

*I THINK THAT MAYBE INSIDE ANY BUSINESS,  
THERE IS SOMEONE SLOWLY GOING CRAZY.*

---

Joseph Heller

Something Happened



# Too Many Damn Hats!





50 Shades  
of Green

# ECONOMIC GARDENING: AN ENTREPRENEURIAL APPROACH TO ECONOMIC DEVELOPMENT

A Presentation to the Virginia Main Street Summer Toolkit: Cultivating  
Healthy, Vital Communities, July 18-19, 2012, Warrenton, VA by the Virginia  
Business Incubation Association

*Shaping the Commonwealth's Small Business*



# How does our garden grow?



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# WHAT DO WE WANT TO ACCOMPLISH TODAY?

- Review “economic gardening” as an engine of growth in our region.
- Discuss strategies that we could adopt to enhance the growth of second stage companies as a key, long-term economic driver.
- Determine and Commit to specific actions on the path to sustainable entrepreneurial growth.

- The mission of the VBIA is to *promote, encourage* and *support* the successful establishment and operation of small business incubation programs to stimulate economic development activity in Virginia.

**80% of all job growth comes from small firms (<50) and are vital for economic growth!**

It was the best of times, it was the worst of times



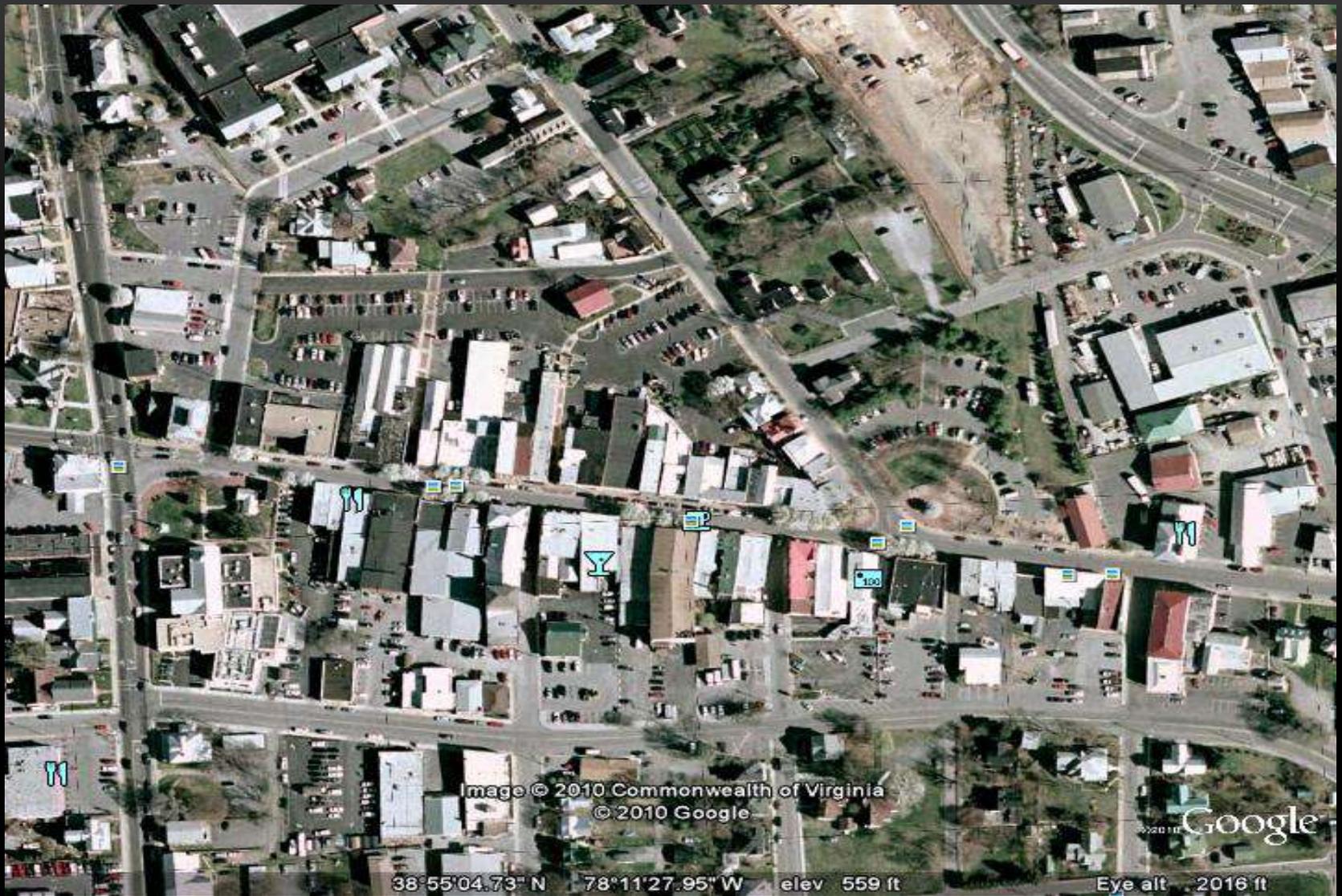
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# Front Royal, VA



