

Young Entrepreneurs

An organization that offers to treat symptoms of 'terminal' entrepreneurship

By Cullen Douglass

Webster's defines "terminal" as an adjective meaning extremely or hopelessly severe. That's a perfect description for my condition.

I've had this condition probably my whole life with no "cure" in sight. This condition affects a number of people, and once one has it, it is almost always terminal. Education and training on this condition is spotty at best. In fact, most universities and teaching institutions don't spend enough energy on it, even though it affects so many. This terminal condition to which I am referring is being an entrepreneur.

When I was growing up, my father always encouraged me to research my ideas and to build a "business plan" for those ideas. I think a big reason he did this was because his dream of owning his own business had never been fulfilled.

My first stab at being an entrepreneur took place in college and was fairly successful. Although I measured success at that point by whether I could pay my beer tab, the idea of being my own boss and controlling my income was too good to be true. I was hooked.

After college I joined Corporate Ameri-



ca. Thankfully, I only lasted one year. At 24, I began working for myself and the rest is history. Over the course of 15 years, I have been self-employed. The challenges of being self-employed and being an entrepreneur are unique and distinctive.

Issues that entrepreneurs deal with often can only be answered and addressed by other entrepreneurs. My wife, friends and family are ill equipped to help if they are not dealing with the same terminal condition of being an entrepreneur.

Although Nashville has a wealth of wonderful support organizations that cater to

the business community, there is only one cure for the entrepreneur. Three years ago, I was introduced to Entrepreneurs Organization.

A longtime friend and client brought me in to meet a super group of people who all had the same terminal condition I had.

At first I was skeptical of their ability to assist me, but over these three years, I am amazed at what I have learned from EO. The Nashville membership includes more than 60 entrepreneurs from all types of companies, including retail, service, wholesale and manufacturing.

Internationally, EO has more than 5,500 members from all over the world who get together for national and international meetings. Locally, I've had lunch with Gov. Bredesen, Nashville Predators owner Craig Leipold, and numerous other business leaders and entrepreneurs because of my membership in EO. I recently returned from a Global Leadership Conference in Washington, D.C., where our group had lunch and a question and answer session with Jack Welch, retired CEO of General Electric.

I have been starstruck by whom I have met through EO. At the end of the day, however, it's been more awe-inspiring to rub elbows with some of the best young entrepreneurs in the Nashville community.

I haven't found a cure for my condition, but I may have found nirvana for the entrepreneur. If you think you are also struck by this same terminal condition, and you don't know where to turn, I may be able to steer you in the right direction and offer you the same hope I have found.

Cullen Douglass is owner of Douglass Financial Services LLC and incoming president of the Nashville chapter of Entrepreneurs Organization. He can be reached at 615-742-8782.

Entrepreneurs may wear too many hats

By Danielle Tara Mulvey

Entrepreneurs by nature are not satisfied with the status quo. The mind of an entrepreneur is always looking for new opportunities to develop and innovate existing business or pursue additional opportunities including starting yet another company.

While entrepreneurship sounds glamorous even the most successful entrepreneurs hit the wall and face countless obstacles when it comes to tackling challenges in their pursuit of growth and development.

The jury is still out on the No. 1 "fault" of an entrepreneur, but the early courts consisting of friends and families tend to render this verdict: Working nonstop at the expense of free time, a relationship with your spouse, or time with your family. Typically early-stage entrepreneurs are guilty of "obsessively" working 60 to 80 hours per week because they are wearing a lot of hats within the organization – bookkeeper, chief of sales, office cleaner, grunt laborer, courier.

Is their valuable, sleep-deprived time worth the average hourly rate of \$8 for doing this type of work – or should they be

focused on spending 80 percent of their time doing the work that adds the most value to the organization? Should an engineer be handling the bookkeeping function? Probably not. Human nature tells us best that we might be able to do everything, we can only do one thing really well.

Why do entrepreneurs tend to wear all of the hats? Cash flow is king in all businesses and cash flow may prevent entrepreneurs from paying for these services – so out of necessity to get the company

off the ground and cash flow humming they must assume multiple roles within the organization. Additionally, entrepreneurs typically see themselves as "smart" and able to figure anything out.

While hard work is a key to success, overworking to the point where your life balance makes you married to your company rather than a human should cause alarms to go off.

