



# Economic Gardening

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- *Blueprint for Propelling a New Economic Direction for Michigan* outlines the roles that government and the private sector can play in nurturing the growth of small businesses by helping them gain access to services and develop the tools and strategies that they need to prosper and expand.
- 2011 survey of local officials' perceptions of, and experiences with, economic gardening.
- Five economic gardening workshops across the state in September 2011.

# Agenda

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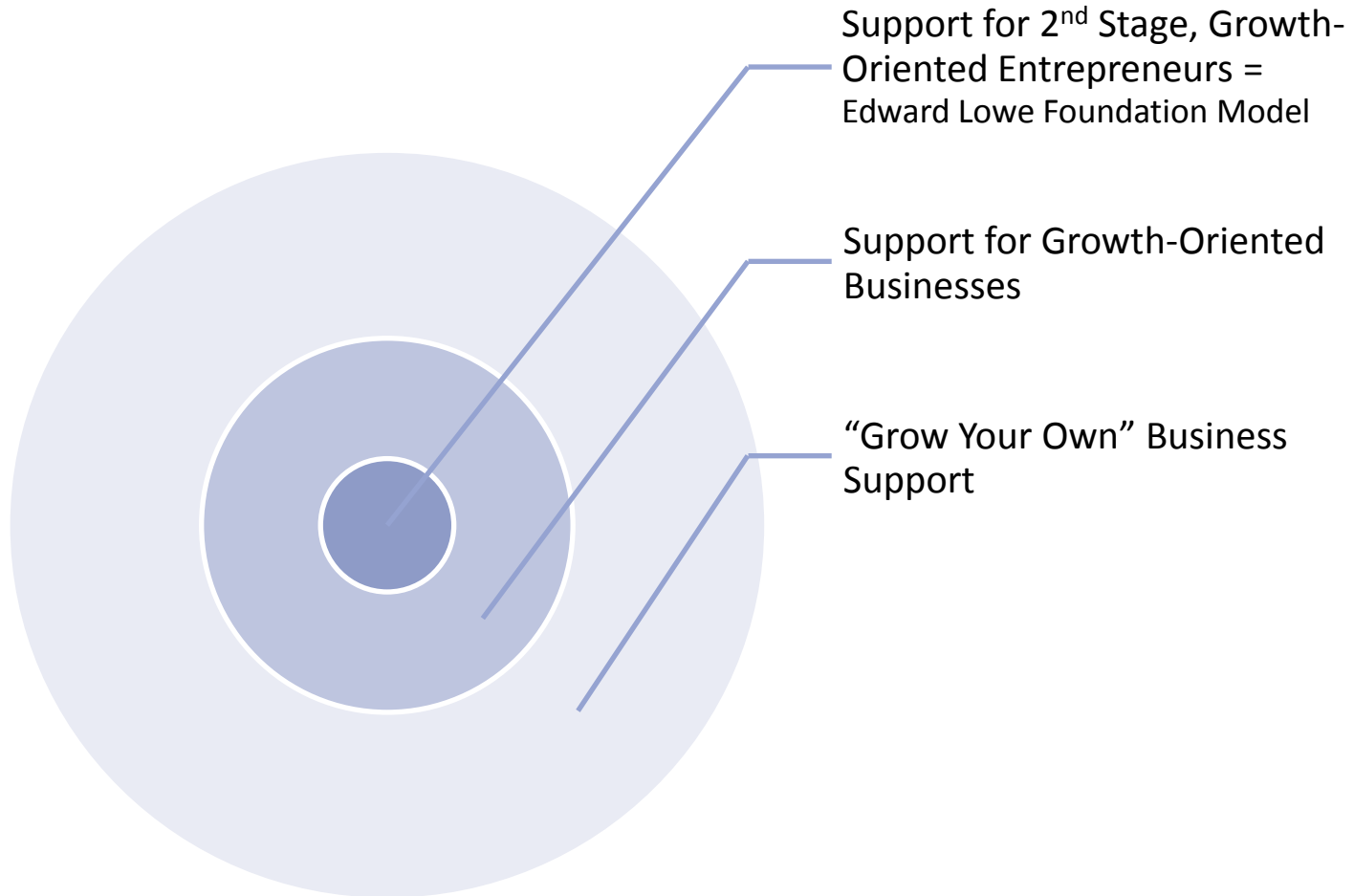
- Background and Overview
- Definition
- Survey of Michigan Local Officials



