by e-mail at bsbeap@tn.gov.

Business Owners with Disabilities

The Tennessee Department of Human Services Vocational Rehabilitation (VR) is a federal and state-funded program providing services to help individuals with disabilities enter or return to employment. Individuals who qualify for their services can participate in their Self-Employment Program. Individuals approved for the program must create and present a business plan to a panel of advisors. Approved individuals can receive a \$5,000 grant for the business; 50/50 match funds may be available up to \$10,000. However, SSI and SSDI recipients are exempt from the match requirement. To learn more about the Self-Employment program, contact your regional VR Office or call (615) 313-4898. The website for Vocational Rehabilitation is www.tennessee.gov/humanserv/rehab/vrs.html.



Agri-Tourism and Pick Tennessee Products

The Tennessee Department of Agriculture provides assistance to farmers, agribusinesses,

commodity organizations and consumers. Services are delivered through the Pick Tennessee Products marketing campaign and include: direct sales contacts; media activities and promotions; regular press releases and seasonal features; compilation of directories of producers; support of commodity group activities; agri-industry recruitment; expansion of existing businesses; one-on-one counseling; partnership with other agencies. Visit www.picktnproducts.org for more information.

The Center for Profitable Agriculture (CPA) is a partnership between the Tennessee Farm Bureau Federation and the University of Tennessee Institute of Agriculture. CPA works to increase the value of Tennessee's economy through new, expanded and improved processing and marketing of agricultural, aquacultural and forestry products. Find more information about CPA at cpa.utk.edu.

Technology-Based Business

Launch Tennessee (LaunchTN) is a public-private partnership with the Tennessee Department of Economic and Community Development focused on supporting the development of high-growth companies with the ultimate goal of fostering job creation and economic growth through developing new and expanding existing programs in entrepreneurship and commercialization, capital networks and outreach. Information on LaunchTN (formerly the Tennessee Technology Development Corporation) is online at www.launchtn.org.

Oak Ridge National Laboratory (ORNL) is a multi-program science and technology laboratory managed for the U.S. Department of Energy by UT-Battelle, LLC. ORNL offers a variety of services to small businesses focused on science and technology. The Small Business University offers online training or training slides of various subjects to help develop critical areas of small businesses. The ORNL Mentor-Protégé Program is designed to assist energy-related firms in an effort to enhance their capability to perform contracts and subcontracts for Oak Ridge National Laboratory.

ORNL purchases supercomputers, office supplies, office buildings and other items through their extensive program to award subcontracts to American small businesses.

Life Science Tennessee is a statewide member organization of scientists, researchers, academicians, and business professionals working to advance and grow the life science industry in Tennessee through advocacy, partnerships and alignment with economic and workforce development involved in discovery and application of life sciences products and related services that improve the health and well-being of people throughout the world. Visit <http://lifesciencetn.org> for more information.



Veteran-Owned Businesses

The Tennessee Small Business Development Center (TSBDC) has published Tennessee Veterans Business and Resource Planning Guide, a comprehensive start-up guild for veterans. You can find the guide online at www.tsbdc.org.

The University of Tennessee Center for Industrial Services Procurement Technical Assistance Center (UT PTAC) hosts annual veterans' business conferences. The conferences features interactive workshops, networking opportunities and sessions that focus on doing business with the governments. Visit www.cis.tennessee.edu/training for more information.

Veterans, service-disabled veterans and their dependents or survivors can receive business assistance with the SBA Tennessee District Office of the Office of Veterans Business Development located in Nashville, Tenn., by calling (615) 736-7176. The SBA has a special business loan program, Patriot Express, for veterans and members of the military community. Patriot Express loans are available up to \$500,000. Visit www.sba.gov/patriotexpress to learn more about the program.

The U.S. Department of Veterans Affairs Center for Veterans Enterprise (CVE) maintains the only federally controlled database registry for veteran-owned small business VetBiz Vendor Information Pages (VIP). It can be accessed online at www.vetbiz.gov. The Department of Defense (DoD) has undertaken an aggressive outreach effort to identify veteran and service-disabled veteran-owned small businesses for prime and subcontracting opportunities. To learn more visit www.acq.osd.mil/osbp.

Exporting

A number of companies and agencies are available to help expand small business into the worldwide marketplace.

The U.S. and Foreign Commercial Service, established in 1980 by Congressional mandate, assist and increase American exporter's visibility in overseas markets. The mission of the International Trade Administration (ITA) is to increase the number of small- and medium-size firms that engage in international trade. Domestic international trade specialists work closely with the commercial officers based at U.S. embassies abroad to provide counseling and other promotion services to American companies with export potential.

The International Trade Centers (ITC) provides export assistance to exporting firms that are new to the exporting business. The ITC can offer one-on-one counseling at any SBDC office across the state. In addition to counseling, ITC sponsors continuing-education seminars and workshops across the state.

The Tennessee Department of Agriculture has a division of marketing that provides services specifically to Tennessee farmers and agri-businesses that wish to export. It offers services in hosting foreign buyer visits, participating in trade shows and sales missions, identifying foreign import requirements and assistance in obtaining appropriate documentation, conducting seminars highlighting agricultural exports, and disseminating trade leads and other trade information.



About the Guide

The Tennessee Startup Guide is published by the Tennessee Department of Economic and Community Development (ECD) Business Enterprise Resource Office (BERO) with the assistance of the Creative Services division. The guide is published online and available for download on the ECD website located at www.tn.gov/ecd.



If you would like to see your agency or organization's advertisement placed in our next Startup Guide contact the Business Enterprise Resource Office at

ECD.BERO@tn.gov



About BERO

The Business Enterprise Resource Office (BERO) is housed within the Department of Economic and Community Development (ECD). BERO serves as a voice for and advocate of disadvantaged businesses (DBE); analyzes, disseminates and promotes best practices and access to capital to service providers; and reports on the status of DBEs statewide. For complete details, visit www.tn.gov/ecd/bero or email ECD.BERO@tn.gov.

About ECD

The Tennessee Department of Economic and Community Development's mission is to develop strategies which help make Tennessee the No. 1 location in the Southeast for high quality jobs. The department seeks to attract new corporate investment in Tennessee and works with Tennessee companies to facilitate expansion and economic growth. To find out more, go to www.tn.gov/ecd.



Compliance Division

- Industrial Loan and Thrift Companies
- Mortgage Lenders
- Servicers and Brokers
- Money Transmitters
- Check Cashers
- Deferred Presentment Service Providers
- Title Pledge Lenders
- Insurance Premium Finance Companies

Contact the Tennessee Department of Financial Institutions by phone at (615) 741-2236 or visit the website at www.tn.gov/tdfi.

Mental Health and Developmental Disabilities

- Mental Health Outpatient Facilities
- Mental Health Adult Day Treatment Services
- Mental Health Hospital Facilities
- Mental Health Adult Residential Treatment Services
- Mental Health Crisis Stabilization Unit Facilities
- Mental Health Supportive Living Facilities
- Mental Retardation Adult Habilitation Day Facilities
- Mental Retardation Pre-School Facilities
- Mental Retardation Diagnosis and Evaluation Facilities
- Mental Retardation Institutional Habilitation Facilities
- Mental Retardation Residential Habilitation Facilities
- Mental Retardation Boarding Home Facilities
- Mental Retardation Placement Services Facilities
- Mental Retardation Respite Care Services Facilities
- Mental Retardation Semi-Independent Living Facilities
- Mental Health Psychosocial Rehabilitation Program Facilities
- Mental Health Intensive Day Treatment Program Children and Adolescents Facilities
- Mental Health Therapeutic Nursery Program Facilities
- Mental Retardation Supported Living Services Facilities
- Mental Health Partial Hospitalization Programs
- Mental Health Vocational Programs
- Mental Health Residential Treatment Facility for Children and Youth
- Personal Support Services Agencies
- Alcohol and Drug Abuse DUI School Services
- Alcohol and Drug Abuse Prevention Program Facilities
- Alcohol and Drug Halfway House Treatment Facilities
- Alcohol and Drug Abuse Non-Residential Opiate Treatment Facilities
- Alcohol and Drug Non-Residential Rehabilitation Treatment Facilities
- Alcohol and Drug Abuse Residential Detoxification Treatment Facilities
- Alcohol and Drug Abuse Residential Rehabilitation Treatment Facilities
- Alcohol and Drug Residential Treatment Facilities for Children and Youth

Contact the Tennessee Department of Mental Health and Developmental Disabilities by phone at (866) 797-9470 or visit the website at www.tn.gov/mental.

Health Related Boards

- Athletic Trainers
- Acupuncture
- Alcohol and Drug Abuse Counselors
- Chiropractic Examiners
- Clinical Perfusionist
- Communications Disorders and Sciences
- Dentistry
- Dietitians and Nutritionist
- Dispensing Opticians
- Electrolysis Examiners
- Emergency Medical Services
- Hearing Instrument Specialist
- Massage
- Medical Examiners
- Medical Laboratory
- Nursing
- Nursing Home Administrators
- Occupational Therapy
- Optometry
- Osteopathic Examination
- Pharmacy
- Physcial Therapy
- Physicians Assistants
- Podiatric Medical Examiners
- Professional Counselors and Marital and Family Therapist
- Professional Midwifery
- Psychology
- Repiratory Care
- Reflexology
- Social Work
- Veterinary Medical Examiners
- X-Ray Operators

Contact the Tennessee Department of Health by phone at (615) 532-3202 or (800) 778-4123 or visit the website at www.tn.gov/health.

Types of Regulated Care

Child Care Centers

- 13 or more kids

Family Child Care Homes

- 5 to 7 Kids

Group Child Care Homes

- 8 to 12 kids

Drop-In Centers

- 15 or more kids not to exceed 14 hours per week or more than 7 hours per day

All individuals working in licensed child care in Tennessee must submit to a criminal history background check through the Tennessee Bureau of Investigation (TBI).

Contact Child Care Licensing by phone at (615) 313-4778 or visit the website at www.tn.gov/humanserv.



TENNESSEE SMALL BUSINESS GUIDE

Prepared by the Department of Economic and Community Development
312 Rosa L. Parks Avenue, Nashville, Tennessee 37243-1102 877.768.6374



Tennessee Department of Economic and Community Development,
Authorization# 330012—5,000 Copies, February 2013. This public
document was promulgated at a cost of \$0.83 per copy.



YOUR
BUSINESS
STARTS

HERE



Do you have a business idea you'd like to test run?

pages 20 - 21

Are you looking for working capital, money for equipment, or to grow your bottom line with energy savings? *page 26*

Are you thinking of selling your product or service in another country? *page 35*



***Get your guide
and get started now!***

Tennessee Department of Economic & Community Development,
Authorization #330999 - 5,000 copies, March 2012. This public
document was promulgated at a cost of 8¢ per copy.

Visit us at www.tn.gov/ecd/bero or call 800-872-7201.

Director's Message

Greetings all!

This last quarter was packed with incredible events and activities statewide on all fronts of the small business and entrepreneurship spectrum!

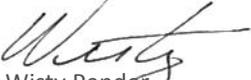
There were events and conferences from [Southland](#), a national conference held in Nashville bookended between the [CMAs](#) and [Bonnaroo](#); to the Tennessee Department of Veteran's Affairs outreach event series in Linden, Union City and Crossville in this quarter; to the [MEMMobile](#), mobile pop-up shops, announced in Memphis; to the East TN Women's Summit in Alcoa. For service providers in particular, the Tennessee Certified Economic Developer program presented TN Basic Economic Development Course (TBEDC), an International Economic Development Council (IEDC) certified course, as well as the TN Marketing and Attraction course.

In the quarter ahead, August will force you to choose which activities you will take part in – if you aren't part of running the show yourself! Several options are highlighted in the [Events and Items of Note](#) section.

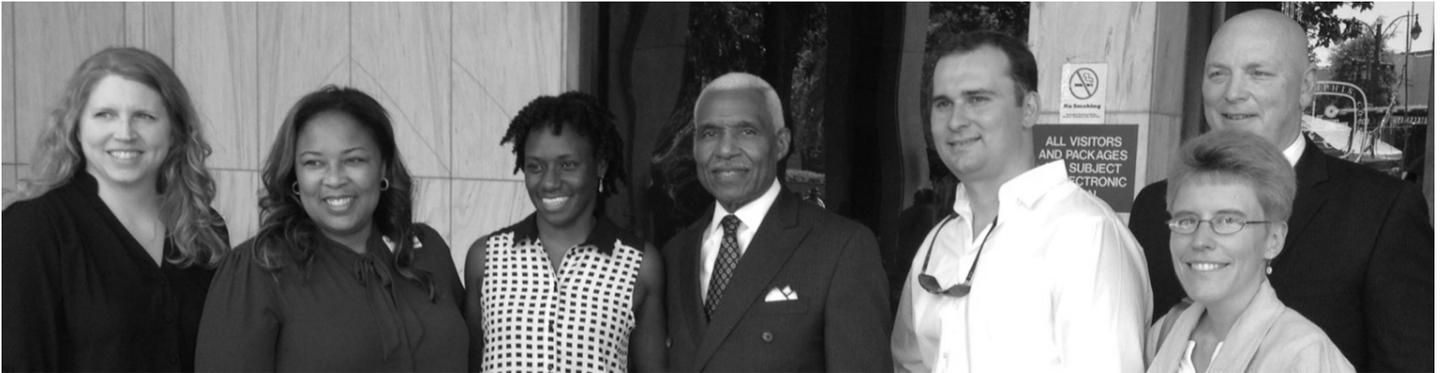
As we head into our new fiscal year, there are some exciting things in the works, but we will get to those in a later newsletter. Also, I don't want to miss what you are up to so look towards the bottom for [Call for Entries](#).

I look forward to seeing you soon!

Warm regards,



Wisty Pender
Director, BERO



Memphis City Hall became an outdoor shopping mall location on May 8 with the [MEMMobile](#) presentation. It was really exciting to hear from the business owners who have worked so hard and presented so well! Full details [here](#).

What's in the Summer 2014 quarterly?

- ❖ [DBE/Veteran Practices and Highlights](#): TN Small Business Profiles/ Lending conditions improve
- ❖ [Access to Capital](#): Crowdsourcing for communities and businesses/Microloans for women
- ❖ [Upcoming Events and Items of Note](#): There are so many great opportunities!
- ❖ [Call for Entries](#): Haven't heard from you in bit...
- ❖ [Articles of Interest from the Last Quarter](#): There are quite a few, but remember you can see them at www.tn.gov/ecd/bero.
- ❖ [Contact Information](#)

❖ DBE/Veteran Best Practices and Highlights ❖

➤ From the Field...

U.S. Small Business Administration's Office of Advocacy

Reference Guide: Small Business Profiles for the States and Territories

Some of the highlights from Tennessee's profile:

- 473,451 Small Businesses without Employees (Nonemployers)
- Tennessee's economy grew at a faster rate than the United States in 2012. Tennessee's real gross state product increased by 3.3 percent compared to 2.5 percent for U.S. gross domestic product. (Source: BEA)
- Most small businesses are sole proprietors. Annual income from sole proprietorships increased 5.8 percent in the 3rd quarter of 2013 and totaled \$33.1 billion. (Source: BEA)

All the states and territories' profiles may be found at [http://www.sba.gov/sites/default/files/files/ All%20States%2013.pdf](http://www.sba.gov/sites/default/files/files/All%20States%2013.pdf).



The Federal Reserve Bank of Atlanta:

Access to capital continues to evolve on all fronts. The Federal Reserve Bank of Atlanta has reported that lending conditions have improved in the first quarter of the year. The report highlights the following:

Business Conditions

Small business expectations for growth in the coming 12 months remained essentially unchanged from the third quarter of 2013. Net of those expectation decreases, 63 percent of participants anticipate sales will increase and 35 percent anticipate their workforce will expand. Year over year, expectations for hiring improved somewhat, with firms in the manufacturing and agricultural industries reporting the largest change in expectations. Actual business performance was also essentially unchanged from the third quarter of 2013. Net of those citing decreases, 21 percent of small firms reported that their sales have grown over the past year, and 9 percent reported adding employees.

Financing Conditions

About 60 percent of small firms that sought financing in the first quarter of 2014 received all or most of the credit they requested. This result was consistent with the third quarter of 2013 but much higher than a year ago, when only 40 percent of firms reported that their requests for credit were mostly satisfied.

In line with past surveys, about one-third of respondents applied for credit. Of those who didn't apply for credit, most said they didn't need it. Fifteen percent of respondents said they didn't apply for credit because they anticipated bad credit terms or assumed they would be turned down. Young firms were about twice as likely as mature firms to be discouraged from applying. About 75 percent of applying firms sought loans and lines of credit from banks, 22 percent used credit cards, and less than 20 percent sought vendor/trade credit or equity investments. Firms were most successful at obtaining loans and lines of credit from regional and community banks and least successful with angel investors. The median age of firms that asked angels for investments was also much lower than those that sought financing at banks.

###

Find the complete report and details at www.frbatlanta.org/research/smallbusiness/sbsurvey/?d=1&s=email

❖ Access to Capital ❖

Crowdsourcing...not just for startups:

100 Girls of Code, An Indiegogo raise -- UPDATE: THEY MADE THEIR RAISE!

www.indiegogo.com/projects/100-girls-of-code

Addresses gender parity in STEM fields: Female programmers will conduct a fun and interactive learning experience that includes an introduction to computer programming, web application, gaming, and so much more. By the end of the workshop, girls, ages 12 to 18, will have a better understanding of programming, the future of Computer Science, and hopefully a desire to enter into a similar career field.

Crowdfunding for Community Development

www.frbatlanta.org/pubs/partnersupdate/14no2_crowdfunding.cfm?d=1&s=email

...To that end, the community development function at the Federal Reserve Board and the Federal Reserve Banks of New York and San Francisco explored the concept of crowdfunding for community development finance. On March 24, a small group of community development and technology thought leaders gathered at the Board of Governors in Washington, D.C., for a discussion on the challenges and opportunities crowdfunding investment may provide to the community development community. The event, the Crowdfunding for Community Development Finance Conference, was also live-streamed on the Board's website.

North and South Carolina Counties Use Crowdsourcing to Plan Region's Future *source: GovTech*
www.govtech.com/internet/North-and-South-Carolina-Counties-Use-Crowdsourcing-to-Plan-Regions-Future.html

A community planning take on tapping into crowdsourcing..." Even if they were unable to make it to Monday's CONNECT Our Future forum Union County, S.C., residents can use the Internet to help plan for the future of the county and the rest of the greater Charlotte region."

Crowdsourcing on the business front...

How GE Plans to Act Like a Startup and Crowdsource Breakthrough Ideas *source: Wired*

<http://www.wired.com/2014/04/how-ge-plans-to-act-like-a-startup-and-crowdsource-great-ideas/>

GE turned to GrabCAD, an online community of more than a million engineers and designers, and presented a challenge: Whoever could redesign a bracket that reduced the most weight while still supporting the engine would win \$7,000. More than 1,000 entries came in, with the winning design by Marie Kurniawan a young Indonesian engineer who reduced the weight by a whopping 84 percent, to .72 pounds.

Finally, a Financing Strategy That Favors Women *source: Inc.*

<http://www.inc.com/kimberly-weisul/finally-a-financing-scheme-that-favors-women.html>

[On Kickstarter®] women's odds of successfully getting funded are actually slightly superior to men's. The numbers aren't huge: Women have about an eight percentage-point advantage, according to a paper entitled "Gender Dynamics in Crowdfunding: (Kickstarter),"...

Delay Continues on Crowdfunding Rules *source: Entrepreneurship.org*

http://entrepreneurship.org/Blogs/Policy-Forum-Blog/2014/June/Delay-Continues-on-Crowdfunding-Rules.aspx?utm_source=Newsletter&utm_medium=Email&utm_campaign=Policy_06_02_2014

With recent news that Richard Branson has thrown his support behind Indiegogo, there is a decent amount of mainstream attention to the topic of crowdfunding. But while there is a lot happening on the policy front, things haven't necessarily materialized as quickly as expected. Below is a quick rundown on developments on crowdfunding policy in the United States:

Women and the importance of microloans *source: Morning Joe (MSNBC)*

http://www.msnbc.com/morning-joe/watch/women-and-the-importance-of-microloans-282865731891?utm_source=General+Database&utm_campaign=0e5354c616-Morning+Joe+Training+Institute+Launch+6+17+2014&utm_medium=email&utm_term=0_c4656e16a9-0e5354c616-7265765

Andrea Jung is president and CEO of Grameen America, a microfinance organization, and she joins Morning Joe to discuss women and the economy. Jung is joined by Amb. Melanne Verveer, who discusses how to improve women's access to capital. The segment includes data point that "one in three single, female-headed households are in poverty today. During the discussion, it was also noted that, "women are more likely to give back to their communities."

[\[Watch the full segment\]](#)

Alternative Lending Solutions for Small Businesses *source: The Fund Well*

<http://www.thefundwell.com/2014/05/alternative-lending-solutions-for-small-businesses/>

How should a small business approach addressing its capital needs? One size does not fit every business, and each business must look at several factors to determine what is right for them. Let's take a look at some of the options that are available for small businesses to finance their growth.

❖ **Events and Items of Note** ❖

➤ **July:**

- July 18: TN Department of Veteran's Affairs Outreach event in Erin. For details, visit www.tn.gov/veteran/tdvaevents.shtml.
- July 1- August 1: The National Minority Enterprise Development Week Conference, Washington, DC. More information at <http://medweek.mbd.gov>.

➤ **August: Women's Equality Day (August 26)**

- August 12: West TN Veteran's Conference, Jackson. For details, call 731.424.5389 or 731.499.0495 or email racree@tsbdc.org or jnewman@tsbdc.org.
- August 15: TN Department of Veteran's Affairs Outreach event in Johnson City. For details, visit www.tn.gov/veteran/tdvaevents.shtml.
- August 18-19: TN Department of Transportation's 2014 DBE Small Business Annual Meeting, Nashville. For details, visit www.tyler-engineers.com/Pages/Annual-Meeting-Event.aspx
- August 26-27: TN Entrepreneurship and Small Business Development Course, Jackson. For details, visit <https://cis.tennessee.edu/train/programtraining/TNEDPT/Pages/Entrepreneurship.aspx>.
- August 26-28: MMBC Economic Development Forum "The New Dynamic for Growth: Collaboration, Ecosystems and Discovery" in Memphis. Visit www.mmhc-memphis.org for details.

➤ **September: Hispanic Heritage Month (September 14 – October 15)**

- September 24: TN Dept. of Veteran’s Affairs Outreach event in Sevierville. For details, visit www.tn.gov/veteran/tdvaevents.shtml.

➤ **And beyond...**

- **October**

- October 6-9: RES WI, The Reservation Economic Summit (RES)
- October 15: Hispanic Heritage Business and Community Excellence Awards, Nashville, TN. More information at <http://nahcc.weebly.com/2014-hispanic-heritage-month-sponsorship-opportunities.html>
- October 19-20: Economic Summit for Women, Nashville Airport Marriott, Nashville, TN. More information at www.womenseconomicfoundation.org.
- October 25: TN Dept. of Veteran’s Affairs Outreach event in Cleveland. For details, visit www.tn.gov/veteran/tdvaevents.shtml.

- **November**

- November 2-5: The National Minority Supplier Development Council (NMSDC) Conference and Business Opportunity Fair, Orlando, FL. More information at www.nmsdcconference.com.
- November 13-14: Governor’s Conference on Economic and Community Development, Nashville. More info at www.govcon.tnecd.com.
- November 17-18: Global Action Summit, Nashville TN. (\$1M Challenge: Guidelines and Deadline: August 29, 2014; Early Stage Challenge: Guidelines and Deadline: September 29, 2014). More information at <http://globalactionplatform.org/pages/view/global-action-summit>
- November 17-23: Global Entrepreneurship Week. More information at <http://us.gew.co>.

❖ **Call for Entries** ❖

Case Studies: We would like to spotlight how your organization worked with a client. How you plugged the company into resources, and what things that company or individual sought to accomplish. This serves two purposes, to highlight (1) your range of services and (2) the company itself statewide.

Best Practices: Which ones have worked for your organization? Send a short paragraph with any links explaining how and why, and the challenges. Your best practices can be anything from how you process a client to programs developed to fill gaps that are producing good results (i.e. business matchmaking, mentor-protégée programs, loan programs, etc.).

Events: What impactful events are you planning, co-planning or promoting for DBEs? Include the basics of who, what, when, where and how, with a link for more information. Also include the expected number of participants.

How to submit: There is a lot of great work being done across the state for DBEs. If you have questions that you would like to see how other groups are solving and/or addressing, send them along. Provide enough contextual information so your question can be answered in a relevant manner.

Send events that take will place in the next 6 months.

SEND YOUR BEST PRACTICES, QUESTIONS, WELL WISHES, ETC. TO ecd.bero@tn.gov.
WE LOOK FORWARD TO HEARING FROM YOU! ALSO, PLEASE FEEL FREE TO FORWARD THIS ON TO OTHERS.

❖ **Articles of Interest from the Last Quarter** ❖

Do you need a different option to look through these articles?
These articles are also posted in “DBE Topics in the News” section of BERO’s website at www.tn.gov/ecd/bero.

▫ APRIL ▫

Business News Daily: SBA and AARP Host National Encore Entrepreneur Mentor Month

<http://www.businessnewsdaily.com/6168-april-program-advises-older-entrepreneurs.html>

... Research shows that encore entrepreneurs are the fastest-growing group of new business owners in the United States. A 2010 survey by the Kauffman Foundation found that Americans between the ages of 55 and 64 start new business ventures at a higher rate than any other age group, including 20-somethings.

KnoxNews: UT executive seizes tech transfer opportunity

<http://www.knoxnews.com/news/2014/mar/03/ut-executive-seizes-tech-transfer-opportunity/>

Joy Fisher has wanted to be part of a high-tech startup since she worked for telecommunications giant Motorola in the 1990s. Today, she's living the entrepreneurial experience, full of adventure and the unexpected, as president and CEO of Clodico, an Oak Ridge-based company developing environmentally friendly deodorizer and disinfectant products.

Business Insider: The VCs Who Invest In Startups With Female Founders (in New York Tech)

<http://www.businessinsider.com/new-york-vcs-who-invest-in-startups-with-female-founders-2014-4?op=1>

There is a gender gap in tech. Which investors are doing their part to help change the ratio and fund more female founders?

Entrepreneur: 3 Ways for Women to Close the VC Gender Gap

<http://www.entrepreneur.com/article/232167>

Only 7 percent of U.S. venture capital deals go to women founders and CEOs. To increase their odds of joining those ranks, Sherry Lombardi and Kerry Bowbliss turned to Asia, an accelerator program and investor network that fosters high-growth women-led startups.

Hispanic Business: USDA Sets Up Rural Business Investment Fund

http://www.hispanicbusiness.com/2014/4/21/usda_sets_up_rural_business_investment.htm

The U.S. Department of Agriculture announced Monday a new \$150 million program designed to provide investment capital to help small agriculture-related business in rural areas with cash needed to expand.

Kauffman Foundation: The Dos and Don'ts of Local Entrepreneurship Promotion

<http://www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/the-dos-and-donts-of-local-entrepreneurship-promotion>

Small businesses and large companies are vital economic players.

But the principal sources of innovation and job creation are new, young, and growing companies.

Nooga.com: Chattanooga entrepreneur launches locally sourced clothing line

<http://www.nooga.com/166234/chattanooga-entrepreneur-launches-locally-sourced-clothing-line/>

Chattanooga resident and budding entrepreneur Ongeleigh Gipson has combined two passions—environmental science and sustainability and fashion—to create a business called Temperate, which offers women's clothing made from local, organic products... a pop-up shop at Society of Work, a relatively new downtown collaborative workspace.

Columbia Daily Herald: Students construct websites, careers at Code Academy

<http://columbiadailyherald.com/lifestyles/schools/students-construct-websites-careers-code-academy>

Eighteen-year-old Lyric McGloffin wants to start her own business someday, but she's trying to decide between working for an insurance firm or starting a fashion line.

She does know she'll need a website.

Huffington Post: What I Learned in My First Year as a Female Startup CEO

http://www.huffingtonpost.com/yunha-kim/what-i-learned-in-my-female-ceos_b_5149186.html

... If a reporter asks me why it sucks to be a female CEO, I can come up with hundreds of reasons. On the other hand, if I am asked to argue why it's awesome to be a female CEO, I can also do that pretty well. So here is my take on both sides of the issue.

Huffington Post: Entrepreneurship and Women: How We Can and Should Make "Female" an Unnecessary Adjective

http://www.huffingtonpost.com/kelsey-recht/entrepreneurship-and-wome_b_5163535.html

Focusing on gender alone misses the point for true entrepreneurs. It is HARD for everyone. Whether you are black, white, female, Hispanic or male, it is really hard to do something that no one has ever done before. If you don't believe me, read The Hard Thing about Hard Things.

USA Today: Funding for startups soar 57%, highest since 2001

<http://www.usatoday.com/story/money/business/2014/04/18/venture-investments-highest-since-2001/7867211/>

Funding for U.S. startup companies jumped 57% in the first quarter to a level not seen since 2001, as venture capitalists piled more money into a growing number of deals... Startup investments totaled \$9.47 billion in the first three months of the year, up from \$6.01 billion in the first quarter of 2013. It was the highest since the second quarter of 2001, when investments reached \$11.5 billion.

The Muse: How to Raise the Next Generation of Innovators and Entrepreneurs

<https://www.themuse.com/advice/how-to-turn-your-kids-into-the-innovators-of-tomorrow>

After watching a documentary on the health effects of obesity, Estrella Hernandez felt hopeless for the prospects of America's youth... She got to work—and soon, today, her app We Walk has received more than \$200,000 in funding and is set to launch in the Apple store this spring. Oh, and Hernandez is 13.

The Commercial Appeal: Fine arts grad launches an online business

<http://www.commercialappeal.com/news/2014/apr/28/fine-arts-grad-launches-an-online-business/?partner=RSS>

...Then she realized she could start her own arts-oriented business back in her hometown. Stoeva, 27, tapped into Upstart Memphis, a program sponsored by economic developer Start Co. She created a firm called Artwardly using \$15,000 in seed money provided by Start Co in exchange for a 10-percent stake in the business.

Pick TN Products: State Introduces New Mobile App for Farms, Farmers Markets

<http://www.picktnproducts.org/news/04.24.2014%20%20PTP%20Mobile%20App,%20rsls.pdf>

"Every Tennessee farmer or farm product producer who sells directly to the public can visit the Pick Tennessee Products website and apply to become part of this extraordinary free service," Johnson said. "If a farm is listed on Pick Tennessee Products, that farm is automatically available on the new Pick Tennessee mobile app for GPS mapping."

eCorner: Women in Venture (video)

<http://ecorner.stanford.edu/authorMaterialInfo.html?mid=3344>

In this insightful "Women in Venture" event at Stanford University, a panel of acclaimed leaders discuss the realities and opportunities in the venture capital sector, where women currently represent only 11 percent of the investing venture partner community.

