



December, 2008

**Progress Report of Greater Mankato Growth, Inc.
To business development investors:**

- **City of Mankato**
- **City of North Mankato**
- **Greater Mankato Business Community**



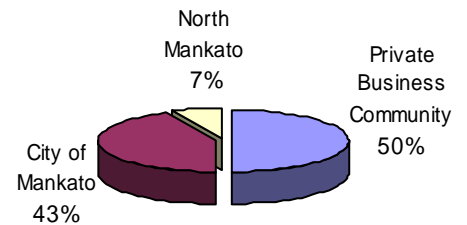
Progress Report to business development investors, including the Cities of Mankato and North Mankato and the Greater Mankato Business Community

Overview

In 2008 Greater Mankato Growth, Inc. (GMG) made significant progress in its efforts to support and promote the economic growth and vitality of the regional marketplace. Greater Mankato's funding in 2008 came from contributions paid by member businesses, as well as funding from a joint marketing agreement between the cities of Mankato and North Mankato. The joint marketing agreement was used as a guide in developing this report. Direct language from this agreement is in *italics* under each area.

Resource Allocation

Of Greater Mankato Growth's 2008 business development budget of nearly \$500,000*, more than 50% came from funds generated by the organization itself through memberships and business marketing, 7% came from the City of North Mankato and 43% came from the City of Mankato, approximately half of which was dedicated to the Greater Mankato Business Accelerator program.



Because of this combination of resources, GMG was able to efficiently conduct regional development work, leveraging the cities investments:

- **City of North Mankato received \$14 in value for every \$1 they put into GMG**
- **City of Mankato received more than \$2 in value for every \$1 they put into GMG**

Greater Mankato Growth's \$500,000 business development budget was allocated as follows:

Personnel:	60%
Overhead:	13%
Services, Program and Outreach:	22%
Miscellaneous:	4%

Because business development relies heavily on personally establishing and nurturing relationships, 60% of the GMG business development budget is targeted toward Personnel. Three GMG employees are dedicated solely to business development work, accounting for 5,200 staff hours annually. An additional 4742 hours are spent on business development by other GMG staff members, totaling 9,940 GMG staff hours spent on business development activities in 2008.

*Estimated 2008 year end figures as of November, 2008. Final results pending 2008 year end auditor's report to be released in 2009.

Business Development Activities

Existing Business Growth and Retention

Facilitate initiatives targeted at retaining and growing existing businesses, including an annual program of company visits for the purpose of assessing individual and area business needs as well as identifying potential development and expansion opportunities. Said visits shall be coordinated with the city in which the business is located.

According to a September, 2007 International Economic Development Council (IEDC) presentation up to 80% of almost any area's job growth is generated by existing companies rather than attracting new industries.

- GMG conducted more than 40 formal business retention visits in 2008, which included 11 North Mankato companies and more than 30 Mankato companies. City and state representatives are asked to participate in these visits. Additionally, more than 100 companies were visited in connection with the Envision 2020 Resource Campaign. All these visits generated CEO input of business needs and opportunities in our area.
- GMG interacted with 22 existing companies in regard to financing/expansion exploration, workforce development, ownership transition, and more. This help lead to the addition of facilities and employment, with such examples as:
 - Meeting with corporate and local executives of Alltel Wireless on an ongoing basis regarding the mutual value of their location in the marketplace, on workforce development and other topics, helping to retain the company in Greater Mankato and paving the way for Alltel's plans to add 130 additional employees announced in November.
 - Assisting Kato Cable with the exploration of constructing a new facility and the JOBZ application process, retaining this entrepreneurial venture in the community and helping position it for growth. The company currently has 22 full and part time employees and plans to add more full time positions in 2009.
 - Meeting with CAB Construction about their difficulty in finding welders, machine operators and millwrights, which led to the formation of a group of 22 manufacturers meeting to work on short and long-term solutions for meeting their talent needs. GMG has partnered with Sondra Rademacher of DEED to help lead this charge.
- GMG had 120 recorded interactions with existing businesses, as well as many more day-to-day interactions via quick phone calls to answer a question, notify someone of a business development event, etc. Inquiries are responded to promptly and companies are routinely provided information or referred to resources such as customized training, Minnesota Job Skills Partnership Program, governmental resources offered by our partnering cities, JOBZ, Dislocated Worker Program, higher education resources, financing options, technical assistance, expansion options, etc.
- GMG partnered with the Southern Minnesota Initiative Foundation to deliver The High Potential Business Program, focused on growing and retaining existing businesses by helping them build on their core areas of excellence. Grant monies assist clients to perform a comprehensive assessment of operations and implement a results-oriented action plan. 14 companies (10 from Mankato, 3 from North Mankato and 1 from elsewhere in the regional marketplace) were identified as fitting the client profile and provided with information, with all showing interest. One company has already been approved to join the program (Krengel Technology, Inc.) and two have applications pending (AmeriStar Manufacturing and Herdstar).

