



This document is made available electronically by the Minnesota Legislative Reference Library
as part of an ongoing digital archiving project. <http://www.leg.state.mn.us/lrl/lrl.asp>

Minnesota: The Best Kept Secret in the Country

A Marketing/Communications Plan
Developed by the Economic Development Marketing Task Force

HC
107
.M6
M494

MINNESOTA
**Department of Energy
and Economic Development**

March, 1984

100 New jobs equal

- o 112 households
- o 4 retail stores
- o 107 automobiles
- o 91 school children
- o 359 people
- o \$2,324,304 increase in annual income from:
 - * \$1,178,422 - retail sales
 - * \$876,263 - bank deposits
 - * \$269,619 - other sales

Every 100 new jobs generates 74 other jobs in the state.

The State of Minnesota has lagged its competitive states in taking a marketing approach to selling the merits of the state to its current business community as well as businesses outside the state which might locate operations here or even relocate the entire corporation in Minnesota. We have, in the past several years, seen the results of this serious oversight.

In addition to the major changes which have already been instituted in the Department of Energy and Economic Development to provide assistance for businesses expanding or moving to the State of Minnesota, the Task Force has recommended strategies to promote this assistance and involve the business community itself in marketing the state for economic development.

A strong commitment and cooperative effort between government agencies, the Legislature, the Governor, and the business community is urgently needed to convince not only others, but even ourselves, that Minnesota is a highly desirable place to do business. As we move toward improving the business climate, we must simultaneously get the message out about our state. Minnesota is the best kept secret in the country in many ways, and we must assist in sharing that secret through proactive approaches to marketing the state, some of which are outlined herein and some of which will grow from these initial efforts.

A key element of this plan is that it be an ongoing effort, not dependent on the concerns of specific Administrations or Commissioners, but a sustained effort which continues to assist current businesses, encourage growth and attract new business through the years to come.

This Marketing Communications Plan was devised by a Task Force that was convened by Mark Dayton, Commissioner of Energy and Economic Development for the State of Minnesota. The Task Force, whose names are listed on P. vii, consists of some of the leading marketing and communications professionals in the State of Minnesota.

The Task Force was asked by Commissioner Dayton to develop a plan, including a budget, which would be designed to market the State of Minnesota to the various constituencies as determined by the plan. Ms. Melinda McLaughlin, Director of Marketing for the Department of Economic Development, worked with Quentin J. Hietpas, Senior Vice President at St. Thomas College, to develop the planning format which follows.

Mr. James Rupp, President
Midwest Communications

Mr. Thomas D. Jardine, Vice President
Public Relations/Public Affairs
Carlson Companies, Inc.

Mr. James Stuebner, President
Northland Development, Inc.

Ms. Peggy Lucas, Vice President
Brighton Development

Barbara P. Brooks, President
Pro-Image/Image Professionals

Mr. Carlos Luis, Vice President
Public Affairs
3 M Company

Mr. Quentin Hietpas, Sr. Vice President
External Affairs
College of St. Thomas

Ms. Wallys Conhaim, Vice President
Conhaim Associates, Inc.

Mr. Fred Senn, Vice President
Fallon, McElligott & Rice

Mr. Donald Padilla, Chairman
Padilla & Speer, Inc.

Mr. Steven Demeritt, Vice President/General Manager
Marketing Services
General Mills, Inc.

