



The EDA CENTER

at the University of Minnesota, Crookston

The EDA Chronicle

www.edacenter.org

Volume 1, Issue 2

Tips from the Pros: How to Catch Last-Minute Shoppers.

Black Friday, and even Cyber Monday, has become a staple day in the retail world of holiday shopping. However, a survey on www.comScore.com stated that nearly 65% of shoppers haven't finished their Christmas shopping and will do so up until December 25. Businesses that don't address these last minute shoppers can potentially be missing out on a big market. So, how do you catch those shoppers?

The important thing to realize is there are two reasons a shopper waits until the last minute: procrastination or waiting for their mid-December paycheck. There is not much you can do to entice the procrastinator, if they were concerned with

sales or promotions they would've been in line with everybody else on Black Friday. Focus on those who need to wait until that last paycheck before the holiday. Some easy ways to catch those shoppers are by using social media such as Facebook or Twitter. Both are free services to use. Make a post about an upcoming sale and instead of coupons, instruct those who visit your Facebook or Twitter page to use a certain code or just mention the ad to receive a predetermined discount off a purchase.

Not technologically savvy? Try posting a simple advertisement in the daily newspaper with the same method of attracting shoppers. By sim-

ply mentioning an ad, it saves their time to cut out coupons and they don't have to worry about forgetting something at home. Or, have them clip out the ad from the newspaper itself. These methods will not only be simple for last minute shoppers but cost effective for your business. Not only will it attract those final shoppers but maybe those who are just addicted to shopping.

For more information visit:
<http://deluxesmallbizblog.com/email-marketing/use-coupons-to-reach-last-minute-holiday-shoppers/>

November Budget Forecast Holds Both Good News and Bad

On Thursday December 1st, the Minnesota Management & Budget Office released the November Budget Forecast for the remainder of the FY 2012-13 biennium leading into the FY 2014-15 biennium. Indications suggest that Minnesota is slowly climbing out of the Great Recession, but there are still some troubling signs.

The good news is that the Minnesota Management & Budget Office projects an \$876 million balance for the

remainder of the current biennium. Approximately 2/3 of the projected surplus in the biennium's ending balance comes from funds carried forward from the 2011 fiscal year. The other 1/3 comes from spending reductions forecasted for 2012 and 2013 fiscal years.

Finally, the "not so good news" is that the Minnesota Management & Budget office projects slower growth through 2013. In February 2011, Global Insight projected 3.1% real GDP

growth in FY 2012 and 2013. Unfortunately, real GDP growth is now expected to be around 1.7% and Global Insight has set a recession risk in 2012 at 40%. While this news is not ideal, one small positive consequence is the projected FY 2014-15 biennium deficit has been reduced from \$1.9 billion to \$1.3 billion.

For more MMB Office's Full November Forecast Report, please visit <http://www.mmb.state.mn.us/>

Events of Interest:

December 15

- Blandin Foundation deadline for grant applications. Visit <http://grants.blandinfoundation.org> for more information.
- Free Entrepreneurship and Business Start-up Workshop. 2:30-5 PM @ Valley Technology Center in Crookston, MN Register on the web @ www.NwSBDC.com

December 19

- MN Broadband Task Force meeting 10 AM-2 PM. Bloomington, MN.

December 21

- "Writing the 'Ultimate Business Plan'". UMD Center for Economic Development workshop 2-4 PM (\$60 fee) Visit www.umdcde.com/workshops/business.html for more information.

December 28

- Business Consultation Sessions in Slayton from 10:00-11:00AM. Contact SWIF Program Specialist Jackie Turner-Lovsness at 1-800-594-9480 to register.

Inside This Issue

What's Your IDEA?	2
New Broadband Task Force	2
DEED Employment/Unemployment Statistics	3
Understanding Small Business Success: What Should You Look For?	4

What's Your IDEA?

You have probably heard someone talk about an idea he or she is sure is "the next best thing". What if someone would give you start-up funds to see if your idea has what it takes to succeed? The IDEA competition, now in its fourth year, offers entrepreneurs in Northwest Minnesota a chance to make their entrepreneurial dream come true. Winners of this competition results in multiple benefits such as a \$10,000 cash award to help fund businesses and also services and direction from business resources around Northwest Minnesota.

The deadline for this year ended on November 30, which means entrepreneurs have time to perfect their business plan and use the advantage

of time to apply for next year. Michelle Landsverk, coordinator for the IDEA Competition, has this message to give to future applicants, "review the IDEA Competition judging criteria, refine their innovation, and work on their business plan. It is important to make the connection between a powerful idea and how to turn that idea into a profitable business."