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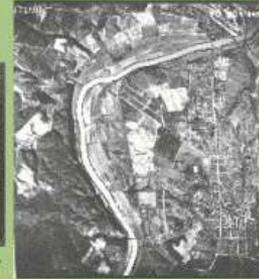
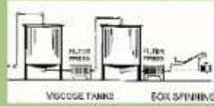
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**80% of all job losses  
comes from small firms  
( $<50$ ) when they fail**

**BUT – the effect on a  
Community when a large  
plant closes with  
100's or 1000's of jobs  
lost can be devastating!**

# Avtex Fibers Interpretation

## Manufacturing Era (1940 - 1989)

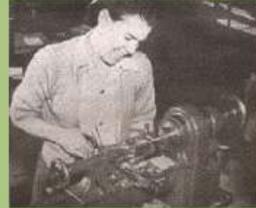


## Plant Construction and Periods of Ownership

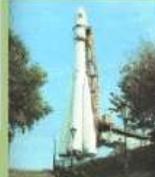
AMERICAN VISCOSE CORPORATION  
*World's Largest Producer of Rayon Fibers - Lenoir, Ohio, Ltd., 1940-1989*



## Age of Rayon - Manufacturing Process & History



## Manufacturing Lifestyle

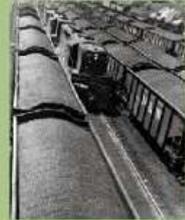


## Rayon's Many Uses - Defense Industry and Everyday Objects

EDAW



**FMC** worldwide



## Norfolk and Western Railroad

[www.avtexpibers.com](http://www.avtexpibers.com)



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# Re-balance our economic development strategy

**Needed Emphasis**

**Existing Growth  
Companies**

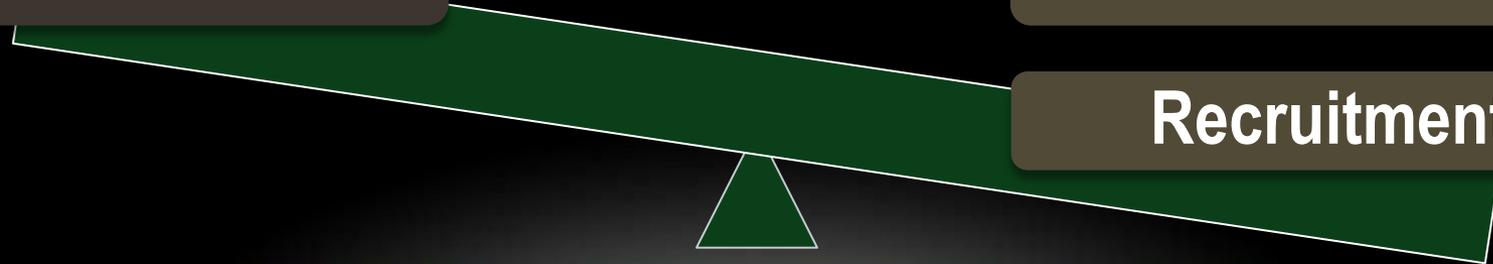
**Grow From Within**

**Current Emphasis**

**Startups**

**Small Businesses**

**Recruitment**



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*“Homegrown businesses tend to have deeper roots in the community and are at least as willing as – and frequently more willing than – anyone else to invest back in the community over the long-term.”*

