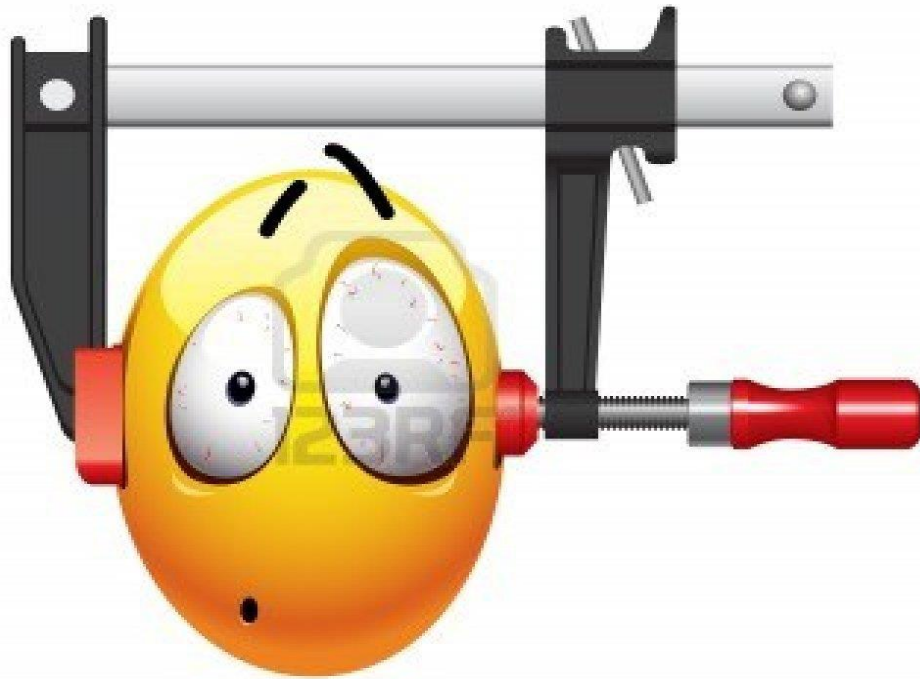


# **The Revolutionary Road**

**How taking the road less traveled  
can lead to sustainable growth.**

# Everyone Wants Results NOW So Much Pressure!



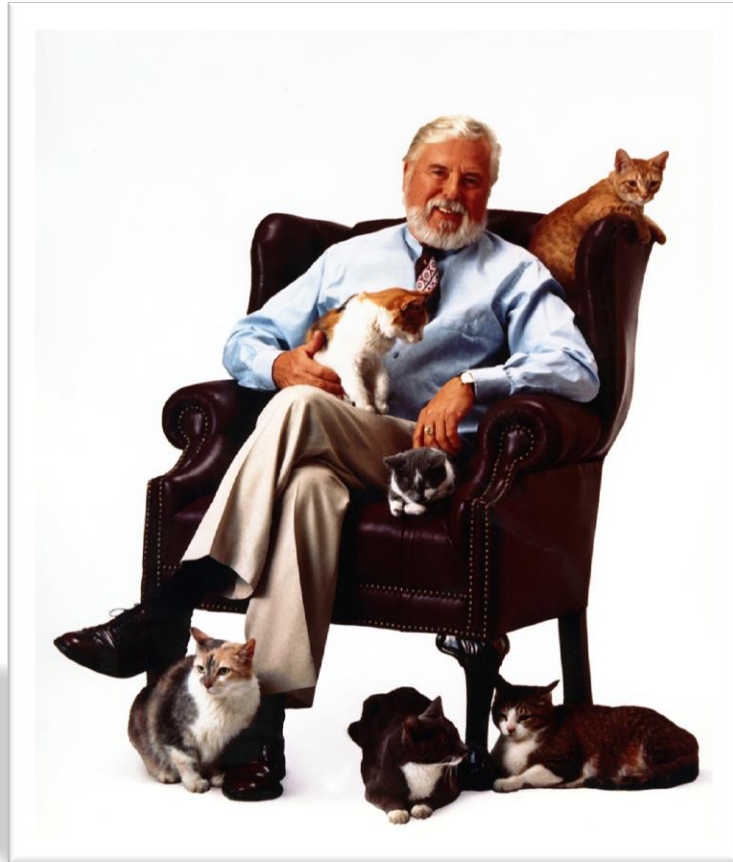
# It Better Be a Homerun!



