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Census figures show rapidly growing populations of new Minnesotans in specific pockets of the state.
EXECUTIVE SUMMARY

New Minnesotans, led by immigrants and refugees from abroad, are helping drive the state’s economy. They possess the talent and energy to keep economic development moving forward and increase growth’s velocity — prospering as entrepreneurs, moving toward middle- and senior-level business positions, and working in higher-value manufacturing. Such financial success also increases new Minnesotans’ purchasing power, estimated at roughly $12 billion, which expands economic opportunity for all of the state’s businesses, according to Concordia University research.

Better incorporating newcomers into state commerce expands the spirit of Minnesota 2020’s (MN2020) Made in Minnesota annual series, with this marking the sixth edition.

Made in Minnesota 2012: Building Cross-cultural Commerce combines Census figures, previous economic projections, and case studies as a call to action for public, private, nonprofit and institutional support to help new Minnesotans expand entrepreneurial talents to benefit the entire state economy. We also encourage shoppers to diversify their retail experience by seeking out local products and services crafted by Minnesota’s newcomers.

Fresh U.S. Census data provide a quantifiable basis to begin piecing together new Minnesotans’ potential economic contributions to the state’s GDP. Thanks to the African Development Center’s work, the Latino Economic Development Center’s appraisals and other cultural groups’ studies, we have snapshots for individual ethnic groups. However, aside from Bruce Corrie’s work at Concordia University, little research has been conducted to measure new Minnesotans’ contributions en masse.

Despite small numbers as a percentage of the state’s overall population, Census figures show rapidly growing populations of new Minnesotans in specific pockets of the state beyond the Twin Cities.

While Nobles County in the state’s southwest corner is widely known as Greater Minnesota’s melting pot, it’s not the only rural community hosting growing immigrant populations. Redwood County, for example, boasts the state’s largest percentage increase of Asians since 2000. Nearby Pipestone County saw its Hispanic community grow from 0.7 percent of the total population to nearly 4 percent overall, with Mower and Watonwan counties also experiencing significant growth.
The majority of Minnesota Somalis, now estimated at nearly 50,000 statewide, continue to live in Minneapolis. However, they’re also settling in a growing number of non-metro communities, comprising an estimated one percent of Olmsted and Kandiyohi counties’ populations, with a significant presence in the St. Cloud area. ¹

New Minnesotans’ significant contribution to the state’s overall 7.8 percent population growth since 2000 translates into expanded markets for existing Minnesota made products and provides potential to begin processing new goods and services from current raw material to meet these unique demands.

Two examples of merging old with new to enhance economic development include using current livestock operations to raise and process halal meats for our growing Islamic population. It’s a market local livestock producers are losing to Chicago and coastal imports. The other involves southern Minnesota millers producing higher value grains for Ethiopian specialty baking.

Both feed entrepreneurial and revenue opportunities for new and long-time Minnesotans while meeting dietary and cultural needs that wouldn’t otherwise exist. This report will highlight a number of other such examples for traditional Minnesotans to prosper while helping new Minnesotans find a stable footing in the state’s economy.

<table>
<thead>
<tr>
<th>Group</th>
<th>2000 Population</th>
<th>2010 Population</th>
<th>Percent change</th>
<th>Proportion change</th>
<th>Total Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>141,968</td>
<td>214,234</td>
<td>50.9</td>
<td>1.2</td>
<td>4.0</td>
</tr>
<tr>
<td>Hispanic</td>
<td>143,382</td>
<td>250,258</td>
<td>74.5</td>
<td>1.8</td>
<td>4.7</td>
</tr>
<tr>
<td>Somali</td>
<td>18,596</td>
<td>50,356</td>
<td>170.8</td>
<td>0.57</td>
<td>0.95</td>
</tr>
<tr>
<td>White</td>
<td>4,400,282</td>
<td>4,524,062</td>
<td>2.81</td>
<td>-4.1</td>
<td>85.3</td>
</tr>
</tbody>
</table>

¹ Specific figures for Somali population growth are difficult to calculate because they’re collected by the American Communities Survey, which surveys only 3 million households, leading to a higher margin of error. Therefore, this report uses the survey’s mid-range numbers to quantify the Somali population. Nonetheless, the ACS is the best available tool to estimate the Somali population in Minnesota, which represents a roughly 19% subset of the state’s black population.
**FINDINGS**

Minnesota’s international newcomers are a two-fold benefit to state commerce:

- Their growing numbers create new markets and add value to existing resources and businesses, with at least $12 billion in annual purchasing power.
- Larger populations of specific ethnic groups provide opportunities for entrepreneurs within these communities, with an estimated $6 billion in total receipts from minority-owned enterprises.

Minnesota’s Somali population grew from 18,000 at the beginning of last decade to roughly 50,000 by 2011, based on the state demography office’s calculations. The state’s Ethiopian population also nearly tripled to at least 14,000, based on the demography office’s conservative estimates.

Since 2000, the number of Hispanics statewide grew 75% to more than 250,000.

- The group now comprises nearly 5% of Minnesota’s total population.
- Hispanics account for at least 10 percent of the population in four greater Minnesota counties.

Latinos are 30 percent more likely to become entrepreneurs than “established populations,” according to the Small Business Administration.

