

Room at the incubator



Alan Spearman/The Commercial Appeal

After more than two years of planning, preparation and fundraising, EmergeMemphis is proceeding with its fourth-floor expansion. Gwin Scott (left), president of EmergeMemphis, and Carter Hord of Hord Architects are ready to begin the renovation on an empty floor.

Nonprofit organization adds floor-full of space for growing more companies

By JAMES DOWD / dowd@commercialappeal.com

AS A BUSINESS and technology accelerator for early-stage companies, EmergeMemphis provides space for startups to grow.

Now after a couple years of preparation and planning, the nonprofit organization is experiencing some growing pains of its own.

Work on a \$1.6 million renovation of Emerge's fourth floor is expected to be completed in six months. The 15,400-square-foot project will allow the facility to accommodate up to 40 small businesses — 25 now call the former Downtown warehouse home — and generate more than 75 new jobs through those startups.

Financing came from a variety of public and private sources, including a \$500,000 award from the U.S. Department of Commerce's Economic Development Administration and a \$750,000 grant from the state Department of Economic and Community Development.

"It's the next step in the evolution of our organization and will position us to be a greater physical and virtual portal to all things entrepreneurial in the city," said Gwin Scott, president of Emerge. "The mission is to create entrepreneurial clustering and promote an environment for startups to reach sustainability."

Established in 1998, Emerge offers flexible office space with rents ranging from \$300 to \$1,800 a month. Average occupancy is three years, after which time most firms "graduate" and relocate to their own independent offices. Over the last decade, 43 companies have graduated.

One recent tenant, Lori Turner, credits the atmosphere at Emerge for helping her company to expand.

"Part of the impetus for being there was the creative vibe and camaraderie that the entrepreneurs share," said Turn-

EMERGEMEMPHIS

Founded: 1998
Principal: Gwin Scott, president
Companies: 25 currently, expansion will increase capacity to 40
Address: 516 Tennessee
Phone: 312-7700
Online: emergememphis.org

er, managing partner of RedRover. "The sense of collaboration and being able to bounce ideas off other small business owners was invaluable."

The fourth-floor buildout is designed to offer even greater flexibility in the space, said Carter Hord, principal of Hord Architects, the firm handling the project.

"The plan is for the companies to grow and the new space will make it more convenient to accommodate them," Hord said. "We're preserving the feel of a 1906 building, but equipping it for the 21st Century."

The project is likely to have a significant impact on the local economy, said the leader of the National Business Incubator Association, which represents programs in 65 countries.

The 2,900-member organization reported that in its most recent study in 2005, incubators provided assistance for more than 27,000 startup companies. Those firms employed more than

100,000 workers and produced \$17 billion in annual revenues.

The NBIA lists 17 business incubators in Tennessee, with four in Memphis: Emerge, Innova, the Mid-South Minority Business Council and Tristar Enterprises. There are 10 in Arkansas and 22 in Mississippi.

"Over the last three decades, there's been a growing recognition that entrepreneurial ecosystems can be harnessed and yield demonstrable results," said David Monkman, CEO and president of NBIA. "The EmergeMemphis project should be a creative catalyst for job creation and provide continued support for entrepreneurs."

A report by the EDA reinforces the claim.

The agency found that business incubators produce 46.3 to 69.4 jobs for every \$10,000 of federal funding, meaning a per-job cost of \$144 to \$216. Its report revealed that incubators produce substantial economic benefits for the communities in which they're located.

"The \$500,000 in American Recovery and Reinvestment Act dollars EDA invested to expand the EmergeMemphis incubator is intended to spur innovation and job growth throughout the Memphis region," said John Fernandez, U.S. Assistant Secretary of Commerce for Economic Development. "We will continue to support local organizations, like EmergeMemphis, to help increase competitiveness and economic growth."

And that's good news for Scott, who's not waiting for the dust to settle before interviewing new residents.

"We're actively seeking entrepreneurs," Scott said. "We expect the space to be filled by the time the renovation is complete."

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