Community Leadership Roles
In a Changing Economic Development Landscape

Mark Lange
Edward Lowe Foundation
NLC Leadership Summit 2011 Savannah, GA
• National Operating Foundation
  – Not a grant making foundation
  – Currently active in 42 states
  – Build and deliver programs

• Approach to entrepreneurship
  – Entrepreneur Support Orgs
  – Second-stage Entrepreneurs
  – Economic Gardening

• Tools and programs
  – Peer learning
  – Companies to Watch
  – YourEconomy.org
  – Leadership Retreats
Serving our Economy
Community Leadership Roles
In A Changing Economic Development Landscape

1. Re-balance your economic development strategy
2. Focus on infrastructure for your businesses
3. Understand your true business composition
4. Increase attention on growth companies
5. Update your business support services
6. Think locally act regionally
1. Re-balance Your Economic Development Strategy

Economic Gardening

**Needed Emphasis**
- Existing Growth Companies
- Grow From Within

**Current Emphasis**
- Startups
- Small Businesses
- Recruitment
There is more to Entrepreneurship than Startups and Small Business

Two types of Startups

**New Startups**

- Brand new enterprises unrelated to other establishments
  
  • Average size 3 employees – 90% of startups

**Expansion “Startups”**

- New establishments started by existing companies
  
  • Average size 26 employees – 10% of startups
Existing companies have more impact that we realize

US job creation - Ten Strongest Years drawn from 1990-2009

New Startup Jobs

Expansion Startup Jobs + Expanding Company Jobs

5.3 Million per year

3.8 Million per year

5.9 Million per year

9.7 Million per year

63% Higher

Ten Weakest years 86% higher

Source 2009 Preliminary NETS Database ©
Existing companies are important job creators!

Growth Factors Change Totals - Net New Jobs
Savannah, GA MSA 1998-2008

Factors: Opened (Births - Deaths), Expanded (Expansions- Contractions), Relocated (Move In - Move Out)

- Opened: 12.5K
- Expanded: 13K
- Relocated: 910
- Net New: 26.4K
2. Focus on infrastructure specifically to meet the goal of supporting your businesses

A. Develop traditional infrastructure to support your current business community

A. Get much better acquainted with your business support organizations

A. Develop your IT infrastructure

A. Foster networking of businesses and organizations
3. Understand your true business composition

Do you know where your jobs are?

- Resident vs Non-Resident
  - Headquartered in your State?
- Non-commercial
  - Non-profit, Education, Gov’t?
- Stages of Growth
Getting to know your “RESIDENT” companies.

United States 1993-2008

Average percentage of establishments

- Stage 4 (500+): 0.1%
- Stage 3 (100-499): 0.6%
- Stage 2 (10-99 employees): 10.9%
- Self-employed (1 employee): 29.1%

Average percentage of jobs represented

- Stage 4 (500+): 15.1%
- Stage 3 (100-499): 15.4%
- Stage 2 (10-99 employees): 35.7%
- Self-employed (1 employee): 4.7%

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A closer look at business activity through time

NETS – National Establishment Time Series

Practical information for community leaders and business support organizations.

Includes more small businesses and entrepreneurs.
4. Increase Attention On Growth Companies

**Overall**

- 10-99 Employees
- 1-50 $ Million in Revenue
- Includes High Growth, High Potential and Steady Growth
- Past startup – not mature
- Intent and capacity for Growth

**Rural & City Emphasis**

- Inventory businesses by stage and markets served
- Concentrate on Exporting Innovation
- Find and serve External Market Companies of all sizes
- Acquire expertise regionally
5. Update Business Support Services

• Traditional Economic Development
  – Transactions based services focused on *movement*

• New Economy Economic Development
  – Information based services focused on *strategy* and *growth*

• Economic Gardening
  – Improve access to information
The Evolution of Economic Gardening
1990 - Littleton, Colorado
Establishes First Economic Gardening Program

- Gradually built highly successful information system for local businesses
- Gained national and international attention
- Breakthrough Technique
  - Target
  - Tools
  - Timing

Littleton Technical Assistance Model

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• 2009 - Florida passes economic gardening bill focusing on second-stage
• $1.5 million Technical Assistance Pilot Program
• ELF creates a “virtual” Littleton model to service companies and train local team
• Ten months – 157+ companies create 327+ Jobs
6. Think locally act regionally

- Edward Lowe Foundation agrees to host the National Center for Economic Gardening – Infrastructure & Technology
- Economic Gardening Networks established to offer virtual services for other state and regional pilot programs
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Contact and Resources

Mark Lange
mark@lowe.org
Phone – 269-445-4221
www.edwardlowe.org
www.youreconomy.org
www.GrowFL.com
www.networkkansas.com

Today’s presentation

http://dl.dropbox.com/u/9382703/NLCELF.pdf