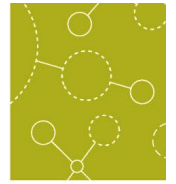




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Northfield Connecting Businesses and Community Program

Summary Report
November 2025



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SUMMARY REPORT

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Gina Gensing, Monica Haynes, and Annabelle Oberg of UMD's Bureau of Business and Economic Research and Michael Darger of UMN Extension compiled this report

Sponsors:

City of Northfield, Northfield EDA, Northfield Area Chamber of Commerce and Tourism, Friends of Downtown Northfield, and the University of Minnesota Extension

NOTE: The data, analysis, and findings described in this report are specific to the geography, time frame, and project requirements of Northfield, Minnesota. Findings are not transferable to other jurisdictions. Extension neither approves nor endorses the use or application of findings and other contents in this report by other jurisdictions.

NORTHFIELD CONNECTING BUSINESSES AND COMMUNITY PROGRAM

Business retention and expansion (BRE) is an essential element of local economic development efforts. The city of Northfield launched a Connecting Businesses and Community (CBC) initiative with the University of Minnesota Extension to focus on the retention and expansion of Northfield businesses. While the attraction of new businesses and incubation of start-ups can be important components of an overall economic development strategy, communities realize that helping existing businesses to survive and grow is a practical and important strategy.

Expansions and contractions are defined as changes in employment at an existing plant or business location. Start-ups and dissolutions are defined as the creation or closing down of a separate plant or business location. This churning of business—creation, dissolution, expansion, and contraction—is a natural part of a local economy. The challenge to a community is to facilitate the expansions while taking preventative actions to reduce the number of dissolutions and diminish the contractions.

Commonly, more jobs are created by business expansions than by new business start-ups. Minnesota data from the first quarter of 2024 confirms that roughly 81% of new jobs in the state were created by existing business.¹ Northfield, in launching this CBC program, has the potential to improve the climate for existing businesses and, therefore, benefit from the continued presence and growth of those businesses.

Another benefit of a CBC program is the information provided by the survey on the community's strengths and weaknesses. The strengths can be highlighted in community

promotional materials, while the weaknesses give the community an opportunity to make important changes and show businesses it is responsive. By acknowledging its weaknesses, a community also shows businesses it is trustworthy and will take a realistic look at its situation.

A third benefit of a CBC program is how the process enhances the team of local leaders. This team is much broader than other local economic development teams since it includes representatives from education and government in addition to business and economic development leaders. This diverse membership allows the local CBC task force to bring in more resources, ideas, and contacts to address problems identified in the survey.

Program Objectives

The City of Northfield CBC Program has seven objectives:

1. To demonstrate support for local businesses
2. To identify growth opportunities for existing businesses
3. To help solve immediate business concerns
4. To understand concerns related to parking availability
5. To increase local businesses' ability to compete in the global economy
6. To implement a strategic plan for economic development
7. To build community capacity to sustain growth and development

Program Sponsors

City of Northfield

Northfield Economic Development Authority

¹ U.S. Bureau of Labor Statistics, November 2024

Northfield Area Chamber of Commerce

Friends of Downtown Northfield

University of Minnesota Extension

CBC PROCESS AND KEY DATES

Community leaders who are invested in the program's implementation form the core for the CBC initiative. They identify five to eight people to form the Leadership Team, each of whom has a clearly defined role in the CBC process. The Leadership Team responsibilities are vast and vital to the success of the program. These include recruiting volunteers, identifying businesses to visit, providing survey input, performing business visits, coordinating milestone meetings, building community awareness, and recruiting the Task Force.

The Task Force guides the CBC process, helps the Leadership Team with business visits, and becomes involved in prioritizing and responding to issues identified in the business interviews.

Economic development leaders and community volunteers have worked together since May of 2024 to make the Connecting Businesses and Community Program happen in Northfield. Several sponsoring organizations contributed to the program.

Volunteer Training

Volunteer visitor training sessions, held in October 2024, oriented volunteer visitors to the CBC process. Volunteer visitors were trained on the use of the interview guide and how to interview business owners. Working as teams of two during the interview, one volunteer was primarily responsible for asking the questions while the second recorded the responses.

Interview Guide

Northfield adopted Extension's interview guide (survey instrument). Volunteer visitors used the interview guide on the business visits.

Business Selection & Visits

Businesses were selected for visits in three ways:

1. The five largest employers were selected,

and four participated.

