



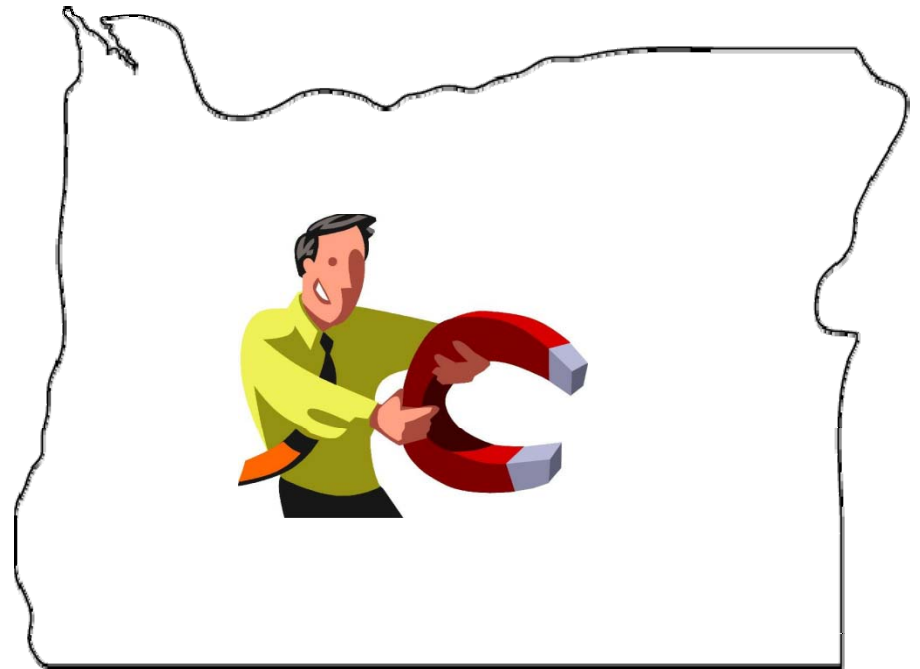
# Economic Gardening: Growing Oregon's Small Businesses

Rep. Jefferson Smith, Presentation to OEDA, September 27, 2011

# Heard this?

We could *attract more companies* to Oregon if we just...

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_



# Heard this?

We could *grow more companies* in Oregon if we just...

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_



# Q: Where's the job growth?

<b>Jobs</b>	<b>1998</b>	<b>2008</b>	<b>Change</b>	<b>% Change</b>
Total	1,816,075	2,047,809	231,734	12.8%
Noncommercial	281,517	314,199	32,682	11.6%
Nonresident	362,235	351,887	-10,348	-2.9%
<b>Resident</b>	<b>1,172,323</b>	<b>1,381,723</b>	<b>209,400</b>	<b>17.9%</b>
Self-employed	59,440	119,739	60,299	101.4%
<b>Stage 1 (1-9)</b>	<b>344,576</b>	<b>494,207</b>	<b>149,631</b>	<b>43.4%</b>
<b>Stage 2 (10-99)</b>	<b>472,115</b>	<b>491,313</b>	<b>19,198</b>	<b>4.1%</b>
Stage 3 (100-499)	168,155	166,080	-2,075	-1.2%
Stage 4 (500+)	128,037	110,384	-17,653	-13.8%

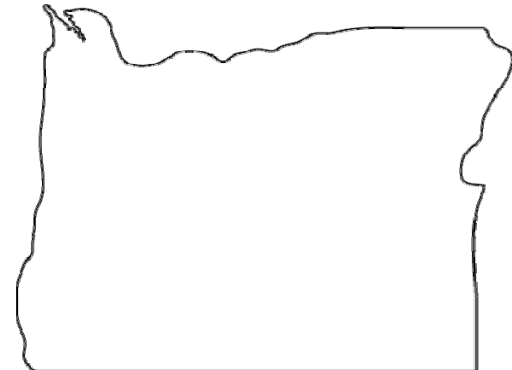
A: Local companies with <100 employees.

Source: National Establishment Time Series

# Jobs in Oregon

Between 1998 and 2008,

- Oregon's resident companies were net job creators (+209,400) while nonresident companies were net job losers (-10,348).
- Oregon's smaller companies (<100 employees) were net job creators (+168,829) while larger companies (100+ employees) were net job losers (-19,728). *Source: National Establishment Time Series*



# Jobs in America

The fastest-growing 1% of firms tend to create about 40% of new jobs. They tend to be smaller (<100 employees) and younger (3-5 years).

