

## **‘Memphis has lost focus/ says Council chairman**

*“Memphis has lost focus.”*

*“Instead of being the city of non-profits, we should be the city of for-profit.”*

*“In Memphis, we want to give people fish rather than teach them to fish.”*

Sound like a crusty old-guard chairman of the Greater Memphis Chamber assailing the city?

Yes, it does.

Just the other day, though, these words were spoken by another chairman, a black civic leader who lives on Mud Island.

“We can’t continue down this path and expect a different result,” said Berlin Boyd, chairman of the Memphis City Council, the elected body presiding over one of America’s poorest cities.

### **Going fishing**

Boyd and FedEx scion Richard Smith, who is the Chamber chairman, have touched off a deep conversation around town centered on a simple question: Why has economic development failed?

“I told Richard that Memphis has the most charities of probably any city. We have a lot of nice parks. We have great museums and fun things to do,” Boyd said. “But if we don’t start focusing on businesses and bringing in new businesses and opportunities, if we don’t start bringing in more fishing boats and creating more fishermen, we’re going to run out of opportunities in this city.”

Smith thought the same thing. Now the pair have the attention of the array of philanthropies, ministers, volunteers, boards, agencies and elected leaders who steer the city.

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## **EDGE**

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“This is probably the first time in Memphis history we’ve had a young CEO from a major organization out here trying to shake things up,” Boyd said.

You may have heard Smith demanded elected leaders gut or fix the city-county EDGE board, the main economic development agency. That’s the tip of the spear.

More money for economic development salaries and marketing, a new dealmaker at EDGE, a new infrastructure czar in City Hall, new incentives to encourage minority vendors, national campaigns – all of these are under discussion.

“Growing our economy has to be our top priority,” Smith said. “I see that very clearly.”

### **Taking center stage**

Smith, the son of FedEx founder Frederick Smith, has center stage by virtue of the Smith family's wealth and prominence, his personal interest in Memphis' future and his executive job at FedEx, the city's largest employer. And since winter he has had something else: his Chamber role.

While the chairmanship is voluntary and unpaid, the Chamber since 2013 has tried to assert its weight in public affairs, claiming it is the voice of Memphis business.

These days, Smith is the face and the voice. He is part of a young crowd of civic leaders stepping up. And he has the city's attention.

Everyone from Memphis Mayor Jim Strickland to Black Business Association of Memphis executive Mark Yates has been talking about the questions Smith and Boyd asked. What's gone wrong? How do we fix it?

"I like the fact that Richard came in and really lit a fire under all of us," Strickland said.

### **Cohesive vision**

In 1979, the year after Richard Smith was born, Memphis was in similar straits.

Back then, businesses had deserted Downtown. The Chamber was bankrupt. Elected leaders were distracted. No one could point out a cohesive vision for the city.

Frederick Smith stepped up. So did AutoZone founder Pitt Hyde, First Tennessee Bank chairman Ron Terry and a handful of other concerned Memphians.

They helped form the 1979 Jobs Conference. A long-running town hall meeting, it set Memphis on course for two decades around tourism and logistics. Today, those industries account for 120,000 jobs.

"Memphis needed real civic leadership in 1979. That was as much about a transition then as what Richard is trying to do today," said philanthropy executive Carol Coletta, an organizer of the 1979 conference.

Today, Memphis institutions are strong, many and varied including Bio-Works Foundation, the Chamber, Downtown Memphis Commission, EDGE, Medical District Collaborative and Memphis Tomorrow.

Just like in 1979, however, no popular vision ties these groups to a common theme.

"You have to have an attitude in this city that says the first priority is economic development," University of Memphis economist John Gnuschke said. "We don't have that."

Even as Memphis struggled long after the 2008 recession faded, no one in authority spoke loudly in public about slow growth – until Boyd and Smith compared notes this winter and decided to step up.

### **'Crisis mode'**

Within the city limits live about 653,000 residents including nearly 400,000 people of color of whom almost 250,000 classify as poor or working poor.

Boyd figured Memphis had stalled. People can't readily climb up into good jobs – too few good jobs are being created. And the old avenue of opening a business has collapsed.

Two decades ago, the nine counties of metropolitan Memphis contained 1,400 more employers than today, yet the entire metro population has increased by 200,000 to 1.34 million residents.

He and Smith talked this over. A joint meeting of City Council members and Shelby County commissioners had discussed EDGE. Smith, the new Chamber chairman, had stopped in, heard worries about economic growth, later spoke to Boyd. They

quickly concluded this: “What we’ve seen in Memphis is a level of complacency and a level of urgency,” Boyd said. “We’re in crisis mode.”

### **Stir wider debate**

Neither Boyd nor Smith are diplomats. Charm and polite manners count in this city. They are sharp tongued.

You can telephone the 200 or so leaders of the boards, agencies and elected bodies that steer the city and argue Memphis is failing. Or you can slam the news in their faces. That’s what Smith did. He railed against EDGE. He aimed for a wider discussion about the future of Memphis.

“I don’t really know how to force all these groups onto the same page,” Smith said.

“I’m not sure that I have enough hours in the day to do that and my day job. It’s much easier to gain alignment in the private sector.... So I guess I’ll just keep hammering the message home until others see it as clearly as I do.”

### **Hammered on both sides**

Right after speaking out, though, Smith was engulfed on both flanks by activists and critics.

EDGE gives expanding companies tax cuts. It requires they spend some money with minority vendors. Smith urged the end of minority spending rules. He argued the rules deter corporate office relocations.

Melvin Jones, publisher of a black business directory, declared in the Memphis newspaper the Tri-State Defender that Smith’s intent was to simply divert money from African-American firms.

Other critics contended economic woes are a larger issue than EDGE. “I think it’s high time someone stepped up and said, ‘Hey, we’re not doing this right.’ But just fixing EDGE is not the solution,” U of M’s Gnuschke said.

### **Ice breakers, not diplomats**

Mark Yates, a lifelong Memphian, Vanderbilt MBA and former First Tennessee Bank executive, remembers when the phone rang.

He’s the new chief vision officer of the Black Business Association of Memphis. He worried black businesses have little now and would have less if the EDGE spending rule were dismissed.

Smith phoned him. Yates listened. “I didn’t hear malice,” Yates said. “I heard a man trying to get to a deal.”

What you can sense in the Yates, Gnuschke and Jones’ comments in this – they weren’t quite sure what Smith was trying to accomplish. There’s a reason they weren’t sure.

Smith is no diplomat.

Rather than first smooth the way with polite calls, he called for EDGE reforms, then dealt with the fall out. That’s his style. He describes himself as an ice breaker, like a ship designed to force a path through frozen water.

Boyd has the same style.

He points out the minority spending rule’s biggest beneficiary is white women. They are defined as minorities and control more companies than Memphis African-Americans do.

Assailed by critics, Boyd and Smith agreed to keep the spending rule in place. But having drawn Memphis' attention, they want to push ahead, get people talking, like in a town hall meeting.

"We're at the point now," Boyd said the other day, "where it's time to have a real serious conversation with everyone in the room. The conversation should be how do we start to define our future. How do we get there from here?"

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**Billionaire investor Steve Case, second from left, converses with Richard Smith, son of FedEx founder Fred Smith, prior to breakfast at The Kitchen during a Rise of the Rest bus tour stop at Shelby Farms Park on Tuesday. Case is the co-founder of AOL. YALONDA M. JAMES/THE COMMERCIAL APPEAL**