The Power of Entrepreneurship to Create Jobs and Community Success

Penny Lewandowski
Edward Lowe Foundation
Nationally Recognized Expert in Understanding and Serving Growth Companies
We’ll Talk About

• Serving existing businesses
• The importance of and how to serve growth companies
• Disproving rural economic myths
The Power of Existing Businesses

Center on Budget and Policy Priorities

• Jobs that move from one state to another typically represent 1% to 4% of total job creation.

• Jobs created by out-of-state businesses expanding into a state by opening new branches represents 1/6th of total job creation.

• “Home grown” jobs contribute more than 80% of total job creation in every state.
Startups and Job Creation

Daniel Isenberg, Babson

• Very few startups create jobs
• Little evidence that increasing the number of startups stimulates job creation
• ROI on investment in startup creation is not strong (e.g. Startup New York & Startup Chile)
Second-Stage Growth Companies

- Privately held
- 6-99 employees
- $750K - $50M revenue
- Past startup
- Intention to grow
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
Why Second-Stage Companies?

*They have the greatest positive impact*

- Jobs
- In a position to expand or transition markets
- New income
- Talent
- Culture
- Future philanthropy
“Regional prosperity is fostered when a critical mass of indigenous local companies grow more and more rapidly.” ... Daniel Isenberg
YourEconomy.org (YE)

An online information tool that allows users to analyze business activity from the community level, to the state level, and across the country. YE tracks the performance of more than 43 million U.S. businesses from 2015 back through 1997, providing detailed information about jobs, sales and establishments.
## Boone County

### Jobs by Stages

<table>
<thead>
<tr>
<th>Category</th>
<th>2011</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL</td>
<td>9.0K</td>
<td>8.4K</td>
</tr>
<tr>
<td>Self Employed (1)</td>
<td>1.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td>One (2 to 9)</td>
<td>18.3%</td>
<td>20.4%</td>
</tr>
<tr>
<td>Two (10 to 99)</td>
<td>42.8%</td>
<td>42.7%</td>
</tr>
<tr>
<td>Three (100 to 499)</td>
<td>26.5%</td>
<td>29.9%</td>
</tr>
<tr>
<td>Four (500+)</td>
<td>11.1%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>
## Greenbrier County

<table>
<thead>
<tr>
<th>Jobs by Stages</th>
<th>2011</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>15.4K</td>
<td>16.7K</td>
</tr>
<tr>
<td>Self Employed (1)</td>
<td>1.8%</td>
<td>1.7%</td>
</tr>
<tr>
<td>One (2 to 9)</td>
<td>29.0%</td>
<td>29.6%</td>
</tr>
<tr>
<td>Two (10 to 99)</td>
<td>45.2%</td>
<td>46.2%</td>
</tr>
<tr>
<td>Three (100 to 499)</td>
<td>18.2%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Four (500+)</td>
<td>5.8%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>JOBS BY STAGES</th>
<th>2011</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL</td>
<td>3.1K</td>
<td>3.4K</td>
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<tr>
<td>SELF EMPLOYED (1)</td>
<td>2.4%</td>
<td>2.1%</td>
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<tr>
<td>ONE (2 TO 9)</td>
<td>38.0%</td>
<td>36.0%</td>
</tr>
<tr>
<td>TWO (10 TO 99)</td>
<td>53.1%</td>
<td>50.1%</td>
</tr>
<tr>
<td>THREE (100 TO 499)</td>
<td>6.4%</td>
<td>11.8%</td>
</tr>
<tr>
<td>FOUR (500+)</td>
<td>0.0%</td>
<td>0.0%</td>
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## McDowell County

### Jobs by Stages

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<thead>
<tr>
<th>Category</th>
<th>2011</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>6.0K</td>
<td>6.0K</td>
</tr>
<tr>
<td>Self Employed (1)</td>
<td>1.8%</td>
<td>1.7%</td>
</tr>
<tr>
<td>One (2 to 9)</td>
<td>31.4%</td>
<td>32.7%</td>
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<tr>
<td>Two (10 to 99)</td>
<td>56.4%</td>
<td>53.1%</td>
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<tr>
<td>Three (100 to 499)</td>
<td>10.4%</td>
<td>12.5%</td>
</tr>
<tr>
<td>Four (500+)</td>
<td>0.0%</td>
<td>0.0%</td>
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</table>

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# Wyoming County

## Jobs by Stages

<table>
<thead>
<tr>
<th>Category</th>
<th>2011</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>5.2K</td>
<td>5.5K</td>
</tr>
<tr>
<td>Self Employed (1)</td>
<td>1.9%</td>
<td>2.2%</td>
</tr>
<tr>
<td>One (2 to 9)</td>
<td>34.0%</td>
<td>36.0%</td>
</tr>
<tr>
<td>Two (10 to 99)</td>
<td>60.0%</td>
<td>56.1%</td>
</tr>
<tr>
<td>Three (100 to 499)</td>
<td>4.2%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Four (500+)</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
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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

- Each stage has different
  - Needs
  - Methods of learning
  - Ways they communicate
  - Cultures

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Start-Ups & Early Stage

• Hungry for information and education
• Easier to reach them and get their attention
• Operational more than strategic
• One-to-many programs work well
Growth Companies

- More strategic than operational
- Expanding teams and markets
- Challenging to reach
- Rely on trusted sources
- Peer-to-peer is important
- Need to feel loved
How to Find Them

• Existing relationships
• May have asked for assistance
• Service providers – attorneys, accountants, bankers
• Will begin referring their peers
How to Serve Them

• Peer-to-peer networks
  – Why they are important
  – How they work
  – Virtual opportunities

• Technical assistance
  – Exports (doesn’t need to be international)
  – Expanding or transitioning markets
  – Access to research (Economic Gardening)
  – Innovation
  – Workforce and building teams
How to Love Them

• Reach out and listen
• Make connections
• Celebrate success
• Power of story telling
• Collaborate outside your city/county borders
Growth Company Results

Statistics from Economic Gardening

• Louisiana (5 years)
  – 178 companies collectively created 561 jobs and increased gross annual revenue by $218M

• Kansas (5 years)
  – 58 companies collectively created 344 jobs and increased gross annual revenue by $55M
  – Overall growth rate of 11% while peers without assistance grew at a rate of 6%
For the Very Big
And the Very Small

• State of Florida
  – 2015 population of 20,271,272

• Koochiching County, MN
  – 2015 population of 12,941
For the Very Urban
And the Very Rural

• Rochester, New York (pop 210,000)
• Marysville, Kansas (pop 3,300)
For the Very High Tech
And the Very Low Tech
Network Kansas

- **Bling**
  - Located in Scott City. Population 3,889
  - 8 fulltime and 34 part time (2014)

- **Wilkens Manufacturing**
  - Stockton Kansas, population 1,327
  - 71 fulltime/6 part time

- **Dymax**
  - Wamego, Kansas, population 4,603
  - 49 fulltime/1 part time (2014)
My Three Wishes

- Excitement around existing businesses
- Belief in power of second-stage
- Disproving rural myths
- Celebrating success
“Those who cannot change their minds, cannot change anything.”

... George Bernard Shaw
Penny Lewandowski
Vice President
External Relations & Strategic Direction
Edward Lowe Foundation
penny@lowe.org