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**SMALL BUSINESS FOUNDATION  
OF MICHIGAN**



# **Michigan Local Government Management Association Winter Institute (2010)**

## **Economic Gardening: Instrument for Community & Economic Recovery, Diversification & Development in Michigan**

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***...Fostering an Entrepreneurial Culture in Michigan***

# Foreword

## **An Entrepreneur-Oriented Approach to Economic Prosperity**

It may seem ironic in today's global economy, but place has become more important than ever. Natural resources, low-cost labor and tax incentives used to be the key drivers to state or regional prosperity. Today, however, the ability to support innovative companies and entrepreneurs has become the critical component to economic recovery and growth. This 2009 edition of the Michigan Entrepreneurship Scorecard highlights the challenges and opportunities that lie ahead for Michigan's entrepreneurial journey.

Of course place has an even greater emphasis for Michigan, which is living through a period of dramatic economic change and volatility. In addition to the call for diversifying the Michigan economy, it is time to build a culture that serves businesses differently – that's where economic gardening comes in.

Economic gardening takes an entrepreneurial approach to job creation. Sometimes referred to as a "homegrown" or "inside-out" strategy, economic gardening focuses on helping existing growth-oriented companies become larger. It's not that business attraction and recruitment activities should be abandoned, but they've been overemphasized, due partly to competitive and political pressures. A balanced approach is the key to building an entrepreneurial culture.

Economic gardening sets itself apart from other economic-development strategies by its target audience, tools, and timing of services. It deals with growth-oriented (or what we call second-stage) companies by providing high-end information and decision-making assistance to these companies as they transition from small to large. These second-stage companies are significant job creators because of their focus on growth. And because they often have national or global markets they bring outside dollars into the state.

Traditional economic development programs offer tax incentives, workforce development services and infrastructure improvements to attract and retain companies that may be considering relocation – tools that emphasize movement rather than growth. In contrast economic gardening helps companies deal with strategic issues like penetrating new markets, refining business models, and embracing new leadership roles. Most important, economic gardening provides these customized services quickly and efficiently to meet the "just-in-time" needs of this second-stage audience.

In spite of its economic challenges, Michigan portrays a strong sense of place and is well known for its rich entrepreneurial history. The 2009 Entrepreneurship Scorecard moves us another step closer to identifying and understanding these challenges - and the important metrics that can give us the insight to build a culture that truly does serve businesses and entrepreneurs differently.

Mark Lange, Executive Director  
Edward Lowe Foundation and,  
Member, Score Card Board of Technical Advisors

## **Score Card Sponsor**

The Small Business Association of Michigan (SBAM) is a Michigan-based industry association that focuses the buying power, political power and shared resources of thousands of small business members. SBAM is the only statewide and state-based association that focuses solely on serving the needs of Michigan's small business community. The Small Business Foundation of Michigan (SBFM) was formed in 1999 and is operated in connection with SBAM. SBFM is an operating foundation that raises funds from grants, fees and donations and expends funds on Foundation directed projects aimed at stimulating robust entrepreneur change, vibrancy and culture. SBFM is the founder and manager of the Annual Michigan Entrepreneurship Score Card project. The Score Card was seeded with funding from MERRA and SBAM and is graciously underwritten, on an annual basis, with grants and donations from leading organizations and individuals who share the vision of community and economic recovery, diversification and development in Michigan from the robust creation, retention, expansion and attraction of entrepreneurs who effectively combine intent and capacity for growth and impact with the research, develop and commercialization of innovation. Rob Fowler serves as the President of both the Small Business Association and Foundation of Michigan.

## **Score Card Board of Technical Advisors**

SBFM has a Board of Technical Advisors for the Score Card that provides quality oversight to the methodology of the study, the individual metrics and their groupings, analysis and conclusions. In alphabetical order, the following are current members of the Board of Technical Advisors:

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## **Collaborating Organizations**

The Michigan Entrepreneurship Score Card is a project of the Small Business Foundation of Michigan. The 2004-05 inaugural edition was created and produced by the Small Business Foundation of Michigan (SBFM) with seed funding support from the Michigan Energy Resource and Research Association (MERRA) and NextEnergy. Numerous financial and promotion sponsors have joined with SBFM to help underwrite the production and distribution of the subsequent annual Score Cards as well as follow-up projects aimed at researching the Nexus between entrepreneurship and other economic drivers.

Financial Sponsors provide critical funding to underwrite the research, production, printing and distribution of the Score Card. Contributing Sponsors report on the Score Card findings. Most importantly, our Sponsors provide insight, information and data to augment the report, help distribute the Score Card findings to thought-leaders and provide invaluable insights regarding the NEXUS between entrepreneurship and community and economic recovery, diversification and development in Michigan.

