



# Tennessee Department of Economic and Community Development

**BERO** | Business Enterprise Resource Office  
Annual Report, Fiscal Year 2023

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# BERO Annual Report | Index

support and expand an inclusive continuum of access to DBEs, small businesses and entrepreneurs

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# BERO Annual Report | Foreword

Talent is everywhere, opportunity is not. *Nicholas Kristoff*

The report herein addresses a range of topics specifically regarding disadvantaged businesses (DBE), small businesses and entrepreneurs in Tennessee.

Through strategic spending and initiatives that prioritize rural Tennessee, the state has been able to reduce the number of distressed counties from 19 to eight since 2018. Distressed counties are those designated annually by the Appalachian Regional Commission (ARC) and represent a net economic rating in the bottom 10% of the nation.

Greater access to resources, education and tools, including capital, are crucial to the success our State's DBEs, small businesses and entrepreneurs. Further, the persistent gaps in those areas, can be addressed through appropriate support to expand an inclusive continuum of access. As a state, we are in a unique position with our networks, relationships, perspective, and expertise to continue to develop and support an inclusive continuum of access for our aspiring and existing DBEs, small businesses and entrepreneurs and the communities in which they live and work.

These initiatives that are building capacity and one program that will provide capital:

- **TN Placemakers Entrepreneurship Fund | Build Capacity**

Communities are increasing the success, stabilization, and expansion of their DBEs, small businesses and entrepreneurs through a wide array of activities. From determining feasibility of a project to planning for different types of cowork spaces, from meeting the technical business assistance for online sales or food distribution to technology solutions, the communities and the people in them are finding their success. TN Placemakers is open for application statewide, from rural to urban areas.

- **TN SmartStart™ Community Initiative | Build Capacity**

Smart Businesses Start Here. A thriving entrepreneurial environment relies on community support and involvement. This initiative provides training for Community Partners on the available tools and resources for local DBEs, small businesses, and entrepreneurs. The right resources at the right time forms the basis, and Community Partners are the key to support a successful SmartStart™ Community for their future and existing businesses. The communities are listed on the [website](#).

- **Fund Tennessee | Access to Capital**

Tennessee was allocated \$116.9 million in by the federal government and administered by the U.S. Department of Treasury for the State Small Business Credit Initiative ([SSBCI 2.0](#)) to provide access to capital to small businesses. Fund Tennessee, comprised of InvestTN, LendTN and AssistTN, is the state's SSBCI program. [Fund Tennessee's](#) goal is to support and expand an inclusive continuum of access to capital for small businesses and entrepreneurs throughout Tennessee. Tennessee is working with its public-private partner, [Launch Tennessee](#) for the equity investment portion called InvestTN and through five non-depository CDFIs for the debt or loan portion called LendTN. AssistTN, in collaboration with the [Tennessee Small Business Development Centers](#) (TSBDC), is the technical assistance piece to help businesses become capital ready.





# Projects, Initiatives, Programs | Snapshot

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Projects • Initiatives • Programs	Notable	Description	
Build Capacity • Build Capacity • Build Capacity • Build Capacity • Build Capacity • Build Capacity	<b>Tennessee SmartStart™ Guide</b>	<b>190,431</b> pageviews FY23	Interactive and print guide for starting a business, including how register, referrals to assistance locally, and a dynamic business model canvas. Recognized as a national best practice. TNSmartStart.com and tn.gov/e cd/bero
	<b>TN SmartStart™ Community Initiative</b>	<b>66</b> communities	Helps a community support a thriving entrepreneurial environment by being trained in the utilization of available tools and resources for local entrepreneurs. A few communities pending completion.
	<b>TN Placemakers Entrepreneurship Fund</b>	<b>\$1.88M+</b> awarded	Funding for communities to support and develop small businesses and entrepreneurs by providing broad and diverse activities from rural to urban.  <i>34 grants over CY2022 and CY2023; grants are for 24 months</i>
	<b>Opportunity Zones</b>	<b>75</b> counties	A federal economic development tool designed to spur economic development and job creation in low-income communities; 700K+ Tennesseans live in an Opportunity Zones.
	<b>Opportunity Appalachia</b>	<b>\$46.1M</b> est. project cost 6 projects	Brings investment to Central Appalachian coal-impacted communities, creating new jobs and businesses that support sustainable growth. The 6 projects estimated to create a minimum of 311 jobs.
	<b>Launch Tennessee</b>	<b>762</b> Jobs* created	<u>LaunchTN</u> is a public-private partnership with a vision to make Tennessee the most startup-friendly state in the nation.  <i>*total jobs from Network Partners, SBIR and portfolio companies</i>
Access to Capital	<b>Fund Tennessee</b>	<b>\$117M+</b> for loans and investments	Support and expand an inclusive continuum of access to capital for small businesses and entrepreneurs throughout Tennessee; \$70M for equity, \$47M for debt, and technical assistance to become capital ready. Learn more at <a href="http://FundTennessee.org">FundTennessee.org</a>
	<b>Rural Opportunity Fund</b>	<b>177</b> loans <b>\$30M+</b> in loans	Provides access to \$18.75M for loans and lines of credit ranging from \$5,000 to \$5M for rural small businesses.  <i>Loan information as of 9/30/2022.</i>
Convene	<b>Stakeholder/Resource Partner Activities</b>	<b>**</b>	Partnered to present/host related to disaster recovery, procurement, placemaking, economic development education, presented at Black Caucus Town Halls and road tour in each region, etc.