Digital Journal: Medical technology reimbursement consulting firm celebrates 11 years of success

<http://www.digitaljournal.com/pr/1885848>

Global Integrated Reimbursement Services, Inc., (GIRS), a woman and minority-owned small business with offices in Tennessee and Maryland is celebrating more than a decade of developing successful reimbursement strategies for medical technologies in the U.S. and globally with a new look and aggressive expansion.

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Entrepreneurship.org: Kirk Named to Head EDA's Office of Innovation and Entrepreneurship

<http://www.entrepreneurship.org/blogs/policy-forum-blog/2014/may/kirk-named-to-head-edas-office-of-innovation-and-entrepreneurship.aspx>

Julie Lenzer Kirk, an entrepreneur and author, has been appointed by Commerce Secretary Penny Pritzker to lead the Office of Innovation and Entrepreneurship within the Economic Development Administration.

Memphis Daily News: Entrepreneur Day Spotlights Power of Innovation

<http://www.memphisdailynews.com/news/2014/may/7/entrepreneur-day-spotlights-power-of-innovation>

Already in recent weeks, Moziah “Mo” Bridges, the 12-year-old founder of the Memphis-based Mo’s Bows bow tie business, has appeared on the hit ABC show “Shark Tank.”

SouthernAlpha: [UPDATED] Leaked: Jumpstart Foundry Class of 2014

<http://southernalpha.com/leaked-jumpstart-foundry-class-2014/>

Jumpstart Foundry (JSF), Nashville’s first and longest running tech product accelerator program, held a meeting two weeks ago where the executives, mentors, and advisors decided on the 2014 Jumpstart summer cohort. In the last two weeks, JSF teams were interviewed, and teams were called to accept their positions in the 14 week summer program.

Memphis- The City Magazine: MEMMobile “Roll Out” Event

<http://www.memphismagazine.com/Blogs/901/May-2014/MEMMobile-Roll-Out-Event>

... this innovative new pilot program from the City of Memphis, the Mayor’s Innovation Delivery Team, and alt.Consulting aspires to give Memphians more diverse retail options, test mobile retail as a business model, and promote locally-owned businesses. MEMMobile contributes up to \$15,000 in forgivable loans to five mobile businesses. In order to be eligible for this funding opportunity, successful applicants have equity of 25% of total costs.

Harvard Business School Working Knowledge: Venture Investors Prefer Funding Handsome Men

<http://hbswk.hbs.edu/item/7486.html>

If you're in search of startup funding, it pays to be a good-looking guy. ...A series of three studies reveals that investors prefer pitches from male entrepreneurs over those from female entrepreneurs, even when the content of the pitches is identical. Attractive men are the most persuasive pitchers of all, the studies show.

Huffington Post: Sophia Amoruso, NastyGal Founder, Shares Her Journey From Dumpster-Diving Teen To CEO

http://www.huffingtonpost.com/2014/05/06/sophia-amoruso-nastygal-girlboss_n_5243128.html?utm_hp_ref=career--money

The first thing Sophia Amoruso sold on the Internet was a stolen book. Eight years later, she's the CEO of NastyGal, an online clothing retailer with annual sales over \$100 million.

Entrepreneurship.org: Entrepreneurs Increasingly Confident About U.S. Economy

<http://entrepreneurship.org/Blogs/Policy-Forum-Blog/2014/May/Entrepreneurs-Increasingly-Confident-About-US-Economy.aspx>

While members of Congress will be listening this week to Fed Chair Janet Yellen testify about the national economic outlook, they received an early glimpse last week with news that U.S. entrepreneurs' confidence continues to rise. The latest Kaufman/LegalZoom Startup Confidence Index showed that 91 percent of the nation's newest business owners were confident or very confident that their companies' profitability would increase in the next 12 months.

CNBC: 7 crowdfunding sites essential for entrepreneurs

<http://www.cnn.com/id/101659124>

With celebrities like Spike Lee and cutting-edge companies such as virtual reality headset maker Oculus VR turning to crowdfunding sites to raise cash, it may look like an easy route to start-up success. Oculus VR was acquired by Facebook for \$2 billion in March after raising \$2.4 million on Kickstarter.

Harvard Business Review: What an Entrepreneurship Ecosystem Actually Is

<http://blogs.hbr.org/2014/05/what-an-entrepreneurial-ecosystem-actually-is/>

... It should come as no surprise, however, that as any innovative idea spreads, so do the misconceptions and mythology. Here is a quick true-false test that will serve as a reality check on entrepreneurship ecosystems, and on the connection between entrepreneurship and development more generally. It's important to get this right, because the emergence of entrepreneurship as a policy priority has paralleled (and is at least partly in response to) disappointment with dictated industrial policy, barren “cluster” strategies, and the failure of a limited focus on a set of macroeconomic framework conditions (the so-called “Washington Consensus”).

Forbes: The Entrepreneurship of Everything [videos]

<http://www.forbes.com/conferences/2014/forbeswomen-2014.html>

Power does not come in a one-size-fits-all package, and at ForbesWoman we are redefining what power means. Traditionally, power has been defined as the ability to effect change, but to be truly powerful today, one has to possess an entrepreneurial mindset, spirit, and approach.

StartCo Blog: Meet Tortuga

<http://neverstop.co/meet-tortuga/>

Evan Katz and Morgan Steffy are two of the newest members of Seed Hatchery, an information technology accelerator operated by Start Co. They are working to build an app – Tortuga – that helps everyday people get feedback on the clothing they wear. Evan and Morgan first met while studying abroad in Ecuador.

Crains New York: Hubs for female entrepreneurs

<http://www.crainsnewyork.com/article/20140519/TECHNOLOGY/140519528/hubs-for-female-entrepreneurs>

Women tech entrepreneurs may be more likely to thrive in places where new companies rely less on technical innovations and the engineering expertise of founders, and more on market insights and a broad swath of experience from different businesses, experts say.

Fast Company: A Hackathon Designed By Women, For Women, To Solve The Gender Gap

<http://www.fastcoexist.com/3030085/a-hackathon-designed-by-women-for-women-to-solve-the-gender-gap?partner=newsletter>

Hackathons tend to be dominated by men, and women who participate often wind up in team coordinator roles, rather than getting to show off their programming chops. People are more likely to talk to you about what it's like to be who you are, instead of the project that caused you to lose a weekend's sleep. At one event Iowa State University senior and seasoned hackathon veteran Cassidy Williams attended, the women's bathrooms were even turned co-ed because of the gender imbalance.

Federal Reserve Bank, Atlanta: Small Businesses Likelier to Receive Financing, Says Q1 Survey

<http://www.frbatlanta.org/research/smallbusiness/sbsurvey/?d=1&s=email>

The number of small firms that received all or most of the credit they requested grew 20 percentage points from first-quarter 2013 to first-quarter 2014. See the results of the Atlanta Fed's Small Business Survey

Harvard Business School Working Knowledge: Managing the Family Business: Survival's Secret Sauce

<http://hbswk.hbs.edu/item/7364.html>

The secret sauce of long-term business success can't be captured in numbers. As the operations manager of a leading and fast-growing Brazilian business recently explained to a reporter, "There's a secret sauce in this business [but] it's almost impossible for a financial analyst to model." Agreed.

Arts.Mic: 15 Cities for Creative 20-Somethings That Aren't New York or Los Angeles

<http://mic.com/articles/89659/15-cities-for-creative-20-somethings-that-aren-t-new-york-or-los-angeles>

Being an artist in America doesn't have to mean living in a shoebox on a coast with nothing but the pennies you make at your day job to support an artistic endeavor. Contrary to popular lore, the U.S. is home to many artistic cities aside from the requisite stops of New York and Los Angeles. (#7 is Chattanooga, #9 is Nashville)

Forbes: Entrepreneurship And Angel Investing Are Breaking Barriers For Women

<http://www.forbes.com/sites/geristengel/2014/05/28/entrepreneurship-and-angel-investing-are-breaking-barriers-for-women>

Opportunities are growing for women to sidestep the glass ceiling and steer clear of the glass cliff, that corporate "opportunity" for leadership given to women and minorities when there is high risk of failure due to a crisis created by former leaders or because needed resources aren't given.

WDEF.com: Local programs work to improve diversity in tech industry

<http://www.wdef.com/news/story/Local-programs-work-to-improve-diversity-in-tech/tLOBVilw0UOc-I1Sqy-nZw.cspX>

"Matt Identified the recruitment of women and minorities into the tech community as being a huge challenge; not only for Google but for communities and other tech companies," Bruell said...

Hispanic Business: Minority Entrepreneurs Must Jump More Hurdles

http://www.hispanicbusiness.com/2014/5/30/minority_entrepreneurs_must_jump_more_hurdles.htm

Minority entrepreneurs who feel their road to success is more difficult than others may not be imagining things. Sterling Bone, an assistant professor at the Jon M. Huntsman School of Business at Utah State University, said research he has completed shows that entrepreneurs who are minorities face more obstacles to success...

◊ JUNE ◊

Forbes: The Pitch That Launched Birchbox, The \$485M 'Stuff In A Box' Business

<http://www.forbes.com/sites/hollieslade/2014/06/02/the-pitch-that-launched-birchbox-the-485m-stuff-in-a-box-business/>

Birchbox, the wildly successful monthly subscription beauty sample business was valued at a reported \$485 million in April when it snapped up a further \$60 million in second round venture funding. Their much-imitated subscription box brings together a way to discover new products with an online presence that works like a shoppable glossy magazine.

Teknovation: Three local start-ups advance to "Big Idea" finale on June 24

<http://www.teknovation.biz/2014/06/03/local-start-ups-advance-big-idea-finale-june-24/>

Each three-company team had been coached for nearly a month by a local, successful business executive who volunteered for the role. The coaches were Guille Cruze, Founder of The White Stone Group Inc.; Misty Mayes, President of Management Solutions, LLC; and John Sharpe, President of a number of companies including ARG Executive Search and ARG Financial Staffing.

Dell Women's Entrepreneur Network (videos)

<http://www.youtube.com/watch?v=g5D43eDJI-w>

[It's] a two-day, invitation-only event connects female founders, CEOs and leaders of high-growth businesses in some of the world's top entrepreneurial marketplaces to share best practices and challenges and spotlight the positive impact women-owned businesses have on the global economy.

Huffington Post: 3 Unconventional Tips for Young Entrepreneurs

http://www.huffingtonpost.com/michaelprice/3-unconventional-tips-for_b_5444785.html

I started my first business when I was 18. I was a freshmen in college and I was juggling a full-time course load, a part-time job and building a business on the side. Shockingly, juggling this many things at once isn't the tip I advocate for or against. Here are three unconventional tips for young entrepreneurs.

Washington Post: Black, Hispanic entrepreneurs discriminated against when seeking small business loans

http://www.washingtonpost.com/business/on-small-business/black-hispanic-entrepreneurs-discriminated-against-when-seeking-small-business-loans/2014/06/03/70059184-ea86-11e3-9f5c-9075d5508f0a_story.html

...Conducted by business school professors at Utah State University, Brigham Young University and Rutgers University, the study featured nine businessmen—three white, three black, and three Hispanic. Similar in size and stature, donning the same outfits, and armed with similar education levels and financial profiles, they visited numerous banks seeking a roughly \$60,000 loan to expand the very same business.

The Guardian: Crowdsourcing for startup success (internationally)

<http://www.theguardian.com/small-business-network/2014/jun/04/crowdsourcing-banks-startup-investment>

If banks aren't an option, peer-to-peer investment could offer an attractive avenue for would-be entrepreneurs looking to bring a new idea to market

MBDA: Meeting the Needs of Asian American and Pacific Islander Businesses and Entrepreneurs

<http://www.mbda.gov/blogger/interagency/meeting-needs-asian-american-and-pacific-islander-businesses-and-entrepreneurs>

More than 1.5 million businesses in the United States are owned by Asian Americans, Native Hawaiians and Pacific Islanders. These firms account for \$508.6 billion in spending power nationwide and have resulted in the creation of more than 2.8 million jobs. A vast majority of these companies are small and are fueled almost exclusively on creativity, ingenuity, business innovation and an unparalleled level of entrepreneurial spirit that cannot be found anywhere else in the world.

USA Today: Al Gore at Southland: We now have a 'stalker economy'

<http://www.usatoday.com/story/tech/2014/06/10/al-gore-tech-southland-conference/10299753>

Former Vice President Al Gore had his audience both howling with laughter and furrowing their brows as he spoke on capitalism, technology and America's "stalker economy" at the Southland Conference Tuesday.

Inc.: Why 'Woman Entrepreneur' Is a Misnomer

<http://www.inc.com/rebekah-iliff/changing-landscape-of-women-in-business.html>

Women may be a minority in the business world, but we've definitely arrived. Early last week, I spent three days among some of the most powerful people in business, media, and innovation at Dell's 5th annual Dell Women's Entrepreneur Network, or DWEN, conference in Austin.

Black Enterprise: Women of Color Are Driving Entrepreneurship

<http://www.blackenterprise.com/small-business/women-of-color-are-driving-entrepreneurship/>

Women of color are a principal force within the U.S. entrepreneurship community, according to a new report released by the Center for American Progress. The report lays out the current landscape of women of color entrepreneurs, explores the factors in the traditional workplace that push women of color to start their own businesses, and offers recommendations in order to ensure women of color continue to pursue entrepreneurship and thrive.

Tennessean: Mexican company takes \$100k prize at Southland

<http://www.tennessean.com/story/money/tech/2014/06/12/mexico-company-takes-k-prize-southland/10382661>

Mexico-based Sr. Pago won the Southland Pitch Competition at this week's conference, taking home a \$110,000 investment in the process. Southland attracted more than 700 entrepreneurs, investors and supporters in its second year. Ten companies, including several from Nashville, were asked to pitch at this year's event.

The Barefoot Spirit: At What Age Should Entrepreneurial Thinking Be Taught?

<http://thebarefootspirit.com/blog/2014/06/13/at-what-age-should-entrepreneurial-thinking-be-taught>

... The four-person panel was made up of two professors and two successful entrepreneurs from four countries including Jordan, Pakistan, UK, and Ireland. All agreed that entrepreneurial education should begin much earlier than at college level. In fact, they suggested that the mindset could be taught as early as ages 8 through 13.

Fast Company: Meet The Next 20 Genius Kids Getting \$100,000 From Peter Thiel To Ditch College

<http://www.fastcoexist.com/3031455/meet-the-next-20-genius-kids-getting-100000-from-peter-thiel-to-ditch-college?partner=newsletter>

The higher education sector is struggling, but it's not dead yet. For the past few years, The Thiel Foundation--created by Paypal founder and outspoken libertarian Peter Thiel--has been trying to prove that it might be a good idea to dismantle it altogether. The Thiel Fellows program, now in its fourth year, offers a select group of entrepreneurial kids something that's hard to resist: \$100,000 and mentorship to start a company. The only catch is that they have to ditch college.

Tennessean: Nashville computer camp aims to create Girls of Code

<http://www.tennessean.com/story/money/2014/06/16/nashville-computer-camp-aims-create-girls-code/10636193/>

Mandy Atkins wound her way through the room full of 14 girls staring at computer screens, pausing to answer questions here and there, wearing her pink t-shirt that proudly declared she is a "Girl of Code."... The girls are part of the 100 Girls of Code tour that took place at Nashville's Entrepreneur Center on Monday morning to help women learn more about careers in computer science. The goal is to reach at least 100 girls in the eight cities on the tour.

Hispanic Business: Micro-enterprises Find Niche in Business World

http://www.hispanicbusiness.com/2014/6/19/microenterprises_find_niche_in_business_world.htm

The data suggest that these businesses are "microenterprises," companies with only one employee - the entrepreneur.

In fact, a new U.S. Chamber Foundation report says that this group of workers "now numbers 10 million in 2013, up 9.1% since 2001, a growth rate 2.6 times faster than employees in incorporated entities."

Memphis Business Journal: Business climate rankings: How does Tennessee rank?

http://www.bizjournals.com/memphis/blog/morning_call/2014/06/business-climate-rankings-how-does-tennessee-rank.html

The U.S. Chamber of Commerce Foundation has released its annual Enterprising States study, which looks at free enterprise policies at state and local levels. Thanks to a low tax burden and low cost of living, Tennessee ranks 12th overall. Other rankings for Tennessee, include: 13th for exports, 15th for infrastructure, 22nd in college affordability, 9th in college efficiency, and 23rd in gross state product growth.

CNBC: Grameen America Scales Microlending Model Across the U.S. with Launch of Microfinance Training Institute in Queens

http://www.cnbc.com/id/101765774?utm_source=General+Database&utm_campaign=0e5354c616-Morning+Joe+Training+Institute+Launch+6+17+2014&utm_medium=email&utm_term=0_c4656e16a9-0e5354c616-7265765

Grameen America, a nonprofit microfinance organization offering microloans, training and support to help women in poverty build small businesses, today announced the launch of the first U.S. Training Institute for microfinance with the support of longstanding partner Capital One.

The Wall Street Journal: Sixteen Minority Entrepreneurs to Participate in July 4th PowerMoves.Nola Business Pitch Competitions...

<http://www.marketwatch.com/story/sixteen-minority-entrepreneurs-to-participate-in-july-4th-powermovesnola-business-pitch-competitions-sponsored-by-entergy-and-liberty-bank-in-new-orleans-2014-06-18>

Sixteen minority entrepreneurs from across the country will compete in two business pitch competitions sponsored by Entergy and Liberty Bank ... The diverse lineup of businesses and entrepreneurs selected to pitch include: Charleson S. Bell, Founder - Crystal Innovations, Inc., Nashville; LeShane Greenhill, Co-Founder/CEO - Sagents, Nashville.

The Daily Times: Women's summit focuses on courage, leadership

http://www.thedailytimes.com/community/women-s-summit-focuses-on-courage-leadership/article_28092404-97d8-59db-98d5-c26404a492c4.html

A diverse group of presenters and panelists offered insight on topics such the courage to travel your own path, to look within, to lead, to create the life you want and to rock the boat. Practical tips for coping with conflict were discussed. The morning plenary was by Anne M. McKinney, trust and estate attorney, author and speaker, on "Live. Learn. Lead. — Just Do It!" Nationally known leadership strategist, author and Huffington Post columnist Rebecca Shambaugh, who runs the Shambaugh Leadership Institute based in Washington, D.C., brought the keynote message.

CNN Money: Young women raise big bucks for startups

<http://money.cnn.com/2014/06/23/technology/innovation/she-started-it-documentary>

At age 17, Brienne Ghafourifar achieved a world record. She became the youngest college graduate to raise \$1 million in venture funding for her business... The cross-device platform aims to aggregate and house all of your disparate forms of electronic communications -- texts, emails, IMs, etc. -- onto one interface.

The Memphis Business Journal: Tennessee among the friendliest states for small business

<http://www.bizjournals.com/memphis/news/2014/06/24/tennessee-among-the-friendliest-states-for-small.html>

Tennessee is the sixth friendliest state in the U.S. for small businesses... Tennessee moved up 10 spots this year, and finished in the top five out of 11 categories. However, male entrepreneurs were more optimistic about the state than female entrepreneurs, rating it 11 percent higher than females.

Hispanic Business: Introducing the HispanicBusiness 100

http://www.hispanicbusiness.com/branded/2014/hb100/2014_hb100_overview.asp

...For more than 30 years, HispanicBusiness produced a list of the top 500 Hispanic-owned companies in the U.S. While the index long proved to be a solid barometer of the Hispanic market in this country, tough economic times along with a flurry of mergers and acquisitions have pared the number of companies that qualify for the index.

Harvard Business School Working Knowledge: In Venture Capital, Birds of a Feather Lose Money Together

<http://hbswk.hbs.edu/item/7316.html>

In the paper The Cost of Friendship, three Harvard researchers show that the more affinity there is between two VCs who co-invest in a new company, the less likely it is that the company will succeed.

Inc.: How Indiegogo Plans to Handle Equity Crowdfunding (video)

<http://www.inc.com/danae-ringelmann/indiegogo-founder-reveals-plan-equity-crowdfunding.html>

Danae Ringelmann explains how Indiegogo intends to attack equity crowdfunding when the regulations are solidified.

NCAIED: RES D.C. – June 24-26 (video)

<http://res.ncaied.org>

RES D.C. is a multifaceted event from The National Center which featured unparalleled access to respected tribal leaders, members of congress, federal agency representatives, state and local elected officials and top CEO's, on a national platform. Attendees benefited from high caliber networking, teaming opportunities, business development sessions, RES Tradeshow, Business Expo, American Indian Artisan Market, RES Procurement, RES Buy Native Matchmaking Expo, Tribal Business Leaders Forum, and much more.

Inc.: 35 Under 35: Generation Why Not: Meet the 35 Under 35, Class of 2014

<http://www.inc.com/donna-fenn/35-under-35-2014.html>

...Youth is not always wasted on the young. For almost a decade, Inc. has celebrated the achievements of entrepreneurs whose vision and business savvy belie their relatively tender ages. Our annual 30 Under 30 feature has not only won raves from readers but has also cast the first national spotlight on company founders who have subsequently become household names. Mark Zuckerberg, anyone? We featured him in our inaugural 30 Under 30, when he was just 22.

USA Today: Lack of diversity could undercut Silicon Valley

<http://www.usatoday.com/story/tech/2014/06/26/silicon-valley-tech-diversity-white-asian-black-hispanic-google-facebook-yahoo/11372421>

The technology industry's predominantly white and Asian male workforce is in danger of losing touch with the diverse nation — and world — that forms its customer base. Recently released numbers from some of the largest and most powerful companies confirm what many had suspected: Opportunity here is not created equal. Blacks and Hispanics are largely absent, and women are underrepresented in Silicon Valley — from giant companies to start-ups to venture capital firms.

MBDA Explores Export Markets for Minority-Owned Firms in Agribusiness

<http://www.mbda.gov/blogger/export-expansion/mbda-explores-export-markets-minority-owned-firms-agribusiness>

...The forum, hosted by the International Food and Agribusiness Management Association and the Corporate Council on Africa, brought together more than 500 business leaders, government officials, industry experts, students, and academia from more than 30 countries.

Special thanks to Courtney Corlew at LaunchTennessee for her assistance with articles!

❖ **Contact Information** ❖

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About BERO: The Business Enterprise Resource Office (BERO) is housed within the Department of Economic and Community Development. BERO serves as a voice for and advocate of disadvantaged businesses (DBE); analyzes, disseminates and promotes best practices and access to capital to service providers; and reports on status of DBEs statewide.

About ECD: The Tennessee Department of Economic and Community Development's mission is to develop strategies which help make Tennessee the No. 1 location in the Southeast for high quality jobs. The department seeks to attract new corporate investment in Tennessee and works with Tennessee companies to facilitate expansion and economic growth.



Director's Message

Greetings all!

I know many of you thought spring might not make it after all those grey days and storms, but it has – finally!

Thank you to everyone who participated in the CDBG Microenterprise Economic Development Regional Meetings and took time to call and/or email your recommendations and suggestions! Your input has been very helpful.

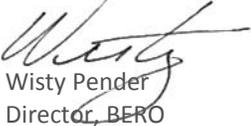
In this edition, the *From the Field* section highlights women investing in women with “angel capital,” and a business bootcamp in its third year, designed specifically for veterans. The Jump Fund, a Chattanooga-based angel fund that invests women’s capital in high-growth potential, female-led companies throughout the southeast, talks about why more women in the investing space is important as well as how it got started, and where it’s going. The Veterans Entrepreneurship Program (VEP) offers free experiential training in entrepreneurship and small business management to our nation’s disabled and “service distinguished” veterans. Also, take a moment to see the video from the Kauffman Foundation on the “State of Entrepreneurship.”

Spring and early summer are packed with events and conferences statewide, from Southland, a national conference held in Nashville bookended between the CMAs and Bonnaroo; to the Dept. of Veteran’s Affairs outreach series in Linden, Union City and Crossville in this quarter; to the East TN Women’s Summit in Alcoa. For service providers in particular, there’s the USDA Rural Development Conference and the TN Basic Economic Development Course at the end of this month.

I look forward to hearing from you so look towards the bottom, [Call for Entries](#), for details.

I look forward to seeing you soon!

Warm regards,

A handwritten signature in black ink, appearing to read 'Wisty Pender', is written over a white background.

Wisty Pender
Director, BERO

What's in the Spring 2014 quarterly?

❖ [DBE/Veteran Practices and Highlights:](#)

Topics: The JumpFund: Women Investing in Women, a Veteran’s Entrepreneurship Program, and the Kauffman Foundation released the “State of Entrepreneurship” report (video)

❖ [Access to Capital](#)

Topics: Tennessee banks see jump in small-business lending, Reservists Eligible to Apply for SBA Working Capital Loans, and an Indiegogo raise 100 Girls Code

❖ [Upcoming Events and Items of Note:](#) There are so many great opportunities!

❖ [Call for Entries:](#) Haven’t heard from you in bit...

❖ [Articles of Interest from the Last Quarter:](#) There are quite a few, so read on below or peruse them the next time you’re waiting in a line (but not at a stop light) at www.tn.gov/ecd/bero.

❖ [Contact Information](#)

❖ DBE/Veteran Best Practices and Highlights ❖

➤ From the Field...



The JumpFund: Women Investing in Women

The JumpFund is a Chattanooga-based “angel fund” investing women’s capital in high-growth potential, female-led companies throughout the southeast. With a capital raise of \$2mm, we expect to make 10-12 investments of \$50,000 to \$250,000 over the next 3 years. Our vision is *to make the southeast the best place for a woman to invest in or start a business.*

How old is the JumpFund? How did it start?

The JumpFund is about a year old, and will be ready to make its first investments this summer. The JumpFund was born when the founders - all businesswomen - observed that all the players in Chattanooga’s burgeoning startup scene were men. Nationwide, women represent only 15% of early stage investors, and received only 11% of early-stage funding in the first half of 2013. How, we asked ourselves, could this be? The answer was not a lack of education - women hold over 50% of advanced degrees in the US, and almost half of MBAs. Not, we learned, was it insufficient wealth. Women control about half the wealth in the U.S., and drive about 80% of consumer spending. We concluded finally that there *is* no good reason for this disparity. In fact, we believe this gap creates a tremendous opportunity for female investors and entrepreneurs alike to make money!

What is an angel fund?

An angel fund is a group of “angel investors” pooling money to fund early stage companies. An “angel” is a wealthy individual making personal investments in young companies. Angels usually work closely with companies after investment to help the business grow, and monetize their investment in an “exit” – an IPO, sale of the company, or sale of the angel’s stake at a higher price. Angel investing is a highly risky asset class, so all investors must be “accredited” per SEC guidelines.

Who runs the JumpFund?

The JumpFund comprises 6 “General Partners” who screen companies, perform due diligence, make investment decisions, and monitor portfolio companies for exit.

- Kristina Montague, MPA, Philanthropist & former Asst. Dean of UTC College of Business
- Cory Allison, MBA, Entrepreneur & Management Consultant
- Betsy Brown, MBA, Investment Banker & Corporate Trust Officer, Cumberland Trust
- Shelley Prevost, Ed.D, Partner & Director of Happiness, Lamp Post Group
- Tiffanie Robinson, Serial Entrepreneur, Founder & CEO of WayPaver
- Leonora Williamson, MBA, Consumer Products Executive & Management Consultant

We also have a group of advisors who are fund investors and experienced business people, and mentors, experienced businesspeople willing to support our portfolio companies.

Where does the JumpFund invest?

Our criteria for investment include:

- We believe in the management team, perhaps even more than in the idea
- Management includes at least one woman at the “C” level (CEO, COO, CFO, CTO), and this woman has a major ownership stake in the company
- The company has growth potential. Management is planning for at least \$20mm in revenue
- We will not invest in each company that meets all these criteria – this is a baseline list.

Is my company a candidate for JumpFund investment?

We want to talk to you if:

- You meet the female-led and high-growth potential criteria above
- You are seeking an investment between \$50,000 and \$250,000
- You welcome opportunities to be mentored by experienced businesspeople
- You are passionate and believe your idea can succeed because YOU are behind it

Please contact us via our website at <http://thejumpfund.com/contact-us/>



Need more information on investing in women?

According to [The A Factor](#), “In the United States only, women represent 15% of angel investors and 11% of investing partners at VC firms according to [this infographic](#). (Infographic...images convey a lot!)”

For the third consecutive year, the University of Tennessee at Chattanooga's Veterans Entrepreneurship Program (VEP) will offer free experiential training in entrepreneurship and small business management to our nation's disabled and "service distinguished" veterans.

Based on a very successful model at Oklahoma State University, The UTC VEP is hosted by the College of Business and was created in direct response to the unique challenges of service disabled veterans with physical or psychological disability. "The VEP builds on the skills that veterans learn from their military careers and helps them focus those skills toward the creation of new ventures through intense entrepreneurial training and mentoring," said Dr. Robert Dooley, Dean of the UTC College of Business. "Our goal is to help veterans create businesses as a means to their own financial wellbeing, and we are honored to provide the VEP to those that have already done so much for this country."

Participants in the VEP first complete a five-week, online self-study to help them develop their business concepts and prepare for a weeklong Bootcamp that takes place on the UTC campus July 19-26, 2014.

Like a military bootcamp, this eight-day residency is intense, rigorous and demanding. It is an opportunity for hands-on learning and interaction with faculty, guest entrepreneurs, business experts and peer delegates. The Bootcamp exposes VEP participants to the "nuts and bolts" of business ownership through workshops and lessons from faculty as well as guest appearances by top-ranked officers and successful veteran business owners.

Following Bootcamp, delegates are provided 10 months of ongoing mentorship from entrepreneurship experts at the UTC College of Business and online peer networking. This allows the participants to get specific feedback regarding their ventures and provides access to professionals who can answer specific questions and offer extended hands-on support.

Fyke Fisher, who served in the U.S. Air Force, said he wishes he had participated in the VEP before he launched his Chattanooga business, Ridgeline Logistics LLC, in 2012.



"As a result of the VEP experience, I am restructuring my entire business plan. I am finding many areas I can improve upon. The VEP helps find the holes in your business so that you can take it to the next level," Fisher explained.

The VEP is free to eligible veterans who are selected for the program. Travel expenses, lodging and meals for the Bootcamp are provided at no cost to the delegate. The costs of the VEP are underwritten by sponsors and private donors, with operations and program development provided by the UTC College of Business.

More information on the program can be found at www.utc.edu/vep or by contacting Sandra Cordell, program coordinator, at Sandra-Cordell@utc.edu.



State of Entrepreneurship – Fostering a Faster-Growing Entrepreneurial Economy

Released in February 2014 (video)

Watch it [here](#).