Here's how the competition works. After round one, 15 competitors will move forward. Round two consists of writing a business plan which is due from the competitors by February 15. The final round is due by April 10 in which the final business and financial plans will be presented orally to the judges of the IDEA

Competition. Landsverk states that results will not be publicized until they identify this year's finalists in February.

If you or somebody you know has an innovative business idea you are encouraged to consider entering this competition next year when submissions open up again. There is a \$150 entrance fee and is open to all in Northwest Minnesota (Beltrami, Clearwater, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Norman, Pennington, Polk, Red Lake and Roseau).

For more information on the IDEA Competition please visit <http://ideacompetition.org/index.html>.

New Broadband Task Force Looks to Improving Access to Broadband in Rural Minnesota.

Each and every day the world is connecting more rapidly to online services. The need for high speed Internet grows with more advanced websites and technological needs. One issue that some areas of rural Minnesota face is a lack of availability to truly high speed broadband services. Currently 3.4 percent of the state has no access to broadband infrastructure, which equals to about 67,000 homes.

To address these gaps Governor Mark Dayton has appointed a new Broadband Task Force. To lead this task force he has appointed Margaret Anderson Kelliher, director of the Minnesota High Tech Association and former Minnesota House Speaker. The task force is also tasked with coming up with a plan to help those who don't typically adopt Internet services, such as eld-

erly individuals, low-income people and even some minorities.

The task force is a two-year appointment but they are expected to come up with an early set of recommendations for the Legislature in 2012.

Task force members include: Shirley Walz, Bernadine Joselyn, Steve Lewsader, Duane Ring, Gary Evans, Dick Sjoberg, Daniel Richter, Danna MacKenzie, Maureen Ideker, Matt Grose, Steve Peterson, Bob Bass, Keith Modglin, and Bao Vang.

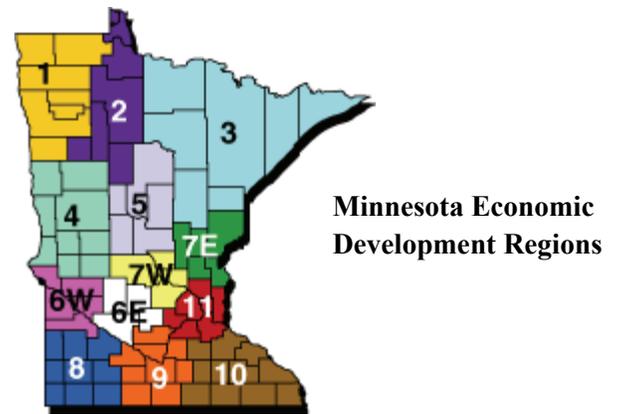
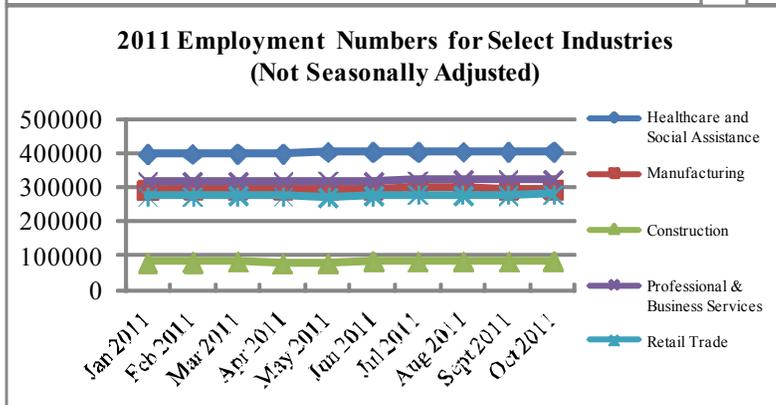
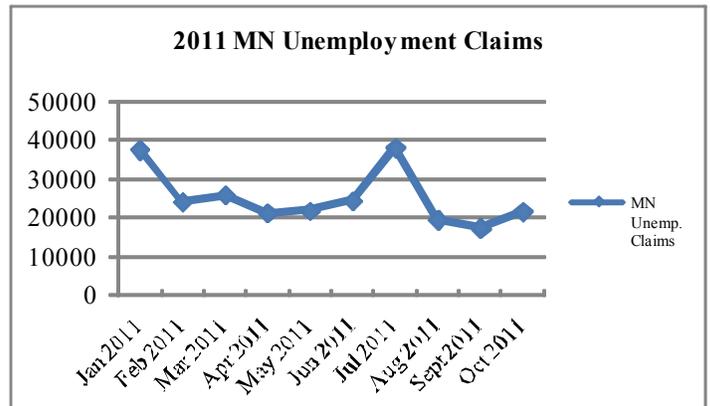
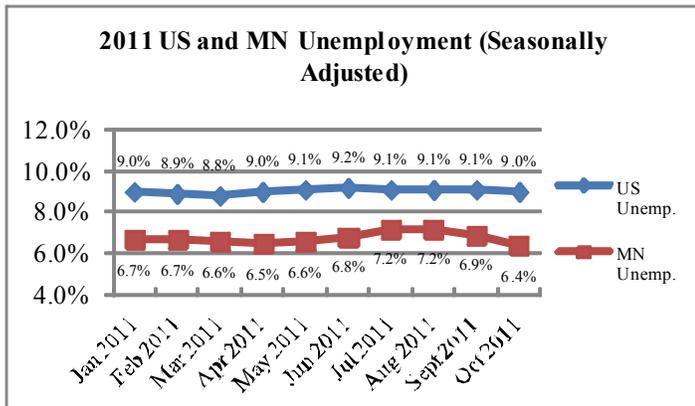
In an interview with task force member Dick Sjoberg of Thief River Falls, he was asked if he believed this was a project that could be completed in two years. His response was, "No; all good things take time. The build-out of the last 5 percent of the state is a large and expensive proposition. The wisest

