

Entrepreneurial Community of the Month

Littleton, Colorado

Location:	Southern suburb of Denver, Colorado
Organization:	Business/Industry Affairs (BIA), City of Littleton
Director:	Chris Gibbons
Funding:	City government, annual budget of approximately \$700,000
Primary Focus of the BIA:	The primary focus of the department is the award-winning and internationally recognized Economic Gardening Program, which provides sophisticated information services to existing businesses to make them more competitive.
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Economic Gardening in Littleton, Colorado

In small gardens, seeds are sown by hand and nurtured into healthy plants.

Imagine a city where small businesses are similarly grown: the city spends energy and time tending local crops of opportunity, rather than recruiting less-reliable outside interests; budding entrepreneurs find fodder they need to succeed; a healthy community sprouts from local creativity and talent, growing from within.

Chris Gibbons and his associates turned this vision into a reality in Littleton, Colorado, calling their creation Economic Gardening.

Using high-tech tools and specialized services, the City of Littleton's Business/Industry Affairs (BIA) department – headed by Gibbons – helps entrepreneurs succeed.

All this without operating a loan program.

“We don't do financial assistance,” Gibbons said. “There are other people out here who do that stuff. What makes us strong is our technological capabilities. My experience is that with a small budget such as ours, (small loans are) just a drop in the bucket for most businesses.”

But economic conditions seemed to have blossomed under Littleton's gardening program. From 1989 to the present, jobs in the city have increased from 14,000 to 29,000 and sales tax has increased from \$6 million to \$19 million. The city spent no money on incentives or tax breaks to recruit businesses during that time.

Littleton's flourishing gardening project has sown seeds of interest across the country in both cities and small towns.

How does the Garden Grow?

In the late-1980s, an energy-induced economic slump forced Littleton and the state of Colorado into a recession. Littleton's largest employer, Martin Marietta, laid off several thousand employees. There were nearly a million square feet of vacant retail space, and downtown vacancies were approaching 30 percent.

As a remedy, the Littleton city council hired Gibbons as director of the Business/Industry Affairs department. The Council instructed Gibbons to work with local businesses to develop good jobs, rather than rely on out-of-state corporations to dictate their economic future.

“It was a perfect alignment of the stars – an idea and a need,” said Gibbons, who developed the concept of Economic Gardening with other experts and organizations.

It was based on research by David Birch at MIT that indicated the majority of all new jobs in any local economy were produced by small, local businesses. Recruiting large companies drew major headlines but often amounted to less than 5 percent of job creation in most communities.

Gibbons and company formed a plan to rely on local entrepreneurs building the economy from the inside out: economic gardening rather than economic “hunting” for outside employers.

The City of Littleton began funding the economic gardening program at about \$70,000. These days they operate on a budget of about \$600,000.

“You could probably run a pretty decent program on a smaller budget,” Gibbons said. “But it’s absolutely crucial that the program be headed by a person who is passionate about these ideas. You need people willing to push the edge and try new things.”

The program offers a wide variety of business services – from assistance with business plans to conducting focus groups. But their forte is in high-tech tools to help entrepreneurs. Gibbons’ staff of four includes an Economic Intelligence Specialist (and former librarian), a Geographic Information Systems Analyst, and an Economic Development Specialist, as well as a Research Analyst working with youth programs.

These experts offer entrepreneurial clients sophisticated services such as computer mapping and geographic analysis, finding targeted community information and marketing lists, custom business research, and information on about 17 million businesses nationwide.

Using web-searching tools, industry trend models and corporate reports, Gibbon’s staff provides business with assistance beyond the basics.

“We tend to do pretty high-end stuff,” Gibbons said. “We go beyond simple business plans because we know there are other organizations out there who provide those services.”

For example, one client called Church Partners came to Gibbons for help with their website. Earlier, the BIA brought in a firm from California that employed former Google and Macromedia employees.

“One thing the California experts told us was that using frames in your website will make it invisible to search engines,” Gibbons said. “We’ve had companies that spent thousands of dollars on their websites and found that search engines couldn’t even see them.”