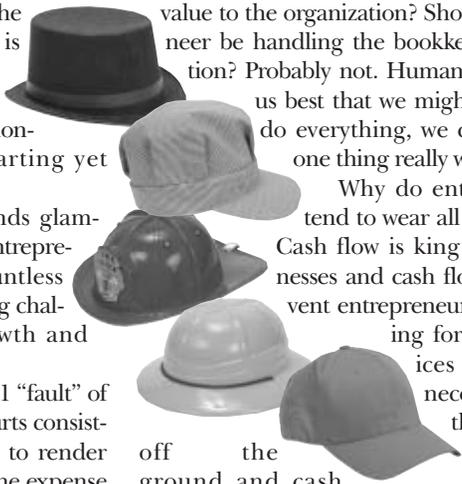
I have been there and done that.

The alarms sounded and, thankfully, I

heeded them. By balancing work with life outside of work I find that I am enormously more effective when I am in the office. Free time with my family, date nights and a three-week vacation (that's being gone and unavailable to the office for 21 days straight) provide me with time to rejuvenate and provide a rewarding feeling that compliments the joy that I get out of working.

Beyond the No. 1 "fault" of an entrepreneur, the next challenge is finding a resource that allows an entrepreneur to "give and take." For me the Nashville chapter of Entrepreneurs Organization has provided a wealth of advisement, counsel and development. The sharing of experiences with a peer group of entrepreneurs has benefited me personally and professionally. Fellow entrepreneurs make great listeners and valuable advisors.

In EO, this group of peers is referred to as your Forum. Averaging eight to 10 members, the Forum provides a confidential environment where you can share your successes along with your failures. It is also an opportunity to present specific situations and obstacles for which you would like to get



About inaugural class of Young Entrepreneurs

On the following pages, the Nashville Business Journal presents the inaugural class of Young Entrepreneurs.

In conjunction with the Nashville Chapter of Entrepreneurs Organization, this program recognizes business owners age 35 and under who have taken the risk and used their talents to start and build their own companies.

The honorees, selected from nominations solicited by the Nashville Business Journal, must have ownership interest in a locally based, privately held company that employs at least two people and has at least a two-year operating history.

The honorees will be recognized at a luncheon beginning at 11:30 a.m. July 13 at the Hilton Nashville Hotel, 121 Fourth Ave. S. in downtown Nashville. Tickets for the event are \$40. For reservation information, contact the Nashville Business Journal at 615-248-2222 or register online at nashville.bizjournals.com.

Cullen Douglass and The Pruett Financial Group salute the achievements of the 65 members of the Young Entrepreneurs Organization (YEO), Nashville Chapter.

The Nashville YEO is a volunteer group of business professionals under 40 years of age who are the owners, founders, co-founders or controlling shareholders of a company with annual sales of \$1 million or more.

These business leaders represent the leading edge of Nashville's high growth entrepreneurs and the future of our city.

For more information on the YEO, contact Cullen Douglass, YEO President Elect at (615) 742-8782 or cullen.douglass@nmfn.com.

The Pruett Financial Group
1600 Division Street, Suite 400
Nashville, TN 37203
(615) 742-8700

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*For more information about EO contact
Cullen Douglass, at 615-742-8782*



Formerly known as the Young Entrepreneurs' Organization

Chris Blanz

Founded in 2001, cabedge.com is a team of designers, strategists, and programmers specializing in interactive design, digital branding, and development of Internet applications.

The company has created campaigns for National Geographic, Tylenol, Johnson & Johnson, Playtex, Kirkland's, LEGO, Shoney's and The Washington Post, among others.

The company's work has garnered honors, including Communication Arts' Site of the Week, Yahoo's New and Notable, and as a USA Today's "Hot Site" and it has received 35 ADDY Awards from the Advertising Federation since 2001.

Blanz's background includes stints as a designer, strategist, and project manager. With two partners, he in 1994 formed Creative Syndicate Inc., a graphic design shop specializing in print design, CD-ROM and Web site development. That company landed a contract to develop the first ever Internet site for the State of Tennessee and eventually merged with EdgeNet Media. After leaving EdgeNet in 1998, Blanz worked for advertising agency Buntin Group and, he says, for a "wild ride" as creative director with Weberize.

Blanz says his desire to be home more and spend more time with his family fueled the idea of starting cabedge.com.

"Working from home for the first four years was a blessing," he says. "Not only did

Chris Blanz, age 34

head of cabedge.com

cabedge.com

230 Franklin Road, Suite 12g

Franklin 37065

615-595-7245

www.cabedge.com

Education: Bachelor's degree, Western Kentucky University

Revenues:

2003: \$171,091

2004: \$385,653

2005: (projected) \$600,000

Number of employees:

2003: 1

2004: 3.5

2005: 7

I get to be a nearly full-time part of the first couple of years of my son's life, my relationship with my most important business partner grew stronger. Even though the business has outgrown the house, I'm still home every night for dinner and make it a point to take a break to concentrate on what's most important.