use of our limited resources is to work smart." Sjoberg stated that the Task Force is planning to meet across the State to hear suggestions and stories about Broadband, and would like to invite the public to attend those meetings.

While there currently is no official Task Force website, the Task Force news will be connecting most frequently with Connect MN. There is also Blandin on Broadband; a blog dedicated to rural Minnesota broadband news. The blog plans to follow the work of the Task Force and has a nice post on the first Task Force meeting that took place on November 29, 2011.

To visit the websites mentioned in this article visit the following: <http://www.connectmn.org/> or www.blandinonbroadband.com.

2011 Local Area Unemployment Statistics and Current Employment Situations in Select Industries



2011 Minnesota Unemployment by Economic Development Region (Not Seasonally Adjusted)

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
Jan 2011	8.2%	10.4%	9.0%	7.6%	11.3%	8.7%	8.0%	11.3%	8.5%	6.4%	7.3%	7.0%	6.7%
Feb 2011	8.3%	10.5%	8.8%	7.6%	11.2%	8.8%	7.8%	11.5%	8.4%	6.4%	7.3%	7.0%	6.6%
Mar 2011	8.2%	10.6%	8.7%	7.2%	10.7%	8.7%	7.5%	11.1%	8.2%	6.4%	7.3%	6.9%	6.5%
Apr 2011	7.0%	9.6%	8.1%	6.1%	8.9%	7.4%	6.3%	9.8%	7.2%	5.2%	6.2%	6.1%	6.1%
May 2011	6.2%	8.5%	7.6%	5.4%	7.7%	6.6%	5.7%	8.6%	6.6%	4.8%	5.9%	5.9%	6.3%
Jun 2011	6.3%	8.8%	8.0%	6.0%	8.0%	7.1%	6.4%	8.7%	7.1%	5.5%	6.5%	6.6%	7.0%
Jul 2011	6.4%	9.6%	8.6%	6.1%	8.4%	7.4%	6.5%	9.3%	7.0%	5.8%	6.8%	6.6%	7.5%
Aug 2011	6.5%	8.5%	7.5%	5.6%	7.6%	6.9%	6.1%	8.2%	6.7%	5.4%	6.2%	6.2%	6.7%
Sept 2011	5.3%	7.3%	6.5%	5.0%	6.7%	6.0%	5.2%	7.2%	5.9%	4.7%	5.3%	5.4%	6.0%
Oct 2011	4.6%	6.7%	6.0%	4.4%	6.2%	5.3%	4.5%	6.6%	5.3%	4.3%	4.8%	4.9%	5.4%

After seasonal adjustments, US unemployment in October stayed steady at 9 percent while unemployment in Minnesota fell to 6.4 percent. Even though unemployment fell for October, unemployment claims increased from 17,446 in September to 21,812

in October. However, October unemployment claims are down 15.7% when compared to October 2010. When comparing unemployment by economic development region, we can see unemployment continues to drop in every region of the state. Go

to the Department of Employment & Economic Development website; www.positivelyminnesota.com to view more interesting employment and wage statistics.

Understanding Rural Business Success: What Should You look For?

Trying to understand the factors that lead a local start-up in your community to succeed is never easy. With more than half of all small business ventures never successfully emerging from the survival stage (typically the first five years), it seems like the deck is stacked against them from the start. Yet, from the viewpoint of an economic development practitioner, you want to assist small business owners in your community grow, but clearly you can't assist them all.

