Grow Minnesota!® Partnership
Collaboration and Coordination to Retain Minnesota Businesses
EDAM Winter Conference – January 2019
Grow Minnesota!® Partnership

• What is Grow MN! and how does it work?
• What does the data from visits tell us?
• How do we use the data?
• How can you engage in Grow MN!?
What is the Grow Minnesota!® Partnership?

- Business Retention
- Business Assistance
- Statewide: 80 local partners
- 16 years old
### Statewide Partners & Local Co-Partners

- Albert Lea-Freeborn County
- ALED
- Alexandria EDC
- Alexandria Lakes Area
- APEX & Duluth Area Chamber
- Apple Valley
- Austin Area
- Bemidji Area
- Big Lake
- Big Lake EDA
- BLAEDC
- Blooming Prairie
- Brainerd
- Burnsville
- Cuyuna Range
- Dakota County Regional
- East Grand Forks
- East Grand Forks EDA
- Eden Prairie
- Edina*
- Elk River Area
- Fairmont Area
- Faribault Area
- Fergus Falls
- Grand Rapids Area
- Greater Bemidji
- Greater Mankato
- Greater St Cloud Development Corp
- Greater Stillwater
- Hastings Area
- Hibbing Area
- I94 West
- International Falls Area
- Itasca Economic Development Corp. (IEDC)
- Lake City
- Lake City EDA
- Lakeville
- Laurentian
- Litchfield
- Long Prairie
- Marshall Area
- Meeker Development Corp
- MetroNorth
- Minnesota Chamber
- New Ulm Area
- North 65
- Northfield Area
- Owatonna Area
- Park Rapids Area
- Pine City Area
- Pine City EDA
- Pipestone
- Princeton Area
- Princeton EDA
- Progress Plus
- Red Wing*
- Redwood Area Development Corp
- Richfield
- River Heights
- Rochester Area
- Rochester Area EDC
- Roseville EDA
- Saint Cloud Area
- Saint Paul Area
- Shakopee
- St Paul Port Authority*
- Thief River Falls
- TSMA - Statewide Affiliate
- Twin Cities North*
- TwinWest
- UMN Extension - Statewide Affiliate
- Vadnais Hghts EDC
- Waconia
- Waseca
- White Bear Area
- White Bear EDC
- Willmar Lakes Area
- Winona Area
- Woodbury Area*
- Worthington
Partners by Initiative Foundation Region & Metro

3 Statewide Partners
VISITS and ASSISTANCE COUNTS – All Years

Visits 2003 – present
- 11,918 visits
  - 3,901 Metro
  - 8,017 Greater MN

Assistance 2003 – present
- 2,420 assisted
  - 866 Metro
  - 1,554 Greater MN
VISITS and ASSISTANCE COUNTS – 2018

Past 12 Months...

• 742 total visits
• 285 total assisted (Close to 40%)
• 288 Metro
• 354 Greater MN
2018 Top 6 Industry Sectors Visited
Based on Percentage of Total visits past 12 months

• Manufacturing 23%
• Professional/Scientific Services 11%
• Retail 10%
• Other Services 9%
• Finance/Insurance 8%
• Healthcare 8%
Grow MN!® Partnership - How does it work?

- Grow MN! staff and local partners conduct one-on-one business visits
- Information from visits is recorded using Grow MN! reporting guide/questionnaire
- Data is analyzed and turned into action through 4 mechanisms

<table>
<thead>
<tr>
<th>One-on-one business assistance</th>
<th>Events, forums, and one-time initiatives</th>
<th>Large scale programs</th>
<th>Inform chambers’ public policy priorities</th>
</tr>
</thead>
</table>

Inform chambers’ public policy priorities
WHAT DO VISITS TELL US?

The economy from Grow Minnesota!’s window
Grow Minnesota!® Partnership Leading Indicators

Innovation:
- New products?
- New services?

Exports:
- To U.S.?
- To the world?

Investment:
- Equipment?
- Expansion?
- New facilities?

