



Tennessee Department of Economic and Community Development
Business Enterprise Resource Office (BERO)

BERO Annual Report, Fiscal Year 2015



STATE OF TENNESSEE
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
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November 25, 2015

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 FY2015. If you have any questions regarding this report, please do not hesitate to contact Wisty Pender, state director, at 615-741-8914 or wisty.pender@tn.gov.

Respectfully submitted,

Wisty Pender
State 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 Fiscal Strength.

The following areas are highlights for consideration:

LiftTN: Microenterprise

Small businesses and microenterprises are vital employers, innovators and contributors to the state's community livability and economic success. In Q1 of 2015, there were 146,246 private sector establishments in Tennessee; 80,542 of those establishments were microenterprises or 55 percent of the private sector establishments. It is also important to note that 430,966 of the state's 470,966 nonemployer firms are sole proprietors. (Source: US Census QCEW 2015 Q1 and Nonemployer Statistics 2013, released May 2015)

TNECD, through its office of federal programs and the business enterprise resource office (BERO), held four meetings across the state to gather information regarding unmet needs of microenterprises from agencies and organizations that work with small, women-owned, minority-owned, veteran-owned, rural and urban core businesses, as well as youth entrepreneurs, in January and February 2014. Over 45 service providers attended the meetings, and additional information and ideas were garnered through follow-up phone calls and emails, all of which was used to determine the use of the funds. From that process evolved LiftTN: Microenterprise.

LiftTN: Microenterprise is unique because of the diverse nature of the programs involved. The five participating programs provide access to key services and opportunities that improve businesses and communities. The program, funded through the United States Department of Housing and Urban Development (HUD), is aimed at helping rural businesses that have five or fewer employees start and expand; further the programs must meet the national objective of low to moderate income, and was awarded in a two-year contract. At the time of its launch, Tennessee was the only state using this approach.

Appropriations

In FY2015, 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 of funding for multiple years.

The annual combined \$200,000 in appropriations received by these two agencies have not been awarded in a manner that allows other Tennessee agencies and organizations that serve DBEs, with collaborative partnerships and alliances in place, to compete or apply for access to these dollars for multiple years

County Level Data

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. The release for county level data in Tennessee from the 2012 survey is scheduled for December 2015. Like the recently released preliminary aggregate data for the United and States and the state of Tennessee, the county level data will provide the first in-depth information available since the significant economic changes beginning in 2008. Following the release of the county level data, a supplement to this annual report will be posted on the BERO website under "About BERO" at tn.gov/ecd/section/bero.

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MISSION

The Business Enterprise Resource Office (BERO) is housed within the Department of Economic and Community Development (TNECD).

BERO

- Serves as a voice for and advocate of economic inclusion for disadvantaged businesses (or DBEs);
- Analyzes, disseminates and promotes best practices and access to capital to service providers; and
- Reports on the status of DBEs statewide.

For the purposes of BERO, DBE refers to businesses owned by women, minorities, veterans and persons with disabilities; as well as those in areas of chronic high unemployment and low income.

OVERVIEW

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

TCA 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.*

This report highlights programs and activities relative to economic inclusion insofar as access to assistance and capital that are (1) managed within TNECD, (2) affiliate programs managed outside TNECD, and (3) that are of particular relevance within other agencies/organizations; in addition to other reporting elements both statutory and for the broader consideration and understanding.

Please note: 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 areas of chronic high unemployment and low income, and economic inclusion describes the efforts made to bring DBEs into the economic mainstream. Resources for DBEs as well as young entrepreneurs and service providers are available at 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, competitions or collaborations that allow beneficiary access to knowledge-based networks and/or specialized equipment for testing and development.

Access to Assistance: Programs Managed within TNECD

LiftTN: Microenterprise

LiftTN: Microenterprise is a pilot program to expand microenterprise development. The program, funded through the United States Department of Housing and Urban Development (HUD), is aimed at helping rural businesses that have five or fewer employees start and expand; further the programs must meet the national objective of low to moderate income. HUD encouraged TNECD to use Community Development Block Grant (CDBG) funding to support economic development, and in particular microenterprise development.

TNECD, through its office of federal programs (now Community Grants) and the BERO, held four meetings across the state in January and February 2014. The purpose of the meetings was to gather information regarding unmet needs from agencies and organizations that work with small, women-owned, minority-owned, veteran-owned, rural and urban core businesses as well as youth entrepreneurs. LiftTN: Microenterprise evolved from that process.

LiftTN: Microenterprise is unique because of the diverse nature of the programs involved; the five programs participating provide access to key services and opportunities that improve businesses and communities. The goal is to

continue the program beyond the two-year pilot period and expand it. At the time of its launch, Tennessee was the only state using this approach. The grant money, \$400,000 in total, was awarded in a two-year contract that began February 2015 to the following:

1. West TN: [ALTShops, Communities Unlimited](#) (\$100,000)

Communities Unlimited will use the grant funds to operate the ALTShops program in the Bolivar and Somerville downtown areas. The ALTShops program is a business incubator program for popup retail shops that recruits business owners and assists them with startup costs, leasing of commercial property and other technical assistance. The ALTShops program will fund three microenterprises in Bolivar and three microenterprises in Somerville.

(communitiesu.org/index.php/How-We-Help/altshop-landing.html)

2. East TN: [Propel mentor-protégée program](#), Knoxville Chamber of Commerce (\$50,000)

The Knoxville Chamber will use the funds to operate the Propel in cooperation with the respective chambers in Knox, Roane, Blount, Jefferson and Anderson Counties. Propel pairs protégés (microenterprises), which are relatively new to business with mentors who are established business leaders. In addition to a mentor, each protégé will receive coaching and technical assistance.

(knoxvillechamber.com/mentor-and-protege-program)

3. Middle and Statewide: [Incubator Without Walls](#) expansion, Nashville Business Incubation Center (NBIC) (\$200,000)

NBIC will use their grant to expand the capacity of the Incubator Without Walls (“Virtual Incubator”), a program that provides virtual business incubation. Participants in the Virtual Incubator will receive one-on-one business counseling, as well as location-based training classes.

(nbiconline.com)

4. Community-based Program: [Sonnenschein Green Initiatives’ Hohenwald Marketplace](#) (\$25,000)

The Center for Holistic Ecology currently conducts the Sonnenschein Green Initiative (SGI) that promotes ecologically friendly business activity in the Hohenwald community and surrounding areas. The grant money will allow SGI to establish and operate the Hohenwald Marketplace, a place for local vendors to operate and sell services and goods.

(hohenwaldmarketplace.com)

5. Youth: [TN Code Academy for Youth](#) (\$25,000)

The TN Code Academy will use grant funds to expand the reach of its TN Code Academy for Youth, a program that conducts one-day workshops, camps and classes to further learning and increase interest in computer science and programming for students between the ages of 12-18. The grant will allow TN Code Academy to offer “Apps and Entrepreneurship”, teaching youth not only how to make an app, but how to monetize what they create.

(tncodeacademy.com)

At the close of FY2015 the grantees were at various stages of recruiting and launching their respective programs.

Main Street: Business Promotion and Technical Assistance

The Tennessee Main Street Program is a program of TNECD and a coordinating partner of the National Trust for Historic Preservation’s National Main Street Center. This program serves as a statewide resource for communities seeking to revitalize and manage their traditional downtowns. Per the 2014 Economic Impact and Reinvestment report, there are 28 designated Main Street Communities statewide. In calendar year 2014, 28 of the Tennessee Main Street communities reported reinvestment statistics that included 1,565 net new jobs, 171 net new businesses and a combined public/private investment of \$95.5 million within their program districts.

Tennessee Downtowns is an affiliated program of Tennessee Main Street designed to help communities fully understand what it takes to embark on a comprehensive revitalization effort for their downtown. So far, 34 communities have participated.

(tennesseemainstreet.org)

Access to Assistance: TNECD Affiliate Programs Managed Outside TNECD

Regional Entrepreneurial Accelerators

The state's Launch TN accelerator program is designed to assist promising entrepreneurs with the resources necessary to propel their companies along the spectrum of business growth and job creation. Accelerators are located across the state with the goal for them to become foundational components in 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. The grant funding is a combination of state and federal dollars and contingent upon each accelerator providing local matching support. Regional accelerators have hosted over 475 entrepreneurial events, engaged over 400 mentors and accelerated over 122 companies statewide.

(launchtn.org)

Direct Appropriations

There are several programs across Tennessee at local, regional, state and national levels that provide direct services to DBEs. The two organizations have received direct appropriations from the Tennessee General Assembly for multiple years.

In FY2015, 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.

Section 7, Item 21, of the 2014 Appropriations Act:

Item 20. Department of Economic and Community Development, Innovation Programs, in Section 1, Title 111-8, Item 3, the amount of \$100,000.00 is to be paid to the Nashville Minority Business Center and the amount of \$100,000.00 is to be paid to the Minority Enterprise Development as direct appropriation grants.

Nashville Minority Business Center (NMBC)

The NMBC coordinates existing resources in the public and private sectors for minority business enterprises, offers a full range of management and technical assistance services and serves as a conduit for information and assistance to and about minority businesses. The NMBC also increases the formation of new minority-owned businesses; expands existing minority-owned firms and minimizes business failures among minority entrepreneurs.

(minoritybusinesscenter.com)

Minority Enterprise Development Corporation (MEDC)

MEDC has stated that it 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.

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 or diversity between Memphis and Nashville. Additionally, the language of the appropriations bill lacks guidance as to the specific purpose and use of the funds.

The annual combined \$200,000 in appropriations received by these two agencies have not been awarded in a manner that allows other Tennessee agencies and organizations that serve DBEs, with collaborative partnerships and alliances in place to compete or apply for access to these dollars.

Access to Assistance: Other Agencies/Organizations

Office of Small Business Advocate

The Office of Small Business Advocate serves as a point of contact to state government for owners of businesses with fifty (50) or fewer employees. The office provides information and answers questions for Tennesseans who are starting a small business or who already own a small business; as an informal ombudsman, it assists in the resolution of issues concerning small businesses and state departments and agencies.

The liaisons to the Office of the Small Business Advocate were invited to attend a roundtable discussion on September 17, 2015. The purpose was to (1) strengthen interagency relations, (2) broaden understanding of the challenges businesses face with rules and regulations, and (3) discuss bills passed and/or laws going into effect, their impact to small businesses, including federal laws that fall under various departments and agencies, and anticipated upcoming changes in, an effort to recognize and reduce burdens to Tennessee's small business.

(comptroller.tn.gov/osba)

Internal Revenue Service

IRS Small Business Forum: This event brings together resource providers from across the mid-state to share best practices, learn about new programs, etc. This event has been conducted annually. IRS has also moved to webinars for information dissemination.

Minority Business Development Agency (MBDA)

MBDA is an agency of the U.S. Department of Commerce and is charged with serving a multi-state area in the Delta region. It reported in its FY2013 Annual Performance At-A-Glance that its Memphis business center contributed to 932 jobs created and retained and \$40 million in contracts and capital. At the time of this report, data for FY2014 was not posted.

Background:

In 2012 the MBDA announced that the MMBC Continuum was awarded a grant worth \$1 million to be administered over four years to operate a MBDA business center in the multi-state Delta region. The business center is charged with assisting minority businesses with access capital, contracts and markets. TNECD provided a letter of support for this grant application

(mbda.gov/sites/default/files/TN_FY13.pdf)

(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. While it is difficult to track which small business certifications are a direct result of this partnership, it is worth noting the number of SBEs certified by Go-DBE increased almost 20 percent from FY2013 to FY2014.

This year TDOT's Civil Rights Office was able to extend technical assistance services through its consulting contract to DBEs to further their growth and competitiveness within the transportation industry through the Business Development Program specifically focused on construction services, engineering and material suppliers to the highway construction industry.

(tn.gov/tdot/topic/small-business)

(tyler-engineers.com/dbe-supportive-services)

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.

Capital disparity:

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

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

Access to Capital: Programs Managed within TNECD

Rural Small Business and Entrepreneur Loan Fund

When the TNECD-BERO Revolving Microloan Program (a.k.a. Rural Small Business and Entrepreneur Loan Fund) was established with seed funding from USDA Rural Development, its goal was to expand economic opportunities for rural Tennesseans through entrepreneurship and small business growth. The microloans, from \$500 to \$20,000, were available for working capital and the purchase of equipment, inventory, and/or fixed assets with very low interest. There are now established lenders in the microlending space statewide, urban and rural, and as such the TNECD-BERO Revolving Microloan Program has gone into wind down. During the program, the total principal loaned was \$289.744.00, and it has maintained a low total loan loss rate. Program related success stories can be found on the BERO website at tn.gov/ecd/topic/bero-success-stories.

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, 2015, the 10 authorized TNInvestcos had funded 175 companies (32.5 percent increase from 2013), deploying over \$122 million (12.7 percent increase from 2013) with over \$325 million (47.4 percent increase from 2013) in follow-on capital received by invested companies. The funded companies have employed 2,092.5 full-time employees of whom 981 were women and minorities.

(tn.gov/ecd/section/tninvestco)

Access to Capital: TNECD Affiliate Programs Managed Outside of TNECD

INCITE Co-investment Fund

Developed by TNECD and managed by Launch TN, the Innovation, Commercialization, Investment, Technology and Entrepreneurship (INCITE) Co-Investment Fund is backed 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 its annual report for FY2015, Launch TN stated the “INCITE Co-Investment Fund invested approximately \$3.4 million, leveraging \$18 million of private investment, representing a total of \$21.4 million of equity investment in 17 deals across the state.”

(launchtn.org/capital/incite)

Tennessee Rural Opportunity Fund, Small Business Jobs Opportunity Fund and Energy Efficiency Loan Programs

The Tennessee Rural Opportunity Fund (ROF), a rural economic development fund, was launched in 2008; and in 2010 the Small Business Jobs Opportunity Fund (SBJOF) was launched. 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, also referred to as a CDFI. 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 TNECD for the \$10 million ROF, and \$10 million for the \$25 million SBJOF.

(pathwaylending.org)

ROF/SBJOF updates:

The Rural Opportunity has reached full deployment, but as loan pay downs occur, additional opportunities occur for re-deployment of this capital creating further leverage of these investment dollars.