### **Financial Sponsors**

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Michigan Municipal League  
Michigan State Housing Development Authority  
Saginaw Valley State University  
Saginaw Bay Sustainable Business Forum  
Small Business Association of Michigan  
Small Business Foundation of Michigan

### **Collaborating Sponsors**

Crain's Detroit Business  
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### **Economic Gardening**

While all of the Score Card Sponsors are important for entrepreneurship in the state, the following are particularly important for Economic Gardening as an instrument of community and economic recovery, diversification and development:

**City of Gladwin**  
**1000 West Cedar Avenue**  
**Gladwin, Michigan 48624**  
**(Tel) (989) 426-9231, <http://www.gladwin.org>**

Robert Moffit serves as the City Administrator, City of Gladwin. Robert has teamed with the Michigan Municipal League, Saginaw Valley State University and the U.S. Department of Agriculture to launch model Economic Gardening PLUS effort in Gladwin County. Economic Gardening is a nationally recognized reinvention model, developed by Chris Gibbons, director, Economic Gardening in Littleton Colorado. Economic Gardening PLUS (EG PLUS) is an experimental program, developed by Saginaw Valley State University, Center for Business and Economic Development, and piloted by the City of Gladwin. EG PLUS is based on the premise that an entrepreneurial culture is a necessary condition for the creation retention, expansion and attraction of small business entrepreneurs that combine innovation with intent and capacity to grow. Moreover, such a culture in one where three distinct types of entrepreneurs are prevalent: small business entrepreneurs; intrapreneurs; and,

social entre/intrapreneurs (both non-profit and private sector). EG PLUS is designed to nurture the synergy between these three forms of innovative entrepreneurship.

**Michigan Municipal League**  
**1675 Green Road**  
**Ann Arbor MI, 48105**  
**(Tel) (800) 653.2483, <http://www.mml.org/home.html>**

The Michigan Municipal League is a clear voice for Michigan communities. Through advocacy at the state and federal level, MML proactively represents municipalities to help them sustain highly livable, desirable, and unique places within the state. MML creates and offers their members services and events that range from traditional to cutting edge, in order to help educate and inspire them to remain focused on their passion for the area they represent. Their mission is that of a non-profit acting with the fervor of entrepreneurs to passionately push change for better communities and a better Michigan. MML strongly supports entrepreneurship as a community and economic development strategy for local communities.

**Michigan State Housing Development Authority**  
**735 E. Michigan Ave**  
**Lansing, Michigan 48909**  
**(Tel) (517) 241-2512, <http://www.michigan.gov/mshda>**

The Michigan State Housing Development Authority, established in 1966, provides financial and technical assistance through public and private partnerships to create and preserve safe and decent affordable housing, engage in community economic development activities, develop vibrant cities, towns and villages, and address homeless issues. MSHDA's loans and operating expenses are financed through the sale of tax-exempt and taxable bonds and notes to private investors, not from state tax revenues. Proceeds of the bonds and notes are loaned at below-market interest rates to developers of rental housing, and also fund home mortgages and home improvement loans. MSHDA also administers various federal housing programs. MSHDA, in collaboration with the Michigan Municipal League, has established a Sense of Place Council that, among other initiatives, supports robust entrepreneurship as a community development strategy. Joseph B. Borgstrom, Director Community Assistance Team, MSHDA, is a member of the Score Card Board of Technical Advisors.

**Saginaw Valley State University**  
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Saginaw Valley State University's Center for Business and Economic Development works to enhance the economic vitality of the Saginaw Valley, providing quality resources, programs and people. SVSU CBED accomplishes this using unique and innovative methods to provide technical support for existing businesses; personal and professional development opportunities; programs and services for the manufacturing sector; and commercialization of ideas and inventions whether at the University or business start-ups across the region. SVSU CBED manages the U.S. Department of Labor "Workforce Innovation in Regional Economic Development" (WIRED) program. WIRED focuses on increasing economic development opportunities through entrepreneurship. SVSU became a Wired grant recipient in 2006, in collaboration with Michigan State University and other partners making up a larger "Mid-Michigan Innovation Team." SVSU's new Center for Entrepreneurship and Commercialization (CEC), located in the Center for Business and Economic Development (CBED), administers nearly \$3 million to catalyze job and business opportunities in sectors that have high growth potential. A central focus of the program is to encourage, facilitate and expedite commercially-viable projects research and development projects funded by federal and/or state grants (i.e., SBIR, STTR, etc.). Dr. George Puia, Ph.D., Dow Chemical Company Centennial Chair in Global Business, College of Business and Management, Saginaw Valley State University, is a member of the Score Card Board of Technical Advisors.