



GrowFL Participants that Received Multiple Services and Met Eligibility Requirements Experienced Higher Growth

at a glance

The 2009 Legislature created the Florida Economic Gardening Technical Assistance Pilot Program (GrowFL) to stimulate investment in Florida's economy by providing technical assistance to expanding businesses. The University of Central Florida's Economic Gardening Institute implemented the program using state funding totaling \$3.5 million.

GrowFL experienced several implementation obstacles, including difficulty attracting participants and assessing companies' eligibility. Consequently, the program served a significant number of ineligible companies and was unable to determine eligibility for many others.

Our analysis found that companies that received multiple services were more likely to grow after pilot program participation, and most of our survey respondents found GrowFL services helpful. We also found that eligible companies were more likely to increase employees and wages than those that did not meet the program's statutory eligibility requirements. In addition, our statistical modeling showed that eligible program participants had greater than predicted employment growth in one of three quarters in 2011, with no statistically significant difference in the other two quarters.

During the course of our review, GrowFL took several steps to address our concerns about program implementation and eligibility determination. However, we recommend that future contracts with the Economic Gardening Institute include additional provisions to improve program reporting and assessment.

Scope

In accordance with state law, this report evaluates the Florida Economic Gardening Technical Assistance Pilot Program (GrowFL) and its effectiveness in expanding the program's targeted businesses.¹ This review includes the period from November 2009 to September 2011, when the pilot program initially operated with state funding.

Background

Economic gardening programs provide an alternative to traditional economic development activities. Economic gardening programs provide technical assistance to currently existing companies in a state or community rather than attracting businesses from other locations. Examples of such assistance include marketing research, website search engine optimization, developing social media strategies, and utilizing geographic information systems. This approach to economic development was launched in Littleton, Colorado, in 1987 after the city's largest employer, Martin Marietta, laid off 7,000 workers. Instead of replacing the job losses by recruiting companies from outside the area, Littleton officials endeavored to encourage growth among home-based companies. During a 20-year period, the city increased its job base from 15,000 to 30,000 and its sales tax base from \$6 million to \$20 million.

Several other communities and some states, such as Kansas and Wyoming, have established economic gardening programs to target high-growth

¹ Chapter [2009-13](#), *Laws of Florida*.

companies called “gazelles”; these companies have a growth rate of at least 20% for four to five years. While representing only 3% to 5% of all businesses, research shows that gazelles create the majority of new jobs. However, attempts to evaluate the effects of economic gardening programs on these high growth businesses have been based primarily on anecdotal evidence, such as testimonials from company managers, rather than on empirical research.

Florida’s economic gardening pilot program targeted second-stage growth companies and offered a variety of services. The 2009 Legislature created the Florida Economic Gardening Technical Assistance Pilot Program to stimulate investment in Florida’s economy by providing technical assistance to expanding businesses.² The program assisted Florida-based second-stage growth companies, those businesses that have passed the start-up stage but have not yet reached maturity.

In accordance with state law, Florida’s Economic Gardening Pilot Program was implemented via a contract with the University of Central Florida; the contract was executed in November 2009.³ The university created the Economic Gardening Institute to administer the program, which it named GrowFL.

As required by state law, pilot program technical assistance included access to free or affordable information and consulting services and development of business connections. GrowFL met this requirement by offering technical assistance, CEO Roundtables, CEO Forums, webinars, workshops, and a recognition event called Florida Companies to Watch. (See Exhibit 1.)

Exhibit 1
The Economic Gardening Pilot Program Provided Several Services to Targeted Companies

| Service | Description |
|----------------------------|---|
| Technical Assistance | Forty hours of services such as database research and search engine optimization |
| CEO Roundtables | One year of monthly facilitated meetings of 10 to 15 second-stage growth company chief executive officers (CEOs) who assisted each other in solving problems common to their companies |
| CEO Forums | Networking events featuring experienced entrepreneurs as keynote speakers providing second-stage growth company CEOs with information about successful business practices |
| Webinars and Workshops | Training events that provided participants with information about various topics such as communication skills, labor relations, applying for small business innovation research grants, and managing growth companies |
| Florida Companies to Watch | A February 2011 recognition event developed by the Edward Lowe Foundation to honor 50 second stage growth companies that demonstrated high performance or exhibited innovative products or processes |

Source: Florida Economic Gardening Institute.