❖ Access to Capital ❖

We have already talked about the Jump Fund above, but this is definitely worth noting:

Memphis Business Journal: Tennessee banks see jump in small-business lending

www.bizjournals.com/memphis/news/2014/01/08/tennessee-small-business-lending-.html

Banks in Tennessee are reporting an increase in lending rates after joining the U.S. Treasury Department's Small Business Lending Fund. The fund was part of the Obama administration's Small Business Jobs Act, signed into law in 2010. The fund provides capital to community banks with less than \$10 billion in assets at interest rates of 1 to 5 percent. The fund was intended to make it easier for banks to make loans to small businesses after lending slowed during the recession

Reservists Eligible to Apply for SBA Working Capital Loans

www.sba.gov/content/reservists-eligible-apply-sba-working-capital-loans-0

...Small businesses can apply for a Military Reservist Economic Injury Disaster Loan (MREIDL) any time from the date of notice of expected call-up and ending one year after the date of discharge or release. The program was created to enable eligible small businesses to pay operating expenses it could have covered if the owner or key employee hadn't been called to active duty.

100 Girls of Code (An Indiegogo raise)

www.indiegogo.com/projects/100-girls-of-code

Address gender parity in STEM fields: Female programmers will conduct a fun and interactive learning experience that includes an introduction to computer programming, web application, gaming, and so much more. One day workshops will be hosted in numerous locations across Tennessee. By the end of the workshop, girls, ages 12 to 18, will have a better understanding of programming, the future of Computer Science, and hopefully a desire to enter into a similar career field.

❖ Events and Items of Note ❖

➤ April:

- April 13- 16: Social Enterprise Alliance National Summit, Nashville. For more information visit <http://summit14.org>.
- April 25: TN Department of Veteran's Affairs Outreach event in Linden. For details, visit www.tn.gov/veteran/tdvaevents.shtml.
- April 28-May 1: TN Basic Economic Development Course in Nashville. For details, visit <https://cis.tennessee.edu/tbedc>.
- April 28-29: 19th Annual USDA Rural Development Conference, Murfreesboro. Registration coming - www.rurdev.usda.gov/TN-Home.html.

➤ May: Asian Pacific Heritage, Jewish American Heritage

- May 9: TN Department of Veteran's Affairs Outreach event in Union City. For details, visit www.tn.gov/veteran/tdvaevents.shtml.
- May 12-16: National Small Business Week. The U.S. Small Business Administration honors small business owners and entrepreneurs for their outstanding achievements through various awards, www.sba.gov.
- May 14-17: Black Enterprise Entrepreneurs Conference in Columbus, OH. For more information visit www.blackenterprise.com/ec
- May 20-22: GROWCO, the "Grow Your Company Conference" from INC. Magazine, Nashville. For more information visit <http://growco.inc.com>.

➤ June:

- June 9-11: Southland in Nashville. For more information visit <http://southlandse.com>.
- June 10: TN Department of Veteran's Affairs Outreach event in Crossville. For details, visit www.tn.gov/veteran/tdvaevents.shtml.
- June 13: East TN Women's Conference in Alcoa. For more information visit <http://easttnwomens.com>.

➤ And beyond...

- July 18: TN Department of Veteran's Affairs Outreach event in Erin. For details, visit www.tn.gov/veteran/tdvaevents.shtml.
- August 15: TN Department of Veteran's Affairs Outreach event in Johnson City. For details, visit www.tn.gov/veteran/tdvaevents.shtml.
- August 26-28: MMBC Economic Development Forum "The New Dynamic for Growth: Collaboration, Ecosystems and Discovery" in Memphis. Visit www.mmbc-memphis.org for details.

❖ Call for Entries ❖

Case Studies: We would like to spotlight how your organization worked with a client. How you plugged the company into resources, and what things that company or individual sought to accomplish. This serves two purposes, to highlight (1) your range of services and (2) the company itself statewide.

Best Practices: Which ones have worked for your organization? Send a short paragraph with any links explaining how and why, and the challenges. Your best practices can be anything from how you process a client to programs developed to fill gaps that are producing good results (i.e. business matchmaking, mentor-protégée programs, loan programs, etc.).

Events: What impactful events are you planning, co-planning or promoting for DBEs? Include the basics of who, what, when, where and how, with a link for more information. Also include the expected number of participants.

Send events that take will place in the next 6 months.

How to submit: There is a lot of great work being done across the state for DBEs. If you have questions that you would like to see how other groups are solving and/or addressing, send them along. Provide enough contextual information so your question can be answered in a relevant manner.

SEND YOUR BEST PRACTICES, QUESTIONS, WELL WISHES, ETC. TO ecd.bero@tn.gov.
WE LOOK FORWARD TO HEARING FROM YOU! ALSO, PLEASE FEEL FREE TO FORWARD THIS ON TO OTHERS.

❖ Articles of Interest from the Last Quarter ❖

These articles are also posted in “DBE Topics in the News” section of BERO’s website at www.tn.gov/ecd/bero.

January ◻ January

Fox Business: 5 Simple Ways Women Entrepreneurs Can Grow Their Business

<http://smallbusiness.foxbusiness.com/entrepreneurs/2014/01/06/5-simple-ways-women-entrepreneurs-can-grow-their-business/>

When everything is going especially well for a business, it’s easy for women entrepreneurs to go with the flow and ride out the wave of current success -- sticking to a daily routine of meetings, travel for conferences, and a to-do list that never seems to end. However, this routine can make it difficult to stop and examine your business because more often than not, stopping is considered falling off the track. But when entrepreneurs make the active choice to take a moment right now and give their business their undivided attention; it can really help grow the company. And a great time to do so is in the beginning of a New Year. Here are five tips to consider as you begin again in 2014.

Teknovation.Biz: The Biz Foundry emphasizing code training for all ages

www.teknovation.biz/2014/01/07/biz-foundry-emphasizing-code-training-ages

The team at The Biz Foundry in Cookeville is establishing itself as the place to go for code training of about any type for any age group. “This is not your typical workforce initiative,” Jeff Brown, the organization’s President, told teknovation.biz during a recent interview. “It’s not about workforce per se, but the talent pool for start-ups.” His explanation makes perfect sense, considering the role that The Biz Foundry plays as one of Launch Tennessee’s nine regional accelerators designed to help high growth, technology-focused new companies. “Our goal is to build the talent to be great entrepreneurs,” Brown said, with Lowdermilk adding, “We are the only accelerator (in the state) doing this.”

Managing the Family Business: It Takes a Village

<http://hbswk.hbs.edu/item/7413.html>

A consistent finding about family business systems—the business, its owners, and the family in control—is that strong, long-term business performance also requires strong performance by the family and by the ownership group. You can’t keep a family business performing well over many years just focusing on the business. Family unity, united ownership and ownership support of the business are just too important to ignore or take for granted.

Radically reshaping manufacturing: A conversation with Katy George (video)

www.mckinsey.com/Insights/Manufacturing/Radically_reshaping_manufacturing_A_conversation_with_Katy_George?cid=manufacturing-emi-alt-mip-mck-oth-1401

In this interview, the McKinsey director explains next-shoring and why dramatic changes in demand and technology, as well as in energy and labor costs, are forcing manufacturers to rethink production and distribution strategies.

Tennessee Is BF’s 2013 State Of The Year

<http://businessfacilities.com/tennessee-bfs-2013-state-year>

Tennessee has been named Business Facilities’ 2013 State of the Year...“Tennessee continues to impress us with its aggressive execution of a diversified growth strategy,” said BF Editor in Chief Jack Rogers. “The state has put in place a solid foundation for robust job creation for years to come.”

New Plan to Spur Entrepreneurship Growth

www.memphisdailynews.com/news/2014/jan/15/new-plan-to-spur-entrepreneurship-growth

On one of the first pages of a more than 80-page plan to kick start entrepreneurial growth in the Memphis area, a reader is greeted with a stark assessment.

Agricultural Innovation Startup Companies to Pitch New Business Concepts to Investors and Strategic Partners

www.teknovation.biz/wp-content/uploads/2014/02/NextFarmDemoDayPressRelease.pdf

NextFarm Agricultural Innovation Accelerator will host Demo Day on February 6 in Union City, Tennessee to highlight statewide innovative companies that are addressing global hunger, food safety, and opportunities for new farm income and rural jobs. The highlight of this event will be showcasing companies that have participated in the startup accelerator program within NextFarm.

The One Thing Female Leaders Should Be Doing More Of

www.forbes.com/sites/janbruce/2014/01/21/the-one-thing-female-leaders-should-be-doing-more-of

...While any businessperson worth her salt knows that a good mentor can make a world of difference for an emerging entrepreneur, the quid pro quo is often underappreciated or downplayed—the mentor gets just as much out of the relationship as the mentee.

New Report: The ROI Of Crowdfunding

www.forbes.com/sites/cherylsnappconner/2014/01/21/new-report-the-roi-of-crowdfunding

[A] new research report released by Capital Crowdfund Advisors (CCA) last week sheds encouraging light on how entrepreneurs who crowdfunded have actually fared... traditional investors will continue to cast a careful eye on crowdfunded ventures, for a growing number of traditional VCs, their willingness to invest in crowdfunded businesses is increasingly good.

FY 2013 annual report for the SBA Office of Advocacy's Office of Economic Research (OER)

www.sba.gov/sites/default/files/files/13_OER_Ann_Rpt.pdf

... In fiscal year 2013, small business was a focus of national debates about economic growth, job creation, and the regulatory environment. The Office of Economic Research responded to the pressing need for new and timely information on small firms by making more information readily available.

February ▫ February

Where Does Crowdfunding Go From Here? Experts Explain

www.forbes.com/sites/devinthorpe/2014/02/01/where-does-crowdfunding-go-from-here-experts-explain

Crowdfunding is a genuine phenomenon... Beyond scale, the impact on the economy, the venture capital industry and on entrepreneurs—especially women and minorities—is intriguing.

Student Businesses Awarded Boyd Venture Grants

<http://tntoday.utk.edu/2014/02/04/student-businesses-awarded-boyd-venture-grants/>

Three entrepreneurial ventures owned by UT students were granted a total of \$17,000 by the Boyd Venture Fund... The winners are: Catalyst Wheels LLC, Style with Benefits and iCHOP Hair Designs Inc.

5 Pieces of Career Advice for Women Tech Entrepreneurs

<http://mashable.com/2014/02/09/5-pieces-of-career-advice-for-women-tech-entrepreneurs>

Let's consider this: Women comprise only about a quarter of all employees at tech behemoths Apple, Google, Facebook, Oracle and Microsoft. When it comes to launching tech ventures, the situation only gets worse: Just 10% of high-growth tech company founders are women.

UF Veterans Entrepreneurship Program to help veterans launch, grow businesses

www.alligator.org/news/campus/article_a786e520-991b-11e3-9d98-0019bb2963f4.html

The Center for Entrepreneurship and Innovation is hosting the Veterans Entrepreneurship Program to help veterans with disabilities start businesses for free. UF is partnering with Oklahoma State University and the University of Tennessee at Chattanooga to bring the national program to Gainesville.

Six Partners Plan to Start Chattanooga's First Female-Centered Angel Fund

<http://wutc.org/post/six-partners-plan-start-chattanoogas-first-female-centered-angel-fund>

The JumpFund is Chattanooga's first female-centered angel fund, with \$2 million in projected assets. By the middle of this year, the six partners administering the fund plan to begin investing in 12 female-led companies centered in Chattanooga.

This young CEO from Tennessee would make most entrepreneurs seem like slackers

<http://upstart.bizjournals.com/entrepreneurs/hot-shots/2014/02/19/rob-bellenfant-technologyadvice.html?page=all>

And while 18 may seem like a young age to start running your own business, Thrive Marketing wasn't Bellenfant's first major venture—it was his sixth... TechnologyAdvice currently employs about 35 people, and is slated to grow to about 60 employees by the end of the year.

Leveraging Diversity: 9 Insights From the Startup World

www.huffingtonpost.com/claire-topalian/leveraging-diversity-nine_b_4817600.html

As more people recognize the benefits -- not just the social impact -- of encouraging diversity within communities, markets and companies, we could be seeing a mainstream shift in which more industry leaders begin turning to underrepresented entrepreneurs and markets in the name of opportunity.

The "Older" Entrepreneur's Secret Weapon

<http://blogs.hbr.org/2014/02/the-older-entrepreneurs-secret-weapon>

I guess he assumed that, as a 47-year-old woman with three sons at home, I would turn into a pumpkin at 5pm every day — with the call of dinner preparation demanding my presence. I ignored the blatant bias and answered, "What do you mean could I work like that? I already do."

Cultivating An Entrepreneurship Mind: Teach Kids To Problem-Solve

www.forbes.com/sites/groupthink/2014/02/13/cultivating-an-entrepreneurship-mind-teach-kids-to-problem-solve

It all starts with a question: What do you want to be when you grow up? For many parents of young children, occupations such as policemen, firefighter, doctor, painter, and ballerina are among the top responses. But one answer is rarely included—Entrepreneur.

Where Are the Female Entrepreneurs?

www.huffingtonpost.com/kari-warberg-block/where-are-the-female-entr_b_4826570.html

Modeling the behaviors and ideals you want to see is one of the oldest and most common teaching methods. The value of teaching and training future business leaders is so obvious; there are schools, conferences, publications and organizations dedicated to the cause. So, why are the students decades ahead of the teachers when it comes to gender equality?

How Women Angels Investors Are Taking Flight

www.huffingtonpost.com/melissa-jun-rowley/how-women-angels-investor_b_4849258.html

"Until we have solved all the world's problems, we simply need to be sure that the talent pool feeding into new ventures is as wide as possible," he shared. "The data overwhelmingly show a great gender disparity in the number of ventures founded by women, which means we are selling ourselves short and not drawing on the widest possible talent pool. It's reasonable to conclude that one of the barriers to entry for women seeking to launch new ventures is a lack of women investors."

Do Tech Startups Need More Diversity? (audio)

www.npr.org/2014/02/26/282927327/do-tech-startups-need-more-soul

"We've spent a lot of time lately talking about the technology business and why more women and minorities aren't more present in those fields and how to get more diversity into those fields. But let's say you're already there. Let's say you're one of the people who already has the interest and the background and not only that, you're ready to do your own thing. Where do you go from there?"

WIPP launches Federal Certificate Program for Women Entrepreneurs

http://c.yimcdn.com/sites/www.wipp.org/resource/resmgr/Press_Releases/02182014_Federal_Contracting.pdf

...Federal law mandates the U.S. Government to purchase at least five percent of its goods and services from women-owned small businesses (WOSBs), however, Barbara Kasoff, president of WIPP, says more than \$4 billion is still up for grabs.

Franchise Players: A Female Entrepreneur Steers an Auto Care Franchise

www.entrepreneur.com/article/231728

...Across the automotive care industry, 66 percent of customers are female. At Honest-1, 70 to 90 percent of customers are women. Here's what Sutherland has learned about being a female entrepreneur in the auto care franchising business.

March ◻ March ◻

New SmartBiz Online SBA Loan Program Gives Small Businesses Fast Access to Affordable Working Capital

www.itbusinessnet.com/article/New-SmartBiz-Online-SBA-Loan-Program-Gives-Small-Businesses-Fast-Access-to-Affordable-Working-Capital-3141896

Small businesses that need quick access to low-cost capital now have an easy way to apply for an SBA loan online, and receive \$5,000 to \$150,000 in 5 to 7 business days after the application is completed with SmartBiz loans. (<https://www.smartbizloans.com>)

Want \$100,000? Make your best pitch at 2014 Southland conference

<http://archive.tennessean.com/article/20140304/BUSINESS/303040053/Want-100-000-Make-your-best-pitch-2014-Southland-conference>

"The pitch competition and Southland Village are great opportunities for early-stage companies looking for capital and exposure," Charlie Brock, CEO of Launch Tennessee, said in a statement. "By bringing in top-notch speakers and judges, as well as incorporating our unique Southern culture, we are confident we will attract some of the best startups from across the country."

Google gives Entrepreneur Center funding to boost female entrepreneurship

www.bizjournals.com/nashville/blog/2014/03/google-gives-ec-1-million-to-boost.html

Nashville's Entrepreneur Center is one of 40 organizations worldwide splitting \$1 million from Google for Entrepreneurs as part of Google's #40Forward program, a campaign designed to increase the number of women in entrepreneurship programs by 25 percent in 2014.

The South's Red-Hot Town

<http://time.com/13819/the-souths-red-hot-town/>

Nashville and its economy are on fire, sparked by a booming cultural scene, world-class health care, rising universities--and a really good spot on the map.

Why This Executive Invests Her Own Money to Help Women Open Their Businesses

www.blackenterprise.com/small-business/executive-funds-women-businesses-venture-capital

Given that less than 1% percent of all private equity in America is invested in black-owned companies each year, a number of African American high net worth individuals are doing their part to reduce this access to capital gap. They are angel investors like Lorine Pendleton who are actively funding women-owned and minority led businesses.

These Are The 15 Best Accelerators In The U.S.

<http://techcrunch.com/2014/03/10/these-are-the-15-best-accelerators-in-the-u-s/>

Business accelerators like Y Combinator and TechStars have come to occupy a critical geography in the tech landscape, and today two professors are announcing the results of their survey to determine which ones have come out on top at South By Southwest.

Your Startup Is More Likely To Get Funding If You're A Man

www.fastcodesign.com/3027458/your-startup-is-more-likely-to-get-funding-if-youre-a-man

Why aren't there more women entrepreneurs? Perhaps because when we think of a successful entrepreneur, we automatically think of a man. That's the conclusion of a new study led by Harvard Business School's Alison Wood Brooks, an assistant professor of business administration who studies emotions and behavior.

Food & Ag Investment Sources Explode in 2013

www.foodtechconnect.com/2014/01/02/food-ag-investment-sources-explode-2013/

From new investment funds to accelerator programs to crowdfunding platforms, 26 new private food and agriculture funding sources launched over the past year. We've compiled these funding sources into an easy-to-reference list below, which we will continue to update throughout the year.

Memphis ranks No. 5 on list of best U.S. cities in which to start a business

www.commercialappeal.com/news/2014/mar/11/memphis-ranks-no-5-on-list-of-best-us-cities-to

Creatives involved in the local entrepreneurial ecosystem have long touted the benefits of launching a startup in Memphis and judging by a new report, that word is spreading. Social media network WalletHub.com places Memphis at No. 5 on its 2014 “Best Cities To Start A Business” list.

Forbes names Memphis as country's second most affordable city

www.commercialappeal.com/news/2014/mar/11/forbes-names-memphis-as-countrys-second-most/?partner=RSS

Now here's a Forbes mention that Memphians can heartily embrace. A new list at Forbes.com ranks Memphis just below Buffalo, N.Y., as the most affordable city in the nation. Ohio claimed the next two spots, with Cincinnati coming in at No. 3...

Angel Investors Seek Women-Owned Startups

www.blackenterprise.com/small-business/angel-investors-seek-women-owned-startups

Black women are the fastest-growing entrepreneurs in the United States, starting businesses at six times the national average. The number of African-American women-owned businesses in 2013 was estimated at 1.1 million, comprising 42% of businesses owned by women of color and 49% of all African-American-owned businesses. African-American women-owned businesses employed 272,000 workers and generated \$44.9 billion in revenue in 2013, according to a report released by the Center for American Progress.

Survey: Women Entrepreneurs More Optimistic in 2014

<http://smallbusiness.foxbusiness.com/entrepreneurs/2014/03/12/survey-women-entrepreneurs-more-optimistic-in-2014/>

“Women small business owners are not just more optimistic about their own businesses, they're also more bullish about the prospects for female entrepreneurs who are just starting out. Our report shows that 92% of WBOs predict that more women will start their own business this year – an 8% jump over 2013,” said Billie Dragoo, national board chair of NAWBO.

Women Leading in Memphis Startup Scene

www.memphisdailynews.com/news/2014/mar/13/women-leading-in-memphis-startup-scene

Memphis has made all the difference for me as a female startup founder. Memphis isn't often sought after as an entrepreneurial hub, but I found it to be just what I was looking for: supportive and empowering for woman founders like myself. Memphis startup events aren't only balanced on gender, but also in race. A mind-set for inclusion here is really setting our community apart from others.

5 Reasons Why States Should Seize The Initiative On Crowdfunding

www.forbes.com/sites/alanmcglade/2014/03/13/5-reasons-why-states-should-seize-the-initiative-on-crowdfunding

The SEC is in the process of formalizing rules to allow “general solicitation”, or the ability to advertise the sale of private securities, to both accredited and non-accredited investors. The implementation of these rules is meant to fully enable the crowdfunding provision of the federal JOBS Act that was signed into law in 2012...In the meantime, several states have enacted their own legislation which allows an exemption for “intrastate” crowdfunding where the business and investor reside within their state.

Managing the Family Business: Firing the CEO

<http://hbswk.hbs.edu/item/7394.html>

...You should fire your CEO under two of these three conditions: (1) there is a weak and unfixable fit between the CEO's skills and the needs of the company, (2) the CEO disrespects the core values of the company, and (3) you have good options to replace the CEO, with manageable consequences that are generally positive.

Why 90 Percent Of Women Entrepreneurs Are Optimistic About The Future

www.huffingtonpost.com/2014/03/17/female-entrepreneurs_n_4979932.html?utm_hp_ref=girls-in-stem

...Among female business owners' chief concerns are growing their customer base, dealing with new health insurance and tax regulations and gaining much needed capital, a survey revealed. The survey was conducted by the National Association of Women Business Owners and Web.com Group Inc.

100 Girls of Code (An Indiegogo raise)

www.indiegogo.com/projects/100-girls-of-code

Female developers will intro CS to girls ages 12 to 18 across the South throughout the summer of 2014.

Women In Entrepreneurship: Amplifying Voices

www.forbes.com/sites/lorikozlowski/2014/03/17/women-in-entrepreneurship-amplifying-voices

The narrative is one that has gained more attention, as economics have become a central part of the story. Where are the women in entrepreneurship? In startups? In technology? And in CEO and leadership roles, worldwide? If women make up half the planet, an imbalance is still evident, even in the 21st century.

COMMERCISM [was] a one-day conference... (video stream sessions)

www.livestream.com/500startups/folder?dirId=39c8dd8c-aea4-4c34-988b-cbd5b3a39e0d

...revealing new strategies & tactics for building, growing, and dominating online commerce. Topics included eCommerce metrics, business models, branding, quantitative marketing, customer acquisition and retention, content development, mobile design, inventory management, pricing & purchasing, order fulfillment, customer service and more.

California Experiments with Crowdsourced Legislation

www.govtech.com/internet/California-Experiments-with-Crowdsourced-Legislation.html

From fundraising efforts to searching for the missing Malaysia Airlines flight 370, crowdsourcing has quickly become a popular trend over the last few years. But a California legislator may have broken new ground with the concept, using it to potentially alter state law.

Memphis Daily News: 100 Girls of Code workshop coming to Memphis in June

<http://blog.memphisdailynews.com/?p=33263>

100 Girls of Code is a program of the Tennessee Code Academy, and it's conducting workshops across Tennessee to raise awareness among girls ages 12 to 18 about careers in computer science. (100 Girls of Code also is trying to raise additional funding on Indiegogo through April 30. Their funding page is here: <http://www.indiegogo.com/projects/100-girls-of-code>)

Tennessee Becomes 1 of 3 "All Star Vet States"

www.chattanooga.com/2014/3/21/272375/Tennessee-Becomes-1-Of-3-All-Star-Vet.aspx

The pilot partnership with the U.S. Chamber of Commerce Foundation Hiring Our Heroes initiative includes a web-portal which helps veterans and service members all over the country quickly access Volunteer State resources at <http://www.allvetstates.com/state/tennessee>.

Young Millionaire: Inside the Mind of Yahoo's Teen Sensation Nick D'Aloisio

www.entrepreneur.com/article/232336

...D'Aloisio is one of the youngest self-made millionaires ever. He is also the world's youngest venture capital-backed entrepreneur, first raising \$300,000 in seed funding in 2011 from Hong Kong billionaire Sir Li Ka-shing's Horizon Ventures for Summyly.

American Schools Should Teach Entrepreneurship

<http://time.com/29703/american-schools-should-teach-entrepreneurship/>

...The practical framework and self-designed curriculum not only keeps kids from being bored, but prepares them for a society that needs both hard skills and soft skills — not least working within and leading teams. The model should be standardized for the rest of the world.

Banks Wake Up to the Value of Diversity

www.hispanicbusiness.com/2014/3/25/banks_wake_up_to_the_value.htm

...Minority-owned small businesses are less likely to borrow money from traditional lenders and less likely to have their loans approved. Access to financing is crucial for new businesses, and in Berks, there are more options available for entrepreneurs to borrow money, including a new program for Reading business owners from National Penn Bank.

Tennessee Ag Innovation Startups to Present at Upcoming National Venture Capital Events

www.ncbiotech.org/AgBiotechShowcase

Two startup companies that participated in the NextFarm Agricultural Innovation Accelerator have been selected to present at two nationally recognized venture forums to seek investment into their companies...[Climate Adaptive Genetics](#) and [Stony Creek Colors](#).

SBA Honors Nation's Top Small Businesses

www.sba.gov/content/sba-honors-nation%E2%80%99s-top-small-businesses-3

From architecture to bakeries, to consulting firms and woodworking - these are just a few of the businesses that will be recognized by the U.S. Small Business Administration this year in Washington, D.C., May 15-16.

How Mentors and Teachers Will Save Entrepreneurship in America

www.fastcompany.com/3028385/leadership-now/how-teachers-and-mentors-will-save-entrepreneurship-in-america

...We have enough entrepreneurial energy among America's youth to build an economy that will boom louder than any of our best runs in the past. Among U.S. students surveyed in 2012 in grades five to 12, 43% say they plan to start their own business.

The Steady Rise of Women Entrepreneurs

http://entrepreneurship.org/Blogs/Policy-Forum-Blog/2014/March/The-Steady-Rise-of-Women-Entrepreneurs.aspx?utm_source=Newsletter&utm_medium=Email&utm_campaign=Policy_03_31_2014

While the war of words continues about women cracking the boys' club of Silicon Valley, female entrepreneurs are starting 1,288 new businesses each day -- double the rate from only three years ago. The 2014 State of Women-Owned Businesses Report commissioned by American Express OPEN, estimates more than 9.1 million women-owned businesses in the U.S. (compared to 8.6 million in 2013) that generate more than \$1.4 trillion in revenues and employ 7.9 million people.

A Candid Conversation With 5 Women Leaders of Advertising and Media: The triumphs and trials of smashing the ceiling

www.adweek.com/news/advertising-branding/candid-conversation-5-women-leaders-advertising-and-media-156576?utm_hp_ref=women&ir=Women

Two years ago, Anne-Marie Slaughter wrote a provocative essay in The Atlantic called "Why Women Still Can't Have It All." The piece, which sparked a national debate about the impossibilities of work-life balance, stressed that unless a profound change in mind-set occurred at the highest levels of business and government, professional women are basically screwed. The stats bear it out. Women account for just 5 percent of Fortune 500 CEOs, while 3 percent of executive creative directors at ad agencies are female. It's a pretty sad state of affairs.

3 Pieces of Advice for Young Entrepreneurs

www.huffingtonpost.com/daffnee-cohen/3-pieces-of-advice-for-entrepreneurship_b_5060143.html?utm_hp_ref=career--money

...Every single day is a learning experience for me, and every project and deal I work through makes me a stronger and happier person. I believe it would be selfish of me to not share my insight with others.

Tennessee Census-Based Report Shows Growth Trends In Women-Owned Businesses

www.chattanooga.com/2014/3/27/272884/Tennessee-Census-Based-Report-Shows.aspx

Nationally, the number of women-owned businesses has increased 68% since 1997. Tennessee is ranked 14th (66.3 %) in growth of number of firms over the past 17 years and 26th (73.0%) in growth of firm revenue between 1997 and 2014.

Student Startup: Why College Is the Perfect Time to Launch a Business

www.entrepreneur.com/article/232649

...When I started my business Headbands of Hope in college, there were always reasons why I shouldn't launch a company at that moment: I need to focus on school or I don't have enough experience. But I soon realized ever there will always be reason in life to say, "It's not the right time." In fact, I'd argue that your college years are as close to "the right time" as you're going to get.

Special thanks to Courtney Corlew at LaunchTennessee for her assistance with articles!

❖ Contact Information ❖

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About BERO: The Business Enterprise Resource Office (BERO) is housed within the Department of Economic and Community Development. BERO serves as a voice for and advocate of disadvantaged businesses (DBE); analyzes, disseminates and promotes best practices and access to capital to service providers; and reports on status of DBEs statewide.

About ECD: The Tennessee Department of Economic and Community Development's mission is to develop strategies which help make Tennessee the No. 1 location in the Southeast for high quality jobs. The department seeks to attract new corporate investment in Tennessee and works with Tennessee companies to facilitate expansion and economic growth.





Director's Message

Greetings all!

Fall was very busy across Tennessee from report releases to Minority Enterprise Development Weeks, Global Entrepreneurship Week to Diversify 2013, and the Economic Summit on Women, to name just a few. The slate of spring and early summer events, educational opportunities and conferences is building quickly too.

In follow-up to the email in December, we will be holding four meetings across the state to hear from DBE service providers. The goal of these meetings is to get your ideas and feedback so we can determine how we may best utilize some CDBG funds. The funds available will potentially be used to support DBEs as it relates to economic development. There are restrictions on the funds, but we will talk about that at the meeting. We want as many DBE service providers to attend these sessions as possible so the regions of the state are evenly reflected, from rural to urban core. For quick reference: Jackson is January 23, Spring Hill is January 24, Kingsport is February 18, and Athens is February 19. See below for further details.

Keep in mind that the goal of this quarterly newsletter is to serve as a platform to bring attention to what is happening across our state and nation for DBEs; to highlight what's working well for you and your clients; to seek your feedback; and to bring attention to challenges. Look towards the bottom, [*Call for Entries*](#), for details. Your participation is valuable and important!

I look forward to seeing you soon!

Warm regards,

Wisty Pender
Director, BERO

What's in the Winter 2014?

❖ **DBE/Veteran Practices and Highlights**

- Topics: New Report: The Economic Impact of Violence Against Women, CDBGs for Economic Development

❖ **Access to Capital**

- Topics: Phase 0 SBIR/STTR Funding, Angel Investors, Crowdfunding and Equity

❖ **Upcoming Events and Items of Note**

❖ **Call for Entries**

- It's time to hear from you!

❖ **Articles of Interest from the Last Quarter**

❖ **Contact Information**

❖ DBE/Veteran Best Practices and Highlights ❖

➤ From the Field...



Community Development Block Grants (CDBG) for Economic Development: Regional Meetings

Purpose:

Agencies and organizations that work with small, women-owned, minority-owned, veteran-owned, rural and urban core businesses as well as youth entrepreneurs are encouraged to participate in these discussions. The information and ideas garnered will help determine the use of the funds. While CDBG money is federal, and therefore has its particular set of eligible uses and requirements, there are many possibilities for Tennessee’s growing business community to benefit.