The BIA helped Church Partners optimize their web visibility. And they held classes to pass on information obtained from the California experts to other local businesses.

A store selling Scottish and Irish merchandise also came to the BIA looking for Internet assistance. With a web-searching tool that tells clients the market for their products on the Internet, the BIA helped this store realize their potential to sell online.

“For the first time in our lives, we have real time market analysis,” said Gibbons, who added that there is a website where users can find demand for a product and can then compare that to the number of websites dedicated to that product – essentially giving a supply/demand ration on the spot.

The BIA recently worked with a start-up business that offers high-end playhouses – from \$30,000 to \$90,000 – for children. The business owner wanted to know if there was a market for his elaborate pirate ships, space ships and Victorian mansions.

“We verified for him that there definitely was a market for this kind of thing. This business owner was just a single guy, a one-person shop. Normally he would never have access to the

corporate tools that we subscribe to,” said Gibbons, noting that many of the corporate reports would cost upwards of \$20,000 if bought individually.

Gibbons said that there are basically two kinds of clients coming to his door: 80 percent of the people he helps gross less than \$200,000 in sales and employ less than 10 people; a smaller number of clients have already solved the sales problem and are looking for help in growing their business.

“We try to get all of our clients to think about their core strategy and go beyond the simple business plan. We ask, ‘Are you a commodity business or a differentiated business?’” said Gibbons, citing the example of a bookstore in Littleton specializing in auto books.

They work at a regional level, Gibbons said, offering a deep selection of books on anything from auto repair to antique cars.

“Because they are a deep niche, Wal-Mart will not chase them down that hole,” Gibbons said.

Gardening Philosophies

Few backyard gardeners put the kind of thought into their toils as Gibbons and his team did into the philosophical underpinnings of economic gardening.

Some of their early learning included the debate between small and large businesses.

“There’s a difference between the mom-and-pop stores and entrepreneurs, and that difference is how fast the business grows,” Gibbons said.

Former physicist and MIT professor David Birch found that only 3 to 5 percent of all companies were high growth, and these were creating the majority of new jobs. Birch coined the term “gazelles” to describe these fast-growing businesses. Gibbons found these gazelles to be the job-creators in Littleton as well.

“So we got out of the small vs. large debate,” Gibbons said. “The real issue was rate of growth.”

At the same time, Gibbons and his team realized that there was a high correlation between growth and innovation in fast-growing companies. So they developed a seminar series to bring state-of-the-art business practices to Littleton companies with a focus on innovation.

But the seminars did not produce the high performance companies that they expected.

“It was at this point that we discovered what may be our most profound insight about business: the temperament of the CEO is one of the major factors in the growth rate of companies,” Gibbons said.

The discovery of the impact of temperament put an end to seminars and training programs, and the team began to focus more on targeted assistance to individuals with high energy and good ideas in targeted ways.

“You cannot fundamentally change people. We got out of that ‘We’re gonna make you better’ mode and now we try to help people who have higher potential for growth and job creation,” Gibbons said. “Even for venture capitalists, one of their major considerations is the management team running the company.”

By the mid-1990s, the economic gardening team in Littleton tapped into another idea that has shaped their work: businesses are biological as much as mechanical.

“Sometimes business leaders just don’t get the people side of it. Some see their business only as a spreadsheet,” Gibbons said. “But mostly business is about people: customers and employees.”

Just as natural systems are constantly evolving and changing in unpredictable ways, so are companies. The organization chart has less to do with how things get done in an organization than the relationships between people, Gibbons said.

This emerging science on the biological nature of companies was termed “Complexity,” and it produced some handy rules of thumb for every day use, including the Edge of Chaos theory, describing the fine line between stability and chaos where innovation and survival are most likely to take place.

“We could see this operating in Littleton’s business world. We had stable companies on Main Street which could not adjust to a fast changing world,” Gibbons said. “Our high growth companies, on the other hand, were innovating quickly. Sometimes they would fall into complete chaos, but most often they would ride the very edge of chaos like a seasoned surfer.”

