

MINNEAPOLIS-ST. PAUL

ACCELERATING INNOVATIVE ACTIVITIES IN THE ENTREPRENEURIAL ECOSYSTEM

POPULATION IN 2010: 3,303,125 • EMPLOYMENT IN 2010: 1,758,491
GROSS VALUE ADDED (GVA) PER PERSON IN 2007: \$44,781

Minneapolis-St. Paul must leverage its significant assets to reestablish the region as a center for innovation, entrepreneurship, and economic growth.

The 13-county Minneapolis-St. Paul region in America's Midwest is anchored by the "Twin Cities" of Minneapolis and St. Paul. In 2008, it was home to a \$164 billion economy (expressed in 2000 dollars). The region boasts a considerable economic engine, anchored by such assets as 21 major Fortune 500 companies; a highly-skilled workforce where 37.6 percent of the residents (a top-10 U.S. metro ranking) hold at least a college degree; and a research infrastructure with a patenting rate nearly double the U.S. average. Together these and other economic drivers fueled the region's success in the "knowledge economy" of the 1980s and 1990s, and propelled its advances in fields such as information technology, biosciences, medical devices, and financial services. More recent data points, however, indicate that the regional economy suffers from several gaps and missed opportunities and needs a boost. For example, while both wage and productivity levels were relatively high in 2008, their growth rates between 2002 and 2008 trailed national averages. And, despite a high patenting rate and a large number of venture prospects in the earliest phases of commercialization, few of these opportunities result in successful start-ups.

To reboot and renew a static regional economy, Minneapolis-St. Paul is using the metropolitan business planning process to build-up the region's entrepreneurial ecosystem.

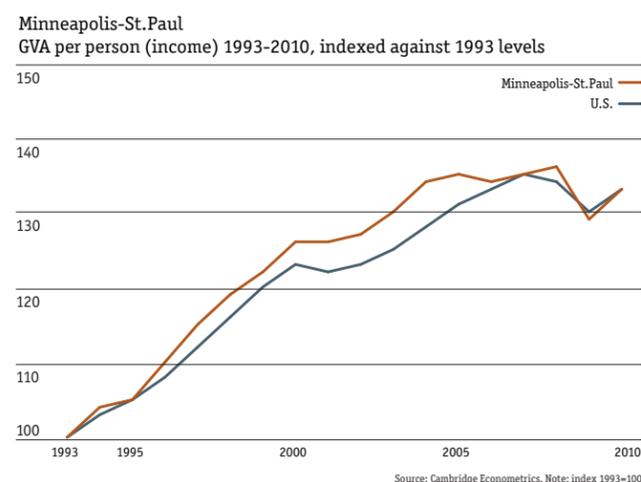
Since 2002, Minneapolis-St. Paul has experienced declining shares of entrepreneurs and high-tech jobs. Further, data over the past two years shows that a low percentage of regional venture capital flows to "seed stage" or "first round" investments. To reverse such trends, an impressive team led by the two major cities, the regional council of mayors, a prominent CEO group, and involving other local and state government officials and business and philanthropic leaders last year adopted the business planning approach to support and accelerate entrepreneurship in the region. Now, after nearly a year's worth of community meetings, expert consultation, and deep analysis, the consortium's work has yielded a 60-page interim vision and strategy document loaded with extensive quantitative and qualitative analysis and the blueprint of a highly detailed change-initiative. One of the key strategies: introduce new capacity to the region's entrepreneurial infrastructure, as well as integrate and pursue other related economic development strategies, from strengthening noted industry and occupational clusters to improving academic-industry linkages and providing better information to private-sector decisionmakers.

Minneapolis-St. Paul's major catalytic initiative—the proposed Entrepreneurship Accelerator (EA)—advances a proven approach to accelerate the development of the regional entrepreneurial ecosystem and create innovative, high value opportunities.

Minneapolis-St. Paul currently suffers, after all, from a lack of resources to help regional entrepreneurs, particularly through the provision of expert business advice, hands-on assistance, and facilitated access to capital. Therefore, EA—

as developed in collaboration with the nationally recognized entrepreneurship non-profit JumpStart—will fill these and other gaps through a continuum of resources and services designed to demonstrate the region's startup potential and attract a range of complementary resources. Included as a part of a broader regional entrepreneurship planning initiative, the proposed EA is modeled after other "best of class" accelerators and advanced through the business plan in painstaking detail. EA's proposed services will address business planning, mentorship, networking, talent attraction, and capital acquisition. Through its mentoring and venture-support activities EA will help high-quality ventures successfully make the leap between the earliest phases of commercialization and full market entry, thereby stimulating the development of innovative, high-growth companies, while simultaneously building up the region's entrepreneurial ecosystem to propel Minneapolis-St. Paul to the next level of regional prosperity.

With funding already in place from the U.S. Economic Development Administration and various regional philanthropies, Minneapolis-St. Paul leaders are moving aggressively to complete a regional entrepreneurship strategy and fundraise for and execute priority ideas, like the EA. The region's business planning team is also in the process of interacting with federal leaders to seek new funding, form new partnerships, and request new types of programming to achieve all its long-term regional entrepreneurship goals. At the same time, other dimensions of the Twin Cities' multidimensional business plan are under development as well. In that fashion business planning is emerging as an important, far-reaching confluence point for multiple local government, regional, private-sector, and state leaders to engage in collaborative, bottom-up transformation work.



Left
Minneapolis-St. Paul's income grew faster than the national average in the period before the recession. During the recession, it strongly mirrored national performance.