2. The Northfield Chamber of Commerce and Tourism Directory was used to find establishments based in Northfield. It gave a wide breadth of businesses to contact that were already somewhat committed to the community.
3. In CBC publicity and promotion, businesses were invited to request a visit to their facility. Around four to five interviews were scheduled this way.

The Northfield CBC Leadership Team and Task Force collected 53 complete and usable surveys.

Research Review

Two separate groups were convened to review the Northfield CBC data. First, participants in the UMN Extension Business Retention and Expansion Course did an expedited Research Review on April 15, 2025. Then, the full Research Review convening was held on April 18, 2025 with a robust list of contributors. Both meetings were held on the UMN St. Paul campus. See roster of participants below.

While the Warning Flag Review identifies individual business concerns, the Research Review meeting identifies overarching, universal themes in the survey results. Once these are identified through a SWOT analysis, the Research Review participants suggest ideas for projects the Task Force might undertake to address these themes. Participants included CBC Leadership Team members and economic development professionals, including representatives from the Minnesota Department of Employment and Economic Development (DEED), Minnesota Chamber of Commerce, and University of Minnesota.

Warning Flag (aka Red Flags) Review

Reviewing the surveys individually for follow up is an important community opportunity in a CBC program. This is probably the single most important activity that a CBC initiative can do—responding appropriately and confidentially to businesses on issues such as business

relocations, concerns with public service, and needs for resources. Northfield staff continuously assessed for warning flags while business visits were being conducted.

Research Report Development

Following the online Research Review meeting, the University of Minnesota Duluth's Bureau of Business and Economic Research (BBER) and UMN Extension prepared the research report. The goal of the research report is to detail the overarching themes identified by the Research Review team and to suggest potential projects. Potential projects are ideas the Task Force might use to address the larger themes identified by the survey. The Research Report also summarizes the survey data, gives a history of the CBC project, provides context on the local economy and demographics, and contains the raw survey data. The Northfield Leadership Team sent the completed surveys to the University of Minnesota Extension for tabulation and analysis. Jodie Kaden and Katherine Buesing tabulated the survey data. Katherine prepared a summary of the data for the Research Review meetings. The research report was then drafted based on input from the review panel and other ideas (see a Task Force member or go to City Hall to view the research report).

Task Force Retreat

At this dinner retreat, Northfield CDC Task Force members were presented with the overall results of the survey, overarching strategies for addressing the universal issues identified, and potential project ideas for addressing these issues. The Task Force considered the priority projects to implement in Northfield. Typically, a community that launches a CBC initiative will adopt three to five priority projects in the implementation phase. This is exactly what occurred in Northfield. The CBC Task Force recommended five projects for adoption. Three of them will go forward with City staff and committees. The other two projects will not go forward at this time, however they are acknowledged below.

NORTHFIELD CBC PROGRAM PARTICIPANTS

Conducting a community-wide economic development engagement such as a CBC initiative is a resource intensive and time-consuming task. It's not done overnight, and it's not done with only one to two people. Instead, successful groups initiate the process and then work throughout the process to include as many members of the community as possible. In Connecting Businesses and Community projects, there are important teams of people that are involved in making the project successful: They are the Program Sponsors, the Leadership Team, the Task Force, and the Volunteer Visitors.

Northfield CBC Leadership Team Members

Emery John, Northfield Community Development

Nate Carlson, Northfield Community Development (former)

Jake Reilly, Northfield Community Development (former)

Randy Yoder, Chairman of EDA

Jane Bartho, Northfield Chamber of Commerce and Tourism

University of Minnesota Extension CBC Consultant

Eric King and Michael Darger, Extension educators in Community Economics, served as the CBC consultants to Northfield. This included coaching and advising the Leadership Team, conducting volunteer visitor trainings, and assisting in several important ways in the process.

Northfield CBC Task Force Members

City Staff and Elected Officials:

Emery John

Nate Carlson

Jake Reilly

Ben Martig

Mathias Hughey

Melissa Hanson

Natalia Craig-Ruegg

Melanie Hernandez

Sara Hoffman
Diana Ortiz
Kathleen Holmes
Jessica Peterson White

Chamber of Commerce:

Kyle Paulson
Jane Bartho

Friends of Downtown Northfield

Joshua Zimmerman
Cody Larson
Teresa Jensen
Amy Peterson
Daniel Hollerung

Other

Randy Yoder
Logan Wells

Businesses Visited

The following businesses graciously agreed to be interviewed as part of the CBC visitation process. While survey responses are confidential, it is important to acknowledge the contribution of participating business owners or managers.

