

## DETROIT - Youth Opportunity Site

### **Description of existing project:**

On March 25, 1999, the City of Detroit's Workforce Development Agency was awarded \$2.25 million to implement an Out of School Youth Opportunity Demonstration Project. Working through SER Metro Jobs for Progress, Inc., the City is establishing a comprehensive community approach to provide young people in the City's Empowerment Zone with training, mentoring, and employment opportunities. Their strategy includes:

1. A neighborhood Youth Opportunity Center and Advisory Council comprised of parents, teachers, major stakeholders and faith and community leaders;
2. A CET job training program for out of school youth and young adults;
3. A school to work charter school for middle and high school-aged youth;
4. A neighborhood drop-out prevention program to offer mentoring, tutoring remediation and counseling;
5. In partnership with Detroit Works, provide pre-trades preparation and apprenticeship readiness and entry training; and,
6. Employer-to-Employer Job Ladder program with Daimler/Chrysler and Ford to create employment opportunities for youth through the creation of a job ladder of progressive skills and wage scales to provide youth with incentives to prepare for middle and upper level employment opportunities.

### **New Market Objective:**

As part of the new market initiative we would bring General Motors into the partnership and increase the involvement and commitment by all three automakers (and potentially other private sector players in and around the EZ) to the initiative. Currently, commitments are to consider young people graduating from the programs for hire. We would look to increase participation in all aspects of the project, including mentoring, school to work commitments and most importantly in the nature and level of the employment commitment.

### **Who do we contact:**

Daimler/Chrysler  
 Ford  
 General Motors  
 UAW  
 Joyce Foundation (funded the local job ladder initiative)

Chamber of Commerce  
 Mayor's Office  
 Governor's Office  
 EDS



Jodi.Sakol@do.treas.gov

06/08/99 08:13:25 PM

Record Type: Record

To: Jackson T. Dunn/WHO/EOP

cc:

Subject: notes on new markets

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Date: 06/08/1999 08:08 pm (Tuesday)

From: Jodi Sakol

To: ex.mail("Jackson\_T.\_Dunn@who.eop.gov")

Subject: notes on new markets

Jay, here are some notes I've taken regarding the upcoming new markets trip. The following are all NY/NJ BusinessLINC ideas.

In addition to what's listed below, we are also hopeful the President could announce the new BusinessLINC CEO in addition to these other BusinessLINC announcements. (We are still waiting for BRT to name him/her.) I'll keep you posted. If you have any questions, please call me at 622-0087. Thanks!!!

New York City Site Visits:

Company: Chase/NY City Partnership/New York Investment Fund

Contact: Ruth Salzman: 212/622-4252  
Gale Kaufman: 212/493-7434  
Kathy Wylde: 212/493-7551

Annct/Event: NY Partnership/Chase

Announce the NYC Partnership's pilot BusinessLINC chapter with a commitment to mentor 10 companies annually from distressed communities. The Partnership will commit to bring large and small companies together for one-year partnerships that would be of mutual economic benefit to all participants. (See memo to Gale Kaufman.)

CHASE

Announce Chase investment in Harlem USA.  
Harlem USA is the name given to the commercial development of a 276,000 square foot retail/entertainment

complex in Harlem (125th st. between Frederick Douglass Blvd. and St. Nicholas Ave.) This project, which will provide much a home for much needed retail services to the local community, is the first new construction of a retail complex in Harlem in more than two decades. Developed by Gotham Construction and Grid Properties, in conjunction with the Harlem Commonwealth Council, a local non-profit corporation, the project financing is from a combination of public and private sources. Chase provided a \$47.7 million construction loan to HUSA Operating Co., LLC for the new construction. The Upper Manhattan Empowerment Zone Development Corp. is providing subordinate financing. The project is 68% pre-leased with several major retail tenants, including Loews/Sony Theaters, Disney Stores, Old Navy, HMV, Modell\*s, NY Sports Club and a Chase Manhattan Bank branch. Harlem USA is creating 200 construction job, and when completed, over 500 full-and part time permanent jobs for are residents.

#### Announce East Harlem Triangle/Pathmark:

The CCDC is leading a bank group is providing a \$7.6 million loan for the construction of a 50,305 square foot Pathmark supermark in East Harlem 124th-125th Street between Lexington and Third Ave.) The supermarket, which has total development costs of %15.1 million, will also have 125 rooftop parking spaces and 5,000 square feet of ancillary retail space. In addition, Chase will have a 400 square foot branch located inside the store. It is estimated that the project will generate some 200 jobs. CCDC will retain half of the construction loan with the balance shared with European American Bank and Carver Federal Savings Bank. At conversion to permanent financing, the banks\* construction loan will reduced by a \$1.5 million subordinate loan from the Empire State Development Corporation (the successor to the New York State Urban Development Corporation). CCDC will retain a \$1 million participation in the permanent financing. The borrower, East Harlem Abyssinian Development Corporation L.P., is a joint venture between two community based non-profit corporations, Abyssinian Development Corp. and the Community Association of the East Harlem Triangle, Inc. The supermarket opened May, 1, 1999.

#### NY INVESTMENT FUND

##### Announce the New York Investment Fund\*s

\$1 million investment in an African American owned publishing company. Visit a school in Brooklyn to highlight the New York Investment Fund\*s reinvestment in the Metropolitan Teaching and Learning Company, an African American publishing company. The President could announce that the NYIF has just agreed to extend a \$1 million credit line on top their original investment of \$1 million. The initial investment enabled MTL President Reg Powe, who owns this start-up educational publishing

company, to develop the first school curriculum dedicated exclusively to serving inner city youngsters. The new investment will allow Mr. Powe to market his curriculum to additional schools throughout the country. Powe was mentored by Beverly Chell, Vice Chairman and General Council of Primedia, one of the top publishing executives in the country.

#### CHASE/NY PARTNERSHIP/NY INVESTMENT FUND

The New York Investment Fund would like to arrange a CEO roundtable for President Clinton to facilitate a discussion about the importance of business-to-business mentoring, especially in distressed areas. The roundtable would include the CEOs of Chase Manhattan, Time Warner, Bell Atlantic, Goldman Sachs, Tenneco, AT&T and many others.

SIA

Company: N.J. Nets  
Lewis Katz and Raymond Chambers, principal owners of the N.J. Nets

Contact: Freda Plesser  
212/618-0568

Annct/Event: In an effort to revitalize downtown Newark, N.J. Nets will create the Newark Sports and Entertainment Village (the Village). As part of this project, they are working to provide an 18,500-seat NBA world-class sports arena to host over 200 events throughout the year. The arena will be the home to the New Jersey Nets, New Jersey Devils, a future WNBA franchise and the Seton Hall Pirates. The facility will also be used for concerts, professional wrestling, the circus etc. They are also constructing a 30,000 seat outdoor stadium for use by Major League Soccer. Connecting the arena and the stadium will be over 1,00,000 square feet of new office space and a 400-room hotel. The Village will sponsor sports and management education and training for jobs in the sports and communication industries.

EXECUTIVE OFFICES



**SAFeway INC.**

5918 STONERIDGE MALL ROAD  
PLEASANTON, CA 94588-3229

May 7, 1999

The Honorable William Jefferson Clinton  
President of the United States  
The White House  
Washington, D.C.

Dear Mr. President:

Thank you for your invitation to your May 11, meeting on your administration's New Market Initiative. I am disappointed that I will not be able to attend. I will be presiding at our company's annual shareholders meeting that same day in Los Angeles.