- GMG offered a variety of Professional Development opportunities throughout 2008 to provide employees with knowledge to take back to their workplace. These included:
 - 11 Professional growth Series Workshops (formerly called the Management Symposium and Professional Development Series).
 - 12 Professional Development and Networking events for the Greater Mankato Young Professionals, a program established in July 2008 that already has more than 100 members, coming from 30 professional services businesses, 27 primary economy businesses and 5 retail/hospitality businesses.
 - 29 Participants in the 2008-09 Leadership Institute of Greater Mankato, a comprehensive nine month community based leadership program. Of the participants 22 came from Mankato businesses or organizations, 6 from North Mankato and 1 from the Greater Mankato regional marketplace.
 - 35 Participants in the 2007-08 Sakatah Institute series and 19 participants in the 2008-09 Sakatah Institute series, an executive education series engaging CEO and Chief Decision makers in a complex curriculum focused on critical business issues. For the 2007-08 series 27 participants came from Mankato businesses, 4 came from North Mankato businesses, and 4 came from businesses elsewhere in the regional marketplace. For the 2008-09 series 14 participants came from Mankato businesses, 3 came from North Mankato businesses, and 2 came from businesses elsewhere in the regional marketplace..

Property Inventory

Maintain a property inventory of potential development opportunities and land/building availability.

In the 2008 Development Counselors International (DCI) survey of corporate executives with site selection responsibilities, when asked to select the most important website features, 49% said a directory of available building and sites.

- GMG has a dedicated “Buildings and Land” section of greatermankato.com that includes:
 - Inventory of available buildings, land and industrial parks, utilizing a link to the Minnesota Department of Employment and Economic Development MNPRO property database (mnpro.com.) The MNPRO tool provides the most accurate and up-to-date listings, because commercial real estate professionals, developers and property owners enter and maintain their own listings. GMG also enters and maintain the City of Mankato listings on the site; the City of North Mankato chooses to handle their own listings.
 - Maps and information on City-owned Industrial Parks in Mankato and North Mankato.
 - Links to City zoning information for Mankato and North Mankato.
- GMG also maintains information on available surplus or temporary warehouse/manufacturing space to meet the needs of those inquiring.

