Regional Competitiveness Project

May 10, 2010

Progress Report
The need for one, consistent regional voice and vision for the Minneapolis – St. Paul metropolitan region emerged as the dominant theme throughout the mayoral and student interviews with medical device, financial services, and distribution services companies.

Achieving this unified vision requires bold action by:
• leveraging the region’s competitive strengths,
• continued relationship building between mayors and CEOs,
• convening cluster leadership, and
• capitalizing on federal and state opportunities.
TODAY’S OBJECTIVE

Develop regional action plans based on analyses

Analyses:

- Common themes from mayoral interviews with CEOs
- Graduate student group reports
- Results of successful cluster strategies in U.S. metros
18 Wheels
9 MAYORS MET WITH 12 COMPANIES
WE NEED ONE VOICE TO OUTLAST POLITICAL CYCLES

The region does not foster strategic, defensive, ongoing, competitive positioning.

Key hurdle to overcome when communicating is the failure to recognize 3M has choices.

George Buckley
CEO, 3M

These companies all made similar comments.
“WHERE TO GROW” BUSINESS DECISIONS ARE MADE ON THE MARGINS

Many variables at play, but the aggregate makes the difference - property taxes, schools, income taxes, insurance, etc.

John Wiehoff, CEO C.H. Robinson

Small stuff makes a big difference

Pat McHale, CEO Graco

What is your lever point?

Bob Senkler, CEO Securian

These companies all made similar comments.
TALENT WILL DRIVE REGIONAL SUCCESS: MUST ATTRACT & GROW

Technology literate people will drive the success of a community (medical, computer, etc.), but they are hard to find and expensive.

*If you don’t grow the people, you won’t get these jobs.*

-- Bob Senkler, Chairman & CEO, Securian

The big regional challenge is the labor market.

-- Mike Hoffman, CEO, Toro

These companies all made similar comments.
FINANCIAL SERVICES

Chosen for:
- Strength of competitiveness
- High wage jobs

Key take-away points:
- National hub in health and life insurance
- Strong banking sector fared better than other regions through recession
- Major firms and strong employment pool in securities brokerages
- Access to Talent Pool is critical
- Risk Management is Key
MEDICAL DEVICES

Chosen for:
• Strength of competitive advantage
• High rate of innovation and entrepreneurship

Key take-away points:
• Bold action is needed
• Historically strong industry
• Regional competition fierce
• Strategy cannot be ‘business as usual’
• Regional Customer (Physician) Demand Opportunity by incorporating Mayo
**DISTRIBUTION SERVICES**

**Chosen for:**
- Regional distribution of companies
- Strength of competitiveness

**Key take-away points:**
- Value created in moving product
- Driven by merchandise wholesaling
- Losing competitive advantage
- Can’t compete with Chicago
- Need to re-analyze Corp. HQ Cluster

<table>
<thead>
<tr>
<th>Subcluster</th>
<th>Company examples</th>
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<tbody>
<tr>
<td>Merchandise wholesaling</td>
<td>Best Buy, Nash Finch, Cargill, Target Interior Design, Medtronic</td>
</tr>
<tr>
<td>Apparel and accessories wholesaling</td>
<td>Apparel Associates</td>
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<tr>
<td>Catalogue and mail-order</td>
<td>Target (electronic shopping)</td>
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<tr>
<td>Food products wholesaling</td>
<td>SuperValu, Michael Foods, Land O’Lakes</td>
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<tr>
<td>Farm material and supplies wholesaling</td>
<td>United Hardware Distributing Co.</td>
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<tr>
<td>Transportation vehicle and equipment and distribution</td>
<td>C.H. Robinson, Freightmasters, Metropolitan Airports Commission</td>
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<tr>
<td>Special warehousing and storage</td>
<td>CHS Inc, Archer Daniels, Cargill, General Mills</td>
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</tbody>
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Cluster Strategies in other U.S. States

# States  Best Practices:
7 of 9  Entire value chain is addressed (collaboration)
5 of 9  Governor sponsors cluster initiative
5 of 9  CEOs collaborate and champion cluster initiative
5 of 9  Financing start-ups focus on “valley of death” for early stage companies
5 of 9  Venture funds are formed as private & state collaborations
1 of 9  Skilled workforce is developed by influencing K-12 → graduate level educ.

Results

Focusing on clusters that derive majority revenues from outside state drives wealth creation and success of companies sustained by local revenues
REGIONAL ACTION PLAN BUILDS ON 3 COMPONENTS OVER TIME

Now → Early-Stage → Mid-Stage → Late-Stage
CLUSTER BOARDS WILL IMPROVE COMPETITIVENESS OF REGION

Success hinges on collaboration.

