

# 2009 Annual Report

*For the*

## Tennessee Small Business Development Centers

17 Market Square #201

Knoxville, Tennessee 37902-1405

and

1400 Oak Ridge Turnpike

Oak Ridge, Tennessee 37830



**PELLISSIPPI STATE**  
**COMMUNITY COLLEGE**



***Roane State***  
**COMMUNITY COLLEGE**

*The TSBDC's mission is to enhance  
economic development in Tennessee  
by providing quality solutions to the  
existing and potential small business  
community through consultation,  
education, referral, and support services.*

The Tennessee Small Business Development Center is funded in part through a cooperative agreement with the U.S. Small Business Administration. Additional funding is provided by the Tennessee Board of Regents and the State of Tennessee. All SBA funded programs are extended to the public on a nondiscriminatory basis. Reasonable accommodations for persons with disabilities will be made if requested at least two weeks in advance. Pellissippi State and Roane State are Tennessee Board of Regents Institutions & Affirmative Action/Equal Employment Opportunity colleges. Any person having questions about services or facilities for persons with disabilities should contact the Knoxville Area TSBDC, (865) 246-2663 .

This program is supported by assistance from the Tennessee Valley Authority (TVA), a federal agency. Under Title VI of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and applicable TVA regulations at 18 C.F.R. pts. 1302, 1307, 1309 and 1317, no person shall, on the grounds of race, color, national origin, age, sex, or disability, be excluded from participation in , be denied the benefits of, or otherwise be subjected to discrimination under this program. In addition, no qualified person with a disability shall, on the basis of a disability, be subjected to discrimination in employment (including hiring) under the program. If you feel you have been subjected to discrimination as described above, you, personally or by a representative, have the right to file a written complaint with TVA not later than 180 days (for race, color, national origin, or sex) or 90 days (for age or disability) from the date of the alleged discrimination. The complaint should be sent to Tennessee Valley Authority, Federal Assistance Programs, 1101 Market Street, WR 3JC, Chattanooga, Tennessee 37402-2801. A copy of the applicable TVA regulations may be obtained on request by writing TVA at the given address.

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Ending December 31, 2009  
TN Small Business Development Center Consortium  
Pellissippi State Community College  
in partnership with Roane State Community College

To Whom It May Concern:

I am pleased to provide The Knoxville Consortium TSBDC's 2009 annual report. Despite many challenges, we were still able to fulfill our mission and have a positive economic impact on our local economy. For the first half of 2009, small businesses continued to struggle; in the third quarter things started to stabilize. By the last quarter, the sales and employment numbers for our clients began to show small increases.

In an effort to assist our clients to weather the economic storm, we helped them learn about government contracting and how to take advantage of stimulus funding opportunities. The PTAP officer from UT was given office space in the Knoxville and Oak Ridge centers to assist with these clients. Unfortunately, the program's budget will not allow travel in 2010, so TSBDC counselors will now have to help clients with government contracting.

In an effort to assist the Lead Center and the statewide TSBDC network, the Knoxville center was asked to lead the state-wide online counseling center, create the DHS Child Care Online Training project and update the TSBDC website. We were asked to provide this assistance because the Assistant State Director unfortunately needed to be on extended medical leave. We met these challenges by hiring 2 additional part-time employees and asking the existing staff to work harder and smarter. Our hard work and dedication created valuable services/products which will benefit numerous small businesses and entrepreneurs across the state.

The state-wide online counseling center will place 60 computers in rural counties across the state to provide distance counseling and training. Our challenge in 2010 will be to educate these rural chambers to utilize these online applications and have staff available to counsel clients from these areas.

DHS requested that seminars with quizzes be placed on the TSBDC website so child care providers could satisfy a new state requirement for 28 hours of professional development. We now offer 20 classes covering a multitude of topics available on the TSBDC website and will continue to teach 12 face-to-face seminars.