Pilot program participants were required to meet eligibility criteria and to report data necessary to assess program performance. To qualify for GrowFL technical assistance, state law required that businesses meet a number of eligibility criteria. For example, businesses had to be Florida-based, for-profit, privately held, investment-grade companies employing at least 10 but not more than 50 persons. In addition, businesses had to have generated at least \$1 million but not more than \$25 million in annual revenue and increased both the number of full-time equivalent employees and gross revenues during three of the previous five years. Companies had to be eligible for the Qualified Target Industry Program, were required to fall into more than one industry cluster and, to the maximum extent practicable, be geographically distributed throughout Florida or in partnership with businesses geographically distributed throughout the state.⁴

Each eligible business was also statutorily required to enter into a written agreement with the institute that required participants to attend a minimum number of meetings with program staff; report job creation

² According to economic gardening experts, Florida was the first jurisdiction to launch a pilot program on a statewide scale.

³ The original contract was with the Governor’s Office of Tourism, Trade, and Economic Development (OTTED). OTTED, along with some or all of the functions of the Agency for Workforce Innovation and the Department of Community Affairs, was merged into the newly created Department of Economic Opportunity by the 2011 Legislature.

⁴ The Qualified Target Industry Tax Refund Program, created by s. 288.106, F.S., is intended to encourage job growth in industries that pay relatively high wages compared to state or area averages.

data in the manner prescribed by the institute; and provide financial data in the manner prescribed by the institute. The institute was to use this information to track participants' progress and monitor companies' implementation of the technical assistance.

The contract monitor (i.e., OTTED) was directed to review the institute's progress toward administering the pilot program at least once every six months and on December 31 of each year also was required to submit a report to the Governor and Legislature describing pilot program progress. The report was to include the number of businesses receiving assistance, the number of full-time equivalent jobs created as a result of the assistance, the amount of wages paid to employees in the new jobs, and locations and types of economic activity undertaken by the businesses.⁵

Pilot program funding fluctuated over time. The Legislature appropriated \$1.5 million for pilot program implementation for Fiscal Year 2009-10 and \$2 million for Fiscal Year 2010-11. The Legislature also appropriated \$2 million for the pilot program for Fiscal Year 2011-12, but the Governor vetoed the funding.

During the two-year contract period, the pilot program reported spending \$3,090,271 of the total appropriation it received from the state. According to program managers, the balance was used to continue the program after the contract expired. Of the total pilot program expenditures, \$2,257,402 (73%) went to subcontractors and consultants who delivered services to targeted companies. This included \$474,728 to the Edward Lowe Foundation for providing technical assistance to companies and training for institute employees, and \$388,000 to CEO Nexus for facilitating CEO Roundtables.^{6,7}

⁵ OTTED submitted the report as required on December 31, 2010. At the time of publication, the program reported that it served 159 companies between November 1, 2009, and October 31, 2010.

⁶ The Edward Lowe Foundation provides research, recognition, and education programs to second-stage growth companies. The foundation advocates economic gardening in communities, hosts the National Center for Economic Gardening, and trains and certifies economic gardening specialists.

⁷ CEO Nexus provides second-stage business leaders with techniques designed to grow their companies. The approaches are based on peer learning principles, which bring groups of 15 to 20 qualified

Methodology

To measure the outcomes of the pilot program for participating companies, we implemented three analytical approaches. The first two approaches examined the 204 companies for which we had complete wage and employment data for the years before and after they participated in the program. We first used these companies to evaluate whether businesses that received more program services performed better than those that received less and to determine if eligible companies experienced different post-program performance than ineligible companies. Start dates varied among these companies, so we selected companies that began participation during 2010. We then examined their employment and wage outcomes for 2011.

We designed our third approach to determine whether eligible companies increased their employees in 2011 more than would be expected based on their historic performance compared to their industries' historic performance. To do this, we designed a statistical model that included 63 eligible program participants with complete data from 2004 through 2011 and compared their performance to their industry sectors' performance before and after the 63 companies participated in the program. (See Appendix A for additional details on the analysis.)

Findings

GrowFL experienced several difficulties during implementation

While implementing the pilot program, the University of Central Florida's Economic Gardening Institute encountered several obstacles to attracting second-stage growth companies to receive program services. In addition, GrowFL served a significant number of ineligible companies and did not determine eligibility for many others.

Attracting pilot program participants was unexpectedly difficult. Institute managers reported that they worked with the Edward Lowe Foundation to identify 7,000 companies in Florida that met the

entrepreneurs together several times a year for collaborative sessions that address a wide variety of business issues.

statutory pilot program eligibility criteria and then attempted to contact potential program participants by

- establishing relationships with six local economic development organizations throughout the state;
- hiring an outreach manager; and
- contracting with a public relations and marketing firm.

