

# MEDA nonprofit refocuses on economic disparities in Minnesota

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JULY 2, 2016 — 1:46PM



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ANTHONY**

Gary Cunningham, the veteran foundation executive and community economic developer, is recalibrating the 45-year-old Metropolitan Economic Development Association (MEDA).

It's been in the works almost since Cunningham took over the venerable finance-and-counsel organization two years ago. MEDA, a financier and consulting nonprofit backed by business, has helped launch more than 500 minority-owned businesses and assisted several thousand more.

"MEDA has been a great organization, but when I came on, the board said it wanted transformational change," said Cunningham, 58, the son of a North Side broken family who went on to graduate from Harvard University and have a successful career in several posts. "They challenged me to take the organization to a larger scale and take on economic disparities [among races] in our community.

"We listened to our customers and stakeholders. Over time, we had drifted from our mission of serving the underserved. We looked at our program areas to serve minority entrepreneurs. We actually got out of some businesses, such as a procurement center and small business innovation research center ... to focus on things we're good at and to get us to the next level."

The MEDA board has approved a plan to grow the small business loan fund from \$8 million to \$20 million.

The portfolio, which has a lower default rate than that of many community banks, already is up to about \$13 million, thanks partly to recent capital infusions by the Otto Bremer Foundation, Wells Fargo, Surdna Foundation and the state of Minnesota.

The Minnesota Legislature included MEDA in an appropriation to increase minority business ownership, training and employment in a bid to help close the opportunity-and-employment gaps between whites and minorities.

Numerous banks and foundations long have supported MEDA as a way to help develop fledgling minority-owned businesses into solid, well-capitalized concerns that are "bankable" by main street financiers.

Cunningham worked with consulting firm Accenture, which he said pushed MEDA to set aggressive goals. They reviewed census data, economic development and employment trends in Minnesota to see that future growth lies disproportionately with minority entrepreneurs, employees and businesses. That's because people of color are the fastest growing component of the population and economy. They found that:

- In 2012, there were 47,565 minority businesses with \$8.7 billion in sales, employing more than 3,000 people with an annual payroll of \$1.7 billion, according to U.S. Census data. From 2007-2012, the number of minority businesses grew by 53 percent. The number of nonminority businesses declined by 3 percent.
- Minority businesses achieved 68 percent growth in jobs. In comparison, nonminority business jobs grew by only 10 percent.
- Average sales for minority firms in 2012 were \$183,000, while the average sales of nonminority firms were \$638,000.

"In other words, minority businesses are the future, albeit they certainly have a ways to go in terms of size and scale to nonminority businesses," Cunningham said. "Accenture has given us the business courses they use for their customers. We're now going through these classes to whittle it down to MEDA Academy. We'll give it to our customers."



([http://stmedia.startribune.com/images/ows\\_146733685](http://stmedia.startribune.com/images/ows_146733685))

MEDA's CEO Gary Cunningham, left, joined Chairman Joel Lebewitz in presenting an award to Lili Hall, CEO of KNOCK.

At its recent annual meeting that drew several hundred stakeholders at the Guthrie Theater, MEDA named Lili Hall, the funder of KNOCK, entrepreneur of the year.

Hall, laid off from her job about 15 years ago during the 2001-2002 recession, started her own marketing agency at the kitchen table. She has built a North Side business on once-bedraggled Glenwood Avenue that employs up to 85 employees and contractors in a new building that is connected to a refurbished service station on what was formerly abandoned polluted land.

Hall, who grew up in Brazil and Chicago, also is a mentor to fledgling MEDA client companies.

Maria Reitan, principal at Styled Retail and a veteran MEDA board member and volunteer, also was honored.

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