

Annual Progress Report to the Minnesota Legislature
Enterprise Minnesota
Small Business Growth Acceleration Program - Operations
Minnesota Statutes 116O.115
Period Ending December 2021

Minnesota Department and Economic Development

The Minnesota Legislature, during the 2019 Session, adopted legislation and appropriated \$450,000 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-19-0033-P-FY20 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 2019 grant provides direct matching funds of \$450,000 (\$427,500 after State administrative fees) for each fiscal year, FY20 & FY21. 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. Identify, analyze and assess eligible manufacturers with the greatest potential to develop, achieve growth and create and retain jobs.
- 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 250 or fewer people.
- C. Propose collaborative initiatives addressing priorities improvement opportunities and secure the manufacturers commitments.
- D. Delivery of proposed consulting technical assistance and follow-up on implementation of said services.
- E. 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 2021, the end of the required annual reporting period for the Small Business Growth Acceleration Program, Enterprise Minnesota has:

- Fiscal FY20 Summary:
 - The final \$74,353 funding on the FY20 program was disbursed during 2021. There was an additional \$353,147 disbursed during the prior calendar years.

- Using the FY20 grant funds, Enterprise Minnesota Inc. served 84 unique clients. 72 of the clients served, 86%, employee less than 100 employees, with 44 companies having less than 50 employees.
- Geographically 73% of the clients are outside the 7 county metro area. Multiple industries subsection were funding recipients 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 FY21 Summary:
 - A total of \$355,874 on the FY21 program was disbursed during 2021. There was an additional \$20,981 distributed from the prior calendar year. There are on-going projects with 28 companies using funding from the FY21 program that represents \$50,645 in funding allocations.
 - Using the FY21 grant funds, Enterprise Minnesota Inc. served 64 unique clients. 55 of these clients served, 86%, employed less than 100 people with 42 clients employing less than 50 employees.
 - Geographically 57% of the clients are outside the 7 county metro area. Multiple industries subsections were funding recipients 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. include quality control, revenue growth, cyber security, 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 9/30/2021 the ROI was \$200:1). Return on investment estimates are based on similar services and similar companies surveyed by an independent third party. For this reporting period, 215 companies responded through an independent survey group associated with the Federal Dept. of Commerce. The respondents attributed increased sales, cost reductions and investments totaling \$410 Million with 2,581 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.

DEED Contact:

Gerry Wenner
 Office of Community Finance and Economic Development
 651-259-7421
Gerald.Wenner@state.mn.us