

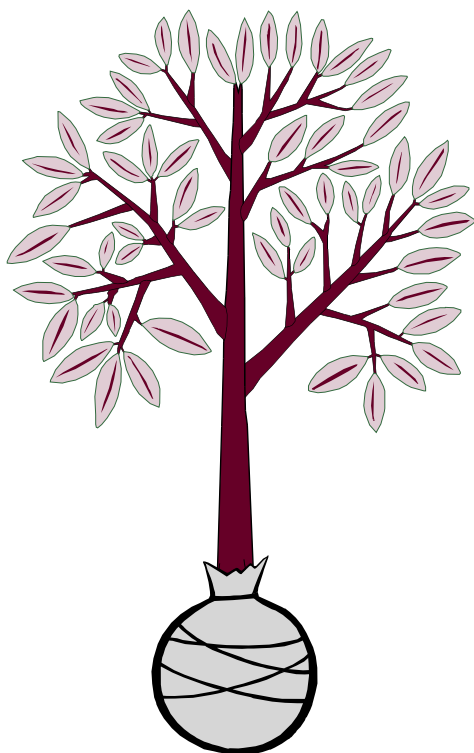
CI for Small Businesses:

The City of Littleton's Economic Gardening Program

By Christine Hamilton-Pennell

Competitive intelligence is normally thought of as an enterprise of large corporations that employ people to keep on top of what their competitors are doing. However, SCIP's definition recognizes that managers in all sizes of companies need competitive intelligence to make informed decisions about their marketing and business strategies – even very small businesses.

As an employee of the Business/Industry Affairs department of the City of Littleton in Colorado, I incorporate competitive intelligence processes in my job every day, even though I am not a full-time CI person. My charge is to help our roughly 1,700 businesses become more competitive by supplying them with timely, relevant, and actionable information about their competitors and markets. We call our approach *economic gardening* because we create an environment that nurtures our businesses to grow.



ECONOMIC GARDENING

In 1989, the Littleton City Council decided to focus their economic development efforts on investing in local businesses rather than the traditional approach of luring businesses to Littleton from elsewhere by offering incentives and tax breaks. Chris Gibbons, director of the Business/Industry Affairs office, has developed and refined this economic gardening approach over the past 17 years.

The heart of the program is mining information from high-powered databases, GIS, and other information tools to increase the competitiveness and success of Littleton businesses. Another pillar of the program is paying attention to infrastructure – creating a city where entrepreneurs want to live and people want to do business. The city has invested heavily in its roads, trails, and cultural amenities, and has provided support to the historic downtown business area. A third emphasis is building connections among the businesses in the city by facilitating industry clusters and cross-marketing opportunities, and strengthening connections between industry and the higher education sector.

The tangible results of our economic gardening program have been dramatic. Since 1989, the number of jobs created in the city has doubled, from nearly 15,000 to around 30,000. Likewise, sales tax revenues tripled during the same period of time, from \$6.8 million to \$19.6 million. This occurred during two major recessions, and with the city's population rising by only 30%. The city also spent no money on incentives or tax breaks to recruit businesses during that time.

COMPETITIVE INFORMATION

Most of our businesses are small, with less than 10 employees and under \$200,000 a year in sales. These *microentrepreneurs* come to us primarily because they want to be more competitive – to increase their sales, improve their market share, and find new markets for their products or services.

We sit down with them individually to help them identify their key customers, strategies, and target markets. We then search for the information they need to make informed decisions about their markets, investments, and long-term business strategies. Information we provide includes:

- competitors and their strategies
- industry trends and forecasts
- market size and sales
- market demographics and psychographics (lifestyle information)
- market research reports
- potential market niches
- prospective partners and resources
- marketing lists and leads

To find this information, we use commercial database services such as Lexis/Nexis, Dialog, Dun & Bradstreet, InfoUSA, Claritas, Experian, Tactician, and Dodge Construction Reports. These tools would normally be available only in large corporations, but we purchase these capabilities on behalf of our small businesses.