Achieve Physical Education
Aldrich Technology Consulting
Aurora Pharmaceutical
Bread People
Bridge Square Barber Shop
Canon River Acupuncture LLC
Carissa at Coiffure (now called Canon Hair Co.)
Carleton College
Carlson Capital Management
Coco's Place
Content Bookstore (the "test" interview)

Cottage Tearoom & Fare
Elite Auto Care
Evergreen Therapy Solutions
Falk Financial Services
Fate Vintage
Fine Fettle
Gran Plaza Northfield
Graphic Mailbox; By All Means
Graphics/Entertainment Guide
Groundwire Coffee Roasters; Little Joy Coffee
Grundhoefer & Ludescher, P.A.
Hogan Brothers
Homebody Refill Market
Imminent Brewing
In the Dog House
James Gange Coffeehouse & Eatery
Just Food Co-Op
Knecht's Nurseries & Landscaping, Inc.
KYMN Radio (95.1 The One)
Lampert Lumber
Little Hill Berry Farm
Loffredo Alterations & Tailoring
Loon Liquors Distillery
Measuring Cup
Monarch Gift Shop
Neuger Communications Consulting
Northfield Arts Guild
Northfield Dance Academy
Northfield News
Ole Store Restaurant
Paisley Gardens
Pearson's BJJ Academy
Pete's Chiropractic

Polzin Glass

Post Consumer Brands

Rare Pair Inc.

Reese Winter & Associates

St Olaf College

Taylor Truck Line Inc.

The Hideaway Coffeehouse and Wine Bar

This is 56?

Tolle Fine Art

Upper Lakes Foods, Inc.

Washed Again Laundry

Willie's Shoe Repair

Research Review Team

The Research Review Panel was comprised of University of Minnesota faculty and staff, Minnesota Department of Employment and Economic Development (DEED) and other economic development professionals, and Northfield Leadership Team members. This group analyzed the survey data to identify both the SWOT (strengths, weaknesses, opportunities, and threats) as well as to ideate potential project ideas that address issues emerging from the SWOT analysis. A list of participants in the Research Review follows.

Research Review Attendees

Northfield CBC Leadership Team or Task Force (see section above for their affiliations and leadership roles.)

- Nate Carlson, Northfield Community Development a (former)
- Emery John, Northfield Community Development
- Jake Reilly, Northfield Community Development (former)

Minnesota Department of Employment and Economic Development

- Amanda Blaschko, Regional Analyst

Economic and Community Development Professionals

- Sarah Erickson., Minnesota Chamber of Commerce

University of Minnesota

- Katherine Buesing, UMN Undergraduate worker
- Craig Campbell, UMN Extension Educator for Leadership and Civic Engagement
- Michael Darger, UMN Extension Community Development
- Monica Haynes, UMD Bureau of Business and Economic Research
- Laura Kalambokidis, UMN Professor of Applied Economics
- Eric King, UMN Extension Community Development
- Aiden Opatz, UMN Extension Community Development
- Brigid Tuck, UMN Extension Community Development

NORTHFIELD'S INTERVIEW RESULTS

Out of the 53 businesses surveyed, about 89% of businesses were locally owned. Less than one-third of surveyed businesses reported having another location outside of Northfield. Of the surveyed businesses, one-quarter consider their facility to be "other." Other common facility types include headquarters (42%), retail (42%), manufacturing (9%), and branches (9%).

Over 70% of employees have a very short commute, traveling less than 15 minutes to work. In fact, businesses estimate that 91% of workers (on a nonweighted basis) travel less than 30 minutes to their jobs in Northfield. This suggests that Northfield businesses are drawing from a highly localized labor force where most employees live in or immediately surrounding the city of Northfield.

A majority of business (66%) have a business plan. Furthermore, most (57%) of the Northfield

respondents reported some changes in their business plan for the next three years. While many respondents have a business plan, a much smaller portion of businesses have a written transition plan (21%).