# 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



## **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

# 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



# YOUR ECONOMY

- 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](http://www.youreconomy.org)



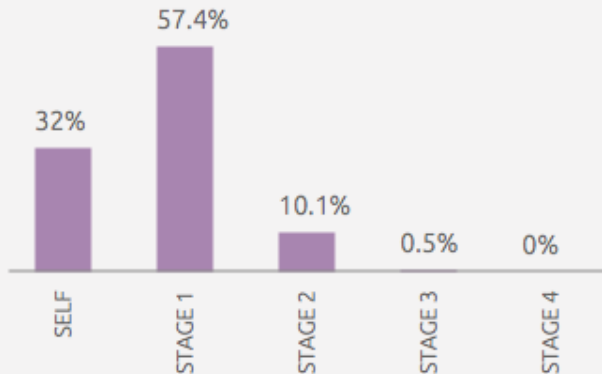
# Resident Second-Stage Companies

*Alaska*

*2005-2013*

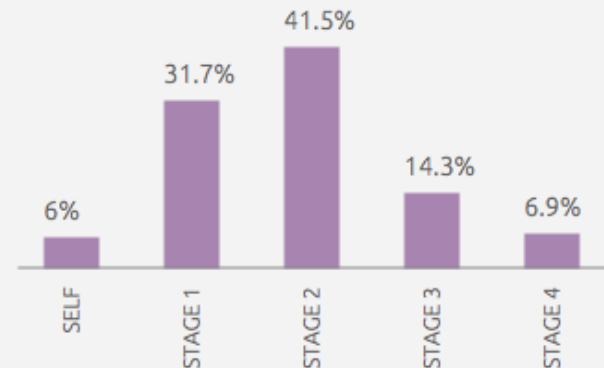
## Percentage of Second-Stage Companies

COMPOSITION BY STAGES:



## Jobs Represented

COMPOSITION BY STAGES:



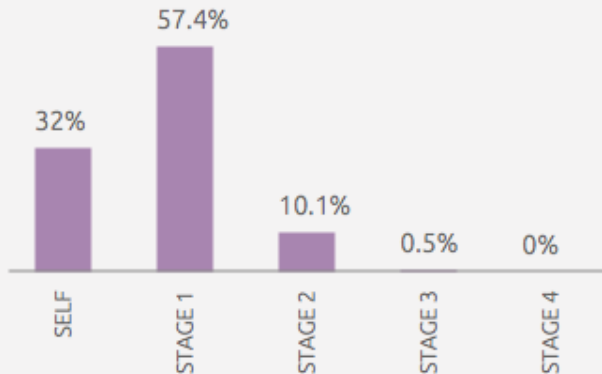
# Resident Second-Stage Companies

*Alaska*

*2005-2013*

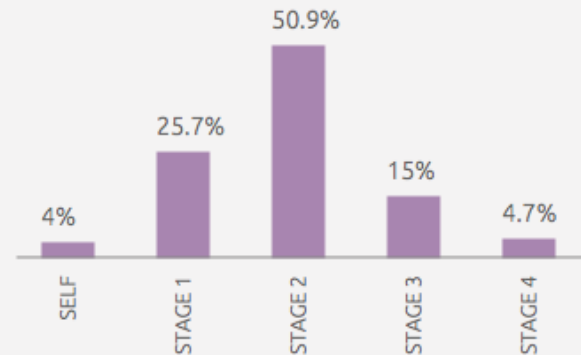
## Percentage of Second-Stage Companies

COMPOSITION BY STAGES:



## Sales Represented

COMPOSITION BY STAGES:

