

Southern Minnesota Regional Competitiveness Project Findings from 10 Local Roundtables

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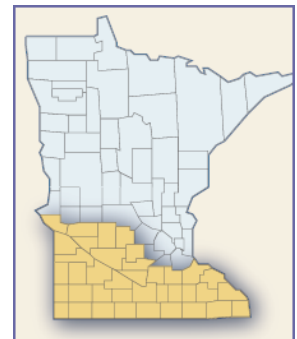
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Introduction

Globalization has turned regions into the athletes of the global economic race. Accumulating evidence reveals that as markets for goods and services integrate around the world, regions are where the impacts are felt most acutely. Unlike the quadrennial Olympic games, however, the global economic Olympics happen every hour, every day.

A winning strategy in these economic games has two critical parts. The first is identifying the region's best economic niches, that is, those economic events in which the region has the best shot at gold. Economists call this a region's competitive advantage, and the challenge is finding it out of a wide range of possibilities. The second is creating a strong framework for regional action and investment—thinking and acting as one region so that investments leverage the region's resources, skills, and aspirations.

To capture both strategic elements, the Southern Minnesota Competitiveness Project utilizes a strategy design process developed by the Rural Policy Research Institute's (RUPRI) Center for Regional Competitiveness. This process balances rigorous regional analytics with dialogue within the Region. This dialogue has twin objectives: to strengthen regional partnerships and to reveal the Region's critical economic assets. This dialogue began with a series of 10 roundtables held across the 38-county region in September and October.



More than 500 community leaders from all corners of the Region and from public and private sectors came together to identify critical economic assets, valuable regional partnerships, and the Region's capacity to innovate. In particular, leaders responded to five key questions that frame the Region's economic future:

"I don't think we bleed much into other states. I don't believe we have many people going to the Twin Cities either. There are many subregions within southern Minnesota, but people in the Twin Cities think of this region as southern Minnesota. If you travel outside of the state, people say "southern Minnesota" and think of the geography from east to west."

- Which trends are most critical to Southern Minnesota’s economic future—for better or for worse?
- What are the new and emerging industries and which of these could grow into a bigger economic engine?
- What are the economic assets in Southern Minnesota on which a stronger economy can be built?
- What signs (or lack of signs) of innovation and entrepreneurship are in this Region?
- What Regional initiatives are underway in the area on which a strong regional economic partnership could be built?

Roundtable participants were selected to reflect a broad cross-section of leaders necessary to build a robust economic strategy: the private sector, K-12 and post-secondary education, elected officials, healthcare, workforce and other groups. Each roundtable began with a presentation on some key economic trends in the Southern Minnesota Region as well as information on the local areas where each roundtable was held. The 10 roundtables were held at the following locations:

- | | |
|----------------------------------|----------------------------|
| • Blooming Prairie (September 4) | • New Ulm (September 17) |
| • Winona (September 9) | • Fairmont (September 30) |
| • Byron (September 1) | • Marshall (October 14) |
| • Cannon Falls (September 11) | • Worthington (October 14) |
| • Mankato (September 16) | • Willmar (October 21) |

There were many consistencies across the ten local roundtables. There were also variations that might be expected, such as a greater focus on healthcare and medical innovation in southeast Minnesota and on renewable energy and agriculture in southwest Minnesota. This synthesis attempts to illustrate the top ideas, issues and concerns expressed by those that participated in the local roundtables. A visit to the Southern Minnesota Regional Competitiveness Project website is recommended. Summaries of each of the ten local roundtables are provided (<http://www.mnsu.edu/ruralmn/regcomppast.html>).

Critical Trends

Roundtable participants identified several trends they viewed as critical to the Region’s economic future. By far, the most widely discussed trends across all the ten local roundtables were *demographic* in nature. Population loss, particularly of youth and talent; an aging population; and an influx of new residents were frequently cited trends. The loss of youth, which leads to a decline in funding for local schools, was a concern to many in attendance. The aging population yields a smaller workforce, but also creates new growth in healthcare and elder services. A steady stream of ethnic immigrants to the area offsets some of the population decline, but brings with it new language and cultural challenges. At the same time, the new residents expand the workforce and often spur new growth in small businesses. Area leaders were concerned about the potential impact of all these things on the workforce, employment, the economy, and the public education system.

“I was surprised to learn how many youth are not aware of how many science and technology related employment opportunities we have locally. We need to be more intentional about sharing those experiences with our young people, instead of letting them think, ‘I think I need to go catch my fortune in the Twin Cities.’”