What began as a one-person operation offering design and strategy, has grown into high-end programming that supports design by turning it into usable tools for accessing information, Blanz says.

While the company stresses brand consistency and usability, the application development side of its business is also growing. Cabedge.com is developing its own set of licensable online products.

"That's our fancy way of saying that we want to find a way build a recurring revenue base," says Blanz. "We have also opened ourselves up to pay-per-performance engagements with the idea that if we do a good job, we get paid more. If the performance of our efforts is less than expected, we make less."

Word of mouth, he says, continues to be the company's best new business tool.

"Making sure that growth is controlled has been the biggest challenge," he says. "I'm sure there are hundreds of lessons I've learned, but the most important has to be 'Spend less than you make.'"

John Carrico

Founded in 2002, Rezult is an information technology services firm that specializes in contract employee staffing, personnel placement, and project outsourcing in the IT industry.

Carrico began his career with Allegis Group, starting in Phoenix as a technical recruiter in the environmental sector. He moved into the telecommunications industry as an account manager and, three years later, became director of branch operations in Nashville.

After a stint in Atlanta, he moved back to Nashville to run the Tennessee and Alabama region for Mentor4, a division of Allegis.

With partner Chuck Ransom, he founded Rezult IT Sourcing Solutions in 2002, a startup financed by independent investors. Carrico says the company's growth strategy can be defined by one word: Controlled. Rezult has the capital and contacts to grow rapidly, he says, but not at the expense of service.

"I have always wanted to start my own business," he says. "I enjoy searching for the

John Carrico, age 33

CEO/vice president
of business development

Rezult

750 Old Hickory Blvd.,

Suite 2-222

Brentwood 37027

615-250-3362

www.rezult-it.com

Education: Bachelor's degree,
University of Tennessee

Revenues:

2003: \$1.5 million

2004: \$3.5 million

2005: (projected) \$5 million

Number of employees:

2003: 3

2004: 10

2005: (projected) 15



answers and creating effective policy and providing great customer service. Our industry is based on relationships. My partner and I had a lot of success building relationships in the past and we knew if we provided the level of service these companies deserved, we would see success."

The company doubled its Nashville operations and opened offices in Chattanooga, Birmingham and Fort Lauderdale. The biggest challenge, he says, was getting that first opportunity with a new client.

"Our business development objective was to educate the client on our services and how we could save them time and money," he says. "If you can't save your client time and money, you won't be around long."

Cliff Duffey

Founded in February 2001, Cybera delivers high-speed, private networking solutions for businesses. Cybera is able to provide optimal coverage and maximum bandwidth for a client's unique business requirements by combining ADSL, SDSL, T1, frame relay and ethernet connectivity into a customized, private network that never travels the public Internet.

Before founding Cybera, Duffey served as chief technology officer at BluesStar Communications Inc. in Nashville and built the company's engineering, network operations, and product and business development departments.

Before BlueStar, he was senior engagement manager in Ascend Communications' Professional Service consulting department. Previous employment with Intermedia as a senior program manager and as a software engineer with the Harris Corp. enhanced Duffey's understanding and expertise in private network technology.

Cybera was founded as a result of the purchase of BlueStar by Covad Communications in 2000. Duffey opted to leave the combined company to work on an improved real private network, a solution



that he created at BlueStar. Duffey, along with two other BlueStar executives, formed Cybera and ran it out of Duffey's home. The company was financed initially with Duffey's own assets as well as contributions from friends and family. The company has remained privately funded through a small group of personal investors and small investment organizations primarily in Nashville.

Cybera has moved into permanent offices in Grassmere Park and was cash flow positive in December 2004. Its customer base includes familiar names such as Dollar General Corp., Central Parking Corp., Krispy Kreme and MAPCO Express and franchise groups including Applebee's, Wendy's and Burger King.

Cybera markets primarily through case-study referrals from anchor clients in key verticals such as specialty retail, dine-in restaurants, convenience stores and quick-serve restaurants. Duffey says growth at a steady pace and remaining fiscally conservative are key components of the core business strategy.

The company's main challenge has been to educate its target market on the

benefits of outsourcing network services and the advantages in security and reliability of its products. Duffey says Cybera has shifted its sales strategy to more of a consultative sale focused on enabling applications that a retailer is rolling out or plans to roll out in the near future.

"Cybera does not intend to be the largest managed network provider but we do intend to be the most profitable," Duffey says.

Cliff Duffey, age 34

President, CEO and founder

Cybera Inc.

