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Chamber has plan to grow new businesses

First step is to build Web meeting place

The Nashville Area Chamber of Commerce has big plans to make Nashville even more of a magnet for entrepreneurs, with a five-year strategy to draw new capital and fresh ideas to Music City.

A 75-member task force has spent the past few months reviewing data on what it takes to nurture start-up companies, and the group thinks Nashville stacks up pretty well with other big cities, from San Diego to Boston. There's also room for improvement.

The chamber's think tank came up with lots of ideas, including creating a virtual resource center that can serve as a Web-based one-stop shop for business owners who need advice on writing a business plan, securing investors or finding a good patent attorney. That's just the start, though. The long-range goal is to build a physical campus somewhere in Middle Tennessee where entrepreneurial companies can open offices and create jobs the old-fashioned way — a few at a time.

"Entrepreneurship is a core pillar of what makes a city great and what attracts people," said Robert A. Frist Jr., CEO of HealthStream Inc., and co-chairman of the task force. He and fellow co-chairman Michael D. Shmerling, head of Choice Food Group, discussed what could lie ahead with Business Editor Randy McClain.

Why is now the right time to ramp up support services for entrepreneurs and start some of these initiatives?

Shmerling: Entrepreneurs are critical to the economy. If you look at the number of people employed in the small business arena, and if you look at the dynamic large companies today that started small, as start-ups themselves, it's one of the best ways to create jobs. As some businesses fade away, you've got to replenish that with innovation and new ideas.

The task force has come up with lots of ideas to be phased in over five years. The first step is a virtual resource center. How would that work?

Frist: One of the main observations we found when we looked at the success stories of other cities was the need for a connecting point where all the various entities involved in economic development and providing support for entrepreneurs could come together. Our five-year vision calls for a physical campus, a visible symbol and a place where people know they can migrate their energies and efforts. The universities, the accounting and law firms, advisers ... everyone who helps entrepreneurs build their businesses could be involved at that site.

But what can we do in the short term? The easiest way to get started was to work directly with the Chamber of Commerce and build a Virtual Entrepreneur Resource Center, a Web site where people could immediately collaborate and communicate. Building a campus will take years, but building a connection point on the Web may take only a matter of months.

Would there be a mentoring component to the Web site? Could it be a place where entrepreneurs and investors meet?

Shmerling: Keep in mind that different players come to this game with different resources. Investors bring the desire to put money to work in viable start-ups that match their investment strategies. So, connecting those dots is extremely important. The Web site will be a meeting place.

We want to foster mentoring from potential investors to the (entrepreneur). We also want educational institutions, vendors, lawyers and other advisers to participate. If an entrepreneur has a particular idea they need to focus on investment sources that are interested in that particular niche. We hope they can come together via this Web-based resource center.

What are the three or four core industries that Nashville is best equipped to exploit right now to attract new jobs and new companies?

Frist: Certainly music, music technology, other sorts of technology, as well as health care. One of our

observations looking at other successful entrepreneurial cities was that they definitely played to their core strengths first and then added surrounding concepts to grow their economy. We have a strong music industry here, a strong health-care industry; you need to focus on industries where you start strong ... and already have a network in place.

How can Nashville's business community market the city as a destination for entrepreneurs in other states? There are certain advantages — no state income tax, for instance.

Frist: We've looked at everything from the tax advantages that we have for entrepreneurs, to all the support networks. We have an active Society of Retired Executives (chapter) here that provides coaches and mentors to business owners. We need to explain all the benefits of relocating or growing a company here. In the short run, that will be done in collaboration with the Chamber of Commerce's existing public relations and advertising efforts. We'll simply fold our messages about why we're a good entrepreneurial city into their overall campaigns.

Later, we'll engage existing entrepreneurial companies ... to help fund a marketing budget to promote the city. Our long-term plan is to develop a 501(c)3 nonprofit corporation called the Entrepreneur Resource Center for Middle Tennessee that can accept charitable gifts. The charter of this organization will contain a provision that favors companies that agree to place their headquarters in Middle Tennessee.

Do you have an estimate of how much money such a group would try to raise?

Frist: It's probably too early to say. Our first goal is to get a percentage of everyone's budgets conceptually. We'll start small and build up to what could be a very grand vision. If you look at other cities, Cleveland's BioEnterprise Corporation (in Ohio) and San Diego's Connect program have large physical campuses that required millions of dollars to build out. Those have become center points for entrepreneurial growth in those cities. Those types of programs take some time to get organized ... and for a leader to emerge to head up the fund-raising.

Why do you consider a physical campus for entrepreneurs such a necessity?

Shmerling: My opinion (is) that it creates synergy, having people with common interests in one place. They share resources.

And it's a terrific recruiting tool to bring in new businesses or a corporate headquarters. If you tell someone, we have a place for you where you can light until you get established ... where you don't have to invest millions of dollars of your own in infrastructure or technology. We'd have wireless systems in place (on campus.) They'd be able to start a business at a much lower cost.

We'd also train would-be board members who could then serve as mentors for start-up companies. People with five to eight years of experience could be drawn from among the ranks of some of the major law firms, accounting firms or engineering firms here. It's a growth opportunity for the board members, and likewise for the company, they get advice from someone who has a specialized skill. Access to good mentors is one of the core assets you can give to an entrepreneur.

Another promotional idea your group has floated is to create a national business plan competition that would let entrepreneurs from around the country compete for prizes, maybe even investment capital. How would that work?

Shmerling: It would create excitement around Nashville. The business plans would be read and reviewed, and they could be divided into areas of interest. Funding would be the reward for the plan(s) that get picked. We'd be introducing the city to entrepreneurs in Nevada, Montana or New Hampshire who may not otherwise know this is a great place to be.

And think of the opportunity. If we got 10,000 business plans in the front door ... and picked the best one ... it would also drive investment sources to consider Nashville.

Frist: And, of course, one of the criteria would be that if you were a business plan winner, you'd relocate your business to Middle Tennessee. It comes with a real bias toward growth in Middle Tennessee.