Consider:

What programs could use additional funds to reach DBE populations better? What collaborations are in place? What partnerships could be forged? How would those programs become sustainable? Where are the gaps? What successful programs could be furthered? Etc.

Meeting schedule:

- | | |
|---|--|
| <p>1. Jackson: Jan 23
Southwest Development District
102 E. College Street
Jackson, TN 38301</p> <p>Meeting:
Boardroom
1:30-2:45pm (CST)</p> | <p>2. Athens: Feb 19
Location: TBA</p> <p>Meeting:
10-11:15am (EST)</p> |
| <p>3. Spring Hill: Jan 24
Workforce Development and Conference
Center at Northfield
5000 Northfield Lane
Spring Hill, TN 37174</p> <p>Meeting:
Large Conference Room
10:30-11:45am (CST)</p> | <p>4. Kingsport: Feb 18
Kingsport Chamber of Commerce
400 Clinchfield Street
Kingsport, TN 37660</p> <p>Meeting:
Eastman Board Room
1:30-2:45pm (EST)</p> |

**If weather is an issue (aka a weather event), meetings will be rescheduled.*

Who should attend?

Agencies and organizations are encouraged to invite other DBE service providers to attend these sessions regardless of their region. Agencies and organizations may be national, state, regional and local in their activities, but activities must benefit Tennessee.

For more information, contact Wisty Pender by email at Wisty.Pender@tn.gov (preferred) or 615.741.8914.



New Report: The Economic Impact of Violence Against Women

The Tennessee Economic Council on Women (TECW) recently released its updated report, “The Economic Impact of Violence Against Women” in October, which highlights direct economic impact to Tennessee businesses.

The TECW found that, in 2012, Tennesseans spent or lost at least \$886 million as a result of domestic violence, human sex trafficking and sexual assault. The majority of this expense was manifest in tax dollars and health care payments, but charity, lost wages, workplace expenses and inefficiency played significant roles as well. Of that \$886 million it is estimated that the annual impact on Tennessee’s private enterprise that exceeds \$203 million in direct costs and lost productivity. This is a direct impact to Tennessee businesses of all sizes and can affect Tennessee’s small businesses the most. It is also important to note that violence against women equally crosses all socio-economic strata.

FROM THE REPORT

Testimony offered during the TECW’s Hearing Series indicates that women who are targeted by Violence Against Women (VAW) crimes tend to exhibit high levels of absenteeism and presenteeism in the work place as a direct result of their victimization. Using two available formulas for estimating the cost of absenteeism in the state provides a range of missed wages and/or work valued between \$57 million and \$203 million. While both could be considered conservative, there is no information available at present with which to measure actual missed work, loss of productivity, or totals spent responding to security needs in private industry. Please note that though presented as a range, available information suggests that the true impact of VAW crimes on the private sector is greater than shown here.

Total Cost of Violence Against Women: More than \$203 million

\$203 million is an underestimate of the true costs, particularly when considering variables like presenteeism that are difficult to measure. Below are some of the most significant forms of loss or expense, with a note on their degree of inclusion in the figure above.

- Lost productivity and wages caused by the absenteeism of victims and offenders due to injury, court appearances, legal or medical appointments, etc. (*partially included*)
- Lost productivity due to presenteeism: injury, anxiety and depression caused by violence at home are expressed in the workplace as distraction and dysfunction. (*partially included*)
- Direct costs like security personnel and systems, metal detectors, surveillance, safety training, and other accommodations that protect employees (*not included*)
- Increased liability in the case of violence, due to the threat of negligence (*not included*)
- Missed opportunities in business and professional development in Tennessee due to violence that is, at least, comparable to surrounding region, and revealed to be worse in cases such as DV-related murder. (*not included*)
- While presenteeism is included in this figure as approximately matching absenteeism in cost, the TECW's research found studies that suggested its impact on business could be anywhere from two to seven times that of absenteeism, if not greater.
- Studies reveal average judgments of \$1.2 to \$2.2 million against employers found negligent in cases of workplace violence.
- The expense of replacing an employee who is forced to quit or is let go due to factors like presenteeism or absenteeism ranges from an estimated 1.5 to 3 times the annual salary of that employee.
- Absenteeism is estimated to account for \$101.5 million of the cost stated. This is equivalent to the loss of more than 3,200 full-time positions at the median female salary of \$31,585.

Full report can be found at http://www.tn.gov/sos/ecw/20131023_domestic_violence.pdf.

❖ Access to Capital ❖

Chattanooga: Launch Tennessee Relaunches Phase 0/00 Program

http://www.chattanooga.com/2013/11/25/264248/Launch-Tennessee-Relaunches-Phase-000.aspx?utm_campaign=LTN%20Clips%2011/25&utm_medium=email&utm_source=newsletter&utm_content=Chattanooga%3A%20Launch%20Tennessee%20Relaunches%20Phase%200/00%20Program

Launch Tennessee on Monday announced the re-launch of a program to help Tennessee's entrepreneurs obtain grant funding to facilitate bringing new technology to market. The Phase 0/00 Program is a competitive process to help small businesses apply for Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) grant or contract funding. The program is funded in part by a FAST (Federal and State Technology) grant obtained by the Small Business Administration... "Our Phase 0/00 Program has already helped two companies win SBIR/STTR grants, and we're working with several promising applicants now," said Jim Stefansic, director of commercialization. "Our goal is to help Tennessee companies win these awards at a rate twice as high as the national average and to make sure Phase I winners become Phase II winners."

Wall Street Journal: New Rules Break Down the Walls for New Angel Investors

http://online.wsj.com/news/articles/SB10001424052702304441404579123810278384116?mod=pls_whats_news_us_business_f

When entrepreneur Jakub Krzych raised seed funding for his first technology startup in 2009, it took him around six months to scrounge together \$20,000. A few weeks ago, Mr. Krzych rounded up \$250,000 in just three days for his second startup, called Estimote. What changed? An easing on some of the U.S. government's long-standing restrictions on fundraising has given life to a new type of venture-financing vehicle called an online syndicate, that allows so-called "angel" or early-stage investors to quickly assemble a group of investors over the Internet. Startups can still take money only from wealthy, verified investors, but the new rules eliminate a ban on "general solicitation," meaning companies can now publicly market their fundraising efforts on their blog, on Twitter, or on syndicate services such as AngelList, which has tens of thousands of potential backers.

Forbes: More States Are Leading The Way In The Push For Crowdfunding

www.forbes.com/sites/alanmclglade/2013/10/16/more-states-are-leading-the-way-in-the-push-for-crowdfunding/

Several weeks ago I wrote that crowdfunding will flourish regardless of what the SEC does. One reason for this is that an increasing number of individual states want to tap crowdfunding to expand investment in local businesses and create jobs. Rather than waiting for federal rulemaking, these states are enacting intrastate crowdfunding exemptions. This is a regulatory framework for crowdfunding transactions where both the investors and the businesses reside within the state... Innovation by individual states to increase business investment is likely to accelerate from here. This is a positive trend for the nascent crowdfunding industry and will no doubt encourage continued progress at the national level.

Entrepreneur: Investing Trend for 2014: Equity Crowdfunding

www.entrepreneur.com/article/229847

It has been a good year for crowdfunding. The Securities and Exchange Commission lifted the ban on general solicitation, meaning U.S. entrepreneurs can advertise publicly that they're looking for investors. Research firm Massolution estimates that individuals have raised \$5.1 billion on crowdfunding sites this year, nearly twice as much as in 2012. Platforms that take a cut of the capital, such as Kickstarter, are no longer the only way to go, as Crowdhoster and Selfstarter have made it possible to run a DIY crowdfunding campaign. But the latest platforms, such as Upstart and Pave, don't even require a solid idea or business plan. With these services, 'treps can sell equity in themselves to accredited investors in exchange for a small cut of their future income.

❖ Events and Items of Note ❖

- **January:** National Mentoring Month, National Slavery and Human Trafficking Prevention
 - January 28: TVBA Annual Business and Education Expo (Veterans), Knoxville. For more information visit www.jointvba.org.
- **February:** Black History Month, Irish-American Heritage Month
 - **February 6:** Demo Day (six new agricultural startup companies), Union City. For more information visit www.ntecconnect.com/home.html.
- **March:** Women's History Month
- **And beyond...**
 - April 13- 16: Social Enterprise Alliance National Summit, Nashville. For more information visit <http://summit14.org>.
 - April 28-29: 19th Annual USDA Rural Development Conference, Murfreesboro. Registration coming - www.rurdev.usda.gov/TN-Home.html.
 - May 12-16: National Small Business Week. The U.S. Small Business Administration honors small business owners and entrepreneurs for their outstanding achievements through various awards. www.sba.gov.
 - May 20-22: GROWCO, the "Grow Your Company Conference" from INC. Magazine, Nashville. For more information visit <http://growco.inc.com>.

❖ Call for Entries ❖

Case Studies: We would like to spotlight how your organization worked with a client. How you plugged the company into resources, and what things that company or individual sought to accomplish. This serves two purposes, to highlight (1) your range of services and (2) the company itself statewide.

Best Practices: Which ones have worked for your organization? Send a short paragraph with any links explaining how and why, and the challenges. Your best practices can be anything from how you process a client to programs developed to fill gaps that are producing good results (i.e. business matchmaking, mentor-protégée programs, loan programs, etc.).

Events: What impactful events are you planning, co-planning or promoting for DBEs? Include the basics of who, what, when, where and how, with a link for more information. Also include the expected number of participants.

Send events that take will place in the next 6 months.

How to submit: There is a lot of great work being done across the state for DBEs. If you have questions that you would like to see how other groups are solving and/or addressing, send them along. Provide enough contextual information so your question can be answered in a relevant manner.

Send your best practices, questions, well wishes to ECD.BERO@TN.GOV. We look forward to hearing from you! Also, please feel free to forward this on to others.

❖ Articles of Interest from the Last Quarter ❖

These articles are also posted in "DBE Topics in the News" section of BERO's website at www.tn.gov/e cd/bero.

OCTOBER ▫ OCTOBER

Southern Alpha: Briefly: Nashville Tapped to Host Social Enterprise National Summit

<http://southernalpha.com/briefly-nashville-tapped-host-social-enterprise-national-summit/>

Nashville Social Enterprise Alliance (SEA) announced today it will host the Social Enterprise Alliance National Summit in Nashville April 13- 16, 2014. The Social Enterprise Alliance National Summit has been the signature event for the social enterprise field to come together. SEA has a 15-year history of field leadership, a national network of nearly 1,000 members and a local footprint

through a network of 15 chapters in 13 states. The summit will draw top practitioners, leading thinkers, investors, public policy leaders and a wide range of service providers to Nashville.

Forbes: Women Entrepreneurs: Faster Than A Speeding Bullet? You Go Girl!

www.forbes.com/sites/tykiisel/2013/10/09/women-entrepreneurs-faster-than-a-speeding-bullet-you-go-girl/

Women-owned businesses are growing fast, you might even say faster than a speeding bullet. October is National Women's Small Business Month and there's reason to celebrate. Earlier this year (March) American Express estimated there were over 8.6 million woman-owned businesses in the United States generating over \$1.3 trillion in revenues and employing roughly 7.8 million people. That's nothing to shake a stick at.

Wall Street Journal: David Cohen: We All Need to Make Female Startup Heroes Visible

<http://blogs.wsj.com/accelerators/2013/10/10/david-cohen-we-all-need-to-make-female-startup-heroes-visible/>

There's a massive gender imbalance in the tech startup community. That imbalance perpetuates the biases we all carry, whether intentional or not. We need to talk openly about this disparity and work together to get more women onto our teams, into leadership roles, acting on their ideas and starting new companies. This is not just a problem for women – it's a big problem for all of us, because we're missing out on immeasurable untapped talent, creativity and different points of view.

Inc.: New Report: Entrepreneurship May Be Contagious

www.inc.com/lewis-schiff/kauffman-report-entrepreneurship-contagious.html

A recent report from the Ewing Marion Kauffman Foundation explores whether or not instances of entrepreneurship would increase if more people had contact with more entrepreneurs...The paper ponders if entrepreneurship is contagious--if exposure to entrepreneurs increases the likelihood an individual becomes an entrepreneur. If it were true, a prescription to increase new business creation would be relatively simple. But the paper does not establish a direct correlation between the two; it just shows "that a large number of U.S. residents know entrepreneurs, and that knowing an entrepreneur is possibly a significant factor in whether a person is also an entrepreneur."

Tennessean: TextLiving helps businesses build loyalty

www.tennessean.com/article/20131020/BUSINESS01/310200032/2047/business

Joe Brannon has spent nearly half his life as an entrepreneur, beginning his career at age 12 and starting his first company at 16. His experience running businesses and marketing products has taught him how to help other companies grow and how to support his own staff. His company, TextLiving, allows him to combine those abilities...TextLiving aims to have both and helps other companies quantify their success. Every day, TextLiving can count the customers who have been drawn in by the rewards system, and it tracks use of the product regularly. Brannon said many small-business owners struggle to track their success.

Teknovation.Biz: Three former UTK students decide to pursue their entrepreneurial passion

www.teknovation.biz/2013/10/20/utk-students-pursuing-entrepreneurial-passion-chattanooga/

His profile on LinkedIn shows four companies where he is either the founder or co-founder, all started in the past three years. It's part of an "all in" decision that Travis Truett and two college classmates made in 2010. The Knoxville native's passion for entrepreneurship began about the time he enrolled as a freshman at the University of Tennessee, Knoxville...Fast forward to today, and they are living their dreams as entrepreneurs in the vibrant entrepreneurial ecosystem of Chattanooga.

The Next Web: Here are the 6 startups graduating from the NewMe Accelerator fall 2013 class

<http://thenextweb.com/insider/2013/10/19/6-startups-graduating-newme-accelerator-fall-2013-class/>

Six startups recently graduated from the NewMe Accelerator and the next step is to present their idea and product in front of investors, industry leaders, and members of the press. Companies in the biotech, human resource, personal style, design, mentorship, and finance space took part in the Fall 2013 class of companies and here's a look at who they are and what they've done...Diagnosing bacterial infections quickly is the goal of BioNanovations. The company has closed \$150,000 in seed funding a year ago and it has already 2 utility and 1 provisional patent filed. Interested users include hospitals like the Regional Medical Center at Memphis, Methodist Healthcare, Vanderbilt University, and others...There are 3 million kids in the United States that are matched with a mentor, something that has had a profound impact on their lives. However, there are 15 million kids that are in search of mentors, but are unreachable — it's not scalable. MentorMe focuses on matching using its intelligent algorithm to pair kids with mentors. The company has its own app to help the process.

Times Free Press: Small Biz: Chattanooga startup close to winning spot on Wal-Mart's virtual shelves

www.timesfreepress.com/news/2013/oct/22/chattanooga-startup-closes-in-on-wal-mart-deal/

A Chattanooga startup is on the verge of winning a spot on Wal-Mart's virtual shelves, if online voters give it the thumbs up today in a contest against a cross-state rival...The Node, an invention of Chattanooga businessman George Yu, will compete against the Eraset, a bracelet that also serves as a pencil eraser, which is produced in Goodlettsville, Tenn. The two will go head to head in an online reality show, which is produced by the crew that created ABC's "Shark Tank." "I think where we stood out is as a complex electronics product that's made in the USA, assembled in the USA and designed in the USA, right here in Chattanooga, Tennessee," said Alex Lavidge, business development manager at Variable, Inc., the 15-person company that makes the device. "It has the potential to be an even larger consumer product as long as we get more apps developed."

Commercial Appeal: Startup Memphis: Demo Day showcases female entrepreneurs

www.commercialappeal.com/news/2013/oct/21/startup-memphis-demo-day-showcases-female/

After three months of intense training, business development and market research, four local tech startups fronted by female entrepreneurs are ready to go public. Not with an IPO, but with updates on their progress and presentations outlining where the companies are headed in the weeks and months ahead. The inaugural Upstart Memphis Demo Day will feature pitches by the four entrepreneurs from 2 to 5 p.m. on Wednesday at Malco Studio on the Square, 2105 Court. Upstart Memphis, which is designed to boost female entrepreneurship in our community, is a division of Start Co. (formerly LaunchYourCity). The ambitious programming in Upstart's first year has included the boot camp-style accelerator experience that has been modeled after the Seed Hatchery program that started in 2011.

Memphis Business Journal: Agribusiness accelerator selects first cohort

www.bizjournals.com/memphis/news/2013/10/23/agribusiness-accelerator-selects-first.html

The Memphis Bioworks Foundation and the Northwest Tennessee Entrepreneur Center have selected nine companies to participate in the first cohort of the NextFarm Agriculture Innovation Accelerator. The NextFarm Accelerator was announced in June, and will focus on developing new agricultural businesses in the area. Five companies were selected through an application process and will spend six months receiving instruction on forming a business. Four more companies were selected for a fast-track growth program, based on early success in their respective businesses.

Commercial Appeal: Women-led startups gaining support from local entrepreneurial ecosystem

www.commercialappeal.com/news/2013/oct/24/women-led-startups-gaining-support-from-local/

During the past half-decade, the Memphis entrepreneurial ecosystem has demonstrated significant growth, supporters say, by sprouting business accelerators, educational programs and networking opportunities for a growing population of creatives eager to launch startups...But with the arrival this summer of Upstart Memphis — a program sponsored by Start Co. that mentors and trains technology-based enterprises fronted by women — the ecosystem is attracting new energy. To highlight their accomplishments, five representatives of female-led startups pitched their companies before supporters and investors on Wednesday at Upstart's inaugural Demo Day held at Studio on the Square in Midtown. And while no immediate funding deals occurred at the conclusion of the three-hour program, organizers praised the progress of those involved in the program.

Startup Memphis: Southland Conference partners with Memphis native Sarah Lacy

<http://startupmemphis.com/2013/10/24/southland-conference-partners-with-memphis-native-sarah-lacy/>

Talk about brilliant partnerships. In a marketing bonanza, the folks at Launch Tennessee have secured a partnership with Memphis's own Sarah Lacy — media entrepreneur and founder of PandoDaily — to produce next year's Southland Conference in Nashville. Now that Charlie Brock and his Launch TN folks are working with Sarah to promote and organize the 2014 version, there's no doubt that this will become THE startup conference, a must-attend event for anyone with entrepreneurial leanings.

Ventureburn: 7 inspiring TED talks every entrepreneur should watch

<http://ventureburn.com/2013/10/7-inspiring-ted-talks-every-entrepreneur-should-watch/>

I think most entrepreneurs should dedicate some time out of their week just to watch TED Talks. It might seem silly or a waste of time — after all, you are trying to build an empire here. That is why you should do it. Being an entrepreneur is not easy and sometimes you need a little bit of inspiration to keep you going. These seven talks explore some of the reasons why entrepreneurs are needed in society and why entrepreneurial thinking is necessary. From pasta sauce to robots, these ideas are worth spreading.

Wall Street Journal: Is Success Harder for Older Entrepreneurs?

<http://online.wsj.com/news/articles/SB10001424052702304527504579167882123779344>

The image of an up-and-coming entrepreneur is often that of a college dropout with an affinity for technology—typically, a male in his 20s. Yet about half of last year's new entrepreneurs were 45 or older, according to the Ewing Marion Kauffman Foundation, a nonprofit group focusing on entrepreneurship and education. Some entrepreneurs in their 40s, 50s and up say they often have to deal with "age bias" on the part of investors, clients and colleagues. But is it really harder for older entrepreneurs to succeed at building startups? This week mentors on The Accelerators, a Wall Street Journal blog on the challenges of starting a business, weighed in with their views on age bias.

Memphis Daily News: State Lags for Women in Corporate Positions

<http://www.memphisdailynews.com/news/2013/oct/26/state-lags-for-women-in-corporate-positions/>

Tennessee's corporate boards are showing slow growth in gender diversity levels, although rankings are still among the lowest in the nation, according to the latest findings of an annual study.

Entrepreneur: Women in Franchising: An Enthusiastic Minority

www.entrepreneur.com/article/229675

"Women are amazing executors and we're also amazing collaborators. If done correctly, franchising is an amazing community of collaboration," says 20-year franchise industry veteran Nancy Bigley,...

NOVEMBER ◻ NOVEMBER ◻

Southern Alpha: Badass Entrepreneurial Women in Chattanooga

<http://southernalpha.com/women-entrepreneurs-chattanooga/>

The following are reader nominations for badass entrepreneurial women in Chattanooga. This list is not intended to be comprehensive, and we will be featuring more women from the south in the future as we get more nominations. This article is a response to an original article we did last Thursday about women in the Nashville scene. These nominations are for a series we are doing on powerful women entrepreneurs in the south

The TENN Meets Top Startups, Corporate Executives

<http://southernalpha.com/tenn-meets-top-startups-corporate-executives>

Yesterday was the first day of a pilgrimage to Silicon Valley by 10 of Tennessee's most promising startups, i.e., The TENN from Launch Tennessee. It was a great introduction to the center of the technology universe for our startup founders, and today we stepped it up with a tour and meeting at Google — which, once upon a time, was also a startup.

Chattanooga: Code Camp Success Leads To Tennessee Code Academy Expansion

www.chattanooga.com/2013/11/8/263103/Code-Camp-Success-Leads-To-Tennessee.aspx

Tennessee Code Academy hosted its first two code camps this month in Cookeville and Chattanooga. The camp focused on teaching 12 to 18 year olds the basics of computer programming, specifically HTML and PHP. Each student was tasked with developing a website, complete with forms and databases on the back-end.

More Young Veterans Taking the Entrepreneurial Path

<http://blogs.wsj.com/corporate-intelligence/2013/11/08/more-young-veterans-taking-the-entrepreneurial-path/?KEYWORDS=women+business+owners>

While companies like Starbucks and Wal-Mart have recently pledged to hire more veterans, new research suggests that a growing number of young veterans would rather work for themselves. Last year, 7.1% of veteran business owners were under the age of 35, up from 4.6% in 2008, according to a brief released Friday by the U.S. Small Business Administration's Office of Advocacy.

Teknovation.Biz: Bem Culiati is a model for the researcher turned entrepreneur

www.teknovation.biz/2013/11/10/bem-culiati-model-researcher-turned-entrepreneur

If you were looking for a regional model for a researcher turned entrepreneur, one name sure to be at the top of the list would be Cymbeline Culiati, more widely known as Bem. The always smiling, effervescent Philippines native was a Senior Scientist in Molecular Genetics at Oak Ridge National Laboratory (ORNL) for about a decade. During those years, she discovered the role of the NELL1 signaling protein in pathways controlling the growth and maturation of the musculoskeletal and cardiovascular systems...The company executed an interim pivot in 2013 from its original path "after a lot of thinking" by Culiati and Warren. Prevailing after its first critical test in the past year, Culiati laughingly told us, "I walked through my first start-up 'Valley of Death' and survived."

Chattanooga: LAUNCH's High School Entrepreneurship Competition Back For The 3rd Year

www.chattanooga.com/2013/11/14/263486/LAUNCH-s-High-School-Entrepreneurship.aspx

LAUNCH will hold its third annual High School Entrepreneurship Competition on Dec. 8, at 6 p.m., at the University of Tennessee at Chattanooga. Students from The Howard School, Tyner Academy and Brainerd High School will pitch their business ideas to a panel of venture capitalists, where the stakes are high with \$10,000 worth of startup services and funds up for grabs.

Memphis Business Journal: Delta Regional Authority looks to lift minority businesses

www.bizjournals.com/memphis/news/2013/11/11/delta-regional-authority-looks-to-lift.html

The Delta Regional Authority is starting a partnership with the Mid-South Minority Business Council Continuum to help develop and grow minority businesses in each entity's coverage area.

Forbes: Startups And Innovators Jumping To The Cause

www.forbes.com/sites/gaygaddis/2013/11/13/start-ups-and-innovators-jumping-to-the-cause

In 1989, I decided to build and develop my business around the ideas of innovation and entrepreneurship. Since I began mentoring others on those topics, it has become second nature for me to support startups and fellow entrepreneurs because I am excited about their potential. Compared to 25 years ago, today a small startup can quickly make a global impact with the right idea. This past weekend, I came across several small ventures, as well as large innovators, that are collaborating to create amazing solutions for a global need.

Nooga: Female business leaders announce angel fund to support women entrepreneurs

www.nooga.com/164248/female-business-leaders-announce-angel-fund-to-support-women-entrepreneurs

At Wednesday's Spirit of Innovation Awards, a group of female leaders announced a new project called The JumpFund, which is a women's angel fund. Seven local female leaders with The JumpFund announced they are working to raise \$2 million in capital by spring 2014. "Our investments will create an opportunity for women in our community and region to bring their strengths to the table," partner Tiffanie Robinson said in a prepared statement. "The JumpFund will change the economic landscape, the number of successful entrepreneurs, and increase the number of gender-diverse teams in our backyard."

Mashable: Starting Young: Can You Really Teach Entrepreneurship?

<http://mashable.com/2013/11/12/bizworld>

There's a great debate over whether entrepreneurship can be taught. While not everyone is going to end up as successful as a Zuckerberg, a Gates or a Karp, we can at least teach our kids some elementary business skills. The BizWorld Foundation is a non-profit organization that teaches children in grades 3-8 business basics, such as entrepreneurship skills and finance. The program inspires students to develop critical thinking and leadership skills that will help them become future innovators.

Forbes: The Millennial Startup Revolution

www.forbes.com/sites/85broads/2013/11/18/the-millennial-startup-revolution

Never has starting a business been so hip. Wary of our stressed-out, corporate-ladder climbing parents, over half of millennials would like to start a business. Many of those aged 18-34 are eager to take the leap with one poll showing that one in five of millennials plan to quit their day job to start their own business.

Entrepreneur: What This Female CEO Learned About Gender Bias After Pitching 200 VCs

www.entrepreneur.com/article/230031

There's no denying that female CEOs are still a rarity. We account for only about seven percent of CEOs in the start-up world. Female VCs are equally scarce, which means a female CEO is usually pitching to a male investor who is used to hearing pitches from other men.

PR Newswire: Tennessee Teen Wins Igor Sikorsky Youth Innovator Award for Year 2050 Helicopter Concept

www.prnewswire.com/news-releases/tennessee-teen-wins-igor-sikorsky-youth-innovator-award-for-year-2050-helicopter-concept-233347761.html

Sikorsky Aircraft, a subsidiary of United Technologies Corp., has given a 15-year-old Tennessee teenager its 2013 Igor Sikorsky Youth Innovator Award and a \$1,000 scholarship check for imagining an electrically driven helicopter designed specifically to serve humankind by mid-century. Vance Hudson, 15, from Collierville, Tenn., near Memphis, designed his S-2050 helicopter with a detachable main section that he envisions would allow operators to configure the aircraft rapidly for multiple missions, or deliver modular loads with life-saving resources for those in need.

Inc.: What's the Best Age to Start a Business?www.inc.com/stephanie-meyers/whats-ideal-age-start-business.html

When should you start a company? It's an ongoing debate with two pretty clear sides: the wisdom of age versus the prime of our lives. In a recent thread on Quora, the question attracted a lot of attention, thanks to some big names who jumped to respond. It all started late in August when an anonymous user asked: What do people in Silicon Valley plan to do once they hit 35 and are officially over the hill? Since then, the thread has only grown, mainly with comments from programmers over 35 who found success. Among them were Wikipedia's Jimmy Wales, TechCrunch's Michael Arrington, Netflix's Reed Hastings, Craigslist's Craig Newmark, and Zipcar's Robin Chase. Those entrepreneurs were 35, 35, 37, 42, and 42, respectively, when they founded those companies. Perhaps that's why a suggestion from Wales, now 47, seemed so on point. "A better question might be," he wrote on Quora, "How can we in the tech community make sure that unusual success at a very early age is not mistakenly thought to be the norm?"

Huffington Post: 3 Things Men Can Learn From Women That Will Make Their Business More Successfulwww.huffingtonpost.com/david%20brown/3-things-men-can-learn-fr_b_4419899.html

Men could learn a lot from women about building strong customer relationships. Here are three things we learned from women business owners that could help all entrepreneurs increase their success...

The Daily News: APS' Goal: Giving Region's Businesses What They Needwww.memphisdailynews.com/news/2013/dec/14/giving-regions-businesses-what-they-need-aps-goal

Facility maintenance and janitorial providers must be certified in any state they work in, and APS has a wide range of certifications from the state-mandated to that of a minority-owned company with the Tennessee Minority Supplier Development Council, the Mid-South Minority Business Council Continuum and the Governor's Office of Diversity Business Enterprise. In addition, they are an 8A certified company authorized to bid on federal projects.

Fast Company: 5 Ways To Reframe Your Thinking To Be More Like Elon Muskwww.fastcompany.com/3022444/leadership-now/5-ways-to-reframe-your-thinking-to-be-more-like-elon-musk?utm_campaign=LTN%20Clips%2012/9&utm_medium=email&utm_source=newsletter&utm_content=Fast%20Company%3A%205%20Ways%20To%20Reframe%20Your%20Thinking%20To%20Be%20More%20Like%20Elon%20Musk

Drawing parallels between Elon Musk and Steve Jobs is irresistible, but how do big thinkers like them come up with their innovative ideas and how can we reframe our thinking to do the same? In "The Shared Genius of Elon Musk and Steve Jobs" by the TED Talk curator Chris Anderson we get a bit closer to a dissection what their unique attributes actually are. But I think we can dig one layer deeper.

Entrepreneur: Leadership Lessons from Young Female Entrepreneurswww.entrepreneur.com/article/230409

Millennial female entrepreneurs are disrupting industries, creating innovative products and ultimately, changing the world. The thing that I admire most about my fellow female entrepreneurs is that they are really doing it by their own rules. In the past, women have felt like they have to embody masculine characteristics to be successful. This isn't the case anymore.

Nashville Business Journal: The Boss: Saurabh Sinha, eMids Technologieswww.bizjournals.com/nashville/print-edition/2013/12/27/the-boss-saurabh-sinha-emids.html

After launching health care technology company eMids in 1999, Saurabh Sinha made his way to Nashville in 2005. Since then, eMids has averaged 40 percent annual growth rate, making numerous appearances on NBJ's "fastest-growing" and winning a Nashville Next award. Sinha also has racked up recognitions, including nominations for Ernst & Young's "Entrepreneur of the Year."..What are some of the lessons you've learned as an entrepreneur as you've grown the business? When I look back, there are a few things that have worked for me and a few things that haven't. One thing that's really worked for me is knowing that I as a person am a work in progress. And that no matter whether it's a failure or success to acknowledge genuinely that as a human being and a professional I am a work in progress. That opens up the mind to change.

women 2.0: Feel Good News for the Holidays: 3 Female-Led Companies Get Funding<http://women2.com/feel-good-news-holidays-3-female-led-companies-get-funding>

It's disheartening when research shows male founders are more likely to be funded than companies founded by women. ...But enough with the bad news.

The good news is that more female entrepreneurs are starting new businesses, and more of them are securing funding to help their big ideas grow in the market.