# Economic Inclusion | Nonemployers and employers

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## Snapshot: Projects, Initiatives, Programs *continued* ...

The previous table provides a snapshot of the projects, initiatives, and programs in the support and development of DBEs, small business and entrepreneurs throughout Tennessee. They run within TNECD and through public-partnerships, and each serves to build capacity, provide access, and/or convene to address focus areas with the goal to:

- Diversify the TN economy through the support of DBE, microenterprise and small business formation and expansion;
- Support and expand an inclusive continuum of access to capital for DBEs, small businesses and entrepreneurs throughout Tennessee; and/or
- Make TN the easiest place to open and run a business in the nation.

Find more information and details within the BERO annual report.

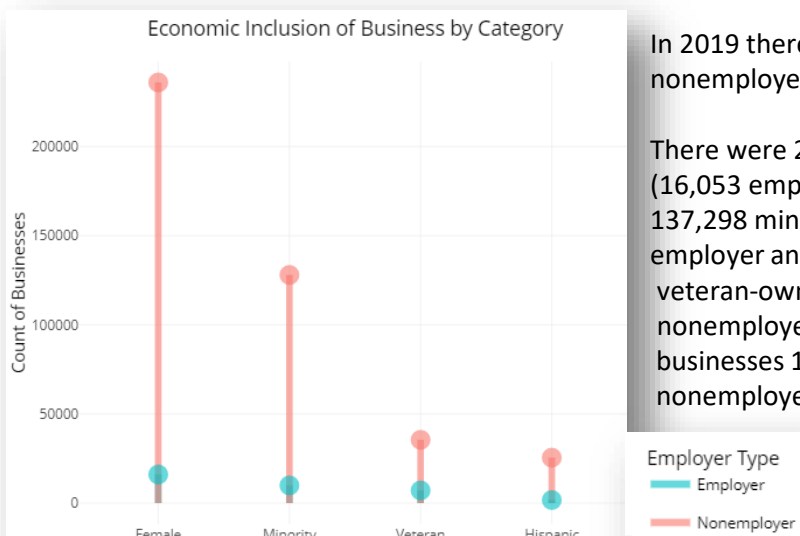


## Economic Inclusion

The following provides information on Tennessee businesses that are nonemployers and employers and those that are women-owned, minority-owned, Hispanic-owned, and veteran-owned businesses

### *Note on data and sources:*

The U.S. Census data sources used to compile these statistics were the Nonemployer Statistics by Demographics series (NES-D) 2019 and the Annual Business Survey (ABS) 2022, which references year 2021. The ABS provides information on the demographic information for employer businesses and compiles the data through direct surveying of businesses and administrative records. The NES-D was developed to produce similar results for nonemployer businesses, where administrative records are leveraged to estimate its statistics. The NES-D 2019 was the first series released to aggregate information for both employer and nonemployer businesses, through incorporating data obtained from the ABS for employer firms.



In 2019 there was a total of 647,939 employer and nonemployer businesses in Tennessee.

There were 252,053 women-owned businesses (16,053 employer and 236,000 nonemployer), 137,298 minority-owned businesses (9,928 employer and 128,000 nonemployer), 42,608 veteran-owned businesses (7,108 employer and nonemployer 35,500), and 27,233 Hispanic-owned businesses 1,733 employer and 25,500 nonemployer).



# Economic Inclusion | By MSA, Pre- and Post-Pandemic

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## Snapshot: Economic Inclusion *continued...*

Of the 18,258 women-owned employer firms in 2021, 76.4 percent had fewer than 10 employees. There was a total of 11,680 minority-owned employer firms in 2021, and of those 76.5 percent had fewer than 10 employees. In both women-owned and minority-owned businesses, about 10.8 percent had no employees.

### Economic Inclusion of Business: By MSA

#### Women-Owned Businesses:

The top 5 MSAs for women-owned businesses in Tennessee are Nashville-Davidson-Murfreesboro-Franklin with 86,161 total businesses, followed by Memphis TN-MS-AR with 63,871, Knoxville with 29,167, Chattanooga TN-GA with 18,861, and the combined Tri-Cities region (Kingsport, Bristol, Johnson City) with a total of 13,823.

#### Minority-Owned Businesses:

The top 5 MSAs for minority-owned business in Tennessee are Memphis TN-MS-AR with 68,314 total businesses, Nashville-Davidson-Murfreesboro-Franklin with 45,962, Knoxville at 8,261, Chattanooga TN-GA at 7,905 and Clarksville TN-KY with 5,126 businesses.