Minnesota’s Asian-owned firms generate $2.4 billion in total revenue and employ 17,000 people, according to Census of Business data analyzed by Concordia University’s Bruce Corrie. With a 50% population increase since 2000, Minnesota’s 215,000 Asians now account for 4% of all Minnesotans.

Minnesota has a vast network of public and private business incubators, cooperative development institutions, and small business centers to help new Minnesotans grow and thrive as entrepreneurs.

Unfortunately the volume of programs and specificity of each one makes it difficult to find and connect entrepreneurs with the correct services. Cultural differences, especially language, also remain significant barriers to matching prospective entrepreneurs with institutional and public support.
RECOMMENDATIONS

✓ State policymakers, business people, and institutional leaders must be made aware of the contributions new Minnesotans are already making to the state’s economy and their potential for future growth.

✓ Minnesota’s Legislature should request and properly fund a comprehensive study on economic development among new Minnesotans, examining what infrastructure and services are needed to encourage greater value-added economic activity by our new entrepreneurs.

✓ State and local organizations, institutions, nonprofit organizations and legal groups should explore both legal barriers and opportunities for greater cooperation on matters of research, business development, capital formation and financial planning for accessing programs and services. In many cases, memoranda of understanding (MOUs) allow private and nonprofit organizations to partner with government agencies in assisting such development.

✓ State departments and agencies, counties and cities should explore ways to collaborate on translation and interpreter services to overcome language and cultural barriers to access.
INTRODUCTION

Minnesota has always attracted newcomers. From its frontier days to the present, the state’s rich forests originally drew northeastern business people. Scandinavians and Germans came for its fertile farmland. The discovery of iron ore deposits attracted southern and eastern European newcomers in search of economic opportunity around the turn of the 20th century. For generations, Minnesotans have used the state’s natural resources to expand the economy. This process of settlement and growth continues to this day.

Every step along the way, policymakers expanded education and other community services to produce the greatest resource of all—Minnesota’s human resources.

Human capital helped these enterprises expand their revenue sources by developing more valuable uses for existing goods and services, hence moving up the value chain. To varying degrees, this had a ripple effect on workers’ wages, producing a vast consumer market with wants and needs. This opened up opportunities for main street and neighborhood merchants, many of whom where themselves newcomers of the period.

To this day, Minnesota’s resource riches still attract new residents. Those coming without vast personal wealth have integrated into Minnesota’s economy in a number of ways. Some are well educated in their home country and work here as professionals. Others use their agricultural backgrounds, setting up small farming operations, selling their produce at farmers’ markets or through other marketing methods. Newcomers also venture into retail-based entrepreneurship. Even more come to work in jobs provided by Minnesota’s food processing and marketing firms. Basic labor in manufacturing and construction also provides opportunity.

We can use the Minnesota historical path of human resource development in which immigrants come, work hard as farmers, laborers and shopkeepers, and send their children to school. This means second or third generations become higher-level entrepreneurs, professionals or highly skilled technical workers that move into Minnesota’s middle- and upper-class.
If we, as a state and a culture, are smart, we will work to shorten this path to the so-called “American Dream” by working with first generation newcomers to find ways of adding value to their products or labor.

This report looks at Minnesota’s inherent strengths, how industries have added value in the past, and what we might do to help immigrants, refugees and other newcomers pursue entrepreneurial ventures from the get-go. It should also be noted that this report does not dismiss new Minnesotans’ current contributions to the state’s economy. Rather, it encourages all Minnesotans—new and ‘old’—to explore ways to help new Minnesotans start more value-added manufacturing and production and provide greater value services to improve their family incomes and spur the Minnesota economy with more wealth creation.

**Report Terminology:**

**New Minnesotans** – Latter day Minnesota settlers, mostly immigrants and refugees from abroad.

**Old Minnesotans** – Established Minnesota families whose ancestors mostly moved to Minnesota or other U.S. states during migration periods stretching from the 1850s to the 1920s.

**Original Minnesotans/Native Minnesotans** – Long established Dakota and Ojibwe. They are generating economic development both individually and through tribal-owned, community-based enterprises. Tribal business models are also relevant for New Minnesotans.

**The Value Chain** – This varies from industry to industry, profession to profession, and community to community. At a basic level, products pass through activities in a specific order. At each point on this production or service chain, the product gains value. Many times, the closer a producer is to the consumer the higher his/her value derived from that product. At other times, the retailer has the lowest value in the chain.
PART 1: REVIVING MAIN STREETS AND FORGOTTEN NEIGHBORHOODS

Made in Minnesota 2012: Building Cross-cultural Commerce expands on work highlighted in last year’s version of this annual report examining newcomers’ significant impact on Minnesota’s economy, specifically in the area of agriculture and food production.


Fertile Ground cited Dutch academic studies that found more than 40 percent of new business startups in recent years have come from the country’s new Dutch—immigrants and refugees now living in Amsterdam, Rotterdam, Utrecht and The Hague. It’s hard to say if Minnesota’s newcomers are contributing that level of business startup in areas with high immigration growth because data that specific isn’t tracked.

However, St. Paul city planners concluded it’s highly likely new Minnesotans are responsible for 40 percent of business startups in St. Paul. Anecdotal information suggests a similar trend for Minneapolis. Studies by chambers of commerce and others note that the vast majority of new businesses in Willmar and Worthington are the result of new Minnesotans’ entrepreneurship, with significant contributions to new businesses in Rochester, Faribault, St. Cloud, Owatonna, Mankato and Marshall.

