Reinventing Minnesota: Crossing Traditional Boundaries to Create Change

Tim Penny
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“USDA Conference
February 27, 2009
Rural Minnesota
1980’s
THE MCKNIGHT FOUNDATION

- Created 6 independent, nonprofit philanthropic organizations
- Stronger more prosperous rural MN regions
- Over $210 million invested in the MIF’s
Creating Change

Economic Vitality

Vibrant and Prosperous Communities

Innovative Businesses with Skilled Workers
The Mission

Southern Minnesota Initiative Foundation invests in the region’s future growth through grants, loans, technical expertise and partnerships that foster community assets via workforce readiness and entrepreneurial activity—especially in areas of bio-medical, bio-agriculture and alternative energy.
Investing in...

EMERGING BUSINESS
Innovative ventures shaping our economy

EMERGING WORKFORCE
Skilled workers prepared to drive growth
Tools

- **Financial**
  - Grants, Loans, Equity Capital

- **Consulting**
  - TMI/ABCD
  - HIPO/Peer Group/Core
  - Four/SCORE
  - Collaboration/Partnerships

- **Conduit** (donors)
  - READS (AmeriCorps),
  - BookStart (Coughlan Publishing)
  - Young Explorers (IBM Corp.)
  - Picture It Painted (Valspar Corp.)
“Crossing Traditional Boundaries to Create Change”
Emerging Business Investment
$2,755,135

- Minority-Owned Business
  $298,172
- Biobusiness
  $850,515
- Entrepreneurs
  $1,606,448
Partnerships

- BioBusiness Alliance
- Framework for Integrated Regional Strategies (FIRST)
- Renewable Energy Marketplace
- Rural Economic Development Group (RED)
- Rural Energy Development Initiative (REDI)
- Southern MN Competitiveness Project
- Micro Enterprise, Small Business Administration
Entrepreneurs

Total Investment = $1,606,448

- Loans – $385,379
- Technical Assistance
  - High Potential Program
  - Trainings
- Town Meeting Initiatives
  - Lanesboro
  - Mapleton
  - Northfield
  - St. James

- Grants
  - “Growing Latino Leadership” Main Street Project Northfield
  - “Young Entrepreneurs Boot Camp”, MN State U Mankato
  - “Entrepreneurial Development Partnership” Welcome Center, Austin
  - “Entrepreneurship for Immigrants”, Winona State University
Emerging Workforce Investment

$1,312,822

- Experiential Career Education: $129,758
- New Immigrants: $135,219
- Engaged Elders: $140,260
- Early Childhood Education: $907,585
Partners

- Business Recovery Fund
- Picture It Painted, Valspar Corporation
- Young Explorers, IBM Corporation
- BookStart, Capstone Publishers
- LEAP, AmeriCorps
Early Childhood

Total Investment = $ 907,585

- **Town Meeting Initiatives**
  - 13 existing
  - 3 new
    - Faribault
    - Fillmore County
    - Montgomery-Lonsdale

- **Grants**
  - BookStart (Capstone Publishers)
  - Young Explorers (IBM Corporation)
  - LEAP (AmeriCorps)
  - Home Visiting
    - Watertown-Elysian-Morristown
    - Faribault/Martin Counties
    - Freeborn County
Southern Minnesota Regional Competitiveness Project:

Charting a new economic future

Mark Drabenstott
RUPRI Center for Regional Competitiveness
Region-Wide Strategy

• Goal:
  - To craft a region-wide strategy build on critical mass to compete in the global economy.
  - Tap into innovation and entrepreneurship
The Southern MN Region

A Region with Many Strengths

- 38 counties
- 988,000 people
- Nearly 2/3 of MN’s farm income
- World-class health care
- Strong manufacturing—factories employ 1 in 5 workers in the Region
- Excellent educational institutions
Why is this a Region?

- The people who live here work here.
- The Region’s workforce shares key specializations.
- The Region’s businesses form a three-legged stool.
Why now?