In Q3 2015, three new loans were originated from the ROF for \$310,000. A significant pipeline of potential transactions is in underwriting, and it is anticipated that additional funding will occur from this pool in Q4. In Q3 2015, Pathway Lending has continued to see increasing demand from small commercial and light industrial customers. This resulted in 13 new loans totaling \$7,094,033 being originated from SBJOF. (as of 9/30/2015)

ROF (as of 12/31/14):

- Total Loaned: \$20,318,635.79
- Total Loans (#): 111
- Total Businesses Funded: 72
- WBE Funded: 29 (40.3%)
- MBE Funded: 6 (8.3%)
- Jobs Impacted: Total 760 (199 Created/561 Retained)

SBJOF (as of 12/31/14):

- Total Loaned: \$49,662,489.47
- Total Loans (#): 119
- Total Businesses Funded: 89
- WBE Funded: 30 (33.7%)
- MBE Funded: 16 (18.0%)
- Jobs Impacted: Total 997 (180 Created/817 Retained)

Access to Capital: Other Agencies/Organizations

Appalachian Community Capital (ACC)

ACC was established as an intermediary CDFI; it was seeded in 2013, launched publicly in 2014, and is currently making loans and continuing to raise capital across the Appalachian Regional Commission (ARC) region. It was set up as an intermediary fund created through a multi-state pool from ARC seed funds of \$3.25 million (TN portion: \$365K), which will be used to leverage \$42 million to make loans to high performing development lenders and also purchase participations in loans made by these local lenders. The first round of funding closed and was announced at the Clinton Global Initiative in June 2015.

(appalachiancommunitycapitalcdfi.org)

Small and Minority-Owned Business Assistance Program (SMOB)

SMOB remains suspended. Public Chapter 359 of the Acts of 2013 amends statute (TCA §65-5-113) 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.

SMOB was originally created within the Tennessee Department of Treasury by Public Chapter 830 of the Acts of 2004 (TCA §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.

(treasury.tn.gov/smob)

U.S. Small Business Administration (SBA) Loan Programs: Special Types of 7(a), 504 and Microloans

The SBA provides several loan programs targeting a range of capital needs from working capital to fixed assets. In some areas, fees have been reduced or eliminated for veterans.

(sba.gov/loanprograms)

Comment:

It is important to note that for many federal loan programs, the federal funding agency itself is not the direct lender. For example, SBA and USDA Rural Development are not direct lenders, but are brought in as guarantors; therefore, business owners must meet the qualifications of the lender in order to utilize their funds. The lender, whether it is a bank, CDFI, development district, etc., has policies that govern their lending practices as well as stakeholders to whom they must answer. While lending options have increased and diversified, access to capital remains an ongoing challenge for DBEs.

In cases of federally declared disasters, SBA may act as a direct lender.

For a snapshot of various lending programs statewide, including USDA Rural Development, Tennessee Valley Authority, microlenders and CDFIs, refer to the TN Smart Start Guide at tn.gov/ecd/section/bero.

ECONOMIC INCLUSION FOR TENNESSEE'S DBES

The following includes business data on small businesses for nonemployer and employer firms; followed by ownership and employment growth by gender, ethnicity and race; veteran data; and DBE distribution by sector for the state. The county level data is due for release in December 2015, and following its release, a supplement to this annual report will be posted on the BERO website. See Data Note (1) below for more detailed information.

Small Business: Nonemployer Businesses

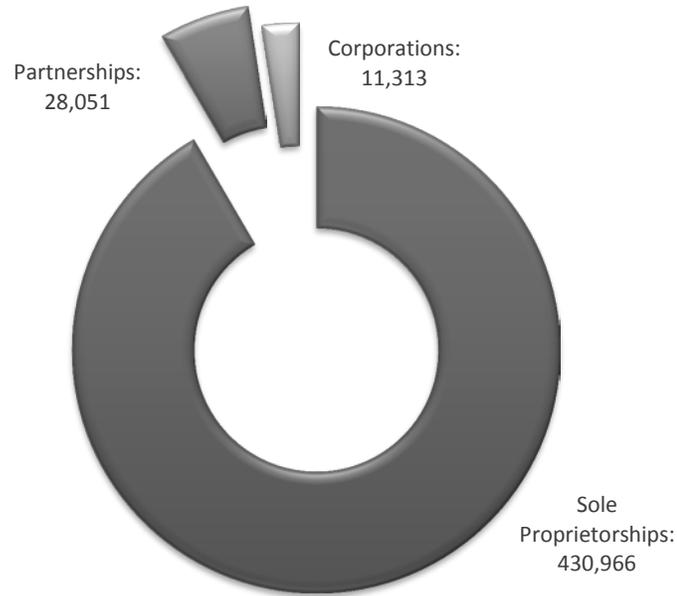
To classify as a “nonemployer” business it must have annual receipts of \$1,000 or more and be subject to federal income taxes. Of the establishments in Tennessee, 470,330 are nonemployer firms according to the U.S. Census Nonemployer Statistics 2013.

Nonemployers: Legal Structures

Of the 470,330 nonemployer firms in Tennessee, the majority of them are sole proprietorships.

- Sole Proprietorships: 430,966
- Partnerships: 28,051
- Corporations: 11,313

Number of Nonemployer firms by Legal Structure

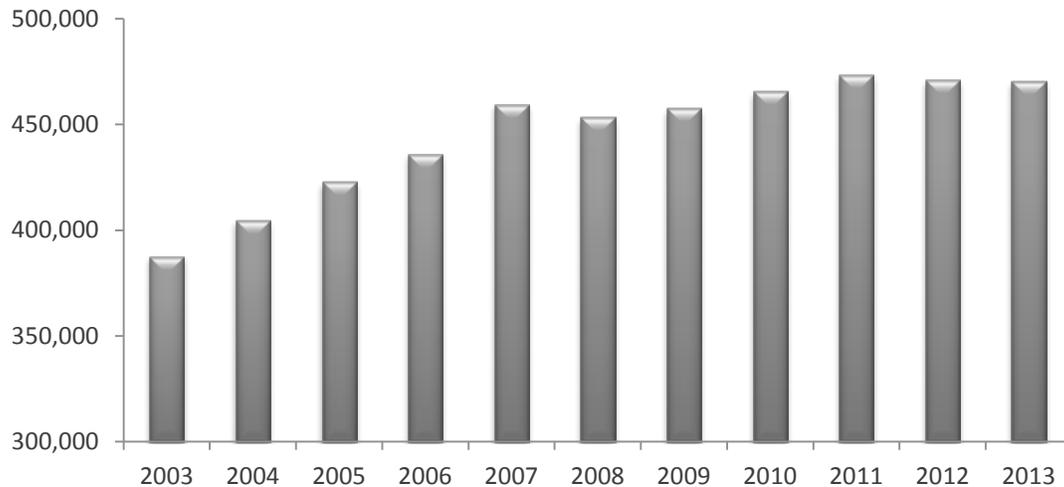


Source: US Census Nonemployer Statistics 2013, released May 2015

Nonemployers: Number of Firms

The 470,330 nonemployer firms in Tennessee in 2013 are an increase of 2.8 percent from 2009. They represent 77.2 percent of all business establishments.

Nonemployer Businesses in Tennessee



Source: US Census Nonemployer Statistics 2013, released April 2014

Nonemployers: Revenues

Total revenues for nonemployers in Tennessee were \$20.6 billion in 2013, an increase of 0.7 percent from 2012

- Nonemployers average revenues of \$43,826

In Tennessee, nonemployers in the

- Real Estate and Rental and Leasing sector in Tennessee had average revenues of \$95,775
- Wholesale Trade sector in Tennessee had average revenues of \$86,397
- Transportation and Warehousing sector in Tennessee had average revenues of \$72,668

Nonemployers: Growth Sectors

The fastest growing sectors for freelance businesses in Tennessee in 2013 included: Real Estate and Rental and Leasing; Other Services (except public administration); Arts, Entertainment, and Recreation; and Educational Services.

Source: US Census Nonemployer Statistics 2013, released May 2015

Small Business: Employers

A larger share of private sector employment is coming from small businesses. For the purposes below, unless otherwise noted, a small business is an enterprise having fewer than 500 employees per the SBA definition.

Employers: Private Sector Establishments

There were 146,246 private sector establishments in Tennessee in 2015, and of those private sector establishments:

- 145,881, or 99.8% of private sector establishments employ fewer than 500
- 137,791, or 94.3% of private sector establishments employ fewer than 50*
- 124,991, or 85.5% of private sector establishments employ fewer than 20
- 80,542, or 55.1% of private sector establishments employ fewer than 5

Source: US Bureau of Labor Statistics, QCEW 2015 Q1

*This is one of the definitions for “small business” in Tennessee statutes. The Office of the Small Business Advocate, the state’s informal ombudsman mentioned earlier, works with businesses with 50 or fewer employees because generally once a business has more than 50 employees, it may have the capacity to enable easier access to general counsel. In another area, Go-DBE’s definition of a small business is one with a total of no more than \$10 million in gross receipts averaged over a three-year period or no more than 99 employees.

Employers: Age of Businesses by Employee Size

In 2013, of businesses in Tennessee with fewer than:

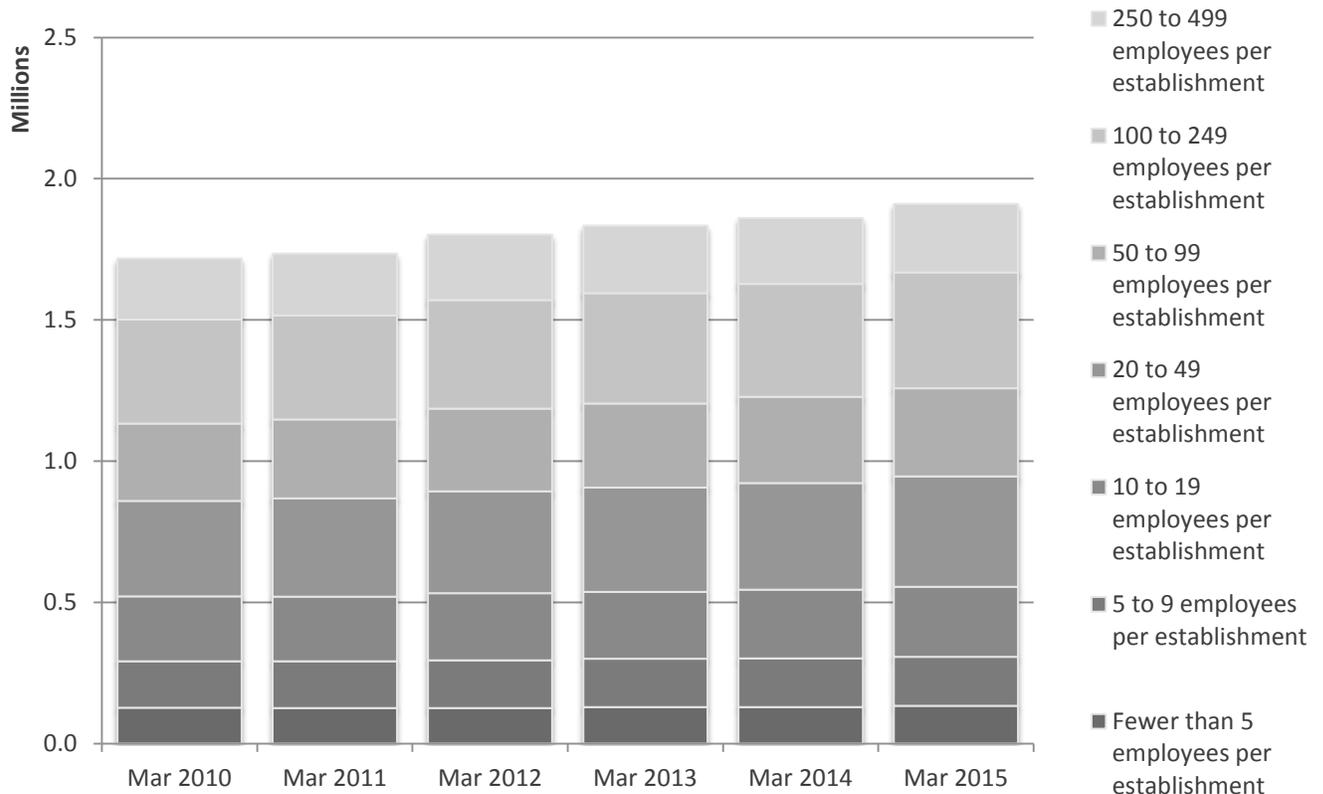
- | | |
|---|--|
| <ul style="list-style-type: none">• 100 employees:<ul style="list-style-type: none">· 9% were less than 1 year old· 28% were between 1 and 5 years old· 20% were 6 to 10 years old· 43% were more than 11 years old• 50 employees:<ul style="list-style-type: none">· 9% were less than 1 year old· 28% were between 1 and 5 years old· 20% were 6 to 10 years old· 43% were more than 11 years old• 20 employees:<ul style="list-style-type: none">· 10% were less than 1 year old· 28% were between 1 and 5 years old· 20% were 6 to 10 years old· 41% were more than 11 years old | <ul style="list-style-type: none">• 10 employees:<ul style="list-style-type: none">· 11% were less than 1 year old· 29% were between 1 and 5 years old· 20% were 6 to 10 years old· 40% were more than 11 years old• 5 employees:<ul style="list-style-type: none">· 15% were less than 1 year old· 29% were between 1 and 5 years old· 20% were 6 to 10 years old· 37% were more than 11 years old |
|---|--|

Source: US Census, Business Dynamics Statistics

Employers: By Employee Numbers

In March of 2001, 76.9 percent of private sector employment was from small businesses, and by March of 2015 private sector employment from small businesses grew to 81 percent. In the last five years alone, employment of private sector small businesses has grown by 11.2 percent.

Private Sector Small Business Employment



Source: US Bureau of Labor Statistics, QCEW March 2010 - March 2015

Employers: Private Sector Working Population by Firm Size

Small businesses in Tennessee created 132,512 jobs in the decade from March 2005 to March 2015.

- 70.6% of the private sector working population works in a business with fewer than 250 employees
- 53.3% of the private sector working population works in a business with fewer than 100 employees
- 40.0% of the private sector working population works in a business with fewer than 50 employees
- 23.5% of the private sector working population works in a business with fewer than 20 employees
- 13.0% of the private sector working population works in a business with fewer than 10 employees
- 5.7% of the private sector working population works in a business with fewer than 5 employees

Source: US Bureau of Labor Statistics, March 2015

Economic Inclusion: Ownership and Employment Growth by Gender, Ethnicity and Race

The US Census Bureau has begun its release of the 2012 Survey of Business Owners (SBO) Preliminary Statistics for the national and statewide levels. The release of the county level data for Tennessee from the 2012 survey is currently scheduled for December 2015. Like the preliminary aggregate data for the United States and the state of Tennessee, the county-level data will provide the first in-depth information available since the significant economic changes stemming from 2008. Following the release of the county level data, a supplement to this annual report will be posted on the BERO website.