Workforce:
- Right skills?
- Right supply?
Strong top & bottom line growth last year

Percentage of businesses with increased profits and sales last year

<table>
<thead>
<tr>
<th>Year</th>
<th>Increased profits</th>
<th>Increased Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>56%</td>
<td>69%</td>
</tr>
<tr>
<td>2014</td>
<td>55%</td>
<td>67%</td>
</tr>
<tr>
<td>2015</td>
<td>59%</td>
<td>72%</td>
</tr>
<tr>
<td>2016</td>
<td>60%</td>
<td>71%</td>
</tr>
<tr>
<td>2017</td>
<td>61%</td>
<td>63%</td>
</tr>
<tr>
<td>2018</td>
<td>65%</td>
<td>74%</td>
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</table>

Source: Grow MN! Program
Innovation drives growth

Percentage of businesses with new products or services last year

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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>63%</td>
<td>60%</td>
<td>71%</td>
<td>69%</td>
<td>67%</td>
<td>65%</td>
<td>66%</td>
</tr>
</tbody>
</table>

Source: Grow MNI Program
Innovators outperform those that don’t

Percentage of Minnesota Businesses with Increased Sales

Source: Grow MN! Program
State Exports continue to rise after two-year slump

Change in MN export values compared to same quarter of previous year

Source: DEED Quarterly Export Statistics, 2018
About ¼ of businesses export; room to grow

Percentage of Minnesota Businesses that Export

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>27%</td>
</tr>
<tr>
<td>2014</td>
<td>27%</td>
</tr>
<tr>
<td>2015</td>
<td>25%</td>
</tr>
<tr>
<td>2016</td>
<td>21%</td>
</tr>
<tr>
<td>2017</td>
<td>22%</td>
</tr>
<tr>
<td>2018</td>
<td>24%</td>
</tr>
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</table>

Source: Grow MN! Program
Manufacturers 6 times more likely to export

Percentage of Minnesota Businesses that Export

<table>
<thead>
<tr>
<th>Year</th>
<th>Manufacturing</th>
<th>All other industries</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>58%</td>
<td>13%</td>
</tr>
<tr>
<td>2014</td>
<td>63%</td>
<td>13%</td>
</tr>
<tr>
<td>2015</td>
<td>60%</td>
<td>13%</td>
</tr>
<tr>
<td>2016</td>
<td>67%</td>
<td>7%</td>
</tr>
<tr>
<td>2017</td>
<td>62%</td>
<td>9%</td>
</tr>
<tr>
<td>2018</td>
<td>65%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Grow MN! Program
Steady levels of capital investment planning

Percentage of businesses planning new investments

- 2013: 48%
- 2014: 58%
- 2015: 63%
- 2016: 57%
- 2017: 56%
- 2018: 60%

Source: Grow MN! Program
Businesses adding jobs, but not at pre-recession levels

Percentage of businesses adding jobs last year

Source: Grow MN! Program
Labor availability constraining growth

Percentage of businesses reporting difficulty finding employees last year

Source: Grow MNI Program
• Manufacturer in Greater MN
  • Delaying $7 million expansion because they can’t fill the jobs it would create
  • 11,000 work hours behind schedule – can’t take on new customers

• Engineering firm in Metro
  • Experiencing 9-10% growth/yr but can’t find engineers to meet demand.
Businesses still project job growth in 2019

Expected change in number of jobs next year

- Decrease: 2%
- Be relatively stable: 47%
- Increase: 48%
- Unsure: 3%

Source: Grow MN! Program
2018 Outlook: Minnesota Economy

Fueling Growth
- Innovation remains strong
- Companies adding jobs
- Businesses are planning new investments
- Exports bouncing back; but trade policies pose threat

Slowing Growth
- Labor shortages hold back job growth
- Costs of doing business
GETTING MORE VISITS DONE

Collaboration, coordination, & best practices
Assistant has grown over time

Business assistance is a core function of the Grow MN!® Partnership. Our goal is to help businesses identify and access resources that will help them stay and grow in Minnesota.

% of Grow MN! visits resulting in one-on-one assistance

- 2004: 23%
- 2005: 17%
- 2006: 15%
- 2007: 15%
- 2008: 14%
- 2009: 14%
- 2010: 13%
- 2011: 13%
- 2012: 11%
- 2013: 24%
- 2014: 27%
- 2015: 34%
- 2016: 31%
- 2017: 28%
- 2018: 40%
What types of assistance?

- Workforce: 22%
- Training, consulting referrals: 12%
- Financing: 10%
- Direct customer leads/networking: 10%
- Exporting/trade: 5%
- Permitting/regulatory: 4%
- Public policy (information/advocacy): 4%
- Waste and Energy issues: 4%
- Peer learning/connecting businesses: 4%
- Direct supplier leads: 4%
- Marketing/branding: 4%
- Research/Analysis: 4%
- Facility/site selection: 2%
- Other: 10%
Local Success Stories

Coordination to complete more visits & achieve solutions for businesses
Examples...