The most recent Census numbers help us track areas in the state fertile for business growth among newcomers. It’s a familiar pattern throughout Minnesota’s history: workers come to fill jobs, they stay, attract friends and family from their home county, and build a community. This rapid growth brings new customers for all businesses. However, if existing shops fail to supply goods and services these new customers demand, opportunities arise for those who understand the market and respond to fill voids.
Asian Minnesotans

For at least a generation, one of the nation’s largest Hmong populations provided St. Paul with ample economic development opportunities.

While many Minnesota Hmong still call St. Paul home, they join other Asian Minnesotans in an outward growth pattern to the suburbs and beyond.

Southwest Minnesota’s Redwood County is one of the state’s fastest growing rural Hmong communities

Minnesota is now four percent Asian, on par with a five percent nationwide total. Led by Hmong Minnesotans, Asians comprise nearly 12 percent of Ramsey County’s population and six percent of Hennepin County’s. However, from 2000 to 2010, the metro’s Scott, Wright, Washington and Anoka counties all experienced triple digit percentage jumps in their Asian populations, fueled by Hmong and Asian Indians.

Southwest Minnesota’s Redwood County is one of the state’s fastest growing rural Hmong communities. No one was identified as Hmong in the 2000 Census. Now, 323 Hmong and 507 Asian Minnesotans call Redwood County home, comprising more than 3 percent of its total population. These families have helped stabilize Walnut Gove’s Main Street.

<table>
<thead>
<tr>
<th>METRO AREA ASIAN POPULATION CHANGE</th>
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<tbody>
<tr>
<td>County</td>
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<tr>
<td>-----------</td>
</tr>
<tr>
<td>Scott</td>
</tr>
<tr>
<td>Wright</td>
</tr>
<tr>
<td>Washington</td>
</tr>
<tr>
<td>Anoka</td>
</tr>
<tr>
<td>Dakota</td>
</tr>
<tr>
<td>Hennepin</td>
</tr>
<tr>
<td>Ramsey</td>
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<tr>
<td>Minnesota</td>
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**Hispanic Minnesotans**

At 250,258, Hispanics account for 4.7% of Minnesota’s total population. Mexicans comprise the largest proportion of Minnesota’s Hispanics (70%), with small but diverse Central and South American populations making up the other 30 percent.

The metro area is home to the largest number of Hispanics; however, many Greater Minnesota communities are fertile for Hispanic economic development opportunities. Mower (10.6), Watonwan (20.9), and Kandiyohi (11.2) join Nobles (22.5) as the state’s only counties where Hispanics comprise at least 10 percent of the population.

| MINNESOTA COUNTIES WITH GROWING HISPANIC POPULATIONS |
|---------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| County          | Hispanic 2000 | Hispanic 2010 | Percent Hispanic 2010 | Change in Proportion of Hispanics |
| Nobles          | 2325           | 4820           | 22.5                      | 11.3                      |
| Mower           | 1646           | 4138           | 10.6                      | 6.3                      |
| Watonwan        | 1804           | 2338           | 20.9                      | 5.7                      |
| Kandiyohi       | 3295           | 4710           | 11.2                      | 3.2                      |
| Cottonwood      | 267            | 720            | 6.2                       | 4.0                      |
| Todd            | 463            | 1288           | 5.2                       | 3.3                      |
| Dakota          | 10,459         | 23,966         | 6.0                       | 3.1                      |
| Hennepin        | 45,439         | 77,676         | 6.7                       | 2.6                      |
| Minnesota       | 143,382        | 250,258        | 4.7                       | 1.8                      |
African Minnesotans

Roughly 100,000 Minnesotans identify their ancestry as Sub-Saharan African. Somalis comprise about half of this population, with Ethiopians trailing as Minnesota’s second largest African group. Like other groups, these populations rose dramatically over the last decade with Somali Minnesotans more than doubling from roughly 18,000 to 50,000. Ethiopians also experienced dramatic growth, with a Minnesota population of at least 14,000. Both sets are conservative estimates provided by The Minnesota State Demographic Center. Pinpointing exact Census data is more difficult for ethnic groups because they are tracked through the American Communities Survey, which is administered to a much smaller proportion of the overall U.S. population compared to the 10-year Census.

![Such population developments lead to several key questions:](image)

- Who are Minnesota’s newest entrepreneurs?
- Are they accessing public, private and nonprofit economic incubators and business start up programs?
- What policies can help ensure their success?

To help answer these questions, we reached out to Dr. Hussein Samatar, president and CEO of the African Development Center (ADC) and Yolanda Cotterall, Greater Minnesota program director at the Latino Economic Development Center (LEDC). Both organizations are based in Minneapolis but now have operations and staffs working in several greater Minnesota locations.

Cotterall said LEDC is exploring how it might begin assembling more expansive data than currently available that measure what Latino-Hispanic entrepreneurs and families are contributing to growth in the Minnesota economy. Such baseline information is necessary for looking at ways in which New Minnesotans revive communities and add value to Minnesota commerce and industry, she said.

From Worthington and Willmar to St. Paul’s east side, any number of Minnesota communities or city neighborhoods would offer a glimpse at how new Minnesotans are driving and reviving the state’s economy.