Gender: Ownership and Employment Growth

A.1. Firms by Gender of Owner in Tennessee

- 35.7% of firms were owned by females
- 55.4% of firms were owned by males
- 7.9% of firms were equally owned by males and females
- 1.0% of firms are publicly held or not classifiable by gender

A.2. Growth of firms by Gender of Owner in Tennessee from 2007 to 2012

- Firms owned by females grew by 38.9% (55,026 firms)
- Firms owned by males grew by 2.6% (7,635)
- Firms equally owned by males and females declined by 53.0% (a net loss of 49,111 firms)
- The total number of firms grew by 0.9% (5,106 firms)

A.3. Industries with More Women Owners than Men

- Administrative and support and waste management and remediation services industry
 - 47.5% Female-owned
 - 46.8% Male-owned
 - 5.1% Equally male-/female-owned
 - 0.6% of firms are publicly held or not classifiable by gender
- Education services industry
 - 56.9% Female-owned
 - 35.1% Male-owned
 - 3.8% Equally male-/female-owned
 - 4.2% of firms are publicly held or not classifiable by gender
- Health care and social assistance
 - 62.2% Female-owned
 - 29.9% Male-owned
 - 4.5% Equally male-/female-owned
 - 3.4% of firms are publicly held or not classifiable by gender
- Other services (except public administration)
 - 53.3% Female-owned
 - 41.3% Male-owned
 - 5.2% Equally male-/female-owned
 - 0.1% of firms are publicly held or not classifiable by gender

A.4. Industries with the Most Growth in Female-owned Firms from 2007 to 2012

- Female-owned firms in Wholesale trade grew by 73% (1,189 net new firms)
- Female-owned firms in Other services (except public administration) grew by 66% (18,476 net new firms)
- Female-owned firms in Administrative and support and waste management and remediation services grew by 64% (10,230 net new firms)

Employment of female-owned firms grew 21.7% from 2007 to 2012.

Ethnicity: Ownership and Employment Growth

B.1. Firms by Ethnicity of Owner in Tennessee

- 2.5% Hispanic-Owned Firms
- 1.3% Mexican, Mexican American, Chicano-Owned Firms
- 0.3% Puerto Rican-Owned Firms
- 0.2% Cuban-Owned Firms
- 0.8% Other Hispanic, Latino, or Spanish-Owned Firms
- 0.1% Equally Hispanic/non-Hispanic-Owned Firms
- 96.3% Non-Hispanic Owned Firms

B.2. Employment growth of paid employees from 2007 to 2012 based on owner-ethnicity

- 63.5% growth of employment by Hispanic-owned firms (7,666 employees)
- 63.0% growth of employment by Mexican, Mexican American, Chicano-owned firms (5,260 employees)
- 49.5% growth of employment by Puerto Rican-Owned firms (259 employees)
- 9.5% growth of employment by non-Hispanic owned firms (102,711 employees)

Race: Ownership and Employment Growth

C.1. Firms by Racial Minority Ownership in Tennessee

- 19.2% of firms are owned by minorities
- 0.3% of firms are owned equally by minority/nonminority
- 79.4% of firms are owned by non-minorities

C.2. Firms by Race of Owner in Tennessee

- 81.9% of firms are White-owned
- 13.4% of firms are Black or African American-owned
- 0.7% of firms are American Indian and Alaska Native-owned
- 2.6% of firms are Asian-owned
- 0.8% of firms are Asian Indian-owned
- 0.3% of firms are Chinese-owned
- 0.2% of firms are Filipino-owned
- 0.1% of firms are Japanese-owned
- 0.3% of firms are Korean-owned
- 0.6% of firms are Vietnamese-owned
- 0.4% of firms are Other Asian-owned
- 0.1% of firms are Native Hawaiian and Other Pacific Islander-owned
- 1.1% of firms are owned by some other race

C.3. Employment growth of paid employees from 2007 to 2012 based on minority

- 51.6% growth of employment by minority-owned firms (29,514 employees)
- 46.8% growth of employment by equally minority/nonminority owned firms (3,008 employees)
- 7.6% growth of employment by nonminority owned firms (78,447 employees)

C.4. Employment growth of paid employees from 2007 to 2012 based on race of owner

- 8.1% growth of employment by white-owned firms (84,739 employees)
- 47.7% growth of employment by Black or African American-owned firms (7,826 employees)
- 54.7% growth of employment by American Indian and Alaska Native-owned firms (1,073 employees)
- 50.7% growth of employment by Asian-owned firms (13,383 employees)
- 34.7% growth of employment by Asian Indian-owned firms (5,328 employees)
- 105.5% growth of employment by Chinese-owned firms (3,248 employees)
- 362.0% growth of employment by Japanese-owned firms (2,603 employees)
- 68.5% growth of employment by Korean-owned firms (1,823 employees)
- 66.2% growth of employment by Other Asian-owned firms (1,449 employees)
- 172.8% growth of employment by some other race-owned firms (2,357 employees)

Veteran-owned Businesses

The 2007 SBO was the first time veteran-owned businesses were accounted for and the 2012 SBO will enable dissemination in changes.

- 10.9% of all Tennessee firms are veteran-owned
- 2.3% of all Tennessee firms are equally veteran-/non-veteran-owned
- 85.8% of all Tennessee firms are nonveteran-owned

(Source: U.S. Census 2012 Survey of Business Owners (SBO), Preliminary Statistics)

There are 484,901 veterans living in Tennessee, and 59,807 veteran-owned businesses. 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.

Access the following infographic on veterans, which also includes age distribution, educational attainment, and healthcare topics for Tennessee, is at www2.census.gov/library/infographics/2015/comm/vets/tn-vets.pdf. It was released by the U.S. Census Bureau November 2015.

DATA NOTE (1): 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. Further, it is also impacted the federal budget as it is not required by statute. The schedule for county level data in Tennessee from the 2012 survey is scheduled for December 2015. Like the preliminary aggregate data for the United and States and the state of Tennessee, the county level data will provide the first in-depth information available since the significant economic changes beginning in 2008. Following the release of the county level data, a supplement to this annual report will be posted on the BERO website at tn.gov/ecd/bero.

DBE Distribution by Sector in Tennessee

DBE businesses are important employers and contributors to Tennessee’s business environment. Business sectors correlate with wages where retail sales equate with lower wages and the professional and technical services sector may equate with higher wages. Increases in the number of businesses that allow higher paying jobs may also correlate to firms with higher gross receipts. See data note (2) below.

Sector Distribution for Minority-owned Businesses

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 and Technical Services	17%
2) Administration and Support and Waste Management	15%
3) Construction	11%
4) Retail Trade	9%
5) Other Services	9%

Sector Distribution for Women-owned Businesses

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 and Technical Services	15%
4) Administration and Support and Waste Management	8%
5) Healthcare and Social Assistance	8%

Number of Establishments by Sector: Tennessee (overall)

The data provided by the U.S. Bureau of Labor Statistics Quarterly Census of Employment and Wages, 2014 Annual Average (bls.gov) show that Tennessee’s top sectors based on the number of establishments are as follows:

1) Retail Trade	14.9%
2) Professional and Technical Services	11.2%
3) Health Care and Social Assistance	9.6%
4) Other Services	9.4%
5) Wholesale Trade	9.0%
6) Accommodation and Food Services	8.3%
7) Construction	7.7%
8) Finance and Insurance	6.5%
9) Administration and Support and Waste Management	6.1%
10) Manufacturing	4.4%
Total Number of Establishments:	142,049

Total Employment Tennessee (overall)

The QCEW data (bls.gov) show that 2014 Average Annual top sectors based on total employment in Tennessee is as follows:

1) Health Care and Social Assistance	14.8%
2) Manufacturing	13.9%
3) Retail Trade	13.7%
4) Accommodation and Food Services	11.3%
5) Administrative and Support and Waste Management	9.2%
6) Transportation and Warehousing	6.0%
7) Wholesale Trade	5.3%
8) Professional and Technical Services	5.1%
9) Construction	4.5%
10) Finance and Insurance	4.4%
Total employment:	2,342,022

Comment

Tennessee's accelerators and associated programs have the opportunity to make a marked impact by helping encourage business formation in sectors generating higher receipts and wages.

DATA NOTE (2): 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.

Procurement/Contracting

While there has been some stabilization in the economy, the fluctuating global economy, changing technology and government oversight continue to be important factors 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 key programs created to encourage and support economic inclusion in the government and private procurement arena.

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 businesses have participated in the program. In addition to relatively recent changes through the National Defense Authorization Act of 2013 made in order to better assist veteran-owned businesses with contracting opportunities, the SBA's Women-Owned Small Business Federal Contract Program (WOSB, sba.gov/wosb) also announced changes to increase access to federal contracting opportunities.

(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 statute, 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 2013-2014 increased over previous fiscal year by almost 40 percent to \$363 million. At the time of this writing, Go-DBE had not released its figures for FY2015.

(tn.gov/generalservices/topic/governors-office-of-diversity-business-enterprise-godbe)

At the state level, the University of Tennessee’s Center for Industrial Services, Procurement and Technical Assistance Center (PTAC) assists qualified DBEs with training and technical assistance in contracting at the local, state and federal agencies. PTAC reports on their website that in “2013, our PTAC counselors assisted 579 companies in Tennessee, generating more than \$303 million in contract dollars, which led to more than 6,100 jobs created or retained.”

(cis.tennessee.edu/connecting/ptac/)

Many workshops and training opportunities for the state’s small businesses are delivered by or take place in partnership with the Tennessee Small Business Development Centers (TSBDC), which are located across the state. According to their 2014 annual report, the 14 regions counseled 3,820 clients of which were 36 percent minority, approximately 47 percent women and 12 percent veteran; and held 898 training events in which 11,887 people participated.

(tsbdc.org)

Regional, Local and Private

Regional and Local

There are several purchasing groups, regional associations and government-based organizations, primarily in urban areas like Knoxville, Nashville, Chattanooga and Memphis, organized similarly to the state and federal contracting offices. These organizations have dedicated staff, registration and other opportunities like pre-bid meetings, winning bid reviews and informational networking events, in order to increase DBE participation.

Private

In the private sector, membership-based organizations such as the TriState Minority Supplier Development Council (TMSDC) and the Women Business Enterprise Council (WBEC) offer businesses access to private sector contracting, networking opportunities, and technical assistance. Their certifications are recognized by certain industry sectors, and they offer MBE and WBE certifications.

(tmsdc.net)

(wbecsouth.org)

PROGRAM DATA

The department shall maintain complete and consistent program data. (TCA §4-26-104(C)(b)(2))

Data continues to be organized in a similar fashion as is presented here. The department reorganized as it moved into FY2012, which marked a new direction for BERO’s policy and advocacy for DBEs. In FY2015, BERO was housed within the strategy division of TNECD.

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)

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

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 shows what the participation report reflected for the applicants, and does not include entitlement communities. Entitlement areas are Shelby County and Memphis, Jackson, Clarksville, Davidson County, Murfreesboro, Franklin, Hendersonville, Oak Ridge, Knox County and Knoxville, Chattanooga, Cleveland, Morristown, Kingsport, Bristol, and Johnson City.

Contract Awards for Federal FY2015

In the U.S. Department of Housing and Urban Development (HUD) report, Contract and Subcontractor Activity, the CDBG awards were reported for the federal fiscal year, October 1, 2014 to September 30, 2015. There were 85 awards made to 29 companies totaling \$4,005,499. Of the 85 awards, 72 awards went to women-owned subcontractors and one minority-owned subcontractor; 83.5 percent were White American, 15.2 percent were Black American and one percent was Hispanic American. The Black American subcontractors received \$879,127 or 22.7 percent of the total amount awarded, the Hispanic American subcontractor was awarded \$50,000 or 1.2 percent, and the women-owned subcontractors were awarded \$2,250,466 or 56 percent.

HUD uses the following racial and ethnic designations for its reporting: White Americans, Black Americans, Native Americans, Hispanic Americans, Asian/Pacific Americans and Hasidic Jews.

(tn.gov/ecd/CDBG)

BERO partnered with the Governor's Office of Diversity Business Enterprise (Go-DBE) to make CDBG opportunities available to a larger numbers of DBEs by posting contracting opportunities in the Current Procurement Opportunities section of Go-DBE's webpage at tn.gov/generalservices/article/current-procurement-opportunities.

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 (TNECD) by Chapter 135 of the Public Acts of 1977, codified as TCA §4-26-101 et seq.

Update

During FY2015 BERO went through sunset hearings and was unanimously continued for five years.

Given the era of BERO's establishment and the changes that have taken place in the 38 years since its original statute, suggested revisions for consideration were submitted to the department by BERO prior to the issuance of this report.

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 program remains unfunded within TNECD.

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.]

Comment:

There is nothing to report relative to this section.

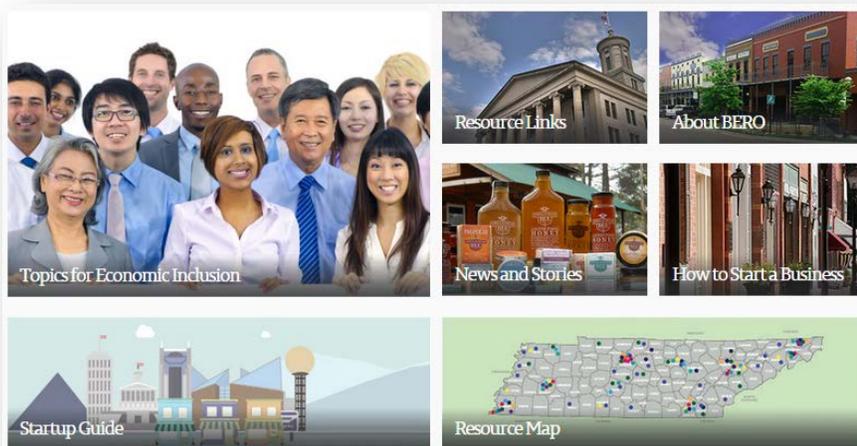
COMMUNICATION AND OUTREACH

Website, Guides, Newsletters

BERO disseminates information and resources and promotes best practices and access to capital through multiple avenues including the website, the TN Smart Start and How to Start a Business guides, quarterly newsletters, events and presentations.