• Helped manufacturer conduct due diligence on foreign distribution partner
• Connected tech startup with a manufacturer to address a workforce challenge
• Job Creation Fund referral – $255K grant on a $5 million expansion
• Created industry concentration map to help manufacturer make staffing decisions
• Achieved railroad solution – short and long term impact
TURNING DATA INTO ACTION

Visits lead to new state and local resources
Minnesota chamber – developing workforce solutions

Center for Workforce Solutions to...

- Better “tapping” of existing workforce talent
  - MN Job Match
  - Hiring Minnesota Heroes
  - Hidden Talent Pools

- Cultivate future workforce
  - Real Time Talent
  - Business Education Networks (BEN)
  - Immigration reform
Business Education Networks (BEN)

Creating **persistent relationships**

- Connecting employers with high school & college students
- Building stronger links to educators and trainers
- Pilots: Winona, Brainerd and Waconia with more to come!
Results - Business Education Networks (BEN)

Since 2016...

• **8,000-plus students** gained real-world experience in their communities.
• **15 high school teachers**, helping to make their curriculum reflect fast-changing skills and practices used in the workplace.
• BENs worked with **more than 200 employers** in the MN Chamber network.
• **Current BEN local chamber of commerce partners include:**

  Brainerd Lakes Area  
  New Ulm Area  
  St. Cloud Area  
  White Bear Area  
  Greater Mankato  
  Owatonna Area  
  TwinWest  
  Winona Area  
  MetroNorth  
  Rochester Area  
  Waconia
Immigration Reform
Growth and change requires workers

State Board of Immigration
Minnesota Legislature creates the State Board of Immigration in 1867 to promote immigration abroad. The foreign-born population nearly triples in the ensuing decade.
Minnesota Supplier Match (MSM)
Linking more MN businesses to each other

What is it?
• A service of the Grow MN!® program to help companies find and do business with Minnesota suppliers

How?
• Supplier database
• In-person events (e.g. Supplier Match Roundtables)
• 1-on-1 assistance
MN Supplier Match *Database*

- Database with MN suppliers of all sizes and industries
- Search by keyword or product/service category
- Filter by location, industries served, certifications, etc.
- Owned and managed by MN Chamber of Commerce
MN Supplier Match *Roundtables*

**What:**

- In-person event series to build stronger connections between suppliers and sourcing/procurement leaders at other MN businesses.

**Roundtable series schedule:**

- March 2018 – Manufacturing
- September 2018 – Internet-of-Things (IoT)
- October 2018 – Manufacturing
- January 2019 – Food and Beverage
TRACKING PUBLIC POLICY CONCERNS
Most tracked state policies

Source: Grow MN! Program
# 2019 Minnesota Business Benchmarks

Source: MN Chamber of Commerce, [https://www.mnchamber.com/benchmarks](https://www.mnchamber.com/benchmarks)

<table>
<thead>
<tr>
<th>Category</th>
<th>Year</th>
<th>Ranking</th>
<th>Change</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business and Entrepreneurship Tax Index</td>
<td>2017</td>
<td>4th</td>
<td>Better</td>
<td>1 spot from 2016</td>
</tr>
<tr>
<td>Pass-Through and Individual Income Top Tax Rates</td>
<td>2016</td>
<td>5th</td>
<td>Better</td>
<td>2 spots from 2017</td>
</tr>
<tr>
<td>State and Local Sales Tax Rates</td>
<td>2018</td>
<td>17th</td>
<td>Same</td>
<td>Ranking as 2017</td>
</tr>
<tr>
<td>Corporate Income Tax Rate</td>
<td>2018</td>
<td>3rd</td>
<td>Better</td>
<td>1 spot from 2017</td>
</tr>
<tr>
<td>Overall State and Local Taxes Per Capita</td>
<td>2015</td>
<td>9th</td>
<td>Worse</td>
<td>1 spot from 2014</td>
</tr>
<tr>
<td>State Gas Tax</td>
<td>2018</td>
<td>28th</td>
<td>Better</td>
<td>1 spot from 2017</td>
</tr>
</tbody>
</table>
Most tracked federal policies: Tariffs take center stage

Source: Grow MNI Program
Minnesota Business Activities in Korea

- MN Trade Office and MN Chamber hosted conversation with some of the state’s largest exporters and key leaders of Korean industry and government.

- Business leaders from MN shared their companies’ activities in Korea, and discussed opportunities for Korean companies to do business in MN.

- MN’s economic ties with South Korea run deep. South Korea was MN’s 6th largest export market in 2017 and its 15th largest source of imports.

- Additionally, more than 20 MN companies operate in Korea, including 3M, Cargill, Hormel, General Mills, Ecolab, Graco, and many more!
THANK YOU!

QUESTIONS?