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ED Now Feature | To Grow Jobs at Existing Companies, Focus on Stage Two

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Stage two companies—those with 10 to 100 employees and \$1 million to \$50 million in sales—create more jobs than firms of any other type. Economic Gardening is an approach designed to give them the strategic assistance they need to overcome barriers to growth.



By Louise Anderson

It wasn't very long ago that programs to foster entrepreneurship and small business development were just a sliver of most communities' economic development portfolios, if they existed at all.

Things have changed a lot over the past couple of decades. From startup weekends, pitch competitions, mentoring and networking groups to incubators, accelerators, university degrees and more, entrepreneurship support programs are common today. Each serves a particular niche, audience or function, with varying degrees of success.

One program, however, has gotten consistent results and while continuously refining its approach for 32 years now: Economic Gardening.

That's upper-case Economic Gardening, not lower-case economic gardening. The difference? Many people use the term "economic gardening" generically to refer to any "grow your own" approach to creating jobs. Upper-case Economic Gardening, on the other hand, is formal program that began and operated in Littleton, Colorado, for 25 years. Now run by the National Center for Economic Gardening, it's a distinct approach that uses very specific tools, principles and practices.

ED Now and IEDC's *Economic Development Journal* have [written about Economic Gardening at various times over the years](#), but it's time for a reintroduction and a look at how the approach has changed over three-plus decades of practice.

How it works

Economic Gardening focuses exclusively on helping second-stage companies (those with 10 to 100 employees and \$1 million to \$50 million in sales) grow in a community. Second-stage companies aren't that common – typically 10 to 15 percent of all companies – yet they create more jobs than companies in any other stage, about 35 to 45 percent of all new jobs.

In Economic Gardening, companies get assistance that is strategic, not operational. A company's engagement with the program involves interviewing the CEO to determine the root problems that are preventing growth. Economic Gardening organizes these root problems into five “frameworks”: core strategy, market dynamics, innovation, temperament and qualified sales leads.

Core strategy: Does the business compete by having a better product, or the lowest price? Management must focus either on cost reduction or continually creating new products; the strategy differs significantly between each approach.

Market dynamics: Where is the market “ripe” – growing, being disrupted, or not consolidated yet? What is the number and nature of competitors? What is the company's own business model?

Innovation: All businesses must innovate to compete. Where does the company's innovation occur – by bringing new products to market or innovating in internal processes to drive down costs? (As Economic Gardening founder Chris Gibbons notes, “all product innovation is eventually commoditized, so you can never rest on your laurels.”)

Temperament: Like being right-handed versus left-handed, people are born with additional preferences for things like introversion versus extroversion, control versus freedom, concrete versus conceptual, and people versus things. These temperament preferences affect team members' ability to do certain kinds of jobs.

Qualified sales leads: To produce new wealth and jobs, companies must sell more. Key to spotting sales opportunities is identifying where change is disrupting the established relationships between buyers and vendors.