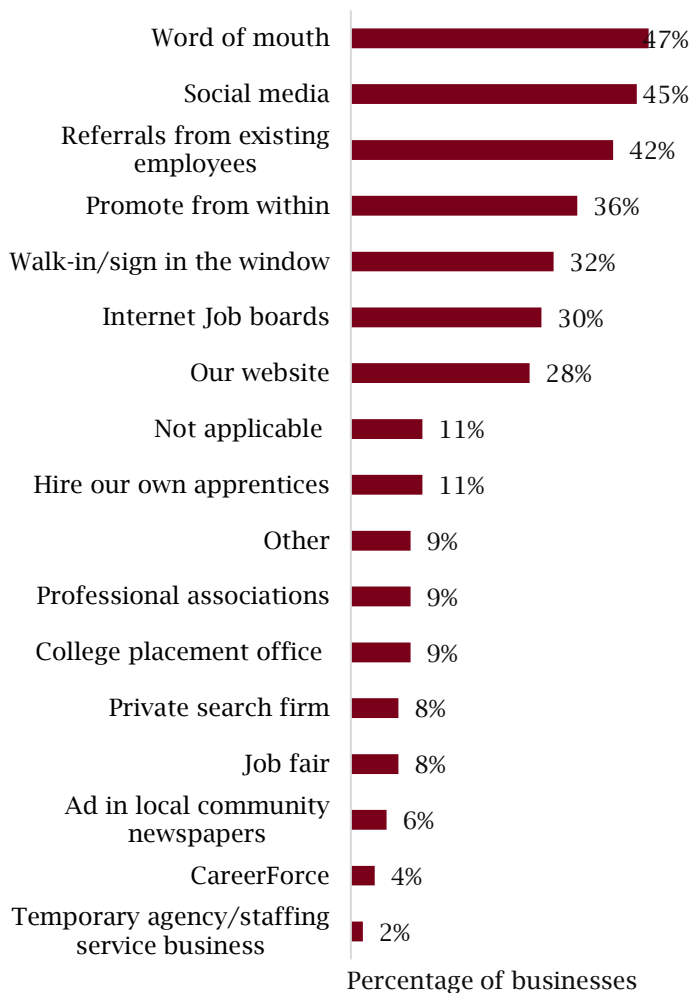


Figure 1: What resources are you using to locate new employees?

When asked about the top reasons for difficulty in recruiting employees the most businesses responded with competition from other businesses for employees (26%). Other reasons included inadequate labor skills (19%) and high

² The University of Minnesota Extension maintains a benchmark database of CBC data. These data included CBC surveys from 1993 through 2025. When referring to the averages for previous communities that have participated in the UMN program, the authors refer to

wage rates for labor (15%).

When asked about what resources they are using to locate new employees (see Figure 1), a plurality of businesses said word of mouth (47%). Social media (45%), referrals (42%), and promotion from within (36%) were the next most commonly used resources. Only 4% of companies identified CareerForce (Minnesota's career development and talent matching resource). Northfield businesses seem to be underutilizing CareerForce as a resource for locating new employees, especially when compared to the average from past CBC communities. On average, among past participating CBC communities (from 1996 to 2025), 16% of businesses reported using CareerForce. Additionally, placement offices of four-year, community, or technical colleges were underutilized as resources by Northfield (9%) compared to past CBC communities (17%).²

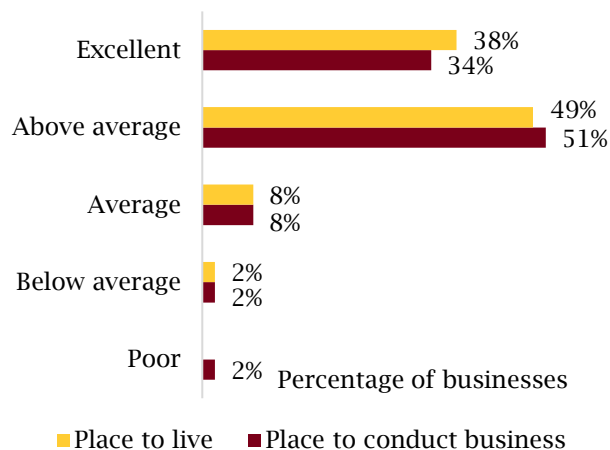


Figure 2: Rate Northfield as a place to live and conduct business

The businesses that participated were also asked how they currently train their employees. In-house training (72%) was by far the most common method. This is consistent with the average for past CBC communities (75%). In a

the communities as "previous CBC communities." <http://www.extension.umn.edu/community/business-retention/research-development/benchmarks/>

follow-up question, more than half of the 53 businesses that participated said they do not need external training for workers or managers.