Tennessean: Forbes names Nashville a 'Region to Watch' for 2014www.tennessean.com/article/20131227/BUSINESS/312270078/Forbes-names-Nashville-Region-Watch-2014

Nashville's economy is among the nation's best among large metro areas and that momentum is expected to continue in 2014, according to a new Forbes report. Music City was ranked No. 5 on the "U.S. Regions To Watch In 2014" list published on Forbes.com. The city trails only a trio of Texas cities (Austin, San Antonio and Houston) and Salt Lake City...One of Nashville's strengths is its growing population of younger, educated workers. "Places like Nashville, Denver and Salt Lake are all getting smarter faster, increasing their numbers of educated people faster than "brain" regions such as Seattle, San Francisco, Boston, New York, Chicago and Los Angeles," Plotkin writes.

Knoxville Daily Sun: Tennessee Veterans Business Association hosting 2014 expo in Knoxvillewww.knoxvilledailysun.com/business/2013/tvba-knoxville-expo.html

"This is a high energy event that is a celebration of the diversity in the East Tennessee business community," said Jonathan Williams, founder and 2014 TVBA Chairman. "We combine a B2B trade show environment with a career opportunity fair for veterans. We invite all Businesses (non-veteran businesses are welcome) and education institutions for networking and learning opportunities, and you may also find a great veteran employee candidate or student," said Williams. The event will also invite the veteran population to come and learn about career and education opportunities and business startup assistance.

Entrepreneur: Serial 'Trep Gurbaksh Chahal on Being Driven to Succeed (video)

www.entrepreneur.com/video/223297

In this 'Trep Talk Extra, the young multimillionaire entrepreneur shares the three elements that led to his success with multiple startups. More 'Trep Talk: <http://entm.ag/treptalk>

Special thanks to Courtney Corlew at LaunchTennessee for her assistance with articles!

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About BERO: The Business Enterprise Resource Office (BERO) is housed within the Department of Economic and Community Development. BERO serves as a voice for and advocate of disadvantaged businesses (DBE); analyzes, disseminates and promotes best practices and access to capital to service providers; and reports on status of DBEs statewide.

About ECD: The Tennessee Department of Economic and Community Development's mission is to develop strategies which help make Tennessee the No. 1 location in the Southeast for high quality jobs. The department seeks to attract new corporate investment in Tennessee and works with Tennessee companies to facilitate expansion and economic growth.





UPDATED LOCATION INFORMATION

Community Development Block Grants (CDBG) for Microenterprise Economic Development: Regional Meetings

Purpose:

The CDBG funds available will potentially be used to support DBEs as it relates to economic development. Agencies and organizations that work with small, women-owned, minority-owned, veteran-owned, rural and urban core businesses as well as youth entrepreneurs are encouraged to participate in these discussions. The information and ideas garnered will help determine the use of the funds. While CDBG money is federal, and therefore has its particular set of eligible uses and requirements, there are many possibilities for Tennessee's growing business community to benefit.

Consider:

What programs could use additional funds to reach DBE populations better? What collaborations are in place? What partnerships could be forged? How would those programs become sustainable? Where are the gaps? What successful programs could be furthered? Etc.

Meeting schedule:

1. Jackson: January 23

Southwest Development District
102 E. College Street
Jackson, TN 38301

Meeting:

Boardroom
1:30-2:45pm (CST)

2. Spring Hill: January 24

Workforce Development and Conference Center
at Northfield
5000 Northfield Lane
Spring Hill, TN 37174

Meeting:

Large Conference Room
10:30-11:45am (CST)

3. Kingsport: February 18

Kingsport Chamber of Commerce
400 Clinchfield Street
Kingsport, TN 37660

Meeting:

Eastman Board Room
1:30-2:45pm (EST)

4. Athens: February 19

Tennessee College of Applied Technology – Athens
1635 Vo-Tech Drive
Athens, TN 37303

Meeting:

TCAT Conference Room
10-11:15am (EST)

Who should attend?

Agencies and organizations are encouraged to invite other DBE service providers to attend these sessions regardless of their region.

Agencies and organizations may be national, state, regional and local in their activities, but activities must benefit Tennessee.

For more information, contact Wisty Pender by email at Wisty.Pender@tn.gov (preferred) or 615.741.8914.

Updated: 1/20/2014



Business Enterprise Resource Office (BERO)

TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

ANNUAL REPORT · FISCAL YEAR 2013



STATE OF TENNESSEE
DEPARTMENT OF ECONOMIC & COMMUNITY DEVELOPMENT
STRATEGY DIVISION
312 ROSA L. PARKS AVENUE, TWENTY-SIXTH FLOOR
NASHVILLE, TENNESSEE 37243
TELEPHONE: 615.741.2626 — FAX: 615.741.5829
www.tn.gov/ecd/bero

November 30, 2013

Greetings:

Pursuant to Tennessee Annotated Code Section 4-26-105 the Department of Economic and Community Development, Business Enterprise Resource Office (BERO) shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1.

Herein, please find the BERO annual report for FY2013. If you have any questions regarding this report, please do not hesitate to contact Wisty Pender, director, at 615-741-8914 or Wisty.Pender@tn.gov.

Respectfully submitted,

Wisty Pender
Director, BERO

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The report herein addresses a range of topics specifically regarding disadvantaged businesses (DBE) in Tennessee. The following comments and recommendations for consideration align with Gov. Haslam's priorities of Jobs and Economic Development, Education and Workforce Development, and Conservative Fiscal Leadership.

For consideration:

1. APPROPRIATIONS/NON-RECURRING GRANTS

Appropriations

In FY2013, two \$100,000 direct appropriations were awarded by the Tennessee General Assembly to the Nashville Minority Business Center and the Minority Enterprise Development Corporation in Memphis. These organizations have received this level funding for multiple years.

There are no direct appropriations for DBE focused organizations comparable to the aforementioned appropriations designated in East Tennessee, nor do the existing appropriations proportionately reflect the population distribution of minorities in Memphis and Nashville. Further, the language of the appropriations bill lacks guidance as to the specific purpose and use of the funds.

Grant

The Tennessee General Assembly approved the distribution of a non-recurring grant for \$50,000 for the fiscal year ending June 30, 2013 and \$75,000 for the fiscal year ending June 30, 2014 to the Black United Fund of Tennessee (BUF) for "the provision of enterprise development week youth economic summits." In FY2013 the \$50,000 grant served 35 student interns in Memphis (13), Nashville (12) and Chattanooga (10). For the FY2014 award, Knoxville was added to the list.

The monies listed above, \$250,000 in FY2013, were not awarded in a manner that allowed for other Tennessee agencies and organizations with collaborative partnerships and alliances to apply or compete.

2. SMALL AND MINORITY-OWNED BUSINESS ASSISTANCE PROGRAM (SMOB)

SMOB is currently suspended. When fully operational the program was comprised of loans and program services available to qualified new and existing businesses in Tennessee without reasonable access to capital markets and traditional commercial lending facilities. Public Chapter 359 of the Acts of 2013 amends the statute relative to the loan funds of SMOB, permitting monies from the fund to be transferred to the board of trustees of the baccalaureate education system trust fund, effective July 1, 2013.

While this program has faced challenges in being fully operational, there continues to be a need, not only for access to capital for Tennessee's DBEs, but also for the technical assistance to sufficiently prepare DBE borrowers. ECD met with the Treasurer at the request of legislators. In ongoing conversations ECD serves to advise on current market demands and challenges facing DBEs as it relates to this program and its newly enacted legislation.

3. TENNESSEE STATUTE

There is not a standardization of definitions within Tennessee's statutes as it pertains to disadvantaged businesses, including, but not limited to the designations for women-owned business, minority-owned business, veteran-owned and service-disabled veteran-owned business, as well as small business. As a result of the connective and interdependent language of the code, those multiple definitions create confusion and disparate interpretations. Moreover, the definitions do not necessarily reflect federal definitions nor those of today's accepted socio-economic norms. Specific examples are available upon request

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MISSION

The Business Enterprise Resource Office (BERO) is housed within the Department of Economic and Community Development (ECD). BERO serves as a voice for and advocate of disadvantaged businesses (DBE); analyzes, disseminates and promotes best practices and access to capital to service providers; and reports on the status of DBEs statewide.

OVERVIEW

T.C.A. 4-26-103 (C)(b)(1) The department shall continually evaluate the progress of disadvantaged businesses through monitoring and techniques of evaluation, such as surveys and feasibility studies.

BERO was legislatively established in 1977 by Title 4, Chapter 26 (Business Enterprise Office). This report highlights programs and activities relative DBEs insofar as access to assistance and capital that are (1) managed within ECD, (2) affiliate programs managed outside ECD, and that are of particular relevance within (3) other agencies/organizations; in addition to other reporting elements both statutory and for the broader consideration and understanding of the topic. Please note that for the purposes of BERO and this report, DBE refers to businesses owned by women, minorities and veterans, as well as to businesses operating in remote or rural areas of the state. Resources for DBEs as well as young entrepreneurs and service providers are available at www.tn.gov/ecd/bero.

ACCESS TO ASSISTANCE

Technical assistance provides inroads for DBEs to grow and expand their businesses whether through direct activities like workshops, networking events and competitions to collaborations that allow beneficiary access to knowledge-based networks or specialized equipment for testing and development.

The “Global Entrepreneurship Monitor: 2012 Women’s Report” makes several recommendations to meet the unique challenges faced by women, two of which are:

- targeted initiatives, such as government procurement programs that provide women entrepreneurs with equal access to opportunities as suppliers of goods and services; and
- educational and training programs to women entrepreneurs that go beyond business start-ups to focus on growth (foreword).

ACCESS TO ASSISTANCE: PROGRAMS MANAGED WITHIN ECD

Main Street: Business Promotion and Technical Assistance

The Tennessee Main Street Program is a program of ECD and a coordinating partner of the National Trust for Historic Preservation’s National Main Street Center. There are 27 designated Main Street Communities statewide. In calendar year 2012, 23 of the Tennessee Main Street communities reported reinvestment statistics that included 604 net new jobs, 107 net new businesses and a combined public (\$20,661,307)/ private (\$62,081,591) investment of \$82,742,898 within their program districts. A new community was added in FY2012 and FY2013.

(www.tennesseeainstreet.org)

Market Access Program/Trade Missions

TNTrade officially launched in December 2011, and is a statewide initiative intended to help achieve Gov. Haslam's goal of making Tennessee number one in the Southeast for high quality jobs by boosting exports of small and medium-sized businesses (SME). Exporting companies grow faster and hire more workers than non-exporting companies, yet less than 2 percent of Tennessee businesses are exporters. Tennessee's exports totaled roughly \$30 billion in 2011 and approximately 20 percent of the state's manufacturing jobs depend on exports.

STEP Grant FY2011: TNTrade was initially developed with two primary components geared towards increasing exports by Tennessee's "small businesses," based on the SBA definition: (1) the Market Access Program (MAP), and (2) leading trade missions to foreign markets.

ECD was awarded \$375,000 by the US Small Business Administration (SBA) as part of the State Trade and Export Program (STEP) pilot. The grant period consisted of four quarters from October 1, 2011 to September 30, 2012; the grant was extended for two additional quarters, running through March 31, 2013. As the STEP and state fiscal years are different, the fourth, fifth and sixth quarters of the 2011 grant occurred in the state's FY2013. The award became the foundation for the Tennessee Trade Initiative, TNTrade.

MAP was launched in January 2012. It was a reimbursement program designed to enhance export readiness and sales activities in foreign markets for qualifying Tennessee small and medium-size businesses. MAP provided a 50 percent reimbursement up to \$5,000 per year toward approved export activities. MAP funds were awarded to 15 companies during FY2013. Funds awarded in FY2013 totaled \$51,833.91. One woman business enterprise (WBE) was awarded a reimbursement of \$3,175.00. Two minority business enterprises (MBEs) were awarded reimbursements totaling \$5,110.26. Remaining FY2011 grant funds were used for six vendors and one contractor, none of which were classified as MBEs or WBEs.

STEP FY2012: The award was used for two primary purposes: (1) travel for RFP reviews of oral proposals and contract payments for ECD's Export Development Office, and (2) a trade mission to Paris for healthcare companies co-sponsored by the Nashville Chamber of Commerce and ECD.

ECD was awarded \$604,551.00 by the SBA for STEP FY2012. The grant period consisted of four quarters running from October 1, 2012 to September 30, 2013; quarters one and two of the FY2012 STEP grant overlaps with quarters five and six of the FY2011 STEP grant. As the STEP and state fiscal years are on different calendars, the first, second and third quarters of the 2012 grant occurred in the state's FY2013

A total of four vendors received federal funds in STEP FY2012, none of which were classified as MBEs or WBEs. Five contractors received STEP funds. One contractor that received \$9,999.99 was both an MBE and WBE. The remaining four contractors were international companies and therefore could not be considered a MBE or WBE.

For more information on TNTrade visit www.tn.gov/ecd/tnttrade.

ACCESS TO ASSISTANCE: ECD AFFILIATE PROGRAMS MANAGED OUTSIDE ECD

Regional Entrepreneurial Accelerators

This program is designed to assist promising entrepreneurs with the resources necessary to propel their companies along the spectrum of business growth and job creation. Further, the goal for the accelerators is to become a foundational component of each region's economic development strategy while creating a network of partnerships and mentors within the local business community, the statewide investor base, higher education, non-profits and government. Accelerators are located in each of the nine Jobs4TN Jobs Base Camp regions, and were selected through a competitive grant application process. The grant funding is a combination of state and federal dollars and contingent upon each accelerator providing at minimum in local matching support.

To date, regional accelerators hosted over 300 entrepreneurial events, engaged over 400 mentors, screened over 700 companies, accelerated over 100 companies, and facilitated over \$16 million in seed capital investment to the accelerated startup companies.

(www.launchtn.org)

Direct Appropriations

There are several programs across Tennessee at state and local, regional, state and national levels that provide direct services to DBEs. Two organizations specifically promoting minority business ownership have received direct appropriations from the Tennessee General Assembly.

In FY2013, two \$100,000 direct appropriations were awarded by the Tennessee General Assembly to the Nashville Minority Business Center and the Minority Enterprise Development Corporation in Memphis per the following:

2013 Appropriations Act, Section 7, Item 15: Department of Economic and Community Development, Innovation Programs, in Section 1, Title III-8, Item 3, the amount of \$100,000 is to be paid to the Nashville Minority Business Center and the amount of \$100,000 is to be paid to the Minority Enterprise Development as direct appropriation grants.

Nashville Minority Business Center

In FY2013 the Nashville Minority Business Center's mission is as follows:

To create an environment in which no American is confronted with barriers that inhibit entrepreneurial development simply because of racial, ethnic or cultural biases.

(www.minoritybusinesscenter.com)

Minority Enterprise Development Corporation (MEDC)

In FY2013 the Minority Enterprise Development Corporation states the following: MEDC provides business consulting and technical assistance to minority, small, veteran and women-owned business. MEDC's services are directed towards new and existing businesses whose owners are committed to making an impact through job creation, their firms' growth and profitability, as well as community involvement.

(www.linkedin.com/pub/memphis-sabir/42/a74/14)

COMMENT

There are no direct appropriations for DBE focused organizations comparable to the aforementioned appropriations, designated in East Tennessee, nor do the existing appropriations proportionately reflect the population distribution of minorities in Memphis and Nashville. The language of the appropriations bill lacks guidance as to the specific purpose and use of the funds.

The annual \$100,000 appropriations to these agencies, which have been received for multiple years, were not awarded in a manner that allowed for other Tennessee agencies and organizations with collaborative partnership and alliances to apply or compete.

Non-recurring Grant

The Tennessee General Assembly approved the distribution of a non-recurring grant for \$50,000 to the Black United Fund of Tennessee (BUF) for the fiscal year ending June 30, 2013 for "the provision of enterprise development week youth economic summits." Through the Youth Entrepreneurship Spring Internship Program (YESIP) three youth economic summits were provided, one (1) each in Chattanooga, Memphis and Nashville, focusing on business planning and development activities.

The following was provided in BUF's final report:

YESIP served 35 interns who attend a public or private school. The interns explored various companies and prepared personal business and financial plans. In addition to developing a business plan, interns used as a study and life guide any curriculum objectives which explored personal finance and education, ethics and career options based on their skills, interests and values. Programs also utilized any books,

curricula or guides that assisted in meeting the goals of the curriculum. The interns attended two community, education or business seminars to further their professional education.

BUF identified four (4) program objectives and reported the following for each:

Goal 1: Provide technical assistance and consultation services to a minimum of 30 interns.

Number of Interns	Female	Male	Category of Assistance	Dates	Location
35	16	19	<ul style="list-style-type: none"> · Economics · Entrepreneurship · Ethics · Business Planning 	9-24-12 through 5-30-13	Chattanooga Memphis Nashville

Goal 2: Community, Business, Educational Seminars.

Interns	Number of Events	Dates of Events	Location
Urban League of Greater Chattanooga	2	03-28-13	Sisken Children’s Institute & Blood Assurance
Black United Fund of TN	2	04-20-13	RISE Foundation
Nashville Minority Business Center	2	04-16-13	Nashville City Council Meeting

Goal 3: Number of Internship Applications received and approved.

	Chattanooga	Memphis	Nashville	Total
Number of Received Applications	10	13	12	35
Number of Approved Applications	10	13	12	35

Goal 4: Plan a Youth Entrepreneurship Spring Internship Program to present Business Plans to Community Leaders, Parents, Guardians and Friends.

City	Date	Location
Chattanooga	03-28-13	Sisken Children’s Institute & Blood Assurance
Memphis	05-21-13	Shelby County Office Building Commissioner’s Conference Room
Nashville	05-30-13	Nashville Main Library

Non-recurring Grant: FY2014

The Tennessee General Assembly approved the distribution for a non-recurring grant of \$75,000 to BUF for the fiscal year ending June 30, 2014 for the “provision of enterprise development week youth economic summits” to include Memphis, Nashville, Chattanooga and Knoxville.

The monies listed above, \$50,000 in FY2013 and \$75,000 for FY2014, were not awarded in a manner that allowed for other Tennessee agencies and organizations with collaborative partnerships and alliances to apply or compete.

ACCESS TO ASSISTANCE: OTHER AGENCIES/ORGANIZATIONS

MBDA

Minority Business Development Agency (MBDA), an agency of the U.S. Department of Commerce, reported in its FY2012 Annual Performance Report “A Catalyst for Global Business Expansion,” that its Memphis business center exceeded its goals with 134 jobs created and retained, and \$17 million in contracts and capital.

In 2012 the MBDA announced that the Mid-South Minority Business Council, also referred to as MMBC Continuum, was awarded a grant worth \$1 million to be administered over four years to operate a MBDA business center in the Delta region. MBDA explained in a press release from April 19, 2012, that “Memphis was chosen as a new location for a MBDA Business Center because it offers significant opportunity to create new jobs through the growth and global competitiveness of minority-owned firms. Memphis, and the surrounding Delta region, has a notable minority population with a long history of entrepreneurship and innovation.” The business center is charged with assisting minority businesses access capital, contracts and markets. ECD provided a letter of support for this grant application. (www.mmbc-memphis.org)

TN Dept. of Transportation (TDOT) and Governor’s Office of Diversity Business Enterprise (Go-DBE)

In FY2013 TDOT partnered with Go-DBE as the certifying agency for their new program. TDOT added the Small Business Enterprise (SBE) component as a new element to TDOT’s existing Small Business Development Program. It was designed to help maximize participation on highway transportation contracts by small businesses other than, and in addition to, disadvantaged business enterprises. The SBE program was established by TDOT to enhance business opportunities for small, women- and minority-owned businesses and to ensure a level playing field for small businesses in Tennessee. The program was developed in response to a Federal Highway Administration mandate Federal Requirement 49 CFR 26.39.

(www.tdot.state.tn.us/civil-rights/smallbusiness)

ACCESS TO CAPITAL

Access to a robust capital ecosystem is critical to the success of Tennessee’s DBEs. Finance programs that meet the needs of the state’s DBEs ensure the best possible opportunities for startup, growth and expansion.

In a national annual survey, “Business Women Speak Out on the Issues: 2013 National Survey of Women Business Owners on Top Issues,” by Women Impacting Public Policy (WIPP), they identified the following regarding capital:

- Access to capital continues to plague women business owners. The perception of tightening of bank credit keeps better than one in four from seeking outside funding.
- 60 percent report they were successful in seeking funding after an average of two attempts and only 32 percent of minority-owned companies successfully obtained capital.
- Those seeking funding are more likely to be federal contractors with revenue over \$250,000.

WIPP is a national bi-partisan public policy organization, and their website is www.wipp.org.

ACCESS TO CAPITAL: PROGRAMS MANAGED WITHIN ECD

Rural Small Business and Entrepreneur Loan Fund

In an effort to provide a greater level of service to rural communities, BERO started the ECD-BERO Revolving Microloan Program (a.k.a. Rural Small Business and Entrepreneur Loan Fund). This program was established with seed funding from USDA Rural Development with the goal to expand economic opportunities in rural Tennessee through entrepreneurship and small business growth. Small loans, or microloans, of \$500 - \$20,000 are available for working capital and the purchase of equipment, inventory, and/or fixed assets. Loans are very low interest and collateral is required on loans over \$5,000. To qualify, applicants must operate their business in a rural area; have fewer than 10 employees; and agree to technical assistance from resource providers during the term of the loan.

As of June 2013 the total principal loaned was \$246,744 and an available fund balance of \$120, 456. The loan program has maintained a low total loan loss rate (about 5 percent).

(www.tn.gov/e cd/bero/loan.html)

TNInvestco

This fund is a state-sponsored, “venture capital type” program that provides capital to high-growth transformational businesses in Tennessee. The goals are to develop entrepreneurial infrastructure, bring additional capital into the state and diversify the state’s economy. The TNInvestcos are authorized to invest funds in qualifying Tennessee businesses. As of January 1, 2013, the 10 authorized TNInvestcos had funded 118 companies, deploying over \$91 million with almost \$188 million in follow-on capital received by invested companies. The funded companies have employed 1,391 full-time employees of which 558 (40 percent) were filled by women and minorities.

(www.tn.gov/e cd/tninvestco)

ACCESS TO CAPITAL: ECD AFFILIATE PROGRAMS MANAGED OUTSIDE OF ECD

INCITE Co-investment Fund

Developed by ECD and managed by LaunchTN, the Innovation, Commercialization, Investment, Technology and Entrepreneurship (INCITE) Co-Investment Fund is backed entirely by a \$29.7 million award through the U.S. Department of Treasury’s State Small Business Credit Initiative (SSBCI). The fund is a key component of Gov. Haslam’s \$50 million INCITE initiative to raise Tennessee’s profile in innovation-based economic development and increase the number of knowledge-based jobs by assisting companies with access to early-stage capital. The INCITE Fund provides funding to supplement investments (or a co-investment) in Tennessee companies made by venture capital funds and investors from across Tennessee and around the country. In calendar year 2012, LaunchTN reported that the INCITE Co-investment Fund had provided capital to 18 Tennessee-based companies who received \$7 million in INCITE Fund capital and \$19 million in private sector matching capital.

(www.launchtn.org/incite)

Tennessee Rural Opportunity Fund, Small Business Jobs Opportunity Fund and Energy Efficiency Loan Programs

In 2008, the Tennessee Rural Opportunity Fund (ROF), a rural economic development fund, was launched; and in 2010 launched the Small Business Jobs Opportunity Fund (SBJOF). The funds were created through a partnership between the state of Tennessee, the Tennessee Bankers Association and Pathway Lending, a not-for-profit community development financial institution. ROF provides loans and technical assistance to small, disadvantaged and early-stage businesses in rural Tennessee, and the SBJOF provides loans of up to \$2.5 million to small businesses statewide. The Tennessee General Assembly approved a \$1.25 million appropriation directed through ECD for the \$10 million ROF, and \$10 million for the \$25 million SBJOF. The ROF is fully deployed, and as the capital revolves it will be re-deployed. In addition, efforts continue to raise additional investments to support the SBJOF.

During FY2013 the Tennessee Energy Efficiency Loan Program transitioned from ECD to the Department of Environment and Conservation (TDEC) as part of the Energy Policy Division effective January 1, 2013. The loan program continues to provide low interest loans to qualified commercial, industrial or nonprofit Tennessee-based businesses of up to \$5 million. In March 2013, the interest rate was reduced to two percent in order to make the program more beneficial and accessible to Tennessee businesses. The interest rate is available on five-year loans to businesses that undertake energy projects that include energy-saving measures; whereas standalone renewable energy projects are eligible to receive ten-year loans at five percent interest. Originally, all loans were offered with an interest rate of five percent.

In their 2012 annual report Pathway states, “More than 40 Tennessee Bankers Association Member Banks have partnered with Pathway Lending to support community development lending practices and help underserved businesses who would otherwise have fewer opportunities to grow.”

(www.pathwaylending.org)

ACCESS TO CAPITAL: OTHER AGENCIES/ORGANIZATIONS

Small and Minority-Owned Business Assistance Program (SMOB)

SMOB is currently suspended. Moreover, Public Chapter 359 of the Acts of 2013 amends statute relative to the loan funds of SMOB, permitting monies from the fund to be transferred to the board of trustees of the baccalaureate education system trust fund, effective July 1, 2013.

Part of the statute has been amended to the following:

SECTION 1. Tennessee Code Annotated, Section 65-5-113, is amended by adding the following as a new subsection (c): It is within the state treasurer's discretion to accept new applications to participate in the small and minority-owned business assistance program after July 1, 2013. After July 1, 2013, the program shall administer all loans that are outstanding as of July 1, 2013, until the loans are matured or written-off. After July 1, 2013, and notwithstanding subsection (b) of this section, a portion of the small and minority-owned business program funds shall be transferred to the board of trustees of the baccalaureate education system trust fund program to be utilized in an incentive plan or plans authorized in §49-7-805(4), reserving such amounts that the state treasurer deems necessary for the administration of the small and minority-owned business program, as well as the administration and marketing of the incentive plan or plans. At least annually, the state treasurer shall evaluate the loan payments received by the small and minority-owned business assistance program and shall have the authority to transfer the funds from loan payments to the baccalaureate education system trust fund program while reserving amounts for continued administration of the small and minority-owned business assistance program.

SMOB was originally created within the Tennessee Department of Treasury by Public Chapter 830 of the Acts of 2004 (§65-5-113). The legislative intent was to support outreach to new and existing businesses in Tennessee that do not have reasonable access to capital markets and traditional commercial lending facilities. When fully operational the program was comprised of loans and program services. Loans up to \$125,000 were available for acquisition of machinery and equipment, working capital, supplies and materials, inventory and certain other business-related activities; and interest rates ranged between 2 percent below to 2 percent above prime. Loans may still be accessed through the designated lenders.

(<http://treasury.tn.gov/smob>)

COMMENT

While this program has faced challenges in being fully operational, there continues to be a need, not only for access to capital for Tennessee's DBEs, but also for the technical assistance to sufficiently prepare DBE borrowers. ECD has met with the Treasurer at the request of legislators. In ongoing conversation, ECD serves to advise on current market demands and challenges facing DBEs as it relates to this program and the newly enacted legislation.

U.S. Small Business Administration (SBA) Loan Programs – Express Loans

The SBA provides several loan programs targeting a range of capital needs. An SBA loan program targeting veterans to note is the Patriot Express Loan Program. The Patriot Express Loan Program is specifically for veterans and members of the military community that want to establish or expand small businesses. Loans are available for up to \$500,000 and can be used for most business purposes, including startup, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases. Patriot Express loans are part of their 7(a) program up to of 85 percent. This program provides valuable access to capital for Tennessee's veterans.

(www.sba.gov/content/express-programs)

For snapshot of lending programs statewide including USDA Rural Development, TVA and microlenders, such as Acción Delta, refer to the TN Smart Start Guide at www.tn.gov/ecd/bero.

A fluctuating economy, changing technology and government oversight are important factors to be considered when running any business. Tennessee's DBEs must continually focus on their priorities to meet these challenges or risk lagging behind their competitors. The gains made by Tennessee's DBEs may in part be attributed to various programs created to encourage DBE participation in government and private procurement.

PROCUREMENT-CONTRACTING

Federal

On the federal level, the SBA manages a program, 8(a) Business Development, which was created to assist small and disadvantaged businesses compete and have access to government and private procurement opportunities. A business must apply and be approved in order to participate in this program. The state's largest minority-owned business was a participant. In addition to relatively recent changes to better assist veteran-owned businesses with contracting opportunities, this year the SBA's Women-Owned Small Business Federal Contract Program (WOSB) announced changes to create greater access to federal contracting opportunities as a result of the changes included in the National Defense Authorization Act of 2013.

(www.sba.gov)

State

At the state level, the Governor's Office of Diversity Business Enterprise (Go-DBE) acts as a central point of contact for minority-owned, women-owned, service-disabled veteran-owned and small business enterprises interested in competing for state contracting opportunities. In their enabling legislation, Go-DBE is charged with the monitoring of contract awards and purchases made to certified diversity businesses by state agencies and departments. In its annual report the agency highlights that purchases and contract awards to certified diversity businesses for fiscal year 2011-12 increased to over \$242 million. The increase in dollars awarded to certified businesses represents a 31 percent over the previous fiscal year. At the time of this writing, Go-DBE had not released its figures for FY2013.

(www.tn.gov/diversity)

At the state level, the University of Tennessee's Center for Industrial Services, Procurement and Technical Assistance Center (UT-PTAC) assists qualified DBEs with training and technical assistance in contracting at the local, state and federal agencies. In calendar year 2012 PTAC reported assisting over 500 companies with government procurement counseling and technical assistance.

(www.ptac.tennessee.edu)

Many workshops and training opportunities take place in partnership with the Tennessee Small Business Development Centers (TSSBDC), which are located across the state. The TSBDC reported that their 17 services centers had 838 training events in which 16,424 people took part during calendar year 2012.

(www.tsbdc.org)

Regional, Local and Private

Regional and Local

Several purchasing groups, regional associations and government-based, namely in urban areas like Knoxville, Nashville, Chattanooga and Memphis, are organized very much like state and federal contracting processes with dedicated staff, registration and other opportunities like pre-bid meetings, winning bid reviews and informational networking events.

Private

In the private sector, membership-based organizations such the Tennessee Minority Supplier Development Council (TMSDC) and the Women Business Enterprise Council (WBEC) offer businesses access to private sector contracting and networking opportunities, technical assistance. Their certifications are recognized by certain industry sectors, and they respectively offer MBE and WBE certifications.

(www.tmsdc.net)

(www.wbecsouth.org)

DBE DISTRIBUTION BY SECTOR IN TENNESSEE

DBE businesses are important employers and contributors to Tennessee’s business environment. Business sectors correlate with wages. While retail sales equate with lower wages, the professional, scientific and technical services sector equates with higher paying jobs. Increases in the number of businesses that allow higher paying jobs can also correlate to firms with higher gross receipts. See data note (1) below.

