

Enterprise Minnesota Growth Acceleration Program

**Report to the Legislature
as required by Minnesota Statutes 1160.115**

January 10, 2011

**Submitted on behalf of Enterprise Minnesota by Gerry Wenner
Minnesota Department of Employment and Economic Development**

January 10, 2011

The Honorable Bob Gunther
Chair, Jobs and Economic Development Finance
591 State Office Building
100 Rev. Dr. Martin Luther King Jr. Bldg.
St. Paul, MN 55155

Dear Representative Gunther:

Enclosed is a report from Enterprise Minnesota on the Growth Acceleration Program, with funds administered by the Department of Employment and Economic Development (DEED) to Enterprise Minnesota.

The program, established under Minnesota Statutes 116O.115, with \$500,000 appropriated in 2009, helps Enterprise Minnesota provide services to small manufacturers helping them stay in business, grow and compete.

DEED has had a long relationship with Enterprise Minnesota and relies upon them as a strong partner in helping our manufacturing sector remain competitive. Our business development team frequently refers businesses to Enterprise Minnesota, and, especially in these difficult times, looks for creative ways to leverage each other's services.

We will be open to looking for additional synergies with our partners at Enterprise Minnesota. Please contact me at 651/259-7111 if you have any questions about this report.

Sincerely,

Paul A. Moe
Acting Commissioner

Enclosures

Annual Report to the Minnesota Legislature

Enterprise Minnesota

Growth Acceleration Program

Minnesota Statutes 116O.115

Period Ending December 2010

Minnesota Department of Employment and Economic Development

The Minnesota Legislature, during the 2009 Session, adopted legislation and appropriated \$500,000 each year of the 2010/2011 biennium to the Department of Employment and Economic Development (DEED) to be used as a grant to Enterprise Minnesota. Enterprise Minnesota is a non-profit organization, based in Minneapolis, serving all of Minnesota.

In December 2009 and September 2010, DEED entered into grant agreements with Enterprise Minnesota to establish and operate a small business Growth Acceleration Program (GAP). Under Minnesota Statutes 116O.115, the GAP was established to provide direct matching funds totaling \$500,000 (subsequently reduced through legislative budget reductions to \$485,000 and \$475,000, respectively, for each of the fiscal years of the biennium), to help small manufacturing companies that need assistance to stay in business, grow and compete. Funds are used to deliver Enterprise Minnesota's services to these companies.

Growth Acceleration Program funds are targeted to assist qualified firms with the following activities:

- A. Bridging the gap between standard market pricing for technology business improvements, and the amount qualified companies can afford to pay.
- B. Helping qualified companies, including manufacturing and related industries that employ up to 250 full-time workers.
- C. Awarding funds not to exceed 75% of project costs or \$25,000 for any project or \$50,000 for any company during the calendar year.
- D. Aiding eligible firms to foster business improvements, increase job creation and job potential, and contribute to the quality of life of citizens and communities throughout Minnesota.

The GAP is required to submit an annual report. Enterprise Minnesota reports that it has:

- Disbursed \$353,295, and matched it with \$263,130 provided by the assisted companies.
- Approved total projects with 64 clients for the full \$485,000 on the FY10 program, and projects with 23 clients representing \$98,000 of the \$475,000 on the FY11 program. At the end of December 2010, 79 of the GAP participants were working on or completing some portion or all of their improvement plans.

- Based on past client outreach, estimates an average return of \$15 for every \$1 invested in the program. Estimates are based on similar services and companies surveyed by an independent third party. In 2010, 184 companies surveyed by Enterprise Minnesota Inc. attributed increased sales, cost reductions, investments, and jobs created or retained totaling \$63 Million due to their assistance from the program.
- Examples of consulting services delivered by Enterprise Minnesota Inc. to GAP Clients include: Value Stream Mapping, Lean Enterprise Programming, Business Management-Financial Analysis and Budgeting, Workplace Organization, Business Management Services, Corporate Strategic Planning, Business Process Review, Strategic Planning-Situation Analysis, and Operation Excellence, Marketing and Innovation Management.
- Final report will be provided to the Legislature following the completion of the grant period, which ends June 30, 2011. That report will include an estimate of the financial effect of funds awarded to each company receiving service under the program, as prescribed by M.S. 116O.115, Subd. 6.

DEED Contact:

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