



Update on Economic Gardening and the GrowFL Program

The Florida Economic Gardening Institute at the University of Central Florida was established in 2009. Initially funded by the Florida Legislature, the Institute has provided services via the State of Florida's Economic Gardening Technical Assistance Pilot Program, known as GrowFL. The Institute collaborates with statewide partners to support the growth of second-stage businesses through localized entrepreneurial ecosystems.

By Jack Roth & Fran Korosec

Subhead: Florida Takes the Lead

In the summer of 2009 the Florida Legislature approved funding for a statewide economic gardening program to create new jobs and build a stronger economy for current and future generations of Floridians. A total \$3.5 million over 2 years was set aside by the State of Florida for an economic gardening technical assistance pilot.

It was an important victory for those who worked tirelessly to spread the word about economic gardening and get the state to buy into this now-proven method of regional business development. They believed that by supporting homegrown growth businesses, community leaders could create an environment where entrepreneurs can successfully deal with front-end, strategic issues including core strategy, market dynamics, marketing and finance. For these high-growth companies — categorized in Florida as having between 10 and 50 employees and \$1 million to \$25 million in revenues — developing infrastructure and standardizing operational systems is critical to their continued growth and ultimate success. (The national standards for second-stage growth companies are 10 to 99 employees and \$1 million to \$50 million in revenues.)

Although these growing companies face many challenges, their economic impact can't be ignored. Research shows that from 1993 to 2008, second-stage entities represented about 11 percent of U.S. establishments but generated 36 percent of the nation's jobs. During this same time period, these companies represented 9.8 percent of Florida businesses and 34.7 percent of the state's workforce. And because they often introduce new products, services and technologies to both national and global markets, they can bring significant outside dollars into the community.

Quello, founder and president of CEO Nexus, believes regions that cultivate locally based companies stand to benefit most from the opportunities these businesses create. "Economic gardening sets itself apart from conventional economic development recruitment strategies, often referred to as economic hunting, by its target audience, tools and timing of services," he explains. "At its core, it's both a philosophy and a set of best practices designed to meet the stage-specific needs of resident, growth companies."

Determined to provide just such a framework statewide, the Governor's Office of Tourism, Trade and Economic Development (OTTED) selected the University of Central Florida (UCF) to lead the development of the Economic Gardening Technical Assistance Pilot Program immediately following the approval of state funding. In November 2009, and under the direction of Associate VP of Research and Commercialization Dr. Tom O'Neal, UCF initiated activities for the program with the formation of the Florida Economic Gardening Institute (FEGI). As FEGI programs developed, GrowFL became the official brand name of the initiative from which these services are now delivered to entrepreneurs.

GrowFL was staffed with a team that includes program managers, business analysts marketing and public relations professionals, and process / systems managers. The effort was complemented by a host of state and regional partners, including the Florida Economic Development Council, Enterprise Florida, Workforce Florida and the Florida High Tech Corridor Council and others, committed to local delivery of statewide services to help second-stage companies achieve their potential. GrowFL also engaged key national partners — including the Edward Lowe Foundation and the National Center for Economic Gardening — to help provide services related to the program.

“Business owners who have advanced beyond the start-up phase have important choices to make,” explains O’Neal. “Do they grow their companies to the next stage, stand pat or sell? Providing the tools they need in order to take that next step can be a critical factor in their decision-making process.”

No stranger to helping entrepreneurs, O’Neal was part of a collaborative effort in 1999 that resulted in the establishment of UCF’s Technology Incubator, now known as the UCF Business Incubation Program. In little over a decade, the program has helped more than 200 early-stage growth companies create more than \$500 million in annual revenue and more than 2,000 new jobs with an average salary of \$59,000. Economic gardening is the natural extension of this type of effort — providing support for companies that move from first- to second-stage growth.

“In order to achieve sustainable economic growth, a region must develop a variety of industry clusters, and attract and retain the most qualified people in those disciplines,” he stresses. “By doing so, you create an entrepreneurial ecosystem that feeds off of innovation and inspiration. This is what we’re trying to accomplish in both Central Florida and the entire state.”

