



Open Innovation:

Jacksonville's New Model
of Economic Gardening

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Executive Summary

Economic gardening is an innovative economic development program that accelerates the development of early-stage companies into second stage organizations that diversifies and grows a region and provides a sustainable platform for long-term prosperity. Although many areas of the United States have adopted economic gardening, the Jacksonville region has created an innovation model that provides structure and process that delivers extremely positive outcomes for both large and small firms as well Northeast Florida, one of the fastest growing areas of the country. To build a value-based economic gardening program, large companies, emerging organization and local government must come together in a way that fosters cooperation as well as innovation. The Open Innovation model should be a standard operating procedure for regions looking to grow from within.

Introduction

Economic gardening is the oldest and best tested entrepreneurial economic development program in the country. It traces its roots back to 1987 in Littleton, Colorado, when missile manufacturer Martin Marietta (now Lockheed Martin) cut its workforce in half, which resulted in 7,500 lost jobs and 1 million square feet of vacant real estate. Over the next two decades, Littleton put a moratorium on recruiting, incentives and tax rebates due to the economic restructuring that came from the loss of its largest employer. Replacing these traditional economic development tools, they implemented the concept of Economic Gardening and the results were remarkable. In the years ahead, Littleton more than doubled jobs and tripled sales tax revenue¹. Chris Gibbons, CEO of the National Center for Economic Gardening, is credited with helping to originate the idea of economic gardening in the 1980s.

Since its inception other cities have implemented economic gardening as a viable method of growing existing local businesses. The Jacksonville region has been a leader in economic gardening, propagating its Open Innovation model that connects large companies, local entrepreneurs and the economic development arm of the local government. This has helped Jacksonville complement its success in enterprise recruitment and relocation and build a more diverse and stable economic base of existing businesses, positioning the area for long-term growth.

Between 2005 and 2015 **second stagers represented about 17% of all U.S. business establishments** but generated more than 37% of jobs and 36% of sales.

- YourEconomy.org

¹Edward Lowe Foundation, 2017

Challenge

For an economic region to prosper long-term, the largest segment of growth needs to come from organizations that move from early-stage/start up (less than 10 employees) to a second stage (10-99 employees, \$1 million-\$50 million in revenue). Stage-two businesses may have represented only 17 percent of all U.S. businesses from 2005 to 2015, but they created more than 35 percent of the jobs and sales².

However, facilitation between large businesses (\$50 million in revenue and above) and smaller ones is often cited as the biggest struggle early-stage companies have in growing beyond their current size. With complicated procurement processes and hard to reach executives, the path for companies of this size is challenging and somewhat intimidating. Getting enterprise businesses and emerging companies connected is the key to unlocking the potential that is economic gardening.

"Big companies have challenges like any other business and they are looking for answers," says Carlton Robinson, chief innovation officer for the JAX Chamber. "On the other side are small businesses that have solutions but are challenged to break through the corporate wall and talk to decision makers. Someone has to facilitate that process for there to be a mutually beneficial relationship."



All work is based on the Innovator's Journey Business Method.

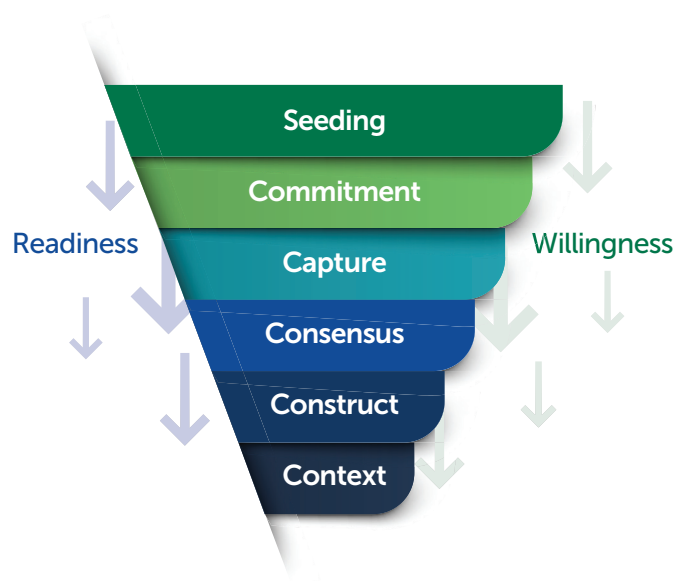
²Edward Lowe Foundation, 2017

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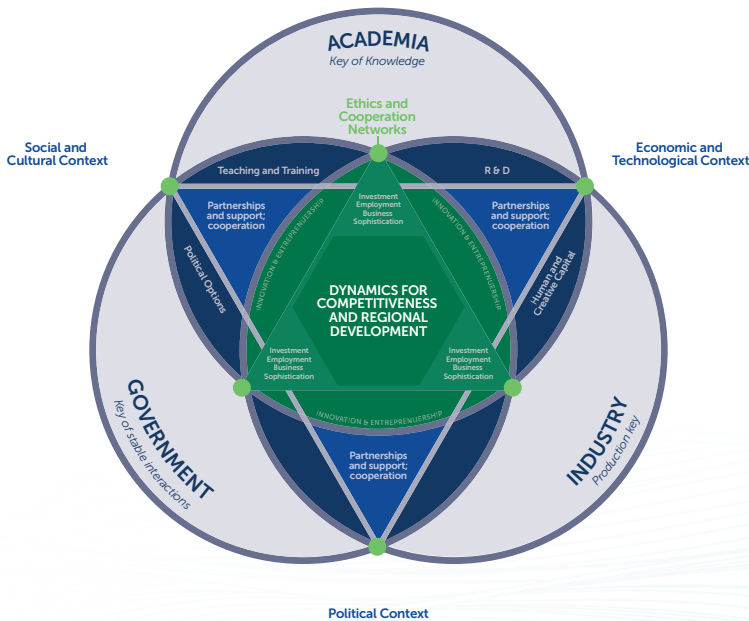
Solution