Institute managers reported that they hired the outreach manager and the public relations and marketing firm after concluding that relationships with local economic development organizations were not yielding a sufficient number of applicants. They attributed this to several factors, including a lack of familiarity among some organizations with second-stage growth companies in their areas, challenges related to launching the nation's first statewide economic gardening program, and difficulty getting the attention of busy second-stage growth company executives.

However, institute managers asserted that the greatest obstacle to attracting participants was the pilot program's restrictive statutory eligibility requirements. For example, the statute requires that an eligible company have both job and revenue growth in three of the five years preceding its application.⁸ Institute managers reported that the national economic downturn eliminated several companies from consideration because of this requirement. Program officials also reported that limiting eligibility to companies with no more than 50 employees was inconsistent with the nationally recognized maximum employee count of 99, and this requirement eliminated many companies from consideration. Institute managers also indicated that requiring companies to be eligible for the Qualified Target Industry Program further reduced the number of pilot program participants.

Interested companies applied for technical assistance by filling out an online form on the GrowFL website.⁹

⁸ Section [288.108](#), F.S.

⁹ Each application requested information about a company's industry category, number of full-time and part-time employees, annual revenue during each year beginning in 2004, and the types of assistance the company needed. The application also included a participation agreement, whereby the company would agree to participate in an initial project call with economic gardening team members and in surveys measuring the program's effect on the company's job and revenue growth. A company representative was required to sign and date the application.

The institute received 528 applications for technical assistance from November 2009 to September 2011. Of the total, 103 applications were denied because the companies did not meet program qualifications and 113 applications were pulled because they were incomplete or because the applicants requested that they be withdrawn from consideration. The remaining 312 applications were accepted.

Companies that participated in other pilot program services, such as CEO Roundtables, CEO Forums, webinars, workshops, and Florida Companies to Watch, were not required to follow the same application process as companies receiving technical assistance. For example, the subcontractor that facilitated CEO Roundtables used eligibility requirements that differed from the program's statutory eligibility requirements. Instead of using the statutory requirement that businesses must employ at least 10 but no more than 50 persons, the subcontractor used the nationally recognized standard of at least 10 and no more than 99 persons.

Many companies that received services did not meet pilot program eligibility requirements. According to data provided by GrowFL, 141 companies received only technical assistance, 151 companies participated only in CEO Roundtables, and 109 companies received both services. Thus, 401 companies received at least one of those two services.

To examine participant eligibility, we analyzed the technical assistance applications that were accepted by the pilot program and obtained a list of participants in CEO Roundtables. We also reviewed program staffs' process for determining program eligibility. We found that, based on 401 pilot program participants, 174 (43%) companies were eligible and 116 (29%) companies were ineligible. Further, 111 (28%) companies participated in only roundtables, and program staff did not have participant employee and revenue data to confirm their eligibility because these participants did not follow the same application process as those receiving technical assistance.

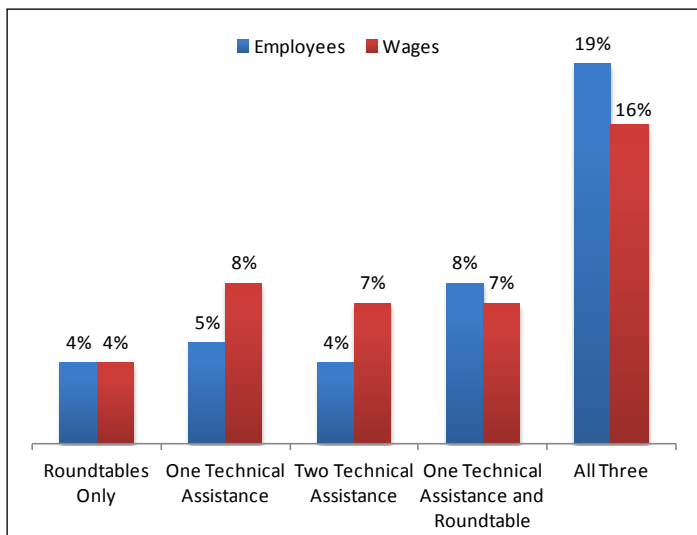
Companies that received multiple pilot program services experienced higher growth; participants identified several services as most helpful

Employment and wage data showed that GrowFL participants were more likely to grow after receiving

multiple services. In addition, our survey of participating company managers revealed that most respondents found several pilot program services to be particularly helpful.