Website

BERO maintains a webpage that includes its publications, along with targeted links and resources at tn.gov/ecd/bero. The TN.gov launch at the end of FY2015 provided a platform for updated and expanded information and resources providing users with greater accessibility. The website allows for easy access for BERO's target audience with policy and procurement information for DBEs and small businesses; topics for youth entrepreneurship; as information on grants; and general resources for service providers.



Topics for Economic Inclusion – This section highlights policy and procurement information for DBEs:

- Entrepreneurs with Disabilities: Programs and Resources
- Minority Business Enterprises, Women Business Enterprises, Veteran Business Enterprises: Policy and Procurement
- Rural Businesses: Policy and Financing
- Youth Entrepreneurship: Programs and Opportunities

Tennessee Smart Start Guide

The TN Smart Start Guide, a startup and small business guide, is published and distributed along with a paired postcard in both digital and hard copy formats. The guide gives an overview on a broad base of relevant topics from legal structure to financing to procurement.

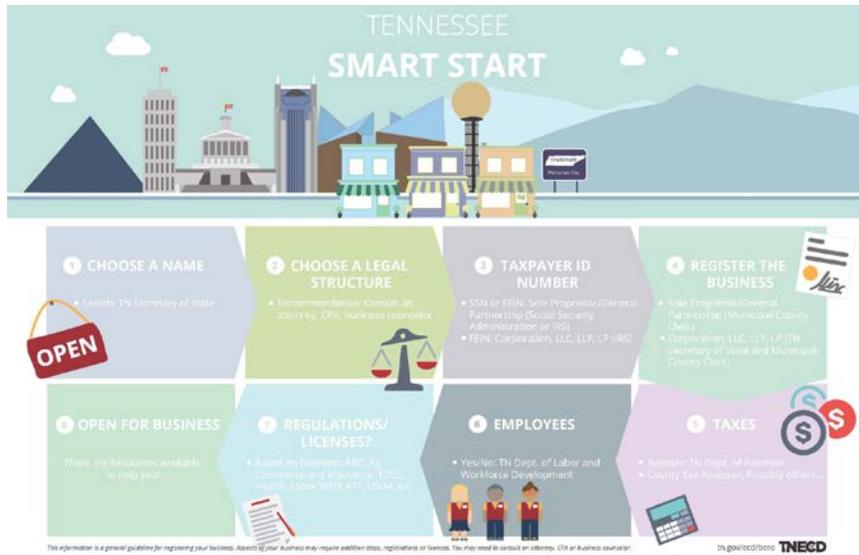
The guide is distributed through TNECD’s nine regions and its resource partners and stakeholders including, but not limited to, elected officials, chambers of commerce, development districts, state agencies (such as the Office of the Small Business Advocate, Revenue, Secretary of State, Human Services and Labor and Workforce Development), UT-CIS, TN Small Business Development Centers, the US Small Business Administration, USDA Rural Development, SCORE, AEO, the Federal Reserve Banks of Atlanta and St. Louis, business incubators and accelerators, among many others. Prior to the close of FY2015, the TN Smart Start Guide averaged 1,700 pageviews per week, more than TNECD’s main page during the same period. Additionally, the guide has been recognized nationally as a best practice resource.

The online version of the guide was updated July 2015 after the state’s launch of TN.gov. It is updated biannually online and/or when major changes occur, and typically printed annually. The guide may be found at tn.gov/assets/entities/ecd/attachments/TNSmartStartupGuide.pdf.



How to Start a Business

This portion of the website provides a simplified step-by-step guide to registering a business in Tennessee, and is part of a larger push to make registering a business in the state easier. The flow chart below provides a visual checklist for the steps, which include 1) choosing a name, 2) determining a legal structure, 3) taxes, 4) hiring employees, 5) licensure requirements, 6) key resources, and 7) links to the TN Smart Start Guide and the PDF of the flowchart. This is featured on TN.gov and averages 7,000 pageviews per week.



The webpage itself looks like this:

How to Start a Business

As the backbone of our state's economy, small businesses make up the majority of all companies in Tennessee. Some of the world's largest and most well-known companies were started right here in the Volunteer State. For each of those businesses, success began with someone who dared to dream big and didn't shy away from hard work.

The challenges that entrepreneurs face are often intimidating. Adequate support and resources are crucial to navigating the early stages of any new venture. This website will guide you through the step-by-step process of establishing your business. [The steps](#) are: 1) choosing a name, 2) determining a legal structure, 3) taxes, 4) hiring employees, 5) licensure requirements, 6) key resources to help you, and 7) a guide. We hope you will find this helpful and informative!

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6	STEP 7
<h3>STEP ONE</h3> <p>Check the Availability of Your Company's Name</p>  <p>Is the business name you are thinking of already in use?</p> <p>Search the name of your business through the Tennessee Secretary of State's Office. The "Business Name Availability" tool allows you to determine if the proposed business name is available in Tennessee.</p>						

This information is a general guideline for registering your business. Aspects of your business may require additional steps, registrations or licenses; and we recommend that you consult an attorney, CPA or business counselor. If you have questions or need additional information, please contact the Small Business Advocate in the Office of the Tennessee Comptroller of the Treasury at smallbusiness.advocate@cot.tn.gov. This page is administered by the Tennessee Department of Economic and Community Development.

Quarterly Newsletters

BERO communicates with its resource partners and stakeholders through quarterly newsletters. BERO launched these in fall 2012. They serve as a platform to bring attention to what is happening across the state and beyond related to economic inclusion; to highlight what's working well for service providers and their clients; to seek feedback; and to bring attention to challenges. Based on their feedback, service providers find it a useful resource. The newsletters are emailed with the two

most recent versions posted on BERO's website. The articles from the most recent newsletter scroll on the webpage for easy access.

See attachments for Spring and Winter 2015 and Fall and Summer 2014. The hard copy version of this report does not contain the complete section of articles due to length, but the online version does.

General Inquires

BERO addresses direct information requests received for business information and assistance made through telephone, email, postal service and referrals from communities, elected officials, resource partners, other businesses, etc. Individuals and companies can submit requests for business information through TNECD's website at tnecd.com/about/contact. BERO also serves as a go-to resource on DBE topics to TNECD's business development staff statewide. The most requested topics are related to elements involved in steps to startup or move a business, access to capital, certification and procurement.

Presentations and Events

Below is a sample list of the events in which BERO was represented through participation, presentation and/or a booth during FY2015. This list is not comprehensive.

- MMBC Continuum Economic Development Forum, Memphis
- E.D.G.E. Conference, Dyersburg
- USDA Rural Development Conference, Murfreesboro
- East Tennessee Women's Leadership Summit, Alcoa
- Diversity Marketplace, Nashville
- Appalachian Funders Network, 2015 Gathering, Kingsport
- Economic Summit on Women, Nashville
- TN Department of Veteran's Affairs Outreach events, various
- MED Week, Memphis and Nashville
- BOOM Conference, Memphis
- Global Entrepreneurship Week (GEW)
- Global Action Summit, Nashville
- TN Basic Economic Development Course, Nashville
- MEMMobile Launch, Memphis
- CO.STARTRES Summit, Chattanooga
- Southern Automotive Women's Forum Annual Conference, Nashville
- eGOV at eMERGE Americas, Miami
- IEDC Federal Forum, Arlington, VA
- MidSouth Economic and Business Development Summit, Dyersburg
- SBA Federal procurement Conference, Nashville
- Diversify 2015, Chattanooga
- Procurement Equal Opportunity Workshop, Nashville
- Southland, Nashville
- TDOT Annual DBE Meeting, Nashville

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tn.gov/ecd/smallbusinessguide

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.

(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.

(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 scheduled between June 2015 and December 2015.

(census.gov/econ/sbo)

Suggested Reading and Works References

The reports referenced herein can be found in this section alphabetically by author or title. There are multiple reports and papers worth reading that were not specifically noted.

ATTACHMENTS

- A. BERO Enabling Statute

- B. BERO Quarterly eNewsletter (FY2015)
 - Spring 2015
 - Winter 2015
 - Fall 2014
 - Summer 2014

Note: In the hard copy version of this report the newsletters are reduced to body only and do not include the complete list of articles addressing DBEs over the prior quarter. The two most recent newsletters can be found on BERO's website, and the most recent quarter's list of articles scroll on BERO's website. The full report online has the complete newsletter listed (large file).

- C. Tennessee Smart Start Guide Postcard
A PDF is available for download at tn.gov/ecd/bero.

RECOMMENDED READING

Note: Look over the articles provided in the newsletters over the course of the last year for further DBE-related information.

- Boshara, R., Emmons, W., et.al., Essay 1: The Demographics of Wealth How Age, Education and Race Separate Thrivers from Strugglers in Today's Economy (St. Louis, MO: The Federal Reserve Bank of St. Louis, February 2015), stlouisfed.org/household-financial-stability/the-demographics-of-wealth.
- Brush, C., Greene, P., et. al., Diana Report Women Entrepreneurs 2014: Bridging the Gender Gap in Venture Capital (Babson Park, MA: Babson College, September 2014), babson.edu/Academics/centers/blank-center/global-research/diana/Documents/diana-project-executive-summary-2014.pdf
- Business Ownership Council: Women's Businesses Hit with Annual \$10 Trillion Opportunity Loss (Washington, D.C.: U.S. Women's Chamber of Commerce, August 19, 2015), uswcc.org/2015/08/womens-businesses-hit-with-10-trillion-opportunity-loss.
- Business Women Speak Out On the Issues : 2015 National Survey of Women Business Owners on Top Issues (Washington, D.C.: Women Impacting Public Policy, June 2015), c.yimcdn.com/sites/www.wipp.org/resource/resmgr/WIPP_Documents/WIPP_2015_Survey_of_Women_Bu.pdf
- Cantwell, M., Chairwoman, 21st Century Barriers to Women's Entrepreneurship (Washington, D.C.: Majority Report of the U.S. Senate Committee on Small Business and Entrepreneurship, July 2014), www.microbiz.org/wp-content/uploads/2014/07/21st-Century-Barriers-to-Womens-Entrepreneurship.pdf.
- County Economic Status, Fiscal Year 2014: Appalachian Tennessee (Washington, D.C.: Appalachian Regional Commission, FY2014), www.arc.gov/reports/region_report.asp?FIPS=47999&REPORT_ID=45.
- Do Women Business Owners Have It All?, The Business Journals, (Charlotte, NC: September 2015), slideshare.net/TheBusinessJournals/do-women-business-owners-have-it-all.
- Donovan, Rich, Creating Value Through Disability 2014 Annual Report: The Global Economics of Disability (New York, NY: The Return on Disability Group, August 1, 2014), senseability.ca/docs/default-source/articles/articles-en/2014-annual-report---the-global-economics-of-disability.pdf.
- Eakes, Martin, Economic Inequality and Beginning of Self Help (Durham, NC: Self Help Credit Union, 2014), vimeo.com/123140416 video.
- eBay Public Policy Lab, 2015 U.S. Small Business Global Growth Report: A world of opportunity for every American Small Business (eBay Public Policy Lab, 2015), ebaymainstreet.com/sites/default/files/2015-us-small-biz-global-growth-report_0.pdf
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ATTACHMENT: BERO ENABLING GH5HI H9



**Tennessee Department of Economic & Community Development
Business Enterprise Resource Office (BERO)
Enabling Statute: Attachment A**

**Title 4 State Government
Chapter 26 Business Enterprise Office (2015)**

4-26-101. Establishment.

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

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

4-26-102. Chapter definitions.

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

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

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

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

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

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

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

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

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

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

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

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

(7) "Obligee" means:

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

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

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

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

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

(11) (A) "Principal" means:

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

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

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

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

(13) "Surety" means the person who:

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

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

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

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

4-26-103. Powers and duties.

The department is authorized to:

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

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

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

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

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

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

- (7) Employ such personnel as may be required to implement and administer this chapter; and
- (8) (A) Develop sources of capital for minority entrepreneurs;
- (B) Assist in setting up new minority banks, small business investment companies, as defined in 15 U.S.C. § 681(a), and minority enterprise small business investment companies, being the companies authorized in 15 U.S.C. § 681(d) [repealed]; and
- (C) Develop loan packages to assist minority business persons in the start-up or expansion of businesses, or any other financial counseling necessary to enable minority business operations to operate on a sound financial basis.
- (b) (1) The department shall continually evaluate the progress of disadvantaged businesses through monitoring and techniques of evaluation, such as surveys and feasibility studies.
- (2) The department shall maintain complete and consistent program data.

4-26-104. Purpose and construction.

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

- (1) Disadvantaged businesses share in the American economic system of private enterprise through free and vigorous competition;
- (2) Such competition be fostered through the encouragement and development of disadvantaged businesses; and
- (3) The state aid, counsel and assist in every practical manner disadvantaged businesses in order to preserve free competition on equal terms with those businesses constituting the major part of the business community.

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

4-26-105. Reports.

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

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

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

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

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

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

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

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

- (2) Amounts in the account at the end of any fiscal year shall not revert to the general fund but shall remain available to the department for the purposes set forth in this section.
- (3) Amounts in the account shall be invested for the benefit of the account by the state treasurer pursuant to § 9-4-603. The account shall be administered by the commissioner.
- (c) (1) There is created within the department the disadvantaged business loan guarantee program.
- (2) The purpose of the loan guarantee program is to ensure the availability of conventional financial resources to emerging and expanding disadvantaged businesses by guaranteeing loans for disadvantaged businesses.
- (3) To qualify for a loan guarantee, a disadvantaged business must demonstrate to the satisfaction of the commissioner that the loan will be fully repaid and will produce economic benefit for the community and state.
- (4) The department is authorized to determine the total dollar amount of loans to be guaranteed, subject to a maximum of five (5) times the balance of appropriated funds within the loan guarantee account, plus income, less expenses associated with the program.
- (5) The department is authorized to charge a premium to the borrower to help defray the cost of administering the program.
- (6) The department may establish other terms and conditions for guarantees of loans.
- (7) The total aggregate amount of the loan guarantee may not exceed eighty percent (80%) of any loan.
- (8) All documentation evidencing a loan guarantee shall clearly state that such guarantee is an obligation of the disadvantaged business loan guarantee account and not of the general fund or the state of Tennessee, and that any amounts required to be paid pursuant to the loan guarantee are subject to the availability of sufficient funds within the guarantee account.
- (d) The commissioner shall annually submit to the governor and the speakers of the senate and house of representatives, within ninety (90) days after the end of the fiscal year, a complete and detailed report setting forth the operations, transactions and accomplishments of the disadvantaged business loan guarantee fund.

