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.tennesseemainstreet.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/tntrade.

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](http://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](http://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.

<table>
<thead>
<tr>
<th>Number of Interns</th>
<th>Female</th>
<th>Male</th>
<th>Category of Assistance</th>
<th>Dates</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>16</td>
<td>19</td>
<td>- Economics</td>
<td>9-24-12 through 5-30-13</td>
<td>Chattanooga, Memphis, Nashville</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Entrepreneurship</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Ethics</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Business Planning</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Goal 2: Community, Business, Educational Seminars.

<table>
<thead>
<tr>
<th>Interns</th>
<th>Number of Events</th>
<th>Dates of Events</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban League of Greater Chattanooga</td>
<td>2</td>
<td>03-28-13</td>
<td>Sisken Children’s Institute &amp; Blood Assurance</td>
</tr>
<tr>
<td>Black United Fund of TN</td>
<td>2</td>
<td>04-20-13</td>
<td>RISE Foundation</td>
</tr>
<tr>
<td>Nashville Minority Business Center</td>
<td>2</td>
<td>04-16-13</td>
<td>Nashville City Council Meeting</td>
</tr>
</tbody>
</table>

Goal 3: Number of Internship Applications received and approved.

<table>
<thead>
<tr>
<th>Number of Received Applications</th>
<th>Number of Approved Applications</th>
<th>Chattanooga</th>
<th>Memphis</th>
<th>Nashville</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>10</td>
<td>10</td>
<td>13</td>
<td>12</td>
<td>35</td>
</tr>
</tbody>
</table>

Goal 4: Plan a Youth Entrepreneurship Spring Internship Program to present Business Plans to Community Leaders, Parents, Guardians and Friends.

<table>
<thead>
<tr>
<th>City</th>
<th>Date</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chattanooga</td>
<td>03-28-13</td>
<td>Sisken Children’s Institute &amp; Blood Assurance</td>
</tr>
<tr>
<td>Memphis</td>
<td>05-21-13</td>
<td>Shelby County Office Building Commissioner’s Conference Room</td>
</tr>
<tr>
<td>Nashville</td>
<td>05-30-13</td>
<td>Nashville Main Library</td>
</tr>
</tbody>
</table>

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


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/ecd/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/ecd/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)
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.

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](http://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](http://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](http://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](http://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](http://www.tmsdc.net)) ([www.wbecsouth.org](http://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%
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 SNAPSHOT

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

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 25 percent 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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www.tn.gov/ecd/bero

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.
WORKS CITED, REFERENCED AND RECOMMENDED FOR READING


     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.
     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.


BERO Annual Report FY2013

Attachment: Enabling Legislation
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.

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.


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.


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.


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.


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.

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.

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.
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.

- MDBA 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 the 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.WBECSOUTH.ORG](http://WWW.WBECSOUTH.ORG) and [WWW.WBENC.ORG](http://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); TNA TRADE 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


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-CLOSE-8-WEEKS-TIL-BIGGEST-STARTUP-CONFERENCE-U-S/

The biggest startup conference in the United States, 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.


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)
  ▪ February 16, 2013: First chapter meeting of Memphis Black Girls Code

❖ March: Women’s History Month
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/](http://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  
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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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](http://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](mailto:ecd.bero@tn.gov). The link to guide is [http://www.tn.gov/ecd/bero/pdf/TNSmartStartGuide.pdf](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-star_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  
  www.acmidsouth.org/Pages/default.aspx or www.tn.gov/ecd/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=Yxy7RNJ6xPNNFrYfptRpyJlhRF1DCpqVPdth6nCvpbwT7KMydW!-1789177016?oppId=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
  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.).

- **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.**

- **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 `ECDBERO@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*  
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*  
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*  
…”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*  
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*  
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.
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?

- 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
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:

August:

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/.

And beyond...
October –

- October 3-4, Governor’s Conference on Economic and Community Development, Music City Center, Nashville, TN

November –


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.

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.

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
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
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
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 whisky 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.
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/ecd/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**
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.

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.
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.


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 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

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.
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.

To learn more about the Jobs Act:

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)
- 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

November: National American Indian & Alaska Native Heritage Month, Filipino American History Month

December: Political Correctness Awareness Month

And beyond...

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