

Annual Meeting – a stakeholders’ report
Thursday, September 24, 2009
Café 4/The Square Room

I. Welcome

Good morning. I’m Michael Strickland, chairman of the Knoxville Chamber’s board of directors. I’d like to welcome you all to the 2009 Annual Meeting. It is a pleasure for me to be here this morning, and an honor to serve as the chair of the board.

2009 marks the 140th anniversary of the Knoxville Chamber. The original Board of Trade was founded in 1869 and later became known as the Board of Commerce. In 1887 it became the Knoxville Chamber of Commerce, and in 1963 the Greater Knoxville Chamber. The Knoxville Area Chamber Partnership, an association of six business-focused organizations including the Chamber, was formed in 1998.

Throughout its 140-year history, the Chamber has been an organization that has advocated for those things in the best interest of the business community. To do that work successfully it has needed the active involvement of the membership and the leadership of the board of directors.

I want to thank you for being here this morning. Your presence at this meeting demonstrates your commitment to the Chamber and its mission. You clearly understand the importance of business to our region. Without your support the Chamber could not do all it does.

I also want to recognize the city of Knoxville and Knox county elected officials with us this morning. The Chamber serves as the economic development department for both the city and the county. This relationship – a true partnership – has been valuable for both the governments and the business community. Together the Chamber, the city, and the county, work to expand our industrial base, help existing businesses, and plan for our economic future. This supports our schools and our community, and makes this a great place to live and work.

II. Call Meeting to Order

I’d now like to call this meeting of the board of directors to order.

The members of the board of directors are seated on the stage. They characterize the varied and diverse economy with which the Knoxville region is blessed. Consisting of small and large businesses, service and manufacturing companies, and minority- and women-owned firms, the directors represents the Chamber’s multifaceted membership well.

The members of the board of directors have committed a substantial amount of time to the Chamber. They lead its committees and work to maintain the organization's strengths and identify avenues for improvement. Thank you for your service and leadership.

We have a lot to be proud of this fiscal year.

III. Accomplishments

The financial position of the Knoxville Chamber is solid.

Finance & Operations

Like every business in the country the Chamber felt the national economic downturn. However, the staff made the necessary adjustments to manage through that period, continue to provide the services members deserve, and close the year on a positive note.

We ended the 2008-2009 fiscal year in June with nearly a \$60,000 positive bottom line. That amount far exceeded the budgeted net revenues of \$1,500.

Total change in net assets in the Partnership Initiatives Fund was \$66,632. The P.I.F. manages moneys that are dedicated to the Chamber's efforts in education, workforce development, and economic development. This includes funding for Innovation Valley, the regional economic development campaign.

Membership

The organization also added 319 new members and retained 72 percent of current members. I'm convinced that these upbeat outcomes were the result of the full implementation of two new membership programs – Operation Retention and Tiered Benefits.

Operation Retention is an effort by the Chamber staff to provide unparalleled customer service to members. Every staff member is assigned a few members to call each month. This is not only an opportunity to ensure that members are receiving all available benefits; it also provides the member with a single point of contact. That staff person then can serve as the member's "conciierge" to guide them through the organization and connect them with any needed service.

The second initiative is Tiered Benefits. This year, every member has been transitioned to the new membership structure. Tiered Benefits allows members to make choices about the level of benefits the company needs. Chamber services are arranged in a tiered "menu" and members select the level of benefits and level of investment that matches their needs.

Events

During the 2008-2009 fiscal year the Chamber produced 55 member-focused events. More than 6,100 businesspeople attended those events.

The Chamber introduced four new events in response to member desires. Surviving the Economy Series allowed attendees to understand the economic downturn and identity strategies to endure it. The ExecUTive Speakers Series featured presentations by UT graduates that have led some of the nation's largest corporations. As a way for the organization to thank ambassadors, committee members, and others for the time and service the Chamber launched the Volunteer Appreciation BBQ. The Shrimp Boil, Peelin', Pickin' and Politickin' will annually kick off the campaign season and bring together politicians and businesspeople.

