



**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



Mankato Blue Earth, LeSueur, Waseca Counties September 16, 2008



Approximately 80 persons attended the roundtable in Mankato. 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. A frequently cited concern among participants was the economic future for small communities in the area. Related to this, concerns were also raised about communities' dependence on a single industry or business, the growing burden of infrastructure costs, and the ability to retain a pharmacy. Participants also pointed to trends in education as critical to the area's future. Participants were encouraged by a growing cluster of quality higher education. They see 2-year institutions focusing more on business services. Of concern, participants wondered whether the right balance is being struck between baccalaureate degrees and trades education. They were also concerned about mounting struggles in funding K-12 education.

Other trends identified included the following: an increasingly ethnically diverse population; increased stress on local manufacturing due to the weak dollar and high transportation costs; growth in the food processing sector; loss of locally owned businesses to acquisition; and the mounting cost of healthcare, particularly as the area's population ages.

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 cited energy and agriculture as two industries where new opportunities continue to emerge. Participants noted that agriculture and energy are now often converging through bio fuels and local production of raw materials. Renewable energy was discussed at some length, as participants cited the potential for wind and bio-fuel energy. This will be driven in part by the Minnesota legislature's expanded requirements for community-based energy. Local businesses have a strong edge in research and development in energy management and distribution. These businesses will continue to thrive and will likely supply environmentally friendly products to meet increasing consumer demand. In agriculture, participants identified locally grown foods, organic farming, pork production, and animal health as strong emerging clusters in the area. Participants noted that traditional livestock and crop commodities are currently strong, but wondered if they would grow significantly into the future.

Participants also mentioned trucking, storage, and warehousing growth as new sources of growth. (A new Wal-Mart distribution center in the area is a prime example.) Information technology is another emerging cluster, though it has had both ups and downs recently. In general, participants believe there is strong entrepreneurial activity across the board; the local Business Accelerator program is currently working with 130 new businesses in the region.

ASSETS

The goal of this discussion was to identify specific economic assets that could underpin stronger growth in the future. Participants identified assets in many sectors. Education is strong in the area, with a

"In smaller rural communities, there doesn't seem to be enough variety of work and industry to get people to move there. If the job doesn't work out, there are no other options. This is not quality of life issue. This issue is more important than quality of life."

- Roundtable participant



wide range of quality choices in K-12 and higher education. Education's role goes well beyond just educating students. In particular, educational institutions are intently involved with communities, bring a diverse student body to the area, and provide services for lifelong learning. Healthcare is another strong sector for the area. Participants cited an abundance of care available and noted that health care 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. Employer sponsored training and the Open Door Health Center were also mentioned as assets.

Participants felt that workforce skill, and especially the ease with which workers can transfer among firms, is a real asset in the area, especially in manufacturing. A good transportation system with rail and trucking options was also cited as strength. The renewable energy sector is ripe for development, with assets including local knowledge of wind and bio-based energy production, a history of innovation in agriculture, and synergy of interest between consumers, education, lawmakers and producers. The area has the potential to boost energy production, but distributing it will be a challenge. The newly established International Renewable Energy Technology Institute can help drive the development of renewables in the area.

Agriculture holds many assets too, with the rich soil frequently cited as underpinning production. A lot of food and commodities are produced and processed in the area. Participants pointed to significant potential to combine the area's agricultural prowess with the research conducted locally for the healthcare and energy sectors. Lastly, the growing number of banks, angel investors, and other professional services were cited as an asset.

“There is a history of success in the area. Many businesses started here. However, we need to find the entrepreneurs and assist them.

Locally we have seen a couple of ideas connected with a marketing person and it worked. There are some recently retired persons ready to help others start up.”

- Roundtable participant

INNOVATION and ENTREPRENEURSHIP

What signs (or lack of signs) of innovation and entrepreneurship are found in the area? Signs of innovation identified by participants included the research being done by the Agricultural Utilization Research Institute (AURI), Southern Minnesota Outreach Center, and the Hormel Institute. Participants also pointed to the BioBusiness Alliance's map of all bioscience related businesses as a hopeful indicator of more bio businesses to come. Innovation is thought to be coming out of the education institutions and existing businesses. Access to start up capital is still a challenge, although some recent progress in the area has been made.

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:

- International Renewable Energy Institute at MSU,
- Area FIRST grant recipients;
- Small Business Development Centers,
- SE MN Consortium,
- Greater Mankato Diversity County,
- University of Minnesota Extension;
- Southern MN Initiative Foundation;
- BioBusiness Alliance;
- Local angel investor network aligned with RainSource Capital;
- Minnesota Renewable Energy Marketplace (WIRED);
- Intercity Leadership Visit (Mankato);
- Minnesota Corn Growers Association,
- Minnesota Soybean Growers Association;
- Minnesota Farm Bureau; and
- Area Chambers of Commerce.