



Economic Gardening

An entrepreneur-oriented approach to economic prosperity

It used to be that natural resources, low-cost labor and tax incentives were key factors in economic development. Today, however, the ability to assist innovative companies has become a key driver of economic growth and prosperity.

Supporting entrepreneurs isn't a new idea, points out Colleen Killen-Roberts, director of entrepreneurship at the Edward Lowe Foundation, which hosts the National Center for Economic Gardening (NCEG). "Yet in contrast to startup or relocation initiatives, Economic Gardening® takes a different approach to business assistance by focusing on second-stage companies

already operating in a community," she explains. "Economic Gardening helps these existing businesses grow larger by providing customized information they need to address strategic issues."

Second-stagers are companies that have advanced beyond the startup phase but haven't reached maturity. They typically have 10 to 99 employees and generate about \$1 million to \$50 million in annual revenue, although these numbers can vary, especially in rural areas. Other important hallmarks are their desire and ability to scale.

Why help second-stage entrepreneurs? For one thing, they are significant job creators. Indeed,

between 2005 and 2015 second-stagers represented about 17 percent of all U.S. business establishments, but generated more than 37 percent of jobs and 36 percent of sales, according to YourEconomy.org.

"In addition, second-stagers often have national or global markets, which means they're bringing outside dollars into their communities," says Paul Bateson, the foundation's general manager of Economic Gardening. "With greater experience and financial bandwidth, second-stagers are expanding into new markets and introducing innovations that impact their industries. Their stability and



“Second-stagers are moving fast and need just-in-time solutions.”

— Chris Gibbons

deeper pockets also enable them to offer more diverse, high-quality jobs and provide better benefits for employees.”

Tackling strategic issues

Second-stagers also differ from startups and microbusinesses by having different needs to continue growing. That’s why Economic Gardening focuses on strategic issues as opposed to other types of assistance such as business plan review, workforce development or cash flow analysis.

Instead, Economic Gardening specialists provide information and analysis on five key areas: core strategy, market dynamics, qualified sales leads, innovation and temperament. For example, specialists help companies:

- Identify new markets, industry trends and competitive intelligence.
- Map geographic areas for qualified sales leads.
- Raise visibility in search engine results and increase website traffic.
- Leverage social media to better connect with customers.

“Economic Gardening gives companies access to sophisticated corporate-level tools they can’t afford or may not know about,” says Chris Gibbons, NCEG founder who originated the concept of Economic Gardening in the late 1980s. “It gives them strategic information to solve problems and identify new opportunities.”

Case in point, Economic Gardening accelerated market expansion efforts for Waitr Inc., a software company

based in Lake Charles, Louisiana.

Waitr, which enables restaurants to provide delivery service through a smart phone app, was in three markets when it entered Louisiana’s statewide Economic Gardening program in mid-2016. “We had a list of target cities we were considering, but wanted to get more information before pulling the trigger,” explains Chris Meaux, co-founder and CEO of Waitr.

Using sophisticated GIS mapping tools, Economic Gardening researchers first identified 222 cities in 12 states that met Waitr’s population requirements, then overlaid the location of competitors on those target cities and ranked them according to desirable consumer demographics and psychographic data. This involved appending massive amounts of data to maps along with enhancements like color-coding so they could be read easily.

Although the research confirmed some cities Waitr already was considering, it also produced quite a few surprises. “The Economic Gardening data opened our eyes up to the types of markets we needed to focus on,” Meaux says.

Leveraging this data, Waitr opened 13 new markets within six months of completing its Economic Gardening engagement, with more market launches in the pipeline. “The Economic Gardening program saved us time and money and resulted in stronger markets,” says Meaux. In fact, when Waitr compared its first three markets to new ones selected from the Economic Gardening data, analytics showed the new ones were growing

400 percent faster.

“Economic Gardening changed our market expansion efforts from being a guessing game to having clarity where there was a high likelihood of success,” Meaux says. “Without it we would have been flying blind.”

Geared for speed

In addition to its unique toolkit, Economic Gardening is structured to accommodate an entrepreneur’s time-crunched schedule. Most engagements last over the course of a few weeks. CEOs typically spend eight to 12 hours communicating with the research specialists, who then spend additional time behind the scenes working on the company’s issues. Communications are conducted via the phone and online through NCEG’s proprietary Greenhouse Software System, so CEOs don’t even need to leave their offices to participate.

This is critical for second-stage firms, which already have products, services and customers in place. “Second-stagers are moving fast and don’t have time to get involved with programs that take months or years to produce results,” Gibbons points out. “They need just-in-time solutions.”

Surprising results

Economic Gardening doesn’t deliver hundreds of jobs in one fell swoop, but its impact over time is impressive. Take GrowFL, Florida’s statewide Economic Gardening program. Between 2009 and 2015 fiscal years, participating GrowFL companies created 4,067 direct new jobs and 6,875 indirect new jobs. They also increased state and local tax revenues by

more than \$81 million and net return on investment translated into \$9.10 for every \$1 of funding.

Another example, 178 companies in Louisiana Economic Development's (LED) statewide Economic Gardening program have created 561 new full-time-equivalent jobs and increased collective revenues by more than \$218 million — marking a return of \$8.13 for every \$1 invested.

And in western New York, 93 companies participated in a nine-county Economic Gardening program hosted by the Greater Rochester Enterprise. Over a three-year period, participants collectively increased their revenues by \$142 million and created 685 new jobs — reflecting the program's cost-per-job of about \$582.