We commend your efforts to promote capital development in underserved communities. Safeway has a strong record of investing in these markets. It was my privilege to meet you at a White House gathering in March of 1997 about local business development in Washington, D.C. You remarked during your East Room presentation that Safeway was planning to open a 55,000 square foot supermarket in Southeast Washington, D.C. the following day. We appreciated the recognition. I am pleased to report, the store has been well-received in the community, and a tremendous success as a business investment. Developing the site was a good example how business, along with government agencies and community groups, can work together to bring essential services to otherwise underserved parts of a city. As you may know, we operate 16 stores in the District of Columbia, four times that of our nearest competitor.

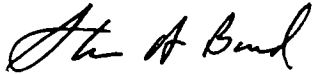
Over the last five years Safeway has invested more than \$165 million building new stores and remodeling outdated facilities in urban/underserved neighborhoods throughout our operating divisions in the U.S. For example, our newly acquired Dominick's division in Chicago opened a new supermarket on West Roosevelt Road this past March. It was the first new supermarket in this section of Chicago in nearly 40 years. This was the third inner city supermarket Dominick's opened in the last three years.

In addition, we have opened state-of-the-art supermarkets in two Baltimore inner city locations in the last two years. In 1998 we opened a new store in an underserved section of Pasadena. We have done similar projects in San Francisco, Los Angeles (including Inglewood and Compton), Oakland, San Jose, Phoenix and Seattle. In the process, we have greatly expanded the

grocery shopping options and made thousands of employment opportunities available to residents in these neighborhoods.

Our thanks again for the invitation, Mr. President. I am sorry I cannot attend, however, I do look forward to learning more about your New Market Initiative.

Sincerely,

A handwritten signature in cursive script that reads "Steven A. Burd".

Steven A. Burd  
Chairman, President and Chief Executive Officer

## REVITALIZATION/2

"In addition, most of the revenue from our stores remains in the local community in the form of salaries and wages, taxes and other services. Rite Aid stores and personnel also are active participants in community life, contributing time and resources to local merchants associations, business district beautification, neighborhood events and programs. In many cases, Rite Aid has provided new opportunities for local pharmacists unable to remain in business because of pressures brought on by reduced revenue from managed care," Grass continued.

Rite Aid also reinforces its commitment to urban communities through its Mother's Day Mammograms<sup>®</sup> program. The program educates women about breast cancer and helps uninsured women, through a referral service, receive free yearly mammograms. Since 1990, over 15,000 women have received free breast screenings.

"Our experience shows that stores in underserved urban areas are among our most successful ventures," Grass added.

Rite Aid Corporation, based in Camp Hill, PA is one of the nation's largest drugstore chains with approximately 4,000 stores in 30 states and the District of Columbia with annual revenues of \$11.4 billion. General information about Rite Aid, including corporate background and press releases, is available through the company's website at <http://www.RiteAid.com>.

### **Recent highlights of Rite Aid's commitment to urban revitalization include:**

#### New store at site of 1992 Los Angeles riots

In mid-January Rite Aid celebrated the grand opening of its first new Los Angeles store, highlighting its commitment to economic recovery in South Los Angeles. Community and business leaders joined Rite Aid CEO Martin Grass at the store located on the corner of Rodeo and LaBrea. Rite Aid was commended for its commitment to the community, and the importance of companies like Rite Aid investing in Los Angeles was emphasized. The corner was a site of devastation following the riots in 1992. Rite Aid's move into the community signals a major rebirth of business in the area.

In addition, Rite Aid is committed to investing \$55 million over the next year in the city of LA alone, including new and remodeled stores throughout the inner city areas of South Central Los Angeles, East Los Angeles, the harbor district and the San Fernando Valley. The company is also slated to open two new stores in the City of Compton, representing an investment of \$4.5 million in that city. Other urban regions of Southern California to be served by new or remodeled Rite Aid stores include, Long Beach, Santa Ana, Huntington Park, Baldwin Park and Gardena.

(more)

### REVITALIZATION/3

#### Commitment to employing San Francisco welfare recipients

Rite Aid is planning a partnership with San Francisco Works, a program that helps provide valuable employment opportunities for San Francisco residents. Led by the Chamber of Commerce, the Committee on Jobs and the United Way, San Francisco Works was chartered in 1997 to prepare 2,000 men and women to transition successfully from welfare to work through proven screening, training, placement and retention support programs. Within the next 90 days Rite Aid will open three new stores in San Francisco and will be hiring from the local communities.

#### Rite Aid redeveloping entire block in Tacoma Hilltop area

Rite Aid will soon break ground on a \$4 million project that will help revitalize the Hilltop, a struggling neighborhood in Tacoma, Washington. Rite Aid has been commended by community leaders, for its pioneering efforts, which may serve as a catalyst for future economic developments. The 16,000 square foot store will employ Hilltop neighborhood residents.

#### Partnering with community construction and hiring groups in Philadelphia

In mid-1996 Rite Aid reaffirmed its commitment to urban retailing by partnering with a community development group to relocate a store in inner-city Philadelphia. The relationship with the Greater Germantown Housing Development Company (GGHDC) ensured local hiring of all subcontractors, architects, engineers, and other construction consultants. In addition, the GGHDC handled all phases of the construction process and assisted in the hiring process for in-store positions.

Also, in January of 1996 Rite Aid teamed with the Jefferson Manor Community Development Corporation and the Girard Avenue Business Association. A state-of-the-art Rite Aid pharmacy was opened in a depressed North Philadelphia neighborhood, where more than a quarter of the residents were unemployed and the nearest drugstore was blocks away. Most of the 18 store employees were hired from within the neighborhood. Community leaders commended Rite Aid saying the store serves as a building block to help revitalize their neighborhood.

#### Rite Aid partnering with New York City as a foundation for urban development

Recently, Rite Aid CEO Martin Grass committed to a project sponsored by New York Mayor Rudolph Giuliani called "The ANCHOR Program." Developed in conjunction with the New York City Partnership, the program is dedicated to the

(more)

## REVITALIZATION/4

development of commercial properties in economically challenged neighborhoods in which residential housing also is being developed. Last October, Mayor Giuliani announced Rite Aid's participation in the first "Partnership Plaza," 20,000 square-foot, \$3.4 million commercial plaza in Bedford-Stuyvesant, Brooklyn. Rite Aid will anchor the plaza and create 15-20 new jobs in a neighborhood desperately in need of them. All of the hiring will be done on-site and Rite Aid will work collaboratively with the NYC Partnership's job training component to ensure that neighborhood residents have access to these jobs.

In addition to its 142 stores operating throughout New York City's neighborhoods, Rite Aid also announced its plans for a second store on 125<sup>th</sup> street in Manhattan, one of five stores developed in the greater Harlem community.

### Rite Aid joins with City of Buffalo to reclaim blighted sites

Working together, Rite Aid and the City of Buffalo have already made significant progress in changing blighted areas into attractive, tax-paying neighborhood drugstore locations. Rite Aid is the only major retail drugstore firm solidly committed to building new stores in every area of Buffalo. In 1993, Buffalo Mayor Jimmy Griffin and Rite Aid undertook this ambitious program, which is continuing with the solid encouragement of Mayor Anthony Masiello. In the past five years, Rite Aid has constructed 11 drugstores in the city's blighted areas at a total project cost in excess of \$15 million. Each store employs about 20 full-and-part-time people. Rite Aid plans to add five more stores in urban Buffalo over the next two years.

### Commitment to upgrading retail services in Detroit

On June 11, 1998, Rite Aid CEO Martin Grass will host the grand opening of the first of ten new stores planned for Detroit. The store serves an urban, low-income neighborhood without easy access to a full-service drugstore. While other retailers are only just discovering the opportunities Detroit offers, Rite Aid leads the pack in its commitment to Detroit and its investment in the city. Rite Aid has earmarked approximately \$25 million for the planned rollout of ten new stores in Detroit. Rite Aid has also committed more than \$3.5 million for the renovation and remodeling of an additional five stores in Detroit this year.

