

Entrepreneurial Impact

Transforming our economy and environment



Edward Lowe
FOUNDATION

2014-15 REPORT

Entrepreneurs' Pledge

I will be ever mindful of the future.

I will have an active mind whether awake or asleep.

I will be a helping hand to myself and to others.

I will omit the word “impossible” from my vocabulary.

I will do my best to improve, not to improvise.

I will exert my energy toward growth and progress.

I will communicate with others in thought, word
and deed.

I will maintain a healthy body and mind.

I will recognize the power of love.

I will follow the golden rule: Do unto others as you
would have them do unto you.

— *Edward Lowe*



Blending economic and environmental stewardship

This year the Edward Lowe Foundation celebrates 30 years of championing the entrepreneurial spirit. For us, that spirit manifests itself in two ways — through economic growth and land stewardship.

On the economic front, we help second-stage companies that have moved beyond the startup phase but haven't reached maturity. Second-stagers play a vital role in creating jobs and regional prosperity; however, these entrepreneurs are often overlooked because traditional economic-development initiatives emphasize recruiting and startup assistance. The foundation advocates a more balanced approach so second-stage companies have their fair share of resources to continue growing.

With that in mind, we have developed a series of leader retreats and CEO roundtables that leverage peer learning to enhance leadership skills and decision-making. To help second-stagers with strategic research issues, we host the National Center for Economic Gardening, which provides access to sophisticated corporate tools.

The foundation's other mission, land stewardship, plays out at Big Rock Valley (BRV), our headquarters in southwest Michigan. Comprised of 2,600 acres of woodland, wetland and prairie, BRV's diverse habitats support a wide variety of flora and fauna, including many species that are endangered or threatened. To preserve BRV's environmental integrity, we employ a number of innovative land management practices. In addition, we allow academic researchers to use the property for studies that can expand the knowledge base of conservation science.

Some people might think these are dueling missions; after all, you don't typically see tree huggers and economic development folks sitting at the same table. Yet we believe our dual missions are quite complementary — especially with growing concern about climate change and the extinction rate for species, which scientists estimate is accelerating at an unprecedented pace.

The dictionary defines stewardship as "the responsible overseeing and protection of something considered worth caring for and preserving." From our perspective, protecting the environment is part of protecting the economy, and vice versa. Nurturing both our second-stage entrepreneurs and our land is the way to holistically transform — and sustain — communities into more vibrant places to live, work and play.

A handwritten signature in blue ink that reads "Darlene Lowe".

Chairman and CEO
Edward Lowe Foundation

Why second stage?

When people hear the word “entrepreneur” they often think of startups or small businesses. Yet entrepreneurship comprises a broad spectrum of companies with major differences along the continuum — both in terms of their economic contributions and the services they need to grow.

The foundation focuses on second-stage entrepreneurs because we believe they have the greatest impact on U.S. prosperity. These companies have moved beyond startup and are focused on growth rather than survival. From a numbers perspective, we define second-stage companies as having 10 to 99 employees and between \$1 million and \$50 million in annual revenue, although these are loose boundaries.

Why concentrate on second stage? For one thing, these companies are significant job creators. Between 1995 and 2013, second-stagers represented about 13 percent of U.S. establishments, but generated about 35 percent of jobs and 35.4 percent of sales, according to [YourEconomy.org](#).

In addition, second-stage entrepreneurs often have national or international markets, which bring outside dollars into their communities. Many are attracting venture-capital dollars, which can raise investor awareness for a region.

Leveraging their experience and greater financial bandwidth, second-stagers are both more confident and adept at risk-taking than they were as startups. They're able to expand into new markets and introduce innovations that impact their industries. Their stability and deeper pockets also enable them to offer more diverse, high-quality jobs and provide better benefits for employees.

And, in our experience, second-stagers are devoted corporate citizens. Whether it's revitalizing a neglected neighborhood with new or renovated facilities or supporting local charities and nonprofits, they care about their communities.

Understanding the challenges of second-stage companies is just as important as recognizing their contributions because serving them is a drastically different ballgame than working with startups or microbusinesses.

Second-stagers already have proven products and services in place and are striving to win more market share. They need help with strategic issues, such as creating internal infrastructure to accommodate growth, understanding the difference between a niche and commodity business model, and shifting leadership roles.

Connecting with them, however, can be tricky. Second-stagers are not going to show up for a networking event just because they received an invitation. They're time-pressed and looking for relevant content — most often from trusted sources — that translates into real value for their businesses.

Due to our deep understanding of these entrepreneurs, the foundation is recognized as the national expert on second stage. Our programs around peer learning, leadership education and strategic information are designed to accelerate their success. We also use our expertise to educate communities and entrepreneur support organizations about second-stage companies, how to work with them and how to develop the kind of supportive culture they need to flourish.

Leader Retreats at Big Rock Valley

A series of educational programs for second-stage companies, Leader Retreats at Big Rock Valley provide the essential tools and techniques that entrepreneurs need to advance to the next level.

The foundation's retreat curriculum addresses the special challenges that second-stage entrepreneurs face, from building a strong management team and developing internal infrastructure to creating a dynamic company culture.

"In startup mode, entrepreneurs create an economic system, which is how they make money, add value and capture a market," explains Dino Signore, the foundation's manager of entrepreneurial education. "Their social system, which revolves around employees, becomes a critical issue when they enter second stage. In fact, how they manage their social system can make or break their economic system."

With that in mind, the foundation's retreat curriculum helps entrepreneurs gain a better understanding of group processes and how to build scalable social systems that increase employee engagement, motivation and performance.

Retreats at Big Rock Valley (BRV) challenge conventional thinking about leadership and give entrepreneurs a new perspective on growth. Curriculum is geared to push participants out of their comfort zone and get them to think differently.

Peer learning is also an integral aspect of our retreats. Because second-stagers are so busy trying to grow their businesses, they don't have time for traditional networking and educational events and often feel isolated. Many retreat participants tell us that coming to BRV is like discovering their long-lost tribe — it's the first time they feel that they're in a trusted environment and can talk openly about their businesses and personal issues.

In addition to retreats for business owners, we also offer retreats for key managers of second-stage companies and leaders of entrepreneur support organizations. Another format introduced recently is single company retreats: If a second-stage entrepreneur has participated in a past retreat with other business owners, they can bring their staff to BRV for an educational experience.

