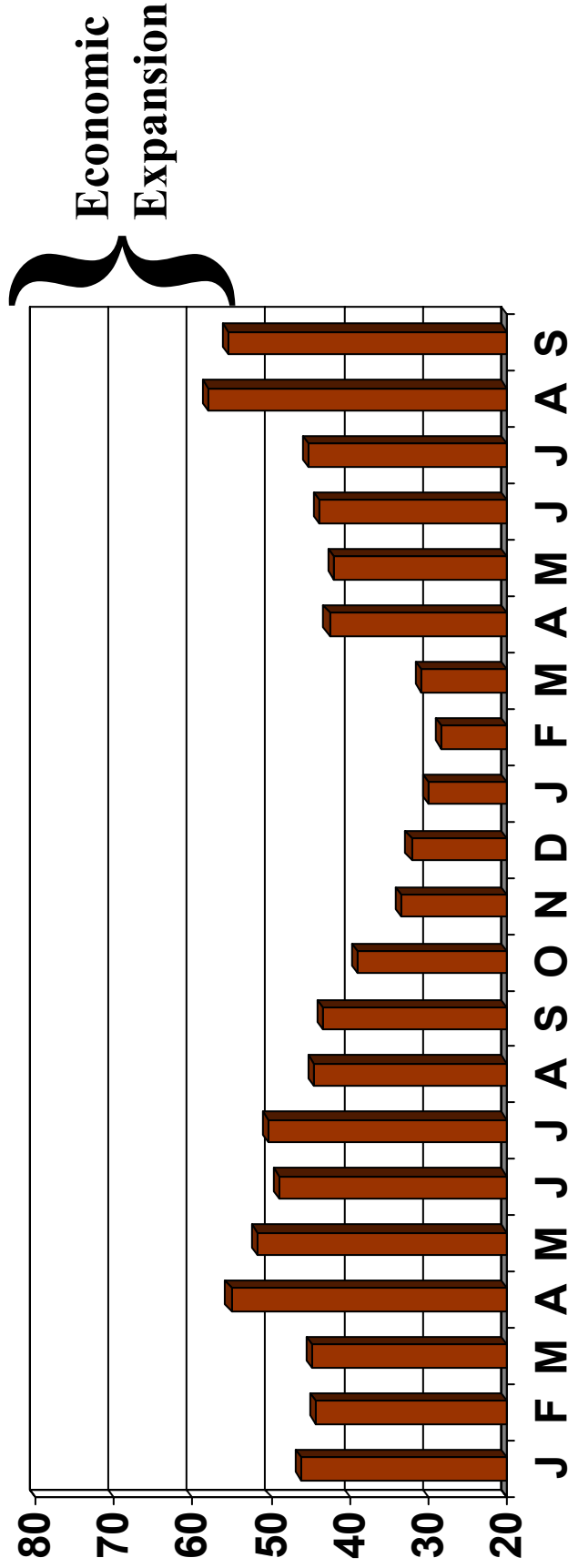


# **Minnesota Manufacturing: Opportunities for Recovery**

**MN Manufacturing Summit  
October 2009**

# Minnesota Business Conditions Index – Overall

Source: Creighton University



# MN Manufacturing: Current Condition

- Small manufacturers: Mortality rate high & rising
- Fortune 500s: More “detached” ...  
...MN growth unlikely
- In between: Rethinking, reshaping, reforming...  
...MN growth most likely

# Small Business – Famine or Feast

- 8 manufacturers
- Sales: \$48.4 m → \$7 m
- Profitable: 5/8 → 1/8
- Jobs: 335 → 173 → 234

## Some Good News

- “...our June Sales were the best in the 43 years history of Top Tool. You can spread the news that some manufacturers are doing well!\*”
- 40% of MN exporter < 20 employees

# Fortune 500 Mfg's

- Sales growth elsewhere
- Leadership...fewer ties to MN
- New jobs, if any:
  - Most likely: Admin
  - Possibly: R&D
  - Less likely: Mfg
- Local suppliers: See above

## Fortune 500 Mfg – Evolution In MN

Headquarter (HQ)	Sales & Marketing	R & D	Manufacturing (MFG)	Distribution
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### MARKET GROWTH