624 Grassmere Park, Suite 28

Nashville 37211

615-301-2040

www.cybera.net

Education: Bachelor's degree, Clemson University

Revenues:

2003: \$3.54 million

2004: \$5.4 million

2005 (projected): \$9 million

Number of employees:

2003: 21

2004: 40

2005: (projected) 55

YEO group changes name, retools vision

Young Entrepreneurs' Organization and World Entrepreneurs' Organization, a peer-to-peer learning community for entrepreneurs, has changed its name, redefined its vision and mission, and restructured its benefits.

Moving forward, the organization will be known as the Entrepreneurs' Organization, or EO. YEO, an entrepreneurial community for business owners under 40, and WEO, the equivalent community for those over 40, will remain as learning peer groups that operate under the EO umbrella. The peer groups are central to how EO will deliver on its core promise to enable entrepreneurs to learn directly from other business leaders like themselves, YEO officials say.

The creation of the EO brand and realignment of the organization's benefits are based on extensive member feedback and are the result of a strategic planning process driven by the organization's member-led board of directors over the past few years.

EO has created a new vision, logo and tagline as part of the change. EO's tagline, "Fueling the Entrepreneurial Engine," expresses the commitment of EO's members to fuel themselves by learning from one other and to fuel the world through entrepreneurship, says Ashley Postlewaite, national president of YEO.

"Our vision for EO is to build the world's most influential community of entrepreneurs," said Postlewaite. "This will enable us to deepen our impact on each other as entrepreneurs while expanding the positive influence of entrepreneurship around the world."

EO provides has more than 5,600 members in 120 chapters and 40 countries around the globe. For information on the Nashville chapter, contact Cullen Douglass at 615-742-8782.

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James Fields

Concept Technology provides information technology consulting and outsourcing services to small and mid-sized businesses in Middle Tennessee.

Services include IT management, network engineering, systems integration, systems administration, and IT audits. The company also recommends and assists in the purchase of hardware and software for its clients, but is not a reseller.

Fields worked in operations and sales for companies including Teleport Communications Group, AT&T, Inflow, and Rentech before founding Concept Technology. He says he decided to start Concept Technology after seeing the need and expanding potential of the technology outsourcing business.

Initial funding for the company was provided by family and subsequent growth has been funded through cash flow.

After starting with just himself and one engineer, Fields has built the company to eight professionals serving more than 100 clients in a range of industries, including health care, professional and financial services, manufacturing and government. Fields notes Concept's revenue has grown at a

James Fields, age 32
President
Concept Technology Inc.
1106 17th Ave. South
Nashville 37212
615-321-6428
concepttechnologyinc.com

Education: Bachelor's degree, Vanderbilt University

Revenues:
2003: \$65,000
2004: \$330,000
2005: (projected) \$ 750,000

Number of employees:
2003: 3
2004: 6
2005: (projected) 12



rapid rate, more than doubling last year, and that the high rate of growth is projected to continue.

"The biggest challenge that we face is the selection of new team members," says Fields. "We have grown quickly and

have had to hire faster than planned."

Fields notes that Concept Technology's clients aren't under contract, so the company has to earn its repeat business. He says Concept Technology has opted not to be a reseller of hardware and software so that it can make unbiased recommendations and maintain credibility with its clients.

"One lesson that I have learned," says Fields "is that the key to a successful consulting practice is that our clients never question whose best interest we have at heart."

Debbie Gordon

Snappy Auctions is an international franchisor of Snappy Auctions eBay Drop-Off Stores.

The company's business model is based on an old concept (resale) in a new medium (online sales.) The stores provide a number of services for people who want to sell items on eBay including valuation, photography, listing on eBay, payment processing and shipping.

Snappy Auctions has sold more than 70 franchises in 15 states and has sold Master Franchise rights for Japan. The company expects to be in 40 states by the end of this year. Franchisees receive training, site selection and build-out assistance, advertising and marketing support, and use of Snappy Sales Manager, a proprietary software program.

Gordon's career track includes a stint as director of corporate marketing for Communications Corp. of America and in enterprise software sales and channel sales management with Aspect Communications. From 2001-2003, she owned and operated Orbit Media, an interactive media consulting company.

"Snappy Auctions was not started on the back of a cocktail napkin," she says. "It was started on the back of a copy of Fast Company. I still have the notes I scribbled on a road trip to Chicago to

Debbie Gordon, age 33
President/CEO
Snappy Auctions
209 10th Ave. South,
Suite 322
Nashville 7203
888-490-1820
www.snappyauctions.com

Education: Bachelor's degree, Vanderbilt University

Revenues:
2003: \$45,000
2004: \$400,000
2005: (projected) \$1.7 million

Number of employees:
2003: 2
2004: 9
2005: (projected) 15



help a friend move."

