



Caledonia Development Opportunity Profile

Introduction


As your community starts the REV program, bringing data about Caledonia and the surrounding area into your conversations is helpful. Over the next several years, your work will be targeted at building a community that better supports entrepreneurs, encourages entrepreneurship and innovation, and has generated the energy to consistently bring about positive change in the long term.

We know from our work with other communities that understanding the current situation well and using the best data available can help guide your group toward smart strategies and tactics to meet your REV goals. This report is intended to provide you with some of that information.

But we also know you'll still have questions that even the best secondary data can't answer. That's perfectly ok and expected. The pattern we encourage is to use the data we provide here in this report and the appendices as an exploratory tool. When you find interesting data points that need more detailed information, that will allow you to explore those issues with your community and gather your own data. Said more succinctly, this report is intended to empower you to ask more questions and narrow down some of the areas you want to focus your REV efforts.

Key Takeaways

This report and the accompanying appendices are loaded with information and data points, all of which are interesting. They can help you understand the current state of your community in terms of entrepreneurship performance and context. However, it



can be easy to get lost in the multiple sources of information, so here are three key takeaways your REV team should consider:

- Pay attention to the economic changes happening in La Crosse. Several growing industries might provide new opportunities for entrepreneurs in Caledonia to support.
- Demographics is destiny, and Caledonia has seen some changes in recent years. Caledonia, Houston County, and the La Crosse MSA all see new families moving into the area. These new families present an opportunity to be a source of potential entrepreneurs and potential consumers. These opportunities will likely require businesses to adapt to consumer expectations and product desires.
- Caledonia has a strong agriculture, transportation and warehousing, and manufacturing industries. These industries are strongly connected to the regional economic strengths. There are likely opportunities for entrepreneurs who wish to support these industries better.

Organization and Appendices

This report is organized around four sections: regional context, demographics, economic drivers, and entrepreneurship metrics.

We have also provided several additional appendices for those who want to dig in further. These include reports from economic analysis tools we use at the University of Minnesota and links to spreadsheets with the raw data you might be interested in using.

Our hope is that combined, this information will lead your REV to new insights and new questions about where there are opportunities to take strategic action to support entrepreneurs better. The University of Minnesota Extension Community Economics team is interested in hearing from you about the additional questions you would like to ask and the additional data you would find useful.



Regional Context

Regional Context

Caledonia is part of a larger regional economic and demographic context. La Crosse, Wisconsin, is a Metropolitan Statistical Area (MSA), and the US Census Bureau considers Caledonia part of this MSA. This means there is enough economic and commuting activity between these locations to consider Houston County, including Caledonia, part of the same MSA region.

Also nearby is Winona, Minnesota, about 1 hour drive away. Rochester is about a 1.5-hour drive. These regional centers offer employment and shopping opportunities that people in Caledonia use.

It's therefore important to understand how the La Crosse MSA is changing to understand how Caledonia is changing. Here are some interesting highlights from the Lightcast Report found in the Appendices about the changes happening in the La Crosse MSA:

- La Crosse-Onalaska, WI-MN, had a May 2023 unemployment rate of 2.18%, decreasing from 2.65% five years before.
- As of 2022, the region's population has increased by 2.5% since 2017, growing by 3,440. Population is expected to increase by 2.7% between 2022 and 2027, adding 3,853.
- From 2017 to 2022, jobs declined by 1.1% in La Crosse-Onalaska, WI-MN from 82,200 to 81,299. This change fell short of the national growth rate of 3.8% by 4.9%. As the number of jobs declined, the labor force participation rate decreased from 69.9% to 67.7% between 2017 and 2022.

As we continue to examine the demographics and economics of Caledonia, we'll be comparing the MSA, Houston County, and Caledonia to each other to develop a clearer picture of the changes happening in the area. If you would like to learn more about the MSA, Houston County, or Caledonia contexts, see the Appendices Lightcast reports.

Implications

REV Team Implications

This regional context has several implications for your REV team to consider, such as:

- The connection between Caledonia and the MSA means that Caledonia can benefit from and be impacted by growth in the MSA. For example, Caledonia residents may shop in larger cities such as La Crosse, thereby forgoing local shopping. However, as businesses grow in La Crosse, Caledonia businesses might have opportunities to become part of these supply chains to encourage business expansions to Caledonia.
- Learning who's who in the La Crosse area & MSA could help REV team members understand the changes happening in the region. Meeting people involved in entrepreneurship support and economic development from La Crosse and La Crescent might be advantageous.

Entrepreneur Implications

The regional context also has implications for entrepreneurs in Caledonia, such as:

- Entrepreneurs in Caledonia should consider the larger marketplace they serve. For example, they might consider their trade area, including the MSA region.
- Learn about the needs and gaps in the MSA, not just Caledonia. The MSA and nearby communities have economic opportunities that people in Caledonia can address from Caledonia.
- Service and Retail entrepreneurs will want to learn about the needs and preferences of consumers locally and in the nearby communities. Consumers are willing to travel for the right product, service, or experience.

Questions to consider

- How do you and your REV team members see the regional context in Caledonia?
- What nuances are important for your REV team, entrepreneurs, and community members to understand about the opportunities and challenges of the regional context for Caledonia?
- What are the benefits for Caledonia of being part of a larger economic region? What barriers does being part of a larger economic region create for people in Caledonia?
- Which businesses in Caledonia are already benefiting from serving customers beyond Caledonia?