Companies that received the pilot program’s full range of services had higher growth rates than companies that received fewer services. Our analysis of employment and wage data shows that those that received multiple pilot program services experienced higher growth than those that received only one service. As shown in Exhibit 2, companies that received two technical assistance engagements and participated in CEO Roundtables experienced job growth of 19% and wage growth of 16%. However, companies that only participated in CEO Roundtables had job and wage growth of 4%.

Exhibit 2
Companies that Received the Pilot Program’s Full Range of Services Experienced Higher Growth



Source: OPPAGA analysis of Department of Economic Opportunity and GrowFL data.

Participating company managers reported that several program services were the most helpful. We surveyed the managers of participating companies about their assessment of pilot program services. We received responses from 98 of the 397 managers we contacted (a 24.7% response rate). CEO Roundtables were by far the most popular service, with 78% of respondents indicating that they were helpful.¹⁰ Respondents also found the

program’s business strategy discussions and market research services helpful. The lowest rated service was social media strategy development, with only 37% of respondents providing a helpful rating. (See Exhibit 3.)

Exhibit 3
Participants Identified CEO Roundtables and Core Business Strategy Discussions as the Most Helpful Pilot Program Services

| Service Provided | Percentage of Respondents who Found the Service Helpful |
|--|---|
| CEO Roundtables | 78% |
| Technical Assistance | |
| ▪ Core Business Strategy Discussions | 65% |
| ▪ Market Research | 60% |
| ▪ Database Research Competitive Analysis | 49% |
| ▪ Web Strategy | 45% |
| ▪ Search Engine Optimization | 43% |
| ▪ Geographic Information System/Mapping | 40% |
| ▪ Social Media Strategy | 37% |

Source: OPPAGA survey.

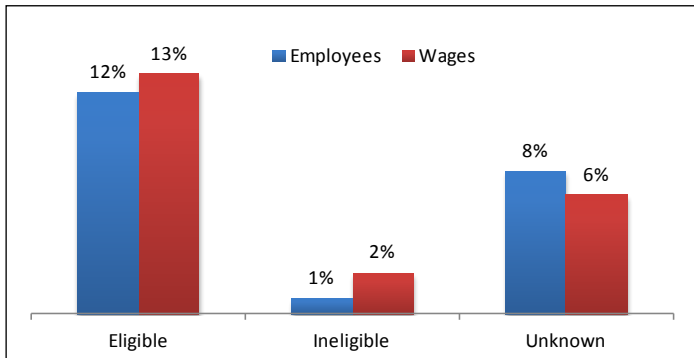
Employment and wage growth varied significantly between eligible and ineligible pilot program participants

As stated previously, a significant number of companies that received pilot program services did not meet statutory eligibility requirements. To determine if there were differences in growth between eligible and ineligible participants, we analyzed job and wage data for the 204 participating companies with complete data for 2010 and 2011. Among the companies we analyzed, 94 were eligible, 67 were ineligible, and the eligibility status of the remaining 43 could not be determined.

According to our analysis, companies that met program eligibility requirements experienced higher growth than companies that were ineligible or had indeterminate eligibility. Specifically, after participating in the program, eligible companies experienced job growth exceeding 12% and wage growth exceeding 13%. In contrast, ineligible companies had lower job and wage growth rates. (See Exhibit 4.)

¹⁰ A higher percentage of our sample participated in CEO roundtables compared to all participating companies, 82% versus 65%.

Exhibit 4
Companies that Met Pilot Program Eligibility Requirements Experienced Greater Job and Wage Growth than Those that Were Ineligible



Source: OPPAGA analysis of Department of Economic Opportunity and GrowFL data.

However, without accounting for these eligible companies’ performance prior to entering the program, it is unclear whether it is appropriate to attribute their performance to the effect of the program. In addition, we also need to account for changes in the economic conditions of the companies’ industries before and after program participation.

