



Events of Interest:

October 16

- BRIC Through the Emerging Markets: Compliance Testing & Product Certifications for BRIC 9AM-4PM in Eden Prairie, MN. For more information go to http://www.siemc.com/US/event/minnesota_seminar_2012/mn_2012.html.

October 24

- The Importance of Finance in International Trade 10AM-2PM. Duluth Area Chamber of Commerce. For more information go to <http://duluthmncoc.weblinkconnect.com/cwt/External/WCPages/WCEvents/EventDetail.aspx?EventID=877>.

October 25

- MHTA Leadership Insights Breakfast 7:30AM-9:15AM at the Swedish American Institute in Minneapolis, MN. For more information go to <http://www.mhta.org/event/leadership-insights/>.

November 1

- 2012 Tekne Awards hosted by the Minnesota High Tech Association (VIP Registration starts @ 4:30PM). For more information go to <http://www.tekneawards.org/>.

November 14-15

- Robotics Alley Conference at the Edina Westin Galleria. For more information go to <http://www.mhta.org/event/robotics-alley-conference/>.

Inside This Issue

Tekne Awards Finalists	2
DEED Employment/Unemployment Statistics	3
Adult Career Pathways Projects	4
Poverty Rate	5
MN Business Development Grants	6

EDA Center New Report: Successful Businesses in Rural Minnesota: Lessons Learned

One concern of starting a new business is the potential for failure after a few years. How many new businesses will survive depends upon who you ask. However, the Bureau of Labor Statistics data show that 49% of new businesses survive 5 years and 34% survive 10 years. One question stands out when discussing which businesses will survive: What factors relate to new business success (especially in rural areas)? A team of researchers at the University of Minnesota, Crookston led by Dr. Eyad Youssef examined that particular question.

The purpose of the study was to identify

successful “second-stage” businesses across rural Minnesota and understand what has led to their success. By gathering information from these businesses, they looked for common traits among them that likely contributed to their success. To accomplish this goal, they worked with various Regional Development Commissions across rural Minnesota to identify businesses that were at least 5 years old, but no older than 15 years. They then collected data from 62 of the 70 or so businesses identified. Below is a profile of businesses polled:

# of employees	Freq.	Percent
1	15	24.2%
2-5	24	38.7%
6-10	9	14.5%
11-20	6	9.7%
21-50	3	4.8%
50+	5	8.1%

Est. Annual Sales	Freq.	Percent
< \$249,000	18	29%
\$250,000 - \$499,999	3	4.8%
\$500,000 - \$1,999,999	20	32.3%
\$2,000,000 - \$4,999,999	8	12.9%
\$5,000,000 - \$9,999,999	4	6.5%
\$10,000,000+	7	11.3%

Type of Business	Frequency	Percent
Sole Proprietorship	13	21.0%
Corporation	25	40.3%
Cooperative	1	1.6%
LLC	20	32.3%
Other	1	1.6%
No Response	2	3.2%

As for the owners involved in the sample, experience seemed to be the key factor in their success, although education cannot be completely dismissed. Of the owners who responded, almost 47% of them have a bachelor's degree or higher. Other characteristics of the owners obtained related to their entrepreneurial pedigree, other entrepreneurial experiences, and other business experiences. The researchers also asked owners about documenting information regarding certain busi-

ness aspects. Owners indicated they had a complete, documented plan relating to industry analysis (19.4%), marketing plan (25.8%), financial needs (33.9%), and key, personnel plans (21%).

After evaluating these 62 businesses, some commonalities were apparent. One, it seemed clear that an "entrepreneurial pedigree" played a role in their success. Being raised in a "culture of business" seemed to help these owners know what works and what doesn't when it comes to

running a business. Second, while education may be important, these owners had over a decade of prior industry experience before starting their own business. Finally, other factors that seemed to contribute to success are: investing own capital, being "hands-on", having adequate financing, and taking calculated, but not unnecessary risks.

For the entire report, go to http://www.edacenter.org/downloads/Second_Stage_Business_Report_9-2012.pdf.