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# Background and Overview

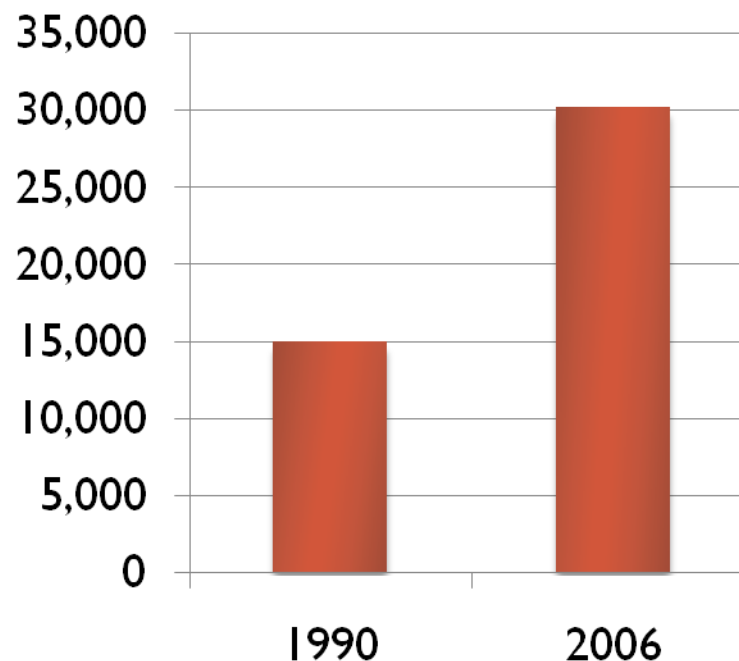
# Economic Gardening: Broad to Narrow



# Economic Gardening History

- Developed in Littleton, CO in 1987 responding to massive layoffs
- **Doubled** job base from 15,000 to 30,000 and tripled sales tax based from \$6M to \$20M, without incentives
  - Compared to 45% job growth in Denver
  - Littleton's population only grew by 24% during that time
- National Center for EG (with ELF) run EG programs in Florida, Wyoming, Kansas, Indiana, Ohio, etc. and Michigan

**Littleton Employment Growth**



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# Definition

# Economic Gardening is...

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An “entrepreneurial alternative to traditional economic development strategies.”

-Chris Gibbons, economic gardening co-founder

# Economic Gardening

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- Aggressively entrepreneurial
  - Entrepreneurs drive growth
  - Driven by innovation, not commodities
  - Is as entrepreneurial as the companies it serves
- Strategies and tools
  - Focuses on front-end, strategic, and market-growth issues
  - Using sophisticated, corporate market information tools
  - Staff is highly skilled, experienced, and versatile
  - Uses cutting-edge scientific theories about markets, customers, and business

# Economic Gardening Theory

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- Entrepreneurs create jobs
- Empower job creators to thrive
  - Give them better information, infrastructure, connections
- Best job creators are growing 2<sup>nd</sup> stage companies
- Economic gardening works best when...
  - Management and owners are committed to growth
  - Company that has a track record to build off of
  - Primary barriers to growth are market barriers
- Success begets success
  - Better entrepreneurs → Growing companies → More entrepreneurs

## Economic Gardening Is...

### **Entrepreneurial**

- An idea that entrepreneurs drive growth
- Information, infrastructure & connections
- Focused on 2<sup>nd</sup> stage, growth companies
- Depends on a highly skilled, elite economic gardening staff
- A support organization that is as entrepreneurial as the companies it serves

### **Strategies and Tools**

- Using sophisticated, corporate market information tools
- Using cutting edge scientific theories
  - i.e., complexity science; network theory; temperament; systems thinking; core strategy analysis
- Focusing on front end, strategic issues
  - Core strategy; market dynamics; marketing; teams; finance
- Driven by innovation, not commodities

## Economic Gardening Augments

### **Business Services**

- Recruiting
- Standard business assistance (keeping books, buying insurance, succession plans)
- BRE (business retention and expansion)
- A financing program
- Crisis management
- Feasibility studies; permitting; etc.

### **Campaigns and Events**

- A buy local program
- A business appreciation dinner
- After-hours networking
- An annual business climate survey