Demographic Change

Demographic Change

Population changes are closely tied to economic growth and decline. Understanding how Caledonia's population is changing and the region's population is changing can help your REV team identify opportunities and challenges on the horizon. In this section, we look at the demographic changes in terms of the overall population, the changes within age groups, and the changes in racial diversity. We compare Caledonia with Houston County and the MSA.

This section used demographic data for the past decade (2012-2022) for comparisons unless otherwise noted.

Overall Changes

In terms of total population, Caledonia stayed nearly constant over the past decade (2012-2022) with a -0.1% change (from 4,654 to 4,650). Houston County showed a modest 1% increase (from 18,766 to 18,902), and the La Crosse MSA expanded by 4% (from 135,347 to 140,306) over the same period.

Race and Ethnicity Changes

- The White, Non-Hispanic population in Caledonia increased by 1% and made up 95.83% of the city's population, higher than the proportions in both Houston County (94.6%) and the La Crosse MSA (89.3%).
- Among smaller racial and ethnic groups in Caledonia, the Black, Non-Hispanic population notably increased by 79%, aligning more closely with Houston County's 75% growth than the La Crosse MSA's 36% increase.
- Unlike the growth in Houston County and the MSA, the Asian, Non-Hispanic, and White Hispanic populations in Caledonia either saw growth or decreased, growing by 25% and declining by 11%, respectively.
- In contrast to trends in Houston County and the La Crosse MSA, Caledonia experienced a significant decrease in people identifying as Two or More Races, both non-Hispanic and Hispanic, dropping by 78% and 81%, respectively.

Age Group Changes

- The youngest age cohort (Under 5 years) in Caledonia experienced a marginal increase (1%), contrasting with a decline in the La Crosse MSA (-10%) and a slightly larger increase in Houston County (3%).
- The adolescent population (15 to 19 years) declined in both Caledonia (-13%) and Houston County (-10%), while it remained nearly constant in the La Crosse MSA (0%).
- All three regions exhibited an increase for the working-age group (40 to 44 years), but Caledonia led with a 21% increase (50 people).
- Among the elderly (65 to 69 years), significant growth occurred across all three regions, with Houston County experiencing the most pronounced increase at 48% (477 people). Caledonia saw a 17% increase (from 290 to 340), Houston County had a 48% increase (from 999 to 1,476), and the La Crosse MSA had a 45% surge (from 5,833 to 8,438).

You can learn more about these trends in the appendices and dig further into the data. We used the Lightcast Demographic Profile, Lightcast Regional Comparison, and Headwaters Economics Demographic reports, and we suggest you look at each.

Implications

REV Team Implications

- The growth in the 40-44 age cohort might signal there are now families in the community that you might connect with and encourage to be engaged in the REV work. Consider ways that you can learn more about this group.
- It's not uncommon for small communities to lose 15 to 19-year-olds. This shouldn't be a cause for concern because it fits generally with trends happening in rural communities across the country (<https://extension.umn.edu/economic-development/rural-brain-gain-migration>). Instead of focusing heavily on this, consider learning more about the people moving into your community.
- The region is slowly diversifying in terms of race and ethnicity. Your REV team can work to understand these changes better, engage with people from diverse backgrounds, and encourage entrepreneurs to consider how they can market to consumers in these groups across the region.

Entrepreneurs Implications

- The increase in the population of those between 40 to 44 years in Caledonia (21%) and Houston County (12%) could signify a potential market for products and services geared towards middle-aged consumers. This could include health and wellness programs, child care services, and financial planning services.
- The significant growth in the 65 to 69 age group in all regions, most notably in Houston County, with a 48% increase, indicates an emerging market for services catering to older adults. Entrepreneurs might consider ventures in healthcare, assisted living or recreational activities specifically designed for this demographic.
- The decline in younger populations, particularly in the under 5 and 15 to 19 age cohorts in the La Crosse MSA and Caledonia, might indicate a reduced demand for products or services focused on these age groups in the future. Entrepreneurs should tread carefully before investing in sectors like toys or young adult fashion in these regions.

Questions to consider

- How have you seen the demographic changes happening in Caledonia and the surrounding area regarding the people, businesses, and culture?
- How might your REV team reach out and engage with new residents in your community? What role might they play in the REV work or as potential entrepreneurs?