### Economic Inclusion: Pre- and Post-Pandemic Insights for Employer Firms

- Veteran-owned businesses: Total employer firms were at 7,108 in 2019 and 5,979 in 2021, representing a decrease of 15.9% in the number of veteran-owned employer firms.
- Women-owned businesses: Total employer firms were at 16,053 in 2019 and 18,258 in 2021, representing an increase of 13.7% in the number of women-owned employer firms.
- Minority-owned businesses: Total employer firms were at 9,928 in 2019 and 11,680 in 2021, representing an increase of 17.6% in the number of minority-owned employer firms.
- Hispanic-owned businesses: Total employer firms were at 1,733 in 2019 and 1,688 in 2021, representing a decrease of 2.6% in the number of Hispanic-owned employer firms.

*Note:* The information provided is based on the availability of data; many MSAs had too many incomplete values (S), so only those with complete values for each category are provided.



### Change in Number of Employers and Employees in 2019 and 2021

#### Veteran-Owned Business Change in Number of Employers and Employees, Years 2019, 2021

MSA	2019 Employers	2019 Employees	2021 Employers	2021 Employees	Δ Employers	Δ Employees
Memphis, TN-MS-AR Metro Area	1,099	11,438	917	8,811	-16.6%	-23.0%



# Economic Inclusion | Pre- and Post-Pandemic

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## Snapshot: Economic Inclusion *continued...*

### Female-Owned Business Change in Number of Employers and Employees, Years 2019, 2021

MSA	2019 Employers	2019 Employees	2021 Employers	2021 Employees	Δ Employers	Δ Employees
Nashville-Davidson–Murfreesboro–Franklin, TN Metro Area	5,661	48,832	6,735	66,264	19.0%	35.7%
Memphis, TN-MS-AR Metro Area	3,371	25,794	3,246	37,360	-3.7%	44.8%
Knoxville, TN Metro Area	2,167	31,632	2,199	19,279	1.5%	-39.1%
Chattanooga, TN-GA Metro Area	1,361	12,672	1,585	13,304	16.5%	5.0%
Clarksville, TN-KY Metro Area	587	3,794	463	3,716	-21.1%	-2.1%
Johnson City, TN Metro Area	517	4,457	557	3,099	7.7%	-30.5%

### Minority-Owned Business Change in Number of Employers and Employees, Years 2019, 2021

MSA	2019 Employers	2019 Employees	2021 Employers	2021 Employees	Δ Employers	Δ Employees
Nashville-Davidson-Murfreesboro–Franklin, TN Metro Area	3,462	28,082	3,778	29,921	9.1%	6.5%
Memphis, TN-MS-AR Metro Area	2,814	33,341	3,503	25,849	24.5%	-22.5%
Chattanooga, TN-GA Metro Area	1,005	10,084	1,054	9,011	4.9%	-10.6%
Knoxville, TN Metro Area	961	13,441	1,036	16,067	7.8%	19.5%

### Hispanic-Owned Business Change in Number of Employers and Employees, Years 2019, 2021

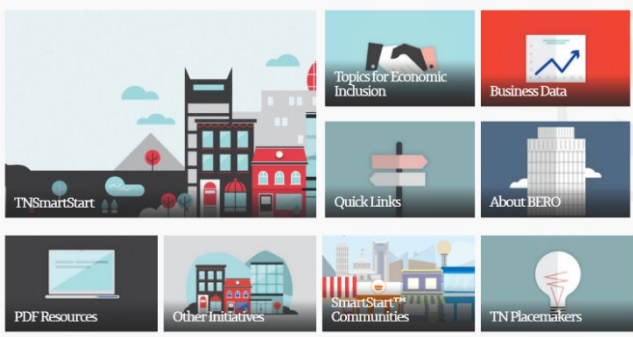
MSA	2019 Employers	2019 Employees	2021 Employers	2021 Employees	Δ Employers	Δ Employees
Nashville-Davidson–Murfreesboro–Franklin, TN Metro Area	596	5,193	719	4,255	20.6%	-18.1%
Memphis, TN-MS-AR Metro Area	260	2,818	360	2,592	38.5%	-8.0%





# About BERO | Business Enterprise Resource Office

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## 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](http://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.

**BERO** is housed within the State of Tennessee Department of Economic and Community Development (TNECD).

## BERO | Business Enterprise Resource Office

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

\*Economic inclusion describes the efforts made to bring DBEs into the economic mainstream.

\*\*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.

**BERO** was legislatively established within the department of economic and community development in 1977 by Title 4, Chapter 26 as the office of business enterprise.

## A few presentations, events, etc.:

- Presented on Fund Tennessee statewide – as part of a 9-region road show and multiple Black Caucus Town Hall sessions
  - Presented at UT Sothern Turner Center for Leadership (previously Gattis Leadership)
  - Convened potential partners for FundTN planning in lead-up to application submissions
  - Hosted events tied to contracting with the state and on infrastructure with federal government
  - Presented to IEDC course participants on programs, initiatives and resources
- △ Ongoing coordination of targeted outreach with SBA and FEMA for DBEs, small businesses and entrepreneurs related to disasters and disaster recovery



