

IssuesLive 2008

Marshall, MN



Issues

- **Access to Financing=11**
- **Start up issues=7 (9)**
 - Start up suppliers=1
 - Start up, R&D financing, private sector resources, product focused=1
- **Employee benefits=3 (6)**
 - Affordable health insurance for principles=3
- **Work Force = 6**
 - Employee Recruitment – quality candidates, rural competitive with metro=3
 - Attract people to stay in region as employee=1
 - Create perception of quality of life in rural locations to attract business and employees=2
 - Transportation and Infrastructure – technology, roads to compete such as high speed internet
 - Improving distribution via roads to Twin Cities, Sioux Falls, All points NSEW
 - Becoming part of a local culture to start a business but not being born there
- **Cost of doing business=3 (5)**
 - Rising energy costs=2
- Tax policy=1
- Pricing, margins, competing in market place=2
- Commodity prices=0
- Business planning=0
- B2B resources=1
- Negotiating bureaucracy to get products to consumers quickly – government=2
- Intellectual Property – provisional patent expiration=1
- Sponsors or financial aid to contract help to operate business – internet=1
- Consulting for Internet based business=2
- State Regulations=1
- Access to Marketing=0
- Self employment taxes=0
- Tax incentives for innovation=0
- Employee Management=1
- Federal regulations=0

What are four issues or problems that if solved, will best result in greater success for you?

Issues

Important

Actionable

Issue #1 Access to Financing=11

- Local Financing sources preferred
- Self funding to grow to certain point, then don't need the bank, slower growth 8-10 years versus 3 to 5 years
- Smaller loan size would have helped
- Bank decided viability of business through business plan
- 60/40 product-based vs service-based
- Capital to overcome losses and to strategically schedule interest expense
- Service business doesn't have collateral
- Valuing a business with information or Intellectual Property treated as collateral
- IP offsets high risk for loans
- Economic development and loan programs also look at relationships and character of business owner
- Many programs available but may not be obvious to lenders – need to create awareness and bring programs together
- Loans easier to get if creating jobs
- Business uniqueness requires educating lenders to viability such as massage therapy, green-based business. Later much easier.
- Borrowing from family, credit cards used to start up but interest buries you.
- Business lending is transferred to personal lending when denied

Issue #2 **Start up issues=7 (9)**

- Start up suppliers=1
- Start up, R&D financing, private sector resources, product focused=1
- Finding a starting point and a person who knows the ropes
- Many resources but hard to find a place to start and find the other sites – need a treasure map.
- Minnesota has many resources to help start ups – difficult because there is an informal network between providers but hard for a consumer to find them
- Appropriate information – detail, level of expertise, cost, etc.
- SBDC works well with veterans and their reintegration programs
- Need to work with veterans before redeployed so they can return to viable business with updated regulations and conditions
- On-line resources are difficult to use due to quantity of information
- Local meetings to discuss available business resources and mentoring/education from peers

Issue #3 **Employee benefits=3 (6)**

- Affordable health insurance for principles=3
- Often need to keep a second job for benefits and takes time away from business
- If can't ensure an employee won't be able to hire due to competition with businesses who can provide insurance
- Can there be a small business insurance pool?
- Health savings accounts may be another option
- Quality of insurance tied to the job that you do
- State of Massachusetts requires insurance of all businesses or pay a penalty. The penalty is cheaper.
- Can benefits be repackaged for different price points? Need alternative options based on funding available and packages such as long-term care, etc. See SBDC for publication that reviews packages
- www.mnsbao.com can request information
- Forming a group for group buy insurance has regulations per state. Still researching the legislation. If band together as an association, then it may be an option. Providers consider employees a better risk than members.

Issue #4 **Work Force = 6**

- Employee Recruitment – quality candidates, rural competitive with metro=3
- Attract people to stay in region as employee=1
- Create perception of quality of life in rural locations to attract business and employees=2
- Transportation and Infrastructure – technology, roads to compete such as high speed internet
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- Becoming part of a local culture to start a business but not being born there
- Business such as manufacturing comes into community but need education resources to take advantage of local work force by training them
- Shortage of skilled trades people, engineers, and manufacturing engineers. Need training in high school to encourage interest in pursuing these fields. The high schools need more funding for the trade programs.
- Works release programs with internships do help
- Investment is an actionable item for improving work force skills
- Collaboration in a community by employers and state to create facilities and availability of technical training.
- Minnesota job skills program delivers a work force grant via state, used by business paid, to a higher education institution. Creates partnerships between business and education. Creates specialized training programs. Worthington lab techs, Pipestones wind turbines, CVAC training, International cotton gin in Benson. Works for retraining workforce too.

Accessibility

- Programs need to become more available
- Awareness of regular programs by region or location

Conclusions

- Closing the gap by connecting better
- Word of mouth finds the service and resources
- The existing organizations work very well together in Minnesota
- Everyone will benefit from this type of discussion and need access in different times of day

Thank You!