*Source: Ewing Marion Kauffman Foundation.*



In addition to “economic *hunting*,”  
Oregon should do more  
*economic gardening*.





**Littleton, Colorado, 1987**



Two decades of economic gardening:

**100% Jobs growth: 15,000 to 30,000**

**333% sales tax growth: \$6 million to \$20 million**

(only 25% population growth: 32,800 to 41,000)

**Economic gardening** a sustained, long-term strategy to grow jobs and create wealth by providing a suite of services to high potential second-stage companies.

*Source: Small Business Administration*



# Tenets

- Entrepreneurial companies create jobs
- Homegrown – cultivate the good that's here
- Steady, sustainable – not just ribbon cuttings
- Companies drive their success – within a context



## Entrepreneurial groups promote EG

- The W.K. **Kellogg** and Ewing Marion **Kauffman** foundations promote economic gardening as a cost-efficient, entrepreneur-centered approach to economic development.
- The Edward C. **Lowe** Foundation has created certified teams to jump-start local programs and train local teams.

*Harvard Kennedy School: “Top 25 Government Innovation”*





One year of GrowFL:

**\$1.5 million investment**

**1,458 Jobs** (592.7 direct, 406.7 indirect, 458.9 induced)

**\$281.2 million sales/output growth**

**\$133.6 million additional state GDP**

# Typical eligibility

- 10-99 Employees
- Gross revenues: \$1 million - \$50 million
- Traded sector/import-competing potential
- Positive growth trend: 3 of last 5 years
- Company age: 3-5 years old

Adjustment of criteria may be necessary demographic and geographic inclusivity.



## Efficient Cost-per-job

Various program models for economic gardening have proven effective municipal/regional models in Littleton, Colorado, Beaverton, Oregon and the Portland-Vancouver Regional partners, and a state model in Florida.

Florida's "GrowFL" program has yielded a direct "per-job cost" of just \$3,416. And indirect cost of just over \$1000. *Source: GrowFL Annual Report*





**Fit with Oregon's business services**

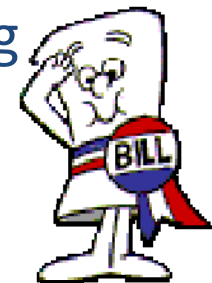
# Offering input:



...and many more

# Grow Oregon & Get Growing

- In 2010 a bipartisan group of legislators created what is now the Grow Oregon Council – aka the Council on Stage Two Business Development & Economic Gardening
- In 2011, the legislature extended the Council and infused \$300,000 for a launch program to begin and evaluate economic gardening in Oregon.
- The SBDCs launched the partnered effort Get Growing



# EG: Information To Grow On

- Competitive intelligence, market analysis, sales leads, GIS
- Strategic decision-making for growth –new markets, new products, grow sales
- Customized for each company



“We have to grow small companies headquartered *here*.  
The biggest talent gap is in marketing and sales”  
– Bob DeKoning,  
Oregon Entrepreneurs Network



# How an EG team works

- Reports to company
- Meets with company leadership to identify key needs
- Conducts customized research and analysis - competitive intelligence, market analysis, sales leads, GIS
- Assists company in strategic decision-making for growth –new markets, new products, grow sales



“It was **exactly what we needed** to find new customers and grow. We never would have done it without the help we got.” – Doug Robertson



Toni Thom , Strategic Printing & Manufacturing Solutions / Keyscaper.com

Michael Gurton, MarketLink / Oregon Microenterprise Network

## **CASE STUDY: STRATEGIC PRINTING/KEYSCAPER**

## 1. Enhance growth company services

Oregon should strongly consider enhancing services for high potential second-stage companies, including but not limited to market research and strategies, GIS analysis, search engine optimization and web/new media marketing, and CEO peer networking events.



## RECOMMENDATIONS

How we think Oregon ought to proceed

## 2. Integrate

Oregon's should strongly consider integrating economic gardening into the existing business services infrastructure in a way that maximizes inter-organizational collaboration.