Additionally, the Knoxville TSBDC will participate in the Knoxville Chamber Partnership's business wellness program which kicks off first quarter 2010. The program is designed to help existing businesses assess their strengths and weaknesses. Once weaknesses are identified, the TSBDC will be a one-stop-shop to help these businesses strengthen their companies.

As this report will show, the Knoxville Consortium has accomplished much in 2009. We are extremely grateful to those of you who assisted us in our efforts to meet the needs of small businesses in our area. We look forward to working together in 2010 and remain committed to do what we can to improve the economic conditions in our area and the state of Tennessee.

Sincerely,  
Larry Rossini  
Consortium Director

**I.MILESTONE ACCOMPLISHMENTS**

The accomplishments mentioned in this report are a reflection of the dedication of the staff who has worked diligently to make this a successful year. In 2009, the Knoxville Consortium was required by contract to provide the following:

	GOAL	ACTUAL
TRAINING ATTENDEES	990	1335 +(333 Online)
CLIENTS	502	782 +(41 Online)
LONG TERM CLIENTS (CLIENTS WITH WHOM WE SPENT 5 OR MORE CONTACT HOURS)	126	260
COUNSELING & PREP HOURS	3012	3334 +(44 Online)

Our clients continue to have a positive economic impact in the region.

Year	Clients (ONLINE)	Hours (ONLINE)	Attendees (ONLINE)	Businesses Started	Jobs Created	Capital Investments
2009	782 + (41)	3334 + (44)	1335+ (333)	44	225	\$12,204,840
2008	693	3111	1248	50	294	\$8,603,000
2007	560	2650	1232	30	203	\$13,795,000
2006	442	2321	1424	30	168	\$18,110,000

The following economic impact information represents only clients who reported.

Year	Total FT Employees	Total PT Employees	Total Sales
2009	4013	1079	\$253,251,295
2008	2422	636	\$62,862,578

The TSBDC provides services to 16-counties in the mid-eastern Tennessee region. These counties are Anderson, Blount, Campbell, Claiborne, Cocke, Cumberland, Fentress, Hamblen, Jefferson, Knox, Loudon, Morgan, Roane, Scott, Sevier, and Union.

COUNTY	KNOX	BLOUNT	ANDERSON	SEVIER	ROANE	COCKE
# OF CLIENTS	398	115	82	27	17	10

COUNTY	CAMPBELL	LOUDON	MORGAN	JEFFERSON	CUMBERLAND	OTHER
# OF CLIENTS	15	21	12	5	10	70

## II. PERFORMANCE ACTIVITIES

**A. Advocacy (100)**

In 2009 time was devoted to activities that reflected our efforts to represent small business interests within our service area. Center staff continues to be instrumental in the small business outreach efforts of the outlying counties and chambers of commerce in our 16 county service area. The Staff continues to serve on committees dedicated to fostering the growth and development of small businesses in the service area, including Technology 2020, Blount County Chamber Partnership, Oak Ridge Chamber, and the Small Business Committee of the Knoxville Area Chamber Partnership, and Farragut West Knoxville Chamber. The Center remains an advocate for expansion of small business assistance within Knoxville's Empowerment Zone and to the local Hispanic community. The Roane State Specialist serves on committees of the Roane Alliance and the East Tennessee Economic Council. Knoxville Specialists serve on the Community Reinvestment Act (CRA) committees for First TN Bank and BB & T Bank. TSBDC Staff have attended legislative coffees, luncheons and meetings. Presentations have been made during this time frame to local civic groups, and other small business service providers.

**B. Capital Formation (200)**

The staff continues to stay involved in efforts to assist small businesses in securing capital. Due to the state of the economy, we have made special efforts to stay in contact with the local banking industry and to learn their new lending requirements.

The staff works with intermediary organizations that provide SBA Micro loans. The Knoxville Area TSBDC Specialists continue to be Technical Assistant Providers (TAP) for the SBA Community Express lenders and the State of Tennessee's Small & Minority-Owned Business Assistance Program (SMOB). We partnered with the SBA to present four lending seminars attended by 81 bankers.