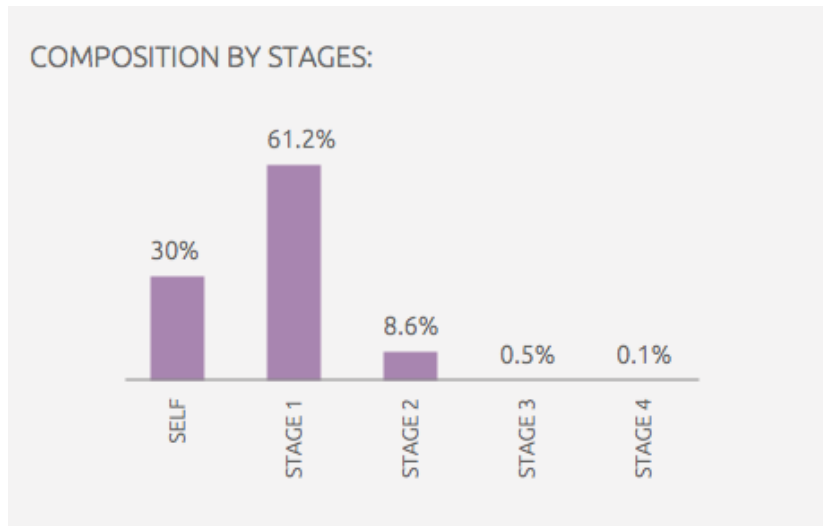


# Resident Second-Stage Companies

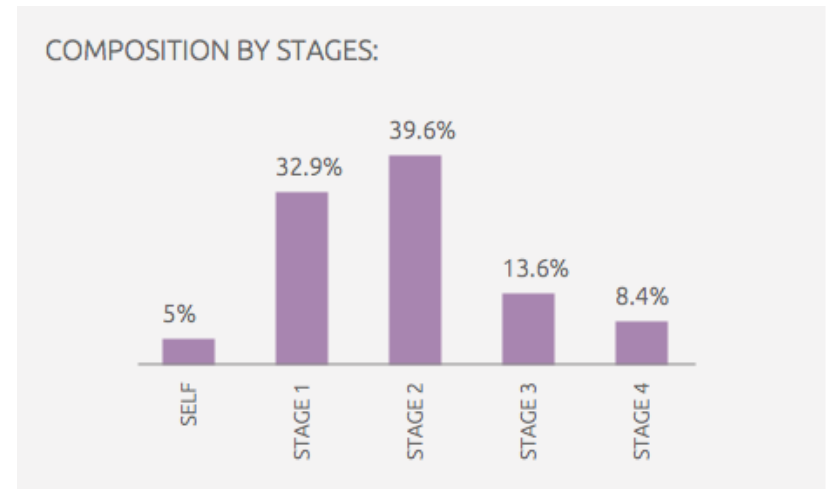
*Ogden-Clearfield, UT MSA*

*2005-2013*

## Percentage of Second-Stage Companies



## Jobs Represented

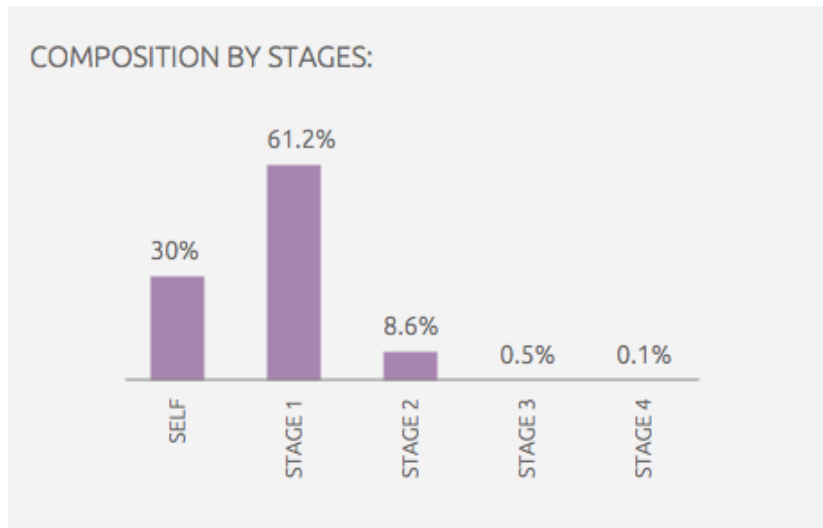


# Resident Second-Stage Companies

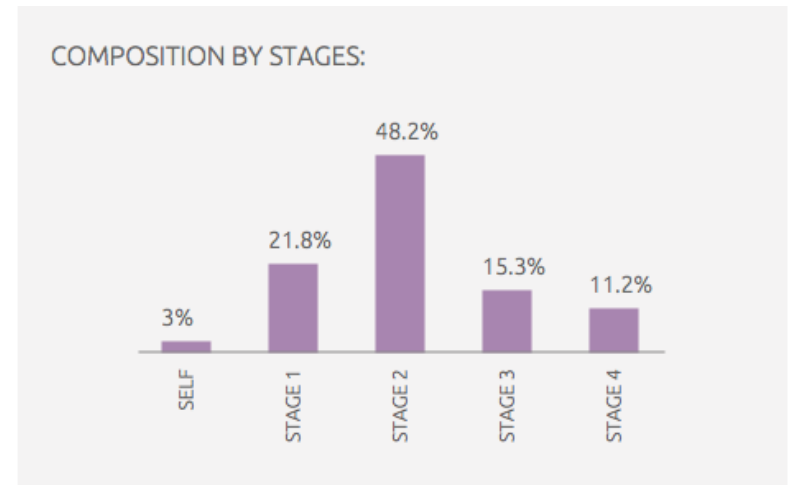
*Ogden-Clearfield, UT MSA*

