



**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.

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

Best shot at the gold

Act as a single region

Innovate; better things

Grow entrepreneurs

Align public investment, private investment and education



Fairmont Faribault, Martin, Watonwan Counties September 10, 2008



Approximately 65 persons attended the roundtable in Fairmont. 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 focused much of the discussion on the changing demographics of the area. Population loss, particularly of youth, an aging population, and an influx of new residents were frequently cited trends. The loss of youth leads to a decline in funding for local schools. The aging population means a smaller workforce, but also creates new growth in healthcare and elder services. A steady stream of ethnic immigrants to the area counters 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 spur new growth in small businesses.

Among the other trends cited was the increasing need for technical skills. Students often must leave the area to acquire these skills. Another area of concern was the declining housing stock. Also recognized was the increasing commuting and commerce with Iowa, and lastly, the growing interest in renewable energy and biosciences.

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 Not surprisingly, agriculture, healthcare and renewable energy were most often cited by participants. New opportunities continue to emerge in value-added agriculture, bioengineered crops, and livestock. Healthcare and related services, particularly in relationship to the care of the aging population, is becoming more evident in the area. Assisted living, senior housing, and independent medical clinics are all expected to grow. Renewable and alternative energy were also identified as promising growth industries in the area, including cellulosic ethanol, geothermal, gasification, and wind.

Participants discussed several other opportunities in the area. Some were related to growth in the outdoor recreation sector. However, absentee land owners often interfere with plans to develop this industry. Information technology and global commerce were also discussed as promising, with added importance being placed on an effective and affordable broadband infrastructure. Such broadband infrastructure is not widely available in the area. Finally, interest in green living and green technology is creating new demand for consultants and product development.

ASSETS

The goal of this discussion was to identify specific economic assets that could underpin stronger growth in the future. Participants identified assets in multiple sectors. Education assets included Presentation College, growing use of distance learning technology, expanding roles for seniors as mentors and teachers, good early childhood programs, and collaboration

"We have the capacity to grow many different crops that are not being grown here. We have the advantage of Hormel Institute and Southern Minnesota Research and Outreach Center in Waseca adapting for plants for local growth. We need to be able to grow those things like hazelnuts, cabbage, grapes, blueberries, and others. There is a potential for higher value than traditional commodities."

- Roundtable participant



among the area's educators. In healthcare, participants pointed to several assets: the connection to the Mayo Clinic, quality EMT training, a diversity of services available locally, and generally high paying jobs. Good healthcare systems are increasingly seen as a community marketing tool, and they also attract a pool of professionals and potential volunteers to the community. Assets within the manufacturing sector included a good transportation system anchored by railways, I-90, and other 4 lane highways. Presentation College (mentioned before), the local work ethic, geographic location, and the Minnesota Center for Excellence in Manufacturing and Engineering were identified as strong general assets.

Participants pointed to the area's transportation infrastructure as a significant asset for the renewable energy sector. A new railway has opened up and given 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 and research by the University of Minnesota. Participants believe an expanding renewable energy industry will create good jobs, fuel new investment, and grow the tax base. In the agriculture sector, the area's land, soil, and water were cited as assets. Also discussed as assets were the Agricultural Utilization Research Institute (AURI); transportation; producer and processor knowledge; the expertise of local bankers; and growing demand for local foods consumption. Finally, participants noted that the area has a lot of local wealth, but the key will be finding ways to invest more of it locally.

INNOVATION and ENTREPRENEURSHIP

What signs (or lack of signs) of innovation and entrepreneurship are found in the area? Roundtable participants talked about several things that could be done to support greater innovation and entrepreneurship in the area. A stronger system for nurturing and mentoring innovators and entrepreneurs is needed. Potential small business owners are not aware of available resources and cannot always navigate among different service providers. While the region has considerable wealth, capital is not always accessible to new business starts. Angel networks are difficult to penetrate and difficult to navigate. Participants want to harness local wealth. "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 a micro investment system for people to invest in our own people." Locally owned telephone companies were cited as contributing to entrepreneurship in the area.

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 by the participants:

- Project Lead the Way;
- Independent telephone companies;
- Minnesota Renewable Energy Marketplace;
- Alltel;
- I-90 Coalition of legislators;
- Federal agencies (USDA);
- SE MN Training Consortium;
- Small business programs at MnSCU;
- Minnesota Inventors Congress;
- University of Minnesota Extension; and
- Regional Sustainable Development Partnerships.

"Entrepreneurs understand that there is risk, but lack knowledge in certain areas. There are also inventors; persons with the idea but wouldn't know how to develop it. Our region is plentiful in both those types of people."

- Roundtable participant