### Commitment to Cleveland's inner-city neighborhoods

Rite Aid is the leader in the industry in rediscovering inner-city Cleveland. With 19 stores currently operating within the city limits, Rite Aid is committed to building at least six new stores in the next couple of years. Rite Aid's Cleveland initiative started in mid-1996 with the opening of its first prototype store in the Five Points area of Collinwood. Each new store represents an investment upwards \$2 million into the neighborhood.

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## **REVITALIZATION/5**

### Grass honored for commitment to inner-city Baltimore

Rite Aid built its first Empowerment Zone, state-of-the-art prototype store in Baltimore in 1996. With the opening of that store Martin Grass announced plans to replace as many as 30 older units with new stores. The overall investment of new stores, relocations, and expansions is estimated at \$33 million. In fact, Grass was honored by Baltimore's Inner City Community Development Corporation with a community development award for his commitment to creating a network of neighborhood pharmacies that offer customers competitively priced, quality health-care and convenience shopping services.

### Rite Aid makes a multi-million dollar investment in Newark

Rite Aid announced in mid-1996 an investment of more than \$10 million to develop six new pharmacies in Newark. Mayor Sharpe James commended Rite Aid at the Grand Opening of a Clinton Avenue store for creating over 100 new jobs for local Newark residents.

###

## BellSouth: Serving Our Rural Customers

### Technology Deployment in Rural Areas

- BellSouth serves 24 million lines across the nine-state region. Approximately 40% of these lines are rural residential and business customers
- BellSouth's gross investment in rural markets has been more than \$19 billion (net \$6.7B after depreciation)
- Plan to invest approx. \$1.1 billion in rural areas this year and in 2000
- Today, 85% of our lines are digital and we will invest so that 100% of those lines are digital at the beginning of the new millenium. Last year we invested almost \$4 billion in our network.
- BellSouth is moving new technologies to rural areas. Along with phone lines being 100% digital, we are moving toward 100% digital switches in rural areas

### New Facilities in Rural Areas

- BellSouth has made an investment in our people in underserved rural areas by locating four brand new customer service centers for National Directory Assistance Service in non-metro areas of our region.
- Locations are: Albany, Ga.; Paducah, Kent.; Greenville, Miss.; Orangeburg, S.C.  
Total employment: 400 this year, 600 next.

### BellSouth Support of Education

- Through edupower3 program, BellSouth is continuing its investment in integrating technology into public schools
- Every superintendent in our territory will be invited to be part of our leadership program that explains how to use technology – e.g. Internet access – in their classrooms.
- Also investing \$7M for individual teacher training

## **BellSouth: Serving Our Rural Customers Telemedicine & Distance Learning Initiatives - Two Mississippi Success Stories**

### **#1: Telemedicine in Tupelo**

In America, **1 of every 100 babies** is born with a congenital heart defect. The care provided to those newborns by hospitals in their first few moments of life is crucial.

- **Hope for Rural Hospitals:** In caring for children with difficult conditions such as heart defects, rural hospitals are often at a disadvantage due to funding and staffing constraints. For example, the U.S.'s largest rural hospital –North Mississippi Women's Medical Center in Tupelo – has no pediatric cardiologists on staff.

However, BellSouth is working with the Tupelo hospital to provide the same level of care that an infant receives in an urban-based hospital.

- **Best of Both Worlds:** Through high-speed, high-bandwidth telecommunications networks, hometown Tupelo pediatricians can jointly care for children by instantly transmitting cardiogram, X-ray and other critical information hundreds of miles away to pediatric cardiologists at Le Bonheur Children's Medical Hospital in Memphis. Doctors in Tupelo and Memphis work together to do a real-time co-examination on their patients without subjecting infants to expensive and life-threatening helicopter or ambulance transportation. Parents also know instantly the diagnosis of their children via telemedicine. *Other telemedicine programs in Mississippi towns of Collins, Bay Springs, Waynesboro and the South Central Regional Medical Center in Laurel*

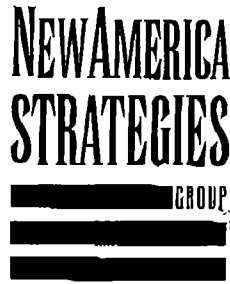
### **#2: Distance Learning in Jackson**

Working with the superintendent of Jackson Public Schools (JPS), BellSouth has created a high-speed ATM network for transporting voice, video and data to service Jackson's 58 schools, 2,200 teachers and administrators and 32,000 students. **BellSouth's learning connection has had a dramatic effect on the school district's ability to educate.**

- **Teacher shortage:** JPS can make use of master teachers, such as award-winning science teacher Peggy Carlisle at Poindexter Elementary, to fill gaps elsewhere in the school district. Peggy can teach kids through distance learning high-speed video transmission that BellSouth is providing. Similarly, Mrs. Martin, who teaches Spanish at Murrah High can also teach Spanish to students at Blackburn Middle School, which doesn't have a Spanish teacher.

### Mississippi Success Stories Continued

- **Parental Involvement in Schools:** Increased access to schools and teachers for parents is critical in staying involved with the school and their child. Through advanced connections parents have access to teachers via voice mail and e-mail. **Parents also have 24-hour access to teacher web sites to monitor homework assignments, for example.** A workshop for parents was recently provided at the computer lab at the McWillie JPS, Professional Development Center. Parents were able to search the Web for scholarship information.
- **Financial Accountability:** JPS is now using centralized access to a new financial accounting system. Installation to all 66 sites (58 schools, 8 administrative offices) will be completed in July 1999
- **Security:** Kids can't learn in an unsafe environment. BellSouth is providing technology to aid school security through video surveillance of remote sites; centralized single point monitoring and integration of systems to alarms.
- **Student Achievement:** Advanced network services are being used as model teachers around the country work together to access, employ and create thematic learning units tied to critical curriculum standards. Also, students are able to construct their own knowledge by searching the web, talking to experts and collaborating with peers to complete project-oriented assignments. JPS is also sending students for network certification and has put in place 4 networking courses that make up the Cisco Academy at Murrah High School.



New America Strategies Group  
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To: Jay Dunn, The White House  
From: Al Schreiber  
Re: The President's July 6, 7, 8 Tour

Jay, here's the outline of what we believe could be a terrific "event" as part of the President's minority tour.

**The White House Salutes Minority Media (and Advertisers)**

There are literally hundreds of minority owned and operated media outlets ranging from the 100 year old black Amsterdam News and BET (Black Entertainment Television) to the newly launched Network Journal, a black business publication. These magazines, newspapers and radio/TV outlets are the "drumbeat" of the minority community and according to research, enjoy an 80% - 100% higher "trust" level among minorities than the "general market" media.

And because of the explosive growth of minority populations *and* income levels, there has been a parallel growth in the quality and quantity of these minority outlets: In the past three to five years, their number has increased between 200% - 300%.

Their support comes from both community-based businesses and major national advertisers such as McDonald's, Coca-Cola, Ford, Chrysler, JCPenney, et. al. who realize that the most effective approach to selling to African Americans, Hispanics, Asian Pacific Americans and Native Americans is through these dedicated, culturally relevant minority media outlets.

New York City is home to hundreds of these media businesses (and their key advertisers), who would benefit greatly from Presidential recognition.

The idea would be to host a "White House Salute to the Multicultural Media" to which would be invited 100 or so of the outstanding minority media outlets --- along with a cross-section of their key local and national advertisers.

And because they are *media* outlets, they would also offer the President significant positive media coverage in many of their outlets based on the reception with the President.

We are in a position, working with the White House to offer our help in putting this together.... since we work on a daily basis with these entities.

We'd need, however, to get started!! Please let me know next steps.

All good wishes.

PS. More ideas to follow, specifically tied to individual corporations.