HISTORY: Acts 1990, ch. 1071, § 1.

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

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

HISTORY: Acts 2006, ch. 935, § 3.

Additional TCA relative to BERO:**Title 4 State Government****Chapter 3 Creation, Organization and Powers of Administrative Departments and Divisions****Part 7 Department of Economic and Community Development****4-3-728. Community development block grants to disadvantaged businesses.**

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

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

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

HISTORY: Acts 1984, ch. 873, § 1.

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

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

HISTORY: Acts 1996, ch. 976, § 1.

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ATTACHMENT: NEWSLETTERS

BERO ANNUAL REPORT FY2015

ATTACHMENT: SPRING 2015 NEWSLETTER

Director's Message

Greetings!

There are so many items I would like to include in this newsletter. There are quite a few events, conference and other opportunities that look great this spring and early summer!

Big news on the BERO front during the last quarter: Drum roll please...really! While the legislature is in session for a couple more weeks, BERO was extended by the house and senate for five years. Yes, in case you didn't realize it, BERO was created by statute, and while it is housed within TNECD, it goes through its own sunset process periodically. We are very happy with the five year extension!

A couple funding opportunities not to miss are (1) a [placemaking grant](#) from the National Endowment for the Arts (NEA), and (2) [disaster loans](#) related to the extreme temperatures and flooding we experienced this winter from the US Small Business Administration. Both programs have involved applications and deadlines to apply so see if it is of interest sooner rather than later! The person who runs the NEA program highlighted some very creative ways which both urban and rural projects were able to tie this type of funding into multistage projects.

Last time I mentioned the updated webpage for a simplified step-by-step for registering a new business in Tennessee. The flowchart has now been added to Step 7 (a PDF) and provides an easy to understand version of selecting a business name and legal structure, tax registration, hiring employees, special licensing, which you can find at tn.gov/ecd/smallbusinessguide. Here's what it looks like:

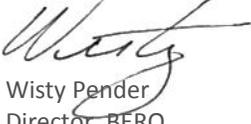


Spring is well underway with a host of conferences and events! Some of the events are the Appalachian Funders Network and USDA Rural Development Conference in April; 36/86 in early June; and the East TN Women's Conference in mid-June. See the [Events and Items of Note](#) section for details. There are a host of other regional and local gatherings on deep technical assistance, strategic networking, procurement and placemaking; and I look forward to hearing how they work for you and your respective clients or community. Look towards the bottom for [Call for Entries](#) to see how.

Look for the new tn.gov site to be launched in May or June, and with it BERO's webpage will have a whole new look and new resources.

I look forward to seeing you soon!

Warm regards,



Wisty Pender
Director, BERO

What's in the Spring 2015 quarterly?

- ❖ [DBE/Veteran Practices and Highlights](#): Returning citizens and entrepreneurship training (BEST); LiftTN: Microenterprise
- ❖ [Access to Capital](#): Grant and disaster loan opportunity, et. al.
- ❖ [Events and Items of Note](#): East TN Women's Leadership, 36/86,
- ❖ [Call for Entries](#):
- ❖ [Articles of Interest from the Last Quarter](#): There are quite a few, but remember you can also find them at www.tn.gov/ecd/bero.
- ❖ [Contact Information](#)

➤ **From the Field...**



BEST: From the First Cohort

Authors: Karen Vander Molen and William T.

The first cohort of a groundbreaking new program designed to prepare offenders at Charles Bass Correctional Complex (CBCX) in West Nashville to start their own businesses upon their release from prison has successfully finished the course, and participants are now looking to the future.

October 21, 2014 marked the first day of class for the 22 participants in Building Entrepreneurs for Success in Tennessee (BEST), a program of the Nashville Entrepreneur Center (EC). As offenders arrived for class, they expressed excitement and gratitude for the opportunity to participate in this innovative program, which seeks to reduce recidivism by giving the men in it the tools they need to launch and manage their own businesses. That first week, the BEST Team, volunteer instructors, CBCX Staff and class participants all celebrated the program's launch. CBCX Warden Stevenson Nixon and Dr. Marina Cadreche, Tennessee Department of Correction (TDOC) Assistant Commissioner of Rehabilitative Services, also attended the kickoff party, where everyone expressed their excitement and optimism for the BEST program and looked forward to the coming months.

For the first three months, the curriculum focuses on personal development; getting heads and hearts in the right place. The class is instructed daily by Program Director Karen Vander Molen, as well as a variety of other BEST Team members and dedicated volunteer instructors who cover topics such as conflict management, life skills and basic computer skills. BEST even utilizes the Toastmasters Competent Communicators book to teach the men how to create and deliver speeches. In addition, there are weekly lectures by various local entrepreneurs such as Peter Marcum, Dr. Jeff Cornwall and Dr. Turner Nashe, Jr. Even Dr. Michael Burcham, the 2014 Tennessean of the Year, has visited twice.

The last three months consist of developing PreFlight Launch Plans for the men's business ideas as well as further preparation for success upon release. John Murdock, Director of Education at the Nashville Entrepreneur Center, delivers PreFlight instruction every Tuesday afternoon. Weekly readings and movie segments are delivered via Innertainment Delivery Systems (IDS) electronic tablets. This is the first time the tablet technology has been used by TDOC inmates. In addition, this is also the first time entrepreneurship curriculum has been delivered to inmates using tablets (quite possibly the first time in the world). To further support the development of the Launch Plans, BEST has partnered with Belmont University Professor Erin Anderson's class of 20 upper level students as "EntrePartners" who help provide research and assistance. Mentors from the EC also help participants expand their knowledge and understanding of how to get a business going.

We would like to thank everyone who has been involved in the effort to get the BEST program up and running, including the BEST Team, the many generous volunteers who have helped and TDOC. BEST participants are very excited and optimistic about this unique opportunity and cannot wait to put their new knowledge to work, becoming taxpayers and contributing members of society.



LiftTN: Microenterprise

The program, LiftTN: Microenterprise, alluded to in the previous newsletter was officially launched in February 2015. The initial training for LiftTN: Microenterprise grant recipients was held and now all are working on their respective projects. Expect an update later this year, and in case you missed the press release earlier, the full release is [here](#).

Overview:

The program—funded through the United States Department of Housing and Urban Development (HUD)—is aimed at helping businesses that have five or fewer employees expand.

In order to determine the grant recipients, TNECD—through its office of federal programs and the Business Enterprise Resource Office (BERO)—held four meetings across the state in January and February 2014. The purpose of those meetings was to gather information regarding unmet needs of microenterprises from agencies and organizations that work with small, women-owned, minority-owned, veteran-owned, rural and urban core businesses as well as youth entrepreneurs.

The five projects selected are the following:

- Communities Unlimited will use the grant funds to operate the altShops program in the Bolivar and Somerville downtown areas. The altShops program is a business incubator program for popup retail shops that recruits business owners and assists them with startup costs, leasing of commercial property and other technical assistance. The altShops program will fund three microenterprises in Bolivar and three microenterprises in Somerville.
- The Knoxville Chamber will use the funds to operate the Propel, a mentor-protégée program in cooperation with the respective chambers in Knox, Roane, Blount, Jefferson and Anderson Counties. Propel will pair protégés (microenterprises), which are relatively new to business with mentors who are established business leaders. In addition to a mentor, each protégé will receive coaching and technical assistance.

- Growth Enterprises Nashville will use their grant to expand the capacity of the Incubator Without Walls (“Virtual Incubator”), a program that provides virtual business incubation. Participants in the Virtual Incubator will receive one-on-one business counseling, as well as location-based training classes.
- Center for Holistic Ecology currently conducts the Sonnenschein Green Initiative (SGI) that promotes ecologically friendly business activity in the Hohenwald community and surrounding areas. The grant money will allow SGI to establish and operate the Hohenwald Marketplace, a place for local vendors to operate and sell services and goods.
- The TN Code Academy will use grant funds to expand the reach of its TN Code Academy for Youth, a program that conducts one-day workshops, camps and classes to further learning and increase interest in computer science and programming for students between the ages of 12-18. The grant will allow TN Code Academy to offer “Apps and Entrepreneurship”, teaching youth not only how to make an app, but how to monetize what they create.

Read the full release at www.tnecd.com/news/159/pilot-program-encourages-microenterprise/#sthash.3yUv227C.dpuf

Big Recognition for Tennessee at SXSW: ZeroTo510 was ranked 15th in nation



High Ground News: ZeroTo510 Announced as Top Accelerator at SXSW

www.highgroundnews.com/inthenews/zeroto510.aspx
Today, at SXSW and in *TechCrunch*, ZeroTo510 was announced as one of the top 20 accelerators in the United States.

ZeroTo510 was ranked 15th in the nation by the Seed Accelerator Rankings Project.

❖ Access to Capital ❖

Highlighted articles:

The Hamilton Project: Minority and Women Entrepreneurs: Building Capital, Networks, and Skills

www.cdfa.net/cdfa/cdfaweb.nsf/ordredirect.html?open&id=201503-MWE-A2C

As part of a comprehensive strategy to help minority and female entrepreneurs receive the support they need to succeed, this paper outlines three complementary proposals: expand access to capital, expand access to business networks, and expand skills development and training programs.

JD Supra: Federal Crowdfunding Efforts Stall While Tennessee Prepares for Takeoff

www.jdsupra.com/legalnews/federal-crowdfunding-efforts-stall-while-48381/

On January 1, 2015, pursuant to the Invest Tennessee Exemption (ITE), crowdfunding in Tennessee became legal, granting Tennessee-based companies and investors increased access to capital and broadened opportunities to invest. Federal crowdfunding rules, however, are stalled again—now delayed by more than 700 days past the deadline required by 2012’s Jumpstart Our Business Startups Act (the JOBS Act).

HBR: Start-Up Capital Is Spreading Across the U.S.

<https://hbr.org/2015/02/start-up-capital-is-spreading-across-the-u-s>

... Are startup hubs really forming all over the U.S.?... This analysis demonstrates that while a handful of well-known cities continue to dominate the landscape of early-stage venture-backed entrepreneurship, a non-trivial amount of catch-up by other cities has occurred.

The Tennessean: Tennessee Start-Ups See Uptick in Venture Capital

www.tennessean.com/story/money/2015/01/19/tennessee-start-ups-see-uptick-venture-capital/21945947/

...So what’s behind Tennessee’s current success? For one, we now have more private capital flowing throughout the state. Additionally, government supported programs like TNInvestco and INCITE have helped, particularly providing much-needed fuel a few years back when private capital was still on the sidelines following the recession.



New Grant Opportunity for Creative Placemaking in Tennessee

<http://tnartseducation.org/grants/fy2016-17-creative-placemaking-grant-program/>

How can your community enhance its unique assets to strengthen economic vitality, livability and growth? How can your community leverage its arts and culture resources to help address key opportunities and challenges?

The Tennessee Arts Commission has designed a Creative Placemaking Grants Competition to help build stronger communities through the arts. It specifically focuses on the use of arts or cultural assets to enhance the distinctive character of local Tennessee places for positive economic and community outcomes.

... The Commission expects to provide five to ten awards ranging from \$5,000 to \$8,000 for projects that occur in one place. Applications that involve partnerships of two or more towns, cities and/or counties can request up to \$10,000. At least two awards will be made to eligible rural applicants. A total of \$50,000 in grants will be awarded for FY2016. Further details can be found at the link above.



SBA disaster assistance available to Private NonProfit organizations in Tennessee

The U.S. Small Business Administration announced today certain Private NonProfit organizations (PNPs) that do not provide critical services of a governmental nature may be eligible to apply for low interest rate disaster loans. These loans are available following the Presidential disaster declaration for Public Assistance resulting from damages caused by a severe winter storm and flooding on Feb. 15 – 22, 2015.

PNPs located in the following Tennessee counties are eligible to apply to SBA: Anderson, Bedford, Bledsoe, Blount, Campbell, Clay, Coffee, Cumberland, Fentress, Giles, Grainger, Grundy, Hamblen, Hancock, Hardeman, Jefferson, Knox, Lawrence, Loudon, Marshall, McMinn, McNairy, Meigs, Monroe, Moore, Morgan, Obion, Overton, Putnam, Roane, Scott, Sevier, Van Buren, Warren and White. Examples of eligible non-critical PNP organizations include, but are not limited to, food kitchens, homeless shelters, museums, libraries, community centers, schools and colleges.

PNP organizations may borrow up to \$2 million to repair or replace damaged or destroyed real estate, machinery and equipment, inventory and other business assets. The interest rate is 2.625 percent with terms up to 30 years. Applicants may be eligible for a loan amount increase up to 20 percent of their physical damages, as verified by the SBA, to make improvements that help prevent the risk of future property damage caused by a similar disaster.

The SBA also offers Economic Injury Disaster Loans to help PNP organizations meet working capital needs, such as ongoing operating expenses. Economic Injury Disaster Loan assistance is available regardless of whether the organization suffered any physical property damage.

Applicants may apply online using the Electronic Loan Application via SBA's secure website at <https://disasterloan.sba.gov/ela>.

Disaster loan information and application forms may also be obtained by calling the SBA's Customer Service Center at 800-659-2955 (800-877-8339 for the deaf and hard-of-hearing) or by sending an e-mail to disastercustomerservice@sba.gov. Loan applications can be downloaded from the SBA's website at www.sba.gov/disaster. Completed applications should be mailed to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

The filing deadline to return applications for physical property damage is June 1, 2015. The deadline to return economic injury applications is January 4, 2016.

Released by: Physical and Economic Injury Loans for Businesses; SBA Disaster Assistance – Field Operations Center- East – 101 Marietta Street, NW, Suite 700, Atlanta, GA 30303

There are several more articles worth reading on lending, crowdfunding and access to capital in the [Articles of Interest from Last Quarter](#) section.