MHTA Announces 44 2012 Tekne Awards Finalists

On November 1st, 2012, the Tekne Awards Program will "honor those who play a significant role in discovering new technologies that educate, improve lifestyles, and impact the lives and futures of people living in Minnesota and all over the world". The Minnesota High Tech Association has announced the 44 finalists across 12 different categories. Here are the finalists that make up each category:

Advanced Manufacturing Award

3M
Seagate Technology
Top Tool Co.

Cleantech & Energy Award

Biovation Holdings, Inc.
SheerWind, Inc.
TransUNImission, Inc.

Computer Hardware & Electronic Devices Award

Imation Corp.-DataGuard
Imation Corp.-RDX Media SecureDataGuard

Network Instruments, LLC

Edtech Award

eLumen Collaborative
St. Cloud State University
University of Minnesota, Rochester

Innovative Collaboration of the Year Award

Blandin Foundation
Digineer
Page10

Life Sciences Award

Cardio3 BioSciences
Circle Biologics, Inc.
OrthoCor Medical

Mobile & Communication Technologies Award

MakeMusic, Inc.
Minnesota Governor's Council on Developmental Disabilities
Starkey Hearing Technologies

Robotics & Automation Award

PaR Systems, Inc.
ReconRobotics, Inc.

Global Robotics Innovation Park

Software Award

Code 42 Software, Inc.
Savigent Software, Inc.
Third Wave Systems, Inc.

Startup Award

Sophia Learning, LLC
SparkWeave, LLC

Technology Excellence in a Non-profit Organization Award

GiveMN
MacPhail Center for Music
The Works

Technology Services & Consulting Award

Agosto, Inc.
SWAT Solutions, Inc.
Trissential, LLC

For more information on the finalists and the awards ceremony, go to <http://www.tekneawards.org/>.

2011-2012 Local Area Unemployment Statistics and Current Employment Situation

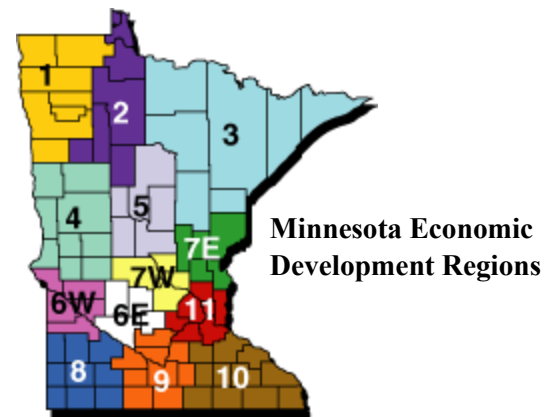
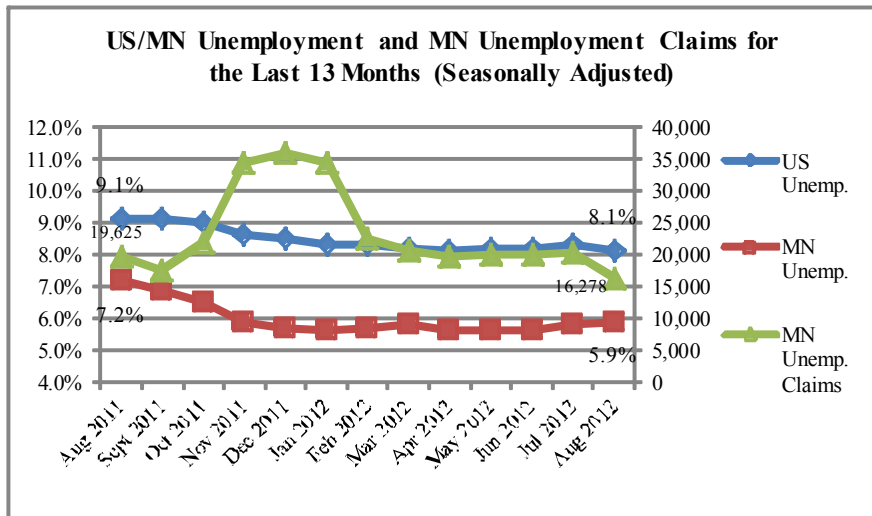
After seasonal adjustments, US unemployment in August dropped to 8.1%, however, unemployment in Minnesota rose for the second straight month to 5.9%. Unemployment claims in August dropped to 16,278 when compared to July. Unemployment claims are down 17.1% when compared to August 2011. Minnesota lost 2,000 jobs in the past month. Government (5,400) and Education & Health Services (1,900) led

the way in job gains. Information (900) and Leisure/Hospitality (300) were other industries to post job gains in August. Trade/Transportation/Utilities (-3,400) and Manufacturing (-2,700) showed the largest losses in August. Construction (-1,300), Financial Activities (-1,100), Other Services (-1,100), Professional/Business Services (-600), and Mining/Logging (-300) also showed losses in August. With that said, there are 24,500 more

jobs this August than August 2011.