Ms. Sonja Larsen, Sr. Vice President
Target Stores

Mr. Ken Roering, Chairman
Marketing Department - University of Minnesota

Mr. Lee Lynch, Chief Executive Officer
Carmichael-Lynch Advertising

Michael Perkins
Director of Corporate Facilities
Medtronic Corporation

EXECUTIVE SUMMARY

- I. Business Goal: To get our share of the "right" kinds of job growth.
- II. Apparent Tasks: To generate leads and programs/tools to sell the leads.
- III. Situation Analysis:
 - A. Two salient weaknesses came to the top.
 - 1. Tax climate
 - 2. Cold climate
 - B. A long list of positives was generated with no one single "hot button."
 - C. Missing information/desired information.
 - 1. Unfiltered facts - consensus about real job loss vs. natural loss as well as real job growth vs. natural job growth.
 - 2. Base line attitudes study (for future measurements).
 - 3. Content and spending analysis of competition.
- IV. Objectives:
 - A. To be competitive in the economic development market place in persuading new quality businesses to locate in Minnesota.
 - B. To persuade existing quality businesses to take a long term point of view and expand in Minnesota.
 - C. To persuade start-up companies to start up in Minnesota.
- V. Strategic Considerations
 - A. Sell ourselves first. Get committed business leadership to speak and act positively acknowledging and capitalizing on the forthcoming change and commitment to a better tax climate. Help recruit.
 - B. Develop target market programs directed at:
 - 1. Companies similar to companies already located here.
 - 2. Sunrise industries and services.
 - 3. Northern European and Canadian companies considering the Midwest.
 - 4. Other companies considering other Midwestern states.
 - 5. New categories and subsegments as they become identified.

- C. Deal head on with the tax issue. Show change, analyze and compare to other comparable states, sell value and the long term condition of the state including natural resources, human resources, capital resources and the condition of the infrastructure.
- D. Recognize that there are two Minnesotas. Develop tools that sell each appropriately.
 - 1. Metropolitan Minnesota
 - 2. Rural, small city/town Minnesota
- E. Recognize that Minnesota is not for everyone/company, i.e., if lowest wages and lowest taxes with low services is what a company is looking for, Minnesota is not right.
- F. Capitalize on the inordinate amount of third party endorsements: major media, national recruiters, national quality of life studies.

Task Force Recommended Positioning Statement:

Minnesota is a successful state. Entrepreneurs prosper. Positive business climate changes are in the wind making Minnesota the almost perfect state to locate in if your company needs a successful, entrepreneur environment and/or the nation's best educated, most productive work force.

I. THE PRODUCT: THE STATE OF MINNESOTA

A. Superior Work Force

1. The quality of the work force is extremely high and the work ethic from a Scandinavian-German-Irish ethnic background is a strong one. The productivity of the work force in the state is one of the highest in the country. The people in the state are known for the strong values that they possess.
2. Savvy Magazine has identified Minnesota as one of the most favorable climates for the advancement of women.

B. Outstanding Educational System

1. The best vocational-technical system in the United States is a claim which the State of Minnesota can make and back up. Minnesota is well known for the fine quality of its Votech education.
2. In the field of education, Minnesota has an acknowledged first-class private college system consisting of some 18 four-year liberal arts oriented colleges. The MBA at St. Thomas College, which is a supplement to the MBA program at the University of Minnesota, offers advanced management training at night for corporations who are seeking to update the management skills of their people. The state also offers a top notch elementary and secondary education system.
3. The University of Minnesota is known as one of the best universities in the country and historically it has spawned hundreds of creative new industries. At the University of Minnesota is one of the nation's leading institutes of technology.

C. High-Technology Resources.

1. Minnesota is well known for its high-tech environment. This environment produces many synergistic spin-offs and attracts top technical people from around the world. The state is the home of Control Data and Honeywell, two of the five largest computer companies in the country. In addition, two of the remaining three largest computer companies -- IBM and Sperry -- have sizeable concentrations of technical people in the state.
2. Adding to its technology base is the fact that Minnesota is known as the super computer capital of the world. This is a strong asset in a nation which is rapidly moving from the information society to the knowledge society.

D. Easy access to the rest of the nation and world markets.

1. The State of Minnesota has a first-class major international airport that is well designed and that enables the residents of the state to have access to airline transportation on a world-wide basis. The airport, situated on the southern edge of the city, is centrally located to both cities and passengers can reach the heart of either Minneapolis or St. Paul in a matter of a relatively few minutes. This is a decided plus for corporations in the state both in terms of passenger transportation as well as for the transportation of freight.
2. The state is the headquarters of two of the world's greatest airlines -- Northwest and Republic. This is a powerful plus for the state in that it guarantees access to all major cities in the country and, via Northwest, the world.

E. Valuable Natural Resources

1. Unlike many states, there is a plentiful water supply for business usage. This gives Minnesota a distinctive advantage over such states as Arizona and others.
2. In terms of its energy resources, Minnesota has one of the lowest electrical rates in the country and in the state, natural gas is as cheap as it is in Oklahoma.

