

The Greater Minneapolis-Saint Paul Region



The Region

The Twin Cities of Minneapolis and Saint Paul are the financial center of the Upper Midwest, with the Ninth Federal Reserve District headquartered in Minneapolis. A majority of the Ninth District's banks and banking assets are located in Minnesota. This capital base, combined with the financial services, insurance and venture capital companies located in Minneapolis-Saint Paul provide the money to finance the regional economy. The region ranks 12th among the fifty largest metro areas in venture capital invested as a share of gross metropolitan product.

The 13-county Minneapolis-Saint Paul Metropolitan Statistical Area includes about three million people. The region fared well economically in the last decade. Job growth from 1992 to 2001 was higher than the national metropolitan average, 79 percent versus 68 percent, and the region's poverty rate in 2000 was 6.7 percent, well below the U.S. metro average of 9 percent.

The educational resources of the University of Minnesota's Twin Cities campus and other local institutions provide an excellent supply of engineers, scientists and applied research to firms such as 3M, which is headquartered just outside of Saint Paul. The region's residents are among the nation's most educated. In 2000, 91 percent of residents completed high school or more, and 33 percent completed a bachelor's degree or more. Only the metro areas of Austin, Boston, Denver, Raleigh-Durham, Seattle and Washington D.C. had a higher rate of college-educated residents.

Issues of concern in the Minneapolis-Saint Paul region include managing the impact of traffic, boosting regional collaboration while clarifying the patchwork of regional organizations and maintaining the region's economic success.

The Business-Led Organizations

The Minneapolis-Saint Paul metro region has many business-civic organizations, but none has emerged as a leading regional voice.

The Great North Alliance aims for that role. Great North hopes to forge a leadership alliance of CEO-level leaders to adopt a 30-year view on boosting the region's competitiveness. It produces annual reports that compare the region against other regions to encourage residents, companies and political leaders to think on a regional basis. Board Member Curt Johnson calls Great North a "measuring stick with a conscience." Great North has yet to get its message out to a broad audience, and its profile remains low.

CHAMBER AT A CROSSROADS

The Minneapolis Regional Chamber is at a crossroads. New President Todd Klingel says a “malaise” has affected the Chamber because members have perceived it as ineffective. Klingel has set a dual policy: to change course and appeal to small and large companies alike. Small members will be organized into small business councils that address issues of interest to them. The Chamber will also take on regional issues, such as transportation, that appeal to larger companies. The goal is to become more assertive on regional issues while maintaining traditional member services.

By contrast, the Saint Paul Area Chamber of Commerce has become a strong political and economic development organization under President Larry Dowell, and is now the largest local chamber of commerce in the state. Its membership has grown from 900 businesses in 1996 to over 2,100, partly due to a 2001 merger with another local chamber. That merger left the Chamber heavier in business-to-business services and less reliant on manufacturing and retail. The Chamber took an important step several years ago when it formed a political action committee and began to financially back political candidates. The Chamber speaks for Saint Paul’s business community. Its main issues are transportation, economic development, stadium issues and education.

The Minneapolis Regional Chamber of Commerce is the weaker of the two chambers in the Twin Cities. It has been plagued by leadership turnover and a significant loss of members in recent years. The chamber is trying to regain members and play a more prominent role under new President Todd Klingel. Its main regional issues are transportation, workforce development and healthcare.

The TwinWest Chamber of Commerce, based in Minnetonka, Minnesota, serves the northern and western suburbs of the Twin Cities. It advocates for businesses and promotes the free enterprise system. Its important issues include member services, economic development programs and influencing public policy on the local, state and federal level.

The Minnesota Business Partnership is the state’s major CEO-level organization, including the largest businesses in Minnesota. It focuses on state-level issues in which business has a lobbying stake — including education, fiscal policy, healthcare, civil justice, government ethics and elections and regulatory policies.

The Capital City Partnership is made up of 52 of the metropolitan region’s largest corporations, whose chief executives are committed to revitalizing the urban core of Saint Paul, Minnesota’s capital city. The goal is to team the business community with the City of Saint Paul to plan, develop, promote and market the city’s downtown. More specifically, Capital City Partnership focuses on office tenant retention, expansion and recruitment, and investor marketing to enhance the city’s image.