All of the EDRs experienced a decrease in unemployment. Unemployment numbers for the EDRs are NOT seasonally adjusted.

Go to the DEED website; www.positivelyminnesota.com to view more employment and wage statistics.



2011-2012 Minnesota Unemployment by Economic Development Region (Not Seasonally Adj.)

Date	EDR1	EDR2	EDR3	EDR4	EDR5	EDR6E	EDR6W	EDR7E	EDR7W	EDR8	EDR9	EDR10	EDR11
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%	6.7%	6%	5.2%	7.2%	5.9%	4.7%	5.3%	5.4%	6%
Oct 2011	4.6%	6.7%	6%	4.4%	6.2%	5.3%	4.5%	6.6%	5.3%	4.3%	4.8%	4.9%	5.4%
Nov 2011	5%	7.5%	6.3%	4.6%	7.1%	5.5%	4.4%	6.9%	5.4%	4%	4.7%	4.7%	5.1%
Dec 2011	5.9%	8.4%	6.9%	5.5%	8.3%	6.4%	5.4%	8.5%	6.4%	4.4%	5.3%	5.3%	5.3%
Jan 2012	7.8%	9.4%	7.8%	6.4%	9.6%	7.6%	6.5%	10%	7.4%	5.4%	6.3%	6%	5.7%
Feb 2012	7.9%	9.7%	8%	6.7%	9.8%	7.9%	6.7%	10.3%	7.6%	5.8%	6.6%	6.4%	5.9%
Mar 2012	7.5%	9.7%	8.1%	6.4%	9.4%	7.8%	6.6%	10%	7.3%	5.5%	6.4%	6.2%	5.9%
Apr 2012	5.8%	7.6%	6.7%	4.5%	6.8%	5.8%	4.8%	7.6%	5.5%	3.9%	5%	4.8%	5%
May 2012	4.8%	7%	6.4%	4.2%	6.1%	5.5%	4.6%	6.8%	5.3%	4%	5%	4.9%	5.1%
Jun 2012	5.2%	7.6%	6.9%	4.7%	6.6%	6.1%	5.2%	7%	5.7%	4.7%	5.5%	5.5%	5.8%
Jul 2012	5.2%	7.8%	7.1%	4.7%	6.6%	6.1%	5.2%	7%	5.8%	5.2%	5.6%	5.5%	5.9%
Aug 2012	4.8%	7.1%	6.7%	4.4%	6.3%	5.8%	5%	6.6%	5.5%	4.5%	5.3%	5.3%	5.7%

Adult Career Pathways Project Receives \$1.53 Million

Currently, unemployment in Minnesota sits at 5.9% with an estimated 175,372 people unemployed (August seasonally adjusted numbers). With these numbers, one would think there would never be a problem finding workers to fill job openings. However, what many are forecasting are new job openings requiring more education than the average Minnesota worker may possess. The Governor's Workforce Development Council projects 70% of all Minnesota jobs in 2018 will require some education beyond high school. Unfortunately, only 40% of working-age adults currently hold a postsecondary degree. The GWDC also projects 73% of the workforce today will still be part of the workforce in 2030. With that said, it is vital that today's workers (employed or not) continue to educate themselves.

Minnesota FastTRAC (Training, Resources, and Credentialing) is a program working towards closing this skills gap. "FastTRAC's innovative approach helps educationally underprepared adults succeed in well-paying careers by integrating basic skills education and career-specific training in fields where new skills are in high demand." On September 19, 2012, DEED announced it had awarded \$1.53 million to adult career pathways projects that fall under the Minnesota FastTRAC program.

Below are the following programs receiving grants:

Anoka Healthcare/Nursing Pathways, \$78,347

Participants will learn skills to become certified nursing assistants, certified home health aides and medication administration workers.

