

Annual Report to the Minnesota Legislature

Enterprise Minnesota

Growth Acceleration Program

Minnesota Statutes 116O.115, Subd 6

Period Ending December 2013

Minnesota Department Employment and Economic Development

The Minnesota Legislature, during the 2009 Session, adopted legislation and appropriated \$500,000 each year to the Department of Employment and Economic Development (DEED) to be used as a grant to Enterprise Minnesota during the biennium. An additional \$250,000 per year was appropriated during the 2011 session. In the 2013 session another \$375,000 per year was appropriated. Enterprise Minnesota is a non-profit organization, based in Minneapolis, serving all of Minnesota.

Beginning in late 2009, DEED entered into grant agreements with Enterprise Minnesota to establish and operate a small business Growth Acceleration Program (GAP). Under the Authority of Minnesota Statutes 116O.115, the GAP was established to provide direct matching funds of \$500,000 each year, (later changed to \$485,000 and \$475,000) in FY10 and FY11 and \$250,000 each year (\$237,500 after State administrative fees) for 2011 and 2012 (FY12 and FY13, respectively) and \$375,000 (\$356,250 after State administrative fees) for 2013 and 2014 (FY14 and FY15 respectively), 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 Programs 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 manufacturers and companies in 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.

For the twelve months ended December 2013, the end of the required annual reporting period for the Growth Acceleration Program, Enterprise Minnesota has:

- Disbursed \$352,639 under the program, and matched it with \$622,924 provided by the assisted companies. This represents 67 companies receiving GAP funding during the year.
- Enterprise Minnesota Inc. has approved total projects with 225 unique clients.
- During 2013, they distributed \$35,019, \$105,045, \$187,383 and \$25,192 from the FY11, FY12, FY13 and FY14 programs, respectively. There are on-going projects with 46 companies using funding from the FY11 – FY14 programs. This represents a commitment of \$304,450 to be disbursed to approved GAP projects.
- Based on past client outreach Enterprise Minnesota estimates a return of \$20 - \$30 for every \$1 invested in the program. Estimates are based on similar services and similar companies surveyed by an independent third party. In 2013, 208 companies surveyed by an independent survey group associated with the Federal Department of Commerce responded attributing increased sales, cost reductions, investments, and jobs created or retained totaling \$148 Million.
- Some 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, and ISO (Quality) Certification.
- Final reports on the results of the Growth Acceleration Program will be provided to the Legislature following the completion of each grant period. 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.

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