

ECONOMIC GARDENING



NATIONAL CENTER FOR
ECONOMIC
GARDENING

A FOCUS
ON STAGE 2
GROWTH
COMPANIES



Opportunity²
network

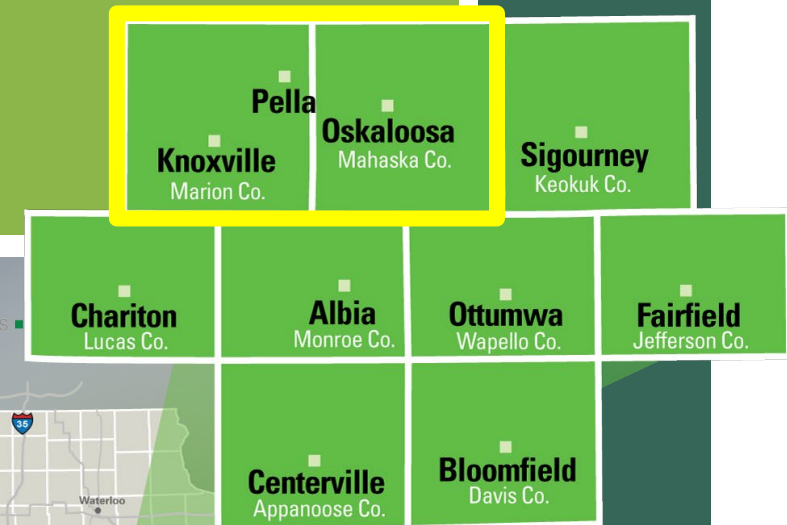
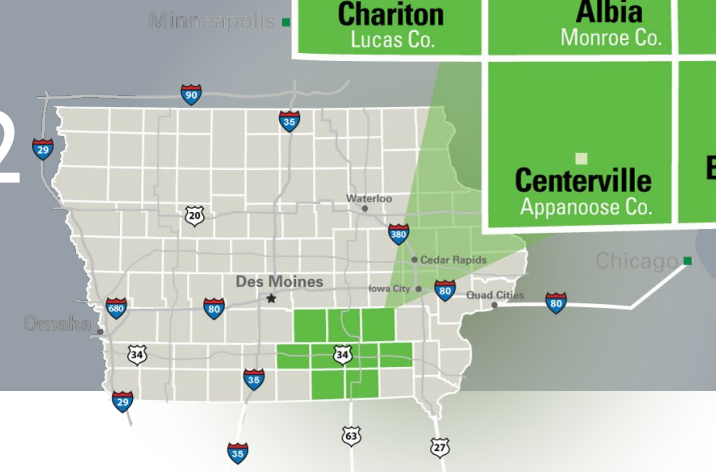
PART I: WHO IS INVOLVED?



The 9-county region that Opportunity Squared covers, is represented by a 13-member Board of Directors dedicated to the mission of supporting workforce attraction, promoting professional development, encouraging entrepreneurship, and attracting, retaining or expanding business opportunities.



OPPORTUNITY²



2021 Pilot Program

Mahaska & Marion





NATIONAL CENTER FOR ECONOMIC GARDENING

- Economic Gardening started in 1987 in Littleton, CO by Chris Gibbons
- Entrepreneurial approach to economic development
- Implemented across US and received many National Awards

PART 2: WHAT IS ECONOMIC GARDENING?

HISTORY &
CONCEPT



Opportunity²
network

WHAT IS ECONOMIC GARDENING?



Economic Gardening is...

- 1. building a nurturing environment for local entrepreneurs**
- 2. providing strategic information to Stage 2 emerging growth companies that export innovation**

IT'S START...LITTLETON, CO

- In 1987, Martin Marietta cut 7,000 jobs
- < 5% of an area's employment comes from recruitment
- Ideas drive economies
- Littleton's job base from 15,000 to 30,000 in 20 years-no new co.
- Consistent results for over 25 years
- Swinging for home runs vs. bunts/singles
- It is not about small businesses, but growing businesses



United States Comparing 2017 and 2018

ALL-BUSINESSES

2017: 15.6 Million

2018: 16.0 Million

The ALL indicator compares the total number of businesses for the years chosen.

