NATIONAL CENTER FOR ECONOMIC GARDENING

Ten Economic Gardening Terms and Principles You Should Know

Economic Gardening® is the premier entrepreneurial approach to economic development in the country https://economicgardening.org/ It is both an idea (grow your own economy by supporting local entrepreneurial companies) ***and*** *a specific set of terms and principles. The terms below are central to certified Economic Gardening programs.*

Two Cycle Economy

The economy can be viewed as a 2-cycle system**.** It innovates new products and services in the first stage, and then it commoditizes them and drives down the price in the second stage. Wealth and jobs increase during the expansion stage and then concentrate in the second stage.

Commodity Traps

Commoditization means the product cannot be differentiated and so lowest price wins. To get the lowest price requires reducing expenses including wages. This downward cycle of tit-for-tat price reductions creates commodity traps which circulate around in the economy, sucking employees and communities into poverty and decline. The antidote is innovation which creates new products, new jobs, new wealth. Innovation, in essence, is a short-term monopoly which allows higher profit margins – until competitors commoditize the product/service.

Bathtub Analogy

A community's local economy can best be understood with a bathtub analogy. Water in a bathtub is analogous to money in the local economy. It circulates among local businesses. If someone buys something from out of town, then the money leaves via a drain. If a local company sells outside of the community, then new money enters the tub via a faucet. If the faucet and the drain run at the same rate, then the community is stable. If the drain runs faster than the faucet, the community declines. If the faucet runs faster than the drain, then the community grows and there is more money to circulate among the local businesses.

Faucet Companies

Faucet Companies are typically local, Stage 2 businesses which sell innovation outside the community. Stage 2 companies have 10-100 employees and $1 – 50 million in sales. They have already mastered basic business skills. Their issue is not survival but rather building an organization for growth. They need strategic information about markets, competitors, business models and core strategy.

Three Marketing Channels

Economic gardening uses three marketing channels: outbound (meaning a list with individual contacts), inbound meaning Google searches on the website and watering holes meaning physical and virtual places where the target customer gathers. Outbound marketing has five steps: build a profile, run a universe list, refine the universe list with keywords, look for signals of change indicating the prospect is in the market and find contact information. The critical step is signals of change.

The 2% factor

Economic Gardening's experience with various types of marketing campaigns kept turning up a number: 2%. No matter whether it was a field sales force, telemarketing, direct mail, or Google ads, the general effectiveness rate ran around 2%. This raises the question: "Can we identify and target the 2% without having to call on the other 98%?" The answer is yes, by spotting signals of change.

Sales Window

The purchase process typically goes through four steps. In step 1 motivation is established to purchase something. Step 2 is the investigation stage to determine what the choices are. Step 3 is an evaluation stage to determine which one is best. Step 4 is selection, meaning picking the best option.

This entire purchase process can be considered a sales window in which the probability of making a sale rises substantially inside the sales window. Outside the sales window, the probability of a purchase is low. There is a time factor associated with sales windows. They open for a period of time and then they close. Timing is of the essence.

Intercept Investigations

Old economy marketing focuses on Step 1 (motivate) and Step 4 (close the deal). Marketing in Economic Gardening focuses on Step 2, the investigation stage. Motivation

has already been established by some change internal or external to the company, and they are now investigating their options. Economic Gardening marketing intercepts that investigation stage.

Signals of Change

Economic Gardening identifies the sales windows by looking for signals of change. These changes may be internal or external, but they indicate the old bonds between a customer and vendor are about to be broken. These changes can be mergers and acquisitions, new CEO, new products introduced to the market, changes in physical locations, lawsuits and regulatory problems.

Five Frameworks

Economic Gardening is built around five frameworks that address typical root problems in a growing business. These consist of core strategy, market dynamics, innovation, temperament, and qualified sales leads. These business model issues must be solved before a marketing plan can be developed.