Other trends frequently cited across the Region included:

- The changing importance of *location*. Rising production and transportation costs in other parts of the world have made local manufacturers more competitive. Participants indicated that higher transportation costs appear to be mitigating some of the advantage that foreign manufacturers have in cheaper labor costs. Buyers appear to be demanding higher quality products, which helps Minnesota firms who are known for their quality. This trend is also extending to the food markets on a more regional scale. Southeastern Minnesota is part of a global network in both industry and education, and participants expect this global presence to continue, giving the area a strong competitive edge. With fuel prices going up, local businesses are seeing more opportunities to provide products to domestic markets rather than source products overseas.
- Rising *healthcare costs*. The rapidly rising costs of healthcare are having multiple impacts locally. A growing number of people are unable to afford insurance. This causes more reliance on emergency care, pushing costs still higher and putting a greater burden on the public to treat acute health problems. Small businesses in the Region find the cost of providing health insurance to employees prohibitive, and those that do provide coverage discover the high costs often stifle growth. Budding entrepreneurs are more hesitant to take risk.
- Increasing demand for *renewable energy*. A new consumer movement that disdains conspicuous consumption and prefers “green living” and renewable energies was identified. Consumers and policy changes (such as Minnesota’s new requirements for renewable sources of electricity generation) are demanding energy that is renewable and friendlier to the global environment. Demand is also increasing for products produced with renewable energy.
- Aging *infrastructure*. There was also discussion about the deteriorating condition of the area’s physical infrastructure—a steady decline in the quality of roads, bridges, and rails. Another frequently cited concern was access to broadband. Most in attendance felt the Region still lags behind the rest of the world in broadband availability.
- Economic *downturn*. Participants felt that while agriculture is strong throughout the Region, the nation’s economic downturn poses risks in the near term. The housing downturn, rising energy costs, and rising healthcare costs are posing particular challenges for small businesses across the Region, with corresponding job losses reported throughout. One school reported that various small business job losses led to the departure of 28 families from the district. The spiraling effect also meant reduced revenue for the already fiscally burdened district.

While these were common themes across the Region, significant variation in economic trends and concerns was also evident. Roundtables in the eastern portions of the Region spoke more about recent trends in manufacturing and small businesses, opportunities in the healthcare and medical device fields, and leadership within a global environment. Leaders in Winona also noted that southeast Minnesota is feeling the lingering effects of flooding in 2007. Meanwhile, regional leaders in southwest Minnesota pointed to a somewhat different set of concerns and opportunities—the aging population, immigrant and refugee influx, and new opportunities in agriculture and bioscience.

Emerging Industries

Roundtable participants identified a number of emerging industries, and these industries were cited consistently across the Region. Five industries were widely regarded as holding potential for new growth in the Region’s economy:

- ***Renewable Energy and Supporting Businesses.*** Across the board, renewable energy was recognized as an emerging industry with great promise. Of note, renewables means many things throughout the Region—wind, cellulosic ethanol, biomass, geothermal, new waste gasification technologies, and the University of Minnesota’s work on hydrogen-powered cars. While the Region already has a sizable footprint in corn ethanol, the ethanol conversation was much broader than corn alone. Algae and other biomass sources were noted as having potential in the area. Agriculture and energy are now often converging, both through biofuels and the local production of raw materials.

Renewable energy is also fueling the emergence of many businesses that support the energy production industry, including specialty manufacturing, construction and maintenance, training and education, and transportation.

Interest in green living and green technology is creating new demand for consultants and product development. Southern Minnesota businesses have a strong edge in research and development in energy management and distribution. These businesses appear poised to thrive and will likely supply environmentally friendly products to meet mounting consumer demand. This new business niche takes many forms, including green design, green construction and green manufacturing processes.

- ***Agriculture and Bioscience.*** Virtually all that attended the local roundtables agreed that the bioscience sector provides a great opportunity to grow into a bigger economic engine. This opportunity is being driven by a three-fold convergence in science. Agricultural, medical, and animal health research are all moving to common scientific ground as scientists unlock the power of DNA. The new overlap is unleashing powerful new business opportunities. Leaders consistently praised the Region’s significant assets in this overall arena. The Region has major beachheads in bioscience research in the areas of animal and human health, including Mayo Clinic, the Hormel Institute, AURI, and the University of Minnesota’s Southern MN Research and Outreach Center. In southwest Minnesota, there is also a strong cluster of plant genetic research companies. Many of the Region’s bioscience capacities are already beginning to bring new products to market. For example, the Outreach Center is developing commercial crops with new health attributes (nutraceuticals). These crops, notably blueberries and hazelnuts, could provide significant opportunities for the Region.

“Technology in plants, animals and humans is converging. We have a chance to be on the leading edge of the life science industry with the power of the University of Minnesota, Hormel Institute, Mayo Clinic, and abundant agriculture production. We need to connect these dots.”