Along with our cutting-edge content and state-of-the-art facilities, the natural beauty at BRV enhances the retreat experience. Our 2,600-acre learning campus in southwest Michigan is surrounded by woodlands, wetlands, farm fields and prairies. The peaceful setting enables participants to unplug from hectic schedules and focus on growing their businesses.

Feedback from participants



“The foundation’s retreat was transformational for our management team, which I chalk up to a combination of the content, facilitator and venue.

“We came looking for new tools that would allow our management team to function at our highest possible level. One of our takeaways was a decision-making model that’s completely changed our vocabulary about how we seek opinions and gather information. It’s brought more structure to our meetings and is helping accelerate our decisions.

“Another important outcome was that the retreat curriculum has helped us nail down an employee performance management system. It gives us a whole new way to engage our employees, integrating our core values with both individual and corporate goals.”

— David Galbenski, founder
of Lumen Legal
in Royal Oak, Michigan



“I thought the program was excellent. It forced us to be drop-dead honest with ourselves as leaders, to really look at issues surrounding our weaknesses and expose them. The group gives you a safe environment, away from your business, in which to be vulnerable.

“An aha moment for me was admitting that I feel like the weakest link in my business because I don’t have a formal background in systems, finances or HR. I think I recognized this before, but saying it out loud at the retreat was a first. As a result, I’m now focusing on the progress I make each day — and learning to be more comfortable in learning as I go.”

— Judy Kastner, president of
LED Power in Irvine, California



“I’ve been to many conferences and retreats over the years, but being at the Edward Lowe Foundation was the best. I experienced both a recharge and a reset — energized being back at Janska and better equipped to lead us forward.

“One takeaway was recognizing the importance of a strategic vision and how to carve out time to work on ours. The StrengthsFinder exercise was also huge. Although I was frustrated taking the test, the results really resonated with me, and I saw how to better leverage my strengths to serve the company.

“I also brought back a couple of exercises to my team, including one that made me aware of how some things may seem easy to accomplish but aren’t — and how leaders need to get everyone on board so the entire team is contributing.”

— Jan Erickson, CEO of Janska
in Colorado Springs, Colorado



“I’ve attended two Performance Accelerator programs, and they were both extremely valuable. The first time I came away knowing how to move our business forward — and the second time I came away knowing what to do to make our management team more successful.

“There’s a lot of camaraderie at the retreats. I love the different modes of teaching and the fact that it’s so interactive. Perhaps the most valuable part of the program is understanding the life cycle of a second-stage business. It will literally change how you think about your company — and its owners.”

— Ken Elliott, vice president at
Double O Supply & Craftsmen
in Byron Center, Michigan

PeerSpectives Roundtables

A CEO roundtable system designed especially for second-stage entrepreneurs, PeerSpectives helps business owners enhance their leadership abilities and make better decisions.

PeerSpectives® roundtables, which typically involve eight to 12 business executives from noncompeting industries, provide a confidential forum where participants can share their challenges and experiences — and enhance their leadership capabilities. Hallmarks of the program include: trained facilitators, a focus on sharing experiences rather than giving advice and a structured protocol that ensures a balanced discussion.

“We’ve been running PeerSpectives roundtables for several years,” says Nicole Luisi, product manager at Aileron in Dayton, Ohio. “Participants really like it because it provides a safe environment for discussing not only their business challenges but also their personal issues.”

Unlike some other roundtable formats, there’s no predetermined content with PeerSpectives, she adds. “It’s a very flexible format: Everyone gets to pitch a topic, and then the group decides what topic to discuss first. It’s timely and relevant, enabling members to get urgent needs addressed.”

Regardless of whether one of his issues is selected, Jeff Wood says he always derives value from his roundtable sessions. “In fact, I prefer to

hear from other members,” says Wood, president of Contact One Call Center Inc., a Tucson, Arizona-based company that provides a variety of call center services. “It helps me reflect on the things that I’m doing, and everyone’s input is always relevant.”

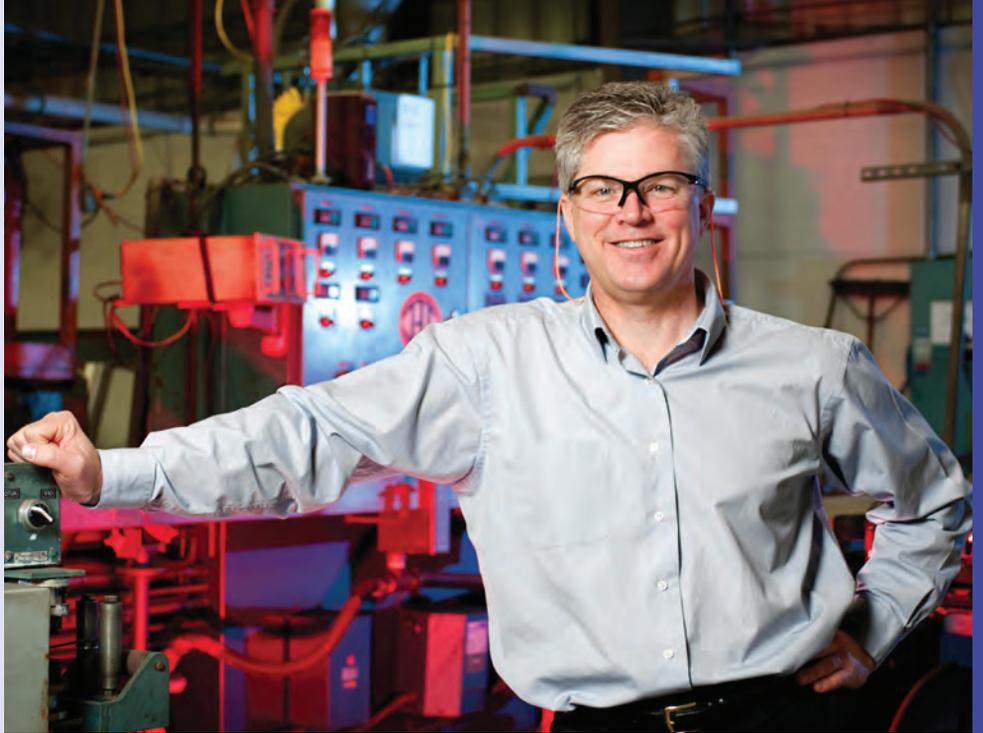
Although Wood says that he typically tries to “avoid business groups at all costs,” since joining PeerSpectives in 2013, he has become not only a regular member but also a strong advocate.