Communications

This year the Chamber redesigned its website and added more videos and other multimedia to its online offerings. It also fully embraced the world of social media and has used a variety of these tools to spread the word about the organization and businesses in the region. The Chamber is on Facebook, Twitter, and LinkedIn.

It has also redoubled its efforts with traditional media and developed stronger relationships with the News Sentinel, WBIR, and WNOX. These have resulted in a higher profile employment resource, regular appearances on 10 News at Five, and recurring broadcasts of the Triple-H radio program from the Chamber's location on Market Square.

Government Relations

The Chamber continued its long tradition of advocating for pro-business policies before local and state elected bodies. It continued to lead on education and workforce issues in Nashville by opposing the election of local school superintendents and supporting rigorous academic standards.

The Knoxville Chamber solidified its relationships with the Chattanooga, Nashville, and Memphis chambers of commerce. Together the four Major Metropolitan chambers have developed a compelling voice in the state capitol. Represented by approximately 2/3rds of all Tennessee legislators, together these chambers have a great deal of influence. The relationships we built this year will pay dividends for years to come.

Economic Development

Innovation Valley Inc completed its first year in 2008-2009. This unprecedented economic development effort brought together six chambers or economic development agencies in the region to cooperatively work to attract and retain businesses. Focused on six strategic initiatives, Innovation Valley Inc is implementing strategies in Education and workforce development, Technology and entrepreneurship, Global marketing, Business retention and expansion, Public policy, and Resources for living.

Economic development efforts this year included focused marketing to capitalize on the recent recruitment of Volkswagen to Chattanooga. Knoxville is well positioned to attract automotive parts suppliers and is diligently pursuing companies. The Chamber participated in Governor Bredesen's German trade mission and launched pre- and post-trip advertising and online marketing in key German industry publications.

Innovation Valley partners are also targeting renewable energy, solar and biofuels projects. The research capabilities at UT and ORNL, the designation of Knoxville as a Solar City, and the location of solar materials manufacturers Wacker Chemie in Cleveland and Hemlock Semiconductor in Clarksville, make this region an attractive location for energy-focused companies.

Green Mountain Coffee Roasters' announced last August that it would locate a manufacturing facility in the Forks of the River Industrial Park. The community and environmentally conscientious company has invested \$55 million and will eventually bring 360 new employees to the region. Green Mountain opened in November, and is already surpassing the original plans the company had for Knoxville operations.

Innovation Valley partners worked quickly to recruit five companies to the area to absorb some of the employees displaced by the closing of Image Point. The new sign companies were attracted by the experience and expertise of the workers. This is just one example of the unprecedented of the Innovation Valley partners.

The Knoxville Chamber, through Innovation Valley Inc also launched PROPEL. This program is aimed at small and minority businesses that need one-on-one assistance, mentoring relationships, information on government contracting, and other services. PROPEL consulted with 120 small and minority-owned businesses in its first year.

The Chamber Existing Industry program received Business Retention and Expansion International's national award of excellence for the second time in four years. A dedicated staff person regularly meets with industrial and manufacturing businesses to help identify utility savings, training resources, and other needed information.

Just last week, Innovation Valley was recognized at the 6th Annual Governor's Conference on Economic and Community Development for having the state's best economic development website. The site received the LinkTenn Award for Outstanding Achievement. It was recently launched with site selection consultants – the real estate professionals that work with companies looking to relocate or expand – in mind. It provides a wealth of information in an easy to access format for the site selection process.

Education & Workforce Development

In 2008-2009 the Chamber moved from an advocate for excellent schools and a well-skilled workforce to an organization actively working with education stakeholders to drive that change.

However, the Chamber didn't abandon its role of informing parents, businesspeople, and the public about the risks associated with our current level of academic achievement. Using a grassroots awareness campaign and a video produced by Rivr Media, volunteers reached more than 1,800 people across the Knoxville region with information about the impacts a deficient system can have on our economy. That video, entitled Save Our Future: Education is a Community Issue, is now available on the Chamber website and YouTube. I'd encourage you all to see it.

Jennifer Evans, the Chamber's director of workforce development and education, worked with Knox county Superintendent, Dr. Jim McIntyre, to develop his 5-Year Strategic Plan. This document is a guide that is being used to implement Dr. McIntyre's vision. The plan defines the school system's success over the next five years and establishes many specific initiatives that will allow for higher levels of academic success for all students.