## Contact Information

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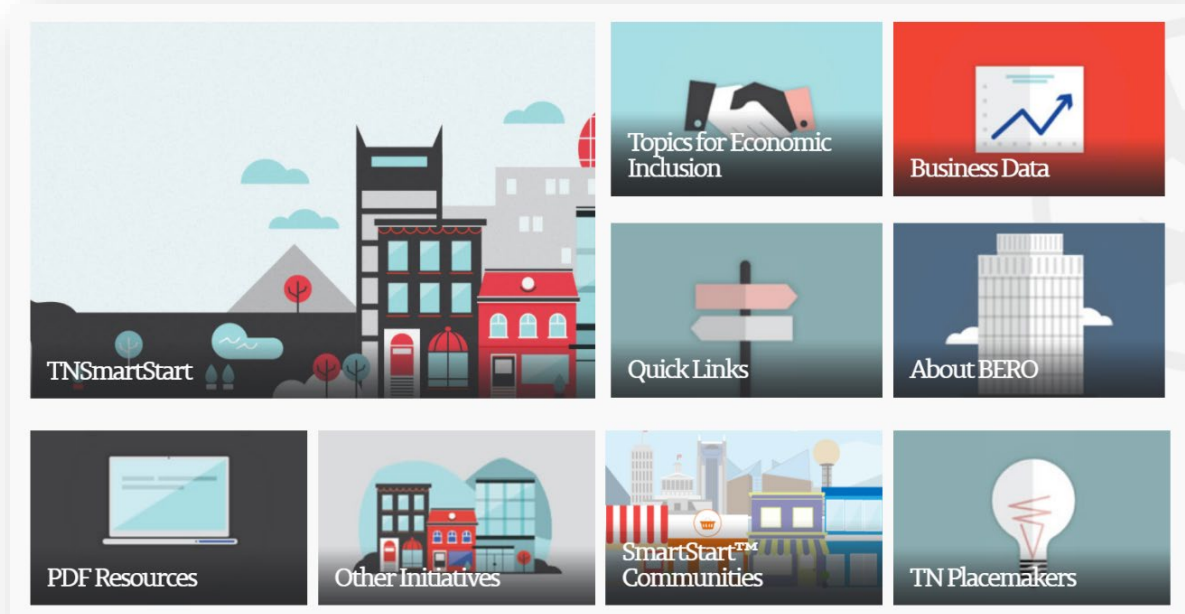
[TN.GOV/ECD/BERO](http://TN.GOV/ECD/BERO)





# BERO | Website overview

one of the country's best business climates



## Here's some of what you'll find...

- Interactive guide for starting a business, including how register, referrals to entrepreneur support organizations for assistance locally, and a dynamic business model canvas, all of which are tailored to the user's responses (*TN SmartStart*)
- Static, PDF/hardcopy resources: (1) TN SmartStart™ Guide, a guide for new and existing small businesses and entrepreneurs, (2) a visual flowchart "How to Start a Business," and (3) a blank Business Model Canvas (*PDF Resources*)
- Procurement, certification, policy information and resources for small and DBE business owners (*Topics in Economic Inclusion*)
- Resources to help businesses and communities deliver better, with topics from advocacy to data collection, art to agriculture to tech. (*Quick Links*)
- General information and annual reports (*About BERO*)
- Funding opportunities for rural and urban core communities to help small business and entrepreneurship development (*TN Placemakers\* Entrepreneurship Fund*)
- *TN SmartStart™ Community* initiative trains and equips Community Partners with the resources and tools to address the needs of new and existing small businesses and entrepreneurs within their own communities.



\*A *Placemaker* is an individual or group of people whose primary goal is to create and shape places where people can live, work, learn, and play. They often combine innovation with insight into the needs of a certain place to create something unique and positive for the inhabitants and visitors. Placemakers strive to create vibrant and meaningful places, usually by blending traditional concepts with modern technology and innovative approaches.



The **Tennessee SmartStart™ Guide** (SmartStart™) continues to be utilized in its PDF and interactive online version throughout TNECD’s nine regions and among a wide array of 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, regional entrepreneur centers, coworking spaces, business incubators, among many others.

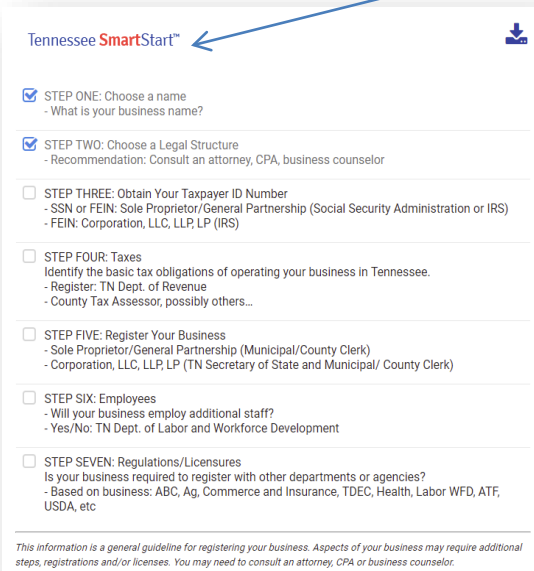
SmartStart™, the interactive online guide, enables a user to do three things: (1) get a step-by-step guide to register a business in Tennessee, (2) connect relevant resources, and (3) create a business model canvas. In FY2023, organically generated pageviews (through no advertising), were 190K\*. Users continued to spend comparatively longer time on some pages, especially the business model canvas, at 3.5 to 4 minutes, a comparatively long time for a webpage. Due to changes to Google Analytics, this number will not be tracked after June 30, 2023. Look for changes in resources in FY2023 into FY2024!