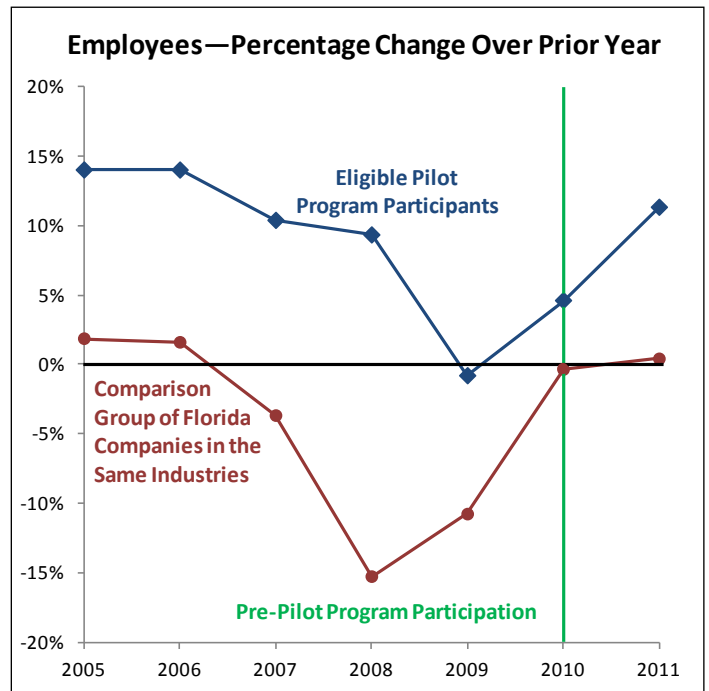
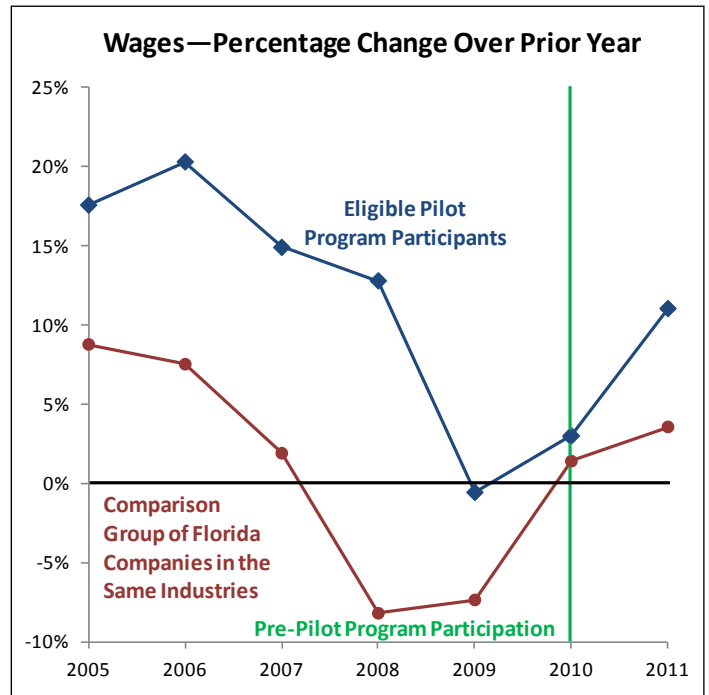
Accounting for past performance, eligible companies improved their employment growth after pilot program participation

Given that employment and wage growth varied significantly between eligible and ineligible GrowFL participants, we conducted additional analysis that considered only eligible companies. Our analysis found that compared to their industries, these companies had high job and wage growth prior to enrolling in the program. In addition, we developed a statistical model to test the difference in employment outcomes for eligible companies compared to industry peers. The model showed that eligible pilot program participants performed better than expected, based on their historical growth rate, in one of the first three quarters of 2011. There was no statistically significant difference in the other two quarters.

Eligible companies that participated in the pilot program had high job and wage growth prior to enrollment. Exhibit 5 compares the annual employment and wage growth of the eligible pilot program participants to all Florida companies in the same industry sectors; the comparison period is 2004

to 2011. As shown in the exhibit, eligible companies outpaced their industry peers in employment and wage growth for every year analyzed, including those prior to pilot program participation.

Exhibit 5
In All Years Prior to Program Participation, Eligible Pilot Program Participants Experienced Higher Wage and Job Growth than Peer Companies



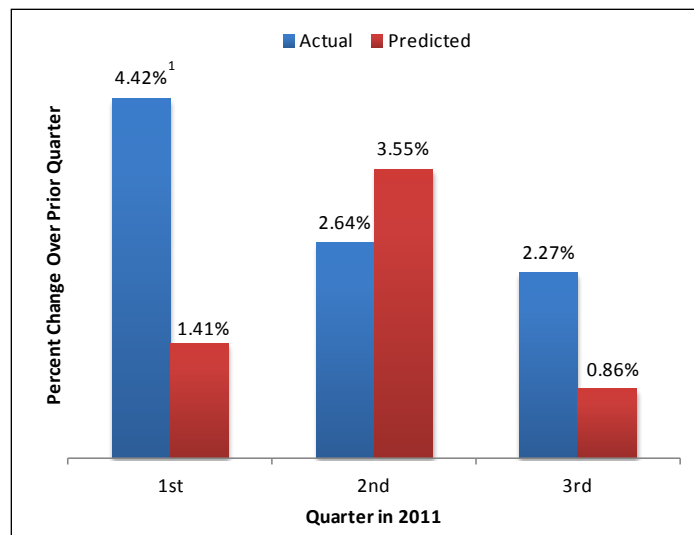
Source: OPPAGA analysis of Department of Economic Opportunity and GrowFL data.

