



Gaining Traction

With economic gardening practices now in place, Florida is primed to become a region where entrepreneurs can garner community support and grow their businesses. As more resources become available to innovative growth companies, a nurturing, homegrown entrepreneurial ecosystem is taking root, paving the way for long-term economic growth and prosperity.

By Jack Roth

In 1997, Waymon Armstrong was a fledgling entrepreneur with an innovative idea. Bolstered by his passion, he took a chance and founded Engineering & Computer Simulations Inc.; a company that creates computer simulations to help government and private-sector clients prepare for and respond to natural disasters, medical emergencies and combat. He grew the start-up slowly and eventually reached the level of success he had initially anticipated.

Yet in 2007, Armstrong was ready to sell his brainchild. “I didn’t think we could successfully grow to the next level,” he recalls. “We had worked hard to establish a solid small business, but I felt we had already reached our apex. I received a lucrative offer to sell and thought it was the prudent thing to do.”

Enter Tom O’Neal and Steve Quello, two of the key drivers in an effort to adopt economic gardening in Florida. An innovative economic development strategy, economic gardening stresses support for growth companies that have stage-specific needs (especially second-stage). O’Neal and Quello had invited Armstrong to a CEO peer group that was being co-sponsored and held at the University of Central Florida. At the meeting, Armstrong shared the challenges faced by his growing business with fellow entrepreneurs, who provided insightful feedback regarding his situation.

Thanks to the relevant experience and context offered by his peers, Armstrong left the meeting believing that he could continue to grow his company successfully. “They suggested that with the appropriate support structure in place, I could accomplish anything,” he remembers. “Many business owners who reach a certain point need to know an infrastructure exists that can help them continue to expand. Economic gardening is a strategy that supports inside-out growth, and it’s based on proven tools and best practices that are geared towards local growth companies at each stage of development.”

At the next meeting, Armstrong was very active discussing problems and issues common among entrepreneurs. “It felt like being part of a family, a band of brothers and sisters who were there to support each other as they faced the never-ending challenges of business ownership,” noted Armstrong. As entrepreneurial resources continued to expand in the region, he reached out to other key supporters of the economic gardening program, including Mark Lange, executive director of the Edward Lowe Foundation in Michigan; and Chris Gibbons, who planted the first seeds of economic gardening in Littleton, CO in the early 1990s.

“Their commitment to serving growth companies is impressive,” says Armstrong. “I’ve spoken to all of them about the various issues we face as high-growth companies, and they are completely responsive to our needs. They also respond with a sense of urgency because they understand the pace at which we operate. We really need answers and solutions quickly, and they respond within hours or days, not weeks.”

Armstrong, who in 2010 was designated the SBA National Small Business Person of the Year, feels fortunate that the state is building a strong ecosystem for entrepreneurs and innovation. “We are successful today because of the contributions of many,” he stresses. “We’ve gotten so much support that I honestly believe if we weren’t located here, it would have been much, much harder to get to where we are. I can’t say enough about a program that — by fostering a positive entrepreneurial environment — creates a situation where companies actually help other companies grow.”

Subhead: Florida Takes the Lead

In the summer of 2009, thanks in part to a review and referral from Speaker-Designate Dean Cannon and the support of Dale Brill, Ph.D., the leading economic

developer for the state representing the Office of the Governor, the Florida Legislature approved funding of \$10 million for a statewide economic gardening program to create new jobs and build a stronger economy for current and future generations of Floridians. Of that funding, \$1.5 million of the total was set aside for an economic gardening technical assistance pilot program, while \$8.5 million was allocated for a loan program to support companies that demonstrate high potential for growth and expansion.

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, 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 is staffed with a team that includes program managers, business analysts marketing and public relations professionals, and process / systems managers. The effort is 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, that are committed to local delivery of statewide services to help second-stage companies achieve their potential. GrowFL has 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, executive director of GrowFL and associate vice president for research and commercialization at UCF. “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 Early Dividends

With almost two years under its belt, the Florida program has taken root, and more than 1,000 entrepreneurial growth companies have benefited from its myriad of services and support programs. From the beginning, the biggest challenge was taking the local emphasis of the Littleton program and turning it into a much larger, inter-connective state program. 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, FEGI was recently 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.”

Within its first year alone, GrowFL services have contributed to the creation of over 400 jobs by client companies throughout the state. CEOs of second-stage businesses have had more than 1,300 encounters with the program, which exceeded its initial goal of 1,000. These “encounter” activities included 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, president and CEO of the Economic Development Commission of Collier County (EDC). “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 has 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

Pending Gov. Scott's signature, the final budget in the General Appropriations Act, as passed by both the House and the Senate, appropriated \$2,000,000 for Economic Gardening Technical Assistance at the University of Central Florida.

Sidebar: Does My Company Qualify?

To participate in GrowFL programs, each company must be a for-profit, privately held, investment-grade business that employs at least 10 people but not more than 50 and generates between \$1 million and \$25 million in annual revenue. Additionally, some companies can benefit from the Economic Gardening Loan Pilot Program, which was simultaneously created by the Legislature but is managed separately from GrowFL by the Orlando-based Black Business Investment Fund of Central Florida. BBIF is a non-profit lending institution that is handling loans for all who qualify for program assistance. The loan pilot program will provide \$50,000 to \$250,000 to qualified small business owners in Florida.

Qualifying companies must also have been in business for at least two years and have increased their total number of employees three of the last five years. For more information about qualifications, 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.