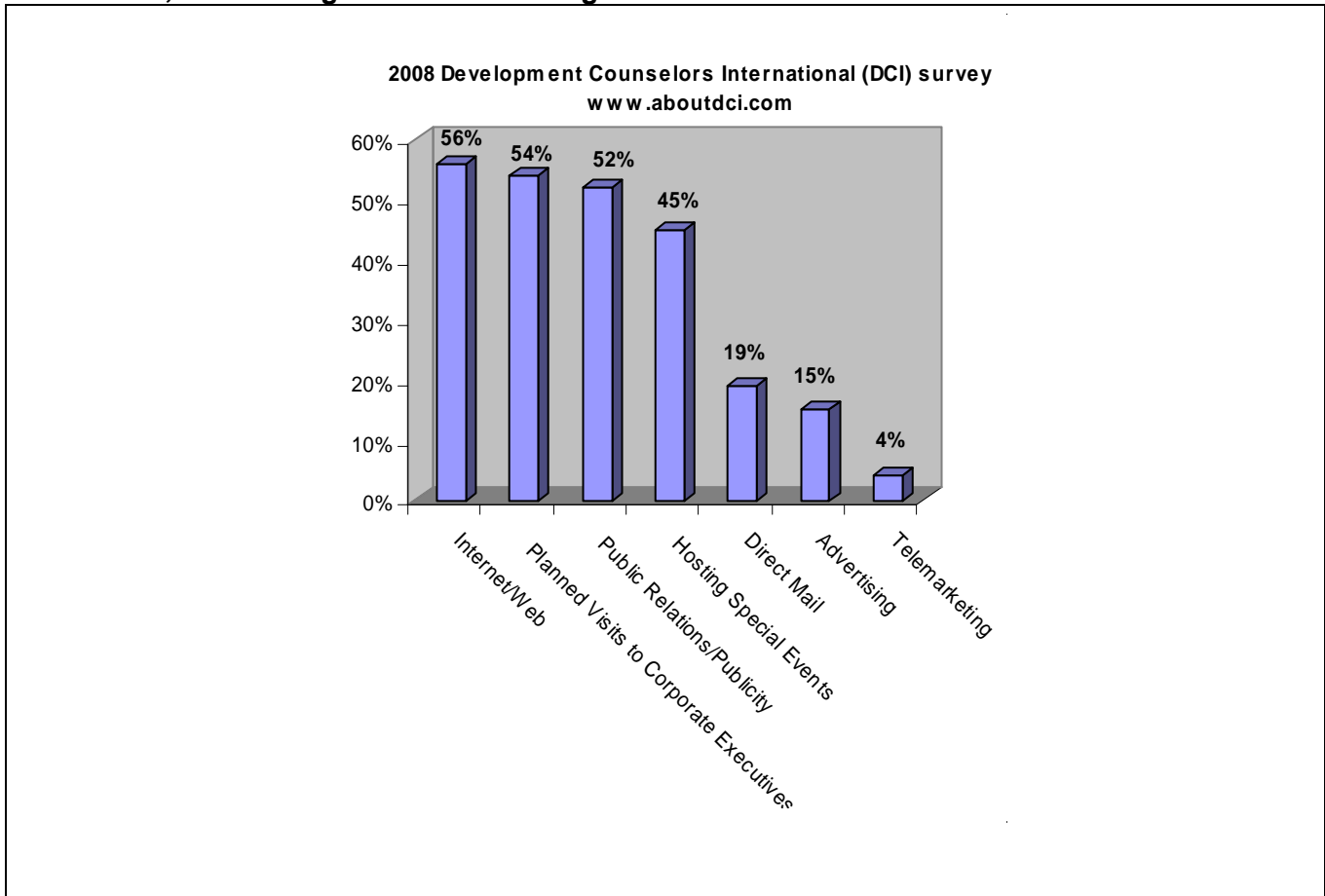
Market Positioning

Employ marketing strategies that position our community for outside investment or as a sought after location for attracting non local primary economy prospects.

According to ED Solutions, Inc. - 90% of data collection is completed online by site selectors before they pick up the phone and call to delve deeper into a community region or state.