*2005-2013*

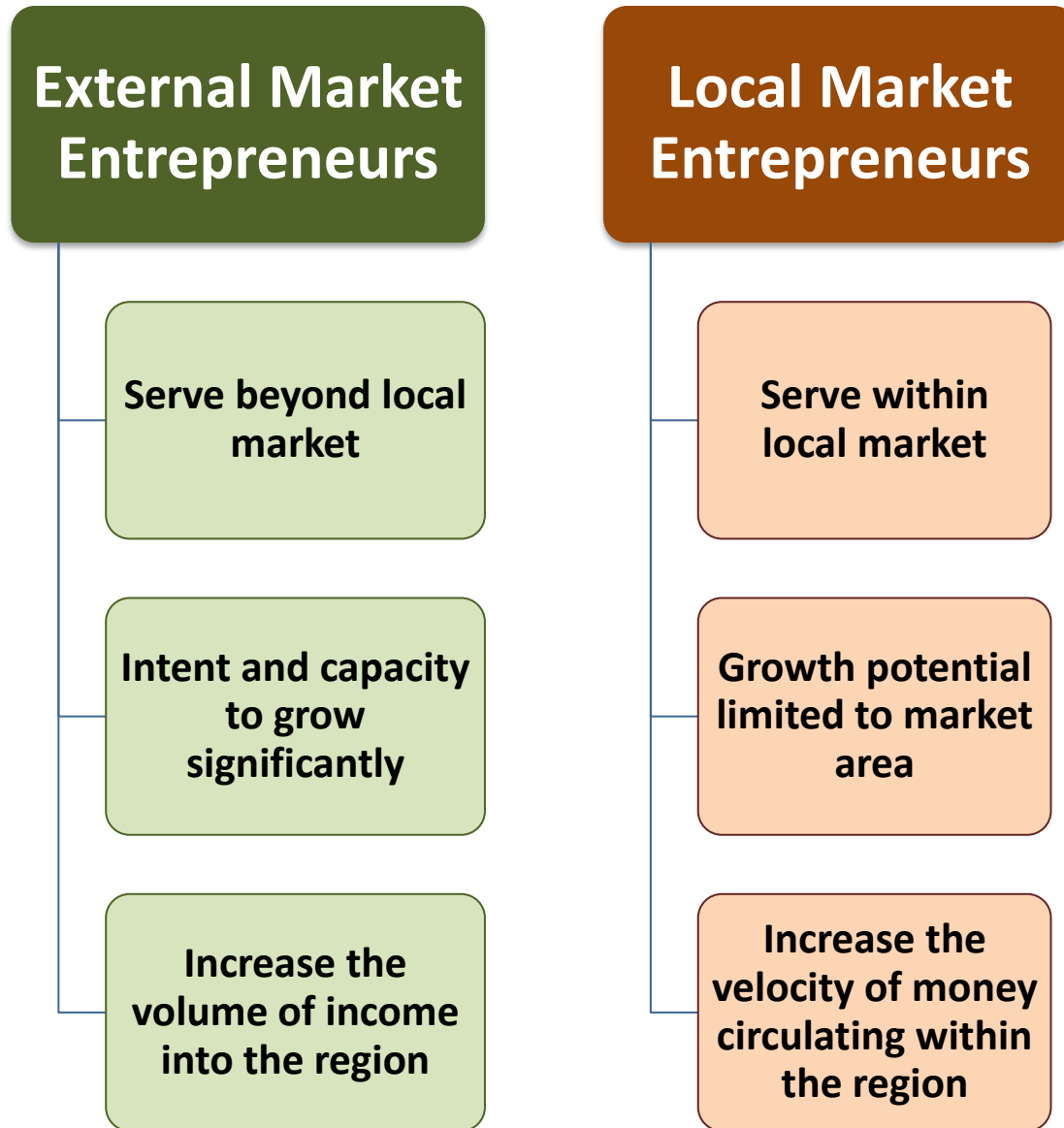
## Percentage of Second-Stage Companies



## Sales Represented



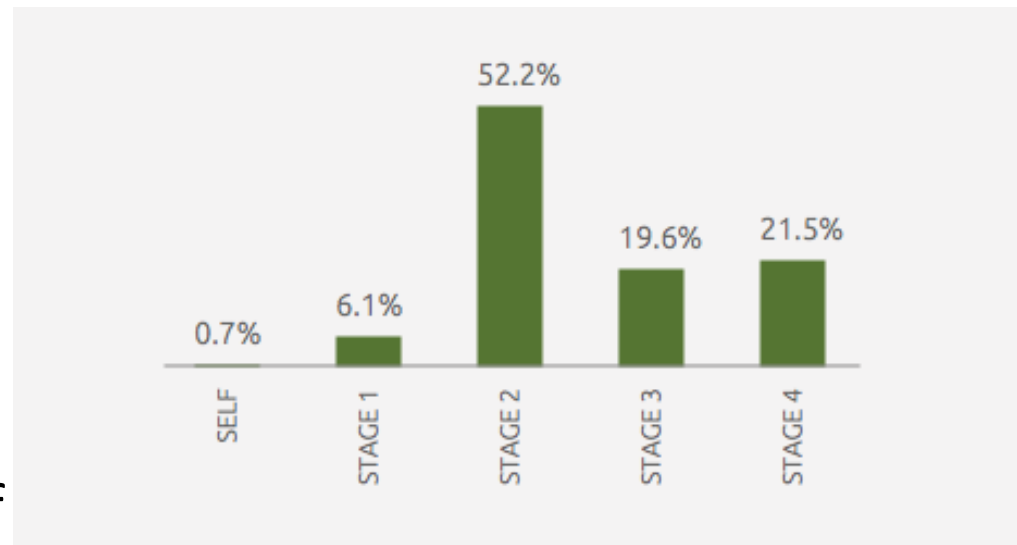
# Not all Businesses are Created Equal



# External Market Growth

## *Ogden-Clearfield, UT MSA*

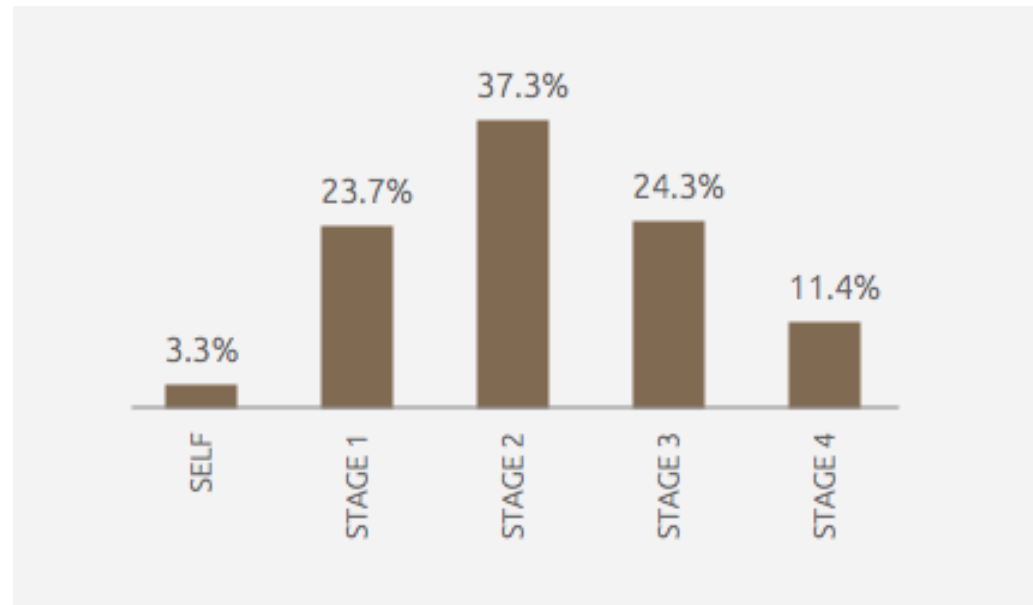
- From 2005-2013 average annual growth in the number of external market companies was 3.1%
- Average annual growth of their sales was 14.8%
- Second-stage companies represented more than half ( 52.2%) of all sales generated by external market companies.



# 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**



# Second-Stagers Understand

“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.