Jacksonville's Chamber of Commerce (JAX Chamber) was one of the first organizations in the state of Florida to adopt an economic gardening strategy. With an MSA population of 1.6 million but a smaller corporate base than cities of similar size, Jacksonville was early to act on economic gardening and develop a model for growth based on its principles. In early 2020 (pre-pandemic), the JAX Chamber proposed a new, measurable path and process for regional innovation that aligned with the Chamber's overarching mission and focus on 5 key target industries - advanced manufacturing, advanced transportation and logistics, financial services, health and biomedical and IT and innovation.



All work is based on the Innovator's Journey Business Method.

Critical to its strategy was the development of an advanced Triple Helix framework that shows business leaders the connectivity between government, industry and academia. It highlights the key points of intersection and how all three need to work together to fuel growth and drive partnership and innovation.



Farinha and Ferreira Triple Helix Triangulation Model (2013)

From there, the JAX Chamber built a process that gave both large companies and early-stage firms clear entry points and direction throughout the process. Leveraging Agile methodology, the process provides a defined structure and a focus on outcomes with the JAX Chamber acting as a facilitator.

"It's important that we act as both a strategic partner for enterprises and a sage counselor for smaller businesses looking to engage with them," added Robinson. "The biggest things we bring to the table beyond the models and process are the trust we gain from both sides to share ideas and issues and the translation required to keep everyone on the same page."

Results

The Open Innovation program in Jacksonville continues to garner state funding, grants from organizations of all size and at its best strategic partnerships that helps companies grow locally and advance the economy. This has helped the Jacksonville region become one of the fastest growing areas of the country, both for jobs and industry.

In the most recent Call to Innovate by the JAX Chamber, UF Health, one of largest and most distinguished health systems in the country, was able to create a vendor opportunity that has led to ongoing engagement. Brooks Rehabilitation, recently named one of the best hospitals for rehabilitation by U.S. News & World Report, fostered grant opportunities for several participants. In total 86% of all entries advanced their processed through Open Innovation model, proving that the Triple Helix model is valid engine for economic growth. It has also proven to accelerate the rate of outcomes for both the enterprise and the entrepreneur.

In Florida overall, GrowFL used economic gardening to help generate nearly 11,000 net new jobs between 2009 and 2015. Those companies added more than \$81 million in net state and local tax revenues.

Florida received a return of **more than \$9 for every dollar invested** in economic gardening.

- ESRI

New Dynamics

Disruption in labor markets and supply chains has forced organizations at all levels to pivot. The continued effects of the COVID-19 pandemic present economic development organizations with new dynamics for competitiveness and regional development. JAX Chamber is uniquely positioned to drive a regional response of increased collaboration and interaction at the community level between academia, government, and industry partners. Its collaborative links, high-quality networks, successes in entrepreneurial development, and enterprise-level members with global reach all create a social infrastructure for the JAX Chamber to facilitate regional competitiveness. Open Innovation offers an innovative methodology to muster economic growth in different ways.

Conclusion

JAX Chamber's Open Innovation model has shown its effectiveness in accelerating the growth of early-stage companies into second stage organizations and it serves as a blueprint for other regions. By being an early adopter of economic gardening, Jacksonville has put itself in the strong, sustainable and less costly position of growing from the inside out with less dependency on outside in growth, thereby having more positive control over its economic fate.

For any economic gardening initiative to be successful, there must be a clear vision with defined roles and responsibilities. Below is a structure the JAX Chamber recommends when defining roles and responsibilities for economic gardening:

Open Innovation Roles and Responsibilities

ENTERPRISE	EARLY-STAGE	EDO
Identify issues that aren't being solved internally	Create solutions to real world problems	Foster spirit of openness and innovation
Be open to solving problems in innovative ways	Develop a strong case for your solution	Create a structured process that is clear to all parties
Serve as an advisor as much as a customer	Take feedback that leads to adoption	Bridge the communication gap
Provide opportunity to companies beyond your known options	Take advantage of the opportunity you have with companies	Provide feedback to both sides for continuous improvement
Champion results	Continue to innovate	Measure and report results

In closing, now is the time for regions to take advantage of economic gardening. As the landscape for jobs and capital investments become more competitive, regions need to look at new and different ways to grow that are not dependent on the next Amazon or Microsoft moving into the region. A strong model and program like the one Jacksonville has established provides the backdrop for multiple constituencies to be successful and lead to growth that exceeds the averages.