While there is no "secret sauce" that can be identified to easily predict business success, the EDA Center at the University of Minnesota, Crookston wanted to further explore this question. Led by Dr. Eyad Youssef and co-investigators Dr. Denis Meier and professor Ken Myers, the team took a novel approach: instead of identifying probable factors that might lead to business success and examining their importance, they first identified successful rural businesses and then sought to understand what factors they might have in common.

With the help of the Regional Development Commissions across rural Minnesota, they identified dozens of rural businesses that met their criteria of "success." Those criteria included businesses that have cleared the survival stage of development and were ready and

poised for growth. This meant that they wanted companies that were at least 5 years old, but no older than 15. And second, they wanted to identify companies that were clearly growing in sales and employment. Using these criteria they collected information from 62 successful rural businesses.

Of the 62 companies examined, the average number of years in business was 7. The overwhelming percent (75%) were incorporated or were structured as a limited liability company (LLC); with only 22 percent reporting being structured as a sole proprietorship. The average annual sales were approximately \$1 million, but 12 percent of companies reported sales of \$10 million or more. And most importantly, the businesses represented a wide range of industries; from manufacturers to information technology, to construction, to food processors. It was a diverse group of businesses with no specific industry clusters identified. Clearly, if you were trying to identify a specific industry to build your economic development plan around, you would have a difficult time. What however was more easily identified were the characteristics of the business owners and founders themselves. Here in many ways the similarities were unmistakable. Below are some of the characteristics that I found most

salient:

Have a Business Pedigree: Two-thirds of the successful business owners reported having other family members/parents who also owned businesses; and half of them reported having previously started a business prior to the one they are currently operating.

Value Experience over Education: More than 80% of these successful business owners had over a decade of experience in their current industry prior to starting their own business. And while they valued education, 52 percent reported having an Associate's degree or less; and 88 percent reported having no higher education beyond the Bachelor's degree. Clearly, they valued experience and industry knowledge over formal education.

Be Invested from the Start: More than 90 percent of the business owners reported investing their own capital into the business before their start-up; and more than half indicated that they devoted themselves full-time to the business before even registering it. More than 70 percent reported that they had a formal business plan in place; 75% formed a legal entity and 46 percent even organized a team of employees prior to registering the business. Equally interesting, in a time when it appears

Continued on Page 5

Continued from Page 4

that many businesses and business start-ups seek government funds or tax breaks to launch their business, more than two-thirds of these successful owners reported that they never even sought government support in the development of their business.

Be a Hands-on Owner: It was also equally clear that these successful business owners were not hands-off managers. Rather they were completely invested in the financing, operations and management of their companies. Ninety percent reported that the business was either moderately or extremely dependent upon the owners' technical/operational skills; and 92 percent reported being dependent upon the owners' managerial skills.

Growth-Oriented and Optimistic: It is also evident that these successful business owners were both growth-oriented and optimistic about the future. Approximately 70% report plans to introduce new products and services in the next 12 months; 48% report plans to increase their number of full-time employees; and two-thirds report plans to purchase additional capital equipment.

And lastly, their while some economic pundits report an atmosphere of economic uncertainty holding back businesses from hiring new employees, these business owners were asked how they would react to a 100 percent increase in their number of employees over the next 5 years? Not surprisingly, 19 per-

cent of owners reported that such rapid employment growth would be looked upon negatively; however, 60 percent reported such a growth scenario as either "positive" or "very positive".

So what's the secret sauce to business success? Well I'm not sure if this study sheds enough light to definitively answer that question, but it suggests that it has more to do with the orientation and characteristics of the business owner than the business itself. I'm reminded that when you go to the racetrack you don't put your money on the horse race, you bet on the horse.

Look for a full report on this study in early 2012 at www.edacenter.org



Sahlstrom Conf. Center 110A
2900 University Ave
Crookston, MN 56716
Phone 218.281.8248
Email: editor@edacenter.org
Website:



This document was prepared by the University of Minnesota, Crookston under award number 06-66-05709 from the Economic Development Administration, U.S. Department of Commerce. The statements, findings, conclusions, and recommendations are those of the author(s) and do not necessarily reflect the views of the Economic Development Administration or the U.S. Department of Commerce.

The University of Minnesota is an equal opportunity educator and employer.

The EDA Center at the University of Minnesota, Crookston is one of more than 40 university centers nationwide, supported by the Economic Development Administration, U.S. Department of Commerce.

We conduct applied research, provide direct technical assistance and deliver educational programs development agencies that support the economy of economically-distressed rural communities throughout Minnesota.

EDA Center Staff:

Jack Geller-EDA Center Director

Eddie Walker-Research Analyst/Co-Editor

Christina Benson-Co-Editor