Commuting Patterns

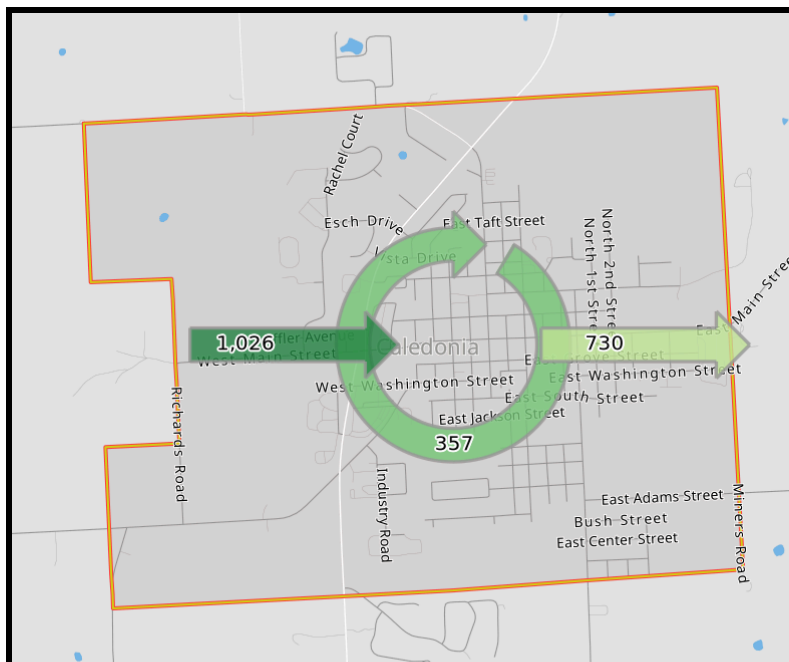
Commuting Patterns

Your REV Coach and Community Coordinator asked our team to look closely at the commuting patterns in Caledonia. Anecdotally, more people are moving to Caledonia but working remotely or commuting to nearby communities. The pandemic might have accelerated this trend in Caledonia as in other small towns, especially nearby large regional centers.

OnTheMap, a U.S. Census tool, provides a quick and detailed analysis of worker inflow and outflow. It's a free tool that you can use to run various analyses related to commuting patterns. You can learn more about it in the Appendix for On the Map.

Figure 1 shows the number of workers that commute to Caledonia, the number that work and live in Caledonia, and the number that commute out of Caledonia for work.

Figure 1: Caledonia Inflow and Outflow of workers



Source: Census on the Map: <https://onthemap.ces.census.gov/> - Search for Caledonia, then select inflow / outflow.

- **74.2%** of people employed in Caledonia (1,026 out of 1,383) live outside the area, indicating that the town is a net importer of labor.
- **67.2%** of Caledonia residents (730 out of 1,087) work outside of Caledonia, suggesting that a majority of the local population seeks employment in other areas.
- **32.8%** of Caledonia's residential population (357 people) both live and work in the area, which could imply limited job opportunities or a preference for diverse employment options outside of Caledonia.

Implications

REV Team Implications


Your REV team might consider these implications of the commuting patterns in Caledonia:

- **Recruiting for REV Team Members:** Consider that some people who might join the REV team live outside Caledonia but work there. Making it easy for them to participate is important, especially for those who commute. Also, many residents living in Caledonia but working elsewhere might want to join. Finding a meeting time that suits both groups can be tricky.
- **REV Events for Potential Entrepreneurs:** Since many people come into and leave Caledonia for work daily, it can be hard to get potential entrepreneurs who already have jobs to join REV activities. If these activities are held during work hours, those outside Caledonia might be unable to attend.

Entrepreneur Implications

Entrepreneurs in Caledonia might consider the following when thinking about commuting patterns in the area:

- **Incommuters:** The high percentage (74.2%) of people employed in Caledonia but living outside the area suggests there may be possibilities to serve commuters.
- **Export of Consumer Spending:** 67.2% of residents working outside Caledonia means that a major portion of consumer spending likely occurs in other locations. Entrepreneurs should consider offering services or products to retain that spending within the community. This could include retail options, entertainment venues, or other services typically utilized after working hours.

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- **Limited Local Engagement:** 32.8% of residents both live and work in the area. This low percentage may indicate a lack of diverse local job opportunities or amenities that encourage people to live and work in the same locale. Entrepreneurs might consider business models that fill identified local gaps, thereby increasing the number of people living and working in Caledonia.

Questions to consider

- How many entrepreneurs do you know that live outside of Caledonia? What challenges do they face?
- How might you learn more about people commuting in and out of Caledonia? More importantly, how might you tell those people about REV and encourage them to explore starting a business in Caledonia?



Economic Drivers

Economic Drivers

Introduction

When thinking about the economic drivers of a community, it's helpful to consider the economic composition and competitiveness of the industries in the region. It's also important to consider how those factors might differ in Caledonia, Houston County, and the MSA.

Economic Composition

We looked at data for Caledonia, Houston County, and the MSA to identify the top three industries by employment for each.

MSA's top three industries:

- General Medical and Surgical Hospitals
- Restaurants and other eating places
- Education and hospitals

Houston County's top three industries:

- Education and Hospitals
- Local Government
- Specialized Freight Trucking

Caledonia's top three industries:

- Specialized Freight Trucking
- Education and Hospitals
- Animal Production

Figure 2 shows the largest industries in Caledonia.

Largest Industries



You can learn more about these industries' employment, growth, and concentration in the Lightcast Economy Overview Appendices. Comparisons across the regional levels are also available in the Regional Comparison Report Appendix.

Economic Competitiveness

Analyzing the economic competitiveness of industries provides a glimpse into the parts of the regional economy that are performing better or worse than expected when compared to US averages. We used a Location Quotient to assess the economic concentration of industries in Caledonia, Houston County, and the MSA. A location quotient compares the average employment in an industry in the region against the average employment in that industry in the U.S. For example, a Location Quotient higher than 1 indicates a higher concentration of employment in that industry than the US average.