❖ Events and Items of Note ❖

➤ **April:**

- April 7-9: GROWCO, Nashville. For more information visit <http://growco.inc.com>.
- April 17: 1st Annual Conference on Financial Literacy. For more information contact Tennessee State University Center for Entrepreneurship and Economic Development at (615) 963-7130.
- April 24: Basics of Doing Business with Local & State Government, Nashville. For more information visit http://events.wsmv.com/Basics_of_Doing_Business_with_Local_State_Government/312748680.html.
- April 29-30: USDA Rural Development Annual Conference, Murfreesboro. For more information visit http://www.rd.usda.gov/files/TN_2015RDConference-AgendaSpeakers.pdf.

➤ **May:** Asian Pacific American Heritage Month, Jewish American Heritage Month

- May 4- 7: Tennessee Basic Economic Development Course. Nashville, TN. For more information visit <https://cis.tennessee.edu/train/programtraining/TNEDPT/Pages/default.aspx>.
- May 13-16: Black Enterprise Entrepreneurs Summit, Atlanta, GA. For details visit <http://www.blackenterprise.com/events/entrepreneurs-conference>.

➤ **June:** National Caribbean-American Month

- June 8-10: 36/86, a meeting of people celebrating Southern Culture and Entrepreneurship, Nashville. For more information visit <http://thirtysixeightysix.com>.
- June 12: East Tennessee Women's Leadership Summit, Hilton Knoxville Airport. For more information visit <http://easttnwomensls.com/>.

➤ **And coming up in 2015...**

- August 25-27: MMBC Continuum Economic Development Forum, Memphis. For details call 901.525.6512.
- October 13-14: Governor's Conference on Economic and Community Development, Nashville. Details at www.govcon.tnecd.com.

❖ Call for Entries ❖

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

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

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

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

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

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

❖ Articles of Interest from the Last Quarter ❖

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

◻ JANUARY ◻

Entrepreneur: The Benefits of Launching a Family Business in Your Golden Years

www.entrepreneur.com/article/241625

The idea that older adults can and should start ventures as a viable solution to some of the economic challenges they face seem foreign to my peers and "experts" who want to help.

When Tom Flournoy was laid off at age 61 at the height of the economic recession in 2009, he was unable to find a job. He turned to family business.

Inc.: Success Secrets: What 200 Leading Entrepreneurs Have in Common (video series)

www.inc.com/idea-lab/amy-wilkinson-elizabeth-holmes.html

Entrepreneur and author Amy Wilkinson speaks with Inc. senior editor Maria Aspan about her new book *The Creator's Code* and what she learned from interviewing many of today's most successful entrepreneurs.

Forbes: What it's like being a Woman Who's Building a Dream World in Silicon Valley

www.forbes.com/sites/deniserestauri/2015/01/05/what-its-like-being-a-woman-whos-building-a-dream-world-in-silicon-valley/?ss=forbeswoman

...My story is a great story about a woman, a mom who is creating a product that she wants to see in the marketplace that wasn't available because most games are created by men who are making decisions based on data.

The Tennessean: Immigrant Entrepreneurs Boost 'Main Streets' in Nashville

www.tennessean.com/story/money/2015/01/14/immigrant-entrepreneurs-boost-main-streets-nashville/21723951/

...Nashville immigrants have made a significant contribution to the local economy, especially through an outsized presence among local "main street" businesses, according to a new report by the Fiscal Policy Institute, a New York-based nonpartisan research nonprofit. In the larger Nashville metro area, immigrants account for 8 percent of the population and 9 percent of business owners, yet they make up a disproportionate 29 percent of Main Street business owners.

Entrepreneur: How a Bullied, Dyslexic 16-Year-Old Entrepreneur Fought Back and Found His Way

www.entrepreneur.com/article/236253

...His advice to kids who are bullied in school, due to insensitivity toward a learning difference or otherwise, is to flat-out ignore their harassers. [...] Ollie also suggests that all kids, especially teen entrepreneurs, talk about their hopes, dreams and challenges with successful adults they trust and admire.

WSJ: Businesspeople, Educators Seek Ways to Teach Students Entrepreneurship

www.wsj.com/articles/businesspeople-and-educators-seek-ways-to-teach-students-entrepreneurship-1421885943

...The traditional American education has emphasized preparing kids to execute shift work, and it doesn't tend to give students enough opportunity "to tinker and compete in a fun, competitive landscape," said Brian Meece, chief executive of RocketHub, a crowdfunding website, and a member of the Milstein Symposium panel focused on creating middle-class jobs through entrepreneurship.

Inc.: Why More Women Run Companies in New York Than in Silicon Valley

www.inc.com/steve-blank/more-women-run-companies-in-new-york.html

...I was struck by something that had been slowly percolating through my head during my entire week--there are a higher percentage of women on the founding teams of New York City startups than in Silicon Valley. [...] Does the credibility of female entrepreneurs in the eyes of New York VCs say something about the venture firms, or is it about the industries they are funding?

Johnson City Press: 100 Girls of Code Receives Hefty Turnout for Johnson City Session

www.johnsoncitypress.com/article/125314/100-girls-of-code-receives-hefty-turnout-for-johnson-city-session?utm_source=newsletter&utm_medium=email&utm_content=100%20Girls%20of%20Code%20Receives%20Hefty%20Turnout%20for%20Johnson%20City%20Session&utm_campaign=DC%27s%203/23

...Johnson City turned out the most participants for the 100 Girls of Code program in the project’s history. Thirty-five girls and young women signed up for the Saturday afternoon class on programming and coding, filling Spark Plaza with the clicking of students’ typing and the whiz of laptops as female instructors squeezed by chairs in the crowded room to help individual students.

Shockwave Motors, Inc.: Shockwave Motors Receives \$5,000 Grant

www.shockwavemotors.com/download/shockwavemotors_5000_grant.pdf

Shockwave Motors, Inc. received a grant from Jonathan Williams, founder of the Tennessee Veterans Business Association; the grant was made possible by Eric W. Barton, President and CEO of Vanquish Worldwide. Accepting the grant was John McMillian, CEO of Shockwave Motors, Inc. John said, “I appreciate that both Jonathan and Eric believe in what we are working to accomplish at Shockwave Motors and this grant will help move us closer to full scale manufacturing of our high performance electric roadster.”

❖ **Contact Information** ❖

Wisty Pender

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f. 615/401.6872

About BERO: BERO serves as a voice for and advocate of economic inclusion for Tennessee’s disadvantaged businesses (DBE). The office is tasked to analyze, disseminate and promote best practices and access to capital for DBEs to service providers. It also reports on the status of DBEs across the state. For the purposes of BERO, DBE refers to businesses owned by women, minorities, veterans and persons with disabilities; as well as businesses operating in remote or rural areas of the state.

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



BERO ANNUAL REPORT FY2015

ATTACHMENT: WINTER 2015 NEWSLETTER

Director's Message

Greetings!

The New Year is definitely underway, and session has begun for the Tennessee General Assembly.

There are several conferences and events, particularly related to business matchmaking and contracting with governmental and private entities, in the planning stages that are about to come onto various organizations calendars, and others that are set later into spring and early summer. These are events that the businesses with which you work may be interested in, especially if they are looking at government contracting in their marketing strategy.

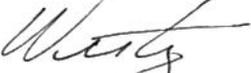
Have you seen the simplified step-by-step for registering a new business in the state? While the web address says "small business guide," it is useful for any business. It goes through a clear, simplified version of selecting the business name and legal structure, tax registration, hiring employees, special licensing, and it ends with resources including the TN Smart Guide as a download. You can find it at <http://tn.gov/ecd/smallbusinessguide>. Of course it is noted that we recommend the consultation of an attorney, CPA or business counselor in setting up a business, and not every special licensure is listed. If you have not received a supply of TN Smart Start Guides or the companion rack cards in hard copy, and you would like some, there is still time to get them.

Lastly, BERO's annual report came out in December and can be found on the website.

We want to hear from you. Look towards the bottom for [Call for Entries](#) to see how.

I look forward to seeing you soon!

Warm regards,

A handwritten signature in black ink, appearing to read 'Wisty'.

Wisty Pender
Director, BERO

What's in the Winter 2015 quarterly?

- ❖ [DBE/Veteran Practices and Highlights](#): Youth Entrepreneurship in the Digital Age , Sources of Hope: Women's Entrepreneurship and a New Women's Resource Center...
- ❖ [Access to Capital](#): Crowdfunding, the state of lending and venture capital updates...
- ❖ [Upcoming Events and Items of Note](#): There are so many great opportunities!
- ❖ [Call for Entries](#): Haven't heard from you in a bit...
- ❖ [Articles of Interest from the Last Quarter](#): There are quite a few, but remember you can see them at www.tn.gov/ecd/bero.
- ❖ [Contact Information](#)

➤ **From the Field...**



Youth Entrepreneurship in the Digital Age

Submitted: Sammy Lowdermilk

TN Code Academy | 100 Girls of Code | Digital Pathways

Mark Zuckerberg launched Facebook from his Harvard dormitory when he was 19 years old, and was a billionaire at the age of 23. David Karp created Tumblr when he was just 20 years old, and the company is now valued at over \$800 million. Cameron Johnson started his first business when he was only 9 years old and through various businesses was valued at over \$1 million before he graduated high school. These are great success stories, and they are popping up more and more often.

The success that young entrepreneurs have found is largely due to the emergence of our digital world. Business owners no longer have to use face-to-face interactions, build huge factories filled with numerous employees, or accumulate large sales teams. Products and services can now be sold directly to consumers at the click of a button. The knowledge of computing devices and the internet gives our younger generation an advantage above others. The youth of today have enjoyed the benefits of this technological age. Most have been using devices since before they could even walk.

Seeing the success stories of social media mavens, app creators and software developers, students feel encouraged and are often empowered by the ease-of-use and comfort they have with technology. Today's student also has the advantage of generating immediate revenue with self-taught skills such as computer programming. Young men and women can create and publish an app or video game in a short amount of time with ever-growing ease.

We now see the influx of technology into our local school systems and students have the words "entrepreneurship" and "startup" ingrained into their vocabulary. According to a recent Kauffman Foundation report more than half of young Americans would like to start their own business. Not every student has the desire or skillset to create their own company or product, but there are more tools at one's disposal now than at any other time before.

There are still several barriers that we could remove for young entrepreneurs. As communities and institutions, we can provide more avenues of funding that are tied to mentorship and training. More incentives could be provided to local bankers and venture capitalists that decide to invest in targeted groups such as younger entrepreneurs. But most importantly, we can create a positive story around entrepreneurship that brings our students and youth to the conversation.

Through training programs like TN Code Academy and Governor Haslam's Launch Tennessee program, young entrepreneurs have the opportunity to better prepare themselves for success in an ever-changing, digital world.

Find out more about TN Code Academy at www.tncodeacademy.com.

. . .



Sources of Hope: Women's Entrepreneurship and a New Women's Resource Center

In the last quarter and on the heels of [Global Entrepreneurship Week](#), the Ewing Marion Kauffman Foundation released its study, "[Sources of Hope: Women's Entrepreneurship](#)."

In his article, Female Entrepreneurs Key to Economic Growth, Mark Marich explains that the study focuses on challenges women-owned tech firms across various industries and "suggests that accelerating female entrepreneurship could have the same positive effect on the U.S. economy that the large-scale entry of women into the labor force had during the 20th century."

The study further recommends "that programs for female entrepreneurs should offer more opportunities to learn about starting and growing businesses and engage successful women business owners in mentoring."

You can find the full article at www.kauffman.org/blogs/policy-dialogue/2014/november/womens-entrepreneurship; and the complete study at www.kauffman.org/~media/kauffman_org/research%20reports%20and%20covers/2014/11/sources_of_economic_hope_womens_entrepreneurship.pdf

And on that note, women entrepreneurs now have a new resource available to them in the Middle Tennessee area with the launch of the state's second women's resource center.

Nashville Post: On the Move 11 December 2014 - Pathway Lending recognized

www.nashvillepost.com/news/2014/12/11/on_the_move_11_december_2014

The U.S. Small Business Administration has selected Pathway Lending as one of only six new women's business centers across the country.

The Metro Center-based center will open in early 2015 and target women entrepreneurs in the Nashville and Clarksville regions.

Pathway Lending's Women's Business Center will be created by women to meet the needs of women entrepreneurs at all stages of business, from emerging to established. The center will provide in-depth business consulting, classroom training,

peer-to-peer learning, and online events on topics such as strategies for business expansion, cash flow management, and access to capital.

“As an organization we are very excited to bring new resources to Tennessee,” said Clint Gwin, president of Pathway Lending. “Women’s business ownership is growing exponentially and we want to be a part of helping these entrepreneurs achieve their goals and have positive impacts upon our community.”

A grand opening will occur in mid-January at its Metro Center location.



MomForce Network Connects Moms to Flexible Jobs (video)

www.wbir.com/story/news/local/2014/11/06/momforce-network-connects-moms-to-flexible-jobs/18579757/?utm_source=newsletter&utm_medium=email&utm_content=MomForce%20Network%20Connects%20Moms%20to%20Flexible%20Jobs&utm_campaign=DC%27s%2011/6
WBIR, Knoxville

An issue many working moms have is wanting to spend more time with their children. A flexible work schedule or a part-time job can make that a reality. The MomForce Network helps connect moms to employers who offer positions with these types of schedules. The group has been around since last August. So far they’re helping about 1,400 moms in East Tennessee who want to contribute to a profession but don’t want to work full-time. (www.momforcenetwork.com)



Hard copies of the TN Smart Start Guide available for your organization

We have hard copies and postcard/rack cards available, and of course you can get the PDF online at tn.gov/ece/bero/pdf/TNSmartStartupGuide.pdf. It’s a good resource for your website; and if you use it, we recommend linking directly to the PDF because it gets updated more often than the hard copy and will be the most current version.

❖ Access to Capital ❖

Highlighted articles:

Crowdfund Insider: CEI to Congress, Regulators: End Millionaires Only Rule Now

www.crowdfundinsider.com/2014/11/56290-cei-congress-end-millionaires-rule-now/

... “Capital is being stalled by rules and regulations passed before most homes had telephones,” explains CEI senior fellow and author of the report John Berlau. “As a result, crowdfunding’s potential to create jobs and increase income mobility is being held back as entrepreneurs struggle with mounds of red tape from old securities laws.”

The Best States and Cities for Crowdfunding

www.kauffman.org/blogs/policy-dialogue/2014/october/the-best-states-and-cities-for-crowdfunding

... Globally, the U.S. dominates in the field with 5,529 fully-funded projects during July to September 2014 totalling \$142.8 million. The next most active country, the United Kingdom, counted 812 deals and \$37.3 million.