- GMG enhanced greatermankato.com in October, 2008, reorganizing the already information-packed business development area of the web site to make it even more accessible and user friendly for those looking for information about doing business in Greater Mankato. From November 1 – December 15 the main Business page has had 2891 unique visitors. The business development section has three key area's that help these businesses:
 - Community Profile & Data area (430 viewings from 11/1-12/15) - this area includes comprehensive data to assist external and existing companies with business and site selection decisions, presented in standardized data tables conform with professional standards developed by the International Economic Development Council (IEDC).
 - Business Resources (390 viewings from 11/1-12/15) – this area includes information on financing options, tax incentives and business development and technical resources
 - Buildings & Land (276 viewings from 11/1-12/15) – this area includes information on buildings, land, industrial parks and zoning.
 - Start-up services (552 viewings from 11/1-12/15) – this area includes information on the Greater Mankato Business Accelerator, a program of Greater Mankato Growth and the City of Mankato that connects entrepreneurs with the area resources they need to succeed, as well as other resources for entrepreneurs.
- GMG with input from its city partners created a Pipeline Report, which is available in the business area of greatermankato.com and provides up-to-date information on current and future building projects in Greater Mankato .
- GMG developed collateral materials (brochure and letter templates) for a proactive personalized marketing program utilizing local CEO relationships and contacts to reach out to community alumni, supply chain partners and friends to solicit business development interest in Greater Mankato. To date we have 31 leads from this process and expect to have 150 by 3/31/09. The success of this initiative is also confirmed by the September 8, 2008 issue of *Economic Development Now*, which indicates getting local business leaders to communicate with external colleagues about a region's business advantages is a potentially blockbuster marketing opportunity.
- GMG responded to Minnesota Department of Employment and Economic Development (DEED), site selectors, company inquiries and community partners regarding businesses interested in expanding in Greater Mankato. In 2008 GMG worked with its community partners to respond to more than 20 company inquiries about expansion in the Greater Mankato Area. 15 of these prospects remain active and 2 of the prospects have become new developments in North Mankato, including North Central International and Thermo King. In many cases, the process of bringing a new company to the area may take years. Over the past four years, GMG has worked with Wal-Mart Food Distribution, Calpine, United Prairie Bank Headquarters, Superior Edge and many others expanding into the Greater Mankato region.
- GMG began working with Mankato and North Mankato in November, 2008 to create a comprehensive external marketing strategic plan that could be utilized by both cities and Greater Mankato Growth, Inc. in attracting and providing information to businesses that want to develop and expand in Greater Mankato. The plan will be completed and ready for execution in early 2009.

In the 2008 Development Counselors International (DCI) survey of corporate executives with site selection responsibilities, when asked to rate the most effective marketing techniques, they identified Internet Web/site, Planned Visits and Public Relations as the most effective and Direct Mail, Advertising and Telemarketing as the least effective.



Marketing Development Strategies

Employ marketing strategies that focus on assuring a diversified economic portfolio

- GMG grew the Greater Mankato Business Accelerator, a program of Greater Mankato Growth and the City of Mankato that was established in 2005 to connect emerging and growing businesses with the appropriate resources available in our marketplace. The Business Accelerator currently has 164 clients including:
 - Primary Economy – These 19 clients of the Business Accelerator have made a commitment to participate in the Business Accelerator’s formal business building program, which helps guide them through the stages of business development and business accelerator and also gives them access to incubator space in Technology Plus. While they account for 12% of the Accelerator’s clients, Primary economy clients receive the most time and attention from the Accelerator program, as they have made the formal commitment and their businesses fall under our economic development target entrepreneurs.
 - Germinating – These 33 clients are starting or growing a primary economy business, but have not made the commitment to fully move forward with their business or participate in the Business Accelerator’s formal business building program as a primary economy client.