Fergus Falls Pathway to Health Care Career, \$87,250

Training and job-shadowing opportunities aimed at employment in health care will be offered. Participants will complete an online college orientation to ensure understanding of college expectations.

Bemidji Healthcare Career Pathway, \$95,000

Students will take classes and participate in job-shadowing opportunities related to health care. They will complete an online college orientation to ensure understanding of college expectations.

Brainerd Manufacturing Career Pathway, \$95,000

Training and job-shadowing opportunities in manufacturing are planned. Participants will complete an online college orientation to ensure understanding of college expectations.

Central Minnesota Jobs and Training Services Inc., \$159,770

Funding will be used to develop career pathways programs in allied health care and retail/customer service.

Duluth Pathways to Health Care Careers, \$76,000

Students will be trained for certification as nursing assistants and medical administration workers and prepared for careers in the health care field.

Ramsey County Adult Career Pathways, \$239,990

Participants will be trained for medical and early-childhood careers and certification as nursing assistants.

Enhanced West Metro Pathway to Healthcare Careers, \$60,000

Training for jobs as nursing assistants or other entry-level health care positions will be offered. Courses can lead to nursing assistant or medication administration certifications.

Manufacturing Futures, \$103,145

Nontraditional learners and incumbent workers will learn skills needed to work in manufacturing.

Pathways for Skilled Healthcare Workers, \$79,860

Training to become certified home health aides, nursing assistants or medical administration workers will be offered.

Project for Pride in Living, \$126,365

Participants will be trained as certified pharmacy technicians and office assistants in business or health care.

South Central Health Care Career Pathway, \$40,000

Training to become certified nursing assistants and home health aides will be offered.

South Central Manufacturing Pathway, \$78,347

Participants will be trained for jobs in manufacturing.

Universal Health Care Worker, \$79,141

Participants will take classes to become certified nursing assistants, certified home health aides and medication administration workers. They also can earn a CPR certificate or a license in safe food handling.

Southeast Minnesota FastTRAC Integrated Welding Program, \$138,650

Training and course credits in welding will be offered.

For more information, go to: http://www.positivelyminnesota.com/Newsroom/Press_Releases/Most_Current_Releases/Sept.19-DEED_Awards_Funding_for_Adult_Career_Pathways_Projects.aspx.

Poverty Rate in the U.S. Goes Up (Or Does It?): Remains Unchanged in Minnesota

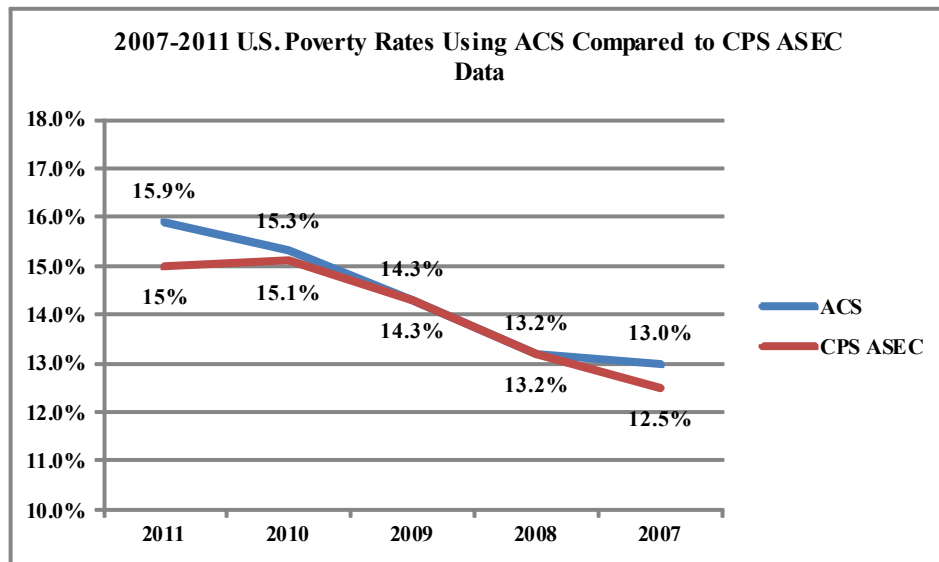
In a report citing data from the American Community Survey (ACS), poverty in the United States in 2011 was at 15.9%, which is up 0.6% from 2010 (15.3%). In 2010, 46.2 million people fell below the poverty line. Now there are an additional 2.2 million people that fell below the poverty line (48.4 million). This marked the 4th straight year of increase in poverty. On the bright side, the 0.6% increase is the smallest such increase since 2008-2009. Statewide, 17 states exhibited an increase in the poverty rate from 2010. Vermont was the lone state to see a significant decrease in the

poverty rate (-1.2%).