Job growth for eligible companies in the pilot program was better than expected in one of three quarters. We developed a statistical model that predicted eligible pilot program participants' change in employees as a function of their industries' statewide change in employees.¹¹ The model used quarterly employment data from 2004 to 2011.¹² If the program had a positive effect, then the "actual" percentage change of employees should exceed the "predicted" value. The predicted value is based on the historical relationship (prior to program participation) between eligible companies' quarterly change in employees and the change for all companies, statewide, in the same industries.

We chose this approach to measure the pilot program's performance because eligible companies historically outperformed their industries, so we could not simply examine participants' post-program performance as a measure of success. In addition, fluctuations in Florida's economy made "before and after" comparisons of program participants' performance problematic without adjusting for economic conditions, which our model does at the industry level.

As shown in Exhibit 6, eligible program participants outperformed their predicted employment growth in one of three quarters during 2011. Specifically, for the first quarter of 2011, the actual employment growth rate exceeded the predicted growth rate by 3.01 percentage points (4.42% compared to 1.41%). There was no statistically significant difference between actual and predicted growth rates in the second and third quarters.¹³

Exhibit 6
Eligible Companies' Actual Employment Growth Outpaced Pre-Program Performance in One of Three Quarters



¹ The difference between actual and predicted is statistically significant for the first quarter, but not for the second and third quarters. Please see Appendix A for additional information.

Source: OPPAGA analysis of Department of Economic Opportunity and GrowFL data.

GrowFL has adopted some of OPPAGA's suggestions for program improvement, but additional changes are needed

The 2012 Legislature appropriated \$2 million to the University of Central Florida for the Economic Gardening Technical Assistance Program. The Department of Economic Opportunity subsequently negotiated a contract with the institute to administer program services in Fiscal Year 2012-13.¹⁴ The new agreement contains several changes related to the findings of our review.

For example, the contract stipulates that GrowFL provide technical assistance in accordance with s. 288.1082, *Florida Statutes*, which established eligibility criteria and other requirements for the pilot program. Requiring the program to adhere to the statutory eligibility criteria will diminish the potential for serving ineligible companies, which we found was a significant concern during pilot program implementation.

¹¹ Wage data was only available annually, not quarterly, so we could not perform a similar test on wages.

¹² The data for the fourth quarter of 2011 was preliminary, so it is not included.

¹³ The first quarter difference is statistically significant.

¹⁴ Since the contract was executed in July 2012, 95 companies have enrolled for program services through the assistance of nine regional entrepreneurial support organizations.

In addition, during the new contract period, each participating company must be able to enter into an agreement to establish the business's commitment to participate in the program. During the pilot program, GrowFL only required businesses that received consulting services to complete applications with participation agreements. This provision will help GrowFL ensure that all participating companies meet eligibility requirements.

Finally, GrowFL documents indicate that it will require eligible companies to agree to participate in both technical assistance and CEO Roundtables. During the service period, participants must regularly attend meetings and participate in other activities, devoting six to eight hours per month to the program. Requiring all participants to receive this more comprehensive support is consistent with our analysis, which showed that companies that received technical assistance and attended CEO Roundtables experienced greater job and wage growth than companies that did not receive the full range of services.

However, the contract still stipulates that GrowFL will survey program participants to gather the job creation data needed to assess program outcomes. We believe that it would be more effective to require all participants to report this information rather than to rely on a survey. Moreover, the program should require businesses to report revenues, given that state law requires the collection of financial data, and also should require businesses to disclose participation in other state and local economic development programs. Finally, the contract should require program participants to report employment and revenue information, along with sufficient documentation, for a specified period extending beyond the receipt of program services (e.g., five years). Establishing these requirements would facilitate the collection of data that is critical for evaluating the program's effectiveness over time.

Agency Response _____

A draft of our report was submitted to the Executive Director of the Florida Economic Gardening Institute for review and response. The written response has been reproduced in Appendix B.