<table>
<thead>
<tr>
<th>MINNESOTA SOMALI</th>
<th>2000</th>
<th>2009-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated residents with Somali ancestry*</td>
<td>18,597</td>
<td>50,357</td>
</tr>
<tr>
<td>Share of Black residents that are Somali*</td>
<td>11%</td>
<td>19%</td>
</tr>
<tr>
<td>Total Black residents (one race)</td>
<td>171,731</td>
<td>271,087</td>
</tr>
</tbody>
</table>

*Stats are conservative estimates compiled by The Minnesota State Demographic Center, based on American Community Survey Data, which tend to have a higher margin of error.
The following snapshot of the Cedar-Riverside and Seward neighborhoods along Franklin Avenue in Minneapolis helps us understand the economic, entrepreneurial and social progress underway:

**Afrik Grocery** - A butcher at Cedar Avenue’s Afrik Grocery in the Cedar-Riverside neighborhood chops meat chunks from fresh beef loins to display in the counter near the back of the store. While tailor-made for new Minnesotans’ East African-style home cooking, these cuts are also ideal for old Minnesotans family-favorites of beef stews, soups, kebabs, fondues and any number of French, Italian and Mediterranean-style recipes.

Abdi Aden, Afrik Grocery’s manager, said a Chicago wholesaler of halal meats supplies the store and most Minnesota grocers serving Muslim homes and restaurants. The beef and chicken in the store mostly originate on American farms, he said, while the fish supplies come from both U.S. and Canadian sources.

Lamb and goat meat, however, are sourced from Australia and New Zealand, Aden said. In time, he added, Afrik Grocery and its customers would like to see locally raised meats produced by plants conforming to halal cultural requirements.

“If we could get it locally, we sure would,” he said.

**Shabelle Grocery and Restaurant** – At 2325 East Franklin Ave, Shabelle has provided a grocery and restaurant for customers featuring East African foods, spices and products for more than a decade. It serves people of East African descent and neighbors who have come to enjoy the food from Ethiopia’s Harar region. http://www.shabellegrocery.com/grocery

Mahdi Omar and Hassen Ismail own the company. Among products they offer that must be imported, and never will be produced locally, are coffees from their old homeland territory. Coffee connoisseurs around the globe know Harar as home to some of the richest coffee beans in the world, and East Africans are creating trade and expanding markets for the coffee here in Minnesota.
Shega Bakery & Spices – This Franklin Avenue enterprise is already expanding beyond its neighborhood into a regional, mainstream baking operation that provides both value-added products and services in the food chain.

Founded in 1996 by 3M engineer Worku Mindaye and Taffy Weldeyohannes, the Shega bakery business makes injera, the Ethiopian puffy flatbread popular throughout East Africa. It is gaining fans and customers from all Minnesota ethnic backgrounds. As evidence of its growing popularity, Shega has expanded beyond supplying just ethnic and neighborhood grocery stores. It’s now stocking injera for Cub Foods at a number of Twin Cities locations.

“Shega is already doing a lot of value-added work and is impacting the neighborhood,” said Samatar from the African Development Center. In doing so, he added, Minnesotans from a number of businesses and different parts of the state are seeing a positive bottom-line impact.

Side-by-side with the bakery on East Franklin, Shega sells various food and gift items from East Africa. The bakery itself employs 15 people. Shega has also started a Minnesota-licensed commercial trucking business to support its growing bakery and spices wholesaling.

This vertical and horizontal value chain expansion creates new business partners and supports jobs in Cedar-Riverside and Seward neighborhoods, and beyond.

In fact, some African grocers have become key customers for south-central Minnesota-based Whole Grain Milling Company, which has been stocking Minnesota’s neighborhood groceries with bags of specialty flours from the Hilgendorf family in Welcome.

While natural foods cooperatives are Whole Grain Milling’s biggest market, Ethiopian and other African bakeries and grocers are growing segments of the operation, said Doug Hilgendorf, who with wife Lin founded and are principal owners of the family business.

The Hilgendorfs had their farm certified as organically operated in 1989. They started Whole Grain Milling a year later to add value to their own farm’s organic grains and now mill and make products for other certified growers. Two sons and a few other relatives have joined them as business grew.
“We didn’t have the money to compete with our neighbors to buy more land,” he said referring to the region’s vast corn, soybean and livestock operations. “We had to take a different route.”

They expanded vertically by producing higher value grains and livestock to sell as close to the end user as possible, if not directly to the consumer, rather than horizontally by increasing land holdings and expand production of basic farm commodities.

The Hilgendorfs raise and mill grains that are especially popular with natural food store customers and the African neighborhood market shoppers, he said. One flour Whole Grain Milling makes for ethnic markets, creative and esoteric bakers, and people with wheat gluten intolerance comes from an ancient grain called spelt. Doug Hilgendorf said it is much like wheat but with an extra hull that is more like oats. “There’s an extra step involved,” he said. “With wheat, you combine it and use it. With spelt, you combine it, have to hull it, and then use it.”

Spelt is sent to the Welcome mill from farms in Michigan and Montana. Ethnic bakers and customers make special food products out of spelt flour. Other customers seek it for physiological reasons. “It has a different gluten content. Some people who have problems with wheat can handle it,” Hilgendorf said.

