

PARTNERSHIP FOR REGIONAL COMPETITIVENESS Southern Minnesota Creating economic development strategies for regional strength.

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Partner Update

Summer 2010

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Success Story: Prairie Holdings Group

Have you ever been driving along Interstate 90 past the Worthington exit and wondered, "What's inside that huge red building on the north side of the freeway?" Well, it turns out the inside is as impressive as the outside. Prairie Holdings Group is a collective of 11 companies with over 230 employees sharing facilities in a collaboration that is driving the agriculture industry.

Dr. Wayne Freese, CEO and Chairman, describes how the group grew organically, both literally in terms of its products and services, and figuratively as the needs of one area grew into the next, with proof of their motto: "Where Innovation Creates Opportunity."



It began with a veterinary group that serves four towns and focuses on animal health. This led to a partnership with the vaccine group Newport Laboratories, a USDA-licensed laboratory that produces custom-made vaccines for cattle and swine across the country as well as internationally. Newport Labs required IT services for hardware and software, thus the IT company, I.D.E.@S, evolved to serve businesses in the collaboration. Animal nutrition and milling led to a need to provide livestock management services to producers—enter ProPig.

The businesses came together under one roof to avoid duplication and now share people and resources in HR and benefits, marketing, accounting, and financial management services. The group caught the attention of the Partnership for Regional Competitiveness – Southern Minnesota, as the Worthington campus was the site of last December's Partner meeting. A tour of the inspiring facility revealed a collaborative use of space and resources.

Freese describes marketing as one of the greatest challenges in assembling the venture: "Getting the message out and convincing people that what you're doing is going to work." Beyond marketing, entities seeking collaboration will find capital and equity to be very important factors. "Systems will become larger and capital needs will become greater," predicts Freese. "Small businesses will have to work together and support each other."

Capital networks generated by the Partnership for Regional Competitiveness – Southern Minnesota can play a crucial role in helping small businesses to collaborate with the level of success shown at Prairie Holdings Group. To learn more, visit their website:

www.prairieholdings.com

Partner Interviews

What do you see as DEED's role in the Partnership?

We funded some of the initial work and we may be able to provide additional funding as well. Much of the data comes as a result of our research of labor markets and business analysis—we have analysts stationed in southern Minnesota in Rochester and Willmar. Many of our team members, and I myself, have been involved in workforce and economic development.

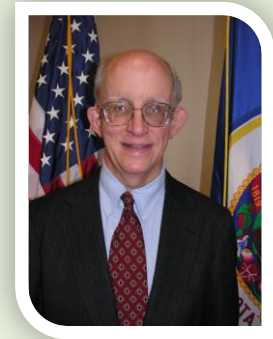
We're strategic partners with specific projects such as growth for current businesses and job training. We've secured about \$20 million in federal grants for job training that we're trying to align with strategic initiatives in areas like biofuels, biomaterials, and "green" building concepts in southern Minnesota. This is important to us, so we try to be as helpful as we can.

How do you envision the economic benefits created by the Partnership?

It will increase prosperity in Minnesota through economic development and workforce development. We have a four-part strategy to increase prosperity: we help current companies stay and grow in Minnesota, we assist entrepreneurs in forming and growing businesses in Minnesota, we attract businesses to move here from other states or countries, and we help businesses increase their productivity to be competitive and part of their communities for a long time.

How do you see the Partnership's future unfolding?

Things like this are a little like gardening—you're really never finished. It is an ongoing, continuous process to help local partners meet their long-term goals. You're never done attracting jobs, upgrading jobs, helping entrepreneurs. We're always going to be working on long-term, sustainable, inclusive prosperity.



**Commissioner
Dan McElroy**

**Minnesota Department of
Employment and Economic
Development (DEED)**

“This is important to us,
so we try to be as
helpful as we can.”

positively
Minnesota
Department of Employment
and Economic Development

From the “One Year Later” Event

SMMA Update

The leaders of the Southern Minnesota Manufacturer's Alliance (SMMA) participated in a panel discussion, highlighting the successes and struggles they've encountered along their still relatively new path. Bonnie Betts, president of CAB Construction in Mankato, Denny Heimerman, CEO of Metal Services in Blooming Prairie, and Jim Troe, general manager of ProManufacturing in Albert Lea took questions from moderator, Bob Hoffman, and described their journey.

Since the article published about the group in the *Partner Update* newsletter this past winter, the Alliance formally incorporated and is currently developing vision and mission statements and creating a business plan. SMMA hired Ken Krieter to develop a marketing plan this summer, and will consider hiring him to continue marketing for the entity when he completes the plan.

As the emerging partnership progresses, the leaders will continue to set policy and establish best practices in sharing resources, fair billing, and serving customers with larger projects. Learn more at their website: www.smmalliance.com.