YE SAYS...

YE defines a business (establishment) as an economic unit that produces goods or services at a single physical location. It focuses on establishments that are "in-business" meaning they are intent on conducting commercial activities. YTS tracks all establishments (and their jobs and sales), including for-profit (both privately-owned and publicly-traded), non-profits, and government establishments. Following the individual establishment anywhere in the U.S. is what enables YE to track business performance through time at such a granular level.

INDICATORS:

BUSINESSES BY TYPE	2017	2018
ALL	15.6M	16.0M
RESIDENT	82.4%	83.1%
NONRESIDENT	10.3%	9.8%
NONCOMMERCIAL	7.3%	7.1%

JOBS BY STAGES

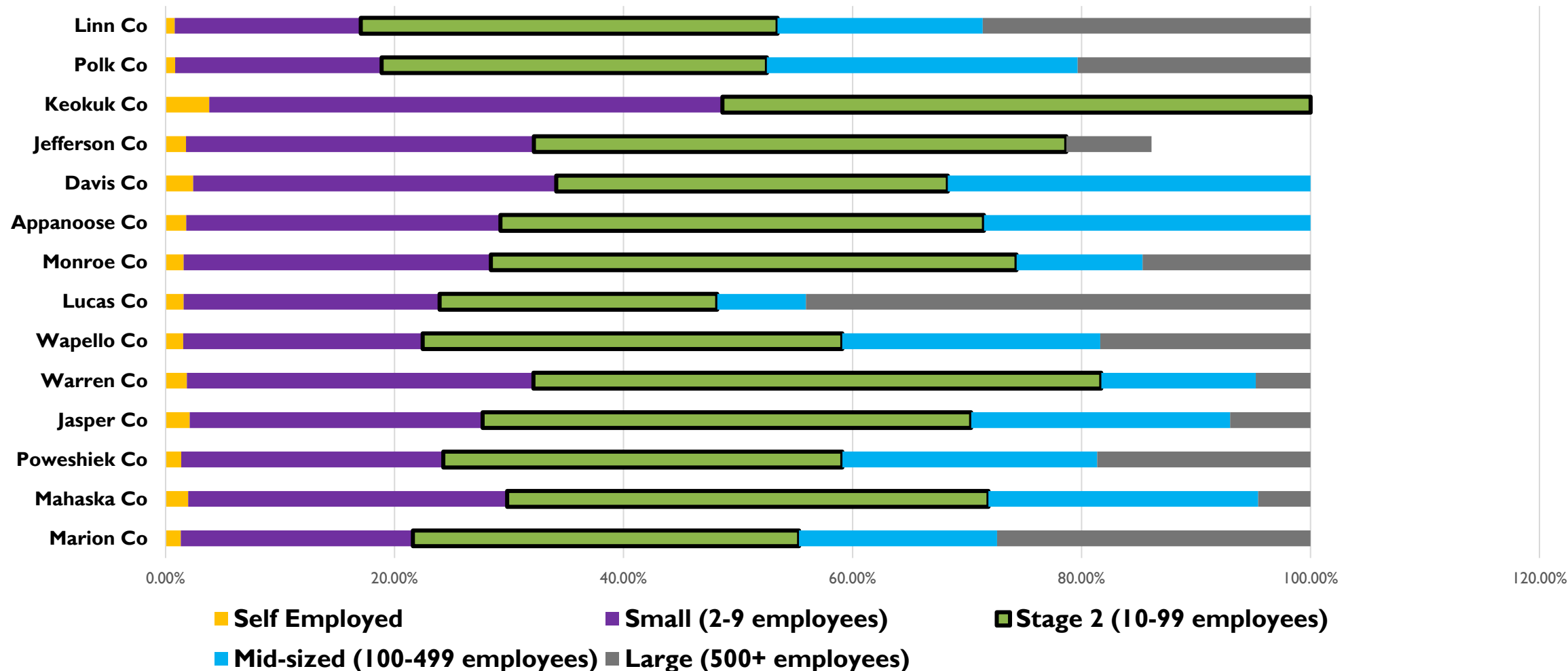
ALL	161.8M	164.9M
SELF EMPLOYED (1)	1.2%	1.2%
ONE (2 TO 9)	25.6%	26.2%
TWO (10 TO 99)	37.4%	36.4%
THREE (100 TO 499)	19.6%	19.8%
FOUR (500+)	16.1%	16.4%

