

Annual Progress Report to the Minnesota Legislature
Enterprise Minnesota
Small Business Growth Acceleration Program - Operations
Minnesota Statutes 116O.115
Period Ending December 2018

Minnesota Department and Economic Development

The Minnesota Legislature, during the 2017 Session, adopted legislation and appropriated \$300,000 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 2017 session, DEED entered into grant agreement #SPAP-17-0033-P-FY18 with Enterprise Minnesota to establish and operate a Small Business Growth Acceleration Program Operations to help small manufacturing companies that need assistance to stay in business, grow and compete. Under the Authority of Minnesota Statutes 116O.115, the 2017 grant provides direct matching funds of \$300,000 (\$285,000 after State administrative fees) for each fiscal year, FY18 & FY19. Funding is used to deliver Enterprise Minnesota's growth services to Minnesota's small and mid-sized manufacturing companies.

Small Business Growth Acceleration Program Operations funds are targeted to assist qualified firms with the following activities.

- A. Utilize statewide network of business consultants to identify up to 24 manufacturers who are willing to share information and processes with Enterprise Minnesota in order to assess strengths and weaknesses within their organizations.
- B. Prospect to a balance of geographic and industry subsections with greatest emphasis on manufacturers outside the Minneapolis St Paul Metropolitan area and companies employing 100 or fewer people.
- C. Provide strategic assessments in 5 key areas (quality control, revenue growth, lean manufacturing, enterprise valuation or leadership development) to qualified manufacturers.
- 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 \$165,000 under the program to prospecting sales salary support. The result was the initiation and commitment of 23 assessment for qualified

manufacturers. Additionally \$120,000 was disbursed under the GAP-OPR (FY18) program for assessments and related training. Client assessments were delivered representing \$115,000 in funding allocations and \$5,000 grant fund awards were provided to qualified clients for related training.

- Using the FY18 grant funds, Enterprise Minnesota Inc. served 25 unique clients. Of the clients served 22 clients employee less than 100 employees, 18 have less than 50 employees.
 - Geographically 60% of the clients are outside the 7 county metro area. 16 industries subsection were assessed including but not limited to general purpose machinery manufacturing, elevator and moving stairway manufacturing, fluid power pump and motor manufacturing, painting and coating manufacturing and special die and tool.
- Fiscal FY19 Summary:
 - Disbursed \$97,781 under the program to prospecting sales salary support. The result was the initiation and commitment of 12 assessment for qualified manufacturers. \$25,000 was disbursed under the GAP-OPR (FY19) program for assessments and related training. 5 client assessments were delivered using funding from the FY19 program representing \$25,000 in funding allocations. Client assessments and sales salary support will fully commit the remaining funding by June 30, 2019.
 - Using the FY19 grant funds, Enterprise Minnesota Inc. served 5 unique clients. Of the clients served 4 employed less than 50 employees
 - Geographically 60% of the clients are outside the 7 county metro area. 5 industries subsections were assessed including plastic product manufacturing, machine shop, hand and edge tool manufacturing, concrete product manufacturing and special die and tool.
- Assessments provide an independent review of a business' strengths and weaknesses and provide a formal report with recommendations for actions to improve their business to the clients. Assessment services delivered by Enterprise Minnesota Inc. to under this program are: quality control, revenue growth, lean manufacturing enterprise valuation or leadership development.
- Based on past client outreach Enterprise Minnesota estimates a return of \$20 - \$30 every \$1 invested in the program (for the 4 quarters ending 9/30/2018 the ROI was \$140:1). Return on investment estimates are based on similar services and similar companies surveyed by an independent third party. For this reporting period, 165 companies responded through 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.
- Progress reports on the results of the Small Business Growth Acceleration Program Operations 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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