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Nonprofit CEO hopes to nurture entrepreneurship

Eric Cromwell has worked in economic development in Tennessee in a variety of capacities, from nonprofit agencies and state government to private enterprise.

Until last year, the 33-year-old was a technology policy adviser in Gov. Phil Bredesen's administration. He left that post to start a digital media company. But when that project didn't gel, Cromwell returned eight months ago to the world of nonprofits as chief executive of the Tennessee Technology Development Corp.

TTDC has a \$5 million contract with the state to help coordinate what some feel is a disjointed effort to create technology jobs in Tennessee. Cromwell met with Business Editor Randy McClain to discuss his current work as well as plans for an innovation conference in Nashville later this year.

Why does TTDC focus on technology? Why are those jobs so prized?

Two reasons. Technology is a driver of industry, no matter what business model you're trying to implement. Technology most likely has a role to play. And the other reason is it pays well. The jobs pay higher wages because of the skill set you need. It can many times be a platform for wonderful innovation. Entrepreneurship is America's next frontier. More and more people are going to seek out small-business creation, work for themselves, partner in teams and innovate around technology. The more we can diversify into technology, I think, the better off we are going to be as a state.

TTDC has been around for a decade or more but was revitalized last year. What's its relationship with state government and Gov. Phil Bredesen's administration?

We are structured as a nonprofit corporation, external from government with a private-sector mentality. The group does get \$5 million in state funds under a contract to pursue technology-based economic development. The idea is that we complement what the state does through its economic and community development arm. Their focus is on business recruitment, expansion and retention, while TTDC focuses on supporting entrepreneurs, innovation, scientific research and the commercialization of that research.

You worked with the state's Economic and Community Development agency at one point, then left for a while to start a technology-related education and training company. What brought you back to TTDC from the private sector?

I have a background in getting organizations started, building a kind of evangelistic message. I did that with Emerge Memphis (a public-private business incubator) and before that with the FedEx Institute of Technology (a think tank linked with FedEx Corp. and the University of Memphis). I also worked for the Bredesen administration on technology policy. And then last year, I jumped out to start a for-profit company, a Web services play in digital media. But the cards didn't fall completely right for us, which happens all the time with entrepreneurs, so that business is on hold. It gave me a whole new perspective on what needs to happen ... to get high-potential companies up and running.

What's TTDC's mission?

We'll build a lean but capable team that can serve as a catalyst for economic growth and facilitate technology transfer. We will work with existing groups across the state. We're not coming in to take over that activity. We will try to connect many of the dots and show everybody what can be done. ...

Is it fair to say that in terms of patents issued, venture capital and technology jobs created, that Tennessee lags many other states?

Absolutely. What has been lacking ... is a coordinated strategy to leverage facilities like the Oak Ridge National Laboratory, our hospitals and universities. I've definitely seen more conversations between Vanderbilt and Oak Ridge National Lab, for instance, or between Vanderbilt and the University of Tennessee. I have seen that dramatically improve over the last couple of years. But what TTDC needs to do is make the (research) environment in Tennessee even more conducive, so that when technology transfer does occur it leads to a company being created in this state and not somewhere else. The other piece of that is we need to continue to grow the amount of research and development activity that happens in Tennessee. We think we could provide more coordination state wide, making sure there's more information out there about who's working on what. To help accomplish that, we're putting together a Tennessee Strategic Research Board. We'll be enlisting the support of some of the state's best research minds in academic and private settings. We'll try to come up with a comprehensive plan of action, study how we can win larger (research) awards from the federal government and extend partnerships into the private sector, look for commercialization opportunities. ...

Is there a danger your efforts might overlap with other nonprofits or economic development efforts already out there?

Our policy is, if you want to collaborate with TTDC, give us a call. We will meet with any partner who wants to work with us. We don't have the resources or personnel to take over responsibility for every region of the state. We just want to help lift up the state and make it more competitive. We think a focus on entrepreneurship is exactly the right thing to do. And, today, for the entrepreneur there is too much fragmentation. It's too hard to find the talent you need and the capital you need. We need to break down some of those barriers. Many of those resources are here in Tennessee. ... There is capital around.

What happens if there isn't a coordinated effort to nurture entrepreneurs?

We think there is a lot of pent-up demand for help in Nashville and throughout the state ... people who are looking for capable advisers, mentors, resources and capital. It's a large market, and there are a lot of companies looking for money. We cannot let these companies become frustrated and give up — or, worse, they leave the state to seek more fertile ground as far as fundraising. I think the state needs one big success in the technology field that makes people more comfortable investing in things tech-oriented. You need a Michael Dell story, a Dell computer story, which coming out of Austin really helped create that environment and put it on the map. It was a tremendous wealth-creating event. ...

Are you interested in raising some private-sector funds for TTDC?

We haven't set a target for fundraising. But, yes, we do need to raise some private-sector money and here's why. We need to show that some of the corporate and philanthropic leadership in Tennessee believes in this innovation, entrepreneurship agenda. That this is, in fact, economic development activity and it can have an impact on the state's economy. We believe we'll get that private-sector support. That doesn't mean the state will be able to withdraw all its support because the private sector is putting dollars in. For this to work, it needs to be a true public-private partnership. Right now, it is too hard in certain regions of this state to raise the money, build the company and find the talent you need. Let's fix those issues. There's a lot of capital in Nashville. By and large, it's for companies in much later stages of growth. It's not up to me to criticize that; investors are going to spend their dollars where they feel like they'll get an appropriate return. ...

Where does TTDC stand on building a staff?

We just made a recent hire — a vice president of operations and strategy, someone who is very data-driven. That will free me up to be out of the office more, building out our fundraising plans and other relationships. The next thing we'll do is look at research. We want to add someone to our team who is viewed in the research community as a peer and a colleague. It will probably be a Ph.D-level person to begin to help coordinate research conversations across the state. Capital formation will come next. We also have an event in the works for November, an innovation and capital formation conference. It will be held in Nashville. We want to identify some of the most promising technologies at an early stage statewide and give real practical advice about how to commercialize that research. ...

Will TTDC ever take an ownership stake in any company, become a direct investor?

It's a possibility, but it's not on our radar at this time ... not with the level of funding that we've been provided.