JOBS CHANGE

GAINED	14.6M	25.3M
LOST	13.3M	22.2M
CHANGE	1.3M	3.1M

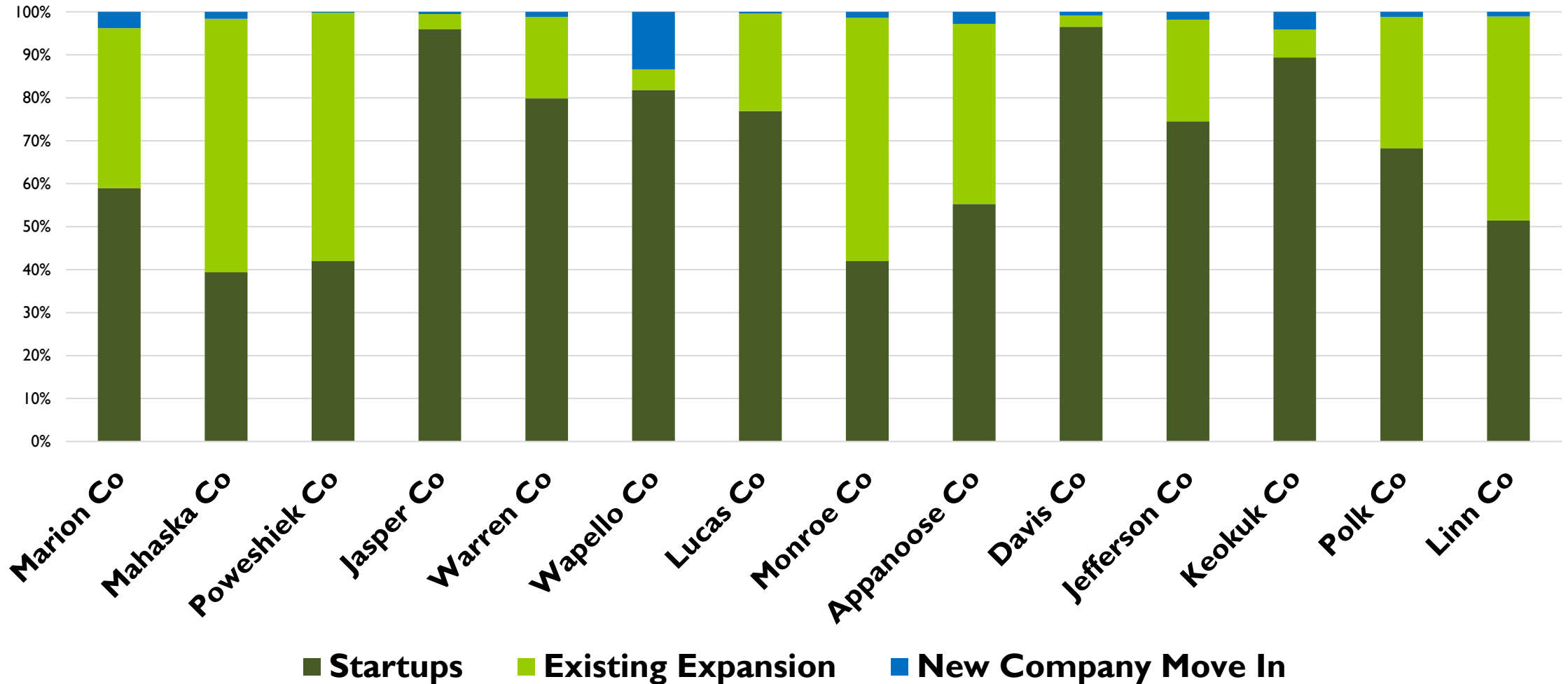
Stage 2 Companies 35-40% of Jobs

Percentage of Jobs by Size



Most Jobs Created Locally

2019 Job Gains



ECONOMIC DEVELOPMENT TOOLS

Start ups & Entrepreneurs	Stage 2	Expanding & Relocating	Mature & Declining
Training	Networking	Incentives	Business Planning
Templates	Economic Gardening	Sites	Networking
Resources		Partners	Succession Planning
Business Planning		TIE/Tax Abatement	
Peer Network		Workforce	

ECONOMIC GARDENING THEORY

Commoditization is the cause of poverty

- If products or services are identical, then the only differentiator is price.
- If lowest price wins, then management focus is on reducing costs.

