

North Carolina High Growth Initiative

Kristin Bunn, Economist
Policy, Research and Strategic Planning Division
N.C. Department of Commerce
November 4 , 2011

T H R I V E

in **NORTH
CAROLINA**

- I. The Idea
- II. The Approach
- III. Defining High Growth Firms
- IV. Future Potential

I. The Idea

- There is a subset of firms that contribute a significantly large amount of employment.
- These firms are located across all geographies, and all industries.
- These firms can be large or small, old or young.

II. Approach

Literature Review

- Commerce accumulated literature on high growth firms to successfully develop a methodology.

Data Analysis

- Commerce chose to use the Quarterly Census Employment and Wage (QCEW) data collected by the Employment Security Commission to analyze firm employment changes over time.

III. Definition

- Several potential growth measures were examined based on literature review and data analysis.
- Commerce concluded high growth firms in North Carolina should be defined as **the top 10% of growing firms based on the Birch Index employment growth measure.**
- **These high growth firms generated 80% of all employment growth in North Carolina from 2008-2010.**

IV. Future Potential

- This research can help guide and supplement current development efforts by **strategically aligning** all levels of economic development.
- Economic development professionals can create **focused** initiatives to learn from and expand high growth firms in North Carolina.
- A tool to **proactively** seek out relationships with those firms that contribute the most employment.

QUESTIONS

- What exactly is the Birch Index?

Example: if a firm grew its employment from 200 employees in 2005 to 800 employees in 2007, the Birch index would be:

$$= (800-200) \times (800/200) = 600 \times 4 = 2,400.$$

T H R I V E

in **NORTH
CAROLINA**