**C. Innovation and Technology Transfer (300)**

Close ties have been established and maintained with Technology 2020, the Tennessee Inventors' Association, the Oak Ridge National Laboratory and the University of Tennessee. The Oak Ridge Specialist is on the planning committee for a business incubator in Crossville, TN. A close alliance is maintained with Sam Hart, Technology and Manufacturing Consultant, for the Knoxville Area Chamber Partnership. The Knoxville TSBDC has become a partner with the "Patents in Commerce" program which offers a step-by-step approach to developing an idea into a marketable product. A number of clients have been assisted in this area.

**D. International Trade (400)**

We continue to coordinate referrals with the U.S. Department of Commerce, a Knoxville Area Chamber Partner with offices located adjacent to TSBDC. A variety of International Trade information is available in the Resource Center of each office.

**E. Minority Business Development (500)**

For 2009, minorities have represented 13.9% of our clients and 16.9% of our training attendees. Women have represented 42.1% of our clients and 54.2% of our training attendees.

We have worked with the City of Knoxville's Equal Business Opportunity Program, the Knox County Department of Supplier Diversity, the Knoxville Urban League, the Tennessee Minority Supplier Development Council and Federal HUB Zone program. SBA Tennessee District staff presents 8(a)/SBD program at our center bi-monthly.

We continue to build our relationship with the Hispanic Chamber of Commerce, another Knoxville Area Chamber Partner. TSBDC co-sponsors quarterly Judicial Interpreter Workshops from which 49 people have obtained their certification. We continue to expand our collection of Spanish language business resources. Hispanics represented 3.1% of our clients and 4.1% of our training attendees. Our continued efforts with this group will result in additional opportunities to reach this segment of the market.

**F. Resource Development (600)**

During this reporting period, many hours have been devoted to activities that promote and/or develop resources or resource partners to assist the TSBDC in its mission. A new partnership was formed with GrassRoots Marketing LLC to present "Marketing Boot Camp in Tough Economic Times" programs. Other resource partners include venture capitalists, financing providers, Chambers of Commerce, governmental entities and municipalities, agencies and other organizations. We have continued our partnership with the Business and Community Services and Continuing Education division of Pellissippi State Community College. We also play a key role in the planning and delivery of the Knoxville Area Chamber Partnership's *Chamber U* business seminar series.

TSBDC/ Pellissippi State Community College continues to partner with The INNOVATION VALLEY INC initiative (a regional effort to attract new companies and higher paying jobs; foster growth and retention of existing industries and enhance the entrepreneurial environment for start-up and small businesses). This partnership will provide a much needed financial resource to the center.

**Online Development**

After 3 years of testing, in the Knoxville center, the statewide network launched online counseling and training. The Knoxville/Oak Ridge center was chosen to be the statewide center. An online counselor was hired in the fourth quarter to assist with this project and is housed in the Oak Ridge office. Sixty computers have been ordered and will be placed in rural Chambers of Commerce to make our services easily accessible. A special effort has been to provide this online service to Child Care providers who are required by DHS to complete 28 hours of professional development. Since October, 41 people requested online counseling and 333 registered for online seminars. Visit [www.tsbdc.org](http://www.tsbdc.org) for more information.

**G. Procurement (700)**

The SBDC continues to update its Resource Centers and counselor knowledge to better assist clients seeking to participate in the procurement market. We work closely with the University of Tennessee Center for Industrial Services (Procurement Technical Assistance Program) to assist clients with federal and state procurement opportunities and training. In 2009, we held 10 procurement workshops attended by 191 people. Forty seven clients have met with the PTAP counselor in the Knoxville and Oak Ridge centers this year. In August we were participants in the annual East Tennessee Veterans' Business Conference which focuses on veteran owned business procurement opportunities.

**H. Special Focus Groups (800)**

The Knoxville Consortium TSBDC stays active in working with young entrepreneurs. We continued working with area high schools participating in the *Virtual Enterprise Program*. The Center Director serves on the board of advisors for the newly formed *Virtual Enterprise* board.