## THE MEDIA BUSINESS

## Advertising | Stuart Elliott

True North takes the lead in aiding agencies and media owned by members of minorities.

**E**FFORTS to increase the consideration given to multicultural consumers are gaining momentum as one of the 10 largest agency companies, True North Communications in Chicago, takes two big steps to embrace media outlets and agencies specializing in advertising aimed at members of minorities.

True North, the world's No. 7 agency company, with billings estimated at \$11.6 billion, is scheduled to announce the steps at a news conference this morning in Washington under the aegis of the American Advertising Federation. Officials of the federation are among the industry figures accelerating the search for ways to increase diversity in re-

sponse to intensifying pressure from activist organizations and the Clinton Administration.

"The leadership of True North shows us that the greatest music is made with many voices," Vice President Al Gore said in a statement released before the news conference. "I encourage other companies to follow suit and sign on."

Executives of True North are to announce their endorsement of a voluntary code of conduct to insure that agencies and media owned by minorities get what is deemed their fair share of attention when ad dollars are spent. True North, which owns agencies like Foote, Cone & Belding and Bozell Worldwide, would become the first large agency company to endorse the equal opportunities code, known as the Kennard Principles for Fairness in Communications after William E. Kennard, chairman of the Federal Communications Commission.

Mr. Kennard has taken an active role in this issue since the commission released a study in January concluding that radio stations with

black and Spanish-speaking audiences drew less ad revenue per listener than mainstream stations — even in markets where they enjoyed higher ratings.

"I'm delighted to see the advertising industry moving to address these issues," Mr. Kennard said in an interview last week. "It's a great first step."

The commission has called for additional research on advertiser spending patterns in radio because the study did not specify the origin of the revenue discrepancies between stations. But owners of stations with programming aimed at members of minorities complained about what they termed "dictates" to agencies from clients calling for "minority discounts" — paying lower rates for commercials on their stations — and the avoidance of stations with Spanish-language or "urban" — black — formats.

"Those practices are pernicious," Mr. Kennard said, "based on misinformation and stereotypes. The way to solve such problems is to shine a

light on them."

True North's endorsement of the code is important, Mr. Kennard said, because it represents self-regulation rather than Government intervention.

"We want to work with them," he said, referring to agencies and advertisers, "as opposed to dictating to them."

Wally Snyder, president and chief executive of the federation in Washington, agreed with Mr. Kennard.

"This is a marketplace solution," Mr. Snyder said in an interview last week, "not a Government solution. Clients are going to act on their own best financial interests, not on a political agenda."

Mr. Snyder also praised True North, whose agencies create campaigns for advertisers like the Bank of America Corporation, the Daimler-Chrysler Corporation, Levi Strauss & Company and S. C. Johnson & Son.

"This is the turning point we've been waiting for," Mr. Snyder said, adding: "We've been encouraging agencies and clients to really go after this multicultural audience because it is one with a great deal of economic clout. Now I think other agencies will follow True North."

The True North executives also plan to announce the formation of a media services agency dedicated to helping mainstream advertisers with planning and buying ad space in ethnic publications and commercial time on ethnic television and radio networks and stations.

"It's right for the times," said David Bell, who was recently named chairman and chief executive at True North. "We have a tapestry in

America, and marketing needs to address that."

The media services initiative, to be called New America Media Group, will represent a partnership between two units of True North based in New York: TN Media, which handles media planning and buying for accounts with billings estimated at more than \$2.6 billion, and New America Strategies Group, which offers multicultural marketing consulting services.

"This market has reached critical mass, with buying power greater than ever," said Mike Drexler, chairman at TN Media. "It can no longer be ignored or given short shrift."

"We believe we can make a big contribution to helping advertisers analyze multicultural markets for their products and services," he added, "and then to place their ads to reach those markets to the most effective way."

The new media group will be led by three media directors from agencies under the New America Strategies umbrella: LaTanya Junior, 35, at Stedman Graham & Partners, specializing in campaigns aimed at black consumers; Caleb Windover, 34, at Siboney USA, for Hispanic consumers, and Khach Kach, 28, at a True North affiliate, Imada Wong Communications, for Asian-American consumers.

"Ethnic media have always been the extra guest at the party," said Al Schreiber, managing partner at New America Strategies. "Now they'll be the guest of honor as advertisers move from token budgets to budgets that reflect the reality of today's marketplace, where multicultural consumers are the growth market."

## ADDENDA

## Top Executive Becomes Consultant

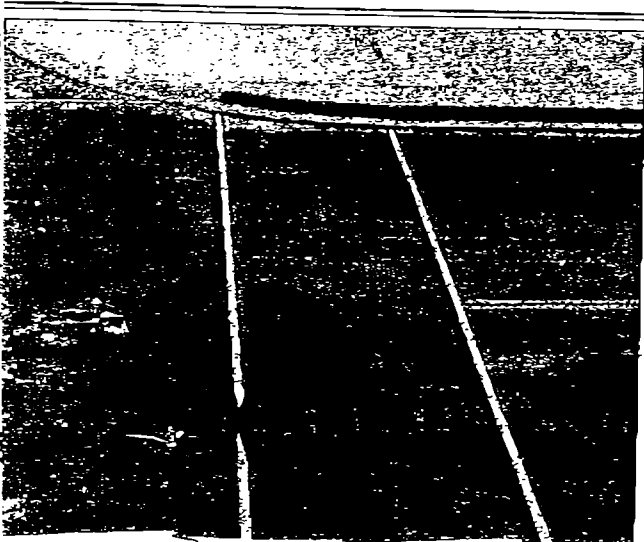
Charles Taney, a longtime top executive at the New York office of Foote, Cone & Belding, a unit of True North Communications, is leaving, the agency said yesterday, to join a consulting company, effective on April 30.

Mr. Taney, 51, has been chairman at the New York office of Foote, Cone & Belding since December and before that

1997, the council reported yesterday, fueled by large percentage gains in several media categories.

The council, which coordinates the ad industry's public-service efforts, reported that media outlets donated an estimated \$1.2 billion in commercial time and ad space in 1998, up 21 percent from \$995.8 million in 1997.

Radio was the most generous donor, providing \$714.8 million worth of commercial time, according to the council, a 24.6 percent increase from 1997. Radio was followed by televi-



# ing to the Top of Black Businesses

## Ranking African-American-Owned Companies

Black Enterprise magazine's list of top 10 industrial or service companies by 1998 sales

	Company	Business	1998 Sales (in millions)	Last Year Ranking
1	Philadelphia Coca-Cola Bottling Co.	Soft drink and water bottling	\$389	3
2	Johnson Publishing Co., Chicago	Publishing, broadcasting, TV production, hair care and cosmetics	372	2
3	TLC Beatrice International Holdings Inc., New York	Manufacture and distribution of grocery products	322	1
4	Active Transportation, Louisville, Ky.	Hauls cars and trucks to retailers	250	4
5	Bling Group, Detroit	Steel processing and stamping	232	5
6	World Wide Technology Inc., St. Louis	Distributes information-technology products and services	201	11
7	FUCI Metals USA Inc., Northbrook, Ill.	Raw materials importer	200	22
8	Granite Broadcasting Corp., New York	Seller of commercial air time	194	6
9	H.J. Russell & Co., Atlanta	Construction, real estate development and airport concessions	184	18
10	BET Holdings II Inc., Washington, D.C.	Cable TV programming and publishing	178	7

Source: Black Enterprise magazine

and publisher of New York-based Black Enterprise. (Total sales for the companies listed by Black Enterprise rose 6.3% in 1998, to about \$14 billion, while total employment rose 23% to 70,400.)