HQ	Sales & Marketing	R & D	MFG	Distribution	Customer Service
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### ACQUISITIONS

HQ	Sales & Marketing	R & D	MFG	Distribution	Customer Service
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### HQ RELOCATION

R & D	Sales & Marketing	MFG	Customer Service
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### RESEARCH RELOCATION

Sales & Marketing	MFG	Customer Service
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# **In Between's**

- **“Dominate” manufacturers**
- **Food processor**
- **Medical technology**
- **Energy supply**

# **MN Mfg Recovery Requires...**

- **More productivity growth**
- **More expense reductions**
- **More business start ups**

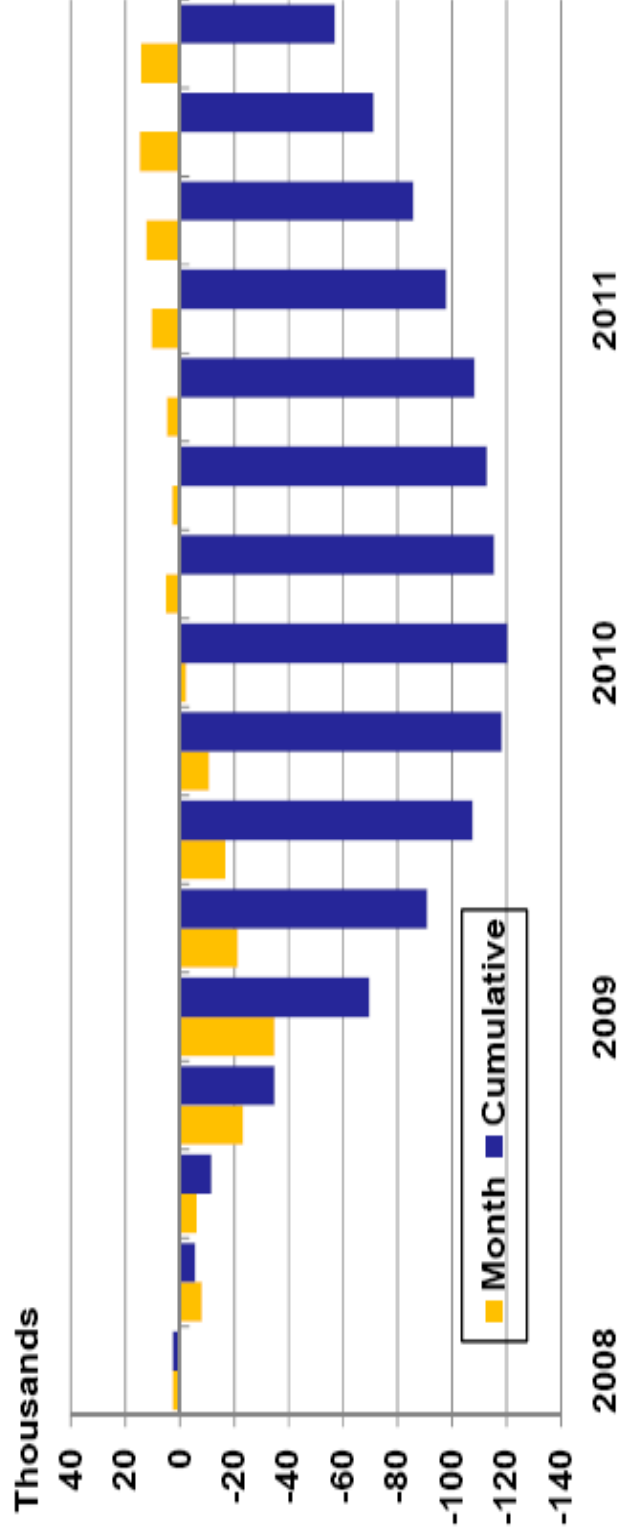
# Mfg Recovery Brings...

- More orders
- More exporting
- More investment
- Not necessarily more jobs!

