The Revolutionary Road

How taking the road less traveled can lead to sustainable growth.
Everyone Wants Results NOW
So Much Pressure!
It Better Be a Homerun!

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Celebrating Singles & Doubles

- 263,164 home runs hit in Major League Baseball out of 11,659,980 plate appearances between 1914 and 2014.
- A home run is hit only 2% of the time.
- Getting on base to produce runs is what wins the game.
• Operating Foundation
  – National – 42 States
  – SW Michigan HQ 2600 acres
  – Retreat and Conference Center
  – Land stewardship

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

• Tools and programs
  – Peer learning
  – Recognition
  – Research
  – Education

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Increase attention on growth companies

- Privately-held
- 10-99 employees
- 1-50 Million in revenue
- Includes high growth, high potential and steady growth

- Past startup – with proven model
- Intent and capacity for growth

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Why Second-Stage Companies?

Because we believe they have the greatest positive impact on the economy

- Create jobs
- Increase volume of income into the region
- Attract outside capital
- Attract companies and talent
- Drive culture
- Affect philanthropy
• Analyze economic activity at community, state and MSA level
• Derived from National Establishment Time Series (NETS), a longitudinal database
• Tracks performance of more than 54M U.S. businesses
• Resident, nonresident and non-commercial businesses
• www.youreconomy.org
Resident Second-Stage Companies
Alaska
2005-2013

Percentage of Second-Stage Companies

Jobs Represented

COMPOSITION BY STAGES:

COMPOSITION BY STAGES:
Resident Second-Stage Companies

Alaska

2005-2013

Percentage of Second-Stage Companies

Sales Represented

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Resident Second-Stage Companies

Ogden-Clearfield, UT MSA

2005-2013

Percentage of Second-Stage Companies

Jobs Represented

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Resident Second-Stage Companies

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Percentage of Second-Stage Companies

Sales Represented

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Not all Businesses are Created Equal

External Market Entrepreneurs
- Serve beyond local market
- Intent and capacity to grow significantly
- Increase the volume of income into the region

Local Market Entrepreneurs
- Serve within local market
- Growth potential limited to market area
- Increase the velocity of money circulating within the region
External Market Growth
Ogden-Clearfield, UT MSA

- From 2005-2013 average annual growth in the number of external market companies was 3.1%
- Average annual growth of their sales was 14.8%
- Second-stage companies represented more than half (52.2%) of all sales generated by external market companies.
Local Market Growth
Ogden-Clearfield, UT MSA

• From 2005 to 2013 the average annual growth rate for the number of companies selling primarily to local markets was 3.6%.
• Average annual growth for their sales was flat (-0.6%) during this period.
• Second-stage companies represented 37.3% of sales generated by all local market companies.
Finding Balance

Needed Emphasis

Existing Growth Companies

Grow From Within

Current Emphasis

Startups

Small Businesses

Recruitment

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"Second-stage has a PR problem because our Western culture is driven by excitement and events"

...Don Hicks, founder, LlamaSoft
The Real Story Behind Growth
2005-2010

- About 1% of U.S. companies are responsible for 72% of job growth
- Incremental growth is key, not large singular gains
Patient Growth

Loving Those Who Loved You First

- Local companies, especially high-growth companies, are the source of jobs and wealth.
- The creation of nurturing environments are critical for their growth and success.
Rally Cry

Now go out there and be patient and sustainable!
We Know It Isn’t Always Easy

Cow poop.
Yes, I have definitely stepped in cow poop.
The Road Less Traveled
Isn’t Always a Piece of Cake

“One model of an organization is to find something that you’re good at and that’s easy and straightforward and get paid for that. The other model is to seek out things that are insanely difficult and do those instead.”

...Seth Godin
But It Leads Here

GrowFL Results
11-1-09 to 6-1-13

- $5.5M state investment
- Companies created 2,067 direct jobs
- Investment per direct job: $2,660
### Kansas Economic Gardening Network

**RESULTS: 2010-2012**

#### Revenue - Second-Stage Businesses -

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<th>U.S.</th>
<th>KS EG Businesses</th>
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<td>% annual growth '10-'12</td>
<td>.5%</td>
<td>16.1%</td>
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#### Jobs - Second-Stage Businesses -

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<th>U.S.</th>
<th>KS EG Businesses</th>
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<tbody>
<tr>
<td>% annual growth '10-'12</td>
<td>2.3%</td>
<td>18.9%</td>
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<tr>
<td></td>
<td>2.6%</td>
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What Causes Growth

It is not industry and location that cause growth. It’s what happens inside the company.
Company Stages Don’t Look Alike

• Second-stage companies require different services
• Peer-to-peer learning
• Need to feel loved
• Information – the new incentive

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Peer-to-Peer

• Finding their tribe
• Leverages collective intelligence and experience
• Just-in-time, on-target feedback
Showcasing Your Growth Companies

“Everyone gets excited about startups or very large companies, and then there’s us – second-stage companies...It’s a completely different phase of your business, and it can get lonely.”

...Chris Straw, founder, Team Quality Services
Economic Gardening

A unique program for second-stage companies providing critical and often difficult to find information that helps make informed decisions about strategic issues.
National Center for Economic Gardening

- Founded by Chris Gibbons, CEO
- Based on the principles originating in Littleton, Colorado
- Governing body for principles, process, tools, certification and training
Why We are Believers!

– Drives change with a bottom-up approach
– Patient versus quick-fix approach
– Substantive change happens at the local level with individual companies
– The Littleton/Gibbons model is the gold standard
Success to Date

• 34 Programs
• 25 states (4 statewide programs)
• 298 companies served in 2012 in 19 networks with a total of 8,396 specialist hours
• 314 companies served in 2013 in 27 networks with a total of 7,230 hours by EG specialists
• 298 Florida Companies
Funding for Programs

• Economic Development Organizations
• Your influence
• Finding the perfect match
Two roads diverged in a wood, and I—
I took the one less traveled by,
And that has made all the difference

~Robert Frost~