Atlanta Fed: Survey Shows Banks Easing Loan Terms to Businesses, Households

frbatlanta.org/commdev/publications/partnersupdate/14no6/survey-shows-banks-easing-loan-terms-to-businesses-households?d=1&s=email&utm_source=Atlanta+Fed+E-mail+Subscriptions&utm_campaign=ee01bc4718-Partners-Update-November-December-2014&utm_medium=email&utm_term=0_b7a27f0b85-ee01bc4718-216034509

A small share of banks reported greater willingness to make installment loans compared with the previous quarter, and some banks reported easing standards for approving credit card applications.

Of particular interest to community and economic development practitioners are findings on retail small business loans and subprime auto loans.

The Tennessean: Venture Capital Falls in 3Q

www.tennessean.com/story/money/2014/10/16/venture-capital-falls-q/17331911/

The amount of venture capital dollars invested in U.S. companies fell for the first time in six quarters, with the number of deals falling to its lowest since the first quarter of 2012, according to a Dow Jones VentureSource report.

There are several more articles worth reading on lending, crowdfunding and access to capital overall in the [Articles of Interest from Last Quarter](#) section.

❖ Events and Items of Note ❖

➤ **January:** National Mentoring Month, National Slavery and Human Trafficking Prevention

- January 27: TVBA Annual Business and Education Expo, Knoxville. For more information visit www.jointvba.us.

➤ **February:** Black History Month, Irish-American Heritage Month

- February 21: TEDxUTK. For more information visit www.tedxutk.com.

➤ **March: Women's History Month**

- TBA March: Keep a look out for two to three supplier events coming up in March. The details have not been released yet.
- March 21: TEDxNashville. For more information visit www.tedxnashville.com.

➤ **And coming up in 2015...**

- April 7-9: GROWCO, Nashville. For more information visit <http://growco.inc.com>.
- April 29-30: USDA Rural Development Annual Conference, Murfreesboro. Look for more details to come.
- June 8-10: 36/86, a meeting of people celebrating Southern Culture and Entrepreneurship, Nashville. For more information <http://thirtysixeightysix.com>.
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❖ **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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▫ OCTOBER ▫

Pensacola News Journal: Military Vets Find Second Career

www.pnj.com/story/news/military/2014/10/27/veteran-owned-businesses/18033535/

The end of a military career doesn't mean the skills learned no longer are useful. More often, military veterans are finding that their skill sets are useful in the civilian world, often allowing them to be their own boss.

Entrepreneur: How Old Is Too Old to Start a Business? The Answer May Surprise You. (infographic)

www.entrepreneur.com/article/238924

... When it comes to launching a business, what a person may lack in youthful energy comes back multiplied in experience. Reid Hoffman started the ultra-popular career networking site LinkedIn when he was 36; Sam Walton started Wal-Mart when he was 44; and Joseph Campbell started Campbell Soup when he was 52.

Entrepreneur: 7 Insanely Productive Habits of Successful Young Entrepreneurs (slideshow)

www.entrepreneur.com/slideshow/238847

... So to be successful, entrepreneurs really have beaten the odds – especially young entrepreneurs ... Rather than focus on generic insights or basic hacks, we looked at unique, concrete habits you can immediately adopt in your life and business that can have a game-changing impact.

White House: Presidential Proclamation – National Entrepreneurship Month, 2014

www.whitehouse.gov/the-press-office/2014/10/31/presidential-proclamation-national-entrepreneurship-month-2014

... America has always been a country of risk takers and dreamers -- where anyone who is willing to work hard can turn a good idea into a thriving business -- and our spirit of ingenuity remains a powerful engine of growth, creating jobs and bolstering our economy. This month, we recognize the grit and determination of American inventors and innovators and their many contributions to our Nation, and we reaffirm our commitment to support these entrepreneurs as they develop the products, services, and ideas of tomorrow.

Crowdfund Insider: SEC Will Start Business Forum with Discussion of Accredited Investor Definition

www.crowdfundinsider.com/2014/10/53126-sec-will-start-business-forum-discussion-accredited-investor-definition/

The Securities and Exchange Commission (SEC) has earlier announced that it will hold its annual Government-Business Forum on Small Business Capital Formation at its Washington, D.C. headquarters on November 20, 2014. As part of the annual gathering the morning session will tackle the definition of an accredited investor and secondary market liquidity for securities in small businesses.

Business Climate: A Starring Role: Arts Hubs and Their Economic Development Impact

<http://businessclimate.com/blog/2014/12/starring-role-arts-hubs-economic-development-impact/>

... Along with enhancing the cultural life of the city, Nashville's music business is an economic jackpot, contributing a total economic output of \$9.7 billion to area economy each year. The industry is also very interconnected, with artists working in close circles and tapping the expertise of the city's many small enterprises focused on touring, production, lighting, sound, merchandise and promotion.

Cities could benefit from taking more of a localized, place-specific approach to arts initiatives and creative placemaking, Florida notes, as well as developing a closer connection between local arts and innovation industries.

The Tennessean: LaunchTN's Southland Conference Rebranding for 2015

www.tennessean.com/story/money/2014/12/08/launchtns-southland-conference-rebranding/19961449/

... We know that out-of-state investors are interested in what we're doing across Tennessee, but when we can bring in other innovators from around the region, it packs an even bigger punch. The more we showcase our local efforts, and back that up with partners and entrepreneurs from around the Southeast, the better. That's what we're doing with 36/86.

Women 2.0: 3 Ways to Self-Fund Your Startup When You're Starting from Zero

http://women2.com/2014/12/08/launch-startup-youre-broke/?hvid=4JesFO&utm_source=Women+2.0+Mailing+List&utm_campaign=8749fe7a28-12_24_2013_Weekly_Newsletter&utm_medium=email&utm_term=0_8e8e6a075d-8749fe7a28-310376849

... Lack of capital, however, shouldn't hold you back from pursuing your entrepreneurial ambitions. There are techniques and revenue models that make self-funding a realistic possibility — regardless of your background and economic circumstances. Here are three tips from entrepreneurs who started their businesses with zero outside capital.

Nooga.com: LAUNCH High School Competition Brings Out Innovative Business Ideas

http://nooga.com/168559/launch-high-school-competition-brings-out-innovative-business-ideas/?utm_source=newsletter&utm_medium=email&utm_content=LAUNCH%20High%20School%20Competition%20Brings%20Out%20Innovative%20Business%20Ideas&utm_campaign=DC%27s%2012/09

Four Tyner Academy students took home the top prize package valued at \$10,000 after pitching their business idea at the annual LAUNCH High School Entrepreneurship Competition this weekend.

The first-place idea came from students Terry Sales, Lorenzo Foster, Tery Thomas and Malik Yearby, who created Pure Life, which is a mop bucket that filters dirty water so that the user can continually mop with clean water.

The Tennessean: New Crowdfunding Law Offers Hope, Not Magic

www.tennessean.com/story/money/2014/12/05/equity-crowdfunding-exemption-tennessee-jobs-act-sparkmarket/19972955/

... Nashville securities attorney Bob Zeglarski has begun educating local entrepreneurs about the law, describing it as a more affordable funding option for small businesses, but his expectations for how many companies will pursue this route are tempered. "It's just the starting point of an opportunity, but an opportunity, nonetheless," he said.

Tech Cocktail: Here's a Survival Guide for the Millennial Entrepreneur

<http://tech.co/heres-survival-guide-millennial-entrepreneur-2014-12>

But, of course, the mere avidity for entrepreneurship is wholly different from the experience of entrepreneurship itself — idea and reality are in vast opposition, with the latter being much harsher than the imaginings of the mind. Made by Many managing partner Leslie Bradshaw knows all too well the harsh realities that millennial entrepreneurs have to face and recently published "A Survival Guide for the Millennial Entrepreneur" on Medium.

Why Crowdfunding Closes the Gender Gap

www.inc.com/magazine/201412/alicia-robb/how-crowd-wisdom-closes-the-gender-gap.html

Women startup founders are finding much more funding on Kickstarter than from traditional VCs, in part because crowdfunding attracts more women as investors.

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

❖ **Contact Information** ❖

Wisty Pender

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BERO ANNUAL REPORT FY2015

ATTACHMENT: FALL 2014 NEWSLETTER

Director's Message

Greetings all!

A few updates since last time: The Tennessee Smart Start Guide was published in hard copy and made available online. It looks completely different from previous versions so you might not recognize it right away! There were a number of successful conferences, events and trainings around the state, not mention elsewhere. A few of them were TDOT's [DBE Small Business Annual Meeting](#), MMBC's [Economic Development Forum](#), the West TN Veteran's Conference and just recently, the first ever [CO.STARTERS Summit](#). Each one targeted different topics and provided interesting learning experiences. In the not too distant future, we will highlight some microenterprise projects that are in the works. We are really excited about them, and we will get to those in a later newsletter.

Would you like more information on small businesses in our region? Me too! If you have the capacity, please assist the Federal Reserve Bank to "Better Understand the Conditions of Small Businesses in the Southeast," through a survey that opened September 9 and runs through November 7. Look for details in the "[From the field...](#)" section.

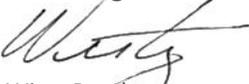
Events, conferences and activities seem to run a bit seasonally, and much like this last spring, this fall has a lot to offer across the state. Look in the [Events and Items of Note](#) section for details related to the deadline to apply for a national USDA grant in November; Global Entrepreneurship Week, which falls the week before Thanksgiving; MED Week activities in Memphis and Nashville in November and December; and Small Business Saturday, the Saturday following Thanksgiving.

On a fun note: There are a lot of things to do across the state this fall that also happen to support Tennessee's agritourism and agribusinesses! Whether you are looking for corn mazes or horseback riding, a quick get away at a bed and breakfast, where to get this year's turkey (or other main course) or gifts for your family and friends, be sure to check out what's available at [PickTNProducts](#).

We want to hear from you. Look towards the bottom for [Call for Entries](#) to see how.

I look forward to seeing you soon!

Warm regards,



Wisty Pender
Director, BERO

What's in the Fall 2014 quarterly?

- ❖ [DBE/Veteran Practices and Highlights](#): the TN Smart Start Guide arrived; Federal Reserve Survey assistance...
- ❖ [Access to Capital](#): Update on lending; USDA Grant Deadline: November 12; and...
- ❖ [Upcoming Events and Items of Note](#): There are so many great opportunities!
- ❖ [Call for Entries](#): Haven't heard from you in bit...
- ❖ [Articles of Interest from the Last Quarter](#): There are quite a few, but remember you can see them at www.tn.gov/ecd/bero.
- ❖ [Contact Information](#)

➤ **From the Field...**



TN Smart Start Guide has arrived!

It's here! We are excited to have the new startup and small business guide for you! We have hard copies and postcard/rack cards available, and of course you can get the PDF online at tn.gov/ecd/bero/pdf/TNSmartStartupGuide.pdf. It's a good resource for your website; and if you use it, we recommend linking directly to the PDF because it gets updated more often than the hard copy and will be the most current version.

Why would you have the link on your website? To answer a question with a question... Did you know there are about 475K non-employer firms, or self-employed in Tennessee?

Or that about 73% of all establishments in the state have less than 10 employees? That's a lot of small businesses who need information and resources!



Assist the Federal Reserve Bank to Better Understand the Conditions of Small Businesses in the Southeast

Submitted: Emily Mitchell, Community and Economic Development Research Senior Analyst Federal Reserve Bank of Atlanta – Nashville Branch

Overall, businesses were somewhat more optimistic than last year based on their responses to the spring 2014 [Atlanta Fed Small Business Survey](#) (for a retrospective look at the survey results check out this [macroblog](#)). Hiring and sales expectations over the next 12 months increased whereas plans for capital investment remained flat. Actual business performance was consistent with the October findings with 21 percent of respondents reporting increased sales and 9 percent of firms reporting hiring new staff.

Meanwhile, financing opportunities for small businesses appear to be improving. Thirty percent of respondents applied for credit with about 60 percent of businesses having most or all of their requests filled. This represents a significant increase over the first quarter of 2013 when only 40 percent of respondents reported having their requests mostly satisfied. Businesses had the greatest success with attaining financing by applying to regional or community banks.

Still, a significant portion of small businesses were discouraged from applying for credit. Sixteen percent of respondents said that they anticipated bad credit terms or being turned down so they chose not to apply even though they needed capital. Notably, young firms were nearly twice as likely to be discouraged from seeking financing as mature firms.

What's new?

This survey started in 2010 when there were many questions about credit conditions and it has remained a valuable tool to tell the changing story of small businesses, adding hiring, expansion, and sales expectations. As a result of this survey, the Atlanta Fed has hosted credit forums with banks and technical assistance providers, convened sessions with young firms, and continued a dialogue with policy and regulatory decision makers about small businesses and their credit needs.

The survey has reached over 500 businesses in the Southeast (AL, FL, GA, LA, MS, and TN). This fall we are piloting the expansion of the survey to work with the Federal Reserve Banks of Cleveland, New York, and Philadelphia. The result of this partnership will be significantly larger geographic coverage and an ability to compare conditions across states.

How can you participate?

This survey is successful because of organizations like yours. More than 50 chambers of commerce, small business development centers, lenders, and other technical assistance and advisory organizations have invited their members to participate in previous surveys. We need your support to make the expanded survey a success. In order to be able to compare small business conditions across the states we need at least 200 small businesses to participate in each state, so participation will need to increase.

If you would like to partner with us to reach small businesses in your area you can post the announcement below on your website, in newsletters, through social media platforms, or whatever communications tools work best. We suggest that you make the initial announcement in your next scheduled communications. If it is possible, you could also issue a reminder on or around Monday, October 20 to ensure that small businesses in your area have a chance to participate. The survey will be open September 9 through November 7.

Thank you so much for your help! Small businesses, especially young businesses, are difficult to reach, but we know that they are an instrumental part of the economy. That makes your help crucial to the success of this survey and the information that it conveys to policy makers. If we hope to be able to share state-by-state results we need at least 200 businesses to respond in every state.

Sample announcement to use:

Small Business Owners: Make your voice heard!

The Atlanta Fed, in partnership with the Cleveland, New York, and Philadelphia Federal Reserve Banks, is conducting a survey of small business owners/managers. They want to hear from you about the current business climate, your financing needs and credit experiences. Individual responses are confidential. Summary results will be shared with you and will be used to brief policymakers. Take the survey today!