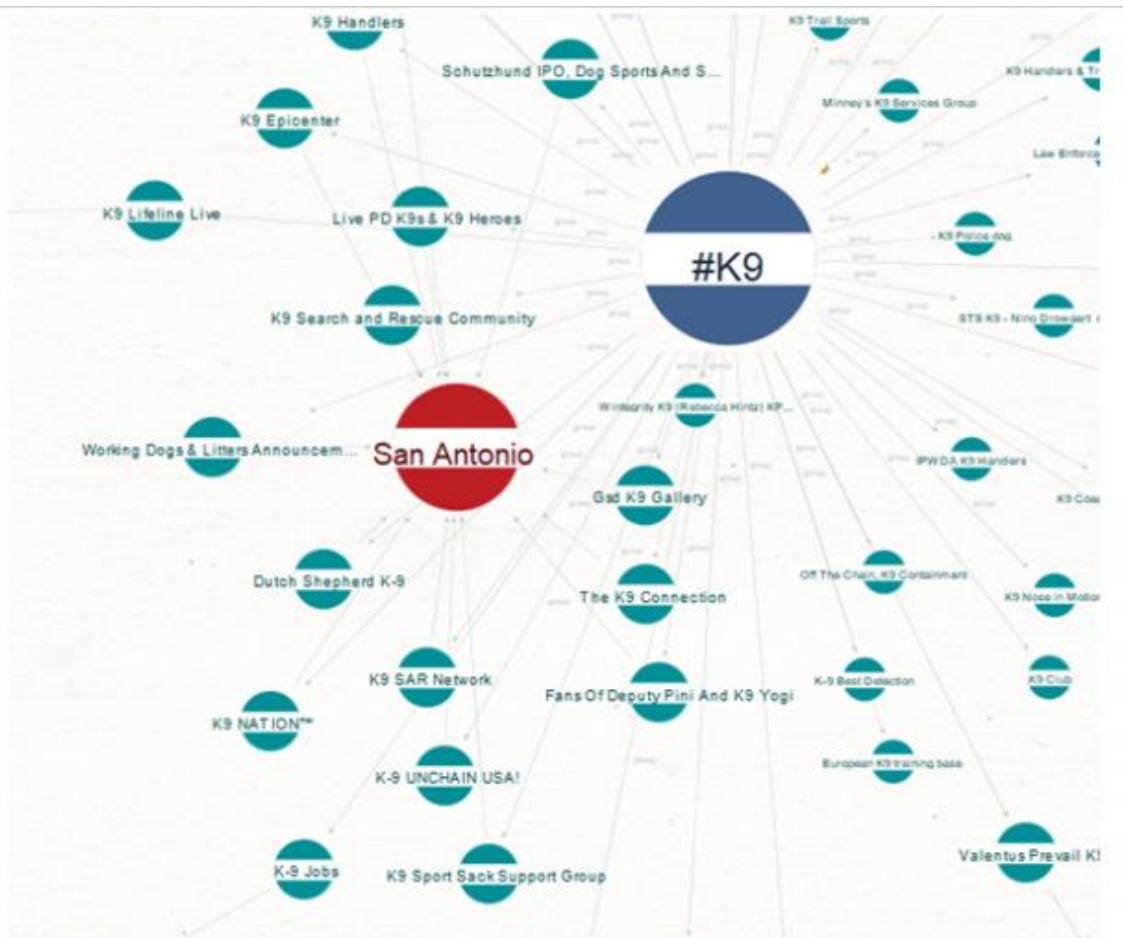
Once the company's growth challenge(s) has been identified, Economic Gardening specialists use sophisticated research techniques to uncover strategic information that suggests solutions. The primary tools include commercial database subscriptions (now exceeding 100), GIS mapping, and digital marketing (e.g., search engine optimization, keywords, Google AdWords, social media and competitor sites).

What's different today

Economic Gardening got its start pre-Internet, so obviously the practice has evolved dramatically as more sophisticated digital tools and techniques have become available. Gibbons describes the shift as moving “from Kitty Hawk days to space shuttles.” Three newer strategies include listening posts, network mapping, and deep web search techniques.

Listening posts pick up consumer chatter and look for public signals of volatility. For example, if a CEO is fired, a company is bought out, regulatory problems crop up, any of those events mean that things are thrown up in the air. “It’s easier to make sales in a volatile environment than a stable one,” Gibbons notes.

Network mapping uses electronic communications to identify and draw dots and lines to the “center of the universe” on any given subject; the size of the dot is related to the number of people connected to it. One company, for example, wanted to understand the market for floppy-eared, bomb-sniffing dogs (beagles are less threatening than German shepherds in airport security). The network map showed that San Antonio had a concentration of companies, experts and research organizations in that industry.



Network map showing San Antonio's concentration of companies, experts and research organizations related to working dogs

Deep web searching uses various website drilling techniques to get beyond the standard Google search results. Many organizations keep strategy or marketing PowerPoints or Excel spreadsheet lists on their websites which can be accessed through public searches. A number of exotic databases exist on the deep web that don't show up in the first three pages of search results. For example, ProPublica has every Medicare procedure done by every doctor.

The proof in the results

Unlike some entrepreneur support programs, Economic Gardening can show measurable results, and has been around long enough to have a track record. For example, in Rochester, N.Y., the program helped 134 companies create 900 jobs, increase their revenue by 32 percent over two years, and generate \$170 million in new income. And In Louisiana, as of October 2019, the state's program had helped 239 companies created 2,053 new jobs and increase gross annual revenue by \$349 million.

Aggregated data show that Economic Gardening programs produce jobs at a 16 to 25 percent growth rate, when typical growth might be 2 to 5 percent. The cost per job runs around \$2,000, much lower than many incentive programs.

Ultimately, Economic Gardening is about exporting innovation, says Gibbons. Places that are not innovation-oriented are the places that are hurting the most economically. And though small towns and rural areas tend to be more commodity-oriented, Gibbons has seen good results from Economic Gardening in these places.

"There are people oriented to growth companies in rural areas," he says, but sometimes, a change of culture and belief systems is needed first: "You have to believe that you can grow your own companies."

To learn more or explore a pilot program for your state or community, contact the National Center for Economic Gardening at <https://economicgardening.org/>.