We started our analysis by looking at the largest industry groups as classified by the North American Industrial Classification System (NAICS). In the MSA region, the top three most concentrated industries are:

- Utilities
- Health Care and Social Assistance
- Manufacturing

Additionally, we noticed three interesting high-level facts about Caledonia:

- Caledonia has a higher concentration of manufacturing employment (1.38 LQ) than Houston County (1.14 LQ) and Minnesota (1.34), but the the MSA is higher at 1.42 (LQ).
- **41%** of all Manufacturing jobs in Houston County (531) are located in Caledonia (222).
- Manufacturing employment has declined in the past five years in Caledonia (-17%) and Houston County (-19%), but has increased in the La Crosse MSA (+4%), and Minnesota (+2%).

You can learn more about employment concentration and growth in the Lightcast Economy Overview and Regional Comparison Appendix.

Detailed Analysis

Although a broad understanding of the regionally competitive major industries is helpful, a more useful approach is to consider the most detailed industry classifications. This means looking at the NAICS data at the five-digit classification level. (You have this data in the DATA Appendix for Caledonia, Houston County, and the MSA). When we did this, we found several interesting and highly competitive industries. Here are the most interesting industries we found in Houston County, and the MSA:

Table 1: Growing and specialized industries Houston County

Industry	2022 jobs	2012-22 Change	2012-22 % change	LQ	NAICS
Specialized Freight Trucking	229	+205	854	46	48423

Frozen Food Manufacturing	198	+161	435%	58	31141
Continuing Care and Retirement Assisted Living	108	+86	391%	3.37	62330

In Houston County, several industries have shown remarkable growth and specialization from 2012 to 2022, and this trend is particularly evident in Caledonia. Take, for instance, the Specialized Freight Trucking and Long Distance Trucking industry. Over the past decade, this industry has expanded by a whopping 854%, adding 205 new jobs. By 2022, there were 229 jobs in this industry in Houston County. Almost all of these jobs—228—are concentrated in Caledonia. Furthermore, each job in this industry offers an average salary of around \$107,477, signaling its significant economic contribution.

Specialized Freight Trucking and Long-Distance Trucking is an important industry to watch in Caledonia. In Minnesota, there are 1,904 jobs in this industry, and Caledonia's 228 jobs account for nearly 12% of that total. In the La Crosse MSA there are 265 jobs, meaning Caledonias' 228 jobs represent 86% of the jobs in this industry in the MSA. This industry is very specialized in this region and Caledonia compared to the rest of the employment across the country. However, this industry has also seen declines in employment in the past five years, with a 34% decrease in Caledonia, a 24% decrease in the MSA, and a 17% decrease in Minnesota.

Similarly, the Frozen Food Manufacturing industry has grown by 435%, leading to 198 jobs in Houston County in 2022. Of these, 77 are based in Caledonia, with an LQ of 65.70 for this industry. Another sector that has flourished is Continuing Care and Retirement Communities and Assisted Living. While it started from a smaller base, it still grew by 391%, offering 108 jobs by 2022, though its LQ of 3.37 indicates a lower specialization level than the other industries.

Industries to watch in the La Crosse MSA

We saw four industries in the La Crosse MSA that are highly specialized and growing. These are important industries for people in Caledonia to watch because as they grow, there may be opportunities for local firms to support their growth or

opportunities for expansion into Caledonia. These are also industries that currently don't have any employment in Caledonia.

Table 2: Highly Concentrated industries in the MSA, but not Caledonia

Industry	2022 jobs	2012-22 Change	2012-22 % change	LQ	NAICS
Footwear Manufacturing	266	+254	2,117%	44	31621
Dairy Product Manufacturing	878	+329	60%	13.32	31151
Chocolate and confectionary Manufacturing	202	+181	862%	9.82	31135
Motor Vehicle Metal Stamping	302	+186	160%	7.71	33637

Implications

REV Team Implications

Your REV team might consider these implications of the economic composition and competitiveness of Caledonia, Houston County, and the La Crosse MSA:

- **Pay Attention to the growth nearby:** Consider the industries that are growing and specialized in Caledonia, Houston County, and the MSA. Learn about the needs of those industries and the people employed in those industries. These are economic engines that you can help entrepreneurs connect to.
- **Learn about what's happening in Specialized Freight Transportation:** Caledonia has a high concentration of employment in this industry, and it's been growing. Learning more about what is driving that growth might lead to insights that help entrepreneurs solve challenges in this industry.

Entrepreneur Implications

Entrepreneurs in Caledonia might consider the following when thinking about economic composition and competitiveness in the area:

- **Agriculture:** Agriculture is highly specialized in Caledonia and Houston County. Consider ways to leverage the knowledge and skills of people in this industry to solve problems the industry faces. Groups like the Southern Minnesota Initiative Foundation and Greenseam have programs that focus on building a business around adding value in this industry.
- **Watch the other growing industries:** Several other industries have been growing and are highly specialized. Learning about the industry challenges related to suppliers, labor availability, and products might lead to innovations that entrepreneurs can bring to market.:

Questions to consider

- Which industries do you see as the most vital to Caledonia's economic success? Who do you know in those industries?
- How might you help entrepreneurs and others in your community learn more about the industries driving economic growth and innovation in Caledonia?