Lee Schroeder, Executive  
Director, Henry County (Ohio)  
Economic Development Team

by Joki 2004

# Target

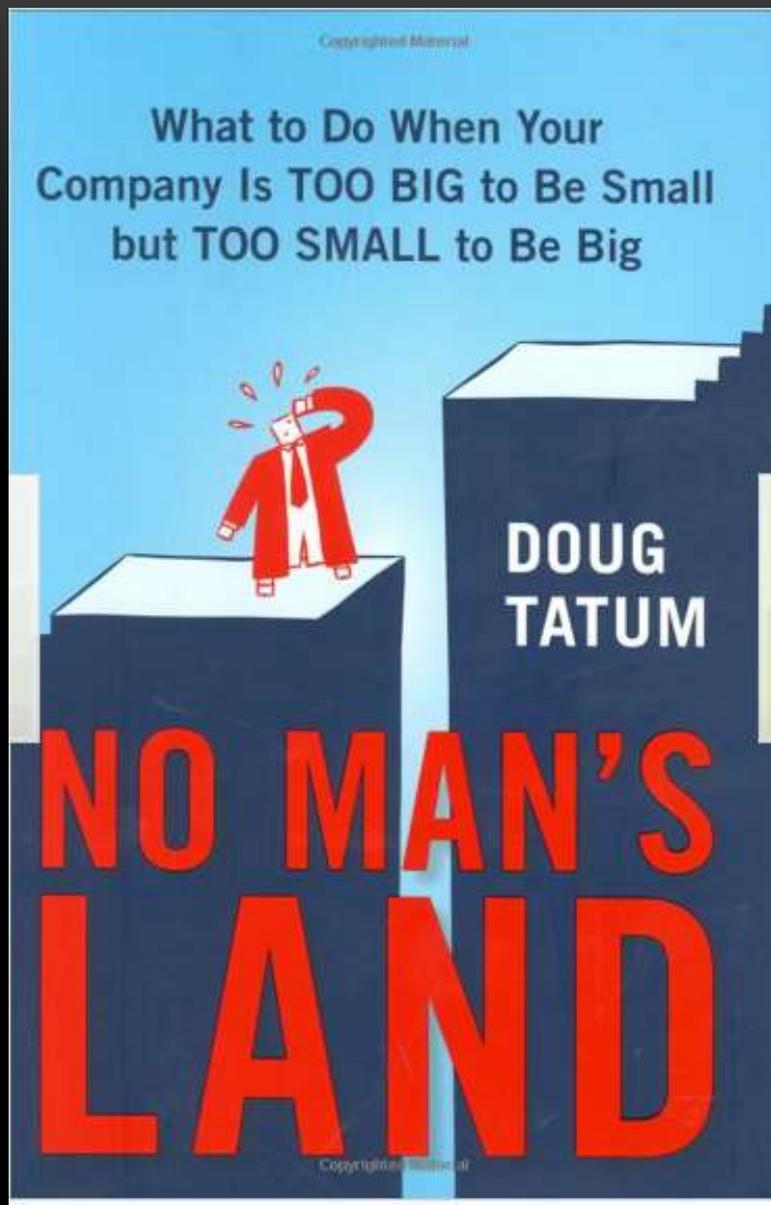


## Defining & Finding Growth Companies

- Past startup – with proven model
- Appetite and aptitude for growth
- Serving markets outside the region. (National & International)

- 10-99 employees
- 1-50 Million in Revenue
- Includes High Growth, High Potential and Steady Growth