F. Upper Midwest Business and Financial Center

1. Minnesota ranks 12th in the number of Fortune 500 companies that headquarter in the state. This is a distinct plus for the state in many ways.
2. One of the most active venture capital markets in the country exists in the State of Minnesota providing capital for the start-up of new businesses and the expansion of existing small businesses.
3. The Twin Cities have more corporate headquarters per capita than any city in the country with the exception of Boston. This concentration of corporate headquarters provides a fertile environment for business people.
4. Minnesota possesses one of the largest graphic arts centers in the country.

G. Commitment to Business Vitality

1. The State of Minnesota has an active Governor who is committed to promoting the state and who is providing many positive signals in terms of his commitment for change to improve the business climate of the state.
2. 1983 Legislation moved toward improving the State's economic development efforts and more positive signs are expected in 1984.

H. Nationally Recognized Quality of Life

1. In terms of health care, the state is among the leaders in the country. In Rochester, Minnesota, is the world-renowned Mayo Clinic.
2. The quality of life in Minnesota is well known. Executive recruiters say that once an out-of-state executive moves to Minnesota, he/she is very reluctant to leave because of the high quality of life. The state is known for its clean air, its inexpensive land, its low crime rate, its clean cities, and a minimum of racial unrest as well as for its natural beauty.

II. COMPETITION

Minnesota has witnessed in the past several years the efforts of a number of states that have in rather blatant fashion come to Minnesota to lure away corporations. Following is some statistical evidence of what has been happening.

Direct accurate comparison of state economic development marketing expenditures is difficult, as the scope of agency activities varies with each state. For example, not all include tourism promotion within the economic development agency. In other instances specific expenditure breakdowns are not available.

The most useful, although still inefficient, standard for comparison is the "industrial development advertising" section of the 1982 National Association of State Development Agencies (NASDA) survey. This section lists advertising budgets only and does not include expenditures for in-house marketing and public relations activities and staff. The expenditure survey is as follows:

Alabama	\$538,000	Nevada	\$53,400
Alaska		New Jersey	
Arizona	36,300	New Mexico	141,200
Arkansas	155,000	New York	6,950,000
California	0	North Carolina	255,000
Delaware		North Dakota	30,000
Florida	732,000	Oklahoma	582,000
Hawaii	30,000	Oregon	
Illinois		Puerto Rico	3,624,300
Indiana	105,900	Rhode Island	225,000
Iowa	86,600	South Carolina	
Kansas	75,000	Tennessee	250,000
Kentucky	900,000	Texas	86,000
Louisiana		Utah	150,000
Maine	100,000	Vermont	40,000
Maryland	1,500,000	Virginia	544,000
Michigan		Washington	33,000
Minnesota		West Virginia	
Mississippi	250,000	Wisconsin	82,000
Montana		Wyoming	12,000
Nebraska	150,000		
Averages	\$590,600		

III. PLANNING ASSUMPTIONS

- A. Any marketing actions will start with the reality of today. Even though the Governor and other influences are committed to changing the business climate in the state, to be successful the plan must acknowledge that today the state faces major problems with its business climate. However, this plan is based on the assumption that improvements in the business climate will be made and as these improvements occur, they will provide prime copy points to be exploited.
- B. The plan will have the full support of the Governor.
- C. The Legislature can be convinced of the need to change the business climate for the better and it is anticipated that this plan will be one of the vehicles to help make that happen.
- D. The business community will see the benefits of new spending to promote the state.
- E. Funding will be available.
- F. Nonpartisan support will ensure continuing efforts to retain current Minnesota businesses and attract new ones.

IV. KEY ISSUES

A. Improving the competitive environment

Perhaps the greatest problem may be the attitude of the Minnesota Legislature as it relates to business interests. At the present time, business within the state, in general, tends to regard the Legislature as being anti-business. They note that other states often have Legislative attitudes which encourage the formation of businesses and they note instances where business corporations and the state act much more in concert with each other. Historically, that's not been the case in Minnesota.

B. Understanding competition

More information is needed on the strategies other states are using to lure businesses away from Minnesota and the strategies they are using to discourage businesses out of the state from relocating here.

C. Avoiding partisan politics

A successful, on-going plan will be possible only if it supports the interests of all Minnesotans. Basic strategies should not be altered with each election.