- ***Healthcare and Services for Elderly.*** The aging population and the Region’s outstanding health care institutions provide the foundation for continued growth in the healthcare sector. Assisted living, senior housing, niche health service providers, and independent medical clinics are all expected to grow in direct response to the growing number of elderly people in the Region. Mayo Clinic’s world-class reputation could propel the Region’s claim as a health care destination, with associated gains in the tourism industry.
- ***Local and Organic Foods.*** The local foods industry is expanding, building on growing demand from consumers who want to know their food’s origin. Farmer’s Markets and buy-local programs are increasingly promoted by schools and institutions. Community supported agriculture, organics, and specialty food production are also emerging. The Twin Cities are an important anchor market for many of these new local foods, though some are sold much further afield.
- ***Tourism.*** Activity-based tourism is seen as growing in the area, with emphasis on a new network of hiking and biking trails in the Region, complemented by an emerging cluster of restaurants and entertainment. There were many references to wineries, breweries, bed and breakfasts, arts, and outdoor recreation as the drivers.

While these five industries were common threads, there were some variations across the Region. Medical device and computer gaming were identified in the southeast, while leaders in the southwest stressed agricultural and other niches, such as food processing, livestock production, and immigrant and refugee focused small businesses. The southwest roundtable participants also spoke more about youth and getting young people involved. References to opportunities in transportation were scattered across the Region.

Economic Assets

The goal of this discussion was to identify specific economic assets that could underpin stronger growth in the future. To facilitate the discussion, individuals selected a specific sector to discuss with other interested participants. The sectors reflected those deemed most critical to the Region’s economic future. Attendees were eager to list assets not only of their selected sector, but also their community and Region. As noted on Chart 1, many assets reach across the entire spectrum, including post-secondary educational institutions. Others are concentrated in one or two sectors, such as proximity to raw materials. Some are specific to a location (like the Winona Composite Cluster), while others, like the Southwest and Southern Initiative Foundations combine to stretch across the entire 38 county geography. In each sector, many quality-of-life assets were consistently identified, including scenic amenities and the rich knowledge and experience of seniors.

“We have what the world needs. Energy, healthcare, high tech manufacturing, food.... We have a lot of opportunity to produce and provide these things.”

- ***Manufacturing / Specialty Manufacturing.*** Within manufacturing, assets that were frequently cited include widely available land, technological and transportation infrastructures, and key industrial clusters in the Region (especially medical device, computers, composites and food processing). Participants felt that strong workforce skills in

the manufacturing sector underpin the Region's generally strong manufacturing sector. In particular, workers easily transfer among firms, giving the Region's manufacturers greater nimbleness and resilience. Other assets included a hearty work ethic, innovative work environments, telecommunications infrastructure, effective utilization of technology, and banks with deep experience financing industrial firms. The Region's excellent transportation system is another important asset, anchored by railways, I-90, and other four-lane highways. Presentation College, the Region's central location, and the Minnesota Center for Excellence in Manufacturing and Engineering were also identified as important manufacturing assets.

While the Region has strong assets underpinning its factories, some assets have been critical to the emergence of special industrial niches. Within specialty manufacturing, small business flexibility and a continuing spirit of innovation were identified as important assets. Other assets included a number of local businesses with niche expertise (examples include Jonti-Craft, RELCO, Altimate Medical and others that produce control systems, recycled goods, and more). Other examples that reflect the Region's ability to exploit specialty niches are local breweries and Shaker's vodka.

- ***Education.*** Southern Minnesota is rich in educational institutions, with many public and private institutions of higher education. Many of these institutions have developed programs aimed specifically at economic development in the Region. In particular, the adaptability and training capacity of Minnesota State Colleges and Universities were identified, as were its two centers of excellence located within the Region (healthcare in Winona and manufacturing and engineering in Mankato).

Participants felt the Region has good programs to assist with workforce training, especially for new residents. There are bilingual health care programs and partnerships among K-12, post-secondary institutions, and workforce centers to maximize strengths. The Region also has a strong network of innovative K-12 systems, but there was a lot of talk about increasing financial burdens being placed on small, rural school districts.

Education's role in the Region goes well beyond just educating students. Educational institutions are intently involved with communities, bring a diverse student body to the area, and provide services for lifelong learning. Other educational assets included the growing use of distance learning technology, expanding roles for seniors as mentors and teachers, good early childhood programs, and a strong spirit of collaboration among the area's educators.

- ***Renewable Energy.*** "Lots of wind, lots of corn." This Region's has tremendous capacity to produce renewable forms of energy through wind, crops, biomass, and solar. Other assets included local funding sources (made evident by the Region's many completed ethanol plants), and policies that encourage renewables, such as Minnesota's 2025 law that requires utilities to get at least 25 percent of their energy from renewable sources by 2025.

Specific assets identified in the renewable energy sector include an adaptive educational system, a productive and trainable workforce, and ongoing energy research. There was strong consensus that the renewable energy sector is ripe for development. Several regional factors are expected to drive further growth of this industry: local knowledge of wind and bio-based energy production, a history of innovation in agriculture, and the synergy of

interest between consumers, education, lawmakers and producers. The area has the potential to boost energy production significantly, but distributing it will be a challenge. Participants noted that the Region's transmission capacity does not yet match the area's ability to generate electricity from new sources.