Operating under these and other philosophies, the BIA has put Littleton on the economic development map.

But Will it Work in Wyoming?

Littleton, a city of roughly 40,000, is actually a suburb of Denver. With its proximity to a large metropolitan market, as well as a place in a state with high venture capitalist activity, Littleton may seem a ripe choice for economic gardening. Some would question whether it would work in a more rural setting.

Gibbons disagrees. And Michael Lambert, manager of the Wyoming Market Research Center, said that, yes, it does work in Wyoming.

Lambert was hired in 2003 by the Wyoming Business Council – a umbrella organization for business resources statewide -- as a director of their economic gardening program.

With the tenth largest land mass of all U.S. states and the smallest population, Wyoming’s program proves to be a large garden for growing new businesses.

“Wyoming is basically a small town with really long streets,” Lambert said.

Lambert said the state organizes its economic gardening around regional offices staffed by people who have direct contact with business clients in all corners of the state. These regional contacts then relay business needs to Lambert, whom has all of the high-tech tools used in Littleton.

Being a part of the University of Wyoming, Lambert has access to university information as well as the many business and market reports.

Working with entrepreneurs involved in anything from rabbit ranching to building high-tech tools, Lambert has performed a wide variety of services for Wyoming business leaders.

“Economic gardening absolutely can work in rural areas,” he said. “It may take a different shape, but it can offer clients the corporate staff they need without having to spend the money.”

Gibbons said a number of other communities, including some rural areas, have been experimenting with economic gardening around the country. In fact, Gibbons said most of the speaking requests he receives come from rural places.

“It can be tough to get started in small towns,” Gibbons said of his gardening work. “It depends largely on the culture of the community. Much more important than tools or people is whether entrepreneurial activity is acceptable in the area.”

Gibbons cites the example of Alaska. He said when he visited that state, many people just wanted to talk about commercial fishing. A narrow mindset can be a roadblock to new ideas, especially in towns that depend largely on commodity industries, Gibbons added.

But in small towns such as Fairfield, Iowa, innovation has bloomed thanks to the influx of diversity and new ideas from Maharishi University of Management.

As Gibbons said, if a community is open to new ideas, they are ripe for economic gardening.

Gardening Work Ahead

For gardens to thrive, they need to be planted in a hospitable place.

Gibbons and team have focused on three tenets to create a nurturing environment for entrepreneurs: providing tactical and strategic information to businesses, providing quality of life and intellectual infrastructure to the community; and providing connections to trade associations, think tanks, R&D outfits, academic institutions and similar companies.

Not only has this gardening recipe shown tangible results through more jobs and increased sales tax, but Gibbons has also collected personal stories of success. One client said that the marketing work done by the BIA increased their sales \$1,500,000; another client said they sent a son to college on one business lead from the BIA.

The success of their multi-faceted approach has not gone unnoticed by other communities and states, as well as the media. In 1998, Littleton's program won the National League of Cities national award for innovation and was cited for innovation by the U.S. Economic Development Administration and the University of Minnesota.

"We by no means have solved the economic development riddle," Gibbons said. "We cannot patent it, put it in a jar and take it to any community and guarantee results. But we do think we are closing in on the answer.

We think it involves slow, painstaking community development with an eye on innovators. We think the gazelles are critical drivers. We think increasing connections and the flow of information helps and we think the greatest opportunity is during periods of chaos."

-By Lisa Bauer, 3/05

For more information on...

... the Center for Rural Entrepreneurship, go to www.ruraleship.org

... the Business/Industry Affairs department in Littleton, go to www.littleton.gov/bia

... Littleton's list of free and low-cost resources for economic gardening, go to www.littleton.gov/bia and look under Selected Articles on the left margin of the page

... a mail list maintained by Littleton for learning more about economic gardening, go to www.littleton.gov/bia/economicgardening/econdev.asp

... the Wyoming Business Council, go to www.wyomingbusiness.org