For Whole Grain Milling, growth and expansion of the ethnic food markets are part of a convergence underway with changing American diets and food choices. Consumers who want organic-natural food ingredients are learning to bake and cook with ancient grains. Interaction among people and cultures expand knowledge and curiosity of different foods.

This is evident with another growth area of products from the Welcome milling company. Whole Grain Milling makes certified organic tortilla chips for Minnesota’s growing Hispanic/Latino community and for old Minnesotans who now view tortilla chips as American as apple pie, pizza and lefse.
Expanding Beyond the Basics

Moving from the mainstay of food production, there are a number of other ways commerce connects new and old Minnesotans, Dr. Samatar rightfully notes. “Immigrants, refugees and their children are quickly going into banking, finance and the professions,” he said. “They don’t just serve their ethnic neighbors.”

A quick pass through the lobbies of the Wells Fargo Bank branch on Franklin Avenue and the Associated Bank branch nearby proves the point. These neighboring and competitive branches are among the most ethnically diverse outlets for both Wells Fargo and Associated, a Milwaukee-based regional banking group. The employees—tellers, loan officers, managers—and customers represent the first- and second-generation of East African and Middle Eastern new Minnesotans, and multi-generational members of Old Minnesota families.

Wells Fargo and M & I Bank have each provided ADC with $500,000 community development loans for its small business lending, commercial corridor and community development programs.

Samatar’s African Development Center (ADC) is intentionally located in the heart of the new East African neighborhoods and buttressed by the University of Minnesota’s West Bank campus and Augsburg College. It draws support from these institutional resources as well as from historic Cedar-Riverside, Franklin Avenue and Seward neighborhood leaders and organizations. In turn, the ADC also serves as a gathering spot for neighborhood people with an Afro Deli & Coffee on the premises.

Within the past year, Wells Fargo and M & I Bank have each provided ADC with $500,000 community development loans for its small business lending, commercial corridor and community development programs. The ADC offers various education and training programs for would-be entrepreneurs seeking to start businesses in the overlapping neighborhoods.
A Fact Sheet on ADC’s web site notes it has helped 500 client families with home ownership counseling and training since 2008. It can trace creation of 350 jobs from its loans and programs, has helped 3,000 clients with programs, written 315 business loans, funded 181 projects and has loaned more than $5 million to new Minnesotans’ businesses in recent years. In its 2011 Annual Report, the nonprofit group revealed the “delinquency rate of ADC portfolio at year-end was an astonishing 3 percent.”

Samatar is especially proud that 45 percent of program graduates from ADC cultural competency and financial literacy programs have become homeowners. This should tell observers that the programs work, he said. “It also means our graduates are creating good business for a lot of people who aren’t new Minnesotans,” he said. “Have you looked at who are mortgage bankers lately? Most aren’t new Minnesotans.”

Shifting from financial services to medicine, new Minnesotans are both providers and patients, facilitating the need and capabilities to establish health care hubs in the neighborhood.

Dr. Mohamud D. Afgarshe heads a staff of six medical professionals at the Gargar Clinic, serving up to 30 patients—both new and old Minnesotans—daily. When specialty medical expertise is needed, they refer patients to the Fairview Hospital on Riverside. In addition, the clinic is working with Rochester’s Mayo Clinic researchers on liver disease issues associated with East African people. “This is affordable healthcare,” Samatar said. It is one of four such clinics in Minnesota and Samatar predicts they will serve as models for other communities.

Sharing space with Gargar Clinic is Carepoint Pharmacy, which has a staff as equally diverse ethnically as the clinic, and serves more than 200 daily patients, says chief pharmacist Dr. Mowlid Balayah. Most come from within a three to five mile radius.

Carepoint has a loyal customers base, for cultural reasons, Balayah said. “They know we have language skills. That is no small thing when you need to understand your prescriptions.”
PART 2: MINNESOTA RESOURCES STILL HAVE ROOM TO GROW

Since statehood, the key to Minnesota economic development has come from seizing opportunities that add value to our abundant farm, forest and mineral resources. In modern times, however, we’ve developed a far greater resource: a diverse workforce, as mentioned in the introduction. This pool of talent, which this report will refer to as human resources, expands from both within Minnesota and from every newcomer who plants roots, expands markets, and produces products and services of value to supply domestic and export customers.

Mining has potential for job and business growth in the future, but will depend on huge capital investments and scientific research to move forward. Minnesota forest industries are struggling and await spurts in construction and their own value-added discoveries.

That leaves agricultural (including food production) and human resources as a logical place for New Minnesotans to find entrepreneurial opportunities, just as multiple generations of Minnesotans have before them.

As Minnesota 2020 identified in the Fertile Ground report, expecting newcomers to acquire vast tracks of farmland and find riches in commodity crops like corn, soybeans, and sugar beets is impractical. However, the report did identify a number of start-up opportunities in small scale produce operations and specialty foods production through direct-to-consumer and other niche marketing. As the African bakery examples from part one of this report highlights, transferring Minnesota’s existing agricultural resources into value-added products for emerging markets provides economic opportunity for new and old Minnesotans.

Manufacturing, especially food processing, is drawing diverse populations to the countryside, Census numbers show. As mentioned above, the diet and culture of these newcomers drive demand for different types of goods than what local stores supply. This opens dual opportunity.