The area's transportation infrastructure was identified as a significant asset for the renewable energy sector. A new railway feeder line has opened up in southwestern Minnesota giving three area ethanol plants the capacity to move three, 100-car unit trains in and out every day.

Other assets will also support the development of renewable energy, including the Minnesota Renewable Energy Marketplace, a number of renewable energy related business incubators, outreach from the University of Minnesota Morris, research by the University of Minnesota, and the newly established International Renewable Energy Technology Institute. Education and training expertise in wind and ethanol are offered locally through MN West Community and Technical College. Participants believe an expanding renewable energy industry will create good jobs, fuel new investment, and grow the tax base.

- ***Agriculture.*** The major agricultural asset identified was the Region's productive land, now used mainly for growing agricultural commodities. The area's fertile soils, favorable climate, and plentiful water resources are cornerstones of the area's agriculture. The abundance of commodities leads to a major food processing presence in the Region. There is significant potential to combine the area's agricultural prowess with the research conducted locally for the healthcare (new bioscience companies) and energy sectors. The Region also benefits from its prime central location in the United States, and a growing demand for local foods consumption.

Assets within the food production and agriculture sector included good transportation infrastructure, access to leading-edge technology, strong support from higher education, effective business networks, extensive and deep expertise in forming and running agricultural cooperatives, the Agricultural Utilization Research Institute (AURI), large turkey and hog production businesses, and engaged bankers who provide adequate financing. Several individual businesses in the area represent significant economic assets, including Schwan's, Swift, Gold'n Plump, MLS Alcomp, Jennie-O, MVTL Laboratories, Inc. and Associated Milk Producers, Inc.

- ***Healthcare.*** Participants cited an abundance of quality care available and noted that healthcare providers are encouraging healthier lifestyles. Area residents benefit greatly from both the high quality of health care service and the wide spectrum of services available. World-class care is within an a couple hours drive for most of the Region's residents.

Healthcare assets throughout the Region are many and impressive in their reputation and capacity. They include: the Mayo Clinic and the activities of its numerous centers (research translation, medical imaging innovation, clinical trials); Hormel Institute (cancer research); MN Partnership for Biotechnology and Medical Genomics; and MN Biobusiness Center.

Numerous other assets were cited, including many quality rural healthcare facilities, a strong volunteer EMS system, excellent wellness and training programs, and generally high paying

jobs. Good healthcare systems are increasingly seen as a community marketing tool, and they also attract a pool of talented professionals and potential volunteers to the community. Employer sponsored training and the Open Door Health Center were also mentioned as assets.

- ***Bioscience / Biotechnology.*** The Region boasts a strong slate of bioscience assets. Educational institutions head this list. The University of Minnesota is one of these strengths, with research and outreach provided through several centers and Extension. MnSCU institutions are another source of strength, providing critical education and training. Also identified in the bioscience sector were AURI, Prairie Holdings Group, private sector research on plant genetics in the Olivia area, and an impressive animal health business cluster emerging in the southwest parts of the Region.

Other assets include a robust spirit of entrepreneurship throughout the Region, a history of effective partnership, and a strong agricultural base. Within the bioscience and renewable energy sectors, participants discussed the plentiful resources in the area—abundant wind, plentiful crops, and a concentration of livestock production. Local leaders also felt that there is a lot of innovation coming from the people who live and work here.

- ***Tourism.*** Recreation and tourism is still a comparatively small area of specialization for the Region’s economy, but participants pointed to several assets on which this industry could grow in the future. The many natural amenities in the Region—lakes, rivers, state parks, and trails—can support a wide array of outdoor activities. The Region is rich in cultural amenities: colleges with arts departments, local history museums, the area’s Native American heritage, and area music associations. Interstate Highway I-90 was identified as an important transportation asset to support expanded tourism.
- ***Cross Sector Assets:*** Participants often indicated that many of the Region’s assets will support more than one area of economic development in the future. Foremost among these versatile assets are the Region’s world-class institutions for research and knowledge transfer. Mayo Clinic, IBM, the University of Minnesota’s Hormel Institute and the Southern Research and Outreach Center were all singled out as huge research assets. The strong networks of organizations and businesses that have facilitated effective economic collaboration in the area for many years were also stressed by those in attendance. Educational institutions, banks, regional development commissions, economic development authorities, and healthcare institutions were among the organizations cited.

Additional cross-sectoral assets mentioned were quality healthcare, the Minnesota Inventor’s Congress, a generally high quality of life, widely available services for the disabled, strong financial institutions, high-quality K-12 education, and a deeply embedded culture of “being nice” toward others.

Another asset in the Region is its “superior telecommunications infrastructure,” although it was generally felt it is both strong and underutilized. The transportation system is still regarded as an economic asset, though many believe that edge is eroding and new investments will be needed to maintain its historic high quality. Participants also said that more was needed to facilitate mass transit options, particularly to assist commuting workers.