V. GOAL OF THIS MARKETING PLAN

- A. Convince businesses to remain in this state.
- B. To encourage current businesses to expand in this state.
- C. To encourage businesses from outside the state to build plants here or relocate here. It is anticipated that this will be the most difficult of the goals to attain in the near future until the business climate improves.

VI. MEASUREMENTS

- A. A benchmark attitude study should be conducted as soon as possible with current Minnesota businesses. This study would help identify and prioritize issues. In addition, it would provide a comparison base for later studies which could then measure the effectiveness of the proposed marketing program.
- B. Another measurement might be to count the number of inquiries that are received by the Department regarding businesses moving in, help for existing businesses, and help for start-up businesses. Note: We must be ready to respond to inquiries with first-class materials.
- C. Another measure would be the success of getting an across-the-board non-partisan involvement in marketing Minnesota.

VII: KEY MESSAGES

The following are messages which need to be worked into all of the communications messages that are developed by the Department of Economic Development as it aims at its key audiences.

A. Minnesota cares!

1. Minnesota is committed to making the state a good place to do business. Concrete efforts are under way to ease the tax burdens and make it increasingly beneficial for corporations to start up, grow, and survive in the state. Here the Governor, and hopefully key Legislators, need to convincingly make their point.
2. In Minnesota, business, labor, and government (e.g., Wellspring) are partners. This story needs to be a believable one and needs to be told and retold with conviction.
3. Minnesota -- where some of America's great companies started with an idea, stressing the 12th largest concentration of corporate headquarters. Illustrate the growth and success of these companies.
4. Minnesota -- the entrepreneurial state -- where ideas are welcomed with venture capital, climate for entrepreneurship, Minnesota wants entrepreneurs. We will supply the opportunity.

B. Minnesota has the nation's best combination of natural and human resources!

1. Abundant natural resources, unlimited water supply and clean air.
2. Energy is plentiful and cheap, lowest electrical rates, cheap natural gas.
3. Transportation, two major airlines, a railroad center, deepwater port, distribution system, highways for trucking.
4. Health care -- a leader in health plans and medicine (Mayo Clinic).
5. Room for growth where people with new ideas can grow and flourish - telling the story about the hundreds of start-up companies which occur each year and tell why they started up in Minnesota.
6. The new international connection, a proposed world trade center and the many international oriented companies which presently exist here plus the encouragement which is being given by the Governor and others to international trade.
7. A highly skilled and motivated work force.

8. Outstanding education system -- the University of Minnesota, Institute of Technology, award winning public school system, excellent private college system, the best vo-tech program in the country.

VIII. TARGET AUDIENCE

Chief Executive Officers and other top management of:

- A. Current Minnesota businesses
- B. Out of state target industries
 - High technology
 - Service industries
 - Light industrial
 - International traders

IX. SUGGESTED STRATEGIES

A. Retaining current business

1. Enlarge the professional staff to accomplish this plan. The types of people that would be hired by the Staff would be persons who would begin working immediately to identify and work with current Minnesota business to determine areas of discontent, how the state can successfully work with businesses to keep them and help them grow. This is absolutely the most important task of the Department of Economic Development as it relates to this plan.
2. Develop the "long term view" strategy which would be communicated in various ways. This strategy indicates that it is short-sighted for a corporation to look at near-term factors but instead they should develop the long-term point of view if they are going to be locating in this state - e.g. the clean air, the water supply, the high quality workforce, etc.
3. The Department of Economic Development will develop a "helper system" and widely publicize it. This system would be available for struggling entrepreneurs to help them work with seed capital funding, with MCO, with Wellspring, with venture capitalists and any other organization that can help that struggling entrepreneur make it. Success stories will be publicized and perhaps included in advertisements.
4. Develop an on-going news media strategy aimed at the citizens of Minnesota and focusing on new audiences, highlight the positive changes which are occurring.
5. Develop a task force of several chief executives or former chief executives who truly believe in the state as being a good place in which to build a company. Have these volunteers ready to talk to the management of any Minnesota company which may be thinking of leaving. Give this group the power to cut through red tape and make quick recommendations. They would be in constant touch with Commissioner Dayton and the Governor.