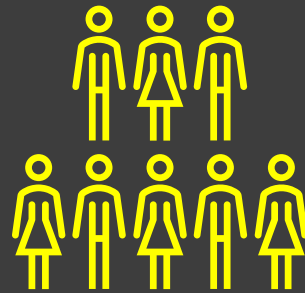


COMPANY A

\$2

\$1

.50 cents



COMPANY B

\$1

~~.50 cents~~

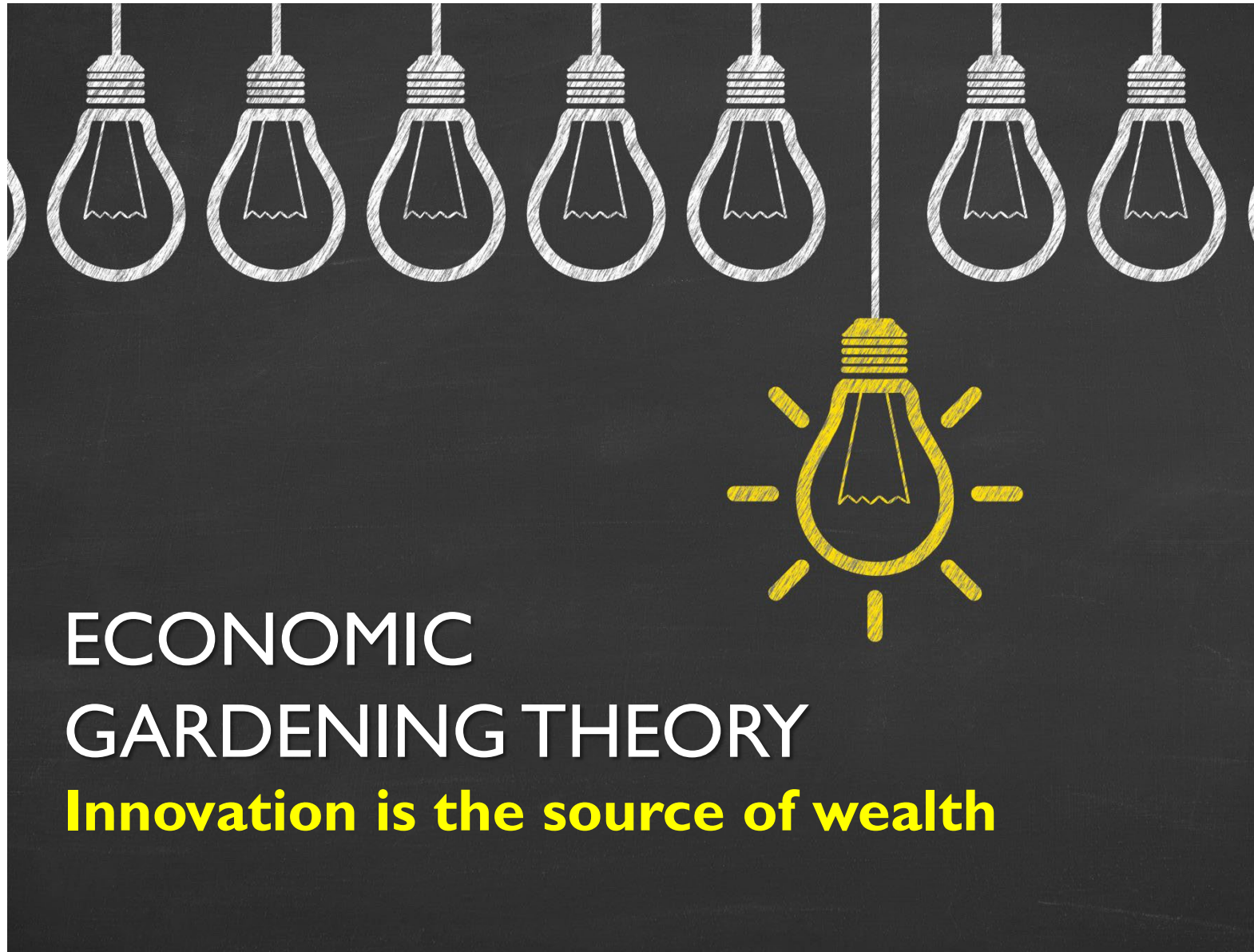
.25 cents

ECONOMIC GARDENING THEORY

Commoditization is the cause of poverty

- Labor is a major cost item in most companies.
- Managers look for ways to lower labor cost by finding cheaper labor (non-union, abroad, rural areas) or robots.
- People are poor because they are a commoditized expense in commoditized industries.