**Checklist**

Registering a business is not an intuitive process and may require various registrations across multiple agencies at local, state and federal levels.

SmartStart™ provides a simplified step-by-step guide to registering a business in Tennessee. The simplified version from the hard copy/PDF version serves as a quick reference visual guide and is easy to access.

This is a great resource for any size business.



**Good to know**

Resources continue to be added and updated as well as become more localized.



# Build Capacity | SmartStart™ Guide II

As of late June 2021, there were 40% fewer small businesses in Tennessee than before the pandemic – even after an historic surge of new filings earlier this year. *Source: The Sycamore Institute*



**Customer**

Identify your customers so you can pinpoint goals and challenges to marketing your business. You will likely have several customers. Do you know who your most valuable customers are yet? Use the following template to create up to three customer profiles. Keep in mind that, "Everyone is our (potential) customer" isn't narrow enough to help you market your business. Get started with help from our example statement:

**Canvas Starter**

Our target customer is primarily  between the ages of  with an average income of  and they work in the  business/industry.

**Details**

## Business Model Canvas

Users complete a business canvas by answering the mad lib questions. The user's answers populate the canvas, and that helps users better understand what they still need to know, and it gives them a way to talk about their business with one of the resources on their referral list. To use it now, visit [tnsmartstart.com](https://tnsmartstart.com)



The guide is the basis for the TN SmartStart™ Community Initiative.



### Good to know

Scan the QR code to access the PDFs of the guide, the business model canvas and the visual checklist on how to register a business in Tennessee.





# Build Capacity | SmartStart™ Community Initiative

Smart Business Start Here

The initiative fully launched in FY2021 after it transitioned from in-person to virtual. SmartStart™ communities is now offered virtual, hybrid and in-person starting in FY2023 and FY2024.

There are 61 SmartStart™ Communities that are currently active, and 14 in process.

## How does a community participate?

Communities self-select, and ...

1. Have a minimum of three unique Community Partners who all
2. Attend an initial training, and
3. Agree to regular communication with BERO.

Onboarding is rolling, and multiple communities may attend trainings.

## Who can be a Community Partner?

An organization within the community that is willing to provide resources for their aspiring and existing small businesses and entrepreneurs. Partners can be any combination of elected officials, chambers of commerce, ESOs

(Entrepreneurial Support Organizations), power or broadband providers, business leaders and entrepreneurs, educational institutions, artists, maker's, inventors, etc. There is a lot of flexibility because each "community" is different.

The SmartStart™ Community Initiative is part of making Tennessee the easiest place in the nation to open and run a business, and a way to make our communities a welcoming place for it to happen.

For more information visit [tn.gov/ecd/bero](https://tn.gov/ecd/bero).

Welcome  
Tennessee SmartStart™  
Community Partner



Smart Businesses Start Here



## TN SmartStart™ Community Partner Training | Scenario 1

Business Planning

### Scenario

- Chelsea walks through your door. She has an exciting idea to open a new breakfast restaurant.
- She wants to capture the early morning crowd... healthy breakfast options and maybe lunches, too.
- She goes into some detail about the coffee, maybe roasting it down the road, baked goods she wants to sell, among other food offerings and who the restaurant will appeal to, etc.
- She explains that she has worked in restaurants but does not have any prior business experience. She knows she needs startup money to purchase equipment, etc., and has found a building that could work.

### Challenge

She clearly has lots of ideas! She says she is looking for help on where to start and specifically mentions the areas of funding, business planning, and possibly franchising.

You are a Community Partner so she saw your "Smart Businesses Start Here" decal. As a Community Partner, you can direct her to several resources.

Where do you start?



← A sample discussion scenario: Helps to familiarize Community Partners on topics, so they are better equipped to connect businesses to the right resource at the right time



## Build Capacity | TN Placemakers

Talent is everywhere, opportunity is not. Availability does not equate to accessibility.

### General TN Placemakers update:

The TN Placemakers Entrepreneurship Fund is dedicated to assisting communities to support and develop small businesses and entrepreneurs by allowing those communities, from rural to urban, to obtain funds for broad and diverse activities. Find more about funding group one, eligible applicants, use of dollars, etc. on the [website](#).

Over CY2022 and CY2023 there have been 34 grants awarded totaling \$1.88M+ statewide with a focus on underserved and underrepresented existing and future microenterprises. This initiative to gain traction from urban to rural, meeting needs and bridging gaps in education, resources and tools for communities and the small business and entrepreneurs that call them home.

- **Good to know:** There are three categories of funding for a maximum grant of \$250K –
  - 1) Assess & Plan (up to \$50K),
  - 2) Build & Sustain (up to \$250K), and
  - 3) Support & Train (up to \$50K)
- **Application Period:** Open; Applications are accepted and reviewed on a rolling basis until funding program dollars are fully awarded.
- **Type of funding:** Reimbursement grant, 10% match requirement
- **Who can apply?** Nonprofits, Educational institutions, Government entities
  - Applicants may include ED organizations, chambers of commerce, development districts, public-private partnerships, etc.
  - Nonprofits need to verify that their nonprofit is in good standing and listed with the Secretary of State [here](#).
  - This grant is for the benefit and support of multiple small businesses and entrepreneur; it is not for the support of an individual business. Individual businesses seeking funding for their business are not eligible for TN Placemakers funding. For resources for individual business, visit [BERO](#).