"That's a fantastic return by any economic development measure," says Mark Peterson, CEO of Greater Rochester Enterprise. "In fact, it's probably a better ROI than almost any economic development incentive package in the country."

Beyond the data

Economic Gardening is about more than just data, points out Christopher Cassagne, an LED business development officer. "It provides a unique approach to addressing business challenges, and clients who develop a sound understanding of its frameworks can leverage that knowledge long after the closing of an Economic Gardening engagement," he explains. "By helping small businesses expand, Economic Gardening increases gross sales of participants, imports new wealth into the state of Louisiana and accelerates the creation of jobs."

What's more, Economic Gardening keeps the investment local, making it a long-term solution rather than a short-term fix.

"Growth businesses are on the radar screen of other states for potential recruitment," says Tammie Sweet,

Feedback from CEOs

"Economic Gardening gave us an immense amount of data that we could never have gotten our hands on otherwise," says Kent Rabish, founder of Grand Traverse Distillery in Traverse City, Michigan.

The researchers analyzed trends in tasting rooms and explored detailed demographic and socioeconomic data to show where the highest concentration of alcohol consumption was in Michigan. As a result, Rabish added two new locations that increased his company's bottom line by 20 percent.



Economic Gardening helped Stewart Industries of Battle Creek, Michigan, identify potential customers in industries outside of its traditional automotive space, expand into new product areas and launch a new metrology services division. The latter has resulted in new higher-paying jobs.

"Economic Gardening has helped us move from being a small, one-dimensional business of building assemblies to being a dynamic, multi-dimensional company with a continuum of services," says CEO Erick Stewart.



SCJ Alliance gained assistance in federal contracting and identifying new market opportunities. Within a few months of its Economic Gardening engagement, the Lacey, Washington-based engineering and planning company won a subcontract for work at a nearby military base and opened a new office that is adding jobs and could boost annual revenue by \$1 million.

"The program was a great experience," says Perry Shea, SCJ's senior principal. "The cost and time investment was minor compared to the opportunity we received."



Within four months of wrapping up its Economic Gardening engagement, Calls Plus won two large contracts with government agencies, and within a year had increased annual revenue by more than 60 percent and added 17 new jobs.

"Economic Gardening lit a fire under us," says Barbara Lamont, founder of the Lafayette, Louisiana-based telecom center company. "Before the engagement, we were floundering. Now we're faster, smarter and much more proactive."



director of GrowFL. “Economic Gardening reduces that possibility because it increases how entrepreneurs feel about their community — they’re far more engaged. They see the community not just as a place to have a business but a place where they can grow and thrive because the community supports them.”

Take Jim Hoffa, owner of West Tennessee Ornamental Door, who entered the Memphis-Shelby County Economic Gardening Program in 2014. “As a business owner, it’s easy to criticize the government and grumble about all the taxes we pay,” Hoffa says. “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.”

Relevancy for ESOs

For entrepreneur support organizations (ESOs) that aren’t already working with second-stage companies, Economic Gardening can be a powerful tool for building relationships.

Second-stagers entrepreneurs are a skeptical audience who tune out

many economic development entities because their programs typically aren’t relevant for them, says Steve Quello, managing partner of CEO Nexus in Orlando. “Yet their perspective changes dramatically after an Economic Gardening engagement. Second-stagers are now talking or working with support organizations in ways they weren’t before.”

The program also strengthens ties among support organizations. As they refer companies into an Economic Gardening program and deliver aftercare, organizations learn more about each other’s services. They 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.

Extended impact

Initially the impact of Economic Gardening is seen at the company level. Yet over time, it helps establish an entrepreneurial culture within



communities that is critical to regional growth. “When states and communities support initiatives like Economic Gardening, there’s a real stickiness,” points out Penny Lewandowski, senior consultant on external relations at the Edward Lowe Foundation.

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, explains Lewandowski. 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 it comes to deciding where to put valuable resources, it pays to bet on local businesses, particularly those mid-market companies that are creating sustainable jobs and riding the curve of innovation,” adds Lewandowski. “Their success drives the community’s growth.”

Economic Gardening: That was then, this is now

Economic Gardening traces its roots back to 1987 in Littleton, Colorado, when missile manufacturer Martin Marietta (now Lockheed Martin) cut its workforce in half, which resulted in 7,500 lost jobs and 1 million square feet of vacant real estate.

Littleton’s city council charged Chris Gibbons, then director of business and industry affairs, to work with local companies to create new jobs. Over the next two decades, Littleton put a moratorium on recruiting, incentives and tax rebates. Replacing these traditional economic-development tools, Gibbons implemented his concept of Economic Gardening, and Littleton more than doubled jobs (at a time when its population only increased by 23 percent) and tripled sales tax revenue.

To help other communities adopt his approach, Gibbons founded the National Center for Economic Gardening (NCEG) and partnered with the Edward Lowe Foundation in 2010 to

host the center. Since then NCEG has helped establish Economic Gardening programs in more than 25 states.

NCEG delivers strategic information through its National Strategic Research Team, a cadre of experts in various disciplines. The foundation has developed a proprietary software system, which enables host organizations, CEOs and the research team to communicate virtually through a secure portal.

NCEG also trains and certifies program administrators, team leaders and research specialists. “Certification is critical to ensure program participants meet national standards,” says Colleen Killen-Roberts, the foundation’s director of entrepreneurship. “High-fidelity programs have strong outcomes.”

To learn more about Economic Gardening, NCEG and the Edward Lowe Foundation, call 800-232-5693 or visit www.edwardlowe.org.