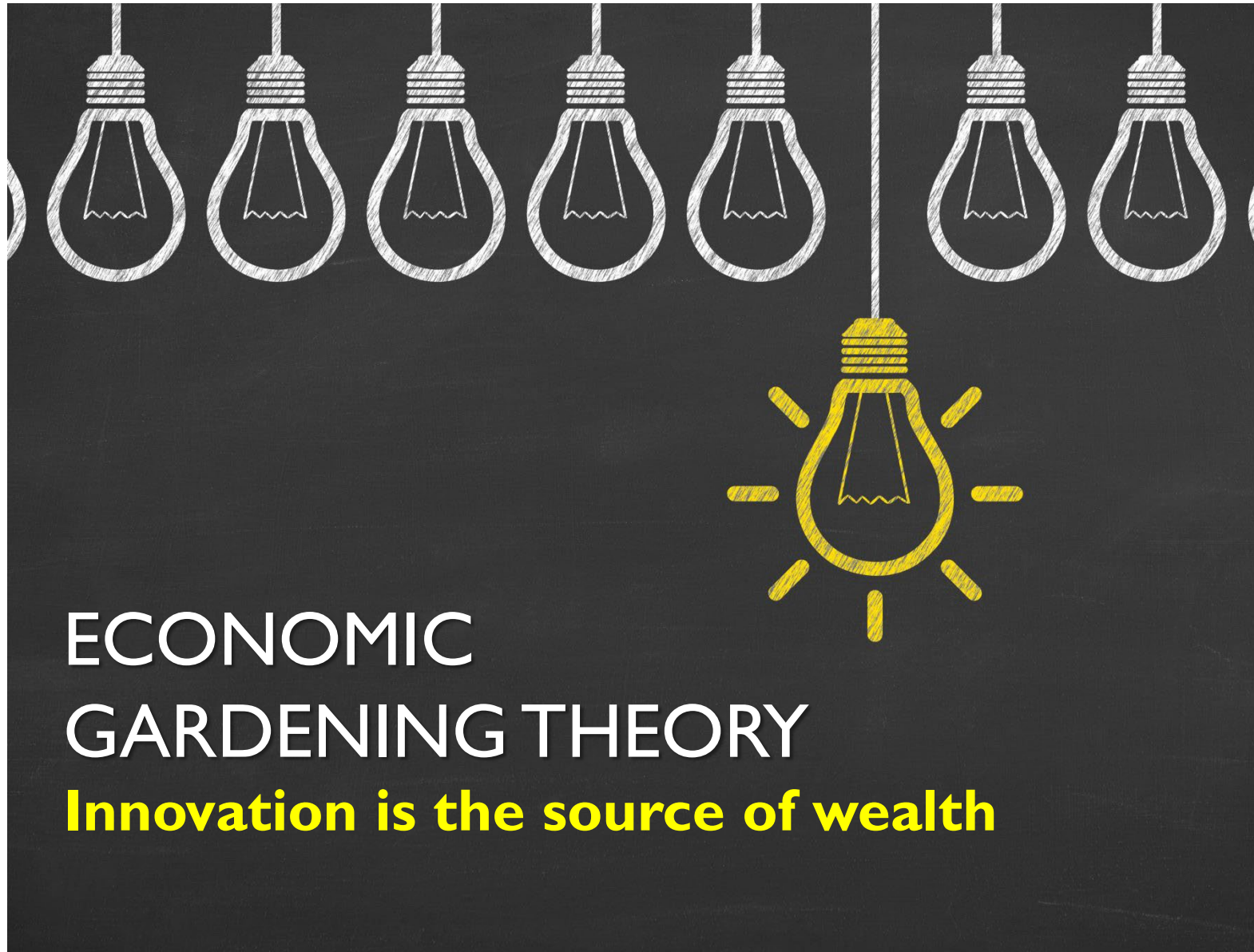




ECONOMIC GARDENING THEORY

Innovation is the source of wealth

- Creating a new value with few or no competitors creates a temporary monopoly.
- Profit margins are temporarily higher because there are no other options.



ECONOMIC GARDENING THEORY

Innovation is the source of wealth

- New products require the creation of new labor skills which command higher salaries and wages.
- Competitors will try to commoditize the new innovation by replicating it and then making it cheaper.

PART 3: WHAT IS ECONOMIC GARDENING?

WHY STAGE 2
COMPANIES?



Opportunity²
network

WHY STAGE 2 COMPANIES?

- Proof of product
- Proof of market
- Proof of management



WHY STAGE 2 COMPANIES?

- Sell to external markets...bring new money into local economy
- Facing different issues...
NOT survival, but instead how to handle growth
- No access to sophisticated tools and concepts of larger companies
- 30 to 40% of new jobs in a community come from stage 2 companies

PROFILE OF STAGE 2 COMPANY

10-100
employees

\$1-50 million
in sales

Growth in 3 of
last 6 years

Selling external to
the community
(no retail)

CEO willingness
to be involved

Preference to innovation companies



PART 4: WHAT IS ECONOMIC GARDENING?

WHAT
DOES THE
COMPANY
GET?



Opportunity²
network

WHAT DO COMPANIES **NOT** GET IN THE ECONOMIC GARDENING PROGRAM?

- Implementation
- Analyze financials or production
- Primary research
- Business plans

It does provide company strategy to go out and hire consultants to do these things if needed.



WHAT MAKES IT DIFFERENT?

- The types of companies
 - Stage II
- The types of issues addressed
 - Strategic
- The types of tools used
 - Corporate level
- The underlying concepts we use
 - New sciences



WHAT THE COMPANY GETS?