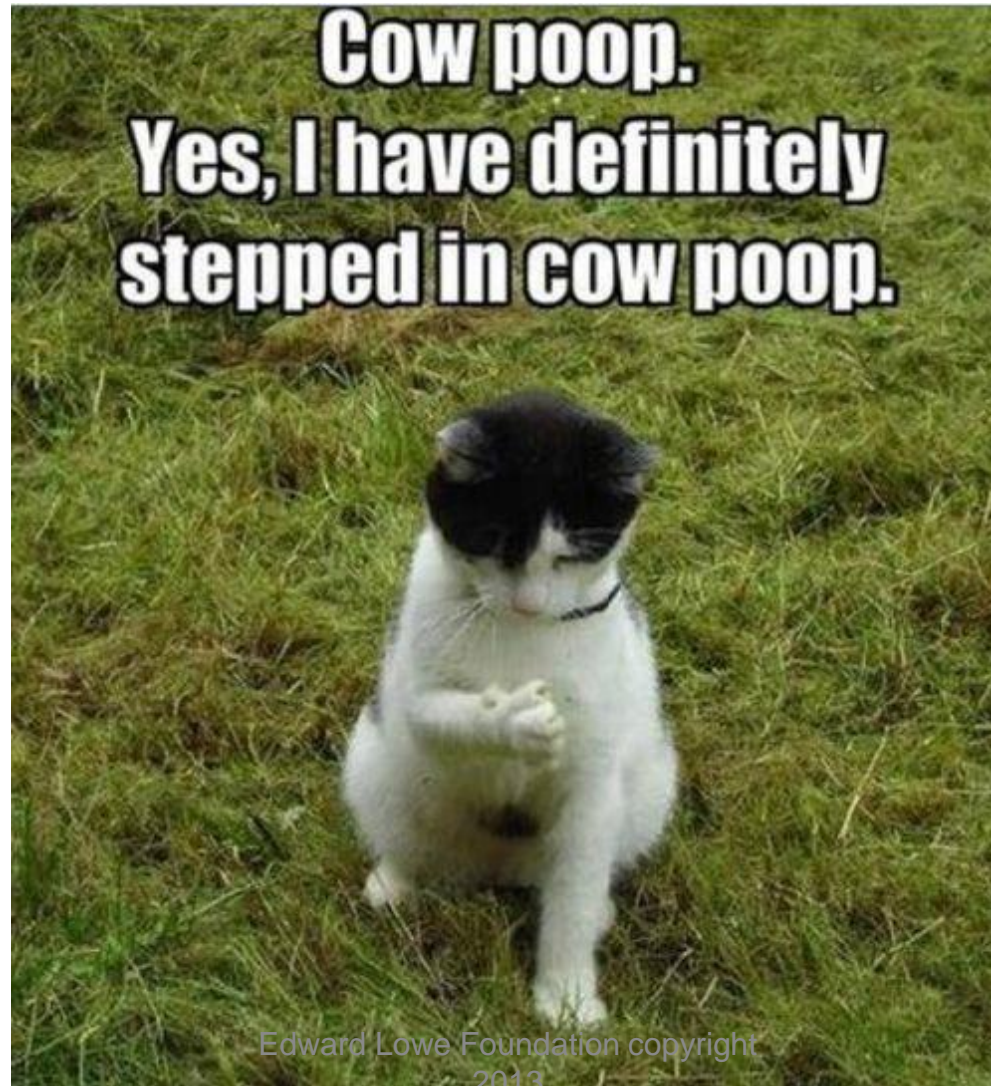
# Rally Cry

Now go out  
there and be  
patient and  
sustainable!





# We Know It Isn't Always Easy



# The Road Less Traveled

## *Isn't Always a Piece of Cake*

A MAN'S  
There was a piece of chocolate  
cake in the fridge with a note,  
"Don't eat me!" Now there is an  
empty plate with a note,  
"Don't tell me what to do!"

“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

### JOBS

*- Second-Stage Businesses -*

% annual growth '10-'12

.5%

U.S.

2.1%

KS

16.1%

KS EG  
Businesses

% annual growth '10-'12

2.3%

U.S.

