



# 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 regional prosperity. Today, however, the ability to support innovative companies and entrepreneurs has become a key driver of economic growth.

“We’re living in a period of exponential economic change, which means community leaders and economic developers must serve businesses differently than they did in the past,” says Mark Lange, executive director of the Edward Lowe Foundation in Cassopolis, Mich., which hosts the National Center for Economic Gardening (NCEG). “That’s where

economic gardening comes in.”

Economic gardening represents a new way of supporting growth companies. Often referred to as a “grow from within” strategy, economic gardening programs target existing companies in a region and help them become larger.

“We’re not saying that attraction and recruitment activities should be discontinued,” says Lange. “But they have been overemphasized, partly due to competitive and political pressures. A balanced approach is the key to building effective programs and strategies, which is why the foundation is an advocate for economic gardening.”

Economic gardening sets itself apart

from other types of economic-growth strategies by its target audience, tools and timing.

For example, traditional economic development programs offer tax incentives, workforce development services and infrastructure improvements to attract and retain large companies that may be considering relocation. At the other end of the spectrum, a variety of small-business development organizations serve startups and small businesses by providing assistance with operational and management issues such as business plan review, cash flow analysis and succession planning.

In contrast, economic gardening

focuses on growth-oriented companies and helps them with strategic issues such as developing new markets, refining business models and accessing competitive intelligence.

“Communities currently nurture their economies through recruitment, workforce development and small-business development,” Lange adds. “But there’s a fourth dimension we need to add — growth company development is the missing piece.”

### Target audience

When it comes to helping growth companies, some of economic gardening’s greatest returns come from second-stage companies — those 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, depending on their industry.

People often associate second-stagers with gazelles (companies with extremely high growth). Although gazelles pass through second stage, which makes it a good place to find them, they’re only part of the story. Second stage also includes companies with high-growth potential and companies generating steady growth that may be less dramatic than gazelles but is still impressive. It is their ability — and appetite — to scale that separates second-stage growth companies from other types of small businesses.

For example, some individuals may be self-employed because they like being their own boss, but job creation isn’t part of their game plan. Then there are small businesses that provide jobs in a community, but their growth is somewhat restricted by the local trading area.

Yet second-stage entrepreneurs not only are significant job creators, but often have national or global markets, which means they bring outside dollars into the community. Indeed, between 1995 and 2009, second-stage companies represented about 11 percent of U.S. resident establishments, but generated



more than 36 percent of jobs and 38 percent of sales, according to YourEconomy.org, the Edward Lowe Foundation’s online research tool.

Another hallmark: In comparison to small businesses and startups, second-stage entrepreneurs have different needs to continue growing — needs that economic gardening programs are specifically designed to address.

### The tool kit

Recognizing that information is the new currency of economic development, economic gardening networks leverage sophisticated business intelligence tools that second-stagers either can’t afford on their own or aren’t aware of.

Economic gardening research specialists typically assist in four key areas: strategic market research, geographic information systems, search engine optimization and social media marketing. For example, specialists help companies:

- Identify market trends, potential competitors and unknown resources.
- Map geographic areas for targeted marketing.
- Raise visibility in search engine results and increase website traffic.
- Track websites, blogs and online communities to better connect with customers.

In a nutshell, economic gardening specialists enable CEOs to identify opportunities they may not be aware of and point them to new tools and information to apply immediately.

Second-stage entrepreneurs also need to shift their leadership role as the company grows, build a strong management team, create a clear vision and then communicate it consistently.

“This is where temperament tools can help,” says Jessica Nelson, NCEG operations manager. Understanding temperament (personality preferences, such as extroversion and introversion or how people process information), can help entrepreneurs recruit high-performance teams that balance their own inherent strengths and weaknesses, she explains. “Leaders can also make sure employees are in positions that enable them to play to their strengths.”

Economic gardening specialists also review the core strategy of companies’ business models to help them refine their sustainable competitive advantage.

“Many companies have become successful by carving a unique market niche, but then find themselves transforming into a commodity business without realizing it,” Nelson

says. “This is what’s especially important about economic gardening: It teaches entrepreneurs to see their businesses clearly and think strategically.”

### The timing

The third defining characteristic of economic gardening is its speed.

Most engagements last over the course of two to three weeks. During that time, a CEO spends eight to 12 hours communicating with research specialists, who spend about 36 hours working on the company’s issues.

“This is critical for second-stage firms, which already have products, services and customers in place,” says Chris Gibbons, NCEG founder. “They’re moving fast and don’t have time to get involved with programs that take months to produce results. They need just-in-time solutions.”

Case in point: Missy Rogers was introduced to economic gardening when she participated in Louisiana Economic Development’s pilot program in fall 2011. “I was very pleased and found it to be a wonderful resource once I understood how it worked,” says the president of Noble Plastics, a custom injection-molding manufacturer based in Lafayette, La.

Rogers admits that she was skeptical at first. “I thought it would be about some intimidating financial expert who would look at my books and tell me everything I’ve done wrong,” she says. “Instead, it was about a team of research experts pushing me to do more of what I was doing right.”

One of Rogers’ challenges was further penetrating the military and defense markets. “We already had a few clients and thought we should be intensifying our efforts here,” she explains. “Yet we didn’t know how to go about it. The economic gardening team was able to give us a good overview of who the big and little players were, specific contact information and which ones I should approach first.”

“The process was faster than I

thought — and I got more information than I expected, which has enabled me to zero in on the best opportunities,” Rogers adds. “I could have spent days trolling websites looking for contacts and not getting anywhere. The research team had answers for me in hours.”