Steve VanNurden

Chair, Office of Intellectual
Property for Mayo Clinic Health
Solutions

“Minnesota is starting
to become a more
competitive
environment for
startups.”



How have you seen the region impacted as a result of collaborative work?

BioBusiness has begun to grow through collaborative work, with infrastructure like the Minnesota BioBusiness Center, which was built by the City of Rochester. This is where our office is housed. The Center can become a home to many new companies.

Another key factor is that the Minnesota Angel Tax Credit was recently passed; this will be helpful in starting companies in Minnesota and keeping them here. As a result, Minnesota is starting to become a more competitive environment for startups.

What is an example of a company your office has helped to form in southern Minnesota?

We recently started a company in the area called ReGen Theranostics, Inc. whose work involves taking skin cells and regenerating them into adult stem cells. More information on this startup is available on their website at www.regentheranostics.com.

What does Mayo need from the region to help your office continue to create partnerships and companies in the area?

We need businesses to continue collaborating with us, like the BioBusiness Alliance of Minnesota has. We will also benefit from partnering with institutions, such as our work with the University of Minnesota in The Minnesota Partnership for Biotechnology and Medical Genomics. Currently, the recently opened University of Minnesota, Rochester holds great promise for our future, as it will bring students, grant funding, and innovation to our area.

What can the region expect from Mayo in the future as partnerships continue to form?

You'll see Mayo interested in a lot more collaborating with different groups. In fact, that's already happening as Mayo is working with the Hormel Institute in Austin. It's these kinds of partnerships that will make this part of the state continue to grow.

From the “One Year Later” Event

Regional Capital Network

John Monson, Vice President of AgStar Rural Capital Network, gave an update on the progress of the Regional Capital Network. Thus far, 14 banks representing 44 communities have signed on to form a \$98 million debt network fund, with a goal of reaching \$150 million. Investors willing to engage in high-risk, high-reward opportunities are still being sought.

The Southwest Initiative Foundation (SWIF) and the Southern Minnesota Initiative Foundation (SMIF) are working on the equity side of the equation. As an example, SMIF has conducted a leadership survey of equity capital needs in southeast Minnesota. Work by both foundations continues to progress.

How can the Partnership improve the region?

I believe the Partnership can connect the assets we have scattered throughout the region, thus making us more competitive for global business interests.

What role can the legislature serve in advancing the Partnership?

The legislature can encourage more investment in our region through tax credits targeted toward businesses that are willing to collaborate. We could also focus some economic development resources toward business collaborations that would expand their individual competitiveness.

We need to financially support research, particularly applied research, and encourage innovative curriculums that are flexible. The legislature has to continue to be committed to higher education and workforce retraining.

How do you see the Partnership's future unfolding?

In our region, the Partnership can help our independent clusters such as bioscience, agriculture, and health care, integrate their components. By crossing sectors and collaborating we can become uniquely attractive to global business interests. The Partnership can help different, but complimentary, business clusters converge their expertise to offer a unique environment for attracting business. The Partnership can also help businesses who typically compete with each other learn how they can collaborate to become more competitive.



Senator Kathy Sheran

Minnesota Senate District 23

“By crossing sectors and collaborating we can become uniquely attractive to global business interests.”



In the Works...

SEMBiD “Southeast Champions”

Southeast Minnesota BioBusiness Development (SEMBiD), nicknamed “Southeast Champions” is a group formed in the fall of 2008 out of a partnership between the Southern Minnesota Initiative Foundation and the BioBusiness Alliance of Minnesota. The diverse group of local corporate executives, business leaders, economic developers, and policy makers is an advisory council working to develop a regional focus on the growth of biobusiness.

The Champions group has focused regional biobusiness into two specific areas of local assets: biopharmaceuticals and medical devices. This reflects the wealth of intellectual property being developed in these areas from the Mayo Clinic, the Hormel Institute, IBM, and others.

Late in 2009, Steve Smith, a retired IBM and Hitachi executive, stepped into the role of the group’s Chair. “In a long-term vision, you could imagine the group as a business incubation program, or a mentoring and entrepreneurial development program,” explains Smith. At their next meeting on July 21, the group plans to start assembling a mentoring network and put their analysis and plans into action.

Save the Dates

Join us at the 29th Annual Farmfest!

It will be held August 3-5, 2010 at the Gilfillan Estate, near Morton, Minnesota, in Redwood County. Driving directions and a map can be found at:

www.farmshows.com/ffst/directions.po

Farmfest draws more than 550 local and leading companies in the farming industry to demonstrate their products and services to more than 40,000 attendees. The Center for Rural Policy and Development will have a table display in the AURI tent, lot # 612, across the aisle from the forum tent.

For more information about the event, explore their website at:

www.farmshows.com/ffst/index.po