Number of Establishments: MBEs

Current data from Dun and Bradstreet’s Hoover’s database shows the current top five business sectors for Tennessee’s minority-owned businesses are the following:

1) Professional, Scientific and Technical Services	17%
2) Administration and Support and Waste Management	15%
3) Construction	11%
4) Retail Trade	9%
5) Other Services	9%

Number of Establishments: WBEs

Hoover’s data show the current top five business sectors for Tennessee’s woman-owned firms as the following:

1) Retail Trade	17%
2) Other Services	15%
3) Professional, Scientific and Technical Services	15%
4) Administration and Support and Waste Management	8%
5) Healthcare and Social Assistance	8%

On the national level, according to the “The 2013 State of Women-Owned Businesses Report, A Summary of Important Trends, 1997-2013,” commissioned by American Express OPEN, finds the following:

...high economic impact” firms across major industry groups finds that women-owned firms are standing toe-to-toe with their industry peers—meaning that an equal share of women-owned firms in the sector are generating in excess of half a million dollars in revenues annually—in two industries: construction, where 13% of women-owned firms and 11% of all construction firms are pulling in \$500,000+ per year; and in transportation and warehousing, where 6% of each are generating \$500,000 or more in annual revenues (22).

However, women-owned businesses continue to grow they also continue to have comparably lower actual job creation and revenues than peer firms.

Number of Establishments: Tennessee (overall)

The data provided by the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages (www.bls.gov) show that Tennessee’s top sectors based on the number of establishments are as follows:

1) Retail Trade	15%
2) Professional, Scientific, and Technical Services	11%
3) Health Care and Social Assistance	10%
4) Other Services	9%
5) Wholesale Trade	9%

6) Accommodation and Food Services	8%
7) Construction	8%
8) Finance and Insurance	6%
9) Administration and Support and Waste Management	6%
10) Manufacturing	5%
Total Number of Establishments:	136,211

Total Employment Tennessee (overall)

The data provided by the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages (www.bls.gov) shows that Tennessee's top sectors based on total employment is as follows:

1) Health Care and Social Assistance	15%
2) Manufacturing	14%
3) Retail Trade	14%
4) Accommodation and Food Services	11%
5) Administrative and Support and Waste Management	9%
6) Transportation and Warehousing	6%
7) Wholesale Trade	5%
8) Professional, Scientific, and Technical Services	5%
9) Construction	5%
10) Finance and Insurance	5%
Total employment:	2,208,263

COMMENT

Tennessee accelerators have the opportunity to make a marked impact by helping encourage business formation in sectors generating higher receipts. Until the data from the 2012 Economic Survey is released it is difficult to have a current, clear and accurate national picture based on a consistent data set.

Note on data(1): The variation above in number of enterprises between Bureau of Labor Statistics (BLS) data and Hoover's data stems from the fact that the BLS Quarterly Census of Employment and Wages (QCEW) only collects data on companies that are covered by Unemployment Insurance (UI) laws and Federal workers covered by the Unemployment Compensation for Federal Employees (UCFE) program. Hoover's (Dun & Bradstreet) captures information for all firms, including self-employed, railroad employment, and other sub-entities within an existing firm which may not be captured by BLS.

DBE SNAPSHOTS

Over the course of the last fiscal year several independent reports with a specific focus on women in business were released. Moreover, large corporations, like Dell, Goldman-Sachs and Sam's Club, presented opportunities from education and training to competitions targeted at women in business and in leadership.

One report in particular, "The 2013 State of Women-Owned Businesses Report, A Summary of Important Trends, 1997-2013," commissioned by American Express | OPEN, highlights the growing economic influence of women of color. During the period of study from 1997 to 2013, firms owned by women of color grew from under one million to an estimated 2.7 million in 2013. The report estimates that, "there are 1,119,400 African American women-owned firms as of 2013, 944,000 Latina-owned firms, 620,300 Asian American women-owned firms, 111,400 firms owned by Native American or Alaska Native women, and 18,200 Native American/Pacific Islander women-owned firms" (23).

According to the Global Entrepreneurship Monitor (GEW) “Global Report 2012,” there are over 210 million international migrants, and “predicts that within the next decade, migrant entrepreneurship has the potential to contribute substantially to both receiving and home economies through knowledge and information transfer, global trade, job creation and other benefits” (9).

Minority-owned Businesses (MBE)

According to MBDA’s U.S. Business Fact Sheet, minority-owned firms out-paced the growth of non-minority firms on the national level in terms of number of firms (45 percent) and gross receipts (55 percent minority growth). In MBDA’s Performance Highlights, June 2012, it was also noted “minorities-owned firms have the most favorable export attributes of any sector of the U.S. economy and represent the future of export growth.”

Minority Distribution in Tennessee

According to U.S. Census data African-Americans comprise almost 17 percent or 1.5 million of the state’s total population. In a paper, “Patterns in Tennessee’s Black Population, 2000-2010,” H. Ronald Moser reviews the population distribution and changes of African-Americans across each of the three grand divisions: West, Middle and East. He explains that 90 percent of the state’s African-American population is classified as urban and part of a growing, influential middle class (20). He identifies Shelby County as home to 46 percent of Tennessee’s African-American population, followed by the middle Tennessee counties of Davidson, Montgomery, Maury and Rutherford for a combined total of 24 percent, and Hamilton and Knox counties as the only counties in east Tennessee with more than 5 percent of the population classified African-Americans (13, 15, 17).

Hispanic and Asian-owned firms saw gains in number of firms and gross receipts from 2002 to 2007 of 103 percent and 54 percent respectively. The gains are also reflective of the changing population of the state and increased numbers of immigrant-owned businesses primarily in the urban areas.

NOTE

These findings may help guide future government spending related to promoting and supporting minority business participation across the state and expanding the classification of minority-owned businesses.

Immigrants in Tennessee

The largest populations of immigrants in Tennessee reside in the Nashville, Memphis, Chattanooga and Knoxville areas – in that order. In “Tennessee: Recent Immigration Patterns,” author Steven G. Livingston examines the recent immigration patterns in the state. He explains that while Tennessee has been isolated and has a smaller foreign-born population (3 percent) than the U.S. average (13 percent), today there are eight times as many foreign-born Tennesseans than there were 50 years ago. This is an important area to consider in formulating long-term planning around minority business participation and growth (1-2).

In a study published in May 2012 for the Small Business Administration, “Immigrant Entrepreneurs and Small Business Owners, and their Access to Financial Capital,” Robert W. Fairlie offers the following key findings on immigrant-owned businesses:

- The business ownership rate is higher for immigrants than non-immigrants – 10.5 percent of the immigrant work force owns a business compared with 9.3 percent of the non-immigrant (i.e. U.S.-born) work force;
- Immigrant owned-businesses are more likely to export their goods and services than are non-immigrant-owned businesses. Among immigrant firms, 7.1 percent export compared with only 4.4 percent of non-immigrant firms, and immigrant firms are more likely to have high shares of exports;

- The most common source of startup capital for immigrant-owned businesses is personal or family savings with roughly two-thirds of businesses reporting this source of startup capital. Other common sources of startup capital used by immigrant firms are credit cards, bank loans, personal or family assets, and home equity loans. The sources of startup capital used by immigrant firms do not differ substantially from those used by non-immigrant firms (ii-iii).

NOTE

Immigrant businesses impact the economic environment of the state. Programs and policies affecting immigrants, both locally and nationally, impact Tennessee's immigrant-owned businesses.

Women-owned Businesses (WBE)

The "Global Entrepreneurship Monitor 2012 Women's Report" comments on role of expectation of women in business and specifically on the intersection of opportunity and access to capital for women:

The United States generally does not suffer from overt discrimination in regards to opportunities or resources related to women starting and growing businesses. At the same time, covert discriminatory practices are sometimes found, particularly in obtaining higher level resources such as equity capital or corporate procurement contracts. These covert practices are subtle, and sometimes not even recognized by entrepreneurs, in that they have to do with status expectations or gendered roles. For instance, it is expected that men will be venture capitalists or fast growth high-tech entrepreneurs, but less expected that women will be in these roles (7).

"The Economic Impact of Women-owned Businesses in Tennessee" report released in October of 2010 states that "if U.S. based women-owned businesses were their own country, they would have the 5th largest GDP in the world, trailing closely behind Germany, and ahead of countries including France, United Kingdom and Italy" (8).

NOTE

Women-owned businesses need access to capital as well as appropriate and applicable technical assistance to enable them to develop their abilities to compete globally.

Veteran-owned Business (VBE)

According to the State of Tennessee Department of Veteran Affairs (TDVA) FY2012 Annual Report, there are nearly half a million veterans in the state. About 13 percent of those are women, and in April 2013, TDVA hosted its inaugural Women's Veterans Summit. (www.tn.gov/veteran)

On a national level, according to U.S. Census Data, about 9 percent of firms are veteran-owned and according to SBA's Office of Veteran Business Development, the nation's 2.45 million veteran-owned businesses employ nearly 6 million individuals. The SBA, in cooperation with the U.S. Departments of Defense and Veterans Affairs, launched the *Operation Boots to Business* pilot initiative in spring 2012 as part of their Transition Assistance Program (TAP), enabling veterans to opt-in for training from a national network of service providers.

(www.sba.gov)

NOTE

Veterans bring a unique set of skills from their training and experience to bear on building and growing their businesses. Assisting veterans in making the transition from the military to owning and running their own businesses is not only a small repayment for their military contributions, but a job creator for the state.

Note on data(2): The U.S. Census Survey of Business Owners (SBO) provides the only comprehensive, regularly collected source of information on selected economic and demographic characteristics for businesses and business owners; and it is collected every five years, for years ending in “2” and “7” as part of the economic census. This information takes a significant amount of time to collect and analyze. For example some 2007 survey information was not released until 2011. The initial releases from the 2012 survey are expected in March 2014. This will be the first in-depth information available since the significant economic changes beginning in 2008.

ISSUE HIGHLIGHT: ECONOMIC IMPACT OF VIOLENCE AGAINST WOMEN

The Tennessee Economic Council on Women (TECW) recently released a report, “The Economic Impact of Violence Against Women,” which highlights direct economic impact to Tennessee businesses.

The TECW found that, in 2012, Tennesseans spent or lost at least \$886 million as a result of domestic violence, human sex trafficking and sexual assault. The majority of this expense was manifest in tax dollars and health care payments, but charity, lost wages, workplace expenses and inefficiency played significant roles as well. Of that \$886 million it is estimated that the annual impact on Tennessee’s private enterprise that exceeds \$203 million in direct costs and lost productivity. This is a direct impact to Tennessee businesses of all sizes and can affect Tennessee’s small businesses the most. It is also important to note that violence against women equally crosses all socio-economic strata.

FROM THE REPORT

Testimony offered during the TECW's Hearing Series indicates that women who are targeted by Violence Against Women (VAW) crimes tend to exhibit high levels of absenteeism and presenteeism in the work place as a direct result of their victimization. Using two available formulas for estimating the cost of absenteeism in the state provides a range of missed wages and/or work valued between \$57 million and \$203 million. While both could be considered conservative, there is no information available at present with which to measure actual missed work, loss of productivity, or totals spent responding to security needs in private industry. Please note that though presented as a range, available information suggests that the true impact of VAW crimes on the private sector is greater than shown here.

Total Cost of Violence Against Women: More than \$203 million

\$203 million is an underestimate of the true costs, particularly when considering variables like presenteeism that are difficult to measure. Below are some of the most significant forms of loss or expense, with a note on their degree of inclusion in the figure above.

- Lost productivity and wages caused by the absenteeism of victims and offenders due to injury, court appearances, legal or medical appointments, etc. (*partially included*)
- Lost productivity due to presenteeism: injury, anxiety and depression caused by violence at home are expressed in the workplace as distraction and dysfunction. (*partially included*)
- Direct costs like security personnel and systems, metal detectors, surveillance, safety training, and other accommodations that protect employees (*not included*)
- Increased liability in the case of violence, due to the threat of negligence (*not included*)
- Missed opportunities in business and professional development in Tennessee due to violence that is, at least, comparable to surrounding region, and revealed to be worse in cases such as DV-related murder. (*not included*)

- While presenteeism is included in this figure as approximately matching absenteeism in cost, the TECW's research found studies that suggested its impact on business could be anywhere from two to seven times that of absenteeism, if not greater.
- Studies reveal average judgments of \$1.2 to \$2.2 million against employers found negligent in cases of workplace violence.
- The expense of replacing an employee who is forced to quit or is let go due to factors like presenteeism or absenteeism ranges from an estimated 1.5 to 3 times the annual salary of that employee.
- Absenteeism is estimated to account for \$101.5 million of the cost stated. This is equivalent to the loss of more than 3,200 full-time positions at the median female salary of \$31,585.

Full report can be found at www.tennesseewomen.org/domestic_violence.htm.

PROGRAM DATA

The department shall maintain complete and consistent program data. (TCA §4-26-104(C)(b)(2))

The department reorganized as it moved into FY2012. FY2012 marked a new direction for BERO's policy and advocacy for women- and minority-owned businesses. It is expected that, absent any concerns, data will continue to be organized in a similar fashion as is presented here.

REPORTS

The enabling statute for the Office of Business Enterprise, otherwise known and referred to as the Business Enterprise Resource Office (BERO) requires several written reports. The reports fall under the following:

- TCA §4-3-728. Community development block grants to disadvantaged businesses.
- TCA §4-26-105. Reports.
- TCA §4-26-106. Disadvantaged business loan guarantee program.
- TCA §4-26-107. Guidelines and reports to the government operations committees of the senate and house of representatives.

TCA §4-3-728. COMMUNITY DEVELOPMENT BLOCK GRANTS TO DISADVANTAGED BUSINESSES.

BERO shall annually report on advisements regarding disadvantaged businesses and the number of or amount of community block grants received by disadvantaged businesses.

Community Development Block Grants (CDBG)

ECD awards CDBGs to rural municipalities and counties communities for infrastructure, health and safety projects, and downtown improvement. The communities in turn contract with a company for its performance.

The information gathered regarding the award recipients is pulled from the annual, federally required Title VI reporting. Per federal guidelines under Section 570.491 of the State Community Development Block Grant (CDBG) Rule requires states to submit to HUD data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in or beneficiaries of CDBG programs. The following table shows what the participation report reflected for the applicants, who are counties and municipalities, and the beneficiaries, who are the residents.

Federal FY2012	Applicant Total Number	Beneficiary Total Number
1. White	1,115	180,812
2. Black/African American	5	15,378
3. Asian	0	246
4. American Indian/Alaskan Native	4	105
5. Native Hawaiian/Other Pacific Islander	0	48
6. American Indian/Alaskan Native & White	3	130
7. Asian & White	0	32
8. Black/African American & White	5	199
9. American Indian/Alaskan Native & Black/African American	3	423
10. Other Multi-Racial	37	3,429
11. Female head of households (if applicants or beneficiaries are receiving a direct benefit)	126	33,272

Contract Awards for Federal FY2013

In the U.S. Department of Housing and Urban Development (HUD) report Contract and Subcontractor Activity on CDBG awards, of the 54 awards to 19 companies totaling \$2,006,952.00; 17 women-owned companies were awarded \$1,946,227.00; two companies, neither woman-owned nor minority-owned, were awarded \$60,725.00; 18 companies awarded \$1,970,452.00 reported company ownership as “White Americans” and one company awarded one contract of \$36,500.00 reported ownership as “Asian/Pacific American,” and the average contract award amount for was \$37,867.02.

For the purposes of this CDBG report to HUD, the following racial and ethnic designations used were: White Americans, Black Americans, Native Americans, Hispanic Americans, Asian/Pacific Americans and Hasidic Jews. (www.tn.gov/ecd/CDBG)

ACTION

BERO has partnered with the Governor’s Office of Diversity Business Enterprise (Go-DBE) to make CDBG opportunities available to a larger number of DBEs by posting contracting opportunities in the Construction Industry Opportunities section of Go-DBE’s webpage at www.tn.gov/businessopp/procure_opp.html. The official launch in July 2013 occurs during FY2014.

TCA §4-26-105 REPORTS.

(a) The department shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1.

(b) The report shall advise the officials and committees mentioned in subsection (a) on the administration and operation of this chapter.

The Office of Business Enterprise, otherwise known and referred to as the Business Enterprise Resource Office (BERO), was created in the Department of Economic and Community Development (ECD) by Chapter 135 of the Public Acts of 1977, codified as Section §4-26-101 et seq.

Update

Given the era of BERO’s establishment and the changes that have taken place in the 36 years since its original legislation, suggested revisions for consideration were submitted to the department by BERO prior to the issuance of this report. (Attachment A, BERO Enabling Legislation)

Staffing

The office is composed of a dedicated director charged with managing the statutory duties of the office.

TCA §4-26-106. DISADVANTAGED BUSINESS LOAN GUARANTEE PROGRAM.

(d) The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within ninety (90) days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund. HISTORY: Acts 1990, ch.1071, § 1.

COMMENT

This loan fund remains unfunded within ECD.

TCA §4-26-107. GUIDELINES AND REPORTS TO THE GOVERNMENT OPERATIONS COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES.

The office of business enterprise shall provide guidelines to address any impediments by other state agencies to the conduct of the office of business enterprise to the members of the government operations committees of the senate and the house of representatives. The office of business enterprise shall also provide periodic reports to the government operations committees of the senate and house of representatives relative to the audit findings of the office of the comptroller. [Acts 2006, ch. 935, § 3.]

The Comptroller of the Treasury conducted a performance audit of selected programs and activities of the Department of Economic and Community Development for the period July 1, 2007, through June 30, 2012 and published the report in October 2012. In the report the following finding and corrective action are noted:

Finding: Staff of the Department of Economic and Community Development did not always follow loan receivable collection policies and did not pursue collection of all amounts due to the State of Tennessee.

ECD's Comment: The department concurs. The various divisions within the department have historically not followed the Finance & Administration's Policy 23 procedures consistently or vigorously. The department identified this issue in 2011 and sought to address this weakness in 2012 by establishing departmental loan collection procedures that require the active pursuit of all amounts due and include enlisting the assistance of the office of the Attorney General as necessary. New loan collection procedures that are consistent with Policy 23 are now in place for each of the department's divisions.

ACTION

The policies and procedures for the microloan program are available and posted on the microloan website at www.tn.gov/ecd/bero/loan.html. The procedures developed are in consideration of the flexibility needed for a microloan program while maintaining sufficient internal controls.

Additional information on the microloan program is in the ACCESS TO CAPITAL: PROGRAMS MANAGED WITHIN ECD section of this report and online at www.tn.gov/ecd/bero/loan.html.

COMMUNICATION AND OUTREACH

WEBSITE

BERO maintains a webpage with its publications, along with other useful DBE links and resources at www.tn.gov/ecd/bero. The website relaunch is in FY2014.

TENNESSEE SMART START GUIDE

It is a start-up guide and small business resource, is produced and made available online and in hard copy. The guide and related postcard are distributed across the state via the nine regional offices, county and city officials, chambers of commerce and other resource partners, and through events and inquiries (email, phone, etc.). The guide is linked to on many websites - a button and link are provided to chambers of commerce and other resource partners upon request. The guide may be found at <http://tn.gov/ecd/bero/pdf/TNSmartStartGuide.pdf>.

QUARTERLY ENEWSLETTER AND SURVEYS

eNewsletter

BERO communicates with its stakeholders through quarterly email newsletters. BERO launched these with the Fall 2012 edition. The goal of it is to serve as a platform to bring attention to what is happening across the state and nation for DBEs; to highlight what's working well for service providers and their clients; to seek feedback; and to bring attention to challenges.

Each newsletter features articles collected over each quarter relative to DBEs including those specific to rural and youth. The current and last newsletter is posted on BERO's website; and the quarter's articles are also posted on the webpage for easy access at www.tn.gov/ecd/bero.

See attachments for the Winter, Spring, Summer and Fall 2013 (reduced) editions.

Surveys

The newsletter serves as platform to survey service providers and stakeholders. During one quarter there was survey was to gauge interest in a state level DBE/small business award for Tennessee businesses. The results were that 25percent would like to see one established; 63 percent said maybe; and 13 percent said no. The comments/concerns centered mostly on making it distinct and attracting a sufficient number of quality applicants. Based on the feedback, it was determined to delay action on establishing another award program.

Over the course of FY2013 BERO met with various stakeholders statewide to gauge strengths and challenges. Based on the feedback, we are considering a DBE Service Providers Summit, which will enable education opportunities, greater networking and dissemination of best practices statewide.

PRESENTATIONS AND EVENTS

Below is a sample list of the events in which BERO was represented through participation, presentation and/or booth during FY2013. This list is not comprehensive.

- MMBC Continuum Economic Development Forum, Memphis
- E.D.G.E. Conference, Dyersburg
- USDA Rural Development Conference, Cookeville
- East Tennessee Women's Leadership Summit, Alcoa
- A Capital Idea - Appalachian Funders Network, Asheville, NC
- Tennessee Veteran's Business and Education Expo, Knoxville
- Annual Business Matchmaking & Tradeshow Event, Knoxville
- IRS Small Business Forum, Nashville
- Economic Summit on Women, Nashville
- MED Week, Memphis
- Global Entrepreneurship Week (GEW)
- Creative Communities Summits, Crossville
- MBDA 1st year anniversary, Memphis
- Advancing Microbusiness in Tennessee, Nashville
- Women Business Enterprise Council (WBEC) South Kick-off, Memphis
- TN Minority Supplier Diversity Council (TMSDC) Awards, Nashville
- TN Basic Economic Development Course, Nashville
- SAWF/TAMA Auto Supplier Opportunities, Spring Hill
- SBA Federal procurement Conference, Nashville

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DATA NOTES

BLS-QCEW

Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) collects data on companies that are covered by Unemployment Insurance (UI) laws and Federal workers covered by the Unemployment Compensation for Federal Employees (UCFE) program, which it publishes and is available at the county, MSA, state and national levels by industry.

(www.bls.gov/cew)

DUN AND BRADSTREET'S HOOVER'S DATABASE

Hoover's business information database includes more than 65 million companies, 85 million contacts, and 900 industry segments. Hoover's updates its information annually, with all private data provided by the company. The database only contains information about companies that have been assigned DUNS numbers.

(www.hoovers.com)

U.S. CENSUS SURVEY OF BUSINESS OWNERS (SBO)

The SBO provides the only comprehensive, regularly collected source of information on selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status. Title 13 of the United States Code authorizes this survey and provides for mandatory responses. Data have been collected every 5 years since 1972, for years ending in "2" and "7" as part of the economic census. The information takes a significant amount of time to collect and analyze. Some 2007 survey information used in this report was not released until 2011. Releases from the 2012 survey are expected in early 2014.

(www.census.gov/econ/sbo)

ATTACHMENTS

A. Enabling Legislation

B. BERO Quarterly eNewsletter (FY2013)

- Winter 2013
- Spring 2013
- Summer 2013
- Fall 2013

NOTE: Documents are reduced to body of newsletter only and do not include the list of articles addressing DBEs over the prior quarter. The most recent eNewsletters can be found on BERO's website and the most recent list of articles scrolls on BERO's website as well.

C. TN Smart Start Guide and postcard **Included in hard copy version only**

Available for download at www.tn.gov/ecd/bero.

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- 2) Cole, S.R., Kelley, D., Kew, J., Herrington, M., Vordewülbecke, A., & Global Entrepreneurship Research Association (GERA) (2012). 2012 Global Report. *Global Entrepreneurship Monitor*. Retrieved from www.gemconsortium.org/docs/2645/gem-2012-global-report.
- 3) Dell Computers. (2012-2013). Infographics. *Women Powering Business*.
 - “Women are Key Drivers of Economic Growth.” Retrieved from http://i.dell.com/sites/doccontent/corporate/secure/en/Documents/HRC_Infographic_053013_1115a.pdf.
Synopsis: A world values survey from Dell and Intel with data from the World Economic Forum Gender Gap Report and the Food and Agriculture Organization of the United Nations.
 - “State of High-Potential Women Entrepreneurs Internationally.” Retrieved from http://i.dell.com/sites/doccontent/corporate/secure/en/Documents/International_Infographic_052913_915a.pdf.
Synopsis: The world's first gender-focused, global entrepreneurship index based on the Global Entrepreneurship and Development Index (GEDI) commissioned by Dell with data from the Global Entrepreneurship Monitor (GEM); Springboard Enterprises; UNESCO; World Bank Findex; World Values Survey from Dell and Intel.
 - “Where are the Conditions Favorable for High-Potential Female Entrepreneurship Development?” Retrieved from http://i.dell.com/sites/doccontent/corporate/secure/en/Documents/Favorability_Infographic_053013_115p.pdf.
Synopsis: The world's first gender-focused, global entrepreneurship index based on the Global Entrepreneurship and Development Index (GEDI) commissioned by Dell with data from the Global Entrepreneurship Monitor (GEM); Springboard Enterprises; UNESCO; World Bank Findex; World Values Survey from Dell and Intel.
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- 11) State of Tennessee, Department of Veteran Affairs. (FY2012). Annual Report, Veterans First. Nashville, TN. Print.
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 - (2010, October). The Economic Impact of Women-owned Businesses in Tennessee.
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 - U.S. Business Fact Sheet: "Minority-Owned Business Growth & Global Reach. Retrieved from <http://www.mbda.gov/node/371>.
 - Written testimony of Alejandra Y. Castillo, Esq., National Deputy Director before the Senate Committee on Small Business and Entrepreneurship. Retrieved from www.commerce.gov/sites/default/files/documents/2013/may/castillo050813.pdf.
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ATTACHMENT: ENABLING LEGISLATION



**Tennessee Department of Economic & Community Development
Business Enterprise Resource Office
Enabling Legislation: Attachment A**

**Title 4 State Government
Chapter 26 Business Enterprise Office**

4-26-101. Establishment.

There is established within the department of economic and community development an office of business enterprise.

HISTORY: Acts 1977, ch. 135, § 1; T.C.A., § 4-2601.

4-26-102. Chapter definitions.

As used in this chapter, unless the context otherwise requires:

(1) "Bid bond" means a bond conditioned upon the entering into a contract by a bidder, if the bidder receives the award thereof, and furnishing the prescribed payment bond and performance bond;

(2) "Commissioner" means the commissioner of economic and community development;

(3) "Department" means the department of economic and community development;

(4) "Director" means the director of the office of business enterprise;

(5) "Disability" means a physical impairment that, in the written opinion of a person's licensed physician, substantially limits one (1) or more of the major life activities of such person and is expected to continue to exist for more than five (5) years. As used in this subdivision (5), "major life activities" means caring for oneself and performing manual tasks, which includes writing, walking, seeing, hearing, speaking, and breathing;

(6) "Disadvantaged business" means a business that is solely owned, or at least fifty-one percent (51%) of the outstanding stock of which is owned, by a person who is either:

(A) By reason of social background unable to obtain technical, business or financial assistance of a quality or quantity similar to that available to the average business;

(B) Impeded from normal entry into the economic mainstream because of past practices of discrimination based on race, religion, ethnic background, sex or service in the armed forces during the Vietnam war; provided, that it is not the policy of this state to encourage employment outside the home of mothers of minor children;

(C) Unable to compete effectively because of tendencies of regular financing and commercial organizations to restrict their services to established businesses;

(D) In a state of chronically low income because of long residence in an urban area with high unemployment and low income; or

(E) Impeded from normal entry into the economic mainstream because of a disability;

(7) "Obligee" means:

(A) In the case of a bid bond, the person requesting bids for the performance of a contract; or

(B) In the case of a payment bond or performance bond, the person who has contracted with a principal for the completion of the contract and to whom the obligation of the surety runs in the event of a breach by the principal of the conditions of a payment bond or performance bond;

(8) "Payment bond" means a bond conditioned upon the payment by the principal of money to persons under contract with the principal;

(9) "Performance bond" means a bond conditioned upon the completion by the principal of a contract in accordance with its terms;

(10) "Prime contractor" means the person with whom the obligee has contracted to perform the contract;

(11) (A) "Principal" means:

(i) In the case of a bid bond, a person bidding for the award of a contract; or

(ii) The person primarily liable to complete a contract for the obligee, or to make payments to other persons in respect of such contract, and for whose performance of such person's obligation the surety is bound under the terms of a payment or performance bond.

(B) A principal may be a prime contractor or a subcontractor;

(12) "Subcontractor" means a person who has contracted with a prime contractor or with another subcontractor to perform a contract; and

(13) "Surety" means the person who:

(A) Under the terms of a bid bond, undertakes to pay a sum of money to the obligee in the event the principal breaches the conditions of the bond;

(B) Under the terms of a performance bond, undertakes to incur the cost of fulfilling the terms of a contract in the event the principal breaches the conditions of the contract; or

(C) Under the terms of a payment bond, undertakes to make payment to all persons supplying labor and material in the prosecution of the work provided for in the contract if the principal fails to make prompt payment.

HISTORY: Acts 1977, ch. 135, § 2; T.C.A., § 4-2602; Acts 1987, ch. 369, § 2; 1993, ch. 488, § 1; 1994, ch. 767, §§ 1, 2.

4-26-103. Powers and duties.

The department is authorized to:

(1) Provide assistance to disadvantaged businesses by advising and counseling on all phases of procurement policies, by obtaining information concerning prime contractors in letting subcontracts and by encouraging the letting of subcontracts by prime contractors to disadvantaged businesses;

(2) Receive funding from sources other than the state;

(3) Make studies and conduct workshops, conferences and seminars, with owners and employees of disadvantaged businesses to enhance their understandings of business management, bidding, licensing procedures, procurement procedures and any other activities incident to their positions in business;

(4) Develop training and educational programs in cooperation with institutions, associations, and other state, local and federal agencies, and coordinate the training efforts of the various organizations presently providing technical assistance to disadvantaged businesses;

(5) Encourage and provide the direction and coordination necessary to secure franchises and dealerships from private firms for disadvantaged businesses;

(6) Review and evaluate legislation and determine its effect upon disadvantaged businesses and make appropriate recommendations to the governor and the general assembly;

(7) Employ such personnel as may be required to implement and administer this chapter; and

(8) (A) Develop sources of capital for minority entrepreneurs;

(B) Assist in setting up new minority banks, small business investment companies, as defined in 15 U.S.C. § 681(a), and minority enterprise small business investment companies, being the companies authorized in 15 U.S.C. § 681(d) [repealed]; and

(C) Develop loan packages to assist minority business persons in the start-up or expansion of businesses, or any other financial counseling necessary to enable minority business operations to operate on a sound financial basis.

(b) (1) The department shall continually evaluate the progress of disadvantaged businesses through monitoring and techniques of evaluation, such as surveys and feasibility studies.

(2) The department shall maintain complete and consistent program data.

4-26-104. Purpose and construction.

This chapter shall be liberally construed to carry out the following purposes and objectives that:

(1) Disadvantaged businesses share in the American economic system of private enterprise through free and vigorous competition;

(2) Such competition be fostered through the encouragement and development of disadvantaged businesses; and

(3) The state aid, counsel and assist in every practical manner disadvantaged businesses in order to preserve free competition on equal terms with those businesses constituting the major part of the business community.