- Retail/Sales/Non-profit - While the 109 clients in this category are greater in number than the primary economy and germinating clients, they need fewer resources. Typical interactions include meeting with the client to help connect them with area resources, utilizing the sophisticated Client Referral System (an online tool designed by Greater Mankato Growth with Accelerator graduate Mark Bietz).
- Primary Economy Graduates - To date, 3 businesses have graduated from the Accelerator's formal business building program: Plaja International, Mark Bietz - Full Swing Solutions and Oak Tree Simulations.
- GMG collaborated with desired industry partners to foster diversified economic development. These include:
 - BioBusiness Alliance of MN (BBAM)
 - Invested \$3,000 in sponsorship along with extensive personnel time working with other organization partners to prepare for and participate in the Bio 08 Convention in San Diego, California. This investment was leveraged by DEED into a total MN Bio presence of more than \$250,000, which helped further GMG's relationship with BBAM and the Minnesota Department of Employment and Economic Development (DEED) and provided the GMG representative who worked at the MN Bio area of the conference with valuable industry contacts.
 - Contributed area company information and public asset information to the development of the Minnesota Bio Industries online data base to foster economic development and supply-chain development in Bio industries (Pharma, Medical device, Food, Bioenergy, others)
 - Worked with BBAM and Minnesota State University, Mankato (MSU) on the development of the International Renewable Energy Technology Institute (IRETI) to act as a landing point for Swedish, Norway, Finland and Ireland based companies looking to establish supply chains and customer bases in the US. MSU will act as certification, testing and training host and BBAM and Greater Mankato Growth, Inc. will act as business support sponsors.
 - Provided significant assistance to BBAM and MSU in having Greater Mankato host the first US hosted International BioEnergy Days Congress at MSU in September of 2008. Helped in planning, locating sponsors and providing matchmaking services to introduce the foreign company visitors to 5 local companies that could serve as potential supply chain partners or customers.
 - Leveraged GMG's involvement and industries' interest in this developing market, with a number of Greater Mankato businesses developing new business opportunities and some engaged in new product line development that should provide stability to their businesses in our community as markets and opportunities shift.
 - Research/Innovation Park Preliminary Assessment
 - Completed inventory of MSU Research Faculty and their areas of study and purpose and other complimentary resources in the region to support MSU's resources (including Agricultural Utilization Research Institute, U of M Southern Research and Outreach Center and MNWEST in Worthington).
 - Analyzed other renewable energy research parks around the country and means of financing.
 - Regional Competitiveness Strategies
 - Worked with Southern Minnesota Initiative Foundation (SMIF), AgStar and other groups across southern Minnesota to identify strategies that the region can use to differentiate itself in our evolving global economy.
- GMG is involved in two angel investor networks that create a comprehensive equity stream for new and emerging businesses in varying stages. The two groups share deal flow, thereby leveraging assets and opportunities in the region.

- Two Rivers Angel Investors Network (TRAIN) – this pooled network of 16 investors utilizes local capital and talent to attract development opportunities to the area.
- Wellspring Investor Alliance© - was created by GMG in response to the need in the area for a non-pooled angel investor network that gave accredited investors an efficient way to learn about business investment opportunities in their area. The alliance is composed of independent accredited angel investors interested in growing high potential businesses in the region. The alliance does not “pool” the funds of the investors, but rather allows each to make their own investment decision. Wellspring Investor Alliance is modeled after other best practices, and benefited by the expertise of local merger and acquisitions expert, Matt Lessard of Ridley. The alliance uses a comprehensive software program designed specifically for angel networks which serves as a conduit to other angel groups and deals. Communication of this new investment network began in 2008 and there are currently 22 accredited investors. Marketing efforts are beginning in January to identify additional accredited investors.

Administration

Meeting Facilitation

Facilitate monthly meetings of development staff of the two cities; to discuss business prospects, share information on pending economic development projects, develop appropriate responses, and provide updates.

GMG holds monthly meetings with the Cities of Mankato North Mankato that cover strategic business development priorities, program updates and reports to keep all parties engaged in Greater Mankato business development opportunities and activities.

Strategic Planning

Provide the cities an annual strategic and marketing plan, as well as an opportunity to provide input on its design. Meet with North Mankato/Mankato to propose an annual marketing plan and budget request for the coming year for approval by the cities.

GMG began working with Mankato and North Mankato in November, 2008 to create a comprehensive external marketing strategic plan that could be utilized by both cities and Greater Mankato Growth, Inc. in attracting and providing information to organizations that want to develop and expand in Greater Mankato. The plan will be completed and ready for execution in early 2009.

Reporting

Provide the cities with an annual report, providing outcomes and impact from the previous year. Report budget expenditures on a project or marketing initiative basis.

GMG produces an annual report with complete information on business development activities of the past year. The 2007 Annual report was produced in Spring, 2008 and the 2008 Annual report will be produced in Spring, 2009. GMG also generates reports on specific programs and initiatives as needed.

Monitoring

Maintain copies of closed or pending project files or some mechanism that enables the cities to monitor the on-going economic development marketing efforts.

All significant inquiries and interactions made by Greater Mankato Growth are recorded and managed in ACT contact management software, customized for GMG. GMG’s Pipeline report also provides complete information on current and future building projects planned or underway in Greater Mankato.