



A Community Profile Report for Rural Entrepreneurs:
Ellendale, North Dakota and Midcontinent Livestock Supplement

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Executive Summary

The information presented in this research report was gathered via secondary research and personal interviews. The city of Ellendale is a small rural community located on the southern border of North Dakota (15 miles from South Dakota). The interviews were conducted with Midcontinent Livestock Supplement representatives and also the Mayor of Ellendale. The research shows that Ellendale is a community that attracts new ventures due to their outstanding support, religious beliefs, hard working people, and location (the most important aspect of a business). MLS located in Ellendale due to the strategic location, educational system, and low cost of living. The following pages will provide one with a pertinent amount of information resulting in a better understanding of the city and ecstatic feelings toward the community.

I. Introduction

If doing business in rural North Dakota, there are many advantages that small communities offer: A reliable workforce, quality education systems, a competitive tax structure, affordable utilities, telecommunications and transportation. However, it has been found that the most compelling encouragement for new businesses comes from already established businesses in North Dakota, who have already enjoyed success, thanks to many of the resources rural North Dakota has to offer. North Dakota offers a climate favorable to families, safety and success. Rural North Dakota's quality of life ranks highly in every important category due to the state's excellent schools, low crime rate, friendly communities and the abundance of recreational opportunities.¹

A. Nature and Purpose of the Study

This study involves research designed to develop a report that describes Ellendale, ND, a rural community in which a specific successful small business operates. This is one of four studies, the others which profile Grafton, New Rockford, and Valley City. These reports, held by the Small Business Administration, will provide prospective business owners in other communities an aid in evaluating those communities as potential business locations.

B. Identification of Community and Business

1. Ellendale

Ellendale was chosen for this study because of its increased population over the past four decades. Further, it is located in a strategic geographic location, fifteen miles north of the South Dakota border along US Highways 281 & 11.

¹ "Growing North Dakota" Quick Facts: North Dakota Economic Development and Finance (2001) ONLINE [www.http://growingnd.com](http://growingnd.com) (Dec. 2,2002)

Ellendale is also a central hub in the tri-state area of North Dakota, South Dakota, and Minnesota, a key factor in its potential for continual population and economic growth. The premise of this paper is to profile Midcontinent Livestock Supplement (MLS) located in Ellendale, and recognize why the business has done so well within the community, as well as to highlight what makes Ellendale an excellent community for small business.

2. MLS Dakota Inc.

MLS was originally designed and founded in 1961 by Raymond Orwig, in Missouri. Orwig created MLS in an attempt to conquer the many problems associated with range and roughage fed cattle. Other MLS plants are located strategically throughout the United States, every seven hundred miles, with plants in Missouri, Texas and North Dakota. MLS Dakota, Inc. opened its manufacturing facility in April of 1993 along Highway 11 west of Ellendale. The plant manufactures and processes molasses supplemented for livestock in plastic tubs. Since opening in 1993, the supplement manufacturing facility has grown to be one of the leading manufactures of livestock nutrition products. The MLS method of processing molasses provides a hard crystallized base nutrient and supplement, unlike any of its competitors. The plant does business with herdsman throughout the upper Midwest and Canada. As a result, the business is open 24 hours a day producing, packaging and shipping tubs of supplement to distributors and customers across the United States.²

² Personal Interview with MLS Dakota, conducted November 23, 2002

II. Methodology

A. Description of the Process; Secondary Sources

In evaluating and gathering information on the city of Ellendale, several different methods of research were applied to establish an understanding of the community and its residents. The city's website, Ellendale Online, offers information about agriculture, business, education, historical attractions, people, sports, recreation, and a community calendar of what is happening in Ellendale. In accordance with Ellendale Online, the most current report was compiled in 1999 by Ellendale Job Development Authority (JDA) and Montana Dakota Utilities Co. It provided current statistical data on the facilities of the city as well as demographical information on businesses, resources and local opportunities. The 2000 U.S. Census Data provides a break down of Ellendale's population and their lifestyles.

B. Description of the Process: Protocol and Personal Interviews

In addition to literary research, pertinent information was provided through the use of two separate interviews, each having personalized protocols. Personal interviews were conducted during the month of November with the President and National Promotions Officer of MLS, within their marketing office in Ellendale. The interview protocol involved a set of twenty plus, open-ended questions. These questions focused on evaluating the strengths and weaknesses of establishing a business in the community, as well as, the relevant information pertaining to the business representative's interpretations of Ellendale's effect on MLS's success.