2.6%

KS

18.9%

KS EG  
Businesses



# 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



# 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

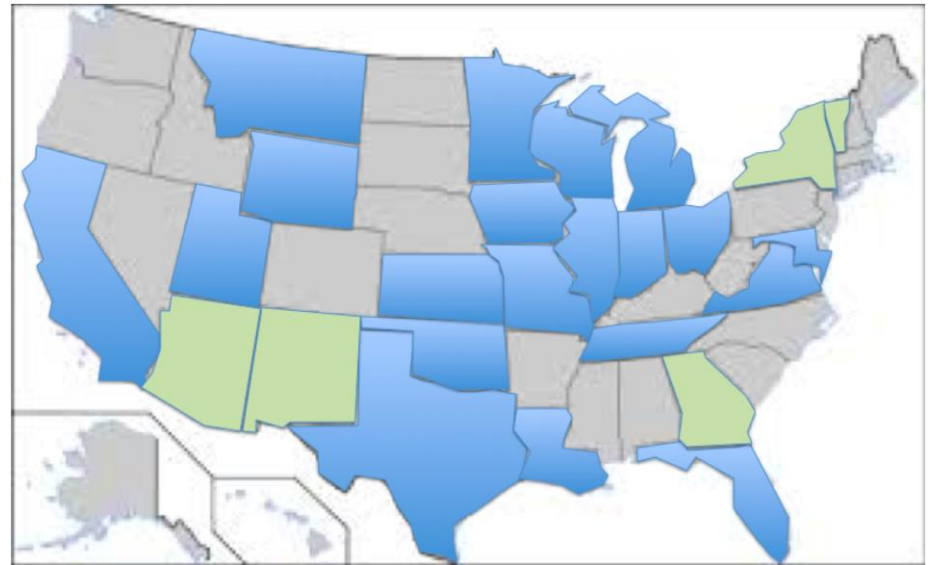


## **Why We are Believers!**

- 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