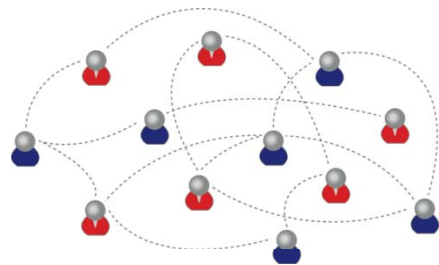


## **RECOMMENDATIONS**

How we think Oregon ought to proceed

### 3. A broad network

Oregon's economic gardening strategy should include a broad, diverse network of referral partners.



## RECOMMENDATIONS

How we think Oregon ought to proceed

## 4. “Water the last cornstalk”

Oregon’s economic gardening strategy should consider geographic and demographic inclusivity in determining program eligibility.



## **RECOMMENDATIONS**

How we think Oregon ought to proceed

## 5. Program/pilot metrics

- New customers and sales
- New markets accessed
- Revenue growth
- Employment growth including total wage base, median wage and number of employees
- Portion of above attributed to services provided
- Customer satisfaction



## RECOMMENDATIONS

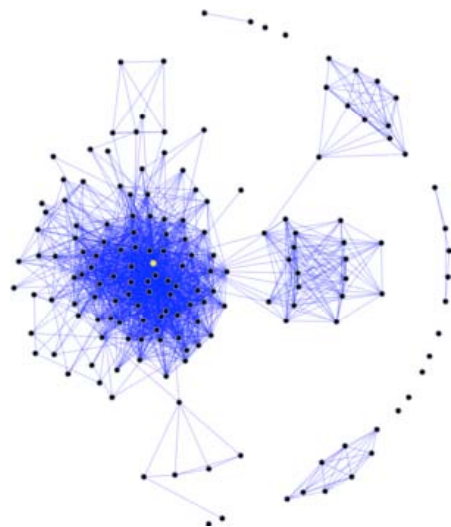
How we think Oregon ought to proceed

## What's Next?

- The Council is currently seeking collaborative proposals to execute the launch program
- Once RFP process is complete, the team will reach out to experts in the field and local economic gardening efforts
- January 1, 2012 start
- **Goal:** Provide services to 50-100+ companies around the state



- Sign on as a supporter of economic gardening in Oregon
- Help spread the word - set up a presentation / lunch /etc. at your business or organization
- Offer input and help GrowOR integrate into your existing initiatives
- Refer promising businesses
- Help launch an integrated local program

