Economic Gardening- Practices, Principles and Implementation
Innovative Economic Development Strategy

Focus on growing existing targeted businesses rather than attracting (poaching) new firms from outside the region
“More than simply a metaphor for explaining evolving priorities and practices in the field of economic development, economic gardening is emerging as a cohesive framework of proven techniques that both challenge and complement conventional wisdom in the field.”  SBA Quotation
“Growing the economy from the inside out”

Chris Gibbons
City of Littleton, CO 1987

Recovery from massive layoffs and high unemployment
Economies are grown out of entrepreneurial growth and expansion

*Our job in economic development:*

*Connections*

*Infrastructure*

*Information*

*Economic Gardening and Competitive Intelligence*
A Model of Business Distribution
By Growth Stage

- Stage One (1 to 9)
- Stage Two (10 to 99)
- Stage Three (100 to 499)
- Stage Four (500+)

Employees
Economic Development Application - Clusters

Vertical Industry Clusters
Cover all stages
“Horizontal” Cluster by Stage of Growth

Vertical Industry Clusters Versus Horizontal High Growth Second Stage Clusters
Focus on Sector Instead of Poaching

The largest sales and job decreases in the last decade are in Stage 4 companies (500+ employees)

And it distracts from other economic development efforts
Methods and FOCUS

Strategy
Finance
Market Dynamics
Marketing
Team Dynamics
Traditional attraction services cannot grow economies on their own

We must innovate and support with relevance
What drives growth?

Small, local companies as the driver of jobs, wealth and new investments
Gazelles

Who are the leaders and how can we help them thrive?

3-5% of companies
Fast growing and nimble

Western Washington University

Center for Economic Vitality
Innovation and Temperament

Ideas and people drive company growth

Specifically...
Particular types of leaders drive growth
Supporting Growth and Understanding “Predictability”

A + B = X

Unpredicted output

Center for Economic Vitality
at the College of Business and Economics
Western Washington University
Innovation and Survival

Frozen → Stable → Chaotic

Point of innovation

Edge Chaos
Shifting from the Commodity Trap

Race to the bottom

Natural Resources-Subject to risk
Racing Up

Helps to change the structure of thinking about enriching businesses success

• Market expansion
• Exporting
• Management strategies
• Hiring
Resources Empower Decision Making

- Businesses
- Business Support Services
- Economic Development Practitioners

Western Washington University
Center for Economic Vitality
“Existing, expanding companies contribute most to U.S. job creation. In fact, from 1990 to 2008, existing companies generated 71 percent more new jobs than startups”

Source: Youreconomy.org
“From 2001 to 2008, “Resident/local businesses jobs grew 5.9% – while Nonresident jobs decreased by 16.4%.”

Source: Youreconomy.org
Time-series Graphs

You were viewing: **Washington - 2008 - 2009**

Click on any annual data point to see detail

**Growth Factors - Net New Jobs**
Whatcom (WA) county 1995 - 2009

Factors: Opened (Births - Deaths), Expanded (Expansions - Contractions), Relocated (Move In - Move Out)
Empirical application of communities that are expanding by company size and or sector

Developing study of best practices to inform your community
Focus on jobs

What factors have led to Florida’s growth?

• Self Employed
• Stage One
• Resident

Do you understand these factors for your region?
Trigger to growth is in Self Employed and Stage One Companies RESIDENT
Summary

Jobs grew 20.9% ↑ Sales grew 16.2% ↑

Primarily, the job gain was caused by the expansions of existing companies (12.6%). The number of job gains were also higher because the number of new companies grew, adding 8.0% more jobs during the same period. About 0.3% of job gains came from companies moving.