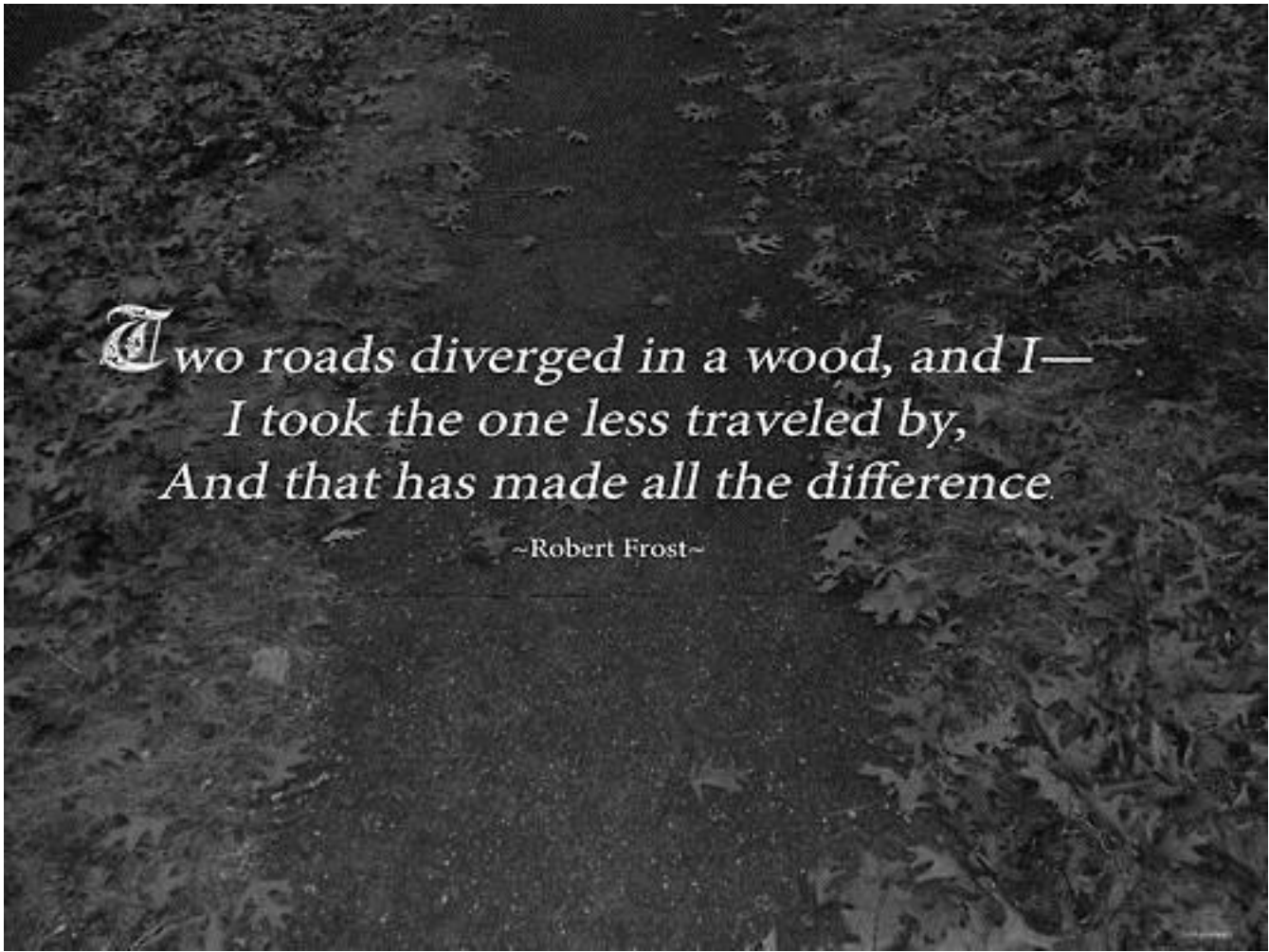




# Funding for Programs

- 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~*

Penny Lewandowski  
Vice President  
Entrepreneurship & Strategic Direction  
Edward Lowe Foundation  
[penny@lowe.org](mailto:penny@lowe.org)