

memphis CROSSROADS

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to Watch in 2011

FOCUS ON 2011

LOOKING AHEAD

These Memphis companies are poised to shine even brighter in the year ahead.



Winter 2010/2011

10

to Watch in 2011



**With 2011
poised to begin,
these Memphis
companies look to
be among those
setting the pace.**

Using 2010 as a benchmark, Crossroads thinks these 10 Memphis firms are solid bets to have a great year again.

Several of our highlighted companies have been recognized by observers in their industries for reaching dizzying heights. They are hiring, opening additional offices and selling more of their product and services. Their leaders have can-do, winning attitudes.

It hasn't been about luck, though timing has been important for each of them this year. A family-owned investment banking concern that had just kicked off an anniversary growth initiative found customers flocking to it after the public began to shy away from larger firms. Several companies with corporate clients newly committed to thrift made money by helping their clients save their own. And in adapting to an uneven economic year, one of our 10 to Watch found that challenges in one sector signaled a good time to expand into another.

All of our featured companies have been in business for at least a decade - and one since the Civil War. Experience seems key to their success.

Their leaders say that keeping up with technology is vital. As more mobile devices, video streaming and other electronic communication and advertising avenues are used, these businesses aren't playing catch-up. Instead, they are taking advantage of trends and teaching their clients how to make their own businesses more profitable.

Don't forget about the people who use all that technology, they say: Investing in people - their employees and their clients - is part of their success.

— Toni Lepaska

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Rolling along

AutoZone, the nation's leading retailer and a leading distributor of automotive replacement parts and accessories, got its start in 1979 as Auto Shack in Forrest City, Ark. Headquartered today in downtown Memphis, the company sells auto and light truck parts, chemicals and accessories at more than 4,600 stores in the United States, Puerto Rico and Mexico. They also offer diagnostic and repair software via the Internet. AutoZone employs 60,000 people nationwide. There are 1,475 AutoZoners in the company's corporate office and stores in Memphis and Shelby County.

During the company's fiscal year 2010 which ended in August, sales totaled over \$7.3 billion. The company continued to expand its reach during the year opening 160 new stores and creating about 2,000 jobs in the U.S.

According to Chairman, President and CEO Bill Rhodes' 2010 annual letter to their stockholders, AutoZone's strategy for the future is to continue to ensure that they have "Great People Providing Great Service." He stated that AutoZone's culture remains their key point of differentiation and putting their customers first will continue to be their primary focus in fiscal 2011.

Wall Curry, District Manager of Customer Satisfaction.



A growing investment

Duncan-Williams Inc. has been managing and investing people's money for 42 years, when A. Duncan Williams, the father of today's president and CEO, started the business. The founder's widow, Carolyn Williams, is majority owner and vice chair. The company has offices in 13 cities, including Memphis, its headquarters.

The firm, named one of the 5,000 fastest growing businesses in the nation by Inc. magazine, logged revenue growth of 183 percent from 2006 to 2009. Two years ago, Duncan-Williams kicked off its "500 @ 50 Initiative" — a plan to reach a \$500 million revenue milestone by the time the company reaches its 50th birthday. "To do that, we had to grow," says president Duncan F. Williams. "We started opening offices. We started hiring more people." At the same time, investors began seeking safety in the bond market — the greatest portion of the firm's business — as distrust of larger firms began to grow. "It was kind of the perfect storm for us," Williams says.

A focus on Tennessee

The largest Memphis-based bank and the largest homegrown bank in the state, **First Tennessee Bank** holds 31.3 percent of the total deposit market share in the Memphis metropolitan statistical area, according to a recent Federal Deposit Insurance Commission (FDIC) report.

First Tennessee weathered the economic downturn by becoming smaller. First Horizon, its parent company, posted third-quarter profits after closing its mortgage companies nationwide to refocus attention on its banks in Tennessee. Placed on the American Association of Retired People's 2009 list of "Best Employers for Workers Over 50," First Tennessee is banking on its people, its customers and their use of technology to strategically move into the future. "If we excluded the national mortgage related business outside of Tennessee, we would have been profitable in 2009," said Bryan Jordan, president and CEO. "We see a lot of momentum building in 2011."

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Shooting for the top

The NBA's **Memphis Grizzlies** began their 10th season and seventh year playing in the 18,000-seat, domed FedExForum — an arena that receives frequent compliments, according to Greg Campbell, president of business operations. The team finished 40-42 last season, winning 16 more games than the previous season — and has begun the 2010-11 season with an amazing buzzer-beating win and promises to continue the upward trend.

Campbell says he believes the team “has created a new buzz or winning attitude. We’ve assembled a very young, athletic team that should grow for a long time in Memphis.”