HISTORY: Acts 1977, ch. 135, § 4; T.C.A., § 4-2604.

4-26-105. Reports.

(a) The department shall make a written report to the governor, the speaker of the senate, the speaker of the house of representatives, the chair of the commerce and labor committee of the senate, the chair of the business and utilities committee of the house of representatives, and any governor's advisory committee on minority economic development, at least once each year, such report to be made no later than December 1.

(b) The report shall advise the officials and committees mentioned in subsection (a) on the administration and operation of this chapter.

HISTORY: Acts 1977, ch. 135, § 5; T.C.A., § 4-2605; Acts 2013, ch. 236, § 14.

4-26-106. Disadvantaged business loan guarantee program.

(a) (1) The general assembly finds that conventional funding sources for emerging and expanding disadvantaged businesses are limited or nonexistent.

(2) The general assembly further finds that promoting and encouraging economic opportunity and development within the state's minority community is a worthy public purpose.

(3) Such economic opportunity and development serve the health, safety and welfare of all citizens through creation of long-term employment opportunities, reduction of unemployment, diminished demand for costly social services and increased revenue collections.

(b) (1) There is created within the state treasury a restricted account not to exceed fifty thousand dollars (\$50,000) to be known as the "disadvantaged business loan guarantee account."

(2) Amounts in the account at the end of any fiscal year shall not revert to the general fund but shall remain available to the department for the purposes set forth in this section.

(3) Amounts in the account shall be invested for the benefit of the account by the state treasurer pursuant to § 9-4-603. The account shall be administered by the commissioner.

(c) (1) There is created within the department the disadvantaged business loan guarantee program.

(2) The purpose of the loan guarantee program is to ensure the availability of conventional financial resources to emerging and expanding disadvantaged businesses by guaranteeing loans for disadvantaged businesses.

(3) To qualify for a loan guarantee, a disadvantaged business must demonstrate to the satisfaction of the commissioner that the loan will be fully repaid and will produce economic benefit for the community and state.

(4) The department is authorized to determine the total dollar amount of loans to be guaranteed, subject to a maximum of five (5) times the balance of appropriated funds within the loan guarantee account, plus income, less expenses associated with the program.

(5) The department is authorized to charge a premium to the borrower to help defray the cost of administering the program.

(6) The department may establish other terms and conditions for guarantees of loans.

(7) The total aggregate amount of the loan guarantee may not exceed eighty percent (80%) of any loan.

(8) All documentation evidencing a loan guarantee shall clearly state that such guarantee is an obligation of the disadvantaged business loan guarantee account and not of the general fund or the state of Tennessee, and that any amounts required to be paid pursuant to the loan guarantee are subject to the availability of sufficient funds within the guarantee account.

(d) The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within ninety (90) days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund.

HISTORY: Acts 1990, ch. 1071, § 1.

4-26-107. Guidelines and reports to the government operations committees of the senate and house of representatives.

The office of business enterprise shall provide guidelines to address any impediments by other state agencies to the conduct of the office of business enterprise to the members of the government operations committees of the senate and the house of representatives. The office of business enterprise shall also provide periodic reports to the government operations committees of the senate and house of representatives relative to the audit findings of the office of the comptroller.

HISTORY: Acts 2006, ch. 935, § 3.

Additional TCA relative to BERO:**Title 4 State Government****Chapter 3 Creation, Organization and Powers of Administrative Departments and Divisions****Part 7 Department of Economic and Community Development****4-3-728. Community development block grants to disadvantaged businesses.**

(a) Notwithstanding any provision of the law to the contrary, in the allocation and use of community development block grants it is the policy of this state that a substantial portion of such grants shall be utilized whenever reasonably possible for the development of contracts with disadvantaged businesses as defined in § 4-26-102.

(b) The office of business enterprise in the department of economic and community development shall advise the commissioner, or any other official with authority to allocate or disperse community block grants, of disadvantaged businesses that should be considered as recipients of such block grants.

(c) The office of business enterprise shall annually report not later than December 1, to the general assembly, of all such advisements regarding disadvantaged businesses and the number of or amount of community block grants received by disadvantaged businesses.

HISTORY: Acts 1984, ch. 873, § 1.

4-3-732. Enhanced policymaking role for minority business.

Notwithstanding the provisions of any law to the contrary, the director of the office of business enterprise, created by § 4-26-101, may, in the discretion of the commissioner, serve as a full, voting member of each committee, board, task force, group or other entity that is formally or informally attached to or established within the department for the purpose of formulating, adopting or recommending state policies to enhance economic and community development. The general assembly urges the department of economic and community development to develop an enhanced policymaking role for minority business.

HISTORY: Acts 1996, ch. 976, § 1.

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ATTACHMENT: NEWSLETTERS



Business Enterprise Resource Office (BERO)

WINTER 2013

TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

Director's Message

Greetings everyone!

While the new year may start slowly, it ramps up pretty quickly as we head into February and March, Black History and Women's History Months respectively.

We wrapped up 2012 with the BERO Annual Report on the progress of disadvantaged business enterprises (DBEs) in Tennessee. A few things to consider from the report:

- According to data from the U.S. Census Survey of Business Owners (SBO), in 2007, there were just over half a million firms in Tennessee, 13 percent of which were minority-owned firms. The total number of firms in the state increased by 12 percent from 2002 to 2007 with total gross receipts increasing by 46 percent. African-American- and Asian-owned businesses saw the largest increase in business ownership from 2002 to 2007 at 71 percent and 54 percent, respectively, while American Indian- or Alaska Native-owned businesses saw a 24 percent decrease. In 2007, women-owned firms comprised 26 percent of the total firms in Tennessee; however, from 2002 to 2007 they grew at a slower rate of 20 percent both in terms of the numbers of firms and total gross receipts. Veteran-owned businesses were not tracked in the SBO for 2002, but were in 2007. In 2007, veteran-owned businesses comprised about 13 percent of total businesses in Tennessee.
- While the overall gains in numbers of businesses are impressive, it is important to note that the annual receipts of DBE businesses significantly lagged non-DBE businesses.
- MDDBA stated "minorities represented 36 percent of the nation's population in 2010, and will become the majority of the population by 2042." Based on the 2010 census, women comprise 51 percent of the population.

Why is the data referenced from 2002 to 2007? Good question! The SBO provides the only comprehensive, regularly collected source of information on selected economic and demographic characteristics for businesses and business owners; and it is collected as part of the economic census every five years, in years ending in "2" and "7". This information takes a significant amount of time to collect and analyze. Some 2007 survey information used in the report was not released until 2011. The report will be available on our website shortly at WWW.TN.GOV/ECD/BERO.

Last, but not least, bear in mind that the goal of this quarterly newsletter is to serve as a platform to bring attention to what is happening across our state and nation for DBEs; to highlight what's working well for you and your clients; to seek your feedback; and to bring attention to challenges. Look towards the bottom, *Call for Entries*, for details on how to participate. Your participation is valuable and important.

I hope the New Year is off to a good start for you!

Sincerely,



Wisty Pender
Director, BERO

What's in the Winter 2013?

❖ DBE/Veteran Practices and Highlights

- MBDA Business Center Supporting the Growth of Scalable Minority Firm
- WBENC and Tennessee's Women Entrepreneurs
- Council Releases "Status of Women in Tennessee Counties"

❖ Access to Capital

- Deadline Approaching for Tennessee SBA Working Capital Loans
- Everywhereelse.co Getting Close
- A Wave of Angel Investing Organizations Focuses on Women

❖ Upcoming Events and Items of Note

National Mentoring Month, Black History Month, Women's History Month

❖ Call for Entries

Submit Case Studies, Best Practices, Events

❖ Articles of Interest from the Last Quarter

A mix of articles on DBE business topics

❖ Contact Information

❖ DBE/Veteran Best Practices and Highlights

➤ From the Field...

▪ MBDA Business Center Supporting the Growth of Scalable Minority Firms

Natalie Robinson

VP and Director, Communications & Marketing



The new Memphis MBDA (**MINORITY BUSINESS DEVELOPMENT AGENCY UNDER THE U.S. DEPARTMENT OF COMMERCE**) Business Center is making great strides in connecting scalable minority firms to contract opportunities in Memphis and across the country through the MBDA national network. By tapping into the national network, the Memphis MBDA center has provided access to federal, state and local government public sector opportunities. With over 50 members, the

Center is on track to meet its targeted first year goals.

The center served as the host for the 2012 national MBDA training conference held in Memphis, Tenn., at the Peabody Hotel in August 2012, which brought executive directors and operators representing 40 centers from across the country to the State of Tennessee. Members were also introduced to exporting and the value of expanding into new markets during a fourth quarter seminar. Samar Ali, assistant commissioner for the State of Tennessee International Programs presented new initiatives that engage and support entrepreneurs in their efforts to expand globally. ECD Regional Director, Ted Townsend and David Spann, Memphis U.S. Export Assistance Center, also made presentations along with representatives from the Greater Memphis Chamber international programs and First Tennessee Bank international portfolios division.

Access to capital is a critical factor in the growth and expansion of minority firms. Through partnerships with traditional and non-traditional lenders the MBDA Business Center is actively working with its members to gain secure the necessary capital to fund their continued growth.

The Center provides minority firms access to capital, contracts, new markets and strategic business consulting. The executive director, Beverly Goines, seeks to connect with other scalable minority firms across the state and the region that have the capacity to grow and create new jobs.

Memphis MBDA Business Center is operated by The MMBC Continuum. For more information call (901) 528-1432.

▪ WBENC and Tennessee's Women Entrepreneurs

Blanca Robinson

President, WBENC South



Exciting things are happening inside the world of women entrepreneurs! Women-owned businesses are an incredible economic force to be reckoned with – now more than ever.

Women are now the dominant force in small business ownership and are succeeding in industries that have been traditionally male-dominated. Despite the economic conditions, women have continued to follow their entrepreneurial dreams and aspirations.

Across the United States, there are 7.8 million women-owned businesses, crossing over every industry sector. According to **WIPP**, the growth trend of women-owned firms, with an increase of 11% since 2008, underscores the important role women play in our nation's economy. Women employ 7.6 million people and generate \$1.2 trillion in annual revenues.

Women also contribute significantly to entrepreneurship in all economies of the world. The states with the largest percentage of women-owned businesses are District of Columbia (34.5%), Maryland (32.6%), New Mexico (31.7%), Hawaii (31.0%) and Georgia (30.9%).

Within the state of Tennessee, more than 140,000 women own a business. The Women's Business Enterprise Council South (WBEC South) wants to work with many of these businesses, providing a reputable certification program, education and professional growth opportunities. WBEC South is a 501(c)(3) non-profit organization and one of 14 Regional Partner Organizations of the Women's Business Enterprise National Council (WBENC). WBENC is the largest 3rd party certifier of businesses that are majority woman-owned, managed, operated and controlled. WBENC certification is nationally recognized and accepted, and is the preferred certification for corporations interested in doing business with women-owned firms. Additionally, WBENC and its partner organizations are an approved 3rd party certifier of the SBA providing Women-Owned Small Business (WOSB) certification to businesses interested in federal contracting opportunities and whose NAICS codes qualify.

WBEC South provides WBENC certification to businesses headquartered in Tennessee, Louisiana, Mississippi, Alabama and the Florida Panhandle. The 600+ businesses within WBEC South collectively have revenues in excess of \$5B and employ more than 37,000 persons. Nationally, there are more than 11,000 WBENC-certified WBEs with revenues of nearly \$34B, employing more than half a million persons. These businesses range from start-ups to multi-million dollar global corporations. All types of businesses are certified, from IT and healthcare services to legal and engineering firms to landscape and catering businesses.

In addition to regional networking events, WBEC South holds an annual Women's Business Opportunity Expo that features matchmaker meetings, top-notch workshops, dynamic speakers, exhibit booths and ample time for networking and creating business connections over a two-day period. This year's Expo is scheduled for April 3-4 in New Orleans. WBENC also holds a National Conference and Business Fair with approximately 3,000 attendees. The conference features numerous workshops geared to women business owners as well as corporate representatives, networking receptions, world-class speakers at each luncheon and breakfast, and a business fair with approximately 400 exhibit booths – an opportunity you do not want to miss! This year's conference will take place in Minneapolis June 25-27th.

For more information on WBEC South and WBENC visit WWW.WBEC SOUTH.ORG and WWW.WBENC.ORG.

▪ Council Releases "Status of Women in Tennessee Counties"

The Tennessee Economic Council on Women (TECW) released their report at the 9th Annual Economic Summit of Women in October 2012. Following the summit, on January 4, ECD hosted the TECW for their quarterly meeting. This year the TECW's two major projects are the "Women & Work Project" and the "Economic Impact of Violence Against Women".



(Pictured from left to right: Executive Director Phyllis Qualls-Brooks, Vice-Chair Elliott Moore, Kristi Stanley, Dr. Carol Danehower, Veronica Marable Johnson, ECD Commissioner Bill Hagerty, Dr. Mimi Barnard, Janis Sontany, Chairwoman Yvonne Wood, Kathleen Walker, Dr. Janet Smith, Tourist Development Commissioner Susan Whittaker, Wisty Pender, Deborah Clubb, Assistant Commissioner Alice Rolli)

ECD Commissioner, Bill Hagerty, welcomed the group, and Assistant Commissioner of Strategy, Alice Rolli, presented on ECD's programs within the agency. Her discussion included the **REGIONAL ACCELERATORS** and **LAUNCH TENNESSEE**; the Film, Music and Entertainment **COMMISSION**'s incentive program (of which the ABC television drama "**NASHVILLE**" is a recipient); **TNTRADE** Academy; and **GIG CITY**, aka Chattanooga, where the city's homes and businesses have the fastest internet speeds in the Western Hemisphere.

Further, the TECW discussed the "Economic Impact of Violence Against Women" project, for which a series of hearings are being held across the state. The hearings are designed to determine the economic impact of crimes of violence against women, including sex trafficking, from all aspects including business, healthcare, law enforcement and the judicial system.

For reports and more information on these projects, please contact the TECW by phone at 615.253.4264 or online at WWW.TENNESSEEWOMEN.ORG.

❖ Access to Capital

- **Deadline Approaching for Tennessee SBA Working Capital Loans** *Source: HispanicBusiness.com*
[HTTP://WWW.HISPANICBUSINESS.COM/2013/1/11/DEADLINE_APPROACHING_FOR_TENNESSEE_SBA_WORKING.HTM](http://www.hispanicbusiness.com/2013/1/11/deadline_approaching_for_tennessee_sba_working.htm)
 The U.S. Small Business Administration is reminding small businesses, small agricultural cooperatives, small businesses engaged in aquaculture and most private non-profit organizations of all sizes that Feb. 12 is the filing deadline for federal economic injury disaster loans available in Tennessee as a result of freeze on April 7-24, 2012.
- **Everywhereelse.co Getting Close, Less Than 8 Weeks Til The Biggest Startup Conference In The U.S.** *Source: Nibletz*
[HTTP://NIBLETZ.COM/2012/12/EVERYWHEREELSE-CO-CLOSE-8-WEEKS-TIL-BIGGEST-STARTUP-CONFERENCE-U-S/](http://nibletz.com/2012/12/everywhereelse-co-close-8-weeks-til-biggest-startup-conference-u-s/)
 The biggest startup conference in the United States, [EVERYWHEREELSE.CO](http://everywhereelse.co) The Startup Conference, is happening in less than eight weeks. February 9-12th 2013, over 1700 entrepreneurs, startup founders, investors, designers, and developers will converge on downtown Memphis Tennessee. Make no mistake about it, this is a national conference with less than 15% of the ticket sales zipcoding to Tennessee. Over 400 of the tickets sold have identified themselves as angels or VC's and their email addresses check out. The conference officially starts on Sunday February 10th with a preview of the Startup Village. Over 130 startups from around the world will be exhibiting in the Startup Village.
- **A Wave of Angel Investing Organizations Focuses on Women** *Source: Harvard Business Review*
[HTTP://BLOGS.HBR.ORG/CS/2012/12/A_WAVE_OF_ANGEL_INVESTING_ORGA.HTML?UTM_CAMPAIGN=SOCIALFLOW&UTM_SOURCE=SOCIALFLOW&UTM_MEDIUM=TWEET](http://blogs.hbr.org/cs/2012/12/a_wave_of_angel_investing_orga.html?utm_campaign=socialflow&utm_source=socialflow&utm_medium=tweet)
 There's a quiet movement gaining momentum: increasing the number of women investors. As we see more women taking reins of companies and filling seats on corporate boards, the number of female investors has lagged. Studies show that women make up just 10-15% of angel investors and venture capitalists. Fortunately, this is beginning to change...While women excel at building networks, they generally find it easier to enter the networks of other women. People invest in what they know, where their comfort lies. Most investors invest within their existing networks, evidenced by men primarily investing in companies run by men. This chicken-egg cycle can be circumvented, but it requires significant effort in building women's networks.

❖ Upcoming Events and Items of Note

- **January:** National Mentoring Month, National Slavery and Human Trafficking Prevention
 - January 28-29, 2013: **3rd Annual Business and Education Showcase**
 The Tennessee Veteran's Business Association is celebrating "Veteran-owned Business Week" with a two day trade show and hiring expo open to the public. For complete information go to WWW.JOINTVBA.ORG.
- **February:** Black History Month, Irish-American Heritage Month
 - February 10-12, 2013: **Everywhereelse.co Startup Conference** ([HTTP://EVERYWHEREELSE.CO/ABOUT-EVERYWHERE-ELSE](http://everywhereelse.co/about-everywhere-else))
 - February 16, 2013: First chapter meeting of **Memphis Black Girls Code**
- **March:** Women's History Month

➤ **And beyond...**

▪ June 14, 2013: **East Tennessee Women’s Leadership Summit: “Close the Gap”**

The East Tennessee Women’s Leadership Summit is an annual event that has evolved out of the work of the Tennessee Economic Council on Women. Hosted locally by a group of women volunteers, we are now in our 6th year. For the past 5 years, you’ve heard of this as the East TN. Regional Economic Summit. For more information go to

[HTTP://EASTTNWOMENSLS.WORDPRESS.COM](http://EASTTNWOMENSLS.WORDPRESS.COM).

❖ **Call for Entries**

- **Case Studies:** We would like to spotlight how your organization worked with a client. How you plugged the company into resources, and what things that company or individual sought to accomplish. This serves two purposes, to highlight (1) your range of services and (2) the company itself statewide.
- **Best Practices:** Which ones have worked for your organization? Send a short paragraph with any links explaining how and why, and the challenges. Your best practices can be anything from how you process a client to programs developed to fill gaps that are producing good results (i.e. business matchmaking, mentor-protégée programs, loan programs, etc.).
- **Events:** What impactful events are you planning, co-planning or promoting for DBEs? Include the basics of who, what, when, where and how, with a link for more information. Also include the expected number of participants. **Send events that take place in the next 6 months.**
- **Note:** There is a lot of great work being done across the state for DBEs. If you have questions that you would like to see how other groups are solving and/or addressing, send them along. Provide enough contextual information so your question can be answered in a relevant manner.

Send your best practices, questions, well wishes to ECD.BERO@TN.GOV. We look forward to hearing from you! Also, please feel free to forward this on to others.

❖ **Articles of Interest from the Last Quarter**

Program promotes female, minority entrepreneurship *Source: Commercial Appeal*

WWW.COMMERCIALAPPEAL.COM/NEWS/2012/DEC/12/PROGRAM-PROMOTES-FEMALE-MINORITY/

Promoting minority and female entrepreneurship in growth industries will be a top priority during the coming year at the Mid-South Minority Business Council Continuum, organization leaders say, with a focus on distribution, logistics and transportation industries. And the continued growth of those industries, compared with underwhelming numbers of minority and female entrepreneurs in those sectors, signals a wealth of opportunities according to Yolanda Dillard at the MMBCC..."Minority and women-owned businesses are poised to take advantage of opportunities in these areas and that will lead to job growth in our area, throughout the region and across the country."

Black Girls Code Coming Home To Memphis In January *Source: Nibletz*

[HTTP://NIBLETZ.COM/2012/12/BLACK-GIRLS-CODE-COMING-HOME-MEMPHIS-JANUARY/](http://NIBLETZ.COM/2012/12/BLACK-GIRLS-CODE-COMING-HOME-MEMPHIS-JANUARY/)

Kimberly Bryant is an award winning social entrepreneur, technology junkie, an engineer by trade and a native Memphian. She relocated to Silicon Valley and now she’s launched a program that’s rolling out across the country. That program, Black Girls Code, promotes teaching coding and development to young African American Girls...Like many others, Bryant believes there’s a “dearth” of African American women in science, technology, engineering and math professions. While some may say it’s because there’s a lack of interest, Bryant knows that it’s more like a lack of access and exposure to STEM topics. The Black Girls Code program is about making STEM topics accessible to African American girls and exposing them at a young age. It’s also done in such a way that it’s fun and positive.

* * *

At the open house on January 16, 2013 at Emerge Memphis, Elechi Egwuekwe (11) “told the audience of about 50 that she and her sister, Sobenna (8), got to create their own app using the App Inventor platform [at an event in Atlanta]. She was quick to point out that App Inventor is a Google product and that meant their first app was for the Android platform.” *Source: NIBLETZ*

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Business Enterprise Resource Office (BERO)

SPRING 2013

TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

Director's Message

Greetings everyone!

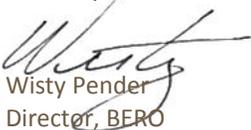
It is officially spring and we finally have the warmer weather to go with it.

In this last quarter there were a lot of articles in the DBE topics arena! There was research released on women and decision-making, changes in angel investment, some incredible youth entrepreneurs, the Boots-to-Business initiative for veterans, among other topics. Peruse the articles for yourself and pull the ones of interest to you and your organization.

Here is where your input is needed. The suggestion was made to initiate a state level DBE/small business award in Tennessee. What do you think about this type of award? Please take this [short survey](#) so we can get a gauge of interest level. The survey is literally three questions - really three. Go to www.surveymonkey.com/s/XQDTLPQ to answer the three questions and if so inclined, add a comment. The survey will be open until May 1, 2013, and I will report back to you with the results in the summer newsletter.

Keep in mind the goal of this quarterly newsletter is to serve as a platform to bring attention to what is happening across our state and nation for DBEs; to highlight what's working well for you and your clients; to seek your feedback; and to bring attention to challenges. Look towards the bottom, [Call for Entries](#), for details. Your participation is valuable and important.

Sincerely,



Wisty Pender
Director, BERO

What's in the Spring 2013?

- ❖ [DBE/Veteran Practices and Highlights](#)
- ❖ [Access to Capital](#)
- ❖ [Upcoming Events and Items of Note](#)
- ❖ [Call for Entries](#)
- ❖ [Articles of Interest from the Last Quarter](#)
- ❖ [Contact Information](#)

❖ DBE/Veteran Best Practices and Highlights

▪ SBA Announces Changes to Contracting Program For Women-Owned Small Businesses

Women-owned small businesses will have greater access to federal contracting opportunities as a result of changes included in the National Defense Authorization Act of 2013 (NDAA) to the U.S. Small Business Administration's [Women-Owned Small Business Federal Contract Program](#).

Prior to the new law, the anticipated award price of the contract for women-owned and economically disadvantaged women-owned small businesses could not exceed \$6.5 million for manufacturing contracts and \$4 million for all other contracts.

The Women's Federal Contract Program allows contracting officers to set aside specific contracts for certified WOSBs and EDWOSBs and will help federal agencies achieve the existing statutory goal of five percent of federal contracting dollars being awarded to WOSBs. Read the entire article [here](#).

➤ From the Field...

▪ ORNL recognizes small business subcontractors and supporters Source: Oak Ridge

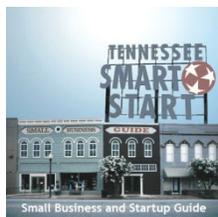
Oak Ridge National Laboratory honored seven small businesses and their supporters at its annual small business awards ceremony on March 22, 2013.

The lab awarded more than \$261 million in subcontracts to small businesses in the 2012 fiscal year. Six of this year's seven honored businesses are located in East Tennessee.

- Small Business of the Year: Electronic Workflow and Knowledge Management Network, Chattanooga, owned by Tom Carson. This small business provides electronic filing and workflow services and has helped bring ORNL divisions into the paperless environment.
- Small Disadvantaged Business of the Year: CG Services, Oak Ridge, owned by Gary Johnson. This business provides analytical services to ORNL and is honored for meeting tight schedule deadlines and helping the laboratory meet regulatory requirements.
- Women-Owned Small Business of the Year: Wrightlink Consulting, Ten Mile, Tenn. This company's director, Lynn Wright, is a published expert in the international biomass and bioenergy field, and has provided invaluable technical service to the laboratory in this area.
- HUBZone Small Business of the Year: ESG Construction LLC, Knoxville, owned by Mike Lawson. This company is a two-time winner of this award. ESG Construction exhibited exceptional performance under deadline pressure with the Carbon Fiber Technology Facility.
- Service-Disabled Veteran-Owned Business of the Year: Disabled American Veterans Company LLC (DAVCOM), Oak Ridge, led by Mike Smith. DAVCOM is a recent graduate of the ORNL Mentor-Protégé Program, and its ORNL client says the company resolves complex problems and maintains excellent customer relations.
- Veteran-Owned Small Business of the Year: Advent IT Group, Knoxville, owned by Darren Downing. This company provided exceptional computer science assistance in an energy audits project for ORNL, including advice on the design of the audit system.
- AVID Just-In-Time Small Business of the Year: Burgoon Company, Galveston, Texas, owned by Nancy Evans. This vendor maintains a 97.3 percent on-time delivery rate and provides excellent responsiveness to internal customers in the delivery of industrial products.

In addition, Dayenesi Inc., a small consulting and management firm, signed an ORNL small business mentor protégé agreement for the FY 2013-2015 class. The small business mentor-protégé program is a DOE initiative that helps companies enhance their capability to perform contracts and subcontracts for the laboratory. Read the entire article [here](#).

▪ **Updated: Tennessee Smart Start Guide**



The Tennessee Smart Start Guide has been updated for 2013. It is an informational guide for DBEs, small businesses and startups addressing business planning, licensing, insurance, regulations, financing options, certification, et. al. You can access the PDF through BERO's webpage at www.tn.gov/ecd/bero. The print version will be available shortly.

If you have a direct link to the guide on your website, it's time to update the link and the button (on the left). Consider keeping a direct link to BERO's website versus maintaining the PDF on your website so that as updates are periodically made throughout the year you will have access the most current online version. If you have any questions email ecd.bero@tn.gov. The link to guide is <http://www.tn.gov/ecd/bero/pdf/TNSmartStartGuide.pdf>

❖ **Access to Capital**

➤ **Energy Efficiency Loan Program Interest Rate Lowered, Increases Savings Opportunities For Tennessee Businesses**



Pathway Lending announced on March 13, 2013 it has lowered the interest rate of the Tennessee Energy Efficiency Loan Program to two percent in order to make the program even more beneficial and accessible to Tennessee businesses. The new interest rate is available on five-year loans to businesses that undertake

energy projects that include energy-saving measures. Standalone renewable energy projects are eligible to receive ten-year loans at five percent interest. Originally, all loans were offered with an interest rate of five percent.

The program is available to any business seeking to reduce energy consumption of its Tennessee facilities through efficiency-improving projects or renewable energy production. To complement the rate reduction, the loan application process has been streamlined and approval times reduced.

“Since its launch, the program has provided nearly \$10 million in funding to more than 50 businesses across the state,” said Clint Gwin, president of Pathway Lending. “These funds have helped businesses install high-efficiency lighting, purchase energy efficient equipment, upgrade HVACs and produce renewable energy. Each lowers energy costs and makes those businesses more competitive.”

“The Tennessee Energy Efficiency Loan Program provides businesses in our state a unique advantage and a tremendous opportunity to become more competitive now and for decades to come,” added Martineau. “The financial impact of energy efficiency is often underestimated, even by business owners. These loans and the technical assistance provided with them make realizing those benefits as easy as possible.”

To learn more about the Tennessee Energy Efficiency Loan Program, please visit www.pathwaylending.org or call (615) 425-7171.

➤ **The Changing Face of Startup Angel Investors** *Source: Huffington Post*

www.huffingtonpost.com/jane-wang/the-changing-face-of-startup-angel-investors_b_2901768.html

Funding is a tough nut to crack for many first-time entrepreneurs, and even a tougher nut for those from atypical backgrounds, such as minorities, women, LGBT members. In a restaurant in south Austin, a group of powerful women from several corners of the country gathered to seriously discuss the problem. While the issues facing female entrepreneurs are complex, a key obstacle lies in that the gatekeepers to capital are predominantly and were historically men. What does our current environment look like? 12% of angels are women and 4% are minorities. The solution to address the problem is to build a better and more efficient marketplace where willing capital can find attractive investment opportunities irrespective of the non-typical backgrounds of the entrepreneurs.

❖ **Upcoming Events and Items of Note**

➤ **April:**

- April 10-11, 2013: USDA’s 18th Annual Rural Development Conference: **Achieving Prosperity**, TTU, Cookeville, TN <http://www.rurdev.usda.gov/SupportDocuments/TN-2012Flyer.pdf>
- April 26, 2013 (Application Deadline): **Multi-Sector Trade Mission to Cameroon**, May 26- 30, 2013 www.acmidsouth.org/Pages/default.aspx or www.tn.gov/eecd/whatsnew
- April 29 -30 , 2013: **Women Veteran Entrepreneur Corps**, McClean, VA <http://countmein.org/event/wvec/home>

➤ **May:** Asian Pacific Heritage, Jewish American Heritage

- May 1: **Law Day** - a national day to celebrate the rule of law and its contributions to the freedoms Americans enjoy
- May 31, 2013: **The Make it in America Challenge** - Federal Grant Deadline www07.grants.gov/search/search.do;jsessionid=Yxy7RHNJ6xPNnFJvyFptRpyJlhRF1DCpqVPdth6nCvpbwT7KMydW!-1789177016?oppld=227375&mode=VIEW

➤ **June:**

- June 11-13, 2013: **Southland Summit**, Nashville, TN
Southland brings together 500+ entrepreneurs, investors, thought leaders and innovators with the goal of connecting the Southeast's best early-stage companies with investors from across the country. www.southlandse.com
- June 14, 2013: 6th Annual **East Tennessee Women’s Leadership Summit: “Close the Gap”**
This summit (previously the East TN. Regional Economic Summit) is an annual event that has evolved out of the work of the Tennessee Economic Council on Women, and is hosted locally by a group of volunteers. For more information go to <http://easttnwomensls.wordpress.com>.