“Right off the bat, I was pleasantly surprised by the experience,” Wood says. “There are no frills, no fluff. It’s candid conversation with other business owners — responses that I wouldn’t find in any book.”

Wood credits PeerSpectives for helping him think more objectively about his business. “Sometimes you can be either overconfident or too critical of your team and your company,” he says. “The roundtable gives me balance. I’m able to better identify and appreciate the things we do well — and recognize things where we need to improve.”

Case study:

Pacer Group



For John Swiatkowski, one of the benefits of belonging to a PeerSpectives roundtable is getting a 30,000-foot view of his business. “Instead of being immersed in the day-to-day problems, the roundtable allows me to take action on bigger issues to drive growth,” explains Swiatkowski, president of Pacer Group, a Sarasota, Florida-based company that specializes in electrical wire and cable manufacturing.

Swiatkowski joined his roundtable in 2011, when his company was still recovering from the recession, which had sent annual revenue nose-diving from \$23 million in 2007 to \$11 million a year. Today his company is back at 2007 revenue levels with about 110 full-time employees.

Although it’s difficult to quantify to what extent his roundtable involvement has contributed to Pacer’s rebound, Swiatkowski credits PeerSpectives for playing a significant role: “The strategies, processes and

direction we’ve taken over the last three or four years have been heavily influenced by the roundtable.”

For example, roundtable members helped Swiatkowski develop an ordering program to deal with a difficult client. “Even though we knew how we wanted to structure the program, the group was really good at ironing out at what could go wrong,” he says.

Participating in the roundtable has given Swiatkowski insights on everything from marketing to goal setting to personnel development. “The roundtable operates almost like a board of directors, except that members come from different industries,” Swiatkowski says. “The diversity is beneficial because you get quite a cross-reference of experiences.”

Swiatkowski also appreciates the roundtable’s structured format and professional facilitation. “It’s very easy for entrepreneurs to go off on a

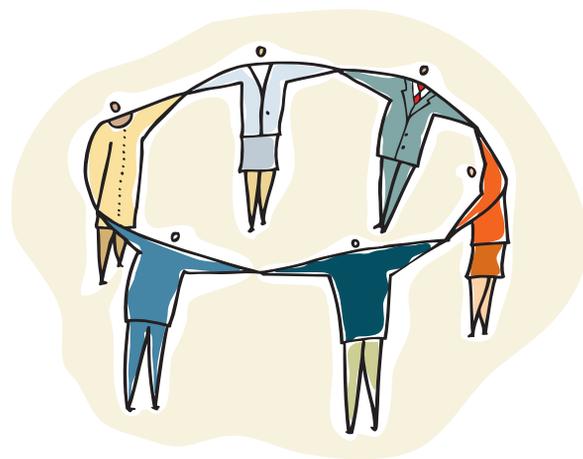
tangent,” he says. “Our facilitator keeps us on track and ultimately guides the discussion to some type of group conclusion.”

Members are quick to hold you accountable, Swiatkowski points out. “These people aren’t shy. If you bring up a topic, they may ask, ‘Why are you doing that?’ and question if it’s a good use of my time. As a result, I’ve become better at delegating and staying focused on growing the business.”

Swiatkowski says he can understand how CEOs would question whether they have four hours a month to break away from their companies to attend a roundtable.

“Yet once you get there, you see the benefit of it,” he says. “The roundtable members are really concerned about growing their businesses — taking your company to the next level is the whole purpose of this program.”

Facilitator Education



Whether you're moderating an ongoing peer-to-peer roundtable, a one-time, high-stakes meeting or a large group interaction, facilitation is a demanding undertaking.

In addition to retreats for second-stage entrepreneurs, the foundation also offers educational programs to help professionals refine their facilitation skills.

“Working with second-stage entrepreneurs can be challenging,” points out Dino Signore, the foundation’s manager of entrepreneurial education. “These people are very successful at what they do, and they have strong personalities, so it can be intimidating to try to guide a group discussion with them.”

To ensure high fidelity of our PeerSpectives program, any individual who plans to moderate a roundtable must first go through facilitator training at Big Rock Valley (BRV), and we encourage program administrators to attend as well.

During these sessions, attendees learn the principles of PeerSpectives and how to apply the system’s protocols. They also engage in mock roundtables where they assume a variety of roles in order to gain insights into the peer-learning process and what might happen when they’re sitting in the moderator’s seat.

In 2014 the foundation began to offer advanced facilitator retreats. Here, participants

gain a deeper understanding of the psychological and social forces that can affect a group — and enhance their ability to effectively lead the group. For example, they learn the difference between what people are saying in contrast to the underlying message of their behavior.

A significant amount of time is also devoted to conflict — how it occurs and the difference between negative and productive conflict. As a result, participants become more adept at interpreting group behavior and relationships, recognizing unspoken needs and instinctively knowing when it’s time to drill down deeper into an issue.

A wide variety of professionals from entrepreneur support organizations have attended our PeerSpectives training and advanced facilitator retreats. In fact, the Women Presidents’ Organization requires all of its chapter chairs to go through PeerSpectives training within a year of being hired.

In addition, recognizing that facilitation is an important leadership skill they can use inside their companies, second-stage entrepreneurs have also attended these retreats.

“The foundation’s PeerSpectives training has strengthened my facilitating skills. I learned more in three days than I did in an entire semester of my Ph.D. program. Facilitators need to learn to see and feel beyond the words being said at the table and watch for subtle clues in body language and tone. For the health and sustainability of the group, that sometimes means calling attention to the elephant in the room. Becoming an expert in facilitation not only requires a dedication to the process, but also requires the ability to be fully present in the moment and have a deeper understanding of human nature.”

— *Karen Widmar, director of small business and entrepreneurship at Northeast Wisconsin Technical College in Green Bay, Wisconsin*

“I’ve attended both PeerSpectives and Advanced Facilitator retreats at the foundation. The PeerSpectives training gives you a platform to make inferences and share experiences as opposed to giving advice. I now have a better understanding of how to interact with my team in an objective way.