First consider that the eat-local and organics movement already has small-scale producers (many of whom are new Minnesotans) and traditional farmers looking to diversify growing these unique foods throughout the region. Islamic, Hmong and Latino-Hispanic communities’ culinary demands fit the natural and organic foods movement well because small- and medium-operations are more willing and able to quickly meet undersized and non-traditional demands than many major food companies.

Growers could also link with processors (many of whom are newcomers with a deeper cultural knowledge of specialty foods for their populations) in forming companies or partnerships to produce higher value or unique products, such as halal meats, explains Terry Van der Pol, a Land Stewardship Project consultant at Montevideo.
The maps in the following pages show areas for potential development by ethnic group. Each overlaps by county existing food processors with the proportion of new Minnesotans.
Existing Food Processing Manufacturers, 2012
and
Estimated Somali Population, 2010*

Number of Food Processers
- 40 - 100
- 21 - 40
- 7 - 21
- 2 - 7
- 1 - 2

Estimate Percent Somali
- 1.07 - 1.74
- 0.64 - 1.07
- 0.28 - 0.64
- 0.05 - 0.28
- 0.00 - 0.05

*Note: The American Community Survey includes a margin of error in its population estimates.
New Minnesotans’ ethnic backgrounds create local markets for new products, and give Minnesota an opportunity to develop and support ethnic food manufacturing and processing to serve larger regional and national markets. This is especially so for the growing halal market for Muslim Americans. Minnesota Agriculture Commissioner Dave Frederickson and Assistant Commissioner Charlie Poster recently met with visiting food industry executives from Egypt and Jordan and discussed these same possibilities.

“We learned there were disagreements between the Jordanians and the Egyptians over what are proper halal procedures,” Frederickson said. From his perspective, the differences appeared to be minor. But he admits he doesn’t have the cultural background to know. Going forward, however, officials in Minnesota or at the USDA level will need to confer with the domestic Islamic community to resolve these differences if we are to develop a halal meat industry in Minnesota.

The Minnesota Department of Agriculture has a relatively new program—Pilot Agricultural Microloans—that could assist halal and niche market food development. The USDA has a similar program, says Colleen Landkamer, the agency’s Minnesota rural development director.

Despite the existence of these and other public and nonprofit programs aimed at helping expand this type of economic development, more needs to be done to encourage and lower barriers to participation. Here’s part of the issue. The new programs available in Minnesota are applicable to community-based or cooperative business ventures, which is a smart way to ensure future success for small business people. However, many new Minnesotans are refugees, immigrants, or laborers lacking a network of partners or readily available wealth for capital investment.

To access grants and other public financing, these individuals have to find ways to connect in a cooperative. That’s where organizations such as the Latino Economic Development Center (LEDC) and other local and regional associations are an important link.

With a USDA Rural Development grant, Cotterall at LEDC has worked with Latino-Hispanic groups to start small-scale cooperative ventures in various parts of rural, or Greater Minnesota. Most are involved with fresh produce or poultry.
Up the value chain, LEDC helped restaurateurs form a Mexican Restaurant Association and is now working to help restaurants organize a purchasing co-op for acquiring local, authentic foods. It is also working with immigrant farmers to start a grower-owned retail store, a co-op to market produce to institutions, and a meat processing plant that would be jointly owned by Latino farmers and Latino butcher shops.

Cotterall said Latino new Minnesotans come with established ties to agriculture and the food industry that can be a springboard for future entrepreneurship. Meetings with Latino families in southeastern Minnesota, for instance, produced evidence that 70 percent of the new Minnesotans emigrated from rural agricultural areas or have worked in agriculture or in food processing jobs. Further, she said, U.S. Small Business Administration (SBA) research has concluded that Latinos are 30 percent more likely to become entrepreneurs than what SBA describes as “established populations.”

Other ventures are being started with help from local organizations and local revolving loan funds that in some cases are seeded by federal programs.

Reginaldo Haslett-Marroquin, director of the Main Street Project’s Rural Enterprise Center has been developing a Latino-based chicken-raising cooperative in the Northfield area. These “agripreneurs” have the significant potential to become a competitive regional supplier. Their firm, Hillside Farmers Co-op, is off and running with a grant from USDA Rural Development (Czech).

This is just a small sample of the public and private financing available to encourage entrepreneurship among new Minnesotans. At the same time, community leaders, local economic development promoters and prospective entrepreneurs need a good-size scorecard to keep track of all the players.

Accessing such assistance can be complex. There are organizational limitations, and some programs have geographical boundaries limiting their use. Others have industrial sector limitations. For instance, some Minnesota Department of Employment and Economic Development (DEED) programs are restricted from helping start retail establishments.

Different USDA programs are restricted to helping entrepreneurs and communities under population limits. In the nonprofit sector, foundations that aid local economic development have their own criteria based on founders’ missions and goals.

There are logical reasons for the limitations and for the objectives these programs strive to achieve. The challenge that confronts new Minnesotans is in learning what programs are available, how they can be used, and how to access them. This is where community leaders and nonprofit organizations need to be partners in the programs if Minnesota is ever to become greater than its many diverse parts.
Consider these common observations from people engaged in community and economic development:

“We are not likely to ever have the budgets to properly staff ‘city hall,’ our state offices or most of our social service agencies.” – Dr. Hussein Samatar, African Development Center.

“Programs like the Pilot Agricultural Microloans are meant to be outreach programs. Language is always a barrier.” - Minnesota Agriculture Commissioner Dave Frederickson.

