

Annual Progress Report to the Minnesota Legislature

Enterprise Minnesota

Small Business Growth Acceleration Program

Minnesota Statutes 116O.115

Period Ending December 2018

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. Enterprise Minnesota is a non-profit organization, based in Minneapolis, serving all of Minnesota.

During the 2009 session, DEED entered into grant agreements with Enterprise Minnesota to establish and operate a Small Business Growth Acceleration Program to help small manufacturing companies that need assistance to stay in business, grow and compete. Under the Authority of Minnesota Statutes 116O.115, the Small Business Growth Acceleration Program was established to provide direct matching funds of between \$250,000 and \$500,000 every year from FY10 – FY19. Current Small Business Growth Acceleration Program funding, under grant #SPAP-17-0032-P-FY18, provides direct matching funds of \$875,000 (\$831,250 after State administrative fees) for each fiscal year FY18 and FY19. 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 or 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 2018, the end of the required annual reporting period for the Small Business Growth Acceleration Program, Enterprise Minnesota has:

- Fiscal FY18 Summary:
  - Disbursed \$536,922 under the fiscal FY18 program with match of \$583,278 provided by the assisted companies. This represents 85 companies receiving Small Business

- Growth Acceleration Program funding during the year. 72% of these companies have less than 50 employees.
- There are on-going projects with 45 companies using funding from fiscal FY18 program representing \$294,328 in funding allocations.
  - Fiscal FY19 Summary:
    - Disbursed \$58,388 under the fiscal FY19 program with match of \$64,405 provided by the assisted companies. This represents 20 companies receiving Small Business Growth Acceleration Program funding during the year. 50% of these companies have less than 50 employees.
    - There are on-going projects with 62 companies using this funding representing \$391,691 in funding allocations. Enterprise Minnesota anticipates full commit the remaining funding by June 30, 2019.
  - Based on past client outreach Enterprise Minnesota estimates a return of \$20 - \$30 every \$1 invested in the program (for the 4 quarters ending 9/30/18 the ROI was \$140:1). Estimates are based on similar services and similar companies surveyed by an independent third party. For this reporting period, 165 companies responded thru an independent survey group associated with the Federal Dept. of Commerce. The respondents attributed increased sales, cost reductions and investments totaling \$341 Million with 1,759 jobs created or retained. Similar results would have been expected for the Small Business Growth Acceleration clients served.
  - Consulting services delivered by Enterprise Minnesota Inc. to Small Business Growth Acceleration clients include but are not limited to: Leadership Training, ISO (Quality) Certification, 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 and CEO Peer/HR Councils.
  - Progress reports on the results of the Small Business Growth Acceleration 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.

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