The mayor of Ellendale was also interviewed during the same time frame. As a member of the community for eleven years, her expertise as a leader and resident of Ellendale provided both a proactive and evaluative outlook at the opportunities and needs of the residents. Interview protocol for this interview was similar to that used for MLS. However, extensive questions were also asked to gain an understanding of Ellendale residents and their attitudes as well as questions about the atmosphere Ellendale provides for businesses within the community.³

III. Results of Study: Descriptive Analysis of the Community

A. Demographics

1. Location

When you are entering North Dakota from the South on Highway 281, Ellendale is the first community you will approach. Ellendale was founded in 1882, by the General Manager of the Chicago, Milwaukee and St. Paul Railroad. As the first town located on a railroad, in the entire region, Ellendale became a great distributing point for settlers and suppliers. However, even after the two major railroads left Ellendale it still remains a center for distribution because of its location. A majority of this distribution revolves around farming and agriculture, the cities two major professions. As a result, Ellendale is the center of a major route for agriculturally related shipping and storage. Due to its early development, Ellendale was deemed the county seat for Dickey County. The courthouse, built in 1910, is located in the

³ See Appendix I for Interview Protocol

center of the community and symbolizes the history of the city; it is also listed in the National Registry of Historical Sites.⁴

2. Population

According, to the 2000 U.S. Census Bureau the population of Ellendale is 1,559. Males represent 717 of those residents (46%) and females accounted for 842 residents (54%). The following tables break down the age segmentation, race, and household structures. All of the information presented within the tables was taken from the United States Census Bureau (2000).

Table 1: Age Segmentation

Age Segmentation	# of Residents	Age Segmentation	# of Residents
Under 5	64	45-54	168
5-9	90	55-59	59
10-14	74	60-64	62
15-19	171	65-69	120
20-24	206	70-74	148
25-34	136	75-79	107
35-44	154	85+	107

⁴ Brauer, Cameron (2002). "Welcome: Ellendale Online" ONLINE: <http://www.ellendaleonline.com> (December 2, 2002)

Table 2: Racial Orientation

Race	# of Residents	% of Population
White	1,521	99.6
Native American	15	1.0
African American	2	.1
Asian Americans	2	.1

Table 3: Household Structure

Relationship	# of Residents	% of Population
Total households	603	38.7
Family households	355	58.9
With children under 18	147	24.4
Married coupled families	298	49.4
With children under 18	110	18.2
Female householder	48	8
With children under 18	35	5.8
Nonfamily households	248	41
Householder living alone	239	39.6
Householder 65+	147	24.4

3. Climate

Being located in southern North Dakota, the climate of Ellendale is less extreme than many of the other cities located in the north. The annual average

temperature is 42.6 degrees Fahrenheit. The average temperature in January is 8.2 degrees Fahrenheit and in July it is 71.4 degrees Fahrenheit. The annual average rainfall is 18 inches while the annual snowfall is 30 inches.⁵

Ellendale can also be recognized as a beautiful city to observe the changing of each season, making it a beautiful environment every season. In the spring of the year, migratory birds make their way to Ellendale to begin nesting. The displays of the colorful birds fill the abundant wetlands of the area captivating every eye. During the summer, the aroma of fresh hay and wildflowers make each breath a pleasure. Lush fields of corn, wheat, soybeans, sunflowers and other small grains begin to take root as farmers work hard to get their crops in before it's too late. Every peaceful summer night, only the hum of crickets can be heard through the large continuous horizon. As fall approaches, a cold breeze begins to blow through Ellendale, and in the evening the sky is alight by a huge harvest moon set across newly harvested fields. However, as the trees begin to change colors, the coming of winter brings a whole new element to the area, snow and ice. Despite its bad reputation, the snow and the first freeze transforms this community into a peaceful, crystal wonderland, covering every path with its pure white blanket.⁶

4. Religion

In the past, Ellendale has been through a lot including; three large fires, severe droughts, blizzards, losing the railroad and many other strains that nature may place on a small town. Yet, through the good times and the bad, a spirit of

⁵ Brauer, Cameron (2002). "Weather: Ellendale Online" ONLINE: <http://www.ellendaleonline.com> (December 2, 2002)

⁶ "Take the Journey" North Dakota U.S. Highway 281 Association ; New Rockford

survival and pride can always be found in this friendly town. A major factor in this, according to the Ellendale mayor, that “one of the most positive attributes of this city is that Ellendale is a religious community, nearly everyone has a religious affiliation”. Within the community there are seven Protestant churches and one Catholic Church.

5. Education

The educational aspects of Ellendale are one of the community’s biggest sources of pride. A reason for this, as stated by the mayor, is due to the high level of technology. The mayor said that technology is very high in Ellendale when compared to other schools within the state. The new school building was built in 1995 as a result of a \$2.5 million dollar bond being passed. One part of the school is the elementary school, which covers grades kindergarten through sixth grade. Within the elementary school there are 12 teachers and just over 200 students enrolled. The high school is connected to the elementary school and is structured much the same. There are 14 teachers employed, and they cover grades 7-12. The enrollment at the high school is just under 200 students. There is also a highly regarded college in Ellendale that continues to grow and expand. Trinity Bible College is a private college located in Ellendale and currently has 336 students enrolled.⁷

There are also 3 libraries located in Ellendale. The first is located in the Ellendale Public School and is used by the students. The second library is located on the Trinity Bible College campus and is open to the public, not just

⁷ U.S. Census Bureau, Ellendale, North Dakota, <http://factfinder.census.gov>

the college students. The third and final library is the Ellendale Community Library and can be used by any member of the community for free.