Lastly, the growing number of banks, angel investors, and other professional services were cited as assets. The Region has much local wealth, but the key will be finding ways to invest more of it locally.

There are variations in assets across Southern Minnesota. Southeast Minnesota benefits from trade along the Mississippi River. Southwest Minnesota benefits from economic linkages with the South Dakota regional trade center of Sioux Falls. The more rural parts of the Region continue to have less robust telecommunications infrastructure.

Chart 1. Southern Minnesota Economic Assets

Healthcare	Manufacturing / Specialty Manufacturing	Renewable Energy	Agriculture	Bioscience / Biotechnology	Education	Entrepreneurship, Financial and Professional Services	Tourism
Research Institutions: Mayo Clinic, Hormel Institute, AURI, Southern Minnesota Research and Outreach Center, IBM						Small Business Development Centers	
Transportation infrastructure: Railways, I90, I35, Hwy 169, Hwy 212, Hwy 60, Hwy 14, Rivers							Transportation Infrastructure
Post secondary education and training: Bethany Lutheran College, Carlton College, Gustavus Adolphus College, Minnesota State College - Southeast Technical, Minnesota State University Mankato, Minnesota West Community and Technical College, Presentation College, Ridgewater College, Riverland Community College, Rochester Community and Technical College, Southcentral Community College, Southwest Minnesota State University, St. Mary's University, St. Olaf College, University of Minnesota, University of Minnesota Morris, Winona State University							
Central U.S. Location						Strong Community Banks	
Proximity to Raw Materials: Commodity Production, Wind, Biomass, Methane, Livestock						MN Inventor's Congress	
	Winona Composite Cluster		MVTL Laboratories Inc., Associated Milk Producers, Inc.				Natural Amenities: Lakes, rivers, prairie, bluffs,
Strong Healthcare System and Rural Facilities							
MnSCU Centers of Excellence HealthForce MN		Minnesota Center for Engineering and Manufacturing Excellence				Prairie Holdings Group	
Land, Water, Favorable Climate							Arts and Culture
Open Door Health Center		Minnesota Renewable Energy Marketplace	MN Partnership for Biotechnology and Medical Genomics, MN Biobusiness Center, Elk Run			Emerging Angel Investment Networks	
		International Renewable Energy Institute					State and Local Parks and Trails
Strong K-12 System							
Minnesota Department of Employment and Economic Development, JOBZ and Minnesota Job Skills Partnership Alliances							
EMS System and Training		MN Energy Policies, MN 2025			Good early childhood programs	Many area incubators and MN West Tech Campus	
	Johnt-Craft, RELCO, Altimate Medical						
Southwest and Southern Minnesota Initiative Foundations							
Local Wealth							
	Innovative Work Environments		Seed Genetics Research			Innovative Work Environments	
Swift, Gold'n Plump, MLS Alcomp, Jennie-O							
	Medical and Technology Clusters		Cooperative Experience			Seniors: Knowledge and Experience	
Information Technology / Broadband Infrastructure							
Work Ethic							
Cross sector serving organizations, including Regional Development Commissions, Workforce Centers, Workforce Investment Boards, ExperienceWorks							

Innovation and Entrepreneurship

An important segment of the Roundtables focused on Southern Minnesota's capacity to innovate and grow entrepreneurs. Participants generally thought the Region has powerful capacity to innovate since it boasts many innovation engines: Hormel Institute, Mayo Clinic, Agricultural Utilization Research Institute, and the Southern Research and Outreach Center. These organizations provide a golden opportunity to launch new spin-offs. The BioBusiness Alliance's map of bio-businesses is a hopeful indicator of more such businesses to come.

There are encouraging signs that innovation is leading to new business starts throughout the Region. Participants pointed to many business incubators sponsored by private and public entities, investments made in renewable energy production, the "bioenergy beltway" between Willmar and Morris, and the willingness of higher education to help advance economic development issues.

Though all of these indicators are positive, there are ongoing challenges that must be overcome if the Region is to seize its full economic potential. In general, Regional leaders believe there is a disconnect between innovation and entrepreneurship in the area. That is, while the area has powerful innovation engines, the area is not capturing as much economic benefit as it could. Entrepreneurial support systems and making equity capital more available were viewed as the biggest hurdles, but noted three areas of concern:

- 1) Capital is not readily available for start-up companies. A number of growing angel investment networks were cited, but many saw these assets as inaccessible. Early stage capital is especially challenging for bioscience companies. Leaders want to harness local wealth. One participant put it this way: "Sometimes people are more willing to invest from a distance. The Council on Foundations has a website where you can invest in family businesses elsewhere. We need to develop an investment system for people to invest in our own people."
- 2) The area's educational institutions tend to create employees rather than entrepreneurs. There is a need for more entrepreneurial curricula at the K-12 and post-secondary levels.
- 3) The area's business development support systems don't always connect the entrepreneurs with the services they need. Providing the technical assistance, the professional services, the entrepreneurial networks and the capital to fund these innovative ideas is an ongoing challenge, but not an overwhelming one.

