

C-Level

BY JOHN TERESKO

> 3 QUICK QUESTIONS

Reverse Rust Belt Thinking



Start-ups need more than money if they are going to revive manufacturing, the economy.

THOMAS N. TYRRELL IS A FOUNDER, managing director and board member of Glengary Management, the manager of the Cleveland-based equity fund known as Glengary LLC. Unlike conventional venture capital firms, Glengary focuses on more than providing seed money. The company's goal is to nurture industrial and technology start-ups through performance problems peculiar to the Rust Belt, specifically north-eastern Ohio. Tyrrell's 33-year career

in the metals industry includes significant turnaround experience. He has been responsible for five start-ups, restarts or consolidations ranging from \$250 million to \$1.5 billion. His noted achievements include the restart and operation of American Steel & Wire in Cleveland. His client list ranges from a company specializing in metal injection molding (MIMFlow Technologies LLC) to ventures in health care.

IW: Why are Rust Belt start-ups so vulnerable?

Tyrrell: For starters, Rust Belt traditions do not properly honor or respect entrepreneurship. For example, when a business venture fails in Cleveland, the entrepreneur may find it hard to escape a pejorative reputation, even if blameless. It's a tradition that sharply contrasts with how failed ventures are perceived in Boston or California. In those start-up hotbeds, the failure of a venture may actually enhance the ability of an entrepreneur to finance subsequent endeavors. The entrepreneur's reputation actually soars if external forces caused the failure. Ultimately that [Rust Belt] tradition takes its toll. Without encouragement, ei-

ther implicit or explicit, entrepreneurship fades. The innovators move, sell out to California or Boston-based firms or simply give up.

IW: As a self-described *venture catalyst*, how do you work to counteract that vulnerability?

Tyrrell: The idea is to fight failures brought about by the missteps of managements. The under-appreciated characteristic of start-ups is that they usually need help in running a business more than they need money. And if money is their primary problem, is it being made worse by an inadequate management strategy? Our mission is to change that. We believe that the introduction of intellectual capital is every bit as important—and in some

cases more so than seed money. Two things differentiate Glengary from conventional venture capital firms. First, our charter is to focus on enhancing economic growth in Northeast Ohio through the growth of start-ups and secondly, money is just one of our tools. We work with our client companies, providing the high-level guidance to facilitate their success. Glengary's operating premise is that start-ups are a significant means of building a business environment that will attract more economic growth to the region. En route to those goals our mission is to provide better-than-average returns to investors.

IW: What does an early stage U.S.-based company need to attract investment?

Tyrrell: Beyond the obvious prerequisites of a good management team, a right product and an appropriate marketing approach, we encourage start-ups to gain competitive benefits via staffing strategies. Treated right, the staffs of start-ups can be the self-sustaining competitive advantage that investors are seeking. Empowering and training people, even at a low level, can give them the ability to see things even before management does. With the right organizational structure these empowered employees can help management maximize growth opportunities. For a wide variety of survival reasons, investment in the employees is absolutely critical.

[For instance] satisfying that commitment in manufacturing is the business focus of client Tooling University. Offering 185 Web-based training courses for production workers, Tooling University makes employee training and education a competitive tool.

jteresko@industryweek.com