Subhead: Paying Dividends

The state’s economic gardening technical assistance pilot program ran from November 2009 through September 1, 2011. Since September, UCF has partnered with the Florida High Tech Corridor Council, The Tampa Bay Partnership, and Orange, Brevard, Marion, Volusia and Seminole Counties to continue the GrowFL Technical Assistance service for qualified 2nd stage companies in Central Florida. Many other communities in Central Florida and other regions of the state are anticipated to fund “local” economic gardening initiatives utilizing the services of FEGI in order to serve their local businesses. Furthermore, the state legislature has included funding in both the Florida House and Senate appropriations bills for a re-invigorated state-wide economic gardening program. This funding could be in place as early as July 2012.

From the beginning, the biggest challenge was delivering services across the entire state of Florida. The Florida pilot was the first state wide initiative in economic gardening. Previous initiatives, including the early Economic Gardening initiatives in Littleton, CO, were geographically focused in small communities. In doing so, it was also imperative that all services maintain a personal, one-on-one interaction and continue to focus on the unique needs of each entrepreneur.

“To that end, we designed the program to engage local and regional economic development partners for the distribution of some services while delivering select tools and practices from a central source,” explains Quello. “By creating an integrated network of entrepreneur-centered resources across the entire state, we were able to match the level of service and connectivity provided in the Littleton model.”

As a result of these efforts, in May 2011 FEGI was designated as a Certified Economic Gardening Program by the National Center for Economic Gardening, which is affiliated with the Edward Lowe Foundation, a Michigan-based entity created to enhance entrepreneurship and economic growth across the country. In fact, FEGI is the first organization in the United States to receive Level Three Program Certification, which represents the highest engagement of economic gardening principles and practices that are attainable.

“What we’ve seen in Florida is an incredible network of statewide partners working together to support and foster the growth of second-stage companies on a level that has never been achieved before,” says Mark Lange, the Foundation’s director. “I’m looking forward to seeing how this works out long-term for Florida, whose economic gardening advocates have created a successful blueprint for other regions of the country.”

Chris Gibbons, whose economic gardening program in Littleton stands as a testament to the potential of building economic growth from the “inside out,” also likes what he sees in the Sunshine State. “The Florida Economic Gardening Institute has effectively applied the Littleton model to the fourth most populous state in the country,” he says, “and it’s serving as a national model for how to succeed on a large scale.”

The results speak for itself. GrowFL helped to create more than 3,285 jobs (1,400+ were direct jobs) and contribute more than \$510.4 million (direct and indirect) to

Florida's economy. To achieve this type of job growth, client companies had the opportunity to participate in technical assistance sessions, monthly CEO roundtables, quarterly forums, and annual referral and recognition events, all held on a regional basis through local economic development partners. The insight garnered from these statewide activities are all funneled back to headquarters in Orlando to enhance research aimed at further benefiting entrepreneurs.

“Entrepreneurs tend to share similar business issues regardless of what industry they're in — such as adapting marketing strategies as they grow,” says Tammie Nemecek, former president and CEO of the Economic Development Commission of Collier County (EDC) and currently the partnership director for FEGI. “Creating a way for them to connect and interact gives them an opportunity to share resources and ideas with one another. It's really opening those lines of communication for peer-to-peer mentoring.”

Nemecek is an example of an EDC CEO who partnered with GrowFL to help entrepreneurs prosper in her region. She worked closely with Quello, O'Neal and Lange, as well as various entities across the state, to successfully implement the program. “We need to be innovative in the way that we think, and think in new ways to build an economy by design, not by default,” she says. “As a result of these economic gardening events and services, we've been able to bring a number of people together and build consensus around a declaration of how our community should evolve.”