Some blame difficulty raising capital for the shortage of black-owned technology firms. But whatever the reason, the shortage "should be a wake-up call. High-tech is rapidly becoming the mainstream," says Don Barden, chief executive officer of Barden Cos., a Detroit-based company with interests in casinos and real estate. He does expect younger entrepreneurs to move in that direction, he says. "It won't be that long before a high-tech company is at the top of the Black Enterprise list."

On the horizon may be people like Kendrick Bryant, the 27-year-old founder of

a Nashville-based start-up called Exposure Solutions. "I think a lot of us mistakenly believe it's too expensive to get started," he says. Trying to get exposure for his business, Mr. Bryant mingled at a conference cocktail party last week with an open laptop computer in hand to demonstrate his commercial Web site-building capabilities. "You really don't need much equipment; it's more about your skills."

Front and center now is Mr. Llewellyn, the only African-American among the 100 or so U.S. bottlers of Coke. His firm is Coca-Cola Co.'s fifth-largest American bottler. Taking into account car dealerships, which Black Enterprise ranks separately, only one black-owned business actually eclipses Mr. Llewellyn's in the U.S. It's led by for

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Continued From Page B1

mer Detroit Lions football star Mel Farr Sr., whose chain of Midwest auto dealerships posted \$596 million in sales last year.

Number 1 Mr. Llewellyn owes his ascent to No. 1 partly to the recent shrinkage of last year's biggest company, TLC Beatrice International Holdings Inc. in New York, a grocery products company that has been divesting units in a restructuring.

"I still don't know how Mr. Llewellyn achieved the top spot among his contemporaries in this industry. I wanted to run a big business, but I wasn't wedded to any particular industry or technology and I didn't invest anything," he says. "The first business I ever owned was a liquor store. It taught me to watch the books, pay everybody on time and not to think of yourself as a black businessman. I'm a businessman, that's all."

A newspaper printer's son, Mr. Llewellyn joined the Army Air Corps at 16, became a pilot and commissioned officer and flew in Germany after World War II. In 1948, he enrolled in City College in New York, and used \$50,000 he had inherited to buy a way for a down payment on a house in Harlem. During the next decade, he earned an MBA from City College, a law degree from the City Bar School and a law license from the New York State Bar.

After working for a law firm, he was elected to the City Bar Association and then to the City Bar Council. He was elected to the City Bar Council in 1968 and served as president of the City Bar Association from 1971 to 1973. He was elected to the City Bar Council in 1974 and served as president of the City Bar Association from 1977 to 1979.

Mr. Llewellyn was elected to the City Bar Council in 1974 and served as president of the City Bar Association from 1977 to 1979. He was elected to the City Bar Council in 1980 and served as president of the City Bar Association from 1983 to 1985. He was elected to the City Bar Council in 1986 and served as president of the City Bar Association from 1989 to 1991.

Mr. Llewellyn was elected to the City Bar Council in 1992 and served as president of the City Bar Association from 1995 to 1997. He was elected to the City Bar Council in 1998 and served as president of the City Bar Association from 2001 to 2003. He was elected to the City Bar Council in 2004 and served as president of the City Bar Association from 2007 to 2009.

His success gained recognition from the Carter administration, which appointed him the volunteer president of the Overseas Private Investment Corp., an agency that arranges insurance for the overseas operations of many U.S. companies. There from 1977 to 1981, he raised his identity nationwide among the white business community.

Banking resources he had never dreamed of began to open. Says Mr. Llewellyn, "I remember walking up the stairs of one guy's club in Atlanta, passing a statue of Robert E. Lee, and thinking, 'Okay, he's welcome here but so am I.'"

In 1985, he borrowed heavily to purchase the Philadelphia Coke plant. Soon after he acquired majority ownership in an ABC television affiliate in Buffalo, N.Y., and in Garden State Cablevision Inc. in New Jersey. "I owed nearly \$500 million there for a brief time."

Now he has sold his interests in all but the Coke bottler, which he expanded by investing heavily to quadruple his plant capacity and buying up distribution rights in parts of neighboring states. He is less involved with day-to-day operations than he once was—holding forth these days from a high-rise office in New York. A heart operation last year has left him on doctor's orders not to fly.

Thus he declined to attend the Black Enterprise magazine-sponsored banquet Saturday night in Orlando, where he and other leading black business owners were honored. "I'll leave it to younger ones to celebrate," he says. "I expect to see great things from them."

# Climbing to the Top of Black Businesses

By ROBERT JOHNSON

Staff Reporter of THE WALL STREET JOURNAL

J. Bruce Llewellyn says his firm's rise to the top of a new tally of the largest black-owned companies reflects the best and worst about African-American business in the late 1990s.

"On the one hand, I have been around a long time in a very basic business, bottling soft drinks, so that indicates stability," says the 71-year-old owner of closely held Philadelphia Coca-Cola Bottling Co. "But you could also say, 'Gee, there's nothing really new and hot up at the top of that list.'"

Yet, with 1,700 employees and \$389 million in sales last year, Mr. Llewellyn adds: "I make solid profits. So what if I'm not on the Internet?"

That might not bother him, but some in the black business community say there is too little high-tech presence on the ranking of the Top

100 African-American-owned industrial and service businesses, annually prepared by Black Enterprise magazine. Just 6% of the list's overall sales come from technology-related companies—compared with 20% for the 100 largest U.S. corporations.

The Black Enterprise Top 100, announced Saturday night at a conference hosted by the magazine in Orlando, Fla., is dominated by basic businesses that have become mainstays for black ownership: Grocers and other food companies, beauty-care products and minority-targeted publishing and music. (Dow Jones & Co., publisher of this newspaper, was a sponsor of the conference.)

"Not to take anything away from what Bruce Llewellyn has accomplished, but we need to gain more admittance to Silicon Valley," says Earl G. Graves, chairman

## Ranking African-American-Owned Companies

Black Enterprise magazine's list of top 10 industrial or service companies by 1998 sales

	Company	Business	1998 Sales (in millions)	Last Year Ranking
1	Philadelphia Coca-Cola Bottling Co.	Soft drink and water bottling	\$389	3
2	Johnson Publishing Co., Chicago	Publishing, broadcasting, TV production, hair care and cosmetics	372	2
3	TLC Beatrice International Holdings Inc., New York	Manufacture and distribution of grocery products	322	1
4	Active Transportation, Louisville, Ky.	Hauls cars and trucks to retailers	250	4
5	Bing Group, Detroit	Steel processing and stamping	232	5
6	World Wide Technology Inc., St. Louis	Distributes information-technology products and services	201	11
7	FUCI Metals USA Inc., Northbrook, Ill.	Raw materials importer	200	22
8	Granite Broadcasting Corp., New York	Seller of commercial air time	194	6
9	H.J. Russell & Co., Atlanta	Construction, real estate development and airport concessions	184	8
10	BET Holdings II Inc., Washington, D.C.	Cable TV programming and publishing	178	7

Source: Black Enterprise magazine

and publisher of New York-based Black Enterprise. (Total sales for the companies listed by Black Enterprise rose 6.3% in 1998, to about \$14 billion, while total employment rose 23% to 70,400.)

Some blame difficulty raising capital for the shortage of black-owned technology firms. But whatever the reason, the shortage "should be a wake-up call. High-tech is rapidly becoming the mainstream," says Don Barden, chief executive officer of Barden Cos., a Detroit-based company with interests in casinos and real estate. He does expect younger entrepreneurs to move in that direction, he says. "It won't be that long before a high-tech company is at the top of the Black Enterprise list."

On the horizon may be people like Kendrick Bryant, the 27-year-old founder of

a Nashville-based start-up called Exposure Solutions. "I think a lot of us mistakenly believe it's too expensive to get started," he says. Trying to get exposure for his business, Mr. Bryant mingled at a conference cocktail party last week with an open laptop computer in hand to demonstrate his commercial Web site-building capabilities. "You really don't need much equipment; it's more about your skills."