Appendix A

Methodology

We designed a statistical model that predicts the change in quarterly employment of program participants as a function of the change in quarterly employment for Florida companies in the same industry sectors. The model uses an ordinary least squares time series regression with the percentage change of quarterly employees at program participants as the dependent variable. The independent variable was the quarterly change in employees at Florida companies with the same North American Industry Classification System (NAICS) codes. To create the independent variable we multiplied the raw values for each industry sector by the sector's proportion of program participating companies.

We estimated the model's coefficients using quarterly observations between the first quarter of 2004 and the last quarter of 2010. These coefficients were then applied to the first three quarters of 2011 and used to predict the percent change in employment for pilot program participants based on the change in their industry sectors' employment.

The dependent variable's value is based upon 63 pilot program companies. These represent all statutorily eligible companies for which the Department of Economic Opportunity could provide quarterly employment data from 2004 to 2011. In addition, we only used companies that had consistent NAICS codes between 2004 and 2011 in order to provide a direct comparison of the NAICS codes used in our dependent and independent variables.

We evaluated the data used in the model for autocorrelation and non-stationary characteristics. This evaluation showed that holding the third quarter constant produced the best fitted model. The model's R-square, coefficients, and p-values are presented in Exhibit A-1 below. Exhibit A-2 shows the actual percent change in employees for program participants and the upper and lower bounds of the model's 95% confidence interval in each quarter.

Exhibit A-1

Ordinary Least Squares Time Series Regression Results: Dependent Variable is Percentage Change in Quarterly Pilot Program Participants' Employees (R-Square .44)

| Independent Variable | Coefficient | P-Value |
|---|-------------|---------|
| Constant | .027 | .000 |
| Percentage Change in Employment for Florida Companies in Similar Industries | .510 | .001 |
| Third Quarter | -.017 | .034 |

Source: OPPAGA analysis of Department of Economic Opportunity and GrowFL data.

Exhibit A-2

Predicted Values for 95% Confidence Interval for Quarters One through Three

| Quarter | Actual | Lower | Upper |
|---------------|--------|--------|-------|
| Quarter One | 4.42% | 1.30% | 1.53% |
| Quarter Two | 2.64% | 2.28% | 4.81% |
| Quarter Three | 2.27% | -1.44% | 3.16% |

Source: OPPAGA analysis of Department of Economic Opportunity and GrowFL data.

Appendix B



Office of Research & Commercialization

December 27, 2012

R. Philip Twogood
 Coordinator
 The Florida Legislature
 Office of Program Policy Analysis and Government Accountability (OPPAGA)
 111 West Madison Street, Room 312
 Claude Pepper Building
 Tallahassee, FL 32399-1475

Dear Mr. Twogood:

The Florida Economic Gardening Institute at The University of Central Florida is pleased to provide a response to your office in relation to the report entitled ***GrowFL Participants That Received Multiple Services and Met Eligibility Requirements Experienced Higher Growth.*** The Florida Economic Gardening Institute, known as GrowFL, acknowledges the findings in the OPPAGA report and considers it to be fair.

Via the State of Florida’s Economic Gardening Technical Assistance Pilot program, Florida has had the opportunity to establish the nation’s first state-wide economic gardening initiative. Because of Florida’s pilot program, data and analysis about economic gardening’s effects on job creation have been proven; validating success in what was previously based largely on anecdotal testimony. Because of Florida’s pilot program, GrowFL has been recognized by the National Center for Economic Gardening as the first organization to be certified as a “level 3” full fidelity provider and is generally looked upon as the benchmark for other states that are currently implementing or considering implementing economic gardening initiatives of this breadth.

GrowFL is currently performing on a grant contract with the State of Florida to provide economic gardening services (period of performance of July 1, 2012 through June 30, 2013). The OPPAGA report correctly notes that GrowFL has worked with the Department of Economic Opportunity to make adjustments to the current program to address findings contained within the report.

Some specific comments related to these adjustments are noted here:

- As noted in the OPPAGA report, the statutory language regarding eligibility for the program has restricted some companies from participating. Issues related to the requirement that companies have 3 out of 5 years revenue and employment growth to qualify, at the time of the single largest economic downturn since the great depression, placed an unintended burden on the program. GrowFL encourages the legislature to



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consider altering the statutory language related to this issue, as well as address rural community needs and a company's ability to import wealth into Florida.

