



**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



## Byron Dodge and Olmstead Counties September 10, 2008



Approximately 65 persons attended the roundtable in Byron. The participants represented the private sector, K-12 and post-secondary education, elected officials, healthcare, workforce and other groups. To help frame the discussion, they first received a brief presentation on economic trends in the southern Minnesota region—38 counties as proposed by the Project partners—as well as information on the local two-county area.

### **TRENDS**

*The goal of this discussion was to identify trends critical to the region's economic future, for better or for worse.* The roundtable discussions provided more questions than answers in identifying trends. The trends that seemed to hold the most uncertainty were those related to the changing demographics. An aging population, growing diversity, rural population loss, and an increase in children eligible for free and reduced lunches were some of the changes participants cited. Area leaders were concerned about the potential impact of all these things on the workforce, employment, the economy, and the public education system.

Aside from demographics, trends in healthcare, education and technology were cited. These included:

- Increasing healthcare costs which impact local small businesses;
- Increasing competition in the healthcare sector (Participants stressed the importance of maintaining this region's competitive edge.);
- Growth of destination healthcare, combining tourism and healthcare;
- A movement from conspicuous consumption to green living and renewable energies;
- Technology and rising fuel costs changing the importance of location; and
- Improvement of regional transportation options.

### **EMERGING INDUSTRIES**

*What new industries, if any, have emerged in recent years and which of these could grow into a bigger economic engine?* Participants began by pointing to energy production — from wind and cellulosic ethanol to new waste gasification technologies to the University of Minnesota's work on hydrogen powered cars. Participants also spoke of businesses that are supportive to the energy production industry, including manufacturing, construction and maintenance, training, and transportation.

In the bioscience and medical fields, participants identified a number of areas that are emerging because of the research being conducted locally at Mayo Clinic, the Hormel Institute and IBM. These included activities related to medical devices, nutraceuticals, pharmaceuticals, and bioinformatics. Computer gaming (software) and local foods industries were also mentioned as locally emerging businesses

### **ASSETS**

*Which economic assets could underpin stronger growth in the future?* Participants identified assets in many sectors. Within manufacturing, assets included land, technological and transportation infrastructures, and key clusters in the region (medical device, computers, composites). Related to education, an educated population was listed as a key asset as was the abundant choices in post secondary schooling. A variety of initiatives and organizations were also

*"We need to look at the balance between organic and commercial agriculture. We should continue to support alternative aspects of agriculture and not give up after a short term for newest fad. We need a vision for the future and to make decisions that do not adversely impact our economy and environment in the long term."*

- Roundtable participant



cited as assets in education. This list includes Rochester Community and Technical College, Southeast MN Training Consortium, ExperienceWorks, MN Job Skills Partnership program, workforce development centers, and local science and math partnerships. Importantly, related to both education and innovation, three large research facilities were cited as regional assets: Mayo, Hormel Institute, and IBM.

In agriculture, the major asset identified was the region's productive land, now used mainly for traditional agricultural production. Participants noted that in addition to supporting traditional agriculture, the region's land and water provide the capability to grow raw materials for alternative energy. Specific assets identified in the renewable energy sector include an adaptive educational system, a good and trainable workforce, proximity to raw material production, and ongoing energy research.

Healthcare assets cited include the aforementioned Mayo Clinic and the activities of its numerous centers (research translation, medical imaging innovation, clinical trial expeditions); Hormel Institute (also mentioned before); MN Partnership for Biotechnology and Medical Genomics; and MN Biobusiness Center.

### **INNOVATION and ENTREPRENEURSHIP**

*What signs (or lack of signs) of innovation and entrepreneurship are found in the area?* Participants pointed out that the Rochester metropolitan area ranks among the top five in the nation based on the number of patents per capita. However, many of those at the roundtable felt 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. Participants cited four main causes for this outcome:

- 1) Capital is not readily available particularly for start-up companies;
- 2) Healthcare costs remain a barrier;
- 3) The area's educational institutions tend to create employees rather than entrepreneurs; and
- 4) The area's business development support systems don't always connect the entrepreneurs with the services they need.

*("Capital is not always available locally, particularly in the seed stage. Capital is the most mobile asset. It is difficult to fund those early states. Venture funding in Minnesota is not funding biotechnology. We need to create an organized system to find and finance.")*

*"We need to be thoughtful about not only number of jobs, but the quality of jobs. We should examine emerging industry technology and high technology manufacturing influences on workforce skills needed for installation, operation and maintenance."*

- Roundtable participant

### **PARTNERSHIPS and PEOPLE**

*What regional initiatives are under way in the area on which a strong regional economic partnership could be built?* Many organizations and partnerships were identified by the participants:

- K-12 and higher education alliances including Rochester Community and Technical College and Rochester Public Schools Perkins initiative;
- IBM, Hormel Institute, Mayo Clinic and U of MN genomics partnership;
- Rochester area math and science partnership;
- U.S. Highway 14 Corridor Project;
- I-90 Group;
- Various MN Job Skills Partnership Projects;
- Workforce Development Inc.;
- Composite Consortium (Winona);
- Association of Minnesota Counties and its MN Futures Project;
- Minnesota Association of County Economic Developers (MAPCED);
- Southwest and Southern Minnesota Initiative Foundations; and
- Rochester Area Economic Development Inc.