Overall, participants in the Northfield CBC have a positive view of their community as a place to live and a place to do business, as shown in Figure 2. As a place to live, nearly 90% of respondents say Northfield is either excellent or above average. As a place to do business, nearly 85% of respondents say that Northfield is above average or excellent. The mean rating for Northfield is 4.26 out of 5.0 as a place to live and 4.16 as a place to do business. These values compare favorably to the average mean ratings for previous CBC communities of 4.1 and 3.8, respectively.

Identified Strategies

Four primary strategies emerged from an analysis of the interview results. Each of the strategies is a theme, supported by data from the business interviews. As such, each strategy provides a way of framing the CBC situation in Northfield, but they are not mutually exclusive from each other.

Strategy 1: Opportunities for Improved City Services

Strategy 2: Enhance Resources for Businesses

Strategy 3: Downtown Vibes—Retail and Hospitality

Strategy 4: Housing and Real Estate

Selected Priority Projects

Under each strategy in the Research Report potential project ideas are listed that the Northfield CBC Task Force could consider to help fulfill the strategy. During its July 23, 2025, retreat, the Task Force developed three priority projects for near term action. The Task Force built on project ideas in the Research Report to create projects that were suitable for Northfield. These priority projects are listed here and described below.

1. Industrial Park Development
2. “All of the Above” Housing

3. Improving Public Transportation in Northfield

The respective project teams created each project’s description. Descriptions include general reasoning for each project and the plans developed by the project committee. Furthermore, the interview results that highlight the need for the project are included where appropriate. If you are interested in assisting in any of the projects’ implementation, please contact the Northfield Community Development Department.

Priority Project #1: Industrial Park Development

This project responds to infrastructure upgrades and development to allow for local business expansion and the creation of an industrial park.

According to the survey of Northfield businesses, 22% of surveyed businesses are considering moving, and 22% are considering expanding through adding an additional location (see Figure 3 below). Of the respondents, 55% do not currently own or rent sufficient property space to allow for the expansion of their business.

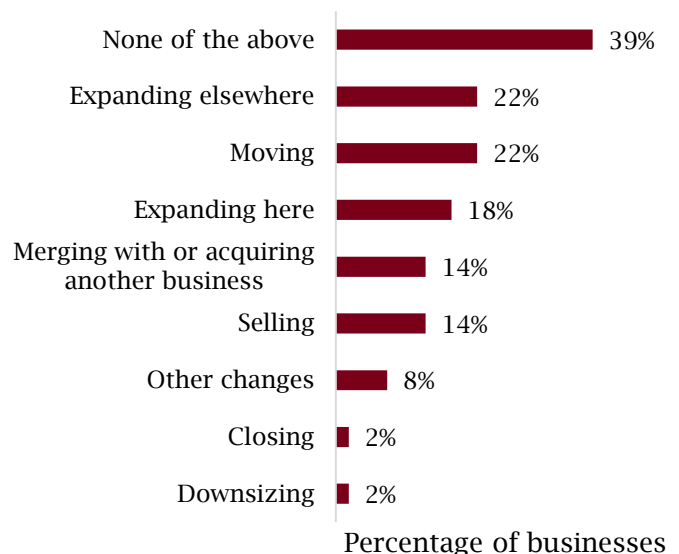


Figure3: Are you currently considering any of the following future plans?

In another survey question, results indicate that a significant number of businesses are considering relocation (21%), merger (13%), sale (13%), or expansion (38%) (see Figure 3)

CBC group members for the Industrial Park Development met on August 4, 2025. Former Economic Development Coordinator Nate Carlson presented materials outlining the City's progress toward developing a new industrial park. The group also included Dr. Mike Strobel and EDA/Council Member Chad Beumer.

The group reviewed Northfield's development process and discussed the growing need for additional industrial land to support local business expansion and future business recruitment.

Members explored next steps to move the project toward shovel-ready status, including potential investments in road, sewer, and water infrastructure, as well as the possibility of the City or Economic Development Authority (EDA) acquiring property to prepare for future industrial development. The group recognized that while the City's current initiatives are well documented, further work is needed to fully prepare industrial sites for development. City staff will take the project from here.