"Part of the success comes from having a champion, the person who drives it. We need to find those people and be encouraging to entrepreneurs."

Innovation is thought to be coming out of the education institutions and existing businesses. A willingness on the part of both K-12 and post-secondary institutions to play a larger role in economic development was cited. Still, there is a need for more entrepreneurial curricula at all levels.

Several technological innovations in manufacturing and agriculture, such as robotic milking, can also be found in the area. One local business is maximizing green technology, utilizing winter air to cool its product, and heat generated from its plant to heat its administrative offices.

Roundtable participants felt that the growth of ethanol within the area was a strong sign of

innovation. “People had to come together to build the industry and business.” The creation of the Minnesota Renewable Energy Marketplace was also identified as an encouraging sign of entrepreneurship in the Region. Other signs of ongoing entrepreneurial activity include the continued demand for and success of Minnesota Inventor’s Congress and area Small Business Development Centers.

Partnerships in the Region

Roundtable participants cited numerous partnerships that enhance the region’s political, economic and social development (see below). The number and extent of these partnerships clearly reflect a deeply embedded spirit of collaboration in the Region. What is also evident, however, is that the existing list of partnerships includes a wide-ranging set of actors, agendas, and objectives. It is difficult to generalize the list. A couple of conclusions can be made. Many of the existing partnerships tend to be very specialized—on a single industry, a single issue, or a narrow geography. On the other hand, there are some partnerships that span across much of the Region. A critical issue going forward is how best to draw on the best features of the existing alliances in ways that can shape and implement development strategies that benefit everyone in the Region. All participants agreed that this remains an open question that deserves a resolute answer.

Partnerships

Area Chambers of Commerce Networks	Mississippi Valley Partners
Association of Minnesota Counties	Parks and Trails Council of Minnesota
BioBusiness Alliance of Minnesota	Perkins K-12 and Post Secondary partnerships
CERT (Clean Energy Resource Teams)	Project Lead the Way
EdInnovation	RainSource Capital and aligned local investment networks
Enterprise Minnesota	Regional Customized Training and Education Solutions
Federal agencies, e.g., USDA	Regional Development Commissions
First Grants across southern Minnesota	Regional Superintendent’s Network
Friends of Southern Minnesota Trails	Regional Sustainable Development Partnerships
Greater Mankato Diversity Council	Rochester Area Math and Science Partnership
Green partnerships at Winona State University	Rural Energy Board
HealthForce Minnesota in Winona	Rural Energy Development Initiative (REDI) of the Southern and Southwest Minnesota Initiative Foundations
Hormel, IBM and Mayo collaboration on genomics	SBA network of consultants throughout the region
I-90 Coalition	Seven Rivers Alliance
Innovation Triangle (WIRED)	Small Business Development Centers
International Renewable Energy Technology Institute (IRETI) at MSU	Small business programs at MnSCU
JOBZ alliances	Southeast Minnesota Training Consortium
Joint powers boards	Southern Minnesota Tourism regional office and association
Minnesota Association of County Economic Developers (MAPCED)	Southwest Minnesota Affordable Housing Partnership
Minnesota Center for Engineering and Manufacturing Excellence (MNCEME) in Mankato	Transportation alliance, various
Minnesota Community Capital Fund	Travel Southwest