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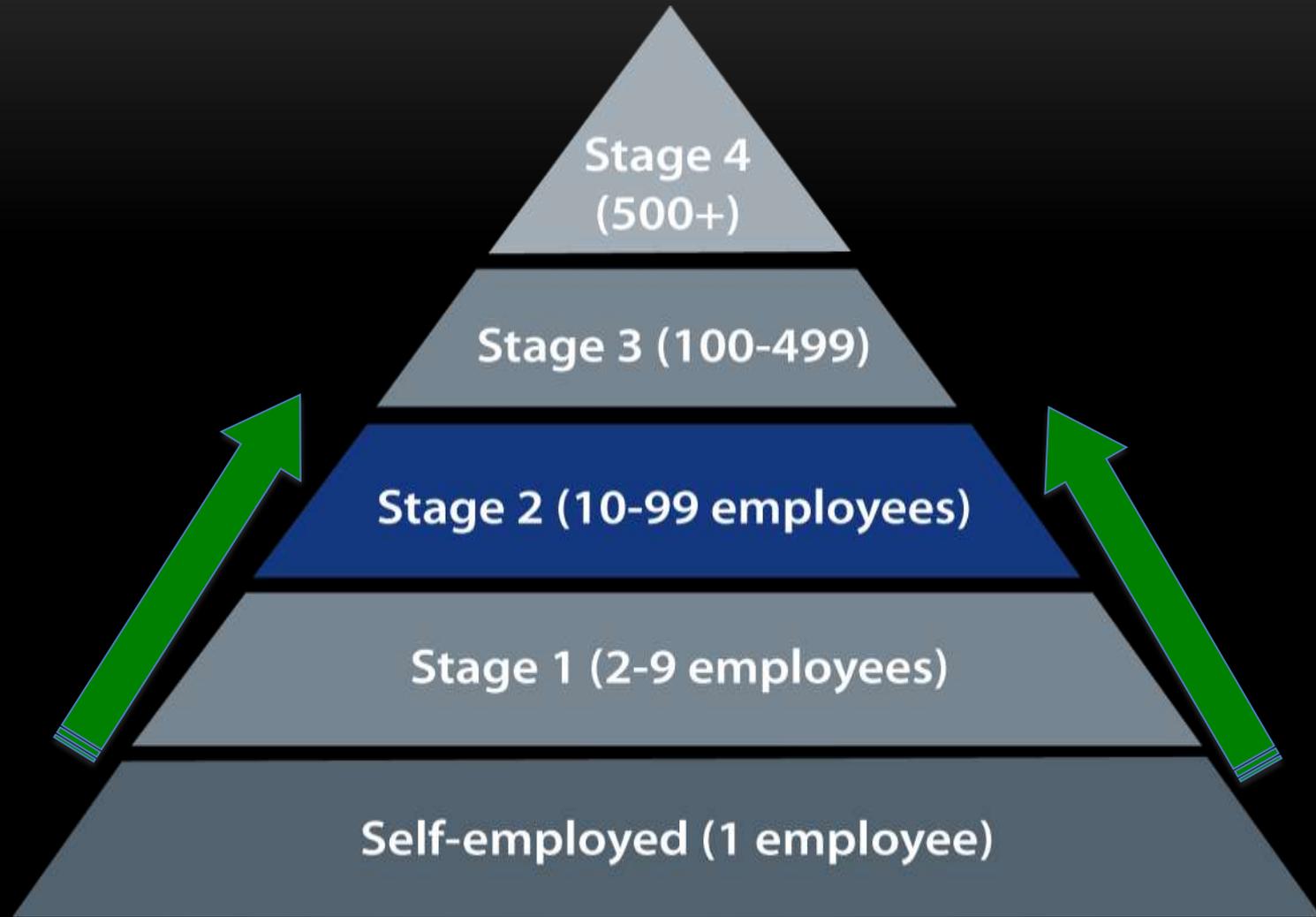
*These companies have outgrown small business counseling.....*

*.....but are not ready for high-end consulting and market research budgets*

**We call them –  
Second-Stage**

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# Identifying Growth Oriented Companies



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# Existing companies have more impact that we realize