In 2001, Gordon began exploring eBay as a hobby. Using a coupon for a

national outlet retailer, she bought several thousand dollars of designer shoes to sell on eBay. In one week, she sold out her inventory and realized that "eBay was a pretty incredible thing."

From that experience, she discovered an opportunity handling eBay sales for others.

"They could do it themselves, but they didn't want to fool with it," she says. "I quickly discovered that there were many people who had stuff to sell, but they didn't have the time, the wherewithal or the desire to do it themselves."

The first store opened in October 2003 and Gordon began franchising the concept a short time later. Snappy Auctions' startup was funded by Gordon's savings. After

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HATS: Forums build in accountability

CONTINUED FROM PAGE 1A

feedback from your fellow Forum members.

When a peer group gets together, the synergy and dynamics of the group enable participants to leverage talents and backgrounds that compensate for each other's weaknesses or lack of experiences.

Additionally, the Forum experience builds in a degree of accountability most entrepreneurs do not have, since they are technically "the boss" with no one to answer to on a regular basis. In Forum, after disclosing a problem, someone may inquire about your follow-up at a later date. Knowing that your peers will want a "report" from you increases the odds for taking action with the situation presented.

While the idea of a monthly Forum averaging three hours in length seems impossible for a busy entrepreneur, the

three hours spent in Forum are actually some of the most productive hours you spend all month. A Forum typically provides the opportunity to work efficiently on your business.

In one presentation you are getting the insight and experience from seven to nine peers rather than being in the office working in the business (avoiding the problem or trying to solve it on your own with your limited resources of just your own experiences.)

No matter the topic of the presentation or discussion, other members of the group benefit by learning what to avoid (so they do not make the same mistake or failure), as well as what techniques and strategies others in the group have mastered that could be of benefit to their own organization.

Danielle Tara Mulvey is president and Founder of Maverick Group Inc. and a member of Entrepreneurs Organization. She can be reached at 615-369-2214.

rolling out the franchise plan, she tapped a home equity line of credit to invest in software development, an investment repaid within five months. Snappy Auctions has been debt free and profitable since November 2004, Gordon says.

Snappy Auctions master agreement in Japan could lead to more than 150 stores there in the next five years. The company also plans franchises in Europe in October.

The company was recently recognized

by Entrepreneur Magazine as one of 2005's "Hottest Franchises"

Gordon says Snappy Auctions' success is rooted in fundamental values based on quality.

"Every time I meet with prospective franchisees, one of the first things I talk about, before I talk about our operations, is our core values," she says. "Quality, honesty, integrity, and value. These are the key ingredients to success, no question."

Meet the Young Guns

THE
Nashville Business Journal
AND
Entrepreneurs' Organization
PRESENT THE
Young Entrepreneurs
recognition program



We'll shine a spotlight on Middle Tennessee entrepreneurs age 35 and under who have started their own companies and are building their businesses. Join us on July 13 as we celebrate the success, accomplishments, investment and innovation made by these young risk-takers.

Meet the people who will help shape Middle Tennessee's business landscape and the individuals on the leading edge of the area's emerging businesses.

THIS YEAR'S HONOREES ARE:

Chris Blanz	cabedge.com
John Carrico	Rezult
Cliff Duffey	Cybera
James Fields	Concept Technology
Debbie Gordon	Snappy Auctions
Bradford Gulmi	Diabetes Care Club
John Reigard	eTransPlus
Christopher Schellman	SAS 70 Solutions
Steve Shaughnessy	PokerOutlet.com
Brad Towe	Towe & Associates

Young Entrepreneurs recognition luncheon

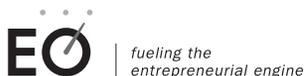
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Bradford C. Gulmi

Diabetes Care Club is national mail-order supplier of diabetes testing equipment and related diabetes footwear for senior citizens on Medicare. The company offers patients home delivery without having to file insurance forms or pay up front for their supplies at the pharmacy. Patients re-order their supplies every three months, creating a reoccurring monthly revenue source for the business.

Gulmi worked for advertising agencies in New York after college and held other marketing positions. After working in marketing at chipmaker Intel in Silicon Valley, Gulmi joined two start-ups. His foray into being an entrepreneur came when he heard about the diabetes supply business.

"It appealed to me because the business model was based on effective advertising targeting," he says. "This means I could start the business with a small amount of capital and grow it using variable advertising costs, not fixed costs, such as infrastructure, etc."