Priority Project #2: "All of the Above" Housing Strategy

As part of the CBC survey, businesses were asked to rate housing supply and costs. The rating was done on a scale of one to four, with one being poor and four being excellent. Surveyed businesses received average ratings of 2.16 for supply and 1.94 for costs. These findings reinforce that housing availability and affordability remain key challenges for local employers and employees alike.

Northfield already has a strong housing focus, with several projects underway and a housing coordinator on staff. To complement these efforts, an "all of the above" housing strategy—exploring many types of housing at once like single-family homes, duplexes, apartments, and accessory dwelling units—is underway. This strategy also includes using "missing middle" housing by allowing duplexes and small apartments in single-family neighborhoods. These homes provide more affordable options than single-family houses but blend in better

than large apartment buildings. Supporting "missing middle" housing helps Northfield offer choices for people at different income levels and life stages.

The CBC group members met on July 25, and August 1 and 8. The group included Melissa Hanson, Housing Coordinator for the City of Northfield and Aiden Opatz, Educator with the University of MN Extension.

They worked on integrating CBC data and strategies into the workflow of the Northfield Promise Council of Champions Housing work group. This work group—facilitated and convened by a local social service provider—brings together a diverse range of housing stakeholders to address Northfield's ongoing housing needs.

Group members discussed advancing several housing strategies already in progress, such as supporting the City's zoning code rewrite (currently underway), creating incentives for the development of accessory dwelling units (ADUs), and strengthening relationships with housing developers active in and around Northfield.

Priority Project #3: Improving Public Transportation in Northfield

This project responds to the issue of transportation and parking in Northfield.

According to the survey of Northfield businesses, parking was the most important improvements needed. Sixty-two percent of interviewed Northfield businesses identified parking availability as a very important factor for their business. Additionally, parking availability and location was one of the lowest rated factors about retail in the Northfield community with an average rating of 2.46 out of 4 (with one being poor and four being excellent).

The CBC Northfield Transportation group included Mayor Erica Zweifel, Community Development Associate Emery John, City Administrator Ben Martig, and Public Works Director Dave Bennet. The group began to explore the broader transportation ecosystem in Northfield, focusing on a small number of high-

impact actions to improve mobility and access. These included adjusting local bus routes and exploring the possibility of fare-free bus service, if feasible.

To advance these ideas, members discussed presenting these proposals to the Northfield Transit Advisory Committee (NTAC), which advises the city council on transportation-related issues. NTAC would provide an ideal forum to begin these discussions, evaluate options, and identify opportunities for coordination.

The CBC group will present its transportation-related findings and data at an upcoming NTAC meeting, with the goal of reenergizing the committee's work through the use of new local insights and shared goals.

Other Potential Projects Identified by the CBC Task Force

The CBC Task Force identified two other potential projects as important opportunities at the July retreat. They are mentioned here but will not be pursued by the City at this time.

Potential Project 1: Improving Public Restrooms for downtown

Public restroom availability was an issue identified by many Northfield businesses who participated in the CBC interviews. In terms of satisfaction, public restroom availability received an average rating of 1.67 out of 4, with 1 being poor and 4 being excellent. Of the Northfield businesses that participated in the survey, 40% rated the availability of public restrooms as poor.

According to city officials, efforts are underway to redevelop the historic Archer House hotel and restaurant property. When complete, that facility will include new public restrooms, helping to address restroom needs downtown. Two other ideas that don't require

City involvement were suggested in the CBC research report:

- Partnering with local businesses to allow public access to those businesses' restrooms
- Enhancing signage to make restrooms easier to find.

Potential Project 2: Citizens Advisory Committee

The interviewed businesses have concerns about local government financial management, including property taxes, spending priorities and budget processes (satisfaction ratings of 2.06, 2.20, and 2.24 out of 4 respectively).

The following idea was suggested in the CBC research report:

To increase transparency and community buy-in, Northfield could establish a citizen's advisory group that is focused on city budgeting and fiscal planning. This group could review budget allocations, evaluate spending on trade-offs, and provide recommendations. Members might include local business owners, finance faculty from nearby colleges, and residents with expertise in public budgeting or planning.

Credits

The Northfield CBC Task Force selected these priority projects. Gina Gensing, Monica Haynes, and Annabelle Oberg of UMD's Bureau of Business and Economic Research and Michael Darger of UMN Extension compiled this report using the three priority project descriptions prepared by the project committees.

For more information about the Northfield CBC Program, contact Emery John Emery.John@northfieldmn.gov or 507-645-3070.