



## Economic engine: generating ideas, inventions & innovations

### What's working

#### **More companies are starting up.**

- We're seeing a strange uptick in startups. It's strange because Minnesota doesn't do well in early stage capitalization; nonetheless, the number of startups is growing at a faster pace than in the past.

#### **Interest in science and technology is growing.**

- Life Science Alley is growing. We used to do five to 10 referrals a month; now we're doing 200 to 400 referrals a month.
- The City helped start a green business network. It's very successful because people want to get together.
- Conference attendance is growing.
- An industry publication recently highlighted Minnesota; previously, Minnesota had never been mentioned in this biotech magazine. This will help build momentum and make Minnesota a place to watch.

#### **There's more collaboration among sectors.**

- There has been a noticeable change in the degree of collaboration and the strength of partnerships between academia and the public sector.
- Collaborative efforts among the Minnesota Department of Employment and Economic Development, Life Science Alley and the University of Minnesota are making a difference. For example, in the competition for a regenerative medical company, our collaboration is helping us compete with efforts to attract that company to the east or west coast.
- Organizations are at the table working to develop a state technology plan to foster Minnesota's innovation economy.

#### **The University of Minnesota is changing its attitude and is more open to working with the private sector.**

- The University of Minnesota has changed its approach to intellectual property, research

sponsorship and faculty involvement. That's an improvement over the 1980s and 1990s when the university was sending a message that it wouldn't take private money because that money could taint the research. As a result, companies partnered with universities in other states.

- The university has also begun placing more emphasis on working with small to mid-sized companies — a better tactic for driving the economic engine.
- The time it takes for a company to negotiate with the University of Minnesota and get a contract signed for intellectual property has dropped from approximately four years to two years. The university is putting mechanisms in place to make this process move more smoothly.

#### **The City of Minneapolis is paying attention to businesses.**

- Minneapolis is doing mindful business marketing outreach. The Community Planning and Economic Development Department is talking to large-sector employers and asking them what they need and what the City can do for them.
- Minneapolis is right at the top for thinking about how best to move forward and work with bio-business. City government is doing a lot right.

#### **Minneapolis is a good place to live.**

- The social environment here — night clubs, restaurants, the arts — is attractive to young people, and that makes it easier for us to recruit employees here.
- When doctors were here for a conference, they loved downtown because they could get out and enjoy downtown nightlife knowing it was safe. It's really important to remember that business people have lives beyond their careers.

### What isn't working

#### **We think too parochially.**

- Fostering the science and technology sector is about promoting the region. Local governments have to think beyond city boundaries.
- Minneapolis and the suburbs need to get beyond politics and not care where the jobs land. Jobs and economic opportunity overlay all communities. For example, a company may end up in Plymouth, but its supplier could be in Minneapolis.

#### **Minnesota faces stiff competition.**

- Minnesota isn't competitive with Wisconsin on the venture capital side.
- North Dakota is an incredible business incubator because of research and development tax credits.
- Compared to Atlanta, we aren't as good at caring for and tending our businesses. Atlanta works to build the region.

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### What isn't working *continued from previous page*

#### **We're complacent.**

- Senior executives aren't open to new ideas. When we work with the University of Minnesota and the Mayo Clinic, we find that senior executives won't take anything on that's not seen as traditional medicine. They need to be more open to non-traditional ideas.
- Our state's public leaders have not coalesced around innovation as a priority.

#### **Minnesota is losing its educational edge.**

- The quality of our public educational system is declining.
- Public schools don't require enough math.
- The disparities in educational achievement are growing.
- The number of college graduates is declining.
- State colleges don't place enough emphasis on producing science graduates.

#### **We need more knowledge of one another.**

- We don't know what's here or what our local capability is. For example, we let a contract for integration of medical biological devices to a New Jersey company only to find out that the New Jersey company was subcontracting some of the work back to a Minnesota company. We didn't know we had medical engineering capability locally. We find that often.
- In another example, a local tech company wasn't even considered during the City's procurement process. When local companies aren't even considered for contracts, they get rightfully frustrated.

#### **Money isn't readily available.**

- Getting early stage capital is our biggest problem.
- State and local grant money has too many strings attached that encumber commercialization.

### What should be done next

#### **Make funding more readily available.**

- Attract more venture capital – that's the top need.
- Reduce the strings attached to research grants.
- Facilitate more conferences and help companies meet people with capital.

#### **Nurture our businesses.**

- Work on business retention. City staff should visit companies to show that the City is interested in their success and values their contribution to the community. Keep doing the small things and nurture relationships on an ongoing basis.
- Work on the five pillars of creating an innovation ecosystem: 1) human capital and culture, 2) world-class infrastructure, 3) research and commercialization, 4) commercial ecosystem and 5) capital.
- Create networking opportunities for our corporate gems like Coloplast and Tactile Systems. They will soon get lonely without

similar companies, scientists and suppliers nearby.

#### **Work together to drive political change.**

- Get State leaders to be strategic in their approaches to economic development. Think broadly about where Minnesota should be heading and focus economic incentives around a strategic goal.

#### **Develop the neighborhood near Coloplast.**

- Redevelop the area near Coloplast. The City of Minneapolis should be aggressive about transforming this neighborhood and creating space for light industrial and supply companies. Coloplast needs friends to thrive; a cluster is extremely important.

#### **Push the education message.**

- Get the message to kids and their parents that students need math and science to be successful.

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*“Communities have to lobby the governor and legislators to develop a plan for fostering the innovation economy in Minnesota. The private sector can't do this on its own. Communities have to join the fight.”*

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*- Bioscience developer*