“Even if you speak Spanish, that doesn’t overcome all cultural barriers. Where are you from in Mexico? That makes a difference. Are you from El Salvador? Guatemala? Where are you from?” – Yolanda Cotterall, Latino Economic Development Center.

“I think language is always a barrier, especially in this day and age of shrinking resources at the federal level… [especially if it] require[s] one-on-one work with individual farmers.” – Colleen Landkamer, state director, USDA Rural Development.

The comments above are not specific to rural Minnesota or any specific community of new Minnesotans. LEDC, for instance, notes that in 20 years time the Lake Street corridor in south Minneapolis has progressed from having no Latino-Hispanic businesses to now housing more than 300 such minority-owned enterprises. Language is sometimes a barrier.

The same applies to the Asian-American communities in Minnesota. While people in the Twin Cities usually think of the huge Hmong population when referring to Asian Americans, the Hmong represented about a quarter (27 percent) of the Asian Pacific population in the 2010 Census.

The state Council on Asian Pacific Minnesotans, in an analysis of the recent Census, noted their ethnic ranks in Minnesota also include Asian Indian, Bangladeshi, Bhutanese, Burmese, Cambodian, Chinese, Filipino, Indonesian, Japanese, Korean, Laotian, Malaysian, Nepalese, Pakistani, Sri Lankan, Taiwanese, Thai, Vietnamese, Native Hawaiian, Samoan, Tongan, Guamanian or Chamorro, Marshallese and Fijian people.

About half of the recorded populations of Asian Pacific Minnesotans have sufficient numbers to inspire and maintain ethnic and cultural organizations. Some of the larger groups, such as the Hmong, have organizations that support economic development. Others, however, are cultural groups bringing together people of like backgrounds to keep their culture alive.
Even these latter cultural organizations serve important roles in promoting social and economic progress, said Priya Outar, an attorney and now graduate student at the Humphrey School of Public Affairs at the University of Minnesota. A member of the Council on Asian American Minnesotans, Outar said the culture groups are helpful for networking – bringing would-be entrepreneurs together with people and groups that can be of personal assistance as well as supporting cultural causes.

That is the purpose of organizations such as DAWN -- the Diaspora African Women’s Network. Founded by Semhar Araia of Minneapolis, the executive director, DAWN states its objectives as “providing our members with leadership, mentorship and professional opportunities related to Africa, connecting and empowering them, and by promoting community service projects in minority and immigrant neighborhoods.”

Araia was contacted for this report while she was attending United Nations General Assembly meetings in New York. Her group has 230 members who are either immigrants or the children of immigrants and refugees from 31 African countries or from other locations in Europe, the Caribbean, South America and the Middle East.
PART 3: ALIGNING INTERESTS OF OLD AND NEW MINNESOTANS

Scarce state and local resources should be focused to help entrepreneurs and prospective entrepreneurs who will pursue what are being called “dual” or “double bottom lines,” and in some cases “triple bottom lines.” The theory is that new Minnesotans can create sustainable, enduring business ventures when, and if, the enterprise “aligns” more than one set of resources in its business operations and markets.

Multiple bottom lines

In more socially conscious business organizations, a “double bottom line” usually means combing business profitability objectives with a second objective, such as support for community, the environment, stakeholder interests, or other definable goals. The best example of this, though not well known in the United States, comes from the Dutch economist and cooperative business leader Gert van Dijk (Van Dijk and Klep). He argues a cooperative business enterprise has dual bottom line objectives — the co-op must be profitable to remain competitive in its own markets and products must make its member-owners more profitable and entrepreneurial in their own ventures, regardless if it is a household or a business (farm) or service enterprise.

The “triple bottom line” concept is less known but is gaining use around the world. The Economist magazine reports John Elkington of the British consultancy SustainAbility first used the term in 1994. The first bottom line is profitability. The second bottom line is the “people account” of how socially responsible the firm is, and the third is the “planet account” — how environmentally responsible it is. More often, academic researchers and social organizations describe Elkington’s three Ps (planet, people, profit) as Environment, Social and Economic and note how the three bottom lines connect in Figure 1 on the next page.

The intersecting circles really define sustainability with several factors that add value to any enterprise. It should be noted, as Minnesota 2020 has in the past, that a large group of economists and business professors anchored in what is called “Anglo-American” business models dismiss double and triple bottom line theory as a sham and dismiss all stakeholders interests as illegitimate (Egerstrom, Money Talks report). A growing literature, however, argues strongly that isn’t so and draws on successes of Nobel Peace Prize winner Muhammad Unus and his Grameen Bank microlending practices as evidence. Tyche Hendricks, writing about the Recycla Chile firm that recycles electronics parts and instruments, offers another especially coherent example in an article for the Stanford Social Investing Review (Hendricks).

Opponents of the concept do so on narrowly defined ideological terms. Strong evidence exists that some firms do seek out and offer second and third bottom lines. This reality overlaps with aligned interests described below.
Aligned enterprises

Roger Smith, in an easily accessed and helpful paper “Aligning Competencies, Capabilities and Resources,” explores innovation in technological competencies, organizational capabilities and the application of resources, and describes how innovations are aligned “and supportive of a common goal…” (Smith). Two studies from abroad, De Haes and Van Grembergen on Information Technology (IT) use and Gottschalg and Zollo on human resources (see De Haes and Gottschalg) are among better looks at aligning interests and strengths.