The Oak Ridge Sr. Specialist taught the Junior Achievement "Global Marketplace" class at Clinton Middle School for 9 weeks in 2009. This was a volunteer activity, coordinated through JA Biztown in Clinton, Anderson County. She also featured Global Entrepreneurship week during one of these class sessions.

**I. Economic Development (900)**

Due to a number of layoffs and business closings, the TSBDC has participated in local Job Fairs and taught entrepreneurial seminars on starting a business. We helped 44 new businesses start in 2009.

The Center continues its work with the various economic development agencies in the counties served. We provide assistance in incubator management and start-up, and rural development. We are working closely with the various agencies throughout the region which represent or serve Enterprise Communities and we are a partner with Innovation Valley Inc.

In Oak Ridge, the Specialist is on the Membership Committee of ETEC (East Tennessee Economic Council). This membership base provides feedback to area small business needs, and we appreciate the networking opportunity to promote our services in the area.

- J. Research (1000)**  
The Center continues its efforts to develop workshops and seminars that address the common needs of its client base and market. The Director is a member of the Small Business Committee and Area Business Counsel Committees. Both committees were designed to research the needs of the small businesses in the area. Two new seminars were developed and taught on “Surviving in Tough Economic Times” which were attended by 166 people.
- K. Other Activity (1100)**  
TSBDC Sr. Business Specialists, Jutta Bangs, completed East Tennessee Regional Leadership and Bruce Hayes, completed Leadership Blount.
- L. Success Stories (1200)**  
Success story:  
Downtown Hardware, Oak Ridge, TN  
  
Newspaper Articles:  
See attached.
- M. Travel (1300)**  
Center Director attended the National Veterans Conference, in Las Vegas NV. All staff attended America’s Small Business Development Centers’ Annual Conference, in Orlando, FL.
- N. Problems (1400)**  
Tough economic times could become a major problem in the future.
- O. Financial Reports (1500)**  
All have been submitted on a monthly basis as required.
- P. Women-Owned Businesses (1600)**  
The Center continues to stay well connected with the female-owner market by successfully networking with the numerous local associations that serve that group. 42.1% of the clients seen this year have been women; 54.2% of our training attendees have been female.
- Q. Economic Impact (1700)**

Assistance given to our clients has resulted in the following reported economic impact in 2009:

**New businesses started: 44**

**New jobs created: 225**

**Total Employees: 4,013 f/t and 1,079 p/t**

**Total Sales: \$253,251,295**

**New capital investment into the local economy: \$12,204,840**

**R. Veterans, *et al.* (1800)**

We continue to work with various Veterans' groups in the area to increase their members' exposure to and use of our services. Currently, Veterans represent 15% of our clients and 10% of our training attendees.

The TSBDC is a co-sponsor of the East Tennessee Veterans' Business Conference. The overall purpose of this Conference is to increase business opportunities for service-disabled veteran and veteran-owned small businesses. The conference also provides opportunities for government prime contractors to develop a database of qualified service-disabled veteran and veteran-owned small businesses. The 2009 Conference was August 5<sup>th</sup> in Oak Ridge, TN.