“The Advanced Facilitator program made me more aware of group dynamics so I can be a better leader. To be a barometer to myself and ask, ‘What am I feeling, and could that be what my team is feeling?’ would never have dawned on me before. This circular pattern seems so simple. Yet it helped me identify some toxins in my company and navigate a tough HR problem. I would have made a wrong decision if it were not for the Advanced Facilitator course and the techniques I learned.”

— *Jenni Lough-Watson, founder of Swiftdogz Inc. in Concord, North Carolina*

“The foundation’s PeerSpectives facilitator retreat was excellent. I’ve been exposed to a lot of formal training in the past, so my bar is set pretty high, but I was really impressed. You walk away armed not just with theories but also a bag of tools to help you be more successful as a facilitator. It’s like learning to hit a home run rather than just getting a base hit.”

— *Karl Jones, principal of Organizational Insight in Missoula, Montana*

Economic Gardening

In contrast to relocation or startup initiatives, Economic Gardening focuses on second-stage companies already in a community and helps them grow larger through strategic information.

In 2011 the Edward Lowe Foundation partnered with Chris Gibbons, founder of Economic Gardening®, to host the National Center for Economic Gardening (NCEG). Today programs are running in 23 states.

At the heart of Economic Gardening is strategic information — information that helps second-stage business owners address existing challenges and identify new opportunities.

This information is delivered through the National Strategic Research Team (NSRT), which provides analysis on core strategy, market dynamics, qualified sales leads, innovation and temperament. Leveraging sophisticated corporate tools often not available to second-stagers, the NSRT uses high-end commercial databases, geographic information systems, search engine optimization and Web marketing to help companies:

- Identify new markets, industry trends and competitive intelligence.
- Map geographic areas for qualified sales leads.
- Raise visibility in search-engine results.
- Track websites and online communities to better connect with customers.

Unlike consultants, NSRT members don't dictate solutions or implement prescriptions. Instead, they function like an adjunct research staff, providing CEOs with information to make better decisions about critical issues. Researchers show second-stagers the big picture so they can make necessary adjustments to perform better and grow larger.

Economic Gardening is also characterized by its speed and convenience. In most cases, CEOs and their management teams spend eight to 12 hours interfacing with the researchers, who then spend about 36 hours working with the company and its issues. The NSRT works virtually with participants through phone calls and an online software system, so time-pressed entrepreneurs don't even need to leave their desks.

"This is critical for second-stage companies, which already have products, services and customers in place," says Gibbons. "They're moving fast and don't have time for programs that take months or years to get results. They need just-in-time solutions."

Indeed, Dennis Irwin was initially a skeptic, but quickly became a convert. "Economic Gardening

28 companies in Kansas added 203 new employees



Michigan participants increased external market activity by 45%



20 New York companies created 117 new jobs



GrowFL saw 3,745 new direct, indirect and induced jobs



is a powerful tool for second-stage companies to tap,” says Irwin, co-owner of Alpha Precision Aerospace. “I was amazed at the amount of data that the researchers were able to retrieve for us, and they were great to work with.”

Based in Clinton Township, Michigan, Alpha Precision Aerospace provides CNC machining services to the commercial and defense aerospace industries. The company had about 25 employees and \$5 million in annual revenue when it entered Michigan’s statewide Economic Gardening program in fall 2013.

Information rich

One of Irwin’s major takeaways was discovering to what extent his company is in a niche market — and how to better leverage its expertise for working with exotic heat-resistant materials and achieving difficult tolerances on large parts. “The research team solidified that we were on the right track in going after this kind of sophisticated, higher risk product line,” he says. As a result, the company, which had been operating as M&M Turning and Manufacturing,

rebranded in October 2014 under the Alpha Precision Aerospace name to reflect its unique capabilities.

The research team also compiled a list of 700 potential customers, matching Alpha Precision’s certifications with prospects’ needs. Specific contacts at top aerospace companies were identified, along with their tier 1 and 2 suppliers, which is enabling Alpha Precision to more directly target new customers. In addition, the list includes medical device and nuclear companies, which are new markets for Alpha Precision.

“The list is golden,” says Irwin. “Because our industry has a long sales cycle, it can be 18 months to three years before we actually see parts on the floor. But having this kind of qualified list should significantly shorten lead time.”

The information also enables Alpha Precision to increase business from existing customers. “In the type of large organizations we target, the group you’ve been working with on one project is usually unaware of what another group is doing,” Irwin explains. “This list enables us to reach inside the same organization and find new internal customers.”

Economic Gardening

Within a few months of its Economic Gardening engagement, Alpha Precision was already generating additional sales, which caused the company to add 10 new jobs. Irwin expects to be close to \$10 million in revenue for 2015 — double what it was generating in 2013. The company has also invested in new equipment and purchased a 28,000-square-foot facility that increases elbowroom by nearly 50 percent.

Impressive outcomes

Although Economic Gardening's initial impact is seen at the individual company level, over time regional growth metrics begin to rise. For example, from mid-2011 to mid-2013, second-stagers in Florida's statewide program created an estimated 3,745 net new direct, indirect and induced jobs. They also increased state and local tax revenues by nearly \$20 million.

Over a two-year period, 28 participants in Kansas' statewide program, which is largely rural, added 162 full-time jobs (a 13.4 percent average annual growth rate) and 41 part-time jobs (a 24.4 percent average annual growth rate). They also increased annual revenue by more than \$30 million (16.1 percent average annual growth). In contrast, other second-stage companies in Kansas showed a 2.6 percent increase in jobs and a 2.1 percent increase in revenue for the same period.

Since its launch in 2012, Michigan's statewide program has graduated more than 275 companies. In addition to increased revenue and job creation, companies that responded to a survey in 2014 reported a 45 percent increase in their out-of-state business since their Economic Gardening engagements.

More good news, Economic Gardening programs have demonstrated a much lower cost per job created than incentive-based strategies. For example, 20 companies that participated in a regional pilot program in Rochester, New York, created 117 new jobs, which translated into a cost of \$1,700 per job.

Although job creation and revenue growth are important goals of Economic Gardening, there are many intangible benefits.