Jobs Change - Net New Jobs
Click on graph to see details

Further analysis
NETS data access
Wells & Associates

Your Results: Florida + 2000 - 2009

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2009</th>
<th>Change</th>
<th>%</th>
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<tbody>
<tr>
<td>TOTAL</td>
<td>1,007,033,580,387</td>
<td>1,169,874,146,771</td>
<td>162,840,566,384</td>
<td>16.2%</td>
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<tr>
<td>Noncommercial</td>
<td>56,322,201,431</td>
<td>58,128,564,270</td>
<td>1,806,362,839</td>
<td>3.2%</td>
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<tr>
<td>Nonresident</td>
<td>249,262,514,480</td>
<td>233,157,720,081</td>
<td>-11,104,794,399</td>
<td>-4.5%</td>
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<tr>
<td>Resident</td>
<td>701,448,964,476</td>
<td>873,587,862,420</td>
<td>172,138,997,944</td>
<td>24.5%</td>
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<tr>
<td>Self-Employed (1)</td>
<td>24,698,715,887</td>
<td>39,527,444,786</td>
<td>14,828,728,899</td>
<td>60.0%</td>
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<tr>
<td>Stage 1 (2-9)</td>
<td>219,182,975,449</td>
<td>331,122,490,333</td>
<td>111,939,513,884</td>
<td>51.1%</td>
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<tr>
<td>Stage 2 (10-99)</td>
<td>269,588,544,945</td>
<td>313,614,475,924</td>
<td>44,025,930,979</td>
<td>16.3%</td>
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<tr>
<td>Stage 3 (100-499)</td>
<td>116,299,418,916</td>
<td>129,849,918,836</td>
<td>13,550,499,920</td>
<td>11.7%</td>
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<tr>
<td>Stage 4 (500+)</td>
<td>71,679,208,279</td>
<td>59,473,532,541</td>
<td>-12,205,675,738</td>
<td>-17.0%</td>
</tr>
</tbody>
</table>
Individual Business Support

Helping businesses achieve success through informed decision making supported by research
Top Client Research Areas

- **What is going on in the industry/what are trends in the industry?**
- **Who are my consumers?**
- **What are KPIs/benchmarks for my industry?**
- **Who are my competitors?**
- **How/where can I reach my target audience?**
General Economic Gardening Support

Helping businesses achieve success through informed decision making supported by research
• Demographics
• Marketing information
• Consumer expenditures
• Related products and services
• New product or service developments
Possible location identification and analysis

Predicting and defining demand
Industry

- *Who are my competitors?*
- *Are sales in this industry going up or down?*
- *Are my projected costs and income similar to others in the industry?*
Human Resources to Develop and Retain Talent

• What are sample job descriptions?
• What are pay rates and benefits for this position?
• How can I recruit and retain employees?
• What training should I make available to employees?
• What should an employee handbook contain?
Marketing & Web Presence

- Writing a marketing plan
- General web review
- SEO evaluation (basic)
- Recommendations
- Social media case studies & recommendations
- Recommendations for international markets
Growing Exports

Helping businesses achieve success through informed decision making supported by research
Getting started

Is it worth exporting?
  • Needs and talents assessment of company

Basic research to understand fundamentals and industry sector
Export Market Potential

- **Identifying and exposing gaps in export marketplace**
- **Analysis of competition, customers, and distributors**
- **Country profiles**
- **Financing and insurance hedges**
- **Canned industry reports**
In-depth individualized research

Competitive Intelligence services to help companies understand their unique potential, risks and opportunities.
Recent Research Topics

- How does my website compare to the competition?
- What are the demographics of consumers who buy gourmet desserts?
- Which of these potential locations for a dental office is best?
- What are typical start up costs for a bar?
- What is the market potential for a mushroom growing operation?
- What is happening in the Laundromat industry?
- What are competitive wages for a forklift operator in my area?
- Which industries spend the most on promotional products?
- What are the demographics of consumers of custom blue jeans?
- Can I get a list of companies that might be interested in licensing my product?
- Who are the competitors in my area?
- How much ice cream is consumed each day in my area?
- What are the financial benchmarks for retail bakeries?
- How much does the average person spend on chiropractic services each year?
- What is the consumer profile of a beer drinker?
- How should an independent contractor price their services?
- What are industry trends in home energy audits?
- How much of the population is gluten intolerant?
- How are competitors in my area pricing their product?
- What are hotel occupancy rates in Snohomish County?
- What trade groups would assist me in starting my business?
- How many graveyard photographers are there in the US?
Is Economic Gardening right for my community?

Key components:

• Research
  *In depth and actionable*

• Training
  *Practioners, business owners and referral resources*

• Technical Assistance
  *Business Development services*

• Partnerships
Economic Gardening Programs

Can be costly

- Determine first:
  - Who’s the audience?
  - Who will pay?
  - What scope of services do you wish to offer?
Economic Gardening Expansion

Programs have expanded throughout the U.S. and Canada with varied implementation strategies and techniques.
CEV take on Economic Gardening

Competitive Intelligence

- Offering access to information typically only available to Fortune 500 companies

To help businesses make more strategic decisions and thrive

- Market expansion and exporting
Center for Economic Vitality
Western Washington University
College of Business and Economics

Rural EDCs

Local Business

Research Services

SBDCs

Local Business

Business Advising

Local Business
Economic Gardening Program Options

• Self-Investing in research tools and staff

• Educational Business Development Resources

• Contracting

• Fee for Service
Connecting

Tom Dorr
Tom.dorr@wwu.edu

Meg Greenfield
Meg.greenfield@wwu.edu

www.centerforeconomicvitality.com

360-733-4014