- Talent
- Innovation
- Entrepreneurship
- Venture Capital
- Infrastructure
- Collaborate with UMN Research

- Business
- State Gov’t
- Cities
- Trade Groups
EARLY STAGE POLICY INITIATIVES WILL ATTRACT FEDERAL FUNDING

**America COMPETES Act**

- Establish a regional innovation cluster (RIC) **GRANTS PROGRAM** to "encourage and support the development of regional innovation strategies"

- Create a **RESEARCH AND INFORMATION PROGRAM** on regional innovation strategies, to gather and disseminate best practices in regional innovation strategies and collect and make available data on U.S. clusters.

One of several federal competitiveness initiatives in FY 2011 budget that focus on regional innovation networks and clustering.
Cluster Connector

Distribution Services
Financial Services
Medical Device
- BioBusiness Alliance
- Life Sciences Alley

About BioBusiness Alliance
The BioBusiness Alliance of Minnesota is a nonprofit organization with a focused mandate to foster and cultivate the long-term viability of the state's bioscience sector. We are implementing recommendations from Destination2025, a 20-year roadmap and strategy, to ensure the long-term success of the state's bioscience industry. Through the BioBusiness Resource Network, the BioBusiness Alliance of Minnesota is working with companies and communities to grow the state's bioscience economy.

Latest News and Events
BioBusiness Alliance provides greater access to online resources ... More

Dale Wahlstrom, BBAM CEO, recently named one of "200 Minnesotans You Should Know" ... More

Career Breakfast for Postdoctoral Researchers and Advanced Graduate Students ... More

Try Our New BIOMAP
BIOMAP is an online tool that displays over 2,000 unique bioscience capabilities including private sector, academic sector and public sector resources throughout the state of Minnesota.

View All News
CLUSTER BOARDS will be enhanced in later stages

Early-Stage

• Form and Convene Cluster Boards
• Continue Mayor Interviews
• Explore Policy Agenda
  - Attract federal funding
• Champion Cluster Connector
  - Online 1-source
  - Start w/ trade associations

Mid-Stage

• Identify Lever Points
  - Labor
  - Economic
  - Regulatory
• Add More Clusters
• Legislative Advocacy
• Add Depth to Cluster Connector
  - Harness Cluster Boards
  - Link w/ gov’t resources
  - Link w/ other relevant orgs

Late-Stage

• Implement Strategies that Win on Margins
• Link w/ Itasca’s output
• Integrate Cluster Connector into Governor’s Initiative
• Add Entrepreneur Network to Cluster Connector
LEGISLATIVE INITIATIVES will be enhanced in later stages

**Early-Stage**
- Form and Convene Cluster Boards
- Continue Mayor Interviews
- Explore Policy Agenda
  - Attract federal funding
- Champion Cluster Connector
  - Online 1-source
  - Start w/ trade associations

**Mid-Stage**
- Identify Lever Points
  - Labor
  - Economic
  - Regulatory
- Add More Clusters
- Legislative Advocacy
- Add Depth to Cluster Connector
  - Harness Cluster Boards
  - Link w/ gov’t resources
  - Link w/ other relevant orgs

**Late-Stage**
- Implement Strategies that Win on Margins
- Link w/ Itasca’s output
- Integrate Cluster Connector into Governor’s Initiative
- Add Entrepreneur Network to Cluster Connector
CLUSTER CONNECTOR will be enhanced in later stages

**Early-Stage**
- Form and Convene Cluster Boards
- Continue Mayor Interviews
- Explore Policy Agenda
  - Attract federal funding
- **Champion Cluster Connector**
  - Online 1-source
  - Start w/ trade associations

**Mid-Stage**
- Identify Lever Points
  - Labor
  - Economic
  - Regulatory
- **Add More Clusters**
- **Legislative Advocacy**
- **Add Depth to Cluster Connector**
  - Harness Cluster Boards
  - Link w/ gov’t resources
  - Link w/ other relevant orgs

**Late-Stage**
- Implement Strategies that Win on Margins
- Link w/ Itasca’s output
- Integrate Cluster Connector into Governor’s Initiative
- Add Entrepreneur Network to Cluster Connector
COMPONENTS work together to drive success of region

- Form and Convene Cluster Boards
- Continue Mayor Interviews
- Explore Policy Agenda
  - Attract federal funding
- Champion Cluster Connector
  - Online 1-source