Second-stage entrepreneurs are a skeptical audience and tune out many economic development entities because their programs typically aren't relevant for them. Yet an Economic Gardening engagement can change their perspective.

Take Jim Hoffa. "As a business owner, it's easy to criticize the government and grumble about all the taxes we pay," says Hoffa, owner of West Tennessee Ornamental Door. "Yet this program made me feel better. Because the city of Memphis decided to invest in an Economic Gardening program, I'm getting something back that will make us a stronger company."

Another plus, as entrepreneur support organizations refer companies into an Economic Gardening program and deliver aftercare, they learn more about each other's services, develop new synergies and are better able to help entrepreneurs connect with other community resources, such as workforce development, access to capital and operations assistance.

Sticky growth

Because programs keep investment dollars local, Economic Gardening is a long-term solution rather than a short-term fix.

Even though second-stage companies are usually committed corporate citizens to begin with, Economic Gardening strengthens those ties and increases their sense of responsibility to the community. As they grow larger and more profitable, second-stagers have greater bandwidth to give back through financial donations, in-kind services, and participation on boards and commissions.

"When states and communities support initiatives like Economic Gardening, there's a real stickiness," says Penny Lewandowski, the foundation's vice president of entrepreneurship and strategic direction. "Companies have long memories when it comes to programs that have a deep effect on their growth. And those memories translate into feeling a genuine ownership for their community."

Economic Gardening in action



Akervall Technologies Ann Arbor, Michigan

Economic Gardening helped Akervall Technologies gain a clearer understanding of its market, says Sassa Akervall, CEO of the Ann Arbor-based mouthguard manufacturer.

The researchers created geographic maps that revealed where the company already had a strong presence — and where it could target more retailers.

In response, Akervall Technologies has identified several regional athletic trade shows it will attend — and the company hired two additional salespeople and a marketing assistant to make use of the research findings.

“The Economic Gardening process was very smooth,” Akervall observes. “Calls were scheduled way in advance, and they were short, intense meetings that didn’t last more than 30 minutes. The amount and quality of information was just amazing. We were doing a happy dance every time we talked to the research team.”



Medford Roofing Memphis, Tennessee

One of Megan Medford’s most important takeaways was identifying her company’s competitive edge — energy efficient roofing — and learning how to leverage it.

“Although we always focused on energy efficiency, we didn’t really tout it. But now we are,” says Medford, who has since implemented a complete rebranding.

The researchers also provided Medford with research on competitors, a list of prospective customers to target and helped with leadership issues, such as how to delegate more effectively, which is becoming more important as her staff grows larger.

Within nine months of her Economic Gardening engagement, Medford had increased her staff from five to 19 full-time employees. With numerous signed contracts in hand, she expects revenue to double from \$2 million in 2014 to \$4 million in 2015.



Homeco and R&J Insulation Blaine, Minnesota

Research on potential new customers and markets were major takeaways for Homeco Insulation and R&J Insulation Inc., says Donna Gulden, co-owner of the two companies.

Homeco and R&J had done prior work in North Dakota, Iowa and Wisconsin, and Gulden wanted to increase their presence in those states. “The research helped determine which prospects best fit our target profile for different services,” says Gulden.

The researchers also provided website research and information on industry trends. The latter helped Gulden decide to expand into the air barrier business — a move that generated \$600,000 of new business in 2014 and created eight new full-time positions.

“Economic Gardening gives you a wealth of information,” Gulden says. “It can help you improve not only your processes, sales and bottom line — but also your relationship with employees.”



Applied Energy Solutions Caledonia, New York

A manufacturer of battery chargers for transportation equipment, Applied Energy Solutions (AES) wanted to improve brand recognition in existing and new markets.

The researchers provided ideas for raising AES’ profile through social media — and identified trade shows the company hadn’t known about, including a battery show in Detroit. AES exhibited at the Detroit event in 2013 and won a large customer that increased annual revenue by 30 percent and created four new jobs. What’s more, the new account enabled AES to expand its geographic footprint into Europe.

“If we had hired outside researchers to accomplish what the NSRT did, it would have been very expensive — and results wouldn’t have happened as quickly,” says Vern Fleming, president. “Economic Gardening gives you access to high-level researchers, and the compressed time frame helps you get the ball moving quickly.”

Celebrating Second-Stagers

Recognizing growth entrepreneurs and communicating their unique contributions to the community is an integral component in creating a strong entrepreneurial culture.

Building an entrepreneurial community requires many things, including educational institutions, diverse sources of capital, a talented workforce and savvy service providers who truly “get” the needs of growing businesses. Yet perhaps most important is a supportive business culture, one that recognizes the contributions of second-stage entrepreneurs.

Because these growth entrepreneurs are so focused on their businesses, they frequently fly under the radar, and their contributions often go unnoticed by policymakers, economic developers, community stakeholders and even the media. It’s important to celebrate their achievements and communicate their success stories — both inside and outside the community.

With that in mind, the foundation created Companies to Watch® (CTW), an awards program developed specifically for second-stagers. CTW honorees are selected not only for their past and projected growth, but also their special strengths, such as having a distinct competitive edge, deploying a new technology in a traditional industry, establishing external markets and attracting new dollars to their region or serving

their community in some special way.

The CTW program launched in Michigan in 2005 and has been conducted in several other states during the past decade. In 2014 and 2015 statewide CTW programs were held in Florida, Michigan, Colorado and Indiana, and Baton Rouge launched a regional pilot program in 2014.

Awardees tell us this recognition has benefitted them in a number of ways, from raising their visibility in the marketplace to boosting employee morale.

“To know the marketplace has recognized us as an up-and-coming company gives employees a sense of pride and satisfaction,” says Luke Ford, founder of My Computer Works in Scottsdale, Arizona. “They feel better about working here, that they’re part of something special.”

To extend the life of CTW beyond the awards ceremony, local hosts and sponsors of CTW provide various post-event opportunities to assist honorees, ranging from media coverage to networking events. In addition, the foundation holds exclusive leader retreats for CTW awardees at Big Rock Valley, which enable them to take advantage of our leadership curriculum and

interact with other second-stage entrepreneurs from around the country in a peer-based learning experience.

Expanding its recognition initiative, in January 2014 the foundation launched a series of online articles, Second-Stage Rockstars, to examine the ongoing contributions of second-stagers, many of whom are past CTW honorees.