We encourage applicants to email the [TN Placemakers team](#) with questions.

- **Contract periods:** Contracts are 24-months – months 1-18 focusing on implementation – and months 19-24 slated for observation, data reporting, and close-out of the grant. Contracts may finish earlier, especially when access and plan is utilized.



### 🌟 **NOTE: Access to Resources, Education and Tools**

**Placemaking** is a way of making places areas more enjoyable and creating a place where people want to be by paying attention to how the area looks, feels, and functions. It involves understanding the unique features of the area and thinking of creative ways to make the place better. All of these activities make people feel more connected to their hometowns and make them feel proud of their community.



[@tnplacemakers](#) ...learn more about the amazing projects happening in Tennessee



# Build Capacity | Tools and Partnerships

Tennessee's total inflation-adjusted venture capital investment exceeds the median investment for all states. *Source: National Science Board, 2018 Science and Engineering Indicators*

## Build Capacity: Tools

### Opportunity Zones

Opportunity Zones (OZ) are an economic and community development tool established by the Tax Cuts and Jobs Act of 2017. This tool is designed to drive long-term capital to low-income communities. The law provides a [federal tax incentive for investors](#) to re-invest their capital gains into Opportunity Funds, which are specialized vehicles dedicated to investing in designated in specific communities. Visit [tn.gov/e cd /opportunity-zones.html](https://tn.gov/e cd /opportunity-zones.html) and [oz.tnecd.com](https://oz.tnecd.com) to learn more and about matching investors and projects, and which census tracts qualify.

### Opportunity Appalachia

Purpose: Bring investment to Central Appalachian coal-impacted communities, creating new jobs and businesses that support sustainable growth. To learn more about the program, investments, partners, etc., visit [Opportunity Appalachia](#).



### \* NOTE: Access to Resources, Education and Tools

“There is an urgency, and opportunity, for local and regional leaders to embrace and advance place-led development that produces better economic outcomes for more people in more places.”

*Source: Brookings, [Why we need to invest transformative placemaking](#), November 2018.*

## Build Capacity: Partnerships

### Launch Tennessee

Formed by the State of Tennessee to function as the cornerstone public-private partnership to promote entrepreneurship, technology advancement, capital formation and workforce development. Launch Tennessee is a nonprofit organization uniquely positioned to cultivate and support collaboration among founders, investors, the private sector, institutions, and government. Learn more about at [launchtn.org](https://launchtn.org) or check out the FY2023 annual report [here](#). Launch Tennessee is the equity partner for Fund Tennessee.

There are seven regional entrepreneur centers across the State:

- [Epicenter](#) -- Memphis region
- [The Biz Foundry](#) – Upper Cumberland area
- [The Mill](#) – Northwest TN region
- [CO.LAB](#) – Southeast region
- [theCO](#) – Southwest TN region
- [Knoxville Entrepreneur Center](#) – East region
- [Nashville Entrepreneur Center](#) – Northern Middle region
- [Sync Space](#) -- Northeast region



## Access to Capital | Fund Tennessee

Support and expand an inclusive continuum of access to capital for small businesses and entrepreneurs throughout Tennessee

The American Rescue Plan Act (ARPA) reauthorizes and amends the Small Business Jobs Act of 2010 which established the State Small Business Credit Initiative (SSBCI 1.0). For [SSBCI 2.0](#), the U.S. Department of Treasury (Treasury) was allocated \$10 billion to provide funding for small business financing, and technical assistance to help small and diverse businesses become capital ready.

Tennessee's allocation and incentive breakdown is the following:

- Tennessee SSBCI Allocations: \$116.9M
  - Employment-based allocation: \$60.6M
  - Very Small Business (VSB) allocation: \$4.8M
  - SEDI\* Business Allocation: \$33.6M
  - SEDI\* Business Incentives: \$17.9M
- \*SEDI – Socially and Economically Disadvantaged Individual

Through a collaborative partnership with the Tennessee Small Business Development Center (TSBDC), an additional Technical Assistance (TA) allocation, in the form of a 5-year grant for \$3.8M, is pending final approval by U.S. Treasury.



## Fund TENNESSEE

**FUND Tennessee** is Tennessee's SSBCI program, and it is comprised of three program areas:

### 1) InvestTN

For early-stage startups seeking to raise investment. Poised to provide a unique opportunity for you to grow and scale your startup.

*Powered by LaunchTN.*

\$70M over the program term (up to 10 years)

### 2) LendTN

The right infusion of funds — at the right time. With lending options available to people in all 95 TN counties. Fair access to funds whether you need to purchase new equipment or secure that next commercial property.