Subhead: Lasting Benefits

The intrinsic value that economic gardening brings to high-growth companies across the state has already been realized. In fact, many business owners — regardless of the industry in which they operate — are beginning to rethink how they approach growth. Often very prideful and self-reliant, some entrepreneurs are realizing that you can't grow a company in a vacuum. It turns out that tracking down the appropriate resources and conversing with peers in order to achieve corporate goals is not only entirely acceptable, but simply good business.

For those who helped put economic gardening on the state's radar, the goal is to continue to develop an entrepreneurial ecosystem that has a positive return on investment. Building horizontal clusters based on the different stages of business growth is a process, and one that takes sustained dedication and community support. Just as Silicon Valley, Boston and Austin have managed to build a nurturing environment and supportive infrastructure for entrepreneurs over time, Florida is trying to accelerate the process through these programs.

“Thanks to the willingness of regional leaders and organizations to engage in dialogue and foster the appropriate partnerships, Florida is well on its way to cultivating a business ecosystem that supports entrepreneurship,” says O’Neal. “People need to realize that it takes time to develop such an infrastructure. By continuing to work towards this goal, however, we can create a culture where entrepreneurship and innovation can flourish indefinitely, thereby creating a better quality of life for everyone.”

Armstrong looks back at the critical point in his company's history and is thankful that O’Neal, Quello and other key supporters of economic gardening were there for him. “I’m a better leader and businessman today because of these individuals. An incredible resource as a whole, they are entrepreneur-centric and understand that growth companies like mine are the backbone of economic development and prosperity. I sincerely hope that other entrepreneurs can continue to take advantage of the same resources that I had, because their hard work and willingness to take risks are critical to the economic success of any region.”

Sidebar Box: Legislative Update

The state legislature has included funding in both the Florida House and Senate appropriations bills for a re-invigorated state-wide economic gardening program. This funding could be in place as early as July 2012 pending completion of the legislative session and Gov. Scott's signature. The house and senate appropriation bills include \$2 million for Economic Gardening Technical Assistance at the University of Central Florida.

Sidebar: Does My Company Qualify?

The GrowFL program provides services for Stage 2 companies. Eligibility guidelines to participate in GrowFL programs state that a company must have its headquarters in Florida, be a for-profit business, be growth oriented, have between 7 and 100 employees, and generally provides product(s) and/or services within and beyond its current location to regional and/or international markets. For more information about eligibility, go to www.GrowFL.com.

Sidebar: The Stages of Business Growth

The Edward Lowe Foundation has defined stages of business growth in order to provide a framework for understanding businesses needs for supporting growth. The Foundation has determined that companies in the same development stage experience similar challenges and, as companies move through these stages, not only do their internal needs change, but their external needs also change. The stages of business growth are as follows:

- **Stage 1** (2-9 employees) — This includes partnerships, lifestyle businesses and startups. This stage is focused on defining a market, developing a product or service, obtaining capital and finding customers.
- **Stage 2** (10-99 employees) — At this phase, a company typically has a proven product, and survival is no longer a daily concern. Companies begin to develop infrastructure and standardize operational systems. Leaders delegate more and wear fewer hats.
- **Stage 3** (100-499 employees) — Expansion is a hallmark at this stage as a company broadens its geographic reach, adds new products and pursues new markets. Stage 3 companies introduce formal processes and procedures, and the

founder is less likely involved in daily operations and more concerned with managing culture and change.

- **Stage 4** (500 or more employees) — At this level of maturity, an organization dominates its industry and is focused on maintaining and defending its market position. Key objectives are controlling expenses, productivity, global penetration and managing market niches.

The theory behind economic gardening focuses on growth companies, specifically second-stage businesses. Data obtained by the Edward Lowe Foundation consistently shows that Stage 2 companies create a disproportionate number of net new, sustainable jobs. Focusing on these businesses also serves as a screening mechanism because the fact that an entrepreneur can grow the company to 10 employees is an indication of some type of market demand and some level of management skills. Stage 2 entities also tend to create more wealth per employee, especially if the company is innovation oriented.