The Minneapolis Downtown Council is a private, nonprofit corporation that promotes the growth and development of downtown Minneapolis and serves as the voice of the business community. The group's important issues include keeping a major league baseball team in Minnesota, improving transportation and holding downtown events.

The Regional Business-Civic Landscape

The business-civic landscape in the Minneapolis-Saint Paul region has many groups, but no single leader that can identify a vision for the future or rally business leaders behind regional issues. Though talk of regional collaboration seems to have grown, in practice competition between organizations in the two cities seems as entrenched as ever.

The major barrier may be the region's lack of a core city to rally around. Instead, each city or sub-region competes for itself to attract and maintain businesses and workers. An example is the competition between Minneapolis and Saint Paul over a new baseball stadium. The stadium is now located in Minneapolis but Saint Paul is making a strong bid to get the stadium built on its side of the Mississippi River.

Some have suggested that a joint effort by the two cities' business communities is the best route to regional collaboration since the two cities' political establishments have not come together. Politically, Saint Paul is a conservative city, while Minneapolis is more liberal. There has been talk of merging the two chambers but the current weakness of the Minneapolis Chamber and the strength of the Saint Paul Chamber makes that unlikely for now. However, the two chambers have a good working relationship, along with the TwinWest Chamber. One issue that has seen regional cooperation is transportation, where Saint Paul and Minneapolis have worked together.

Ken Johnson, President of the Saint Paul Port Authority, said the region needs a vehicle for regional collaboration. He believes the Saint Paul, Minneapolis and Minnesota Chambers should form a nonprofit group to be the regional business voice. So far, the newly formed Great North Alliance has yet to emerge as that unifying regional voice. "The chambers don't really understand what Great North is doing," said Douglas Petty, Great North's Chief Executive. Great North's profile remains low; it is in the midst of getting its message out to a broader audience.

Because the Minneapolis-Saint Paul region includes many of the state's largest companies, state organizations also play a role in the region's business-civic landscape. The Minnesota Business Partnership is the major CEO-level organization acting on state-level issues, while "Grow Minnesota!" is the Minnesota Chamber of Commerce's new private-sector business expansion and retention program. (See box on next page.)

Business Leadership

The increase in company mergers and acquisitions has hit the Twin Cities like other regions, resulting in the consolidation of firms and the loss of headquartered companies. This has left Minneapolis-Saint Paul with a smaller pool of large companies to look to for leadership. The same trend has increased the turnover of chief executives and

brought top leadership from outside Saint Paul and Minneapolis to run the companies. These new leaders from outside the state have fewer connections to the region and may be less inclined to participate in civic efforts. Establishing connections and educating them about the local environment takes time.

STATEWIDE CHAMBER TO GROW MINNESOTA!

Grow Minnesota! is the Minnesota Chamber of Commerce's new private-sector, statewide business retention and expansion program. Its mission is to promote statewide collaboration to boost Minnesota's economy. Grow Minnesota! deploys chamber executives and volunteer business leaders to conduct regular "retention" visits with existing Minnesota companies. There are 28 local chambers from across the state participating in the initiative.

Grow Minnesota! will encourage companies to stay and expand in Minnesota, recommend community and public-sector responses, and establish stronger ties between companies and statewide resources such as Minnesota Technology, Inc. In general, Grow Minnesota! will make the state's "front door" attractive by building a more responsive business environment, but spend most of its initial efforts on guarding the "back door," by paying attention to the needs of current businesses in the state.

Great North Alliance Board member Curt Johnson said business leaders in the region used to dominate big civic decisions, but then faded in the late '80s and early '90s when they retreated to lobbying on business-only issues. Now business leaders are asking once again how they can influence civic affairs.

Saint Paul Port Authority President Ken Johnson said the business community carries a lot of influence in the region and is active in state and local politics. He said that if the business community adopted a regional approach, government leaders would follow its lead.

Larry Dowell, President of the Saint Paul Area Chamber, said business leaders' influence on civic issues in the region is slightly less than it was five years because the region's economy is based more on small- and medium-sized companies than it used to be. That means the power to lead on civic issues is no longer focused in a few large companies. Additionally, the economic downturn put stress on many companies and as a result, many business leaders have less time or money to give to civic work. Finally, the political scene has adopted a short-term outlook based on winning the next election, which hurts efforts to build a long-term regional view.