- Assistance that is strategic, not operational
- Identifying the root problems that are preventing growth
- Market research, industry trends, competitor intelligence, new product releases
- GIS computer maps of customers, competitors, potential markets and trade areas
- Search engine optimization, web marketing intelligence, social media insights
- Analysis of five classes of business problems



WHAT DO THEY PROVIDE? FIVE FRAMEWORKS

Core Strategy

How does company compete?

- Better product?
- Lower price?

Market Dynamics

Competitors

Market Analysis

- Ripe?
- Disrupted?
- Not consolidated?

Innovation

New product innovation to market

Focus to drive down cost by process innovation

Temperament

Decision making

Leadership temperament

Qualified Sales Leads

Change in buyer-seller

Sell more where? To whom? What?



Opportunity²
network

DELIVERABLES & TESTIMONIALS

“The digital information provided has changed the way we market. We are going to do less tradeshow and will be utilizing social media and other digital networks for marketing. We are changing the way we are messaging and communicating. We have email addresses of prospects we can directly market to. We would not have been able to make these changes without the insight we learned in the program.”

Brown Eagle

“It was a flyer for me. I had no idea how useful it would be. I wanted to get smarter about what we were doing. I was skeptical at the beginning. It felt wonky, but then I watched the videos and it got me thinking differently about the business. I saw that smart people were accessing resources that are difficult for me to access and providing great information. As things posted I realized how helpful and meaningful the information was. I enjoyed the process, and it gave us good information that has gotten us thinking in new ways.