In addition to fast answers, economic gardening programs are also geared to accommodate an entrepreneur’s time-crunched schedule. In fact, participation in NCEG networks is completely virtual. Communications are conducted via the phone and online through NCEG’s proprietary Greenhouse Software System. CEOs don’t even need to leave their offices.

### Some surprising payoffs

“One of the reasons economic gardening works is because it’s flexible,” observes Tammie Nemecek, director of partner development at the Florida Economic Gardening Institute at the University of Central Florida. “Entrepreneurs don’t have to be pigeonholed into a particular framework. With economic gardening, it’s a conversation about how the

entrepreneur is going to grow and giving them the resources and knowledge about how to accomplish that. Economic gardening celebrates every single job along the way.”

For entrepreneur support organizations (ESOs), economic gardening has some powerful side benefits, Nemecek adds. “Entrepreneurs turn into advocates for the ESO and become a very vocal group that can drive positive change in a community.

“I can stand in front of a group of legislators all day long, and they’ll smile and nod their heads. But if I show up with a group of entrepreneurs telling how economic gardening has impacted their companies, the legislators really pay attention.”

Economic gardening helps establish an entrepreneurial culture within communities that is critical to regional growth. “Local businesses tend to have greater commitment to their regions and the most impact on sustainable job creation than companies with out-of-state headquarters,” points out Lange. “If they grow, the whole community benefits.”

## The need for speed



Economic gardening specialists function much like an outsourced team of experts. Their goal is not to dictate or implement solutions, but to help CEOs identify issues that might be hindering growth — and point them to new tools, business concepts and information to make better decisions.

“Economic gardening is about applying just-in-time, high-end expertise rather than counseling,” says Steve Quello, founder of CEO Nexus in Winter Park, Fla., and an economic gardening expert. “Entrepreneurs know more about their companies than anyone else. Give them a better view of the big picture, and they can make adjustments themselves.”

One challenge, however, is getting up to speed with entrepreneurs. During initial meetings, considerable time is spent discussing an entrepreneur’s background, company structure, goals and growth issues. Then, as economic gardening specialists learn more about each company, they become more efficient at delivering actionable information. It’s a back-and-forth, ongoing relationship.

To gain trust and truly make a difference, economic gardening organizations must act like the entrepreneurs they serve. “That means being nimble and nonbureaucratic,” Quello explains. “Entrepreneurs need answers in hours or days, not weeks or months.”



# National center helps launch programs and maintain standards through training and certification

In 2010 the Edward Lowe Foundation partnered with Chris Gibbons, who originated the concept of economic gardening in the late 1980s, to create a national center.

Housed at the foundation, the National Center for Economic Gardening (NCEG), helps state and regional organizations get economic gardening programs off the ground quickly via its national research team. The national team includes strategy specialists and experts in market research, geographic information systems, search engine optimization and social media marketing.

“Having access to NCEG’s national research team was a tremendous asset,” says David Bennett, business development officer at Louisiana Economic Development, which began its pilot program for economic gardening in July 2011.

“We launched our program just six months after learning about economic gardening, and there was no way we could have built our own team of research specialists,” Bennett explains. “The professionalism and expertise of NCEG’s team far exceeded our expectations.”

NCEG also has developed a proprietary software system so that host organizations, CEOs and the national research team can communicate virtually through a secure portal — which means time-crunched CEOs can participate in the program without even leaving their offices. The software system also handles administrative tasks, such as tracking the research team’s time and participants’ progress.

Another important function of NCEG is to train and certify programs and research specialists, points out Jessica Nelson, the center’s operations manager. “Certification is critical to ensure

program participants meet national standards,” she says.

“Going through NCEG certification was really helpful in my understanding the big picture,” says Nicole Whitehead, manager of sales operations at the Michigan Economic Development Corp., which launched its economic gardening pilot program in November of 2011. “It gave me the background I needed to articulate our program to interested parties and be able to answer their questions.”

That education is important because explaining what economic gardening is all about can be a challenge, agreed Whitehead and other program managers. Indeed, people often think they’re

practicing economic gardening, when they’re actually using traditional economic development tactics.

“This isn’t about connecting entrepreneurs to other institutions,” Whitehead explains. “It’s not about providing them with list of banks or trying to help with workforce development or tax credits. Economic gardening is a very customized set of tools that drills down into a company’s products, services and competitors — and delivers information that will help them with strategic growth.”

*To learn more about the NCEG and the Edward Lowe Foundation, call us at 800-232-5693 or visit [www.edwardlowe.org](http://www.edwardlowe.org).*

## Feedback from entrepreneurs

“Economic gardening enables you to take the things you’ve put on the back burner and push them to the front. I’d been involved in a business assistance program a few years ago that turned out to be just a way for consultants to find clients. Yet this was completely different — from the quality of services to its speed. The research team picked up on what we were doing really quickly and was also fast to get back to us with answers.”

— Rick Mekdessie, founder of e-Gov Systems, a developer of tax-collection software in Baton Rouge, La.

“Economic gardening is like a shot of adrenaline for a business... There are things you know you should be doing to grow, but there simply aren’t enough hours in the day to get to them. The program creates structure and deadlines — and gives you resources to research some of those strategic issues.”

— Mike Fox CEO of Ingenuity IEQ, a provider of indoor air quality solutions based in Midland, Mich.

Among the first participants in Network Kansas’s economic gardening program, Mary Kueny was asked if she would have paid for the services that the network provided at no cost. “In a heartbeat!” says Kueny, owner of The Porch Swing, an Internet retailer with a bricks-and-mortar store in Marysville, Kan. “Every bit of information I received from the research team was very valuable.”