

Annual Report to the Minnesota Legislature
Enterprise Minnesota
Small Business Growth Acceleration Program
Minnesota Statutes 116O.115
Period Ending December 2019

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. Funding is used to deliver Enterprise Minnesota's growth services to Minnesota's small and mid-sized manufacturing companies.

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 providing direct matching funds of between \$250,000 and \$500,000 every fiscal year from FY10 – FY21.

Small Business Growth Acceleration Program funding grant #SPAP-17-0032-P-FY18 provides direct matching funds of \$875,000 (\$831,250 after State administrative fees) for fiscal year FY18 and FY19. Small Business Growth Acceleration Program funding Grant #SPAP-19-0033-P-FY20 provides direct matching funds of \$450,000 (\$427,500 after State administrative fee) for fiscal year FY20 and FY21.

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, \$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 2019, the end of the required reporting period for the Small Business Growth Acceleration Program, Enterprise Minnesota has:

- Fiscal FY18 Summary:
 - In the 12 months ended 12/31/2019 \$212,362.95 was disbursed with match of \$129,145 provided by the assisted companies. 46 companies received funding

- during the year. 95% of these companies have less than 100 employees. This grant was extended until June 30, 2019.
- As of 6/30/2019 fiscal year FY18 funding was fully allocated, delivered and utilized. A total of 115 unique companies received funding for this grant, with 91% of these companies employing less than 100 employees.
 - Fiscal FY19 Summary:
 - \$706,117 was disbursed during the twelve months of the reporting period with match of \$572,098 provided by the 95 assisted companies receiving. 92% of these companies have less than 100 employees.
 - On-going projects with 13 companies using this funding represent \$125,133 in funding allocations. Enterprise Minnesota anticipates fully committing the remaining funding by June 30, 2020.
 - Fiscal FY20 Summary:
 - As of 12/31/2019 we have disbursed \$97,309 with match of \$144,003 provided by the 38 assisted companies receiving funding during the year, with 70% of these companies have less than 100 employees.
 - On-going projects with 56 companies using this funding represent \$330,191 in funding allocations. Enterprise Minnesota anticipates fully committing the remaining funding by June 30, 2020.
 - Based on past client outreach Enterprise Minnesota estimates a return of \$20 - \$30 on every \$1 invested in the program (for the 4 quarters ending 09/30/2019 the ROI averaged \$78:1). Estimates are based on similar services and similar companies surveyed by an independent third party. For this reporting period, 192 companies responded through the independent survey group associated with the Federal Dept. of Commerce. The respondents attributed increased sales, cost reductions and investments totaling \$430 Million with 1,564 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 clients include but are not limited to: Leadership Training, ISO (Quality) Certification, Internal Auditor Training, Value Stream Mapping, Lean Enterprise Implementation, Enterprise Value Assessments, Workplace Organization, Business Growth Services, Strategic Planning, Operational Excellence, Marketing Management Systems, Talent Development, Social Styles, Change Management and various Peer Councils.
 - Annual reports, as prescribed by M.S. 1160.115, Subd. 6., 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.

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