Although the foundation has always tried to help promote second-stage entrepreneurs as a group, this series is a targeted effort to highlight individual stories and share them with policymakers, media and other entrepreneur support organizations. The stories chronicle not only companies' economic growth, but also how they may be transforming their industry, creating empowering workplaces or excelling as corporate citizens.

Many second-stagers don't have a PR machine to ensure they're known inside and outside their community. Consequently, their accomplishments often go unnoticed.

It's sort of a chicken-and-egg situation, points out Penny Lewandowski, the foundation's vice president of entrepreneurship and strategic direction. "Second-stagers might wish they garnered more attention from community stakeholders, but they don't have the resources or time to get it. And community stakeholders don't recognize the company because they may not even know it exists."

Beyond giving second-stagers a well-deserved pat on the back, it's critical for communities to know who these companies are, and also have a deep understanding of what they do and what they need to succeed. "Recognition should be deeply ingrained in the entrepreneurial culture, because when it comes to job and wealth creation, it's this sector that is most often going to move the community forward," Lewandowski adds.

The next two pages take a quick look at some Second-Stage Rockstars. To read their complete stories — and learn about other Rockstars — visit our website at www.edwardlowe.org.





Putting the 'enter' in enterprise

After a failed business deal forced him into bankruptcy, Mike Otis launched Double O Supply & Craftsmen Inc. in 1996. Based in Byron Center, Michigan, the company began as a remodeling startup, but has evolved into a supplier of windows and doors for the construction industry.

Among its hallmarks, Double O stands out for an employee-centric culture, and Otis strives to build positions around people rather than mold them into a job. “We find out what employees like about their jobs — and what they don’t like,” Otis explains. “Then we try as much as possible to reorganize their work so they can focus on what they really love.”

On track to generate \$6 million in 2015 revenue, Double O has moved operations from Otis’ home basement to a 35,000-square-foot facility in Grand Rapids. The 120-year-old building, which needed considerable TLC, is now getting a major facelift. “If we’re going to invest in a building, I want to make it count for something,” Otis says. “We can be part of revitalizing the neighborhood.”

Otis is leasing nearly half of the building to Bethany Christian Services, and he hopes to get involved with some of Bethany’s job training programs for youth — and be a potential employer for graduates. “Whatever we do as a company,” says Otis, “we want to leave the world a better place.”

More Second-Stage Rockstars



Sweet tooth for entrepreneurship

Beth Tully launched Cocoa Dolce Artisan Chocolates in Wichita, Kansas, in 2005. What began as a traditional candy store is now a chocolate-centric gathering place where customers enjoy a variety of sweet treats, specialty drinks and free Wi-Fi. In 2014 Tully opened her second store in Overland Park, and Cocoa Dolce also sells online and through national retailers, including Whole Foods. As passionate about giving back as she is about chocolate, Tully serves on a number of community boards and helps mentor high school students in entrepreneurship. In addition, each month Cocoa Dolce highlights a different charity, along with select chocolates, and donates a portion of sales to these organizations.



Molding future entrepreneurs

Based in Ann Arbor, Michigan, Constructive Eating makes children's tableware so engaging that even fussy eaters will eat their vegetables without whining. This includes such construction-themed products as a "forklift" fork and "garden fairy" plates and utensils. Yet innovation goes beyond products: The company is pioneering some nontraditional workplace practices with a staff of high school and college students. In addition to flexible work schedules to accommodate classes and extracurriculars, CEO Carter Malcolm has developed a unique training system that mimics academic advancement. As employees advance, they receive higher wages, take on more responsibility and are expected to provide greater leadership.



No risky business

A pioneer of contractor compliance, PlusOne Solutions Inc. helps companies make sure outsourced workers are squeaky clean — not only in terms of qualifications, but also in their ability to provide a safe environment. Among innovations, the Orlando, Florida-based company has developed a proprietary technology that enables consumers to go online and verify the service contractor standing outside their door has gone through a background check. In addition to job creation and revenue growth, founder Craig Reilly is proud of PlusOne's impact on its industry. "We've been able to change how companies think about their relationships with contractors and increase safety for consumers," he says.

Land Stewardship at Big Rock Valley

In addition to supporting entrepreneurship, the Edward Lowe Foundation has a mission of environmental stewardship, reflecting Ed Lowe's great love and respect for the land.

Big Rock Valley (BRV), the foundation's headquarters, draws its name from the large number of boulders left by receding Ice Age glaciers. The property began with a 160-acre parcel that Ed Lowe purchased in 1964, and today BRV comprises 2,600 acres of woodland, farmland, wetland and prairie.

Because of its different landscapes and ecosystems, BRV has a wide variety of flora and fauna. Indeed, species inventories show that BRV is home to more than 700 plant varieties, 100 bird species and 30 varieties of amphibians and reptiles. "Nurturing these diverse native populations is one of our main priorities — with particular attention given to threatened and endangered species," says Mike McCuiston, the foundation's vice president of physical resources.

Maintaining BRV's biodiversity calls for a number of habitat enhancement initiatives. Among these is the restoration of prairies, which were once widespread in southern Michigan until the 1800s when European settlers converted this ecosystem to agricultural land.

Experimental patches of prairie grasses were started at BRV in 1994, and today the foundation

has about 200 acres of prairie land, with about 100 different species of grasses and flowering plants. "Prairie grass provides important food and cover for wildlife, including many grassland birds," points out Jay Suseland, manager of grounds maintenance. "The wildflowers that flourish in prairies also serve as a food source for insects, which provide food for other species using the habitat."

Strips of prairie grass have also been planted on the perimeter of crop fields at BRV, creating corridors that connect multiple habitats and enable wildlife to more easily emigrate from one area to another. In 2014 the foundation began another prairie initiative — planting 80-foot-wide strips of conservation prairie in the interior of agricultural fields.

"Cropland can become depleted of nutrients over the years, and we're trying to find ways to enhance the soil," McCuiston says. In contrast to crops such as corn and soybeans, which have fairly shallow root systems and are only green part of the year, native prairie grass roots grow as deep as 15 feet and are perennial plants. This increases the ability of soil to absorb water, reducing runoff and wet conditions. Other benefits include more



— Photo by Chris Ryback

Land Stewardship at BRV

oxygen delivered to soil, increased organic matter and greater carbon sequestering. In addition, prairie grass harbors many important predator insects that can help control aphid infestations in adjoining crop fields.