I. Description of Business	
A. Name of TSBDC Client:	Telephone:
B. Name and Address of Firm:  <u>Downtown Hardware</u> Firm Name  <u>298 S. Illinois Avenue</u> Street Address  <u>Oak Ridge</u> <u>TN</u> <u>37830</u> City                  State          Zip	C. Briefly describe the firm's service or product:  Hardware Retail  Lawn care equipment service & repair
D. Number of Full-time Employees: <u>6</u> -	F. Type of Ownership: (Please Check One):
E. Number of Part-time Employees: <u>6</u>	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Other
II. Describe the opportunities (problems) & the client's response to achieve the firm's success (use back of page if more space is needed):	
<p>Downtown Hardware is a 2<sup>nd</sup> generation family owned hardware store. They've been in business since 1955. They have been struggling with competition (Home Depot, Tractor Supply) moving into town. The store used to have a very steady client base, consisting of the now baby boomer generation. One of the owners, Mrs. Ann Bratton, utilized our help to evaluate the target market, and other opportunities.</p>	
III. Briefly describe the TSBDC's role and the TSBDC resources used in augmenting the <u>client's success</u> :	
<p>We have helped Downtown Hardware with business planning, and a very thorough market analysis. The current demographics of Oak Ridge have confirmed that their previous client base is aging, and that they are losing a big part of their sales due to this fact. Younger customers seem to have been drawn more to the "big box" stores, and it is hard for Downtown Hardware to compete on the pricing structure. We also facilitated a SWOT analysis among the owners and employees, which brought us very constructive discussions and ideas as well.</p> <p>Furthermore, we have brought in UT-PTAC, Mr. Paul Middlebrooks, to provide basic government contracting counseling to the client. We have had many joint sessions to brainstorm ideas. We emphasized the need to find a niche, not to focus on the price of consumer goods. One of the results was the creation of "DTH Supply", a branch of Downtown Hardware. This company section will be used to market goods and services to commercial accounts (schools, banks, local municipalities, etc.). It will also be a vehicle to enter into the government contracting market. Mrs. Bratton owns 51% of the corporation; her brother is a 49% partner.</p>	
IV. Briefly describe the results achieved <u>by the client</u> (actual or expected - i.e., statistics on increased employees (jobs), sales \$, productivity figures, or expanded markets, international trade sales, & etc.)	
<p>Expansion of market, away from the general public, into commercial accounts and government contracting. Sales increase \$25,000 in the first 6 months of 2009.</p>	

Mrs. Bratton and her brother are the 2<sup>nd</sup> generation owners of Downtown Hardware. Their father started the

business in 1955, as the source for hardware and service of lawn care equipment in the heart of Oak Ridge. Business has been good, and they were able to retain their loyal customer base over the years.

In the recent past, other competitors have entered the market (Hope Depot and Tractor Supply). This has taken especially the younger demographics away from Downtown Hardware. The previous customer base is aging, and spending has decreased. They either move away from the area to live with relatives, or they have downsized and don't have lawn care and hardware needs anymore.

The owners realized that they had to reinvent their business model if they wanted to survive.

Mrs. Bratton, the majority owner of the company, enlisted our help. She has worked with the TSBDC Counselor in Oak Ridge, Mrs. Jutta Bangs, for many hours.

Together, we have worked on:

- Created framework for business plan, with heavy focus on marketing.
- Formulation of thorough marketing plan, utilized the Chamber of Commerce and SBDCNet for demographic data.
- Facilitated SWOT analysis for the owners and employees. Everybody had some ideas that just weren't shared before. Now they are all "on the same page".
- Provided government contracting training and assistance, with the help of UT-PTAC, Mr. Paul Middlebrooks.
- Helped her create a company branch "DTH supply" to enter the commercial market, and bid on government contracts.
- Providing information on incumbent worker training money through ETHRA to enable employees and owners to attend workshops to develop their business even further.
- Increasing networking opportunities, and marketing to the new market segments.

Now that the new DTH Supply company is officially in place, Ann has started to bid on government contracts, and worked with commercial accounts. Just recently she submitted bids to the McGhee-Tyson airport, and Oak Ridge National Lab. She understands that this is a learning process, but the prospects are giving this business a chance to survive and thrive.

Dear Jutta,

I want to let you know how much I appreciate your assistance in helping my business. As my family owned business approaches its 54th anniversary, I feel confident that we will be able to survive and prosper in the coming years. Your suggestions, seminars, resource information, and ability to put me in contact with people that can answer my questions have helped me develop a plan to grow the business. Although the past few years have been extremely challenging, you have helped develop a new outlook and approach for continuing the tradition of Downtown Hardware. Thank you!

Sincerely yours,  
Ann Bratton