



**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 Olympic 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, i.e., in which economic niches does a region have the best shot at gold? Economists call it the region's competitive advantage, and the challenge is distilling it from a wide range of possibilities. The second is creating a strong framework for regional investment in action, i.e., thinking and acting as one region so that investments leverage the region's resources, skills and desires.

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 to southern Minnesota's economic future—for better or for worse?
- 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 built
- Signs (or lack of signs) of innovation and entrepreneurship in this region
- 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



Cannon Falls Goodhue, Rice, Wabasha Counties September 11, 2008



Approximately 40 persons attended the roundtable in Cannon Falls. 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 identified several critical trends. Most widely mentioned were trends impacting the area workforce. Participants see a growing shortage of technically trained workers. The aging of the local population and the need to replace subsequent retirees is a real and looming problem. An influx of new residents to the area provides potential to alleviate the worker shortage, but also presents additional challenges in training. New students are also coming into the K-12 system, which is both a benefit and a challenge for small districts burdened by reduced funding. In addition, the small, rural communities face increased local tax burdens in supporting the schools.

Additional trends identified include a growing number of people unable to afford healthcare because of rising healthcare costs. Also of concern are rising transportation costs, which prompt many discussions of restructuring work and school weeks. A positive aspect of rising transportation costs is that they actually benefit local manufacturers as U.S. buyers are priced out of buying products not produced domestically. A last trend noted is the increasing potential for the area to benefit from renewable energy and from other products that encourage energy self sufficiency.

“We have dynamic and challenging work environments (in manufacturing). It keeps young employees active in their work. Instead of numbing their minds, it challenges them.”

- Roundtable participant

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. Tourism, local foods, and energy were identified as the major emerging industries in the area. 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, and the National Eagle Center. The local foods industry is expanding, building on growing demand from consumers who want to know where their food comes from. Farmer's Markets and buy-local programs are increasingly promoted by schools and institutions. Lastly, production of renewable energy and the manufacturing of green products and energy industry peripherals are also emerging in the area. A local manufacturer of wood pellet stoves reported exceptionally strong sales.

ASSETS

The goal of this discussion was to identify specific economic assets that could underpin stronger growth in the future. Participants identified assets in various sectors:

- Strong partnerships between K12 and post-secondary institutions;
- Solid public schools that make the area a good place to live and work.



- Two nationally recognized colleges (St. Olaf and Carleton);
- Organic farming cooperatives;
- Innovative work environments provided by area manufacturers;
- A diverse cluster of small and mid-sized manufacturers that effectively utilize technology;
- Quality technical college training and area partnerships; and
- A strong healthcare system with world-class care within an hour's drive.

INNOVATION and ENTREPRENEURSHIP

What signs (or lack of signs) of innovation and entrepreneurship are found in the area? Participants felt that innovation is strong in the area, but felt that overall it remains difficult to commercialize upon ideas. Repeated statements indicated that entrepreneurs need more mentoring.

Access to capital was mentioned as a barrier to entrepreneurship. Participants cited a number of growing angel investment networks, but many participants saw these as inaccessible. Early stage capital is especially challenging for the bioscience sector. While capital is not seen as readily available in the area, education is seen as a real asset and one that is readily available. Participants identified a willingness of both K12 and post secondary institutions to play a role in economic development. Participants view their area as having a lot of innovation and frequently cited research being conducted in the area. Still, they recognized a need for more entrepreneurial curricula in schools of higher education.

“We connect healthcare and elder care. There is a value attached to quality care for elderly citizens in this region. Our core values include quality healthcare and high quality of life.”

- Roundtable participant

PARTNERSHIPS and PEOPLE

What regional initiatives are underway in the area on which a strong regional economic partnership could be built? Many organizations and partnerships were identified, including:

- DEED's First Grant recipients,
- MN Job Skills Partnership initiatives,
- JOBZ alliances;
- Enterprise Minnesota;
- Renewable Energy Development Initiative (REDI);
- Southeast Minnesota Training Consortium;
- Minnesota Center for Engineering and Manufacturing Excellence at Minnesota State University, Mankato;
- HealthForce Minnesota at Winona State University;
- CERT (Clean Energy Resource Teams);
- Mississippi Valley Partners;
- Southern Minnesota Tourism regional office and association;
- Friends of Southern Minnesota Trails;
- Parks and Trails Council of Minnesota;
- RainSource Capital;
- Minnesota Renewable Energy Marketplace;
- Seven Rivers Alliance;
- SBA network of consultants throughout the region;
- University of MN Extension;
- WIBs across the region and their members;
- Private industry and funding institutions, banks and investment networks; and
- MN Community Capital Fund.