Entrepreneurship Performance

Entrepreneurship Performance

Introduction and Overview

Entrepreneurs are risk-takers and innovators, providing new jobs and opportunities for large and small communities. Entrepreneurs often play a critical role in regional and local economies. Entrepreneurs also often contribute to the different facets of 'community capital' necessary for thriving economies.

Businesses pass through stages as they grow, and looking at trends for each stage provides important insights into the health of the local entrepreneurial and business ecosystem. Based on these insights, development and support efforts can be targeted for the highest impact. The most common way to define these stages of business development is the following:

Stages of firm development:

Startup: These are self-employed persons.

Stage 1: Firms with 2-9 employees.

Stage 2: Firms with 10-99 employees

Stage 3: Firms with 100-499 employees

Stage 4: Firms with 500+ employees

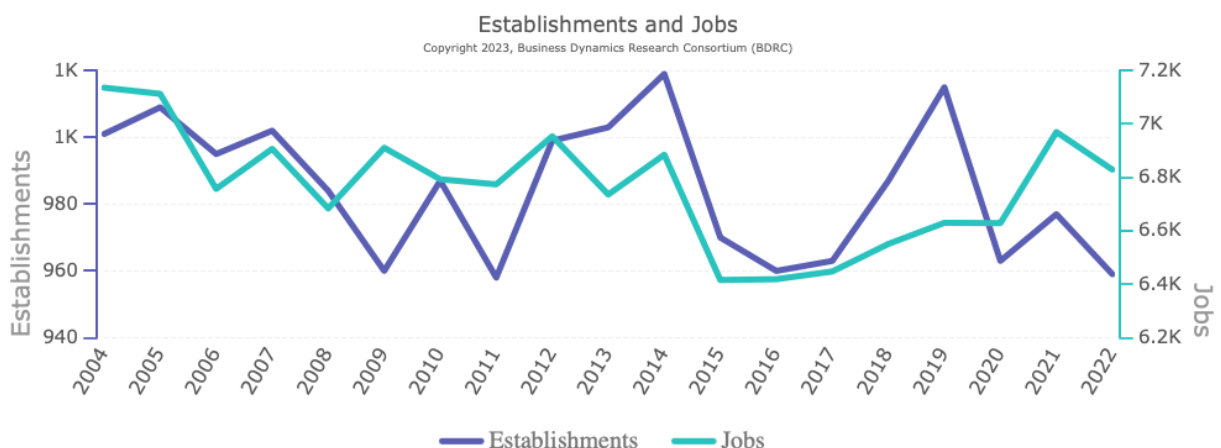
When we looked at data from YourEconomy.com - a unique database that tracks business growth and establishments - we saw several trends to keep in mind for Houston County (Data is only available at the county level for these metrics). Those trends are:

- **Startups:** Startups have been staying steady or growing. This shows that many hardworking, creative people in Houston County could do even better with the right support.
- **Stage 1:** The number of small businesses (those with 2 to 9 workers) has been slowly decreasing. This might mean these businesses are having difficulty growing or keeping up with changes in the market. It's important for your REV team to spend time learning about what's driving these changes and think creatively about how to address challenges these businesses might be facing

- **Stage 2:** The number of medium-sized businesses (with 10 to 99 employees) has been stable, and they've even grown a bit in recent years. This is a good sign. Your REV team should consider ways to maintain this trend.
- **Stage 3:** The number of Stage 3 firms has declined from ten to six since 2010. This is cause for concern and might signal challenges growing in the county.
- **Stage 4.:** We noticed no very large businesses (with 500 or more employees) in Houston County. This shows that the area mostly has smaller businesses. There's a chance to help these smaller businesses get bigger and to potentially attract larger companies to the area. However, attracting a large business to the community is far more expensive and difficult than helping your existing businesses grow.

Overall, the number of establishments entering Houston County (Figure 3) has been declining, but during the pandemic, there was a large spike in new establishments.

Figure 3: Your Economy Establishments and Jobs- 2004-2022



Digging deeper, we also noticed some trends in establishments by size:

- Self-employed sole proprietorships peaked in 2020 but have otherwise been variable, indicating a possible reaction to external factors like economic conditions or the COVID-19 pandemic.
- Small to medium-sized enterprises (SMEs) have grown consistently, becoming a more dominant category in Houston County's business landscape over the past decade.