# Why Focus on 2<sup>nd</sup> Stage, Growth Companies?

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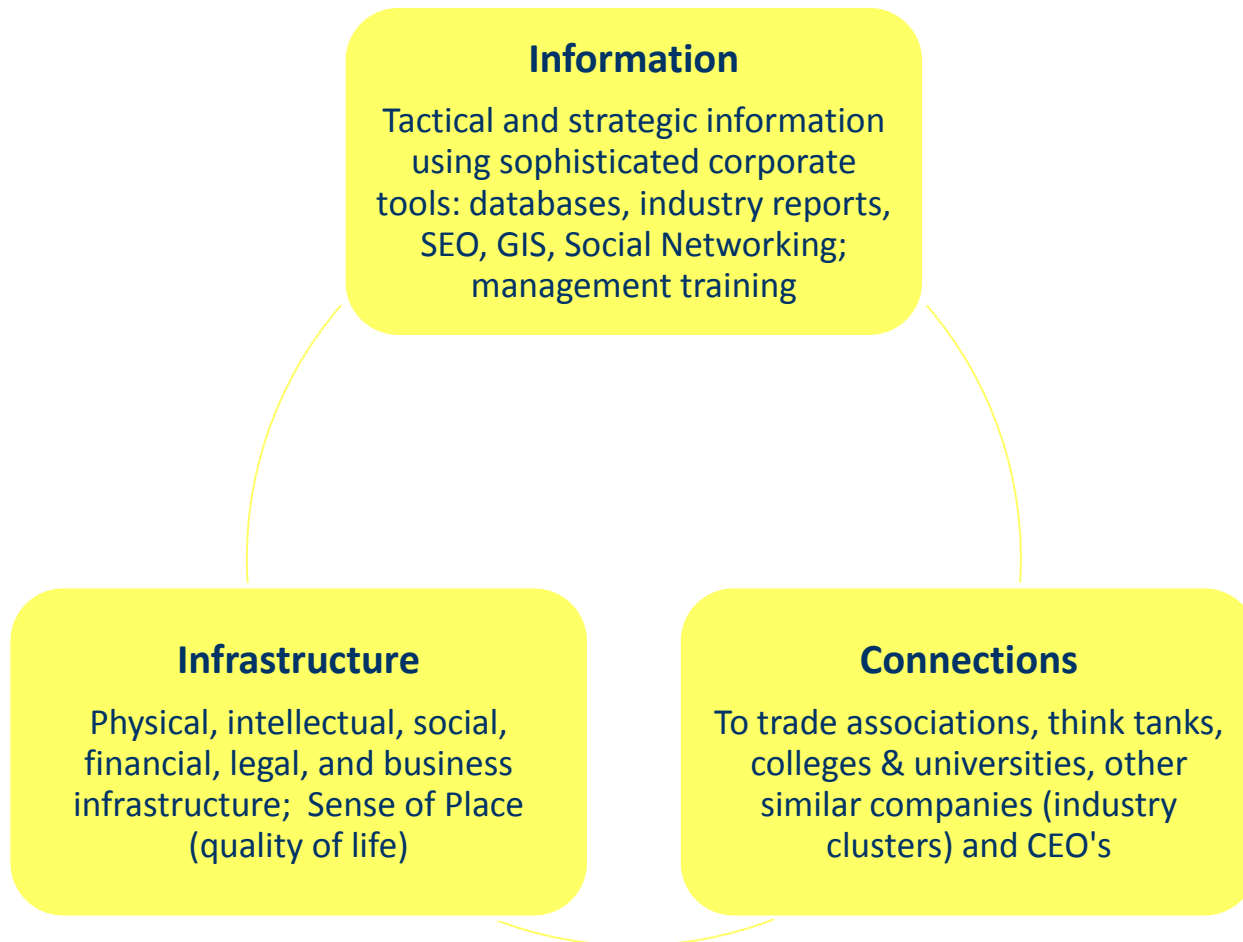
- 2<sup>nd</sup> stage companies
  - \$750,000 - \$50M in sales
  - 10 - 100 employees
- Grown past the start-up stage but have not grown to maturity
- Would benefit from adding professional managers, but they do not yet have a full-scale professional management team

# Characteristics of Strong Candidates

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- Growth oriented
  - Capacity
  - Intent
  - Innovation
  - Market opportunity
- And ...
  - Growth is the top priority
  - A sense of urgency
  - Commitment and ability to follow through

# Three Pillars of Economic Gardening



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# **Highlights of Survey of Michigan Local Officials**

# Survey Methodology

- Online survey was conducted May 13-June 6, 2011
  - Surveyed members of the Michigan Municipal League, Michigan Townships Association, Michigan Association of Counties, and Michigan Rural Network
  - Responses from city/township managers (30%), elected township officials (14%), mayors (12%), economic development professionals (6%), county commissioners (6%), and others (33%) from communities of various sizes
    - Invitations sent to a pool of 1,517 members, 459 surveys received for a 30% response rate
    - Respondents were required to complete at least the first 13 survey questions
      - 374 responses were analyzed, for a response rate of 25%

# Local Officials and Economic Gardening

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- 67% had heard of economic gardening
- Of those who had heard of economic gardening, 30% were somewhat or very familiar with specific economic gardening strategies
- 36% said that their community does economic gardening
  - However, when asked to describe their economic gardening efforts, most listed something that was not actually economic gardening, such as:
    - Tax abatement
    - Business retention and attraction efforts
    - Business incubators

# “What do local officials think about economic gardening?”

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- 60% strongly or somewhat agreed that economic gardening can be an effective economic development strategy in their community
- 75% thought that their community should be doing more work around economic gardening
- 68% strongly or somewhat agreed that economic gardening should be added to the State’s economic development strategy
- 82% were interested in attending an economic gardening workshop

# Support for High-Growth Companies

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- 43% (n= 148) said that their community *does not* have the tools in place to address the needs of existing companies with high-growth potential and 19% (n=65) were not sure
- 38% (n= 134) do offer tools to existing companies with high-growth potential
  - Of those, only 41% (n= 51) said that they are sufficient to help them grow

# Making it Happen: *The Michigan Economic Gardening Partnership*

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- Important roles for both the State and local/regional entities, *but everything is very fluid now*
- State role is taking shape through MEDC
  - Pilot program
- Local role needs your input



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