Work was also completed on the Education Management Information System for Knox County Schools. The Chamber has built this tool for the school system to allow it to track individual student progress, understand the costs associated with education, develop effective budgets, and drive student achievement. The system is currently being beta tested and will be formally launched on December 11, 2009.

To bridge the gap between education and business the Chamber developed two new efforts. A lunch-n-learn program made it possible for more than 60 teachers and counselors to visit and learn about eight area businesses. Because of a \$30,000 grant award by AT&T, the Chamber provided KeyTrain to all Knox county high school students. KeyTrain is the complete interactive training system that teaches the skills most requested and required by employers across the nation.

III. Challenges and Opportunities

Traditionally at the Chamber's annual meeting, the chair has discussed some challenges facing the organization and the business community. I briefly want to discuss two important items. The first is the state of the economy, and that has been a challenge for nearly all businesses in this region. The second is more of an opportunity, and the Chamber's board of directors has established a bold new vision for the organization to face this challenge.

Economy

In 2008-2009 the U.S. and world economies saw some deep declines.

Examples include the bankruptcies of General Motors and Chrysler. Record setting, high gas prices in the summer of 2008 created a heavy burden for families and businesses. And the credit crunch put many small businesses at risk.

While the Knoxville region was not affected as badly as the rest of the country, there have certainly been some struggles. Once strong companies like Image Point were forced to close, and others had to make difficult decisions and layoff employees. Our unemployment rate has risen from under 5 percent to over 8 percent.

Last Tuesday, Ben Bernanke, chairman of the Federal Reserve said, "From a technical perspective, the recession is very likely over at this point." While he noted that the recovery is expected to be slow, particularly employment growth, this is good news for us all.

Economist, banks, and investment funds across the country and the world agree that June was mostly likely the trough. They all expect growth to be positive in the third quarter of this year.

GM and Chrysler have emerged from bankruptcy and gas and fuel prices have moderated.

Fortunately, this region and our economic development team never quit working to improve the area, attract new jobs, and support existing businesses. Right now there are more companies looking at Knoxville as a location for a new facility than any time in recent history. While that certainly doesn't mean that any one of those employers will land here, it is terrific news. The Innovation Valley Inc strategies and marketing efforts are paying off. When the national economy fully rebounds we will be ready to take advantage.

We must not slow down. Our economic development campaign needs continued community and business funding, and we must continue to advocate for projects and initiatives that will secure our economic future – including the construction of the Midway Business Park.

Changing Marketplace

Last year, then chairman Mike Hamilton discussed the opportunities and challenges a changing marketplace and advancing technology present for our businesses and the Knoxville Chamber. He made the point that while information and technology open exciting possibilities they also require a constant focus on innovation and remaining relevant.

In the face of this advancing tide Mike said, "The Chamber must find a way to continue to serve its members. It must identify new benefits to offer, and it must continue to serve its traditional roles." He called this, "the biggest challenge facing our organization."

We have long been a cutting-edge chamber of commerce. We've launched new programs, services, events, and kinds of membership. These have included the Pinnacle Business Awards, the No Risk/Just Results membership guarantee, and the Tiered Dues structure. Despite all that, we recognized that we were operating in a crowded marketplace – a marketplace with many other opportunities and competitors.

Businesses now have more options – including many technology-driven options – to access the networking, referrals, events, and marketing services traditionally provided by the Chamber. Online social networking allows users, including businesspeople, to make connections with others that can be friends, associates, clients, and customers. Networking specific groups like Business Networking International (BNI) and Knoxville Business Xchange also compete with the Chamber. Websites and search engines allow companies to market their goods and services and customers to find businesses of interest. These online tools have made Chamber directories less relevant.

Mike Edwards, president and CEO, repeatedly challenged the staff and asked the board to consider, “What competitive advantage does the Chamber have in this crowded marketplace?” and “What role should it play?”

IV. Transformation

I am thrilled to say that over the last twelve months the staff and the board of directors have considered this question and this challenge and identified a bold direction for the organization. This direction will have a huge and positive effect on the entire business community.