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mer Detroit Lions football star Mel Farr Sr., whose chain of Midwest auto dealerships posted \$596 million in sales last year.

Further, Mr. Llewellyn owes his ascent to No. 1 partly to the recent shrinkage of last year's biggest company, TLC Beatrice International Holdings Inc. in New York, a grocery-products company that has been divesting units in a restructuring.

Still, the tale of how Mr. Llewellyn achieved the top spot among his contemporaries is instructive. "I wanted to run a big business, but I wasn't wedded to any particular industry or technology and I didn't invent anything," he says. "The first business I ever owned was a liquor store. It taught me to watch the books, pay everybody on time and not to think of yourself as a black businessman. I'm a businessman, that's all."

A newspaper printer's son, Mr. Llewellyn joined the Army Air Corps at 16, becoming a pilot and commissioned officer stationed in Germany after World War II. In 1948, at age 21, he enrolled in City College of New York, and used \$30,000 he had painstakingly squirreled away for a down payment on a liquor store in Harlem. During the next decade, he earned an MBA from Columbia University and a law degree from New York Law School.

"When I graduated from law school it was 1960, the dawn of a new era for African-Americans in this country," says Mr. Llewellyn. "I got into both government and politics. I felt that I needed to expand my world beyond Harlem."

From 1960 to 1962, he was a prosecutor in the Manhattan district attorney's office. By 1965, he had developed contacts within President Lyndon Johnson's administration that helped him get appointed New York's regional director of the U.S. Small Business Administration. "You learn a lot about the realities of what works and what doesn't in a position like that," he says.

By 1969, he was ready to make a big bet. "I mortgaged my house and sold just about everything I owned to raise seed money to buy a grocery chain in a devastated part of the Bronx that most investors and entrepreneurs were avoiding," he says. The company, Fedco Foods Corp., had 10 outlets and annual sales of \$18 million. He gradually built Fedco into the nation's largest black-owned supermarket chain—with 29 outlets and revenue of \$100 million.

for  
July  
to need  
to reach  
now

of THE WALL STREET JOURNAL  
MONDAY, MAY 10, 1999



J. Bruce Llewellyn



## MEMORANDUM

TO: JAY DUNN - DEPUTY DIRECTOR, OFFICE OF BUSINESS LIAISON  
SUBJECT: NEW MARKETS INITIATIVE  
DATE: JUNE 8, 1999  
CC: SHAWN KAHLE; FRAN WAKEM

Thank you for sharing the information on the President's new *America's New Markets Initiative*. It is a very exciting concept, and one that Kmart would be very interested in exploring.

Kmart Corporation has, especially for the past several years, been increasing development and expanding its presence in a number of urban area communities, including cities such as Detroit, New York (Queens and the Bronx), Philadelphia and Chicago. The Corporation has remodeled and updated older stores, converted acquired properties to Big Kmart stores, and built new, modern stores in these communities. We are very excited about the new Super Kmart recently opened in Detroit. Kmart is proud to be the first major retailer to build in the city in many years, and we hope our commitment will encourage other businesses to reinvest in the City and help bring it back to prosperity.

Floyd Hall, Kmart's Chairman, President and CEO, is interested in joining the President, Members of Congress and other business leaders on a portion of the President's "trade mission" to these untapped domestic markets.

I'd very much like to discuss further with you the communities tour details. I'd be happy to meet with you in Washington, or speak by telephone, at your earliest convenience. I will ask my assistant to contact your office later this week to confirm a convenient date and time for us to meet or talk.

Dale J. Apley  
Divisional Vice President  
Public Policy  
Kmart Corporation  
248-643-1623

**THE TENNESSEAN**

# BUSINESS

TUESDAY, JUNE 1, 1999

**SOUTHEAST**

## Midstate investors make first sizable buy

Fund is concentrating on telecommunications

**By GETAHN WARD**

*Staff Writer*

An investment fund recently formed by several Midstate businessmen has completed its first acquisition, joining senior managers of a Kentucky-based maker of telecommunications equipment in an \$8 million buyout of the company.



**BYRD**

Byrd, the fund's managing general partner.

Management buyout groups, such as Tennessee Valley, join the management team of a company to buy the business.

Tennessee Valley Ventures has raised \$10.5 million to invest in management buyouts of Southeast firms, such as Lexington, Ky.-based Multi-Link Inc., said investment executive Andrew W.

Making acquisitions, often financed through borrowing, the funds infuse expertise and money in a business to increase its value.

In return, they hope for a gain on their equity stake through several options, including sale of the company.

"The private equity business has been a very profitable investment vehicle," said Byrd, head of the investment firm bearing his name.

Companies unable to tap the public markets often turn to private sources such as investment funds.

Tennessee Valley Ventures will focus on joining buyouts of small and medium-sized firms with a focus on the telecommunications business.

The industry focus reflects the presence of investors on its advisory board, such as John McDonald, former president and chief executive of Sprint Finance Corp., and George Sullivan, former president of A+ Communications and Northern Telecom International.

Investor Orrin H. Ingram II, co-president of Nashville-based Ingram Industries, also serves on the board.

Besides Byrd, and Charles Sell, director of acquisitions for Andrew W. Byrd & Co., investors on the fund's investment board are Columbia/HCA president and CEO Jack Bovender; Dan Cooper, managing partner with Maryland Commons LLC; and David Wiley Jr., chairman and president of Wiley Bros.-Aintree Capital.

Debt financing for the acquisition of Multi-Link, which makes devices that allow telephone lines to handle multiple transmissions such as voice, data and fax simultaneously, was provided by Bank of America. ■

**TENNESSEE VALLEY VENTURES' INVESTMENT BOARD**

**Andrew W. Byrd**

Andrew Byrd is Chief Manager and President of Andrew W. Byrd & Co., L.L.C. Before founding the firm, he was a Principal, Director and Executive Vice President for GenCap America, a regional venture capital firm.

Mr. Byrd is recognized as a leader in the management buyout sector, with experience covering a diverse array of industries and real estate. Over the past 13 years, he has served as investor and senior manager of three buyout funds. He holds a Masters degree in Taxation from Georgetown University and J.D. and B.A. degrees from Vanderbilt University.

**Jack O. Bovender, Jr.**

Jack Bovender is President and Chief Operating Officer of Columbia/HCA Healthcare Corporation. During his previous tenure with Hospital Corporation of America, he was instrumental in the success of the buyout and initial public offering of the company. He is a director of three NASDAQ and four private companies, and formerly served on the boards of the American Hospital Association and the Federation of American Healthcare Systems. He holds M.H.A. and B.A. degrees from Duke University.

**David W. Wiley, Jr.**

David Wiley, Chairman and President of Wiley Brothers-Aintree Capital, L.L.C. is highly respected as a leader in the investment field. He has served as a director of NASDAQ, Inc. and as a member of the Board of Governors of the National Association of Securities Dealers. Mr. Wiley holds J.D. and B.A. degrees from Vanderbilt University.

**John Cooper**

Through his previous capacities as Managing Director for the Wall Street firm of Unterberg-Harris and as Vice President for Lehman Brothers, John Cooper possesses a wealth of experience with investments in small and medium-sized companies. He also serves as General Manager of PLC and Maryland Commons, two limited-liability corporations in Nashville. Mr. Cooper holds a B.A. from Harvard University and an M.B.A. from Vanderbilt University.

**Charles G. Sell**

Charles Sell, who serves as Director of Acquisitions for Andrew W. Byrd & Co., has long experience with equity and debt financing through positions with Wiley Brothers-Aintree Capital and J.C. Bradford & Co. He also has worked with Technology Funding, Inc. of California, a venture capital company, and with the Treasurer's office at Stanford University. Mr. Sell holds a B.A. from Brown University, a J.D. from Vanderbilt University and an M.B.A. from the University of Chicago.