Gulmi, seeing Silicon Valley was in a period of economic decline, looked to Nashville and its health care base to raise capital. With business partner Dr. Michael Minch, who had been treating diabetics as a vascular surgeon for more than 20 years, he raised start-up capital from local doctors and business people in early 2002. The company became profitable and cash-flow positive in seven months. Gulmi says the business has grown out of its own cash flows and is projected to

Bradford C. Gulmi, age 34
President and founder
Diabetes Care Club LLC
961 Woodland St., Suite 100
Nashville 37206
615-226-2221
www.diabetescareclub.com

Education: Bachelor's degree, Boston University; MBA, Owen Graduate School, Vanderbilt University

Revenues:
2003: \$250,000
2004: \$1.8 million
2005: (projected) \$5 million

Number of employees:
2003: 5
2004: 14
2005: (projected) 25



reach \$30 million in revenues in three years.

Diabetes Care Club has grown into a national presence, with patients in every state. National TV advertising attracts members to the club. Being cash-flow positive, says Gulmi, allows the business to take on debt without giving away a large share of equity.

"I have learned to hire people fast," says Gulmi. "Growth rate, not profits are the most important metric to follow, that and cash flow."

Gulmi says he has also learned not to rely upon one revenue stream. He has invested in Nashville's real estate boom by buying and selling options on large tracks of land and managing the government approval process to develop the land into large-scale subdivisions.

Above all, he says, being an entrepreneur requires risk taking, perseverance, ability to delegate and a willingness to seek others' help and advice. And being willing to take on investment.

"I always have buyer's remorse when giving away a piece of the company, but without it, the company would not advance," he says. "With that said, I suggest never giving away control and be picky about whom you are dealing with."

John A. Reigard

eTransPlus is a national service company that provides medical transcription services to health care organizations. The transcription professionals, all of whom are U.S. citizens, listen to the digital voice dictation of the physician or health care provider and transcribe that information into the facility's own health information system or proprietary transcription management system.

The business was developed from a joint effort by its three founders, who financed the startup with personal savings. Reigard says eTransPlus' focus is on

small to moderate-sized health care provider organizations often overlooked by the industry because of reduced volume billing potential or remoteness of location.

"We maintain a purposeful and organized search for new opportunities and take advantage of the numerous referrals from our current client base," says Reigard.

The company has invested in development of a proprietary system and implemented the first phase of a data and client

John A. Reigard, age 33
President and CEO
eTransPlus Inc.
2525 Perimeter Place Drive,
Suite 133
Nashville 37214
615-345-9900
www.etransplus.com

Education: Master's degree, Trevecca Nazarene University, Nashville

Revenues:
2003: \$3.3 million
2004: \$4.9 million
2005: (projected) \$5.9 million

Number of employees:
2003: 103
2004: 147
2005: (projected):194

service management system that will assist with its focus on client and employee services. The final two phases of implementation are scheduled for later this year.

Fields says human capital remains among the company's greatest challenges. "Systematic hiring practices and hands-on training continue to be opportunities for development," he says. "Within the medical transcription industry, it is not that the resources do not exist. The key is the identification of the appropriate sources for highly qualified top talent."

eTransPlus' client base

has grown primarily by referrals from current clients and the establishment of relationships with national and regional health-care networks, says Fields.

"Our client retention rate is one of the highest in the industry due to our continual focus on meeting the needs of our clients," he says. "Client feedback has also validated that our focus remains on customer satisfaction through partnering and teaming efforts with our clients."

Christopher L. Schellman

The company specializes in SAS 70 audits, a niche audit that only a CPA firm can perform. SAS 70 - or Statement on Auditing Standard No. 70 - audits are performed for organizations that provide a service that could impact the financial reporting of its clients.

The reports focus on the operational controls around the service being provided. Once completed, the service organization provides the report to its clients and its clients' auditors. Recent federal legislation, including the Sarbanes Oxley Act of 2002, has made the audit a requirement for gaining an understanding of internal controls at service organizations.

Schellman, a CPA who holds designations as a Certified Information Systems Auditor and Certified Internal Auditor, founded SAS in 2002 with a partner after developing the expertise at accounting firm Arthur Andersen & Co.

"In 2002, Arthur Andersen was in the



process of going out of business," he says. "We were courted by all of the other 'Big 4' firms to join their practice...We knew we could always go back to the big firms if we failed, but at least we would have given it a shot. Since professional services firms are not capital intensive, meaning we required little more than laptops, we figured we did not have much to lose."

The two owners contributed \$1,000 each for start-up costs. Schellman says SAS 70 Solutions has never taken on debt nor financed any of its activities. An immediate inflow of clients and the fact that the two owners were the only two employees limited the need for any significant capital contributions, he says. The company's revenues more than doubled in each of the last two years.

SAS 70 Solutions develops clients from referrals and from Yahoo and Google search positioning, which identifies the company anytime a user searches for an SAS 70-relat-

ed term. Clients include several Fortune 1000 companies such as E*Trade, Outback Steakhouse and Unisys.