“The plan is to plow up these interior strips every seven to 10 years and move them over to the next 80-foot section,” McCuiston says. “But in the meantime, the strips of soil should become greatly enhanced and more productive.”

Managing for old growth

About 750 acres at BRV are comprised of woodland, which are managed for diversity and sustainability — including 100 acres dedicated to old-growth forests.

Old-growth woodlands are unique ecosystems rarely seen, even in state and national forests. As the name suggests, these forests have numerous mature trees standing 100 feet or higher. Other hallmarks include: a multilayered canopy created by younger trees of various sizes; open areas due to trees that have died or been blown over by wind; large craters resulting from these fallen trees; and a considerable amount of large, decaying logs.

Due to its unique characteristics, old growth is a haven for many plants and animals. The ecosystem is also thought to have a positive impact on climate change due to the amount of carbon dioxide absorbed by trees and root systems.

The majority of trees in BRV’s plots are relatively young — about 100 years old, compared to conventional old-growth forests where trees are 300 to 800 years old. Thus, a key component of the foundation’s old-growth initiative is encouraging larger, older trees.

That means trees competing with larger, healthy ones are selectively thinned. Most of the thinning is achieved by felling trees; others are girdled to promote snags. After thinning, trees are left lying in the old-growth stands to contribute to downed woody debris.

“These decaying logs are probably one of the most important components of old-growth woods,” McCuiston says. “They create a sponge effect and

keep the area moist, even in dry periods, as well as slowing down wind and evaporation along the surface of the soil. The coarse, woody debris also creates the right conditions for many species of fungi, lichens, mosses and insects that are important for proper functioning of ecosystems.”

Similar to old-growth forests and prairies, savannas are another disappearing ecosystem that the foundation is trying to restore. A mosaic of open grassland and scattered trees (ranging from four to 50 per acre), savannas serve as the primary habitat to many animals, including redheaded woodpeckers, a species of special concern.

The foundation’s environmental team is currently developing savannas in four areas of BRV — an endeavor that requires hours of thinning out existing brush before prairie grasses can be planted.

Savannas and prairies are fire-dependent habitats; without regular burning they revert back to woodlands. To prevent that from happening, the foundation conducts periodic prescribed burns. These planned events reduce the buildup of dead vegetation, stimulate native grasses and flowers and retard growth of invasive plants. Prescribed burns are also conducted in woodland and wetland areas. In 2014 the environmental team burned about 110 acres followed by more than 85 acres in 2015.

Other land stewardship activities aimed at biodiversity include: the creation of vernal ponds; regeneration stands for aspen, which have high value for wildlife; and the creation of lateral log piles and other structures that serve as hibernacula for wildlife.

Research at BRV

In addition to its own land stewardship initiatives, the foundation also makes BRV available to academic researchers and environmental organizations.

During 2014 and 2015 researchers from Michigan State University worked on several projects at BRV. Among these, researchers are studying prairie sustainability to see what might cause a decline in diversity of grasses and forbs. Results will help land managers make better decisions about planting and

which species may need special attention.

Another ongoing study at BRV involves the Eastern Massasauga Rattlesnake Species Survival Plan. Known as the EMR SSP, this consortium of 22 zoos has a dual mission: to enhance the captive population of massasaugas (a species listed as endangered or of special concern in many states and a candidate for federal protection) and promote the snakes' conservation in the wild.

Each May the EMR SSP holds its annual meeting at BRV, and members review breeding practices for their zoos' snakes, which are managed collectively. The group also spends considerable time outdoors, searching for massasaugas and taking detailed measurements of the snakes and environments in which they are found. The data is being used to build population models to enhance conservation management practices.

Since the study began in 2009, researchers have caught and identified 788 individual snakes at BRV, with 172 of these found during 2014 and 2015.

"2015 marked the seventh year of the study, which is a real milestone," observes Eric Hileman, a doctoral candidate at Northern Illinois University who is collecting and analyzing data for the EMR SSP in addition to his own studies. "Having seven years of data gets us closer to being able to accurately estimate population growth, which is arguably the best way to monitor population health."

Hileman is also using soil temperature profiles to study when the snakes enter and emerge from hibernation. "Knowing when temperatures of shallow and deep soil invert will enable us to predict when it's safe to conduct prescribed burns without jeopardizing the massasaugas," he explains. "This is novel because right now most people burn by a calendar date."

The diverse habitats at BRV makes the property an ideal place to study botanical and animal life, says McCuiston: "Having researchers work on-site benefits us as well. They provide us with valuable information about different species that live on the property, their relative abundance — and how we can improve our management practices to enhance specific species."



Top: Billie Harrison, supervisor of the Aquatic & Reptile Center at the Milwaukee County Zoo, has been working on the massasauga study at BRV since the EMR SSP's inception in 2009. Bottom: Foundation staffers conduct a prescribed burn in a prairie field. — Photos by T.J. Becker and Michele Kline



Back to the future: foundation celebrates 30th anniversary

In September 2015 the Edward Lowe Foundation officially became a 30-something (its articles of incorporation were filed on Sept. 3, 1985). To celebrate this milestone, the foundation's staff, board of trustees and a number of former employees gathered for a luncheon at the Tower of Tomorrow.

During the event Chris Ryback, information technology and archival manager, took guests on a stroll down memory lane with a multimedia presentation that looked at the evolution of the foundation's programs and property. A few highlights:

1985-1990 — Grants are awarded to a number of higher-ed institutions to research various challenges entrepreneurs face.

1991 — The foundation shifts from being a grant-giving institution to an operating structure, which enables it to create and run its own programs.

1992-1995 — An electronic information network is developed to provide entrepreneurs with quick answers to specific questions. The foundation opens a business incubator in Cassopolis, Michigan, to help local companies.

1996-1997 — Innovative environmental practices are introduced at Big Rock Valley (BRV).

1998-2000 — The foundation begins to focus on second-stage entrepreneurs. Several publishing venues are launched, including the Edward Lowe Report newsletter.

2001-2003 — Leader retreats at BRV start to gain traction, and the

PeerSpectives Roundtable program is launched.

2005 — The Companies to Watch recognition program kicks off in Michigan.