We also scour company, trade association, and government websites to glean useful nuggets of information. We subscribe to several state databases that provide information about new businesses, licensed professionals who register with the state, and wage and employment data. Once we have gathered all the information a company has requested, we provide them with a report that summarizes, synthesizes, and analyzes this information, and that provides strategic recommendations for action.

EXAMPLES

We assist approximately two to three hundred businesses a year. Here is a sampling of businesses we have helped:

Hydronomics

Hydronomics is a consulting firm that works with developers and municipalities to bring non-potable water to residential settings. They asked us to help them identify new markets and potential clients, and to provide information about the US recycled water market, including the key companies and consumer attitudes about its use in residential settings.

We provided them with a GIS overlay of water districts and municipalities in Colorado, located information about residential recycled water projects in several states, provided information about consumer education campaigns and protest groups, identified residential developers and builders in the region, provided a list of homeowners associations in several counties, and obtained three Frost & Sullivan market research reports on the recycled water industry. We also searched trademark databases to see if the names they chose for their company and newsletter were already in use.

Market Development

Market Development, a coupon magazine franchise business, wanted information about their competitors, including a comparison of advertising rates. They also wanted

a profile of coupon users, and information about marketing to baby boomers for a possible magazine venture.

We created a spreadsheet of coupon and direct mail advertisers in the Denver area, including their advertising rates. We developed a comprehensive report on the baby boomer market, including demographics, market size and preferences, and successful marketing strategies. We also located market and demographic information about the coupon industry and coupon users.

Tony's Meats

Tony's Meats, a high-end grocery and deli retail store, wanted help in expanding its market, both geographically and in terms of new offerings.

To help them determine the strength of the take-out deli market, we researched industry trends and held two focus groups with customers and potential customers. We identified prospective corporate clients for their catering business, supplied a list of homeowners association newsletters for advertising opportunities, and plotted the demographics for several locations they were considering for a new store.

Artistic Edventures

Artistic Edventures offers art instruction to children and adults. They wanted to improve and refine their marketing efforts, especially for the children's market.

We supplied an intern from a local community college graphic arts program to help them design a new brochure. We researched the local home schooling market and provided contact information for the home schooling associations.

Using GIS capabilities, we identified homeowners associations for nearby neighborhoods that have both high income residents and children. We researched the connections between arts education and learning so they could include relevant quotes in their promotional literature and presentations to educational markets. We provided them with articles and other resources on successful strategies for marketing to parents, grandparents, and children.

IMPACT

We ask the businesses we assist to keep track of the results of their marketing efforts. Later this year, we will be doing a formal survey to assess the individual and collective impact of our services on job creation and sales for individual businesses.

Anecdotal information abounds, and we know the overall figures, but we look forward to having more specific data about individual business results. Our program is very popular with businesses in the city, and they are happy to provide the data we need.

On a few occasions, the market intelligence we have provided has kept someone from making a disastrous business decision. A woman who wanted to start a medical

transcription company was not aware that many of her competitors use labor in India and Bangladesh that cost a fraction of what she wanted to charge for her services. Another business was considering partnering with an international company, but didn't know that they were embroiled in a legal scandal and had recently declared bankruptcy.

INTELLIGENCE FOR CITY GOVERNMENT

In addition to performing research on behalf of our businesses, I am sometimes asked by the city manager or city council to provide due diligence or intelligence related to a development project. I have:

- investigated the prices paid for land by big box retailers
- tracked retail trends in historic downtown business areas
- researched the economic impact of a minor league baseball stadium
- identified successful competitive strategies used by independent hardware stores to compete with Home Depot and Lowe's

The City of Littleton has fared better during the most recent economic downturn than most of the surrounding municipalities, and in fact has only faced budget cuts one year. The city council has been very supportive of the economic gardening program over the years, and continues to fund it at a high level. Our program has shown that competitive intelligence can be incorporated into a municipal economic development program with very positive results.

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