JACAPPS

The Economic Gardening (EG) process provided us with a massive amount of data that was tailored to our business. The leads that were produced were highly targeted and appropriate for us to explore. The process even opened our eyes to an additional market that fit with our business model, and we have made sales to companies in this sector. EG was well worth the time investment.

Ace Electric Motor & Pump

<https://economicgardening.org/nceg-sample-deliverables/>

Commercial Databases

New markets
Competitor
intelligence
Company
information
Industry trends
Custom research

■ Listening Posts

- Consumer chatter
- Signals of change

■ Network mapping

- Websites
- Linked In
- Twitter
- Industry centers of excellence

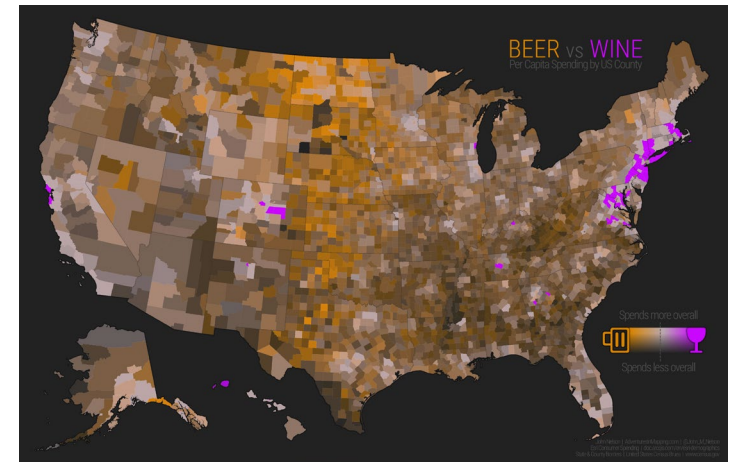
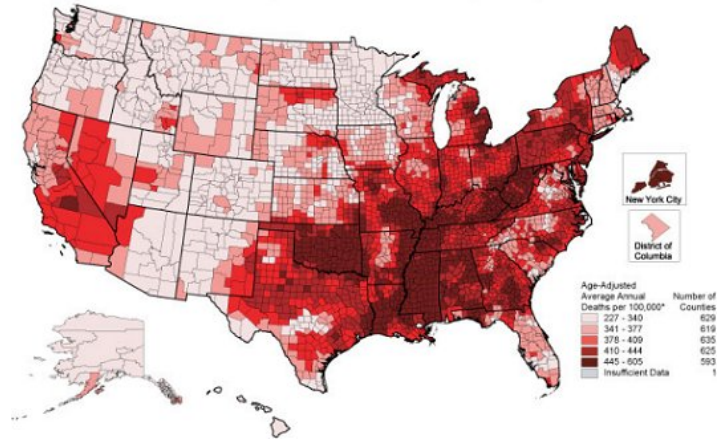
RESEARCH EXAMPLES:

- DNA analysis kits
- Market for barge rentals
- Wine bloggers / influencer
- Digital scan of Manhattan
- Amish furniture
- Market for floppy eared bomb sniffing dogs