*Powered by leading CDFI's (Community Development Financial Institutions).*

\$47M over the program term (up to 10 years)

### 3) AssistTN

Resources to get your business capital-ready. We are invested in helping with the right information to make an informed decision regarding the Fund Tennessee funding options. Helping on this journey from legal, accounting to fiscal advisory services.

*Powered by TSBDC and others*

\$3.8M (up to 5 years)



To learn more visit [FundTennessee.org](https://FundTennessee.org) or scan the QR code.





# Access to Capital | Fund Tennessee II and ROF

Support and expand an inclusive continuum of access to capital for small businesses and entrepreneurs throughout Tennessee

FUND Tennessee does not provide grants to businesses. The funding available is through loans and investments. There is minimum match requirement of one-to-one – for every one dollar in SSBCI funds, there must be one dollar in private capital Learn more about [SSBCI](#) and [FUND Tennessee](#)

In the spring of 2022, a 9-region road show was completed to announce the program and answer questions from communities, entrepreneur support organization, and businesses. SEDI is a key part of the FUND Tennessee directive and ensuring as many businesses find out about it as possible. The program launched officially for the public in June 2023.



Fund  
TENNESSEE

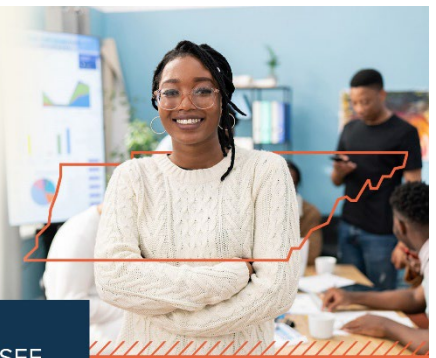
InvestTN



LendTN

AssistTN

Connecting  
business owners  
& entrepreneurs  
with the right  
capital at the  
right time.



Fund TENNESSEE

Learn more at [FundTennessee.org](https://FundTennessee.org)



## Rural Opportunity Fund

In partnership with the State of Tennessee and member banks of the Tennessee Bankers Association, Pathway Lending provides loans to small businesses in rural and distressed areas of the state through the Tennessee [Rural Opportunity Fund](#) (ROF). Loans and lines for credit ranging from \$5,000 to \$5M for Tennessee’s rural businesses. ([pathwaylending.org](https://pathwaylending.org)) As of September 30, 2022, 177 loans were originated totaling over \$30.8 million, and of those 120 were unique loans; 25 loans totaling \$2.77 million were originated to businesses whose primary operations are in At-Risk (tier 3) or Distressed Counties (tier 4); 36 loans were originated to women-owned businesses, 26 to minority-owned business, and 17 to veteran-owned business. Additionally, the funding enabled those businesses to create and/or retain 1,517 jobs in rural communities. The program was completed during FY2023.



### **NOTE: Access to Resources, Education and Tools**

Why are small businesses in general and entrepreneurs of color a target for predatory lenders?

Because currently small businesses are not afforded protections from predatory lending that consumers are now used to, such as transparency and reporting requirements that inform fair lending.

Source: *Why Small Businesses Are Susceptible to Predatory Lending*, Business Ownership Initiative, Aspen Institute, July 2022.



# Convene | Disaster recovery and preparedness

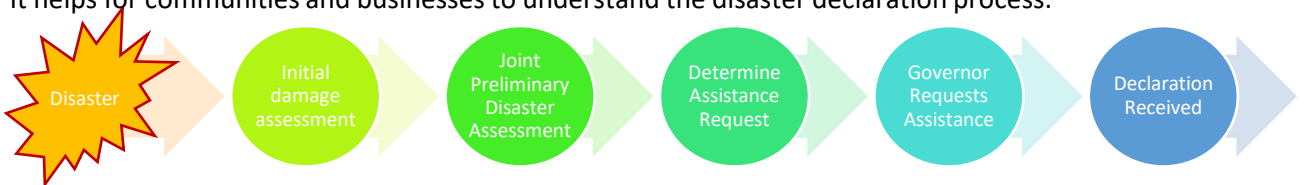
Encourage business to seek assistance sooner rather than later to find support

“According to the Federal Emergency Management Agency (FEMA), 40% of small and mid-sized businesses never reopen after a natural disaster, and an additional 25% reopen but fail within a year.”

**Joe Finlinson, Forbes**

Tennessee has experienced multiple natural disasters on the heels of the pandemic—flood, tornados, shearline winds, drought, wildfires, etc. In July 2023, over one-third of Tennessee’s 95 counties were in a stage of disaster, while some were managing multiple. In FY2023, BERO served to disseminate information through statewide networks and assist to locate sites for temporary Business Resource Centers for SBA to better meet the needs of DBEs, small business owners, and entrepreneurs.