Annual Average U.S. 1990-2008

New Startup Jobs

5 Million per year

Expansion Startup Jobs  
+  
Expanding  
Company Jobs

3 Million per year

5.5 Million per year

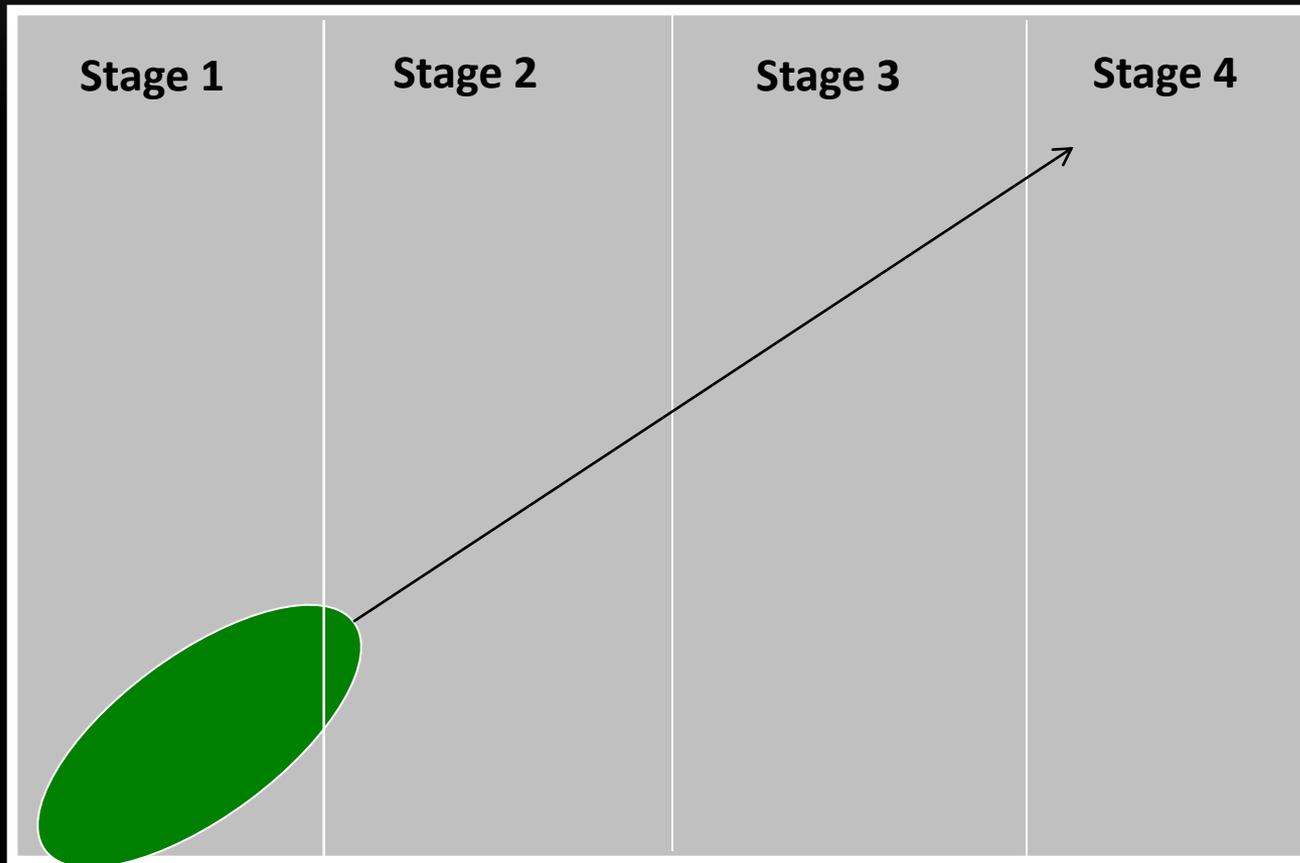
8.5 Million per year

**71%  
Higher**

Source 2009 Preliminary NETS Database©

# Business Development – “Growth” Companies

## The Perceived Ideal

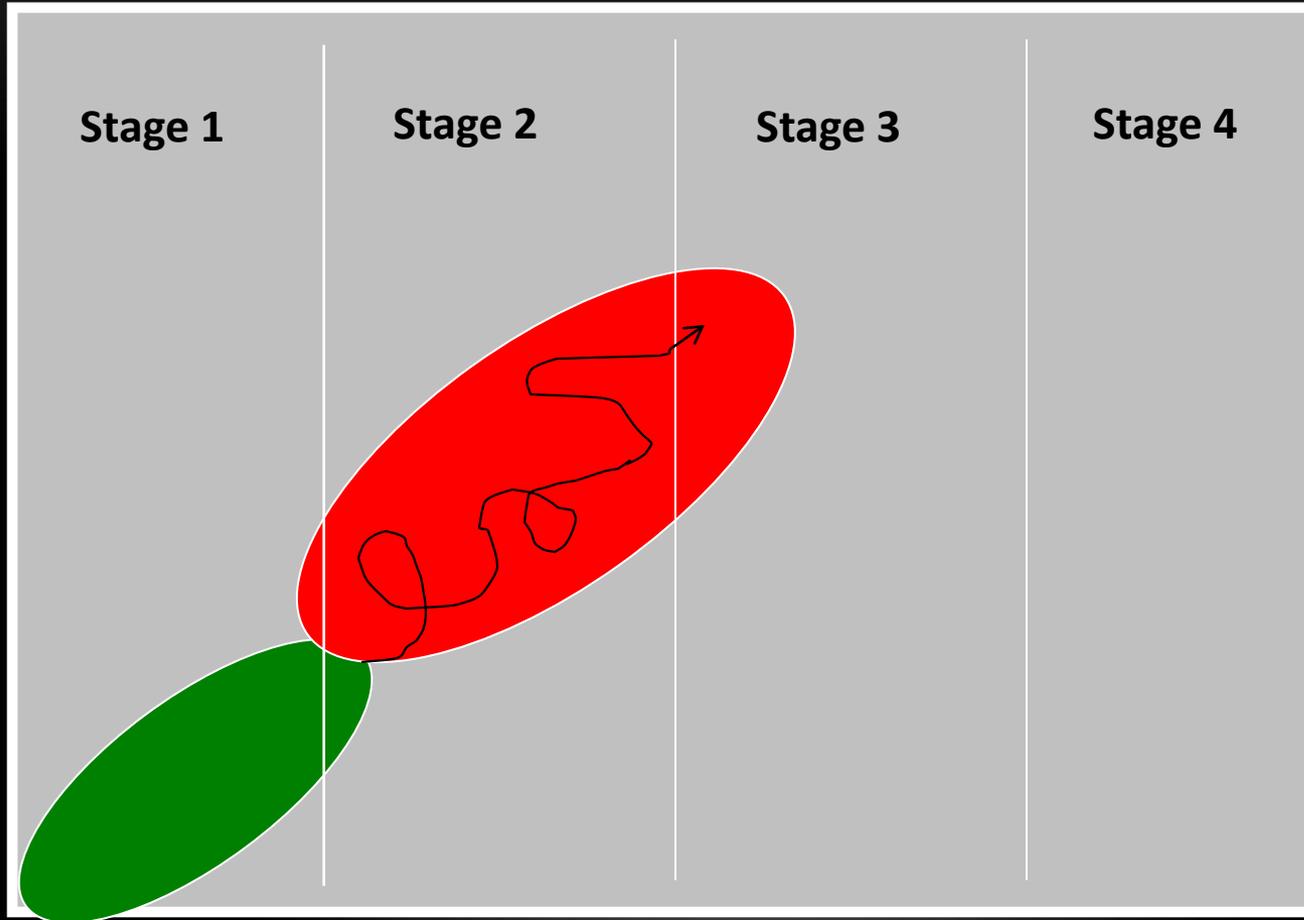


### Role Changes

- Continuous
- Rapid
- Initial
- Start-up

# Second-stage Growth Companies

## The Reality of Growth



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# Littleton, Colorado



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# The first to put it all together Littleton, CO

1990 - Littleton, Colorado  
Economic Gardening Program  
Founded largely by Chris Gibbons  
and Jim Woods  
Gradually built highly successful  
information system for local  
businesses  
Doubled jobs and tripled tax  
revenue over 25 years  
Gained national and international  
attention



# So what IS Economic Gardening Anyway?

- There are clear boundaries between EG and two other ED activities: recruiting and business assistance
- Economic Gardening is:
  - A philosophy – it is an idea that entrepreneurs drive growth and a series of principles for guidance
  - Public has three major roles:  
information, infrastructure, connections
  - Focused on growth companies – particularly Stage II (10 – 99 employees, >\$1M revenues)
  - Culture is vital

# Economic Gardening Key Principles

- A balanced portfolio strategy
- Moving companies doesn't impact job creation
- Existing companies have a dynamic impact
- Not all businesses are created equal
- Gain a clearer picture of what is within your economy
- Company support provided by highly trained, fast responding teams
- It is a marathon – not a sprint