We came to the conclusion that we must assume the business and community leadership role expected of a major regional chamber of commerce like the Knoxville Chamber.

Over its 140-year history, this organization has amassed an impressive list of accomplishments. The Chamber has contributed to the development of a Market House, the establishment of the Great Smoky Mountains National Park, the hosting of the 1982 World's Fair, the location of the Department of Energy facilities in Oak Ridge, the creation of the Dogwood Arts Festival, the founding of the UT Medical Center, and the highly successful economic development efforts of the last decade.

However, all of these initiatives pale in comparison to the endeavor we are announcing. Today's announcement will require the Chamber to shoulder significant responsibility and make some bold and aggressive steps.

After careful consideration, thought, and research the board of directors has decided to chart a new course for the organization and the business community. The

Chamber is launching an effort to make Knoxville **America's Best Business Address**. [*unveil sign/banner*]

This is an audacious goal and the board of directors understands the challenge that lies ahead. It will not be an easy thing to achieve and will take a tremendous amount of effort. It will not come overnight. We understand that this is a long-term ambition and may take 5 to 15 years to achieve. But it is the direction that we are going. We will forge ahead with unyielding determination, and we will be better for it.

Knoxville and the region have the geographic, logistical, intellectual, and personnel assets to make this happen. It is only right that we set our sights high and work hard to achieve this goal.

The Knoxville Chamber is uniquely positioned to establish the goal of making Knoxville America's Best Business Address and to direct its achievement. With more than 2,100 members the Chamber represents the largest single group of businesses in the area. These businesses can help to kick-start the effort. In addition, the organization has the respect among community and business leaders. This asset places the Chamber in the unique position of being able to rally the stakeholders and to get the required momentum behind the effort.

But how are we going to achieve this goal? By pursuing two distinct and important strategies.

First, the Chamber will become a forceful advocate for business and community issues. It will lead, urge, and partner to address important issues like transportation and infrastructure, quality of life, education, and business-friendly government policies.

The Knoxville Chamber has long been expected to have this leadership role. However, we are now assuming this role with newfound vigor. The organization will step up to become a vocal advocate and strong contributor to the policy decisions that shape this community in the future.

Second, the Chamber will radically change the way it does its day-to-day business. It must become much more aggressive in the delivery of services. We can no longer present a menu of benefits and hope that members will use them. Instead the Chamber must ensure that businesses are actively improving themselves. This focus on each business will contribute to making this America's Best Business Address.

We will identify businesses' areas of concern by using a business analysis.

We are several months into the development of this analysis, which will allow companies to understand their weaknesses and will allow the Chamber to shepherd these businesses through a program to get better and stronger. This program is not a cure-all. Businesses will not be guaranteed success. But much like a health

assessment identifies areas of concern for individuals the business analysis will help companies be better prepared and more likely to succeed over a long period of time.

The business analysis will allow the Chamber to meaningfully interact with members and determine areas that need to be addressed. The organization will then deploy specialists, refer members, identify community resources, and provide services that will help companies improve.

My vision for this new process is similar to a spoke and hub. The Chamber will be the organization in the middle – the hub – that identifies issues and then directs companies to the right resource or organization in the community. The Chamber will be the entry point for businesses interested in improvement.

The Chamber will not merely encourage businesses to think about these matters; it will actively determine where each individual business needs attention and aggressively work to help them tackle the problems.

The Chamber will monitor businesses' progress with a new, customized Customer Relationship Manager system that is expected to launch in January. This system will not only track progress, but will remind members and staff of milestones and variations in meeting timelines.

By addressing the major concerns of the business community and by focusing on the individual problems of a company, the Knoxville Chamber will progress toward the goal of making Knoxville America's Best Business Address.

Becoming America's Best Business Address will require determination, fortitude, and vision, but I am convinced that we are prepared to embark on this journey. And I invite you all to join us.

V. Questions & Answers

Thank you for your time and attention this morning. I invite and encourage you to take full advantage of your Chamber membership. Please use its resources and get involved.

I will now take any questions you might have.

VI. Adjourn

Thank you for attending the Chamber's annual meeting. Have a great day. We are adjourned.