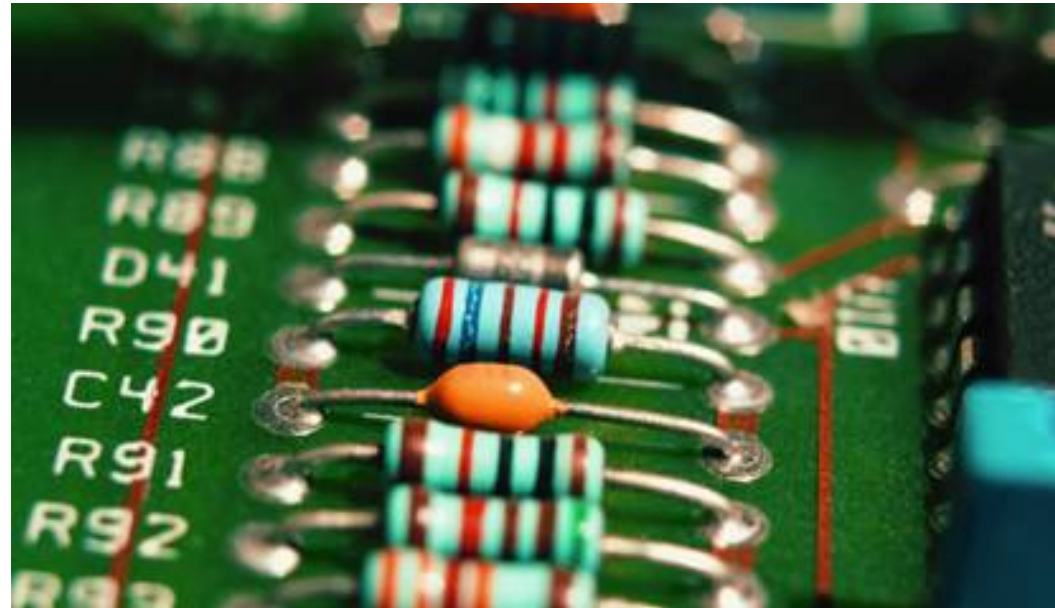
GEOGRAPHIC INFORMATION SYSTEMS

Heart Disease Death Rates, 2000-2004
Adults Ages 35 Years and Older by County



DIGITAL MARKETING

- Search engine optimization
- Best Keywords
- Google AdWords
- Social media
 - Linked In
- Competitor sites



PART 5: WHAT IS ECONOMIC GARDENING?

PILOT
PROCESS



Opportunity²
network

THE CEO EXPERIENCE

- CEO contacted by local ED agency to determine interest
- Receives information about the program
- Applies for the program
- Applications reviewed by local ED agency & NCEG
- Companies selected for pilot



DISCOVERY CALL

- With NEGC team leader & CEO
- Background on CEO
- History of the company
- Company issues
- Written up by NEGC team leader
 - Sent to entire NEGC team

DEVELOP QUESTIONS

- Company issues + discovery call info = questions to answer
- Team members propose sources and time budget
- Questions approved by CEO
- Research work begins, sent to CEO
- Specialists debrief after work posted
- Follow up debriefing call

Markets?

Competitors?

Industry trends?

Disruption?

Concentrations ?

DEBRIEF & CLOSE OUT CALLS

- NCEG runs two debriefing calls with specialists after reports are submitted
- Close out call / survey
 - Satisfaction with products and people
- Local ED conducts one-year job and revenue survey



Opportunity²
network

HOW NCEG WORKS?

- Not counselors

- Assumes client knows little about business

- Not consultants

- Not deep in industry
- Do not make recommendations

- Extension of CEO's team

- **Give best info to make decisions**
- **Frameworks for trouble shooting problems**
- **Navigators, not pilots**

HOW LONG WILL IT TAKE?

**Process usually takes
3 to 6 weeks from
initial interview**

**CEO devotes 8 to 12
hours over period**

- Discovery Call-60 to 90 minutes
- Research tasks assigned to specialists after company approval
- Check in calls & engagement software
- 7-day debriefing call
- 14-day check-in call
- 21-day close out call
- Engagement handed back to local EDO

2021 PILOT STRUCTURE

- 2 companies from Mahaska Co. & 3 companies from Marion Co.
- Enrollment periods: June/July and Sept./Oct.
- There is no cost to the company to participate.
- CEO must provide 8 to 12 hours to the pilot.
- Each company is provided 36 hours of research
- *The actual cost per company is \$4,250 and funded through local economic development organizations, Opportunity2 Region and utilities.*



OPPORTUNITY² NETWORK PILOT TIMEFRAME:

- May, 2021 | Presentations & Promotion
- June 4, 2021 | Application Deadline
- June 11, 2021 | Companies Notified
- June-July, 2021 | Two Companies enrolled
- Sept.-Oct., 2021 | Two Companies enrolled



ECONOMIC GARDENING

Request link to application.
Application deadline June 4, 2021.

NEXT STEPS



Opportunity²
network

FIND OUT MORE...



Mahaska County Chamber & Development Group

Deann De Groot

ddegroot@mahaskachamber.org



Marion County Development

Carla Eysink

ceysink@marioncountyiowa.gov

<https://economicgardening.org/nceg-sample-deliverables/>