Minnesota's poverty rate has essentially remained unchanged at 11.9% in 2011 (11.6% in 2010, but the difference was not statistically significant). This means there are an estimated 621,970 people in Minnesota are living below the poverty level. This is well below the U.S. estimate of 15.9%. The Minneapolis/St. Paul/Bloomington Metro Area is 9th in the top 10 lowest poverty rates for large metropolitan areas at 11%.

Interestingly enough, this was not the only report on poverty to come out in September. In the new *In-*

come, Poverty, and Health Insurance Coverage in the United States: 2011 report, the poverty level stayed steady in 2011 at 15% (15.1% in 2010). The difference in the two reports is the data used to generate the numbers. This second report uses data from the Current Population Survey Annual Social and Economic Supplement (CPS ASEC). As you can see in the chart below, the estimates have shown the same trend with very similar numbers over the past five years. This latest report is the first time the poverty rate trend is different depending upon which data set you use.



If both data sets are examining the same characteristics, what is the difference between the two? The first difference is the “geography” used for ACS includes only nations, states, and cities/counties of 65,000 or more. The CPS ASEC data includes all areas that fit selected characteristics. Sample size is another big difference between the

two. The CPS ASEC data uses an annual sample size of 100,000 addresses. ACS on the other hand, uses 3 million addresses per year and collects data from 1/12 of the sample each month. The other differences in the two data sets can be found at <http://www.census.gov/hhes/www/poverty/about/datasources/factsheet.html>.

The differences discussed do not make one dataset better than the other. The fact remains, in the past five years both datasets have generated similar estimates and trends (with the exception of this past year). How can we explain the difference in this year's estimate? Is it because ACS does not pull people living in areas smaller than 65,000

and is therefore not getting information from rural areas? Maybe, but getting potential information from 3 million addresses could balance that out. What about the fact that CPS ASEC polls 100,000 addresses? Is that an acceptable sample size when you factor in there are over 314 million people in the

U.S.? That could factor into the difference as well. Considering the two estimates are close together more often than not indicates this difference could just be an anomaly. Regardless of which dataset you believe, it does not change the fact that roughly 15% of the U.S. lives in poverty and that number has ris-

en from roughly 13% prior to the recession.

For the entire ACS summary, go to <http://www.census.gov/prod/2012pubs/acsbr11-01.pdf>. For the full CPS ASEC report, go to <http://www.census.gov/prod/2012pubs/p60-243.pdf>

Minnesota Business Development Capital Projects Grants Awarded

DEED has announced the awarding of \$47.5 million in business development grants funding nine projects across the state. This was a very competitive program as 90 applicants requested \$288 million. Projects were selected based upon five criteria: project readiness, job creation, investment/leverage, regional impact, and public benefit. There were five projects from Southern Minnesota: First District Associa-

tion (224 jobs-\$2.3 million), Triple J Farms (200 jobs-\$1.1 million), Midwest Cryogenic (73 jobs-\$1.5 million), Renville Regional Solid Waste Board (44 jobs-\$1.9 million), and Ashwill Industries (50 jobs-\$763,750). Two of the projects were from Northern Minnesota: Infrastructure to Enable Business Expansion (900 jobs-\$8.5 million) and Wadena Wellness Center (110 jobs-\$4.2 million). The final two projects

were from the Metro Area: St. Paul Saints Stadium (248+ jobs-\$25 million) and Southwest Corridor (150 jobs-\$2 million).

For more information about the various projects, go to http://www.positivelyminnesota.com/Newsroom/Press_Releases/Most_Current_Releases/Sept.13-DEED_Awards_Capital_Grants.aspx.



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

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/Editor



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.