**TENNESSEE VALLEY VENTURES' ADVISORY BOARD**

**Orrin H. Ingram II**

Orrin Ingram serves as Co-President of Ingram Industries of Nashville, and has served in several other capacities for Ingram Metals and Ingram Barge Company. He holds a B.S. from Vanderbilt University.

**John MacDonald**

John MacDonald served for 12 years as President and CEO of Northern Telecom Finance Corporation, which he launched in 1980. Under his direction, the corporation invested more than \$4 billion in Fortune 100 companies as well as small, independent firms. He also served for eight years as Chief Financial Officer and Vice President of Finance for Northern Telecom, Inc. He holds an M.B.A. from Fairleigh Dickenson University and a B.S. from the University of Bridgeport.

**George W. Sullivan**

George Sullivan has 38 years of experience in developing successful companies in the telecommunications field. Most recently, he was Chairman and President of Ring Medical, Inc., a provider of communications services to the healthcare industry. He also has served as President of Northern Telecom International and was President and Chief Operating Officer for A+ Communications. He also has served as President of Rockwell International's worldwide commercial telecommunications group. He holds a B.S. from Boston University.

# ANDREW W. BYRD & Co., LLC

SUITE 1250 • 201 FOURTH AVENUE NORTH • NASHVILLE, TN 37219 • 615-256-8061 • FAX (615) 256-7057

Date: JUNE 7, 1999

## FACSIMILE TRANSMISSION

TO: JACKSON DUNN

COMPANY: BUSINESS OUTREACH, THE WHITE HOUSE

FAX NO.: (202) 456-6218

FROM: ANDREW BYRD

No of Pages to Follow 3



## FACSIMILE TRANSMISSION

**DATE:** May 3, 1999  
**TO:** Cherie Carter 456-6218  
**FROM:** Ginger Lew (202) 293-8840, ext 237  
**FAX:** (202) 293-8850  
**TELEPHONE:** (202) 293-8840  
**NO. OF PAGES:** (including this cover page) 6

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**Message:**

Cherie – Let me know if I can be of any further assistance.

Ginger

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2020 K Street, N. W., Suite 375  
Washington, DC 20006

◆ Voice: (202) 293-8840 ◆ Fax: (202) 293-8850 ◆ e-mail: [inquiries@tdfund.com](mailto:inquiries@tdfund.com) ◆ [www.tdfund.com](http://www.tdfund.com) ◆

By Barbara Solomon

# Something Ventured Something Gained

## A **Guide** to Venture Capital Funds for Women

STRUGGLING TO FIND MONEY TO EXPAND your business? You're not alone. Demand from women entrepreneurs for capital is exploding, along with the number of businesses they own—up by 89 percent over the past 10 years. Yet only 2 percent of the \$16 billion invested by venture capital funds in 1998 went to women-owned firms. Why aren't venture capitalists aggressively exploiting these fast-growing opportunities?

One reason: Women entrepreneurs have historically operated service businesses, which typically don't offer the fat profits investors want. Even women who have moved into jazzier industries, such as communications, health care, and technology, are often running small businesses and looking for less than \$2 million of fresh capital—chump change for most venture capital funds, says Anita Drummond, director of communications at the Small Business Administration's Office of Advocacy.

*Story continues on page 64.*

# Where the Money Is

on the leading venture capital firms that favor women-run businesses

## Women's Growth Capital Fund

## Capital Across America

Phone: 202-342-1431; fax 202-342-1203

Phone: 615-254-1515; fax: 615-254-1856

info@womensgrowthcapital.com

capkam@aol.com

\$30 million, including leverage from the Small Business Investment Company program, which is a partnership between the SBA and venture funds in the private sector. Venture funds that are licensed SBICs can significantly increase the size of their investment pool with government funding up to two times the private capital already raised.

\$28 million, including SBIC leverage

None

Companies that manufacture or distribute products, such as plastic injection molding; also, service businesses such as human resources, insurance, or printing

\$500,000 to \$2 million

\$500,000 to \$1.5 million

Institutional investors such as Bank of America, First Union Corp., BankBoston, and private investors — 70 percent of whom are women

Institutional investors such as BankOne, First Union Corp., NationsBank, and individual investors, including some women

You must be able to define or explain your business plan even if you hired someone to help prepare it. Also, you must include a strong financial executive among your top managers.

A compelling executive summary, preferably both written and oral

## Viridian Capital

200 Montgomery Ave., Suite 946  
San Francisco, Calif. 94104

Phone: 415-391-8950;  
fax: 415-391-8937

Charles Cordaro, general partner  
\$24 million, including SBIC leverage

Viridian Capital has provided 95% funded by individual investors and 5% funded by SBIC. We have a track record of successful investments.

Technology-based companies, including communications, electronics, and software firms. Also, health care firms, especially those involved in biotechnology research or medical devices.

Our companies are typically in the early stages of development and are seeking seed money. The fund raises a total of \$24 million from 20 individual investors.

\$500,000 to \$2 million

Equity investors

Institutional investors, including Bank of America and Wells Fargo Bank, as well as four individual investors, three of whom are women

Call for information on the fund or an executive summary of your business plan.

Company should have received a patent or filed a patent application, if appropriate.

Charles Cordaro has 18 years of experience in biotechnology and life sciences, and venture capital management.

Willa Feldon is an attorney who spent 12 years in mergers, acquisitions, and business development in the telecommunications industry.

## Inroads Capital Partners

1603 Orrington Ave., Suite 2050  
Evanston, Ill. 60201

Phone: 847-864-2000;  
fax: 847-864-9692

carrington@inroadsvc.com

Jerrold Carrington, general partner

\$50 million

Inroads Capital Partners is a venture capital fund that invests in early stage technology companies. The fund has a track record of successful investments.

None

Well established funds that generate annual returns of 10% to 15% and have a track record of successful investments.

\$3 million to \$5 million

Equity investors

Institutional investors, primarily pension funds and banks; some individual investors

Send an executive summary.

General partner Jerrold Carrington has 15 years of expertise in venture capital management, including founding and managing a previous venture capital fund. Jerrold Carrington is an attorney with more than 10 years of experience in private finance.

# Money

## Black Enterprise/ Greenwich Street Corporate Growth Partners

## Telecommunications Development Fund

## Isabella Capital LLC

2020 K Street, Suite 875  
Washington, DC 20006

Phone: 202-293-8840;  
fax: 202-293-8850

fund.com

Penny Pickert, business director

More than \$25 million

Created to support the fund is a private corporation in the telecommunications industry. The fund is an effort to help companies owned by women and minorities.

Telecommunications equipment and services firms

Companies that have developed prototype products and are moving into production

\$250,000 to \$1 million

Investment

Interest payments earned on deposits for applications to the Federal Communications Commission during spectrum auctions

Obtain an application from the Website

See Attachment "A" on the application for a checklist of what to include.

Glenn Lewy, managing director, has been an attorney for 25 years and is a former deputy administrator of the SBA. Penny Pickert is a former senior adviser at the SBA.

388 Greenwich Street  
New York, NY 10013

Phone: 212-816-1308

Jeffrey Scott, manager

\$60 million

Minority-owned, women-owned or minority-owned companies

None

Established profitable companies with annual revenues in excess of \$10 million

\$5 million to \$15 million

Equity investment

Bell Atlantic, Black Enterprise magazine, Citigroup, and other large companies and pension funds

Phone or send a copy of your business plan

Ed Williams has more than 10 years of experience in financial management and restructuring. Jeffrey Scott previously worked at Goldman Sachs & Co. and Lazard Freres & Co.; and Gabrielle Greene has more than 10 years of experience in private equity investing.