2009 — The foundation partners with a consortium of 22 zoos to conduct demographic and habitat research on the eastern massasauga rattlesnake.

2010 — The Tower of Tomorrow opens, expanding the Billieville retreat center.

2012 — A new 13,000-square-foot headquarters building opens, replacing a facility that burned in a 2011 fire.

2015 — Economic Gardening programs are active in 23 states.

Habitat enhancement

Among recent projects, the foundation's land stewardship team removed 2,300 feet of fencerow from a northeast parcel of BRV. The goal: to improve crop production and enhance wildlife habitat.

Measuring about 40 feet wide, the fencerow produced a 90-foot shadow on eight acres of cropland. In addition, the trees' roots took a toll on the field's water

supply and adjoining crops' nutrients.

"Although the fencerow supplied some habitat to wildlife, it was having a greater negative effect on the cropland," explains Jay Suseland, the foundation's grounds maintenance manager. "And by using byproducts from the fencerow, we were able to create a large hibernaculum and several other wildlife cover structures."

The new hibernaculum can accommodate a wide variety of mammals as well as turtles and snakes. To construct this habitat, Suseland's team first excavated an area 25 feet wide, 90 feet long and 8 feet deep, which they filled with a layer of stumps. Next came a layer of logs, which was topped with soil and planted with cover grasses. Approximately 880 cubic yards of stumps and logs were used throughout the structure.

Two-thirds of the hibernaculum is level with the surrounding field, and one-third is built 8 feet above ground. This elevated zone measures up to 16 feet in total height with varying temperature zones from top to bottom.

Remaining material from the fencerow was used for other habitat enhancement structures including four lateral log piles and two stump piles. Over time, the logs and stumps will settle, shift and eventually deteriorate, but this extends their environmental benefits. As the wood decomposes, it increases soil fertility and moisture retention, encouraging greater plant diversity.

Sharkey Cabin gets a facelift

Sharkey Cabin, one of a dozen guest houses at BRV, got a major makeover in recent months. Improvements included: increased insulation in walls, attic and

crawlspace; new structural beams and framing; new plumbing and electrical wiring; new roof, windows and siding; rebuilding of outdoor decks; and new kitchen and bath fixtures.

"Many of the changes are to increase energy efficiency and performance," says Jon VanSchoick, facilities maintenance manager. "At the same time, we've tried to maintain some of the original cabin feel, such as reusing the kitchen's old cast iron sink and original interior wood siding."

Located near BRV's northwest border, Sharkey Cabin sits on a bluff above a 10-acre lake, and the area has a colorful history. Reportedly, it was the hideout of a Chicago gangster during Prohibition.

PeerSpectives for pre-second-stagers

For high-potential entrepreneurs who haven't yet advanced into second stage, the foundation has created a modified version of its PeerSpectives program: PeerSpectives Roundtable for the Emerging Second-Stager (PRESS).

PRESS is geared to Stage 1 business owners (those with three to nine employees and more than \$500,000 in annual revenue). Although these business leaders don't have the depth of experience to participate in a roundtable for second-stagers, they need help with fundamentals and can benefit from ongoing peer learning.

In addition to a roundtable discussion, half of each PRESS session revolves around a presentation by a subject-matter expert. Topics range from beefing up financial panache and creating structure to learning how to delegate and give feedback to employees.

PRESS is available with a standard

PeerSpectives license and presents providers with an opportunity to serve Stage 1 clients and prepare them for second stage. For more information, contact Joy Kitamori at joy@lowe.org.

New retreat offerings

In addition to its series of leader retreats, the foundation now provides educational retreats for individual second-stage companies.

"Until recently, retreat participants could only attend if they came with a peer group or were working with one of our partner entrepreneur support organizations," explains Dino Signore, the foundation's manager of entrepreneurial education. "But due to high demand, we've expanded the program so that staff from a single company can take advantage of our entrepreneurial education — as long as the firm meets our definition of second stage and its CEO has attended at least one retreat in the past."

The foundation has also introduced several new programs to its curriculum offerings. Among these is "The Strategic Advantage of a Diversity-Driven Organization." Participants learn how to recognize hidden social and cultural forces that may be stifling innovation and leverage different perspectives within their company to achieve a competitive advantage.

Another new program, "The Resilient Organization," challenges second-stage leaders to question their management practices. Participants are exposed to new strategies and tools, including breakthroughs in neuroscience research, which will enable them to build a culture of engagement.

To learn more, contact George Nelson at george@lowe.org.

ABOUT OUR FOUNDERS

The inventor of Kitty Litter, Ed Lowe launched his first product in 1947. Clay-based Kitty Litter was a cleaner alternative to the ashes and sand previously used in litter boxes, and it enabled more cats to remain indoors. This reshaped U.S. pet demographics, with cats outnumbering dogs.

What's more, this deceptively simple product led to the creation of an entirely new industry, one that today generates U.S. sales of more than \$2 billion. Also a successful entrepreneur, Darlene Lowe, Ed's wife, launched and ran an interior design business.

Passionate advocates for entrepreneurship, the Lowes believed that entrepreneurs did not get the support and resources they needed, which prompted them to launch the Edward Lowe Foundation in 1985. Upon Ed's death in 1995, Darlene assumed leadership as chairman and CEO.

"Ed believed that entrepreneurs learn best from each other, and this philosophy of peer learning drives many of the foundation's programs," observes Kathy Browning, the foundation's director of administration.

"Ed also had a great love of the land, and our land stewardship mission is carried out at Big Rock Valley, our 2,600-acre home in southwest Michigan. Big Rock Valley has become well known as an environmental research facility by universities and environmental groups around the country."

In contrast to most U.S. foundations, the Edward Lowe Foundation is not a grant-making organization, but an operating entity that funds its own programs. "This appealed to Ed and Darlene because they wanted to create an organization that could interact directly with other groups," explains Don Bauters, director of finance.

"Ed also had a strong desire to see Big Rock Valley used in our programs, which an operating structure allows us to do," Bauters adds. "Ed envisioned a better learning environment for entrepreneurs — one that would help them face the types of challenges he had to deal with. He also had keen insights into learning because he didn't develop his skills in the traditional business school environment. I believe that Ed would be very proud of the progress we have made toward his vision."

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