# So what IS Economic Gardening Anyway?

- Uses sophisticated corporate tools:
  - Database searching
  - Geographic Information Systems
  - Search Engine Optimization
  - Web marketing
  - Social media and research tools
  - Network mapping

# So what IS Economic Gardening Anyway?

- It focuses on front end, strategic issues of business
  - Core strategy
  - Market dynamics
  - Marketing
  - Teams
  - Finance



**Support is provided extremely rapidly – hours/days  
and not months and years**

# So what IS Economic Gardening Anyway?

- *It is NOT*: after hours networking, recruiting, usual business assistance, annual surveys, a financing program, a “buy local” program, an appreciation dinner, counseling, consulting, etc.
- It uses cutting edge scientific theories
- It is driven by innovation and not the cheapest place to do business
- It needs a highly skilled EG staff working in an iterative manner with business owners
- The EG organization itself must be as entrepreneurial as the companies it deals with

# IN CONCLUSION –

- Economic Gardening –
- Is not a quick fix
- Is not a silver bullet
- It IS a long term strategy
- It is not a fad diet
- It will take awhile to make the necessary lifestyle changes and to create sufficient scale to make a difference
- Company growth is not instantaneous
- Patience and commitment will produce great results

# FOR DISCUSSION

- Do we differentiate between first and second stage companies?
- Are there support programs for later (2<sup>nd</sup> & 3<sup>rd</sup>) stage company growth requirements?
- Where are the gaps and what types of assistance is needed to provide a more complete support system?
- What specific actions can we commit to for driving sustainable entrepreneurial growth?

# FOR DISCUSSION

- Where can we learn more about entrepreneurial communities and how to foster them?

# WHERE CAN I GET HELP?

- Virginia Department of Business Assistance
- Small Business Development Centers
- SCORE

# Some resources:

- **Edward Lowe Foundation** ([www.edwardlowe.org](http://www.edwardlowe.org))  
Organization embraces entrepreneurship as source for economic growth. Presented at the VBIA 2011 conference. Go to VBIA website for copies of their presentations.
- **Ewing Marion Kaufman Foundation** ([www.kaufman.org](http://www.kaufman.org))  
World's largest foundation devoted to entrepreneurship.
- **Center for Rural Entrepreneurship**  
([www.energizingentrepreneurs.org](http://www.energizingentrepreneurs.org))

Managing Director Deborah Markley spoke at the 2010 VBIA conference. Huge resource for entrepreneurial information. Go to: [www.vbia.org](http://www.vbia.org) to get their regional assessment tool and other tools to help create entrepreneurial communities.

## More resources:

- **Entreworks** ([www.entreworks.net](http://www.entreworks.net))

Run by Eric Pages, another great entrepreneurial resource site; is well known to economic development organizations.

- **Virginia Business Incubation Association**  
([www.vbia.org](http://www.vbia.org))

Association that provides support to Virginia organizations for entrepreneurial support. Comprehensive website.

- Site for all kinds of regional economic information  
[www.youreconomy.org](http://www.youreconomy.org)

## Even More resources:

- Mark Lange and EG  
<http://www.youtube.com/watch?v=y8CiQ1Ztxbl&feature=related>
- Michigan Announcement 2011  
<http://www.youtube.com/watch?v=ub7vKvwYQr4>
- Littleton Colorado – Home to EG  
<http://www.littletongov.org/bia/economicgardening/>

**VBIA Annual Conference**  
**October 22-23, 2012**  
**Charlottesville, VA**  
**Double Tree Hotel**  
***“ Growing Your Own: Nurturing  
Entrepreneurial Skills & Small  
Business Potential“***



Alpha Natural Resources



verizon



VTKnowledgeWorks



VIRGINIA'S REGION 2000  
TECHNOLOGY COUNCIL



Mason Enterprise  
Center



VirginiaTech  
*Invent the Future*  
Office of Economic Development



COTA  
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WILLIAM & MARY  
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AND COMMUNITY DEVELOPMENT  
*Partners for Better Communities*



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VBIA

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# Questions?