❖ Call for Entries

- **Case Studies:** We would like to spotlight how your organization worked with a client. How you plugged the company into resources, and what things that company or individual sought to accomplish. This serves two purposes, to highlight (1) your range of services and (2) the company itself statewide.
- **Best Practices:** Which ones have worked for your organization? Send a short paragraph with any links explaining how and why, and the challenges. Your best practices can be anything from how you process a client to programs developed to fill gaps that are producing good results (i.e. business matchmaking, mentor-protégée programs, loan programs, etc.).
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Send your best practices, questions, well wishes to ECD.BERO@TN.GOV. We look forward to hearing from you! Also, please feel free to forward this on to others.

❖ Articles of Interest from the Last Quarter

Women Entrepreneurs Mean Business *Source: Federal Reserve Bank of Atlanta*

http://www.frbatlanta.org/podcasts/transcripts/economicdevelopment/130124_robb.cfm?d=1&s=esb

In recent years there has been increased interest in women's entrepreneurship to foster economic growth and jobs, and to create new opportunities for women. Dr. Susan Coleman, of the University of Hartford, and Dr. Alicia Robb, from the Ewing Marion Kauffman Foundation, tackled the subject of women's entrepreneurship and financing in their recent book, *A Rising Tide: Financial Strategies for Women-Owned Firms*.

IRS in Español *Source: IRS*

<http://www.irs.gov/Spanish>

Get Multilingual Assistance at IRS Taxpayer Assistance Centers. Visitors can get help at IRS Taxpayer Assistance Centers in more than 150 languages, including Spanish, either in person or through an Over-the-Phone Interpreter. Before you visit, it's always a good idea to check TAC locations, hours and available services by visiting IRS.gov and clicking on 'Help & Resources' and then on 'Contact Your Local IRS Office.'

Dyer County receives award for rural development *Source: State Gazette*

<http://www.stategazette.com/story/1932559.html>

"In turbulent economic times, stabilizing a rural local economy takes a keen eye and the ability to leverage existing resources," USDA Rural Development reports in a press release following the presentation. "Faced with an increasingly high unemployment rate, exacerbated by the departure of long established manufacturing operations, Dyer County officials took action."...

Governor Haslam Proclaims January 28 - February 1 as "Veteran Owned Business Week" *Source: Knoxville Daily Sun*

<http://www.knoxvilledailysun.com/business/2013/veteran-owned-business-week.html>

Tennessee Governor Haslam has proclaimed the week of January 28 through February 1, 2013 "Veteran Owned Business Week," a week that recognizes the contributions of the Veteran Owned Business community to the state of Tennessee's economy. "Veteran Owned Business Week" will begin on Monday, January 28 and begins the same day as the kick-off for the Tennessee Veterans Business Association (TVBA) 3rd Annual Business and Education Showcase at the Knoxville Convention Center.

Chattanooga's gig receives more national attention *Source: Nooga.com*

<http://nooga.com/159680/chattanoogas-gig-receives-more-national-attention/>

Columnist for *Governing* Tod Newcombe highlighted Chattanooga and its gig this week. *Governing* is a media platform covering politics, policy and management for state and local government leaders. The article highlights the fact that the city is using high-speed Internet to promote economic development and the challenges that other cities face in doing the same...In November, leaders announced the second Gig Tank event, and Chattanooga, as well as its high-speed Internet, have attracted a lot of local and national publicity in recent years.

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Business Enterprise Resource Office (BERO)

SUMMER 2013

TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

Director's Message

Greetings all!

Summer has arrived and with it an incredible slate of activities and events.

This edition's "DBE/Veteran Best Practices and Highlights" section discusses the value proposition of a mentor-protégé program (that has garnered interest well beyond its Knoxville beginnings), upcoming courses you may want to consider from the Tennessee Certified Economic Developer program, and the launch of TDOT's Small Business Enterprise Program.

Similar to last quarter there were a fair number of articles in the DBE arena and in particular related to women business owners. Many articles stemmed from the release of the "2013 State of Women-Owned Businesses Report" in April as well as news on an accelerator launching for women-led tech companies, a Memphis popup accelerator event, and Whiskey Women, among others. Did you know these articles can be found on BERO's website too? When you have a few minutes you can find them at www.tn.gov/ecd/bero.

Thank you to all who took the quick survey from last quarter's newsletter! What survey? The survey was to gauge your interest in a state level DBE/small business award for Tennessee businesses. Here's what you said: 25% would like to see one established; 63% said maybe; and 13% said no. The comments/concerns centered mostly on making it distinct and attracting a sufficient number of quality applicants. It also sounds like there are some good recognitions already taking place around the state, so for now, we will hold off on establishing another award program.

Keep in mind, the goal of this quarterly newsletter is to serve as a platform to bring attention to what is happening across our state and nation for DBEs; to highlight what's working well for you and your clients; to seek your feedback; and to bring attention to challenges. Look towards the bottom, Call for Entries, for details. Your participation is valuable and important!

Warm regards,

Wisty Pender
Director, BERO

What's in the Summer 2013?

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- ❖ Contact Information

❖ **DBE/Veteran Best Practices and Highlights** ❖➤ **From the Field...****Why Mentoring is the next Manhattan Project for Small Businesses***Doug Minter, Business Development Manager*

When you look at the current ecosystem for the development of small businesses it depends on your respective lens as to what you see. In the current context of today, government contractors are feeling the various stings of sequestration. Construction seems to be making a turn, but the forward outlook is murky at best with many of the smaller contractor's ownership self-performing their work and larger general contractors having to take on smaller and more numerous jobs to maintain cash flow. If the trucking industry is one of the forward gauges of growth and economic activity then we have much to look forward to with the industry having its best year since 2008-2009, according to the Journal of Commerce. However the future is mired with doubt around the current political gridlock and future regulations.

As a business development manager for the Knoxville Chamber, I am able to sit down with 150 to 175 firms of various industry and type, and I hear the normal needs: access to capital, marketing concerns, cost cutting and the like. When I started here in 2008 the recession had just reared its head, and we saw lending come to halt. In response to the times, we decided that there is one thing that we can provide to small businesses that was not controlled by capital needs or political concerns. That one thing is providing access to Mentors.

Our philosophy was based on the simple rule that chambers of commerce have a pool of mentors; and we also have members who need their guidance, wisdom and networks. The mentors in our program have assisted their protégés in producing over \$50 million in economic development. Several firms have doubled and tripled their revenues, and we have been able to maintain a 90% survival rate. Our graduates, in turn, commit to mentor other firms, which creates a culture of giving back to the ecosystem that assisted them.

What we have found is that providing mentors is an essential asset to the small business ecosystem of a region. In addition to the opportunities to get mentors in our Propel Mentor-Protégé Program, we also provide peer-to-peer mentoring through our CEO Circle program. This program is a sounding board of 10-12 trusted peers from non-competing businesses of similar size who gather every month to share experiences, candidly solve issues, and brainstorm ideas. Participants have reliable support they can count on in an open, confidential forum that's built on a foundation of mutual trust.

Mentoring has seen growth in the state of Tennessee as regions develop entrepreneur centers, accelerators and incubators. We assert that chambers are fertile with mentors who can and want to assist in the growth of young entrepreneurs as well as mature businesses.

Mentoring is one of the few relatively free or low cost ways to add significant value to today's small business owner. Mentors benefit not just in altruistic ways, but are also able to grow via the networks opened to them by their protégé.

We believe that every chamber should consider either having a mentor-protégé program and/or provide mentors to the accelerators and incubators who would eagerly welcome them.

If you are interested in applying for or starting a program, please contact Doug Minter, Propel Mentor Protégé Program, at dminter@knoxvillechamber.com or Mark Field, CEO Circle at mfield@knoxvillechamber.com.

###

**Registration Open for Fall Tennessee Certified Economic Developer Courses***Erin Ketelle, TCED Director*

The University of Tennessee Center for Industrial Services (CIS) has opened fall registration for the Tennessee Certified Economic Developer (TCED) courses. The Tennessee Strategic Planning for Economic Development course, and the Tennessee Business Retention and Expansion course.

The Tennessee Certified Economic Developer (TCED) program, developed in partnership with lead federal, state and regional organizations, provides high quality training, continuing education, and professional development opportunities to Tennessee's economic development and community development practitioners and community leaders.

"We are very pleased with the interest in the program," said Erin Ketelle, Director of the Tennessee Certified Economic Development (TCED) program. "The enrollment that we're seeing in recent and upcoming courses indicates a strong demand for a certification program in economic development."

If customer satisfaction is an indication of TCED's future success, then the program is on the right track. Student evaluations for every course have been very positive and program enrollments continue to grow. A participant in the 2013 Tennessee Basic Economic Development Course, for example, wrote "This is a worthwhile program. The content is excellent, and courses are very well organized. I appreciate the interaction with others in the development field during course case studies.

For more information about the Tennessee Certified Economic Developer program, please visit cis.tennessee.edu/tced or contact Erin Ketelle at erin.ketelle@tennessee.edu or (615) 532-4926.

###



Check out TDOT's new initiative, "Small Business Enterprise Program"

Deborah Luter, Director, Civil Rights Office

The 21st century entrepreneur needs to be equipped with different characteristics than their predecessor. The fluctuating economy, ever-changing technology and increased government oversight are more prevalent than ever and are important factors that must be considered when running a business. The TDOT DBE must also continually refocus their priorities to meet these 21st century challenges, or risk the chance of lagging behind their competitors. One thing TDOT's Civil Right Office will always be committed to is carrying out the mandate from the Federal Highway Administration of "leveling the playing field". Staying at the top of the game is never easy, but if DBEs are willing to stay the course in removing some of the barriers, success can be achieved. TDOT DBEs and other small businesses are highly encouraged to review the Small Business Development Program.

The Small Business Enterprise (SBE) component is a new element to TDOT's existing Small Business Development Program. It is designed to help maximize the participation on highway transportation contracts by small businesses other than, and in addition to, disadvantaged business enterprises. The SBE program was established by TDOT to enhance business opportunities for small, women- and minority-owned businesses, and to ensure a level playing field for these small businesses in Tennessee. The program was developed in response to a Federal Highway Administration mandate (Federal Requirement 49 CFR 26.39)

TDOT has partnered with the Governor's Office of Diversity Business Enterprise (Go-DBE) as the certifying agency for these small businesses. If an SBE is also a TDOT DBE, any work performed will be counted toward non-goal, or race neutral, participation towards the overall departmental DBE goal. (Note: TDOT DBE certification must be current and on file in order to count toward race neutral participation)

Some TDOT Small Business Enterprise FAQs:

Q: Who can qualify as a TDOT SBE?

A: Any business certified by the Governor's Office of Diversity Business Enterprise (GoDBE) as a Small Business Enterprise and listed in the GoDBE Directory. The business must be a continuing, independent, for profit business which performs a commercially useful function with residence in Tennessee; has total gross receipts of no more than ten million dollars (\$10,000,000) averaged over a three-year period; and employs no more than thirty (30) persons on a full-time basis.

Q: I am a DBE. Do I also need to be certified as a SBE?

A: No. TDOT-certified DBEs are automatically considered to meet the qualifications of a SBE for the purposes of this program. There is no benefit to becoming registered as both a DBE and a SBE for the intent of working with TDOT on a construction contract. However, if you anticipate bidding on other State of Tennessee contracts outside of TDOT, please contact GoDBE for information on being certified with their office.

Q: How does a business become certified as a SBE?

A: Businesses may begin the on-line application at the SBDP web site. You are strongly encouraged to review GoDBE's FAQ page prior to starting an application, as well as to contact the GoDBE Office with any questions concerning Small Business Enterprise certification. TDOT does not handle any of the actual certification, so we will be unable to answer any questions regarding this.

Q: Does my company need to be prequalified?

A: Yes. SBEs will need to be prequalified per the same requirements of any other contractor looking to work on TDOT contracts. Prequalification forms are available on the TDOT Construction Forms website.

Q: What else do I need to do to work with the state of Tennessee?

A: Please review TDOT's State Contracting Opportunities and Assistance document available on the CRO webpage under the Small Business Development Program (SBDP) link. This page was created to provide a centralized location for information concerning state bidder registration and contracting opportunities, as well as to find agencies that provide certification and specialized assistance to small businesses. The SBDP hopes this information will increase small business participation across the state, as well as ease any barriers and concerns small businesses may have associated with dealing with state government bidding and contracting.

###

➤ **6th Annual East Tennessee Women's Leadership Summit: "Close the Gap"**

This summit (previously the East TN Regional Economic Summit) is an annual event that has evolved out of the work of the Tennessee Economic Council on Women, and is hosted locally by a group of volunteers. This year's Summit was on June 14, 2013. For more information go to <http://easttnwomensls.wordpress.com>.

➤ **Side note...Postcards are on the way**

The Tennessee Smart Start Guide has been updated for 2013, and the print version has been delivered to ECD's [regional offices](#)! Now the postcards are at the printers. The postcards have the link and QR code that takes you to the PDF on BERO's webpage at www.tn.gov/ecd/bero. The link to guide is www.tn.gov/ecd/bero/pdf/TNSmartStartGuide.pdf



❖ **Access to Capital** ❖

➤ **Small Business Focus, Federal Reserve Bank of Atlanta**

Small businesses may finally be seeing some easing in credit. The first-quarter 2013 Small Business Survey results show that small firms experienced an improvement in their ability to obtain credit from banks. To learn more go to <http://www.frbatlanta.org/research/smallbusiness/sbsurvey>

➤ **Watch it, follow it...competitions, mentoring, DBEs, capital and Tennessee**

Silicon Valley's [NewME Accelerator](#) Pop-up event, designed to spur growth in technology businesses that are led by African-Americans, Latinos and women, took place from June 28-30, 2013 in Memphis. Memphis was one of 13 cities nationwide selected to participate along with Austin, Los Angeles, Atlanta, Miami and Washington D.C.

The [Memphis Daily News](#) reported that "Charleson S. Bell, the president, CEO and co-founder of [BioNanovations Corp.](#) (a startup company based on technology developed at Vanderbilt) won the competition and prizes valued at \$45,000. He also won the opportunity to participate in the 12-week NewME Accelerator in Silicon Valley." The top three winners are from two different [accelerators](#) and were [TNInvestco](#) funded. In a pre-event article by [Southern Alpha](#), NEwME Founder and CEO, Angela Benton said, "We're excited to be a catalyst in the already diverse and fast-growing tech space in Memphis."

[Angela Benton](#) is one of this year's mentors for the Wall Street Journal's Startup of the Year competition. According to the [website](#), "Over the next 20 weeks our videos will take you inside 24 startups chosen from more than 500 applicants as they build their businesses with coaching and criticism from some of the world's most successful thought leaders and innovators." Live School is one of the 24 startups. See what advice this [TNInvestco](#) funded company gets in the video "I've Got Concerns': Vivek Wadhwa to LiveSchool" [here](#).

➤ **Southland SE:** From June 12-13, positioned between CMA Fest and Bonnaroo, the inaugural Southland conference brought together 500+ entrepreneurs, investors, thought leaders and innovators with the goal of connecting the Southeast's best early-stage companies with investors from across the country. Capital? The winner took a \$10,000 top prize. You can read about the reaction [here](#) or [here](#), and it's all good. Find out more on their website at <http://www.southlandse.com>.

❖ **Upcoming Events and Items of Note** ❖

➤ **July:**

- July 11, Upstart Memphis kicks off its tech based accelerator for women-led startups, Memphis. More information at <http://www.upstartmemphis.com>.
- July 24-27, National Urban League's 2013 Annual Conference, Philadelphia, PA. More information at <http://conf2013.iamempowered.com>.

➤ **August:**

- August 1-2, SAWF Annual Conference, Nashville, TN. More information at <https://sawf.memberclicks.net>.
- August 6-8, Veteran' Small Business Conference, St. Louis, MO. More information at <http://www.va.gov/osdbu/nvc>.
- August 27-29, The MMBC Continuum Economic Development Forum, Memphis, TN. More information at http://www.mmbc-memphis.org/download/EDF13_registration%20FINAL.pdf.

➤ **September:** Hispanic Heritage Month (September 14 – October 15)

- September 17-18, TDOT Annual DBE Meeting, Nashville, TN. More information at www.tdot.state.tn.us/civil-rights/smallbusiness/.
- September 30-October 2, 36th Annual Hispanic Heritage Month Celebration "Our Time: A Strong America," Washington, D.C. More information at www.chci.org.

➤ **And beyond...**

- **October –**
 - October 3-4, Governor’s Conference on Economic and Community Development, Music City Center, Nashville, TN
 - October 27-28, Economic Summit for Women, Nashville Airport Marriott, Nashville, TN. More information at <http://www.womenseconomicfoundation.org/>
- **November –**
 - November 18-24, Global Entrepreneurship Week. More information at <http://www.gewusa.org/>.

❖ **Call for Entries** ❖

Case Studies: We would like to spotlight how your organization worked with a client. How you plugged the company into resources, and what things that company or individual sought to accomplish. This serves two purposes, to highlight (1) your range of services and (2) the company itself statewide.

Best Practices: Which ones have worked for your organization? Send a short paragraph with any links explaining how and why, and the challenges. Your best practices can be anything from how you process a client to programs developed to fill gaps that are producing good results (i.e. business matchmaking, mentor-protégée programs, loan programs, etc.).

Events: What impactful events are you planning, co-planning or promoting for DBEs? Include the basics of who, what, when, where and how, with a link for more information. Also include the expected number of participants.

How to submit: There is a lot of great work being done across the state for DBEs. If you have questions that you would like to see how other groups are solving and/or addressing, send them along. Provide enough contextual information so your question can be answered in a relevant manner.

Send events that take will place in the next 6 months.

Send your best practices, questions, well wishes to ECD.BERO@TN.GOV. We look forward to hearing from you! Also, please feel free to forward this on to others.

❖ **Articles of Interest from the Last Quarter** ❖

These articles also posted in “DBE Topics in the News” section of BERO’s website at www.tn.gov/ecd/bero.

◻ APRIL ◻

Southern Alpha: Kelley on Women in Startups: 3 Things we can learn from Tina Fey

<http://southernalpha.com/general/women-in-startups-3-things-we-can-learn-from-tina-fey>

I recently read Bossypants by Tina Fey. As I read the book, I realized that there are several commonalities between Ms. Fey and women who are creating successful startups in the Southeast...Colab is a startup

Fast Company: THE FINANCIAL PLANNER: ALEXA VON TOBEL ON MOBILE TECH STARTUPS

<http://www.fastcompany.com/3007968/mobilizing/financial-advisor-alexa-von-tobel-making-your-tech-startup-mobile>

Along the way, von Tobel has learned many lessons about what it takes to run a successful tech startup, including the importance of productivity, and how to maintain company culture as a business grows.

DealBook: Why So Few Women Reach the Executive Rank

<http://dealbook.nytimes.com/2013/04/02/why-so-few-women-reach-the-executive-rank/>

Here is a puzzle. If the bulk of studies show that women are a net plus to corporate America, why are they still a small minority on Wall Street and in the executive suite?

Times Free Press: Women-owned businesses get a boost at The Company Lab's first all-female 48-Hour Launch

www.timesfreepress.com/news/2013/apr/08/women-owned-businesses-get-a-boost/?local

Nine fledgling businesses competed for the top spots in The Company Lab's first all-female 48-Hour Launch. Judges chose two winners Sunday night: The Whiskey Women, which targets marketing, advertisements and information at female whiskey drinkers, and Mama’s Got Mail, a monthly gift subscription for moms.

Teknovation.Biz: Karen Tobias passionate about a device that she created to help veterinarians, animals

www.teknovation.biz/2013/04/08/karen-tobias-device-created-veterinarians-animals/

Karen Tobias is passionate about seeing a novel mechanical device that she invented to quickly secure bandages, dressings, or pressure wraps over large wounds brought to market. She needs it in her work. Like many inventors...

Times Free Press: Whiskey Women, Mama’s Got Mail win 48Hour Launch

www.timesfreepress.com/news/2013/apr/07/whiskey-women-mamas-got-mail-win-48hour-launch/

A monthly gift subscription service for mothers and a web site devoted to women who drink whiskey were picked as the winners of the first Female Founders 48Hour Launch tonight. The two startup ventures may not share much in common, but they will share in \$10,000 of prizes and business donations to help turn their ideas into workable businesses.

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Business Enterprise Resource Office (BERO)

FALL 2013

TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

Director's Message

Greetings all!

Fall is upon us as are a wide range of conferences, training opportunities and events!

So what is happening? We are in the middle of Hispanic Heritage month (September 15 – October 15), and there are multiple business and community events in various parts of the state. Minority Enterprise Development Week, or MED Week, is in full swing in the Nashville area. Global Entrepreneurship Week (GEW) 2013, November 18 -24, preparations are in process. Did you know that last year Tennessee held 95 events, the most events in the nation for the second year in a row? No small feat! Consider that last year over 7.5 million people in 125 countries participated!

I am pretty excited to tell you that BERO's website has been updated with resources and reorganized to make it easier to find what you need. Please take a minute to check it out at www.tn.gov/e.cd/bero.

Earlier this month the Brookings Institution released their report on Tennessee's automotive sector at the Governor's Conference in Nashville. According to the report, which you will want look over, in the state's automotive supply chain there are "approximately 600 small and medium-sized (SMEs) establishments," and key recommendations to take under consideration.

Keep in mind that the goal of this quarterly newsletter is to serve as a platform to bring attention to what is happening across our state and nation for DBEs; to highlight what's working well for you and your clients; to seek your feedback; and to bring attention to challenges. Look towards the bottom, Call for Entries, for details. Your participation is valuable and important!

Warm regards,

Wisty Pender
Director, BERO

What's in the Fall 2013?

- ❖ DBE/Veteran Practices and Highlights –
 - Topics:
 - MemShops in Memphis
 - The Fed releases a small business report
 - The Brookings Institute release and SMEs
- ❖ Access to Capital
 - JOBS Act and Crowdfunding
- ❖ Upcoming Events and Items of Note
- ❖ Call for Entries
 - It's time to hear from you!
- ❖ Articles of Interest from the Last Quarter
- ❖ Contact Information

❖ DBE/Veteran Best Practices and Highlights ❖

➤ From the Field...



Cynthia Norwood, JD, MBA
The MEMShop
alt.Consulting

Popup shops represent a growing trend both nationally and internationally taking vacant commercial space and activating it, typically with retail, as a means of reducing blight and increasing economic vitality in the community.

MEMShop is the branded name of the Memphis Tennessee popup shops launched by the city Mayor’s Innovation Delivery Team in 2012. The initiative started with opening 9 pop-up shops in the Crosstown area at Cleveland and Watkins streets for a 1 day event. In December 2012 there was the launch of 4 popup shops for a 3-week holiday launch.

In February 2013 alt.Consulting began working with the Mayor’s Innovation Delivery Team to launch and pilot a 6 month MEMShop incubator program on Broad Avenue. The 6 month MEMShop is designed to allow the popups to truly incubate their concept or allow an existing business to test new products or a new business location. During the 6 month popup period the MEMShops receive reduced rent for the spaces that they occupy along with various types of business support services, including one-on-one, on-site, business development services from alt.Consulting.

A total of 3 MEMShops launched in April and another in June. As we wind down the 6 month pilot program for the first 3 popup businesses, all 3 have signed longer term leases. There will be two additional popup businesses launching in an October second phase of the program for a total of 6 businesses launched on Broad Avenue.

As we have worked with the Mayor’s Innovation Team to fully implement MEMShops, we have found this to be a compelling economic development strategy that can benefit many communities.

The impact so far includes: new businesses, reduced commercial property vacancy rates, creation of new jobs, increased sales taxes, new foot traffic to the neighborhood, blight reduction of commercial spaces (façade and interior improvements) – all of which benefits the neighborhood residents, existing businesses, and other stakeholders.

Here are some photos of one of the façade and interior improvements to one of the 6-month MEMShop businesses on Broad Avenue.

Façade before MEMShop launch



Façade after MEMShop launch



Interior before MEMShop launch



Interior after MEMShop launch



Check out MEMShops on Broad Avenue and you will see a great example of how popup shops can turn empty spaces into destinations. Visit our website at: www.memshop.org.



Anil Rupasingha, PhD

Locally Owned: Do Local Business Ownership and Size Matter for Local Economic Well-being?
Community and Economic Development Department

In his discussion paper, Dr. Rupasingha confirms that local matters on multiple levels when it comes to entrepreneurship and small business and the importance of both to larger businesses.

Abstract:

The concept of "economic gardening"—supporting locally owned businesses over non-locally owned businesses and small businesses over large ones—has gained traction as a means of economic development since the 1980s. However, there is no definitive evidence for or against this pro-local business view. Therefore, I am using a rich U.S. county-level data set to obtain a statistical characterization of the relationship between local-based entrepreneurship and county economic performance for the period 2000–2009. I investigate the importance of the size of locally based businesses relative to all businesses in a county measured by the share of employment by local businesses in total employment. I also disaggregate employment by local businesses based on the establishment size. My results provide evidence that local entrepreneurship matters for local economic performance and smaller local businesses are more important than larger local businesses for local economic performance.

PDF of complete paper is at <http://www.frbatlanta.org/documents/pubs/discussionpapers/dp1301.pdf>.

BROOKINGS

QUALITY. INDEPENDENCE. IMPACT.

Tennessee Can Become Premier Global Destination for Auto Production
New Brookings Report Offers Recommendations to Strengthen Tennessee's

Automotive Industry (Muro, et al., 2013)

At this year's 60th Annual [Governor's Conference on Economic and Community Development](#) the Brookings Institution (Brookings) released their report on Tennessee's automotive industry. While this may not seem like something that would fall in the "Best Practices" section of this newsletter, there are several findings that (will) impact Tennessee's DBEs.

The official press release begins like this:

Newly released research from the Brookings Institution finds that the Tennessee automotive industry must develop a first-rate workforce and an innovation-nurturing environment to become a premier global destination for automotive production now that peer states and low-cost countries can compete on costs. A new report from the Metropolitan Policy Program at the Brookings Institution, "[Drive! Moving Tennessee's Automotive Sector Up the Value Chain](#)," provides insight into Tennessee's competitive position and offers recommendations for the public and private sector designed to advance the Tennessee automotive industry, as well as other advanced industries in the state.

In the Brookings' release "three major findings" are identified:

- Following a tumultuous decade, Tennessee's auto sector retains significant momentum
- However, disruptive forces in the global auto industry pose competitive challenges for the Tennessee sector
- In the context of this new competitive environment, Tennessee industry and government should collaborate to expand and enhance the auto sector

Download the full report [here](#).

To each finding identified, consider that Manufacturer's Industrial Group (MIG) led by Andre Gist, is both a beneficiary of and contributor to Tennessee's robust automotive industry over its last 15 years. MIG is a Tier 2 automotive supplier with over 1400 employees in six locations according to [MBDA in Memphis](#). The company is also the largest minority-owned firm in the state of Tennessee. Mr. Gist candidly discussed his business and the decision he made to stay, diversify and grow in Tennessee at [Diversify 2013](#) in Chattanooga just two days before the release of the Brookings report. On a side note, Diversify 2013 was a great inaugural event with the keynote presented by Memphis Mayor A.C. Wharton.

More discussions will follow on this report.

❖ **Access to Capital** ❖

- **Crowdfunding Update:** The crowdfunding arena is heating up with another part of the JOBS Act going into effect. Here are a few items on that topic:
 - **Forbes: Crowdfunding Will Flourish Regardless Of What The SEC Does**
<http://www.forbes.com/sites/alanmcglade/2013/09/18/crowdfunding-will-flourish-regardless-of-what-the-sec-does>

A year and a half ago congress passed the JOBS Act (Jumpstart Our BusinessStart-ups) by an overwhelming margin. It was meant to supplant laws that are nearly eight decades old that limit the ability to invest in start-ups and small businesses to banks and wealthy individuals. At the signing ceremony President Obama said, "For the first time, ordinary Americans will be able to go online and invest in the entrepreneurs that they believe in."

- **VentureBeat: Crowdfunding: With JOBS Act Title II, the web will ‘eat financing and investing’**
<http://venturebeat.com/2013/09/23/crowdfunding-with-jobs-act-title-ii-the-web-will-eat-financing-and-investing/>

Today, a massive change in investment financing goes live. Title II of the JOBS Act, designed to open up more investment capabilities and stimulate the new startup economy, is now in effect. It kills an 80-year ban on telling people that you are raising money.

And an even bigger change allowing ordinary people — read, those who aren’t millionaires — to invest is coming soon.

- **NY Times: S.E.C. Advances New JOBS Act Rule, but Not Crowdfunding**
http://boss.blogs.nytimes.com/2013/09/24/s-e-c-advances-new-jobs-act-rule-but-not-crowdfunding/?_r=0
 Those would-be crowdfunding platforms may have a long wait yet, said Richard Levin, a securities lawyer with the firm Baker & Hostetler. “Looking at Title II and how long it took for those rules to be approved, we could be looking at a year from the date the rules are proposed for crowdfund investing to become approved. It could be longer.”

To learn more about the Jobs Act:

<http://www.whitehouse.gov/sites/default/files/omb/legislative/reports/american-jobs-act.pdf>

- **Tennessean: Nashville's LiveSchool a finalist for national Startup of the Year**
www.tennessean.com/article/20130925/BUSINESS04/309260015/Nashville-s-LiveSchool-finalist-national-Startup-Year
 Three years ago, Matt Rubinstein was building an app to help him better track students’ behavior in his classroom at KIPP Academy Nashville. Today, his Nashville-based company, LiveSchool, is one of 10 finalists in The Wall Street Journal’s Startup of the Year contest, and he is talking to entrepreneurs and investors from throughout the country about how to best build a successful business.

❖ Events and Items of Note ❖

- **October:** Hispanic Heritage Month (September 14 – October 15)
 - September 30-October 2, 36th Annual Hispanic Heritage Month Celebration "Our Time: A Strong America," Washington, D.C. More information at www.chci.org.
 - MEDWeek, October 1 – November 18 (yes, “Week” is a misnomer), Nashville, TN
 - October 3-4, Governor’s Conference on Economic and Community Development, Music City Center, Nashville, TN
 - October 27-28, Economic Summit for Women, Nashville Airport Marriott, Nashville, TN. More information at <http://www.womenseconomicfoundation.org>.
- **November:** National American Indian & Alaska Native Heritage Month, Filipino American History Month
 - November 18-24, Global Entrepreneurship Week. More information at <http://www.gewusa.org>.
- **December:** Political Correctness Awareness Month
- **And beyond...**
 - January 27: TVBA Annual Business and Education Expo (Veterans), Knoxville, TN. More information at <http://www.jointvba.org>.

❖ Call for Entries ❖

Case Studies: We would like to spotlight how your organization worked with a client. How you plugged the company into resources, and what things that company or individual sought to accomplish. This serves two purposes, to highlight (1) your range of services and (2) the company itself statewide.

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Send events that take will place in the next 6 months.

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Tennessee Department of Economic and Community Development,
Authorization #330110 - 23 copies, November 2013. This public
document was promulgated at a cost of \$4.45 per copy.