The survey closes November 7, 2014. Questions? Contact SmallBusinessResearch@atl.frb.org.

If you have problems with the link above, copy and paste the following URL into a new browser window:

http://frb.co1.qualtrics.com/SE?SID=SV_3waKbU91byPYxyR&RID=MLRP_7OJVBK5sh5Xj6eh

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A note on veterans...

TDVA Veteran's Outreach and Job Fairs: The Tennessee Department of Veteran's Affairs has hosted a series of resource events across the state since early 2014. The final two are scheduled for Cleveland and Knoxville, October 29 and November 5, respectively. These events assist veterans and their families with claims assistance, employment opportunities, educational and business resources. For more information visit TDVA at www.state.tn.us/veteran/tdvaevents.shtml.

❖ Access to Capital ❖



Small Business Lending Is Improving But Early Stage Companies Still Need Non-Traditional Lenders. Fortunately, Access to Affordable Loan Capital is Available for Both Companies and Their Lenders!

Submitted: Amy Bunton, Sr. Vice President, Pathway Lending

As the economy has stabilized since the Great Recession, business lending overall has improved but many small businesses still have difficulty accessing traditional loans. Banks are keeping close oversight on small business customers and heavily scrutinizing new loan applications. So what does this mean for potential early stage borrowers? Some companies are electing to self-fund from personal resources. Some are strategically managing growth so that they don't have to take on outside debt. Others are borrowing, but intentionally limiting the amount of debt put onto their balance sheets.

The Bagel Exchange, owned by Keith Cunningham, in Kingsport, TN is the perfect example of an entrepreneur who intentionally manages growth while strategically balancing his personal investment with outside debt. Keith served 20 years as a Captain in the Counter-Terrorism Division with the New York City Police Department and retired with his family to the Appalachian Region of East Tennessee. Once they relocated, Keith found he missed a little piece of New York – fresh bagels, and he was inspired to open The Bagel Exchange in October of 2011.

Mr. Cunningham turned to several sources for help during the early phase of his businesses. His mentor, a New York bagel shop owner and operator since 1963, taught him how to run a shop and provided Keith with the recipes necessary to make gourmet New York style bagels. To fund the operation, Keith invested his own money and received a loan equal to half of his personal investment from Pathway Lending a Tennessee based Community Development Financial Institution. Success came very quickly and in 2012 and The Bagel Exchange won the KOSBE (Kingsport Office of Small Business and Entrepreneurship) Best New Business Award.

The momentum hasn't stopped and Keith continues to strategically maximize his growth while limiting the need to take on additional debt. Seating at The Bagel Exchange has been rearranged to accommodate larger crowds. Additional counter tops have been added. To further grow revenue without having to take on additional fixed costs, Mr. Cunningham is now focused on maximizing the catering division of his company.

Not all early stage companies are like The Bagel Exchange and plan to take advantage of what alternative lenders can offer. The U.S. Small Business Administration (SBA) describes alternative lenders as organizations which provide services to businesses, not individuals, and do not hold depository accounts. In particular, the SBA encourages businesses to consider Community Development Financial Institutions (CDFI's) that are certified by the U.S. Treasury Department. Nearly 1,000 CDFI's across the county focus on small business lending and can offer the following advantages:

- Specialize in working with early stage businesses or companies with credit challenges;
- Facilitate loans that may seem fall slightly out of the guidelines of other lenders;
- Offer loan underwriting flexibility in comparison to bank lenders;
- Provide business counseling to help companies strategically growth their business.

CDFI's strive to understand the needs of small businesses and are really very similar in many ways to the companies which borrower from them. Like growing businesses, CDFI's must strategically determine whether to maximize the use of their own equity when making loans or leverage outside debt to fully maximize community impacts. Clint Gwin, president of Pathway Lending is often heard to say, "We are as entrepreneurial as the clients we serve." For the past 14 years, Pathway Lending, which is a CDFI, has been committed to expanding the availability of capital to as many small businesses as possible. In order to fulfill its mission and maximize business lending, the statewide non-profit can now turn to its own "alternative lender" for CDFI's in the Appalachian Region. Appalachian Community Capital or ACC was created in June 2013 so that CDFI's located in the 13-state Appalachian Region have a ready source of capital to borrow and re-lend into the region. More information on CDFI's can be found at www.ofn.org.

ACC partnered with the Appalachian Regional Commission with the goal of raising more than \$40 million from bank, philanthropic and public investors. Early indications are that ACC is well on its way to ensuring that CDFI's can readily access the loan capital they need to meet the demand of small businesses. It is reassuring to know that even with a stabilizing economy and improving trends there is an alternative lending network of CDFI's that stand by ready and able to lend. Early stage companies, such as The Bagel Exchange, count on it.

For more information, visit www.TheBagelExchange.biz, www.AppalachianCommunityCapitalCDFI.org or www.PathwayLending.org.

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Report released: 21st Century Barriers to Women's Entrepreneurship

www.sbc.senate.gov/public/?a=Files.Serve&File_id=3f954386-f16b-48d2-86ad-698a75e33cc4

...the Senate Committee on Small Business and Entrepreneurship identified three primary challenges: fair access to capital, fair access to federal contracts and business training and counseling specific to female entrepreneurs.

HBSWK: Is a Gap in Small-Business Credit Holding Back the American Economy?

<http://hbswk.hbs.edu/item/7581.html>

...There is disagreement over whether there is indeed a credit gap when it comes to small business. Banks say that there is currently a lack of demand and that they can't find enough qualified borrowers. Small business owners feel that despite being creditworthy today, banks remain either wary or entirely unwilling to lend to them.

INDIEGOGO: 100 Girls of Code: Changing girls' lives, one line of code at a time

<http://vimeo.com/107413600>

They are their second tour and second raise! Recent post: "7 days ago: Ok, we've hit the typical lull in the crowd-funding push. If you have a moment today, please pass along this link: www.indiegogo.com/projects/100-girls-of-code--101/x/6328412 as well as the hashtag [#100GirlsofCode](https://twitter.com/100GirlsofCode) to help us keep the campaign moving! We had 22 girls show up for our first workshop in Chattanooga, and we look forward to all our stops!"

There are several more articles worth reading on lending, crowdfunding and access to capital overall in the [Articles of Interest from Last Quarter](#) section.

❖ **Events and Items of Note** ❖

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

- October 3: National Manufacturing Day, nationwide. See what happened at www.mfgday.com.
- October 6-9: RES WI, The Reservation Economic Summit, Milwaukee, WI. More information at <http://res.ncaied.org>.
- October 15: Hispanic Heritage Business and Community Excellence Awards, Nashville. More information at <http://nahcc.weebly.com/2014-hispanic-heritage-month-sponsorship-opportunities.html>.
- October 18: Cumberland Hispanic Festival, Crossville. For more information visit www.tnimmigrant.org/cumberlandhispanicfestival.
- October 19-20: Economic Summit for Women, Nashville Airport Marriott, Nashville. More information at www.womenseconomicfoundation.org.
- October 25: TN Dept. of Veteran's Affairs Outreach event in Cleveland. For details, visit www.tn.gov/veteran/tdvaevents.shtml.
- October 25: TEDxUTChattanooga, Chattanooga. More information at <http://tedxutchattanooga.com>.

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

- November 2-5: The National Minority Supplier Development Council (NMSDC) Conference and Business Opportunity Fair, Orlando, FL. More information at www.nmsdcconference.com.
- November 5: TN Dept. of Veteran's Affairs Outreach event in Knoxville. For details, visit www.tn.gov/veteran/tdvaevents.shtml.
- November 5-7: MED Week, MBDA Memphis. More information visit www.mmbc-memphis.org/CalendarofEvents.aspx?pid=7&spid=36.
- November 6- December 4: Minority Enterprise Development Week, Nashville area. For information visit www.minoritybusinesscenter.com.
- November 7-9, Memphis Startup Weekend: Women's Edition (Men welcome too), Memphis. More information at www.up.co/communities/usa/memphis-tn-usa/startup-weekend/3737.
- November 12: Deadline to apply for USDA's [Rural Community Development Initiative Grants](#). Uses and restrictions language includes "(b) training sub- grantees to conduct a program for minority business entrepreneurs; (c) providing technical assistance to sub-grantees on how to effectively prepare a strategic plan; (d) provide technical assistance to sub-grantees on how to access alternative funding sources." Review details [here](#).
- November 13-14: Governor's Conference on Economic and Community Development, Nashville. More info at www.govcon.tnecd.com.
- November 17-18: Global Action Summit, Nashville. (\$1M Challenge: Guidelines and Deadline: August 29, 2014; Early Stage Challenge: Guidelines and Deadline: September 29, 2014). More information at <http://globalactionplatform.org/pages/view/global-action-summit>.
- November 17-23: Global Entrepreneurship Week. More information at <http://us.gew.co>.

- November 29: Small Business Saturday. Various websites have information, find ways to engage and promote at www.americanexpress.com/us/small-business/shop-small.
- **December:** Political Correctness Awareness Month
 - December 1- 4: Minority Enterprise Development Week, Nashville area. For information visit www.minoritybusinesscenter.com.
- **And coming up in 2015...**
 - April 7-9: GROWCO, Nashville. For more information visit <http://growco.inc.com>.
 - April 29-30: USDA Rural Development Annual Conference, Murfreesboro. Look for more details to come.

❖ Call for Entries ❖

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

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

Events: What impactful events are you planning, co-planning or promoting for DBEs? Include the basics of who, what, when, where and how, with a link for more information. Also include the expected number of participants.
Send events that take will place in the next 6 months.

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

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

❖ Articles of Interest from the Last Quarter ❖

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

▫ [JLUY](#) ▫

Fox Business: Crowdfunding Challenges Most Startups Don't Expect
<http://smallbusiness.foxbusiness.com/finance-accounting/2014/07/02/crowdfunding-challenges-most-startups-dont-expect/>
 Consumer-use platforms like Kickstarter or Indiegogo are great for raising smaller amounts of money, but equity crowdfunding portals are best for entrepreneurs looking for sums in the millions. If you're interested in the latter, it's important to do your research and find the platform that will meet your needs.

Center for American Progress: How Women of Color Are Driving Entrepreneurship
www.americanprogress.org/issues/race/report/2014/06/10/91241/how-women-of-color-are-driving-entrepreneurship
 Women of color are a principal force behind one of the most important components of America's current marketplace and our nation's future economy: entrepreneurship. Today, women of color are the majority owners of close to one-third of all women-owned firms in the nation.

Forbes: Female Innovators In The Business Of Law
www.forbes.com/sites/maryjuetten/2014/07/03/female-innovators-in-the-business-of-law/
 ...While female legal technology leadership should certainly be discussed and applauded, I believe another notable area is innovation in the business of law—and the women entrepreneurs who excel in the legal and business space.

Crowdfund Insider: Equity Crowdfunding: Leveling the playing field for female entrepreneurs and investors
www.crowdfundinsider.com/2014/07/43384-equity-crowdfunding-leveling-playing-field-female-entrepreneurs-investors
 ... Being the most powerful consumer, they will become powerful investors in the crowdfunding space. They have the ability to identify product potential and thus have good chances of picking winner companies. Risk aversion, which is more common with female than male investors (Borghans et al., 2009) can be turned into strength in crowd investing which relies on conscientious decision-making.

Business Climate: Best Cities for Entrepreneurs: High Marks for 'Business Friendly'
<http://businessclimate.com/blog/2014/07/best-cities-for-entrepreneurs-high-marks-for-business-friendly>
 ...Nashville TN, also on the Thumbtack A list, ranked second on the Young Entrepreneur Council's list of "startup paradise" cities, owing in no small measure to the specialized programs offered for entrepreneurs at local universities, including Vanderbilt, Belmont and Lipscomb. The city also home to the Entrepreneur Center, a public-private partnership that supports and promotes innovation and one of nine regional accelerator organizations that are part of LaunchTN, a state-led entrepreneur support and resource initiative.

Huffington Post: How This Group Of Women Entrepreneurs Increased Their Revenue By 480 Percent

www.huffingtonpost.com/2014/09/30/goldman-10000-women_n_5901052.html?utm_hp_ref=career--money

... “If you have this human capital embedded in women and if for whatever reason they’re underrepresented in any sphere of economic activity, then that’s a wasted resource, you’re wasting at least half of the talent pool,” said Guillen. “It’s impossible for any country in the world to be rich without having a very high labor participation rate by women.”

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

❖ **Contact Information** ❖

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

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



BERO ANNUAL REPORT FY2015

ATTACHMENT: Summer 2014 NEWSLETTER

Director's Message

Greetings all!

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

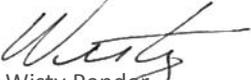
There were events and conferences from [Southland](#), a national conference held in Nashville bookended between the [CMAs](#) and [Bonnaroo](#); to the Tennessee Department of Veteran's Affairs outreach event series in Linden, Union City and Crossville in this quarter; to the [MEMMobile](#), mobile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

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

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

I look forward to seeing you soon!

Warm regards,



Wisty Pender
Director, BERO



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

What's in the Summer 2014 quarterly?

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

❖ DBE/Veteran Best Practices and Highlights ❖

➤ From the Field...

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

Reference Guide: Small Business Profiles for the States and Territories

Some of the highlights from Tennessee's profile:

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

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



The Federal Reserve Bank of Atlanta:

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

Business Conditions

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

Financing Conditions

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

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

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

❖ Access to Capital ❖

Crowdsourcing...not just for startups:

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

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

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

Crowdfunding for Community Development

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

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

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

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

Crowdsourcing on the business front...

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

❖ **Events and Items of Note** ❖

➤ **July:**

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

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

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

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

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

➤ **And beyond...**

- **October**

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

- **November**

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

❖ **Call for Entries** ❖

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

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

Events: What impactful events are you planning, co-planning or promoting for DBEs? Include the basics of who, what, when, where and how, with a link for more information. Also include the expected number of participants.
Send events that take will place in the next 6 months.

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

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

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

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

▫ APRIL ▫

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

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

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

KnoxNews: UT executive seizes tech transfer opportunity

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

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

USA Today: Lack of diversity could undercut Silicon Valley

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

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

MBDA Explores Export Markets for Minority-Owned Firms in Agribusiness

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

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

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

❖ **Contact Information** ❖

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

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



BERO ANNUAL REPORT FY2015

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