The company, says Schellman, also has worked overcome the perception of size disadvantage in relation to larger firms by ensuring its work was better than its competitors and by making itself "look much bigger than we were" using various tactics, including virtual offices.

Schellman lists the compatible skills and strengths of him and his partner, the opportunity created by new federal legislation, a favorable fee structure and the experience of the staff as reasons for the company's growth.

"Typically, our people have 2.5 times the experience of the entire team of people proposed by our competitors," he says. "Unlike our competitors, we do not use sales people or highly experienced people to sell our engagements and then staff the engagement with people that have little or no experience."

Christopher L. Schellman, age 30

Co-founder and executive vice president
SAS 70 Solutions Inc.
3200 West End Ave., Suite 500
Nashville 37203
615-783-2870
www.sas70solutions.com

Education: Bachelor's degree, University of Tennessee; master's degree, University of Tennessee

Revenues:

2003: \$692,000
2004: \$1.75 million
2005: (projected) \$3.6 million

Number of employees:

2003: 5
2004: 8
2005: (projected) 15

Steve Shaughnessy

PokerOutlet.com currently is one of the major online retailers of poker tables and poker-related products. The company offers free shipping on more than 50 styles of poker tables, chairs and poker tops, as well as other game-room products such as card tables, blackjack tables, craps tables, poker chip sets, oak bars and related poker products. The company sells via its PokerOutlet.com Web site or through a toll free 888-95POKER.



choices, with most sites not utilizing current Web practices, including taking orders over their site. I had to call a long distance phone number to place the order. It was easy in 2002 to grab market share with great prices, large selection and a detailed Web site."

With \$8,000 of his own money, he started the company. The first \$5,000 went to his largest supplier as a deposit to open a credit line, with the rest spent on eBay, a Web site and advertising on

Internet search engines.

The company's revenue has grown more than fourfold since its start in 2003 and Shaughnessy says it was profitable in its first month. A Small Business Administration loan this year helped finance the move into a 24,000-square-foot warehouse, the addition of three employees, more import purchasing and a revamp of inventory and database management. In addition, Shaughnessy launched ZBest Products, a

business-to-businesses division selling wholesale

PokerOutlet.com's marketing strategy will expand this year from search engine advertising into newspapers, magazines and cable ads during poker television shows.

The evolution of a one-man operation into a multi-employee company with warehouse operations has provided a new set of challenges, Shaughnessy says

"I've learned - move fast! I balked in 2003 when a Web site owner wanted \$7,000 for PokerTables.com. He ended up selling it, and the new owner in February 2005 wanted \$75,000 for it," he says. "Though you expect companies you do business with to give you the level of service that you give to your customers, many times that will not occur and you have to accept the limitations it puts on your business."

Shaughnessy says having relationships and purchasing history with six domestic and one foreign supplier already in place before the Texas Hold'em craze began in the summer of 2003 was a stroke of good fortune. And having a site with detailed information, competitive prices and a clean

look has aided the company's growth.

"So the customer has as little anxiety as possible about spending \$1,000+ for a poker table and chairs they have never seen before," he says.

Steve Shaughnessy, age 31

President
PokerOutlet.com
619 Norris Ave.
Nashville 37204
888-95POKER
www.PokerOutlet.com

Education: Bachelor's degree, University of Kentucky

Revenues:

2003: \$750,000
2004: \$2.1 million
2005 (projected): \$3.5 million

Number of employees:

2003: 1
2004: 2
2005 (projected) 6

Brad Towe

With 12 years experience in corporate human resources and recruiting, Towe formed his business in 2003 with \$5,000 of his own money and a computer in his home. Three months later he needed to find office space to house the business, which has more than tripled in revenue since its founding.



multiple disciplines of the health care industry.

"I started this business because I saw the value in finding the best people for the job and not just sending resumes. I have a passion for staffing and care about both the quality of the candidates and matching them with quality companies," he says.

Towe & Associates today includes a staff of five and a consulting division with 19 employees on contracts. The company focuses on small and midsize businesses that are growing and need expertise in helping them find key employees for their team.

"We never over promise and under deliver," he says. "We always listen to our

clients needs and try to find the best fit for the success of both the client and candidate's career."

Towe says a major challenge is finding quality candidates. The company has worked toward refining its recruiting techniques and advertising to reach more

prospects.

"The biggest lesson learned is don't try to grow too fast," says Towe. "The company will grow consistently if you are doing a great job. When you try to grow too fast, you get overwhelmed and then your service is at risk of less than 100 percent."