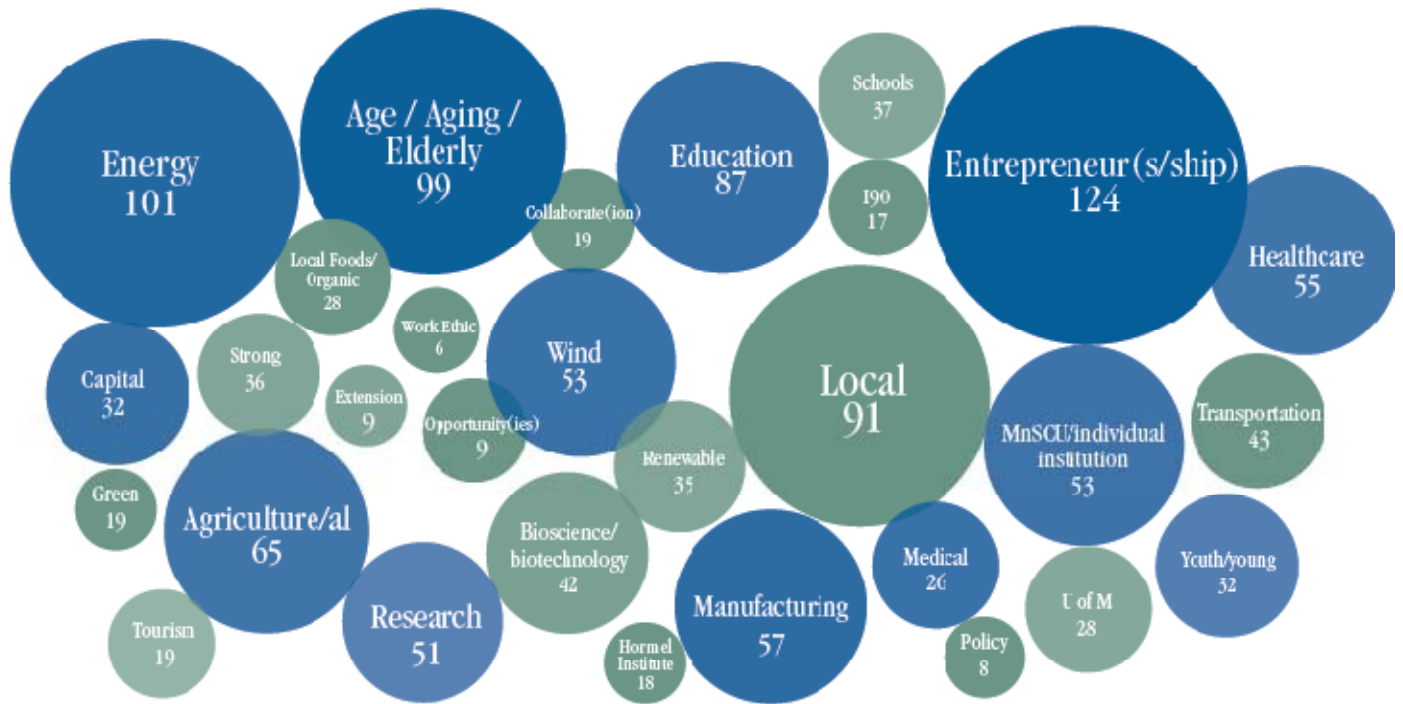
Minnesota Farm Bureau	University of Minnesota Extension
Minnesota Inventors Congress	Winona Composites Consortium
Minnesota Job Skills Partnership initiatives	Workforce Councils
Minnesota Partnership for Biotechnology	Workforce Development Inc.
Minnesota Renewable Energy Marketplace	Workforce Investment Boards across the region
Minnesota Valley Regional Rail Coalition	

“It shouldn’t be just public dollars that reward or encourage collaboration. There needs to be public policy to reward and encourage collaboration. Public funding does not provide all the solutions.”

Words People Used

The words that people used at the Roundtables provide a useful perspective on how public and private leaders in the Region view their economic future. The accompanying figure highlights the words most used by roundtable participants across the region. The roundtable columns are listed as they occurred chronologically, which also corresponded to a geographic swing from east to west.

Entrepreneurs and entrepreneurship were talked about most frequently, as were energy options and the aging population. There was a lot of emphasis on local--keeping it local, local leaders, local foods, etc. Education and the role of educational institutions are also prominent in the minds of leaders. Nearly equal references to manufacturing, healthcare, and agriculture attest to these sectors’ function as the three legs of the region’s economy.



	Blooming Prairie	Winona	Byron	Cannon Falls	Mankato	New Ulm	Fairmont	Marshall	Worthington	Willmar	TOTALS
Age/Aging/elderly	9	1	11	11	16	7	16	11	6	11	99
Agriculture/al	3	5	5	0	9	6	11	11	4	11	65
Bioscience/biotechnology	7	0	8	1	1	0	3	9	4	9	42
Capital	3	2	8	4	3	3	5	1	2	1	32
Collaborate(ion)	8	0	0	2	1	1	1	3	0	3	19
Education	7	7	9	10	10	1	16	9	10	8	87
Energy	10	4	10	12	14	9	11	14	3	14	101
Entrepreneur(s/ship)	7	6	22	7	15	2	11	23	8	23	124
Extension	0	0	0	1	1	0	1	3	0	3	9
Green	3	1	3	2	2	1	1	3	0	3	19
Healthcare	7	3	7	7	8	5	5	4	5	4	55
Hormel Institute	6	3	5	0	2	0	1	0	1	0	18
I90	4	0	1	0	1	1	3	3	1	3	17
Local	4	9	10	4	8	9	10	15	7	15	91
Local Foods / Organic	0	4	3	7	2	5	1	3	0	3	28
Manufacturing	7	7	5	7	6	6	12	2	3	2	57
Medical	3	1	13	1	0	0	2	2	2	2	26
MnSCU/individual institution	4	1	4	3	5	6	2	11	6	11	53
Opportunity(ies)	8	8	5	3	3	1	19	6	5	6	64
Policy	1	2	0	0	1	1	2	0	1	0	8
Renewable	8	3	0	4	5	3	8	2	0	2	35
Research	8	3	7	2	8	0	6	7	3	7	51
Schools	2	2	6	4	2	2	5	2	4	8	37
Strong	4	2	2	3	3	3	5	6	3	5	36
Tourism	0	4	2	6	0	1	0	1	4	1	19
Transportation	6	4	6	4	5	2	6	4	2	4	43
U of M	1	0	6	0	3	1	3	3	8	3	28
Wind	6	4	4	2	3	2	2	10	10	10	53
Work ethic	1	0	0	0	1	1	1	1	1	0	6
Youth/young	3	1	0	0	0	0	3	9	7	9	32