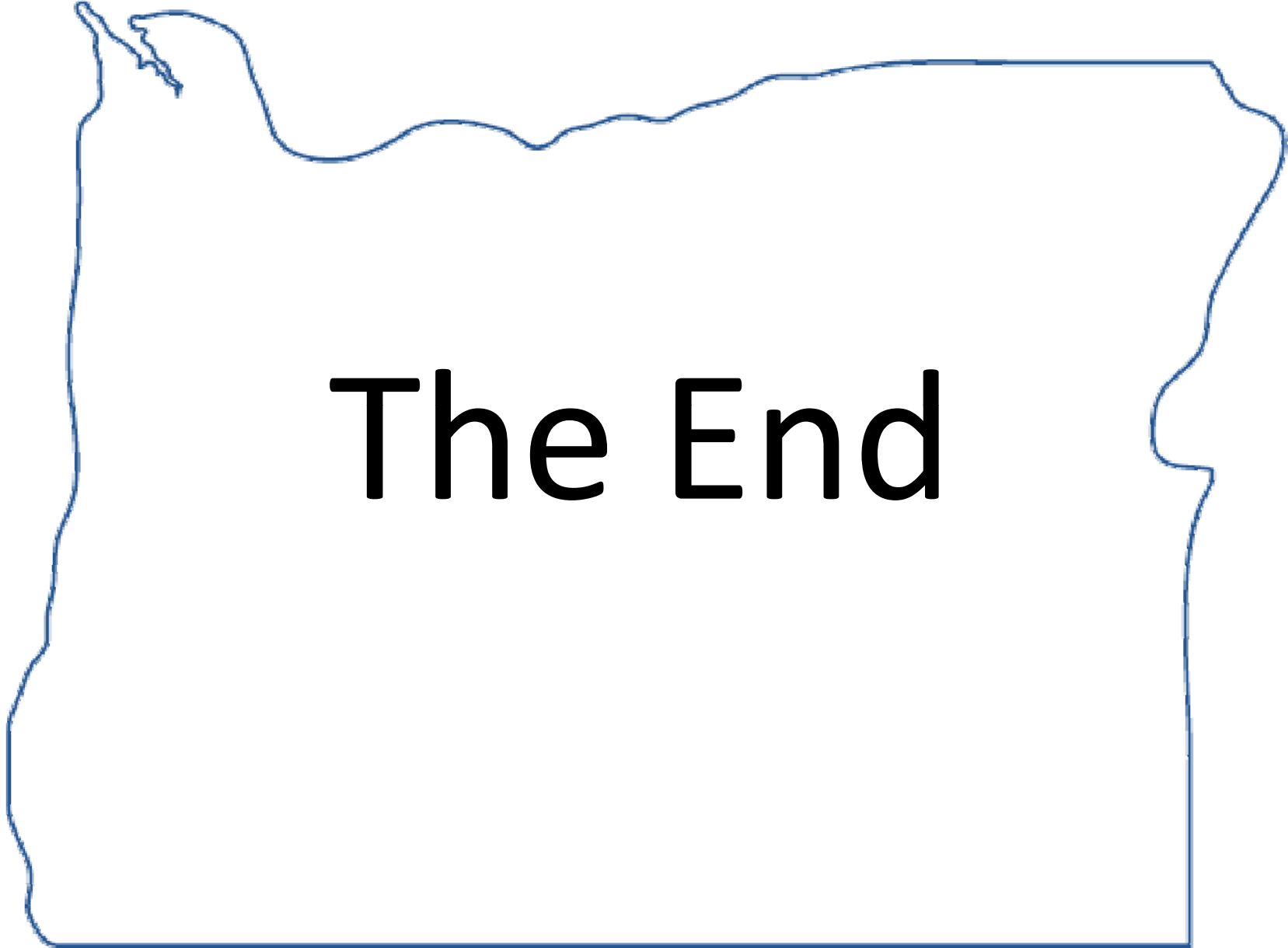


**GROW OREGON**

How to help



**Thank You**



**The End**

**JOBS**

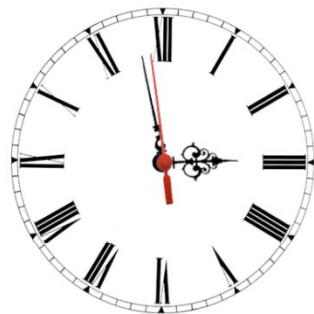


# What's happening now

- RFP out
- Wanting to work with local EG efforts – where are there scale economies and gains to collaboration
- Want to work with 50-100 companies

## 5. Extend the task force

The legislature should reauthorize the task force for a length of time sufficient to initiate and evaluate a statewide economic gardening pilot. Private sector representation on the Task Force should be increased.



## RECOMMENDATIONS

How we think Oregon ought to proceed

## Your Role

- Start-up phase
  - Provide expertise
  - Help GrowOR integrate into your existing initiatives
- Implementation phase
  - Refer small businesses to the program



## 8. Funding a pilot

The cost of a robust pilot economic gardening program, serving 100 companies over two years, would be between \$750,000 and \$1,000,000. Federal and private grants may be available to leverage a state contribution to a pilot program.



## FINDINGS

What we've learned

- Unanimous vote out of policy committee
- Launches a Grow Oregon pilot
- Tests the effectiveness of economic gardening in Oregon
- Provides sophisticated market research and market strategy assistance to emerging growth businesses
- Scalable up or down based on funding



**SB 930**

Launch the Grow Oregon Pilot

**Grow Oregon**



Too good to be true? Maybe not.



# FINDINGS & RECOMMENDATIONS

What we've learned and how Oregon ought to proceed

- Passed with broad, bipartisan support
- Business leaders, economic developers, policymakers
- Will advise Business Oregon on development, implementation and evaluation of Grow Oregon pilot



**HB 2879**

The Grow Oregon Council

## Current Status

The GrowOR task force was extended, and received \$300,000 in funding to test the effectiveness of Economic Gardening in Oregon and provide high level free research services to second stage traded sector companies