Brad Towe, age 34

President/owner
Towe & Associates Inc.
2416 21st Ave. South, Suite 104
Nashville 37212
615-385-2088
Web address: www.toweinc.com

Education: Bachelor's degree, Western Kentucky University

Revenues:

2003: \$217,000
2004: \$423,000
2005: (projected) \$700,000

Number of employees:

2003: 4 (5 consultants)
2004: 5 (12 consultants)
2005: (projected) 7 (30 consultants)

WHEN DARK CLOUDS ROLL IN

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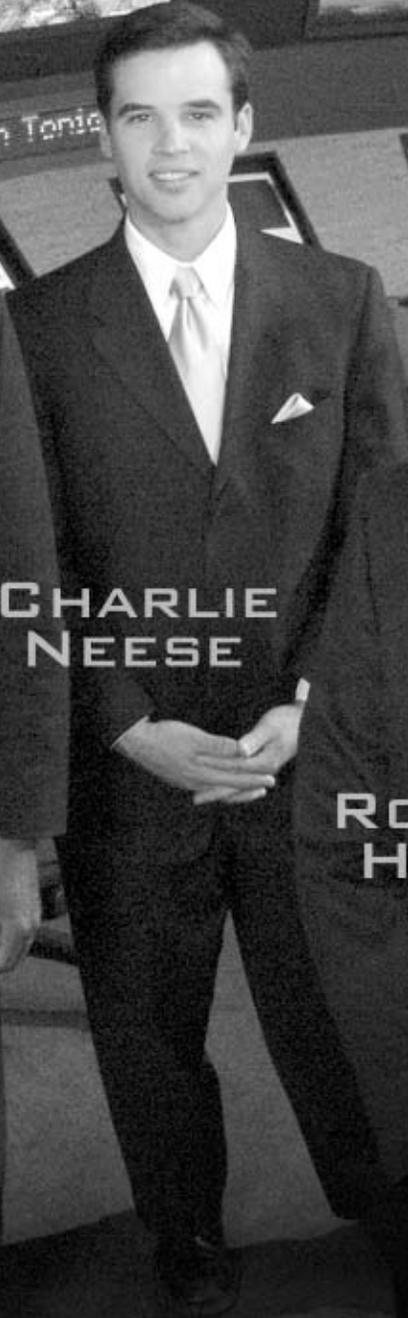
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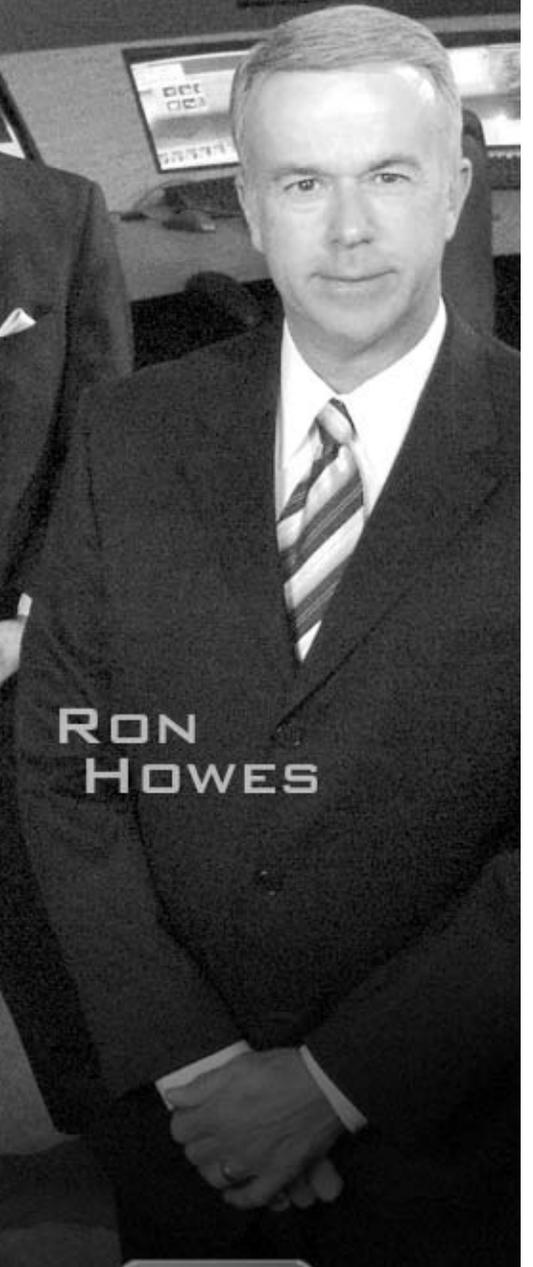
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