Stage 0: Self Employed

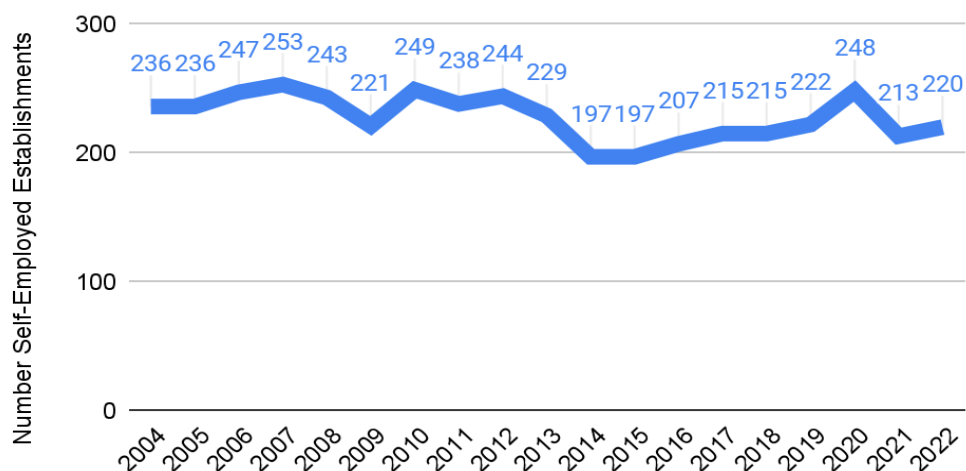
Startup entrepreneurs serve as the “mouth of the entrepreneurial pipeline”, according to Don Macke - the creator of the REV program. The number of self-employed businesses in your community, where the owner/operator is the only employee, can be a leading indicator of entrepreneurial activity within your region.

Figure 4 uses data from www.youreconomy.org to highlight the Stage 0 or Startup self-employment trends in Houston County starting in the early 2000s. While rising numbers in self-employment can indicate new startups and innovations in your community, it can also indicate a lack of employment opportunities pushing people to earn income independently. Likewise, a decline in self-employment can suggest increased wages and salaried employment within the community, providing more stable opportunities for struggling entrepreneurs. But it can also indicate an overall declining entrepreneurial vibrancy, which is why it is crucial to understand the “how’s” and “why’s” in relation to changes in self-employment trends in your community.

Self-employment numbers were relatively stable in Houston County prior to the great recession but began to increase around 2016. Increasing self-employment or startup activity can be an important business development objective within an overall economic development strategy. Understanding and tapping into these self-employed entrepreneurs should be included when developing strategic economic development objectives within your region. We suggest engaging with these entrepreneurs in your region to better understand the many challenges and opportunities they see and what resources, assistance, and support could be provided to help make them more successful in their endeavors.

Figure 4: Stage 0 - Self-Employed Establishments 2004-2022

Self-Employed



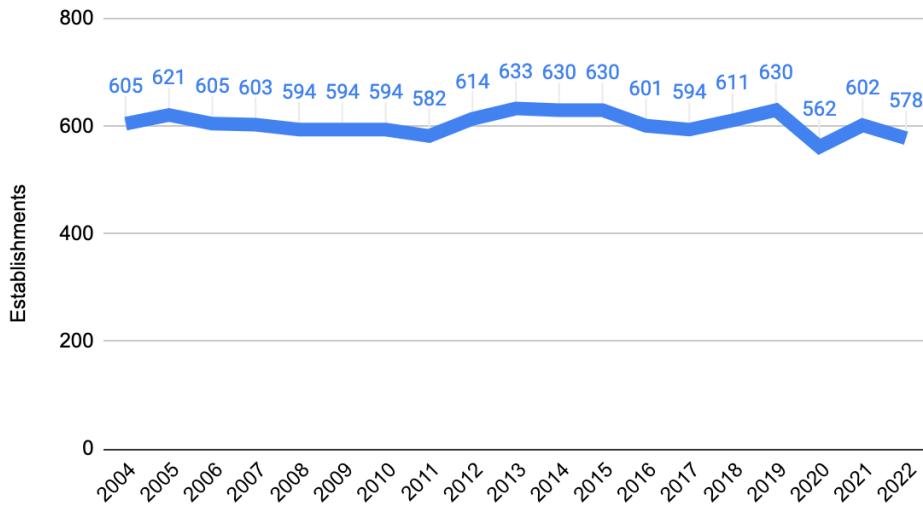
Stage 1: 2-9 Jobs Establishments

Stage 1 firms typically include high numbers of both total employees and number of establishments because many small corporations and LLCs are classified in this category. For rural economies, these are the bedrock of your community. This category includes many locally owned establishments in your community, including but not limited to cafes, retail, professional services, and other small ventures.

The number of Stage 1 firms in Houston County has slightly decreased over the past decade. A key development objective should be retaining and maintaining these nonfarm proprietorships and Stage 1 ventures, particularly when local dollars and profits are cycled through the community and contribute to community and personal wealth-building.

Figure 5: Stage 1 Firms 2004-2022

Small 2 to 9 jobs including proprietorships vs.



