

Annual Progress Report to the Minnesota Legislature  
Enterprise Minnesota  
Small Business Growth Acceleration Program  
Minnesota Statutes 116O.115  
Period Ending December 2023

Minnesota Department and Economic Development

The Minnesota Legislature, during the 2023 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 2023 session, DEED entered into grant agreement #SPAP-23-0054-P-FY24 with Enterprise Minnesota to establish and operate a Small Business Growth Acceleration Program, Enterprise Minnesota Small Manufacturer, to specifically help small manufacturing companies that need assistance to stay in business, grow and compete. Under the Authority of Minnesota Statutes 116O.115, the 2023 grant provides direct matching funds of \$500,000 (\$485,000 after State administrative fees) for each fiscal year, FY24 & FY25. 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 35 or fewer people.
- C. Propose collaborative initiatives addressing manufacturer's priorities and 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 2023, the end of the required annual reporting period for the Small Business Growth Acceleration Program, Enterprise Minnesota has:

- Fiscal FY24 Summary:
  - A total of \$58,464 was disbursed as of December 31, 2023 on the FY24 program. \$213,761 is authorized and consulting services proceeding. The remainder is anticipated to be authorized and fully used by the fiscal year grant end.

- Using the disbursed FY24 grant funds, Enterprise Minnesota Inc. served 24 clients. All recipients employ 35 or less employees.
- Geographically 68% of the clients are outside the 7-county metro area. Consulting services delivered included strategy management, executive coaching, leadership essentials, value stream mapping, ISO 9001 quality training and inventory management kaizens.
- Fiscal FY25 Summary:
  - A total of \$485,000 on the FY25 program has been authorized but is not yet utilized.
- Assessments, used in discovery with our clients, provide an independent review of a business' strengths and weaknesses. A formal report with recommendations for actions to improve their business is provided to the clients. Assessment services delivered by Enterprise Minnesota Inc. include quality control, revenue growth, cyber security, lean manufacturing enterprise valuation and 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 9/30/2023 the ROI was over \$164:1). Return on investment estimates are based on similar services and similar companies surveyed by an independent third party. For this reporting period, 166 companies responded through an independent survey group associated with the Federal Dept. of Commerce. The respondents attributed increased sales, cost reductions and investments totaling \$507 Million with 2,658 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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