B. Attracting new business

1. Locate success stories within the state and begin publicizing them outside of the state using cost effective publicity techniques. This will mean that the public relations people will have to get very close to a large number of companies to determine their strategies so they can be properly publicized.
2. Develop a traveling team of volunteers from current Minnesota businesses who would be willing to talk to corporations outside Minnesota which our internal intelligence network would pinpoint as being prime candidates to relocate operations.
3. The Staff will develop a "buddy system" for prospective new companies who visit the state. Essentially what will happen is thus: If the president of, let's say Motorola was thinking about relocating a plant in Minnesota, his investigation team would immediately be openly welcomed and accompanied by a small team of loyal state business executives headed by a chief executive. Every effort would be made to cut through red tape.

C. Get the message out

1. Hire two first class agencies: One to handle public relations and one to handle advertising, making certain that all planning and implementation are done jointly between the two. They must not be at odds with each other. It would make great sense to have advertising agencies and PR agencies pair with each other, get agreement as to their strategy and make their presentations jointly.
2. The Department and the state must adopt an active public/private cooperation program which could be built along the very successful program that has been developed for the tourism people in Minnesota.
3. First class literature and audio-visual back up material is a must.
4. Videotape and videocassettes and also movies should be considered using testimonials.
5. Alert media relations counsel will be positioned to tell our stories nationally and to merchandise those stories with local businesses.
6. It is essential that as this strategy is put into place, that discussions be held with MACI, the Minnesota Business Partnership, organized labor and legislators to gain their support for this absolutely critical program.
7. A separate and detailed strategy must be developed for the Legislators who do not think we really have a problem. It is important in the implementation of this plan and as the task force is discussed, that we stress that it is a non-partisan group which has devised this plan.

8. An absolutely necessary strategy is that we develop a recommended position and use it consistently as the basis for what we say about the state. To avoid discordant messages from diffusing our message, we must get all county departments of development as well as Chambers of Commerce and others to use it as the basis of the communications. This will be a very big job.

X. MEDIA STRATEGY

- A. A great deal of the communication will be person-to-person, notice for example in the inside task force and the outside task force and the buddy system.
- B. Publicity (free space in the news media based on the news value and entertainment value).
 - 1. It is important to remember that the control factor is not as great but the cost factor, essentially free placement, is compelling.
 - 2. Supportive resources throughout the state can help with the placement and publicity can begin almost immediately concentrating on the key messages that have been outlined above.
- C. What we will need is credible personalities, spokespersons throughout the state who will be trained to deliver the messages that need to be delivered in the appropriate areas.
- D. A fact book needs to be created which becomes the bible for the Economic Development Department. This will give credibility because of a consistency of messages that will follow. It is in this area that the creativity of the public relations firm will be extremely important.
- E. A regular, well-done, persuasively compelling publication by the Department of Economic Development will be produced.
- F. We will use the tourism effort as an example of successfully using public/private cooperation as a theme.
- G. Co-op ads will be encouraged.
- H. Newspapers in the state as well as magazines such as the Minnesota Business Journal and Corporate Report will be approached as well as other special interest trade association journals both within the state and outside of the state.
- I. A direct mail campaign can be structured and probably will be the most cost effective way of reaching out-of-state targets. In order to successfully do this, we must identify triggering mechanisms which would indicate which companies and industries might be looking for a new place to locate and then act on that information. We will follow up the direct mail with telemarketing. These techniques would work equally well within the state as outside of the state.

We will concentrate our efforts to a great degree on free national business press pages and national public radio and national as well as local talk shows.
- J. Publicity must be carefully merchandised; e.g. a good story in Business Week should be used as a direct mail piece to in-state and out-of-state targets. That Business Week piece would be sent with a letter possibly personally signed by Governor Perpich.

- K. We will use visits from national media figures to build placement possibilities.
- L. On our public service announcements, we will get people who already like Minnesota and would speak positively about it to do the PSA's.
- M. Our public relations agency ought to be able to make national placements and get national media coverage for the Governor when he travels to talk about the state of Minnesota.

XI. BUDGET - FIRST YEAR

A. Public relations:	\$200,000
B. Printed material:	150,000
C. Films and audio visual material:	150,000
D. Postage:	50,000
E. Presentations and travel expenses:	200,000
F. Research and advertising:	600,000
G. Staff additions to do the internal intelligence gathering, contacts with businesses inside and outside the state, telemarketing, and conducting the publicity and advertising campaign:	<u>200,000</u>
	\$1,550,000