Such scholarly works, however, continue work by agricultural and applied economists and rural sociologists that go back to the settling of the American frontier. This earlier work should be remembered as we look to help new Minnesotans and other entrepreneurs build new, sustainable enterprises that generate wealth by making aligned connections up and down the value chain.

One of the best voices for guiding rural Minnesota on economic development over the past decades was Philip Rupp, a professor emeritus economist at the University of Minnesota who insisted there are usually good reasons why sustainable businesses are located where they are. To grossly oversimplify his work, Rupp noted at Minnesota conferences that Minnesota, Iowa and Illinois are major pork producing states because corn for feed is so abundant in those states. Wisconsin, New York and Pennsylvania are major dairy states because cows can graze rolling hills and steep terrain and that’s the best use of those land resources.

**FIGURE 1:**

<table>
<thead>
<tr>
<th>ENVIRONMENTAL</th>
<th>SOCIAL</th>
<th>ECONOMIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Viable natural environments on which we depend</td>
<td>Sustainable natural &amp; built environment</td>
<td>Sustainable economic development</td>
</tr>
<tr>
<td></td>
<td>Equitable social ecology</td>
<td>Sufficient income &amp; strong brand &amp; reliable relationships</td>
</tr>
</tbody>
</table>

Sustainable natural & built environment

Nurture communities that nurture your business

**Sufficient income & strong brand & reliable relationships**
Moving up the value chain, Minnesota, Iowa and Illinois in turn have meatpacking plants because they are closer to the hogs. Wisconsin, New York and Pennsylvania have cheese plants because they are close to the bulk milk supply. What Rupp and transportation economists have pointed out repeatedly is that businesses can more easily transport meat products and cheese to consumer markets than move live animals or bulk milk into urban areas close to consumers.

Technology and especially how it impacts transportation can make the opposite economic developments also true. Minneapolis ceased being “the Mill City” when it became far easier to ship bulk commodities of wheat and other grains through the Port of Duluth and down the Mississippi River on barges to millers and processors closer to consumers.

What this has shown is that sustainable businesses over time have matched, or aligned, multiple interests. Rupp and others were noting in the 1960s, 1970s and 1980s that businesses tend to locate where it makes sense – most things being equal. Exceptions occur when there are artificial market interventions that subsidize business through tax subsidies or other sanctioned abuses of communities, the environment or local labor. Almost all U.S. states engage in some of these market distorting abuses. Protectionist nations round the globe do as well. Curbing some of these practices is among reasons nations have entered multilateral trade agreements over the past 50 years.

What the new Minnesotans from northeast Africa, Asia and Latin America should be showing all Minnesotans is aligning enterprises with existing businesses, new markets and second and third bottom line objectives does work. We need to assure state and local programs to assist the new entrepreneurs are also pursuing the same goals.
CONCLUSION

Minnesota’s changing demographics and the economic development opportunities these changes bring are closely tied to a transitioning global economy.

This report has looked at the impact new Minnesotans are having in generating ground-up development of new businesses and in expanding markets—for new entrepreneurs and for existing Minnesota businesses alike.

Going forward, we must align capital investment and human resources. Prospective entrepreneurs coming to Minnesota often need language and business assistance to secure capital, start businesses, employ people, and do so in compliance with federal, state and local laws and regulations. Minnesota needs to do a better job providing these services at both public and private entities that help small businesses.

We have a number of models to assist policymakers. One such starting point is the Minnesota State Colleges and Universities (MnSCU) system. Its schools, spread out in nearly 50 Minnesota communities, can train old Minnesotans in the language and cultural skills needed to adequately reach and assist new Minnesotans starting businesses or integrating into the workforce. MnSCU can also serve as a training resource for new Minnesotans who want to learn more about U.S. and Minnesota business strategies, especially in a time of more complex financing models and technological needs.

see map on page 31

We can also learn from Minnesota’s already successful local and county social service models. For example, the Minnesota Department of Human Services offers Limited English Proficiency (LEP) services for people throughout the state. In a blurb from the department’s LEP coordinator, Alejandro Maldonado, it is noted Title VI of the Civil Rights Act of 1964 mandates these services, meaning that Minnesota and the department have long established programs that work.

Similarly, the Minnesota courts system has long established experience providing necessary interpreter and translator services for people involved in the court system. A particularly good explanation of those services is offered by Ramsey County’s state courts at http://www.mncourts.gov/district/2/?page=1345. It cites 2011 study findings that show Spanish, Somali, Hmong, American Sign Language and Vietnamese were the five most widely used interpreter services in state courts.

It stands to reason that people facing legal proceedings need these services. It should also be obvious that people wanting to start businesses or to join different industrial or service workforces need similar assistance to get started and to avoid later needs for courts.
The real bottom line for the entire Minnesota economy is this: New Minnesotans are diversifying our talent pools, creating new markets that benefit all, and bring a desire for entrepreneurship. Investing in services that turn the New Minnesotans loose in their entrepreneurial endeavors is a sound investment in Minnesota’s future prosperity.

The world is changing. Census data clearly show Minnesota is changing in step with the world and its evolving markets. Cooperatively and intelligently assisting change is the surest way for Minnesota to strengthen communities, expand the economy, and improve the quality of life for all.
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