Meanwhile, season ticket sales are up 25 percent over last season, and weekend sales packages could provide even more of a boost. A recent independent study found the Grizzlies have made a \$224 million economic impact in Memphis during their first decade here while creating 1,400 related jobs. And the Grizzlies Charitable Foundation has awarded more than \$26.1 million to meet needs in the community.

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Soaring downtown

Pinnacle Airlines is the jet-based operating subsidiary of Pinnacle Airlines Corp., which includes Colgan Air Inc., and Mesaba Airlines. It began operations in 1985 as Republic Express, with service to three Southern communities from its Memphis hub. Today, the airline flies from four hubs and serves more than 110 cities. Pinnacle found its niche offering customers flights to remote cities.

After months of study this year regarding its corporate headquarters, Pinnacle executives decided to stay in Memphis, casting a resounding vote of confidence in the city. The move of its headquarters into more spacious offices downtown began in September, with the placing of its subsidiaries under one roof expected to improve internal communication and improve company culture. "Everyone has to interact," says Phil Trenary, Pinnacle's president and CEO. "It's a wonderful way to bring people together."



Outpacing the field

Running Pony Productions began in 1994 only to quickly grow into the largest full-service video/film/digital production company in the region. Its services include production of corporate video presentations, television programs, documentaries, commercials, website content, interactive CDs and DVDs.

The two principals of the Emmy Award-winning company, named to the 2009 BusinessTN Hot 100 list, expect it to continue its ascent as the number of video platforms increase beyond traditional TV commercials and DVDs.

"From smart phones to digital billboards, a huge variety of screens now exist where we can place a client's message," says partner Rod Starns. Partner Jonathan Epstein expects business to grow as Running Pony continues to educate clients about ways video can be used online in cost-effective ways. "We see ourselves as a resource and a partner for clients," he says, letting them "know the possibilities that exist and help them keep up with the technology."

Resting assured

Service Assurance started out 21 years ago strictly as a computer maintenance and service business. Now it provides backup data space that principal Mark Giannini said has the added benefit of being a built-in disaster recovery plan.

On an as-needed basis, Service Assurance helps businesses understand how technology can drive revenue, Giannini said, eliminating the need for a sometimes costly information technology department on site.

The company has been “on a hiring spree lately,” says Giannini, who owns the business along with Kelli Mitchell. Service Assurance’s growth in 2010 was aided by a thrifty business model taking hold at many firms – one Giannini expects will likely prevail for some time. “Outsourcing helps businesses conserve their capital,” he said. “They still need computers, but not the huge upfront capital outlay.”

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Climbing up

In 1998, the China-born founder of **Sunshine Enterprises** was a recent graduate of the University of Memphis when he began manufacturing and distributing scaffolding. Four months of research led him to discover it was “an under-capitalized market,” he says. “At that time, not that many people imported scaffolding.” Now, Sunshine has offices in five U.S. cities, including Memphis, and in four in China.

As the recession took a toll on the construction industry, Chen’s Sunshine Enterprises expanded into the industrial sector. Though the company had a 30 percent drop in revenue from 2008 to 2009, Chen said, it recovered half of it in 2010 and continues to position itself for growth as the economy revives. Business TN magazine put Sunshine on its 100 Companies to Watch list. “We don’t have much debt, so... we weathered the storm,” Chen says. “We are ready to grow.”

Front, Wei Chen; 2nd Row, left to right: Charles Donaldson, Bruce Pelynio, Mike McAnnally, 3rd Row, left to right: John Chen, Mark Salvatore.

On the move

Vanick Group, a full-service information technology services provider, provides software solutions to some of the world's largest companies, including FedEx, and is capable of tailoring its products to the needs of smaller ones, too. Created in 1998, the business draws upon years of experience to assist clients with software, Web-based applications and systems integration.

Jim Van de Vuurst, who runs Vanick with Lou Powell and Larry Slavick, said the company is poised to take advantage of the popularity of mobile devices by helping companies develop mobile versions of their websites. Vanick, named one of the 5,000 fastest-growing businesses in the nation by Inc. magazine, also offers fee-based software and solutions to help businesses automate their computer processes. "We're within the possibility to take on a significant amount of business," Van de Vuurst said. "We feel we'll be able to grow another 15 to 20 percent next year."

An emphasis on people

The financial advisory firm **Wunderlich Securities** got its start in 1996 with eight employees and \$400,000. Today the company includes 225 advisors with offices in more than a dozen cities, including Memphis, Nashville, New York and a recently acquired presence in Norway. "We're rapidly approaching a \$100 million annual run rate," says principal Gary Wunderlich. "It's a significant milestone for us."

The company anticipates growth in its services and clients in 2011. "We've tripled our business in the last three years, mainly because the large firms have had so many problems," Wunderlich says. "There's nothing they're doing in a major warehouse that we can't do. It all comes back to how you treat your people. We think we can continue to gain market share from the big players."



Principal Gary Wunderlich.