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Balancing the
Three Elements



JULY 2016

BUSINESS[®]

**FLORIDA AND
GLOBAL TRADE**

Moving, Making,
Multiplying

ONE ON ONE

Anthony Parkes, Director
World Chambers Federation

GROWING AN

ENTREPRENEURIAL ECONOMY

TOM O'NEAL, RANDY BERRIDGE & STEVE QUELLO

\$4.95

The Diffusion of Innovation



Illustrated using a Bell Curve, on the front end are the Innovators, these visionaries immediately see the value or introduce the concept, but constitute a meager 2.5% of the market. The Early Adopters have an ear tuned to the Innovators, they make up 13.5% of those aware of the technology or trend. These can be seen standing in line all night to get the newest iPhone. Then you have the Early Majority 34% who buy in next, followed by the Late Majority, who want to make sure it really is going to work and not just "a fad." Then finally you have the Laggards, you see them still asking where the pay-phones are at the airport.

When it comes to understanding what entrepreneurialism and the impact of growing startup businesses means to a region and its economy, three of Florida's Innovators and Early Adopters are GrowFL's and UCF Business Incubation Program's (UCFBIP) Dr. Tom O'Neal, Randy Berridge of The Florida High Tech Corridor and CEO Nexus' Steve Quello.



“ Back in 1999 when we launched, most people couldn't even pronounce 'entrepreneur,' now it dominates the conversation,” O'Neal likes to remind people

Over the last seventeen years O'Neal has become one of the chief architects and advocates of an economic development model based on growing entrepreneurial enterprises, a vital leg of economic development stool that also includes retention and recruitment. Perhaps O'Neal has reached the tipping point in convincing influencers and funders that this is the best bang for the buck. It is certainly being echoed by a growing chorus of thought leaders who realize an entrepreneurial renaissance is the best bet and bargain for our economic future.

In addition, O'Neal is passionate about teaching researchers and engineers to think beyond their brilliant idea, to what does the market want. "We had one guy who had a sensor that could stand up to 10,000C, but he hadn't talked to any potential customers about what they needed," he said. "He discovered only a handful of customers in the world had that

demand. In fact, customers only needed up to 700C. He was working on the last year of his doctorate and what he had been focusing on didn't address market needs. But he did discover his sensor was an order of magnitude cheaper to make; they were certainly interested in that."

MAKING THE CASE

O'Neal came to the area to work at CREOL, the Center for Research and Education in Optics and Lasers at UCF. An electrical engineer with an MBA he soon launched a company with a CREOL faculty member, then started a second company and began to consider the idea of a business incubator. While working on his doctoral dissertation he looked at economic ecosystems and discovered that incubators help bridge the "valley of death." This is the space between innovative ideas developed in university labs and real world markets. His research pointed to the fact that the true job creators were entrepreneurs who monetized these innovations, so if you increase their success rate everyone wins.

Using models demonstrated in the communities around Stanford, Massachusetts Institute of Technology and in Littleton CO, O'Neal honed his focus on creating an environment that would grow, growing second stage companies (10+ employees and \$2 million+ in revenue). In Florida though 2nd Stage companies account for only five percent of businesses, they account for thirty percent of the jobs.

There are several key factors that have been identified which assure a promising startup realizes its full potential and one is a viable incubation program. Recently, in *FL Trep* magazine



O'Neal restated the case for UCF's program that has now branched out from the Central Florida Research Park to seven locations. "During the last fiscal year, the program returned \$7.95 for every \$1.00 invested. Participating companies sustain more than 3,600 local jobs and have had a total impact of \$1.51 billion on regional sales and \$2.48 billion on regional economic output."

Obviously O'Neal's business incubation model works and is a strategic economic investment. The second factor is mentors, coaches and peer learning that can guide business leaders through the labyrinth of challenges any growing company will face and strategic data to guide their decision making. This is not only for startups, McKinsey, Boston, Bain and Deloitte Consulting all exist because the bigger a company becomes the greater the challenges become. But like a child in a neonatal unit, young and scaling organizations are especially critical, but they don't have the resources of a large corporation.

STRATEGIC ALLIANCES & PERFECT STORMS

As O'Neal expanded and perfected the Incubation Program, he got to know Steve Quello mainly through the Central Florida Partnership's MyRegion.org. Quello had worked for Edward Lowe and with the Edward Lowe Foundation in developing programs to support these second stage entrepreneurs, which they dubbed Economic Gardening®. While O'Neal was building UCFBIP, Quello had launched CEO Nexus, a peer support program for entrepreneurial "Gazelle's." The Edward Lowe Foundation was looking for someone in Florida to implement their model and O'Neal was the leader to do it.