Stage 2: 10-99 Job Establishments

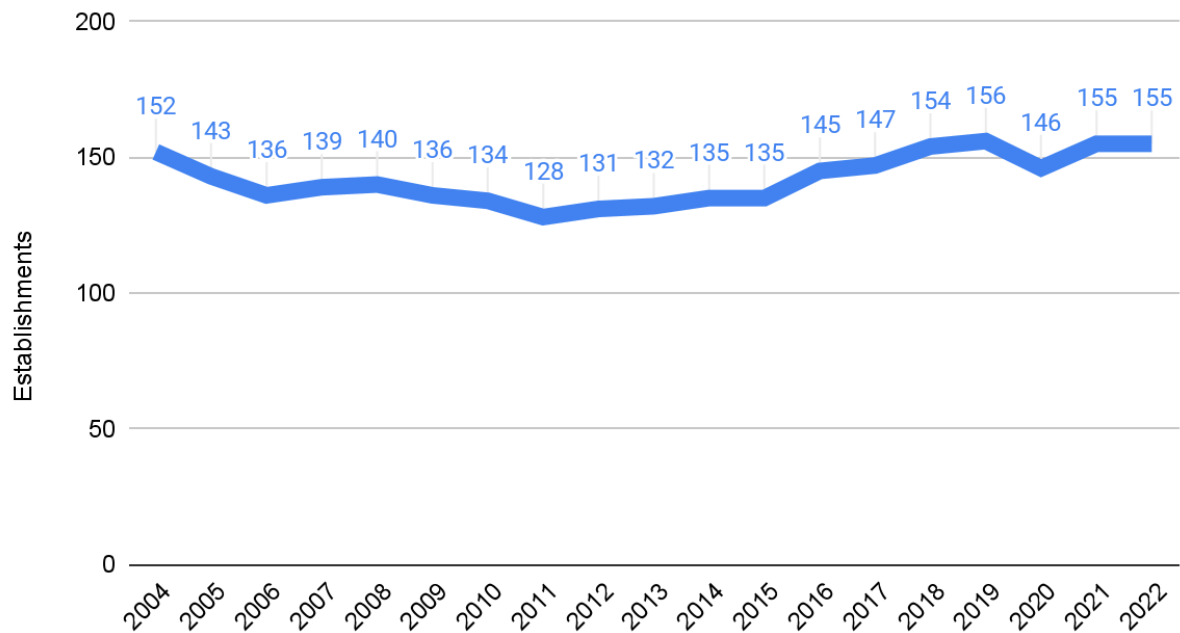
Stage 2 Growth-Oriented Entrepreneurs are another essential component of the entrepreneurial pipeline, as their desire to grow and expand can in turn, result in increased economic vibrancy and activity in the region. These entrepreneurs are actively looking for ways to grow their businesses and may benefit from many of the services and assistance offered at a local and regional level. Helping these types of entrepreneurs may often require greater investments of resources and capital, but the ripple effects of increased direct, indirect, and induced spending can more than offset the costs and resources to help these businesses achieve their vision and goals.

Figure 6 highlights employment in Stage 2 (10 to 99 jobs) Ventures. Stage 2 data can be used as a proxy for growth-oriented entrepreneurs, which are critical components of the entrepreneurial pipeline. These ventures often provide full-time living wage jobs and careers, as they require a sizable, stable, and productive workforce. These ventures can be locally owned, operate as part of a corporate branch, or even be part of a franchise consisting of regional, national, or international ownership.

Stage 2 firms have grown steadily in Houston County over the past two decades. As Stage 1 ventures expand to this level, supporting and helping these businesses make needed adjustments should be considered part of your community's economic development objectives.

Figure 6: Stage 2 Firms 2004-2022

SME (Small-medium Enterprises) 10 to 99 jobs vs.



Stage 3

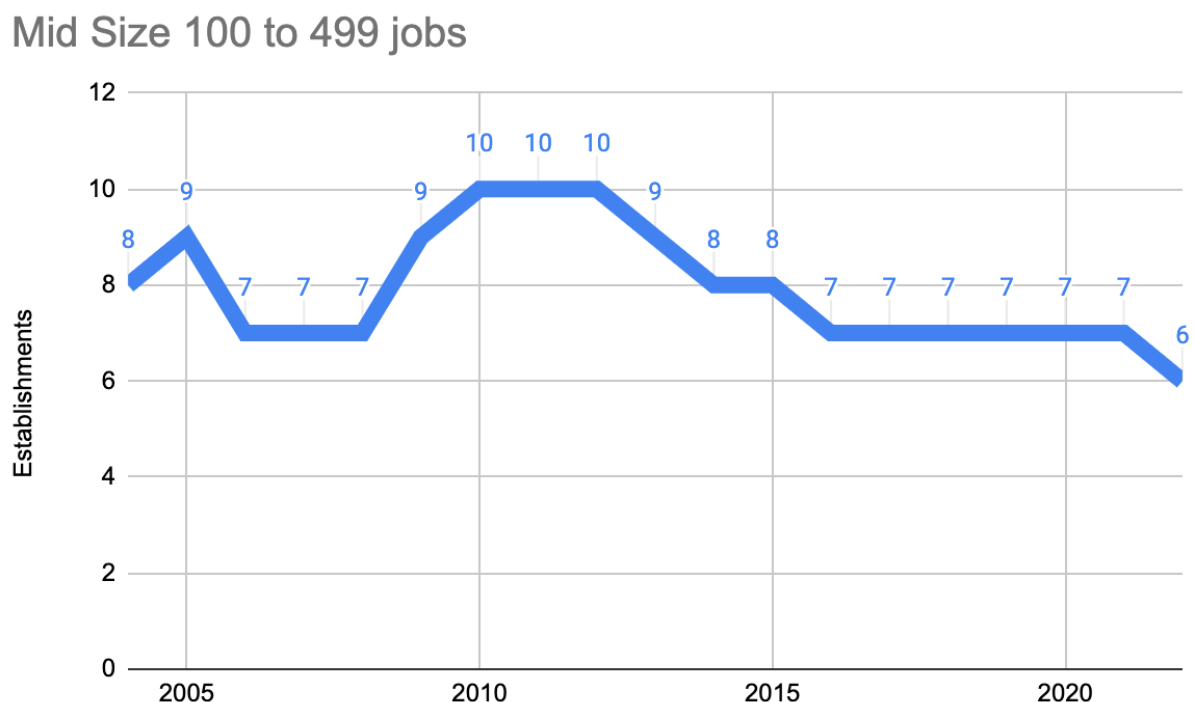
Stage 3 Breakout Entrepreneurs are another extremely important component of regional economies, as these types of entrepreneurs and businesses in this category often create many jobs while contributing to the health and prosperity of the regional economy through both direct and indirect spending and expansion. Focusing on ventures that are growing rapidly and creating jobs in the process will help lead your community toward a more diverse and robust regional economy.

