

Annual Report to the Minnesota Legislature

Enterprise Minnesota

Growth Acceleration Program

Minnesota Statutes 116O.115

Period Ending December 2016

Minnesota Department 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) to help small manufacturing companies that need assistance to stay in business, grow and compete. 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). The current GAP 2016 (FY17) provides direct matching funds of \$875,000 (\$831,250 after State administrative fees). Funding is used to deliver Enterprise Minnesota's growth services to Minnesota's small and mid-sized manufacturing 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 2016, the end of the required annual reporting period for the Growth Acceleration Program, Enterprise Minnesota has:

- Disbursed \$117,722 under the program, and matched it with \$183,492 provided by the assisted companies. This represents 39 companies receiving GAP funding during the year.

- A total of \$68,085 on the FY15 program was disbursed during 2016. There was an additional \$49,638 distributed from the FY17 programs. There are on-going projects with 20 companies using funding from the FY17 program that represents \$256,265 in funding allocations.
- Enterprise Minnesota Inc. has approved total projects with 285 unique clients.
- 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. For 2016, 182 companies surveyed by an independent survey group associated with the Federal Dept. of Commerce responded attributing increased sales, cost reductions, investments totaling \$196 Million. 1,054 jobs have been created or retained. Similar results would have been expected for the GAP clients served.
- Some examples of consulting services delivered by Enterprise Minnesota Inc. to GAP Clients include: Value Stream Mapping, Lean Enterprise Implementation, Financial Analysis, Enterprise Value, Workplace Organization, Business Management Services, Strategic Planning, Business Process Review, Operation Excellence, Marketing Management Systems, Talent Development, Social Styles, Change Management, ISO (Quality) Certification and CEO Peer/HR Councils.
- 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 impact of funds awarded to each company receiving service under the program, as prescribed by M.S. 116O.115, Subd. 6.

DEED Contact:

Gerry Wenner

Office of Entrepreneurship and

Small Business Development

651-259-7421

Gerald.Wenner@state.mn.us