Per capita incomes in the Region are sliding relative to the state.
The Southern MN Region Looks Different than the Nation
2007 Nonfarm Employment Share

- Health & Edu. Services: Nearly 2X bigger
- Manufacturing: Nearly 3X bigger
- Professional & Business Services: Only ½ as big
- Food and Accommodation
- Wholesale Trade & Transportation
- Misc. Industries
- Construction, Mining & Utilities
- Public Administration

Source: DEED, Labor Market Information Office, Quarterly Census of Employment and Wages (QCEW)
The Region’s three legged stool: Farms, Manufacturing, Health Care

<table>
<thead>
<tr>
<th>Industry</th>
<th>2007 Jobs</th>
<th>Surplus Jobs</th>
<th>LQ</th>
<th>Estab. By no. of employees</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>Farm sector</td>
<td>47,462</td>
<td>37,985</td>
<td>5.01</td>
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<tr>
<td>Manufacturing</td>
<td>91,425</td>
<td>37,327</td>
<td>1.69</td>
<td>1,476</td>
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<tr>
<td>Health care &amp; social assistance</td>
<td>94,829</td>
<td>29,430</td>
<td>1.45</td>
<td>2,696</td>
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<td>Retail trade</td>
<td>72,761</td>
<td>2,799</td>
<td>1.04</td>
<td>4,701</td>
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</tbody>
</table>

- 105,000 extra jobs in farms, manufacturing, health care and social assistance than if region looked like the nation
- 11 manufacturing mega-plants (more than 1,000 employees each)
- 6 major medical centers
Yet the Region’s economy is trailing well behind the state and the nation.
And almost every county in the Region is losing talent.

Change in Share of Population
1981 to 2006

Source: US Bureau of Economic Analysis, Regional Economic Information System Tables
The Southern MN Regional Competitiveness Project aims to close this gap.

*Three critical outcomes.*

1. Forge a strategy to compete and win gold in the Global Economic Olympics—founded on what the region does best and building critical mass for the contest.

2. Build a better way for the region to partner -- thinking and acting as one region.

3. Prioritize the investments the region must make to be a world-class competitor.
The Southern MN Regional Competitiveness Project aims to close this gap.

Five key steps.

1. **Listen to regional leaders**—convening 10 local & 3 regional roundtables to identify critical economic assets and valuable regional partnerships. These roundtables will wrap up by Thanksgiving.

2. **Analyze the numbers**—bringing the best economic analysis to underlying trends in the regions. This work is ongoing, and will continue through the end of the year.

3. **Gather feedback on the region’s development menu**—holding a Futures Summit to consider the region’s economic options. This Strategic Summit will be held March 13 in Mankato.
The Southern MN Regional Competitiveness Project aims to close this gap.

**Five key steps.**

4. **Analyze the best options**—working with key regional leaders, select the best strategy for the overall region. This will happen in the first several months of 2009.

5. **Roll out a regional strategy**—presenting the region’s strategy with key steps for implementing it at a Strategy Summit. This Summit will be held in May 2009.
1. **What are Southern Minnesota’s best economic opportunities?**

- Three approaches to “best.”
- Six strategic opportunities:
  1. *Manufacturing*
  2. *Health care*
  3. *Food and agriculture*
  4. *Renewable energy*
  5. *Bioscience*
  6. *High technology*
What partnerships are critical to success?

- What is the existing network of partnerships?
- Which partnerships link to each new opportunity?
- How to fortify collaboration for action?
Project Partners

- AgStar Financial Services
- Alliant Energy, Albert Lea
- BioBusiness Alliance of MN
- Blandin Foundation
- Center for Rural Policy and Development
- DEED
- MinnStar Bank, Lake Crystal
- MN College & University
- Region Nine Development Commission
- Renewable Energy Marketplace
- RUPRI
- South Central Workforce Council
- Southwest Initiative Foundation
- Southwest Workforce
- United FCS
- Workforce Development Center, Rochester
• So. MN. Competitiveness Project Strategy Session, March 13, 2009
• So. MN. Competitiveness Project Summit, May 15, 2009
“Crossing Traditional Boundaries to Create Change”
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