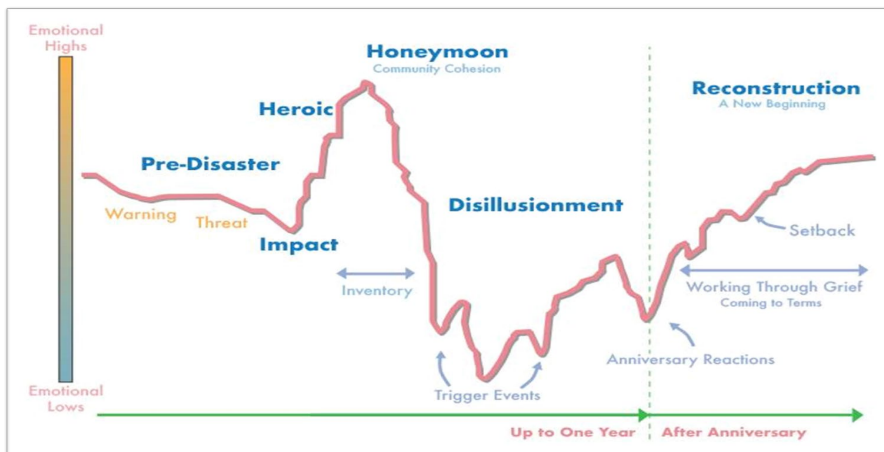
It helps for communities and businesses to understand the disaster declaration process.



Bear in mind:

- Most emergencies must be borne by the victims of the disaster, but some are large enough to request government assistance. The federal government financially assists local and state governments and its citizens to recover when the emergency is a disaster.
- The SBA can step in for some resources even if there is not a presidential declaration.
- KEY: No matter what, all businesses impacted by disaster start at the personal, family level.

## The Arch of disaster:



### 🌟 **NOTE: Access to Education, Resources and Tools**

Traditional disaster response focuses on protection, repair, and preservation — protecting a community’s current infrastructure and resources and, following a disaster, repairing those resources to maintain the community’s pre-disaster status. But given the deep inequities around place, race, and class that affect rural communities, this “insurance approach” to disaster preparation, response, and recovery is inadequate.

Source: *Through Natural Disaster to Prosperity, A Call to Action*, Aspen Institute, *Thrive Rural*, October 2022.

# BERO | Program data and reports



## 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. BERO is housed within the rural and community development, previously 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 [§4-26-105](#). 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.

### 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.

### Comment

Given the era of BERO's establishment and the changes that have taken place in the 40 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.



### Reports – 2 (continued)

#### **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.

✨ Fund Tennessee ([SSBCI 2.0](#)): The mission for those dollars is to support and expand an inclusive continuum of access to capital for small businesses and entrepreneurs throughout Tennessee.

#### **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.

#### **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.



## BERO | Program data and reports

### Reports – 3 (continued)

Entitlement areas are Shelby County and Memphis, Jackson, Clarksville, Davidson County, Murfreesboro, Franklin, Oak Ridge, Knox County and Knoxville, Chattanooga, Cleveland, Morristown, Kingsport, Bristol and Johnson City.

As the following data does not include the entitlement communities' data, it is not an accurate representation of the total DBE participation in projects funded through HUD CDBG dollars statewide.

#### Contract Awards for Federal FY2023

In the U.S. Department of Housing and Urban Development (HUD) report, Contract and Subcontractor Activity for non-entitlement communities, the CDBG awards were reported for the federal fiscal year, October 1, 2022 to September 30, 2023. There were 185 total contracts totaling \$37,322,311.67. Of the 185 contracts, five were awarded firms classified as women-owned totaling \$608,671.60 (1.6 percent of the total spend), nine contracts were awarded to a minority-owned firm totaling \$556,442.89 (1.5 percent of the total spend).

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.

[\(CDBG\)](#)

#### Comment:

BERO continues to partner with the Governor's Office of Diversity Business Enterprise (Go-DBE) to make TNECD's procurement opportunities available to a larger numbers of DBEs by posting contracting opportunities in the Current Procurement Opportunities section of [Go-DBE's webpage](#).

Note: The data requested in this section captures administrators, and it does not include the entitlement communities' data, therefore it cannot provide an accurate representation as to the total DBE participation in projects funded through HUD CDBG dollars statewide. See comment in TCA [§4-26-105](#) Reports.



#### **\* NOTE: Access to Education, Resources and Tools**

“Building back better’ includes giving rural regions and tribal nations a fighting chance to thrive in a post-COVID economy. It includes addressing geographic disparities as well as racial disparities in life expectancy, educational attainment, household income, or health status. For more towns and communities across America to share in the benefits of recovery and take advantage of the opportunities offered by the modern economy to thrive, we must revamp federal rural policy.”

Source: [Redesign Required: Four Ideas for Reimagining Federal Rural Policy in the COVID-19 Era](#), Aspen Institute, February 2021.

A stylized logo for Tennessee. The word "TENNESSE" is written in large, bold, black, sans-serif capital letters. The letters are set against a light blue background that has a slightly distressed or layered appearance. Three small black stars are positioned at the top left of the letter 'T'. The entire logo is tilted slightly upwards to the right.

TENNESSE

Questions? Visit [tn.gov/ecd/bero](http://tn.gov/ecd/bero) or email [ecd.bero@tn.gov](mailto:ecd.bero@tn.gov)

A stylized logo for Tennessee, identical to the one above. The word "TENNESSE" is written in large, bold, black, sans-serif capital letters. The letters are set against a light blue background that has a slightly distressed or layered appearance. Three small black stars are positioned at the bottom left of the letter 'T'. The entire logo is tilted slightly upwards to the right.

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