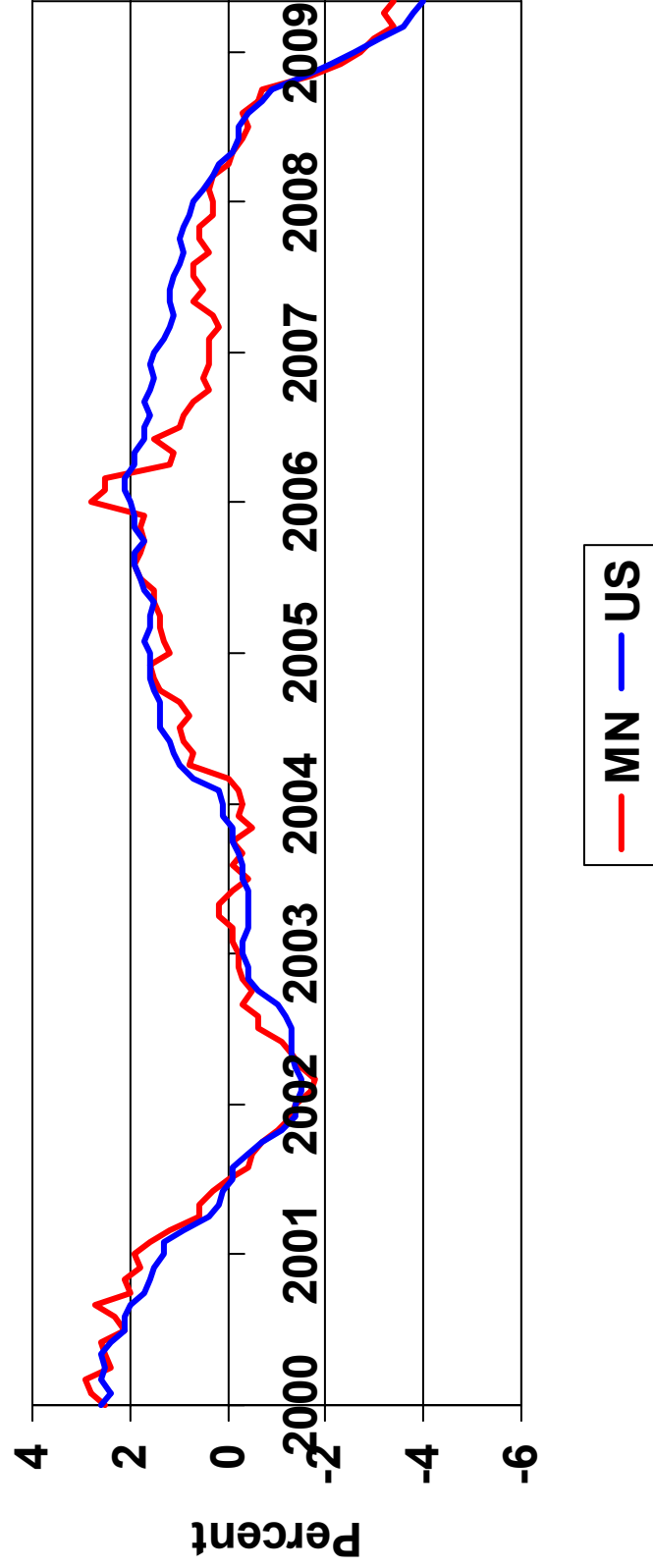
## 3M's Outlook\*

- “About 100 of the 700 early retirements were R&D employees, said Pat Campbell, 3M's chief financial officer. Some of the positions lost to early retirement will be filled with new hires.”
- “In another part of the call, Buckley said 70 percent to 80 percent of the job reductions the company has made would be permanent.”

## Minnesota Recession Related Job Losses Reach 120,000 by 2010



# Percent Change in Employment from Previous Year



# Speeding Up Recovery...

- No tax increases
- Retain competitive energy rates
- Permits on time & at budget

# **Sustaining Recovery...**

- **More workers, right skills**
- **More commercialization of MN ideas**
- **More world presence**
- **More public sector productivity**

# MN MFG Agenda

- Two tools: policy & direct action
- Speeding recovery:
  - Stopped state tax increases!
  - Upfront exemption -- sales tax on capital equipment
  - Streamline permitting
  - **Direct Business Assistance**
- Sustaining recovery:
  - Workforce/K12 education reform plan
  - Energy: lift nuclear ban
  - Public sector productivity legislation
  - **Grow MN! marketing MN: 2010**

# Questions & Comments