O'Neal's research had come to a startling conclusion. Incubated companies grew faster and were more resilient than industry peers. However, when they leave the incubator, they don't continue their growth trajectory, but tend to level out and match industry growth rates. This was the need and the opportunity.

Then came the perfect storm, the economic setback of 2008. Suddenly the typical economic development model of recruitment lost traction and though many still didn't understand the Economic Gardening® vision, there now appeared a secondary motivator: "pain" to find new alternatives.

It was Randy Berridge, who was also on the MyRegion committee and had founded the Florida High Tech Corridor, who as O'Neal said, "Sprinkled Pixie Dust on the idea, by making pledge to go along with any state funding we might get. It was the first 'Angel' investment in the idea."

It took O'Neal, Berridge and Quello, two attempts and a lot of luck and no little sacrifice, to get the initial funding.

They designed a hub and spoke model, where UCF became the center and provided the previously mentioned factor in facilitating an entrepreneurial ecosystem, which was strategic research.



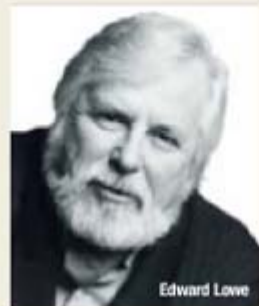
“Companies are moving fast and providing the right information about market opportunities helps them make better decisions faster,” Quello explained.

GET IT, GROW IT

The UCF Florida Economic Gardening Institute or GrowFL was created in 2009, to identify, serve and celebrate second stage companies. As of 2014, GrowFL assisted companies represent over 14,000 direct jobs across the state of Florida. These companies had an estimated sales output of over \$1 billion and contributed over \$2 billion to the Florida economy. This translates into a net ROI of \$6.74 for every \$1.00 invested into the program.

Edward Lowe
EDWARD LOWE FOUNDATION

Established by Ed and Darlene Lowe in 1985. Ed made his entrepreneurial mark by inventing and marketing Kitty Litter. In contrast to most U.S. foundations, which are grant-giving entities, they are an operating foundation that funds its own programs.



The foundation's entrepreneurship initiatives are focused on second-stage companies — growth-oriented firms that have moved beyond startup, but haven't yet reached maturity. This approach the foundations calls Economic Gardening®. In contrast to relocation or startup initiatives, Economic Gardening® targets second-stage companies already operating in a community. It helps these existing businesses grow larger by assisting them with strategic issues and providing them with customized research.

Their peer learning, leadership education and strategic information programs are geared to help these companies continue growing, while also educating communities about the challenges second-stagers face and how to work with them. The foundation is headquartered on a 2,600-acre site know as Big Rock Valley about half way between South Bend Indiana and Kalamazoo Michigan.





Today, GrowFL has assisted more than **800 companies** through their strategic research and CEO Roundtable programs and have recognized **250 successful entrepreneurs** through their annual awards program, Florida Companies to Watch.

O'Neal and Quello contend that a highly successful entrepreneur will be successful no matter what. But the question is, at what cost, in time and resources?



Wandy Berridge

Their joint successes are numerous. O'Neal and Quello invited Wayman Armstrong to a CEO peer group that was being co-sponsored and held at UCF. The much celebrated founder and CEO of Engineering and Computer Simulations was, at that time, ready to sell his small company because the challenges of scaling the business were too daunting. At the meeting, Armstrong

shared the challenges faced by his growing business with fellow entrepreneurs, who provided insightful feedback regarding his situation.

"They suggested that with the appropriate support structure in place, I could accomplish anything," Armstrong recalled. "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."

O'Neal believes this region can be one of America's great entrepreneurial hubs. "Our challenge is to do it without the downside you see in Boston, New York and California, where the cost of living is so high. Plus, we have such an incredible quality of life, that drew us here in the first place, no one wants to lose that. We can attain our aspirational goals, without overshooting the runway." ♦



SPOTLIGHT

GROWFL
TAKING SUCCESSFUL COMPANIES TO THE NEXT LEVEL

"Takes successful companies to the next level."

Created in 2009 by the Florida legislature as an economic development program focused on assisting second-stage growth companies prosper in the state of Florida. By providing strategies, resources and support to second-stage companies for next level growth through Strategic Research, Peer Learning and Leadership Development, GrowFL helps companies overcome obstacles to growth and leads them towards prosperity.

Based on the philosophy of Economic Gardening* — to grow existing businesses in a community, region or state — GrowFL, the Florida Economic Gardening Institute, is a critical component to the state's economic development strategy and Florida's entrepreneurial ecosystem. GrowFL is a statewide economic development organization certified by the National Center for Economic Gardening through the Edward Lowe Foundation.

Edward Lowe Foundation Headquarters