Christine Hamilton-Pennell (former market research analyst with Littleton, Colorado's Economic Gardening program) suggests that the typical high-growth

entrepreneurial venture has been around for several decades and reaches a point where there is both motivation and opportunity for high growth. Entrepreneurs often need time and developed capacity to break out, so engaging with and connecting this entrepreneur with available resources during this time can be an effective strategy to pursue.

Stage 3 (100-499 jobs) Venture activity, as shown in *Figure 7*, can be used as a proxy for Breakout Entrepreneurs, which are often easily identified as a result of their expansion and presence in the local regional economy. One thing to consider is that these entities can also be non-profits and/or operate within the public sector. As these ventures consider expansion, economic development professionals and other local leaders must engage and learn ways in which they can support and retain these important businesses within your community. Ventures in this category have risen and fallen in Houston County over the past two decades. After peaking in 2010 at 10, there were 6 in 2022.

Figure 7: Stage 3 Establishments 2004-2022



Stage 4: 500+ Job Establishments

Caledonia and Houston County don't have any Stage 4 firms. This means that the core economic drivers of your economy are small to medium-sized firms. Stage 4 firms can be seen as firms that are well-established and leading in their industry. For your REV efforts, it's best to focus for efforts on helping Stage 3 establishments grow, rather than on attracting new Stage 4 companies.

Summary of Total Establishments by Year and Size

Table 3 shows the total number of establishments by each stage for each year during the past decade. Stage 1 businesses make up the bulk of businesses in Houston County and in Caledonia

Table 3: ESTABLISHMENT Stage - Total Establishments Each Year in Houston County

Size	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Stage 0: Startups and Self Employed	244	229	197	197	207	215	215	222	248	213	220
Stage 1: Small 2-9 Jobs	614	633	630	630	601	594	611	630	562	602	578
Stage 2: SME (Small-medium Enterprises) 10 to 99 jobs	131	132	135	135	145	147	154	156	146	155	155
Stage 3: Mid Size 100 to 499 jobs	10	9	8	8	7	7	7	7	7	7	6
Stage 4: Large 500 or more jobs	0	0	0	0	0	0	0	0	0	0	0

Implications

REV Team Implications

Your REV team might consider these implications of entrepreneurship performance in Houston County:

- **Focus on moving businesses through the pipeline:** Encouraging more startup's while also encouraging your existing Stage 1-3 businesses to expand will keep your entrepreneurial pipeline vibrant. For example, all things held equal, helping 20 (a 3.5% increase) Stage 0 establishments become Stage 1 Establishments would bring the total number of Stage 1 businesses back to the previous levels.
- **Retain your Stage 3 firms:** The number of Stage 3 firms has been declining in Houston County. Therefore, it's important that some of your REV team efforts focus on understanding the needs of these firms and how you can help them continue operations in the area.
- **Don't worry about recruiting Stage 4 firms:** As previously mentioned, your REV efforts are best spent on growing your own Stage 4 firms, not trying to lure them into the area. Business attraction is an expensive, risky, and slow process. In the end, most communities that focus their efforts heavily on this strategy don't win in the long run.

Entrepreneur Implications

Entrepreneurs in Caledonia might consider the following when thinking about entrepreneurship performance in the county:

- **Stage 0 Entrepreneurs:** Startups and sole proprietors should understand that the challenges they might be facing are shared by many other entrepreneurs in the county. There are 219 other Stage 0 businesses that you can seek out for support and advice as you all work to grow your business. Pay attention to opportunities for education and mentorship.
- **Stage 1 Entrepreneurs:** Stage 1 entrepreneurs should also understand that they are not alone. With 578 businesses in this category, this is the largest group of businesses by size. This means you might have common needs that you can ask the REV team for help with.

Questions to Consider

As you progress through the REV program you request updates to this data. You will also be asked to explore the entrepreneurial talent and pipeline in your community by categorizing the businesses in Caledonia by their size.

- Consider which businesses in Caledonia are in each Stage, then ask how the needs of those businesses will differ.
- Is there a business stage that you feel strongly your REV group should focus its initial efforts on?
- What other factors do you see in Caledonia that might impact these metrics going forward? (Retirements, new people moving in, etc.)

Learning More About Entrepreneurial Performance

We've included several additional data about Houston's County's entrepreneurial performance in the Your Economy Appendix.

You can also go to several US government websites and non-profit websites to explore the data and trends related to entrepreneurship. We've included two guides about each of those topics as appendices as well.



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