



**Southern Minnesota Competitiveness Project
Roundtable Discussion Report**

October 2008



Southern Minnesota Competitiveness Project



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 International Athletic Olympics which happen every four years, the Global Economic Olympics happen every hour, every day.

A winning strategy in the Global Economic Olympics has two critical parts. The first is identifying the region's best events by asking, in which economic niches does a region have the best shot at gold? These niches constitute what economists call a region's competitive advantage. Determining competitive advantage is challenging and requires distilling a wide range of possibilities. The second part of a winning strategy is creating a strong framework for regional investment and action. The region must come up with a way to think and act as one, to pool resources and skills and leverage investments.

A series of 10 roundtables are being held across southern Minnesota to identify critical economic assets and valuable regional partnerships. A diverse collection of community leaders from the region are coming together to identify :

- Trends most critical (for better or for worse) of southern Minnesota's economic future;
- New and emerging industries, and which of these could grow into a bigger economic engine;
- Economic assets in southern Minnesota on which a stronger economy can be built;
- Signs (or lack of signs) of innovation and entrepreneurship in the region; and
- Regional initiatives, key groups and institutions in southern Minnesota with whom a strong regional economic partnership can be built.

Best shot at the gold

Act as a single region

Innovate; better things

Grow entrepreneurs

Align public investment, private investment and education

The roundtables were held in 2008 on the following dates and locations.

Date	Location
September 4	Blooming Prairie
September 9	Winona
September 10	Byron
September 11	Cannon Falls
September 16	Mankato
September 17	New Ulm
September 30	Fairmont
October 14	Marshall
October 14	Worthington
October 21	Willmar



Blooming Prairie Steele, Freeborn, Mower Counties September 4, 2008



Approximately 50 persons attended the roundtable in Blooming Prairie. The participants represented the private sector, K-12 and post-secondary education, elected officials, healthcare, workforce and other groups. They were presented data on the southern Minnesota region—38 counties as proposed by the project partners—as well as information on the local three-county area.

TRENDS

The goal of this discussion was to identify trends critical to the region's economic future, for better or for worse. Participants generally agreed with the characterization of the region's economy as a three-legged stool of agriculture, healthcare and manufacturing. Some suggested that education be thought of as a fourth leg. Participants also felt that while the economic trends showed the region lagging behind the state and the nation in job and income growth, they believe the upsurge in the agricultural economy will paint a stronger picture for the region once the economic data for the most recent period become available.

Participants believed that demographic shifts within the region present both opportunities and challenges. An aging population/workforce, an influx of immigrants, and the overall loss of population and youth all will require coordinated strategies to address.

Rising production and transportation costs have led to strength within the local manufacturing sector. Participants indicated that higher transportation costs appear to be mitigating some of the cheaper labor costs for goods manufactured outside of the country. Participants also pointed out that buyers appear to be demanding higher quality products, a trend that is also extending to the food markets on a more regional scale.

EMERGING INDUSTRIES

This discussion focused on what new industries, if any, have emerged in recent years and which of these could grow into a bigger economic engine? Participants identified the following emerging industries for the region:

- Renewable energy including wind energy and cellulosic ethanol;
- Bioscience and its capacity to link health and agriculture; and
- High technology manufacturing, particularly medical technology

ASSETS

The goal of this discussion was to identify specific economic assets that could underpin stronger growth in the future. Participants pointed to many such assets across multiple sectors. They ranged from geography, to public infrastructure, to institutions.

"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."

- Roundtable participant



Within the region, the existence of world class institutions for research and knowledge transfer were most widely mentioned. 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. Also mentioned was the training capacity of Minnesota State Colleges and Universities and its two centers of excellence located within the region (healthcare in Winona and manufacturing and engineering in Mankato). The K-12 system was also identified as a strength, but there was a lot of talk about the increasing financial burdens being placed on small, rural school districts.

Another frequently cited asset was the region's proximity to raw materials. Agricultural commodities, wind and water were cited most. The transportation system was mentioned as both an asset and something that needs improving. Good roadways (I90, I35 and Hwy 14) were mentioned as strengths. However, participants felt more was needed to facilitate mass transit options, particularly to assist commuting workers. Another asset in the region is its "superior telecommunications infrastructure." Participants at this meeting felt it is both strong and underutilized. Finally, less tangible assets included a good work ethic, quality of life, and deeply embedded culture of "being nice."

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

- Roundtable participant

INNOVATION and ENTREPRENEURSHIP

What signs (or lack of signs) of innovation and entrepreneurship are found in the area?

Innovation cited included the many research opportunities with the Hormel Institute, Mayo Clinic and Southern Research and Outreach Center. Participants felt the existence of these organizations within the region represents a golden opportunity to build local business. It was stated that a coordinated and thoughtful approach is necessary to nurture new connections between research powerhouses and local entrepreneurs. Finally, participants expressed that while entrepreneurs are abundant within the region, there is still a need for more provisions of entrepreneurial capital and assistance.

PARTNERSHIPS and PEOPLE

What regional initiatives are under way in the area on which a strong regional economic partnership could be built? Who needs to be involved?

Participants felt there are many partnerships within the region, but in many cases they do not cross sectors or reach out to represent all stakeholders needed to move forward (foundations, economic development, workforce, and so on). Participants also felt there are good examples of highly effective collaboration around a specific objective or in reaction to an event. Specific partnerships mentioned include:

- Hormel, IBM and Mayo collaborating on the use of IBM's Blue Gene supercomputer technology;
- I-90 Coalition (bipartisan group of MN lawmakers focused on improving and supporting southern Minnesota); and
- MnSCU's two centers of excellence in the region, HealthForce Minnesota in Winona and the Minnesota Center for Engineering and Manufacturing Excellence in Mankato.