What's Next

The Southern Minnesota Competitiveness Project provides a way to build on a long legacy of economic development partnerships stretching back several decades. While leaders in the Region clearly recognize numerous strengths, many are the result of past efforts, there is also a clear desire to raise the bar and seize new economic opportunities. This is especially evident in the comments leaders made on issues, networks, and the sense of Region.

- ***Issues.*** In many respects, the issues discussed at the local roundtables extend a dialogue that has been going on in the Region for some time. Demographics, infrastructure, food and agriculture, manufacturing new products with a skilled workforce, and capturing the new frontier of renewable energy have been discussed to varying degrees. What has changed, it now seems, is the ability and desire to address these issues across sectors and across jurisdictional lines in a much broader scope. The Southern Minnesota Competitiveness Project has provided the forum to identify the critical assets and collaborations that will be necessary to move the Region forward.
- ***Networks.*** The 10 roundtables provided an opportunity to bring together a broad cross-section of regional leaders to explore together the Region's economic future. More than once, it was expressed that this was the first time such a diverse group had been in the same room at the same time. For instance, representatives from local school districts were present at each roundtable, explaining not only how they are affected by economic growth and decline but also how they can contribute. Local bankers engaged in the conversation about investment capital and the entrepreneurial development in their communities. Local and regional economic developers discussed their long-range planning process with the healthcare and human service providers from their areas. And those involved with arts, culture, tourism and local food production complemented the discussion with the recognition of small and family based business impact. Taken together, these voices provided a richer context for the strategic decisions that lie ahead.
- ***Regional economic geography.*** Roundtable participants had very different perspectives on what Southern Minnesota means in terms of an economic region. Many saw their communities as part of a two- or three-county region. Those in attendance with broader business or service delivery areas (such as healthcare or higher education) often viewed broader geography when thinking about the Region. The sense of Region was also influenced by proximity to border states, whether it was Wisconsin in the southeast, Iowa in the south central or South and North Dakota in southwestern Minnesota. Depending on the sector, participants found affiliations with similar businesses or services no matter where they were located within the 38 counties. This was especially true for renewable energy. Two Project partners, the Southwest and Southern Initiative Foundations, together cover the entire 38 counties identified in this Project, while the newly formed WIRED initiative covers an even larger area than the 38 counties. In the end, the sense of Region will likely be influenced importantly by the geographic sweep of the economic opportunities that hold the greatest upside for the people living in Southern Minnesota.

This marks the conclusion of the first critical phase of the Southern Minnesota Competitiveness Project. The next steps in the project will identify the Region's best economic opportunities, the best ways to implement those in a comprehensive strategy, and the Region's framework for

collaboration, action, and investment. Combining key findings from the local roundtables and the comprehensive analysis of economic data, three Regional Roundtables will be convened in mid-November, offering regional leaders a first look at the Region's menu of economic opportunities. In early 2009, a Futures Summit will be held to gather feedback on the Region's strategic alternatives. This information will be analyzed and a group of regional leaders will select the best strategy for the overall Region. This strategy, action steps, and investments necessary to implement it will be rolled out at a Strategy Summit in May 2009.

"We are still facing turf and recognition issues which facilitate secrecy and silos. We need to challenge those notions of who gets credit and disjointed efforts versus seeing a vision that has broader geographic benefits."

Project Partners

The Southern Minnesota Competitiveness Project is being led by more than a dozen key business, philanthropic, and public organizations. These and other key stakeholders in this mostly rural Region see a timely opportunity to revisit its strengths amid a boom in agricultural commodities and energy on one hand and emerging strengths in bioscience and medical research on the other. The goal of the project is to develop a comprehensive regional development strategy while identifying the top priority investments that leverage the Region's potential.

Project Partners
AgStar Financial Services, ACA
Alliant Energy
BioBusiness Alliance of Minnesota
Blandin Foundation
Center for Rural Policy and Development
Minnesota Department of Employment and Economic Development
Minnesota Renewable Energy Marketplace
Minnesota State Colleges and Universities
MinnStar Bank
Region Nine Development Commission
Southcentral Workforce Council
Southern Minnesota Initiative Foundation
Southwest Minnesota Initiative Foundation
Southwest Workforce Council
United FCS
Workforce Development, Inc.