212 Walnut St., Suite 4540  
Cincinnati, Ohio 45202

Phone: 513-721-7110;  
fax: 513-721-7115

peg@fundisabella.com

Peg Wyant, principal

Target of \$25 million

The fund is formed to invest primarily in technology-enabled, market-driven companies, primarily in the Internet, health care, and consumer industries

Technology-enabled, market-driven companies, primarily in the Internet, health care, and consumer industries

Companies that typically have products a year or more into development and may be earning revenue before their first product

\$500,000 to \$3 million, usually in more than one round

Equity

Individuals, pension funds, and banks

Though the fund is still being formed, it is already accepting applications. Send a business plan of an executive summary, preferably by e-mail.

Peg Wyant has more than 30 years in general management and marketing, primarily at Procter & Gamble, and expertise in strategic planning and corporate new ventures. Margaret Comey is an attorney with expertise in financing and technology.

Moreover, venture capital firms tend to avoid gambling on an outfit run by someone who has not previously raised money in their market.

"It's like women trying to get credit 10 years ago—it's very difficult when you don't already have credit," observes Patty Abramson, managing partner of the Women's Growth Capital Fund in Washington, D.C. Another significant problem: Women simply don't know how to get in the door. "This is a relationship business," says Christine Cordaro, managing partner of Viridian Capital in San Francisco.

## **"In the past, there's been a disconnect between who has the money and who needs the money."**

"Unless you are plugged into the referral network, it's hard to get the serious attention of an investor."

But take heart. A handful of venture capital funds have been launched in recent years to provide expansion money to companies owned or run by women. The majority of these funds are managed by women, who are in tune with the business owners' needs and management styles. Women's Growth Capital Fund, for example, invests only in women-owned or women-led companies; others focus primarily, but not exclusively, on such businesses. "We don't want to discriminate the other way," says Whitney Johns, CEO and chair of Capital Across America in Nashville. (For more about the individual funds, what types of businesses they back, and how you can get in touch with them, see pages 61-63.)

Beyond access to capital, several funds also offer management consulting services to help women expand their businesses. The funds don't necessarily get involved in a company's day-to-day operations. Instead, they provide expertise in management recruitment and strategy development and give referrals to support services and other sources of capital. They may also help entrepreneurs form strategic alliances with other companies or venture capital funds. "In the past, there's been a disconnect between who has the money and who needs the money," says Johns. "We're reaching out to the guys who are already in the system and bringing them to the table."

While each fund has its own investment criteria, most will only provide capital to companies that can show they are "well beyond a scribble on a napkin," says Ginger Lew, managing director of the Telecommunications Development Fund in Washington, D.C. If you're still in the early start-up phase, don't bother knocking on their doors. Instead, seek money from so-called angels who invest in fledgling firms. You might be a candidate for one of

the funds if you can demonstrate that you have a well-developed concept or product prototype and a first-rate management team, have been operating successfully for a couple of years, and are perhaps already making money.

The primary players among the funds listed here—Capital Across America, Viridian Capital, and Women's Growth Capital Fund—make average investments that range from \$500,000 to \$2 million. Other funds, such as the newly formed Black Enterprise/Greenwich Street Corporate Growth Partners in New York and Inroads Capital Partners in Evanston, Illinois, are willing to put up \$3 million to \$15 million. Most venture capital funds seek a 30 percent to 40 percent annual return on their money.

The key to catching any venture capital fund's attention is putting together a top-notch business plan. People in the industry figure that out of every 10 investments, 5 will be total failures, 4 may barely break even, and only 1 will provide a big payoff. So, to increase their odds of coming out ahead, the funds scrutinize business plans from every angle. All funds, whether they favor companies run by women or not, look for well-constructed plans that reflect a solid understanding of the business and market; introduce a strong team of managers; describe how the company expects to grow and achieve its financial projections over five years; and include an exit strategy for investors. "We are being just as diligent about choosing the companies that are in our portfolio as any other venture fund would be—we don't lower the barrier," stresses Abramson.

Unfortunately, fund executives say, women's business plans often lack convincing long-term financial projections, sound marketing analyses, evaluations of the competition, and realistic exit strategies. So, in putting your plan together, you might want to seek help from a management consultant or an organization such as the Center for Women & Enterprise based in Boston or Women Incorporated based in Los Angeles.

Lucinda Duncalfe, who has used venture capital for two rounds of expansion financing for her company, Destiny Software, points out that because venture capitalists make deals every day, they tend to have the upper hand in terms of positioning. So surrounding yourself with an experienced team becomes especially important. "You're not a shark, and you're swimming with sharks, so you'd better buy a shark cage," she advises. "Otherwise, you'll get eaten."

Finally, you should be prepared to give up equity in your business to the fund. Many women balk at this, no matter how badly they need the cash, says Lindsey Johnson Suddarth, co-CEO of Women Incorporated. "Women are often too mindful of how hard they have worked to build up their companies," she says. "But there's no other way they can raise the venture capital they need to grow." ❧



ZEPPOS & ASSOCIATES  
INCORPORATED

May 14, 1999

Mr. Orson Porter  
Deputy Assistant to the President  
The White House  
1600 Pennsylvania Ave., N.W.  
Washington, DC 20500

Dear Orson:

As discussed earlier this week, I think I have an excellent candidate to consider for the President's upcoming tour of American cities with emerging markets.

A Milwaukee Navy defense contractor has teamed up with a neighborhood organization to take people off welfare and into jobs, bring kids off the streets and into the classroom and attract new business to a once deserted neighborhood. This 15-year partnership has been extremely successful and can easily be replicated in other communities nationwide.

Eaton-Navy Controls Division (NCD), a leading supplier of power and controls systems for the U.S. Navy fleet, is located on Milwaukee's northwest side, which once was crime-ridden and run down. The company was having a hard time recruiting engineers and other professionals and could have left the area for a suburban location. Instead Eaton-NCD partnered with the Northwest Side Community Development Corporation (NWSCDC) and made a commitment to the community that has paid off for both sides time and time again.

The partnership between the NWSCDC and Eaton has had many accomplishments, including the following:

- Responding to low graduation rate, the partnership started a neighborhood alternative middle-high school in 1995. Today, that school has graduated 25 students and currently has 100 students enrolled. Nearly half of the first graduating class has gone on to college, and 20 local businesses, including Eaton-NCD, support student internships.
- With the introduction of Wisconsin's W-2 program, the partnership helped design a worker training program to prepare longtime welfare recipients for union jobs. Of the first 21 graduates, 19 remain employees of Eaton with one recently promoted to supervisor. Currently, the fourth such training class is under way to help Eaton and other neighborhood businesses train employees.
- A supplier linkage effort is under way to encourage Eaton-NCD suppliers to establish facilities in the central city neighborhood and for the company to purchase more goods and services from local companies. Already the effort has helped a local minority-owned travel agency stay in business and prosper, and other purchasing arrangements are being secured with local small and minority businesses.

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SPECIALISTS IN PUBLIC RELATIONS AND GOVERNMENT AFFAIRS



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May 14, 1999  
Mr. Orson Porter

The business results of this partnership include a four-year, 170-percent growth in Eaton-NCD's business and a 50-percent increase in the company's workforce since 1994. The neighborhood benefits of this emerging market are even more outstanding with the revitalization of a once-downtrodden neighborhood, stepped up neighborhood security and safety, successful company-sponsored neighborhood watch programs, new housing efforts and more. Enclosed is additional information on the effort.

I urge you to consider Milwaukee's northwest side and this partnership for a stop on the emerging markets tour. We can visit the middle-high school, tour the neighborhood, attend a block watch meeting, meet with the job trainees and more. I will follow up with you, or please feel free to contact me at (414) 276-6237.

Sincerely,

Evan N. Zeppos, APR

Enclosures