- GrowFL has significantly altered its application process to ensure that only eligible companies receive services. This altered process, developed jointly with the Department of Economic Opportunity, applies for both technical assistance (now called strategic research) and CEO Roundtable participation. Every company has to apply and certify that they will:
 1. For Strategic Research - Participation in an initial strategic research project call as well as subsequent information exchange sessions with GrowFL Team members;
 2. For CEO Roundtables - Attend at least 80% of the regularly scheduled monthly CEO Roundtable meetings (8 of 10 meetings annually).
 3. Share relevant information with the GrowFL Team members about the company's sales and marketing strategies and other information relevant for a successful Strategic Research Project or CEO Roundtable experience.
 4. Mandatory participation in periodic surveys which include reports of any impact on company growth attributed in part from participation in this program, including reports of aggregate job growth and revenue growth.
- GrowFL has observed similar outcomes related to company growth, as validated by the OPPAGA report, in that companies that receive a combination of strategic research and CEO Roundtable participation grow faster than those that receive only one service. Because of this GrowFL has altered the structure of the current state program to combine services for clients as well as to lengthen the time a client has access to strategic research.

From the time a client is accepted into the current state program, they are able to work with the strategic research group through the end of the contract (June 30, 2013). This has greatly increased client access to valuable information that is expected to help increase sales, and thus, job creation. This is a significant enhancement to the program providing assistance well beyond the pilot program's 40 hours limited budget per client.

We have also made significant strides in combining strategic research with CEO Roundtables. This has allowed GrowFL the ability to develop processes to engage the strategic research team leads in roundtable meetings; encouraging new discussions and CEO accountability in using research deliverables provided by GrowFL.

It is also worthy to note that time is a premium for CEOs of entrepreneurial growth companies. As such, not all CEOs are willing to devote the time required to be a consistent and dependable member of a CEO Roundtable group. Therefore, although



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many companies are receiving both strategic research and participating in a CEO Roundtable group, not all CEOs have been willing to participate at this level.

- As noted earlier in this document, clients in the past as well as today sign an agreement that requires mandatory participation in “*periodic surveys which include reports of any impact on company growth attributed in part from participation in this program, including reports of aggregate job growth and revenue growth*”. The OPPAGA report implies that GrowFL makes participation in surveys as voluntary. This is not the case. The issue is that even though participants sign an agreement requiring participation in surveys, they sometimes don’t comply. This has occurred with some clients even after repeated emails and telephone calls reminding them of their obligations to the program. This is a question of how to enforce the requirement. At this time the method of improved enforcement has not been determined but it is understood that response to survey instruments needs to improve.
- The report mentioned that 73% of program expenditures went to subcontractors and consultants. Initial funding for the pilot was granted for a single year period of performance. Under these circumstances GrowFL decided to utilize contracted labor to accommodate a short term project window in lieu of offering traditional full-time employment. This approach minimized the risk of having to let staff go in the event that funding was not renewed.

The report also notes that subcontracts were made to the Edward Lowe Foundation and CEO Nexus. Both of these organizations were identified in UCF’s original proposal to the State (proposal dated August 26, 2009 submitted in response to EOG RFP 268), and in fact, were identified as key partners in which UCF’s proposed approach was based.

The subcontract with the Edward Lowe Foundation provided GrowFL the ability to initiate services for 2nd stage companies immediately upon the initial contract start in November 2009, train what would ultimately become the Florida based GrowFL economic gardening team, and provide extra capacity to serve clients statewide through 2011. At this juncture GrowFL has brought on to its payroll the necessary staff to handle the volume of work on the current state contract and no longer subcontracts this type of service from the Edward Lowe Foundation.

Finally, during the pilot program GrowFL subcontracted CEO Roundtable services as a turnkey service from CEO Nexus. At this juncture GrowFL continues to utilize CEO Nexus in the context of a roundtable facilitator trainer and quality assurance monitoring role. GrowFL has also brought on other CEO roundtable facilitators to geographically cover the State of Florida.



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Again, thank you for your efforts on this report. If there is anything GrowFL can do to further assist, please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Backman", with a long horizontal flourish extending to the right.

Douglas Backman, Director
Office of Compliance

Cc: Tom O'Neal
Fran Korosec
Audit File

The Florida Legislature

Office of Program Policy Analysis and Government Accountability



OPPAGA provides performance and accountability information about Florida government in several ways.

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Project supervised by Larry Novey (850/487-3768)

Project conducted by Darwin Gamble, Alex Regalado, and Mark West

Kara Collins-Gomez (850/487-4257), Staff Director

R. Philip Twogood, Coordinator