6. Medical Facilities

Since the closing of the Ellendale Hospital in 1991, Ellendale has taken steps to ensure that the community still has access to immediate health care and emergency services. Ellendale is the home of two family practice clinics: Southeast Medical Clinic, an outreach clinic of Oakes, ND and Avera United Clinic, an outreach clinic out of Aberdeen, SD. These two clinics employ ten part-time doctors and three physician assistants, as well as part time physical therapists and occupational therapists that visit the clinic.

There is also access to two neighboring hospitals which are located 30 to 45 minutes from Ellendale. They include; Avera St. Lukes Hospital, in Aberdeen, SD and Southeast Medical Center located in Oakes, ND. Avera St. Lukes Hospital also provides tertiary care and air flight services to patients. The Ellendale Ambulance service is fully staffed with full time paramedics. A 911 center also offers the community immediate emergency care as well.

Due to the relatively large elderly population, Ellendale offers many care facilities. This accommodates them and their needs. Evergreen Place, a 20 bed basic care center offers residents assisted living facilities without being placed in a nursing home. Evergreen Place also has 5 minimum care apartments, where elderly can live alone but have access to assistance when necessary. In addition to assisted living, The Ellendale Nursing Center offers a 68 bed, skilled nursing facility. Unlike other rural communities, Ellendale

also has the following types of healthcare services for the community; a dentist, an optometrist, a chiropractic clinic and a massage therapist, as well as a veterinary clinic.

7. Recreation Activities

Even though Ellendale is a small community, there are plenty of recreational choices. A few of the more popular community events are as follows:

a. Hunting, Fishing, and Snowmobiling

Ellendale has an excellent reputation to sportsman. In the fall, hunters take to the fields in search of an abundant population consisting of deer, pheasant, grouse, duck and goose. The hunters almost never go home empty handed. In addition, in the winter ice fisherman and snowmobilers look forward to the crispy white adventure provided by the snow and hills that await them.

b. Golfing

During the summer, The Ellendale Country Club, a public nine-hole golf course is host to many local tournaments, and invitational outings open to everyone. The country club is also a common public location for evening social gatherings and class reunions.

c. Bowling

Pheasant Lanes, the local bowling alley is the home of two weekly bowling leagues during the winter months. Youth also enjoy Cosmic Bowling held on Friday nights.

d. High School Athletics: The Cardinals

One thing that almost every resident enjoys is cheering on the Ellendale Cardinals high school athletic teams. The most popular event, by means of community support, is the Boys Basketball Holiday Tournament, sponsored by the Ellendale Quarterback club. This tournament is held annually during Christmas break. Ellendale hosts two North Dakota teams and three South Dakota teams in a three day tournament which usually creates a new rivalry every year. It draws a standing room only crowd as local businesses offer door prizes, contests and drawings to the audience.

e. Swimming and Water Sports

The Ellendale community offers an array of possible water recreational activities. Two lakes are primarily used for these activities; they are Pheasant Lake and Elm Lake. During the summer, these two lakes become weekend getaways for waterskiing, fishing and swimming. However, once these lakes have frozen over in the winter months they are packed with ice houses. For those who don't enjoy the lakes, Ellendale also has a ten-year-old swimming pool. To ensure the safety of those using the pool, local high school students, who are certified lifeguards, watch as children utilize the pool's slide and two diving boards.

f. Ellendale Parks:

Ellendale is the home of five city parks. During the summer these parks are taken care of by local women's' organizations that plant flowers, paint park benches and keep the parks looking beautiful for the whole city to

enjoy. These parks become key locations for camping, family reunions, picnics, weddings, and playgrounds for local children.

8. Community Events

a. Health and Safety Fair

Every February, local businesses and health care organizations as well as the Ellendale Fire Department and Ellendale Police Department put on a Health and Safety Fair for the citizens of Ellendale. Residents are given free blood pressure and cholesterol screenings as well as fire safety and defensive driving classes.

b. Dickey County Fair

In the summer of every year Ellendale is the host of the Dickey County Fair. Like all small rural communities the county fair brings people from all across the county. Residents can display exhibits consisting of art work, crafts, gardening and sewing projects. Local businesses also set up displays showing what the business does and has to offer.

9. Communication

The main newspaper is the Dickey County Leader. It is published one day a week, on Thursday. There is also a monthly community calendar which is mailed to every community member and informs them of news and upcoming events. The city has DSL capabilities, unlike most other small communities.

The city's webpage is updated daily and can be accessed at:

www.ellendaleonline.com

10. Taxes

a. State and Local Corporate Income Tax

While all corporations having income sources in the state must file an income tax return, North Dakota computes a deduction for federal income taxes before calculating state corporate tax. So even though our tax rate ranges from 3% to 10.5%, the effective rate becomes 2.55% to 6.83%. Only four other states allow corporations to deduct their federal tax liability. Primary-sector businesses, such as manufacturing, food processing and export services, may qualify for five-year corporate income tax exemptions.⁸

b. State and Local Sales Tax Rate

North Dakota's general sales tax rate is 5%. New or expanding businesses qualify for an exemption on machinery and equipment used for manufacturing, processing or recycling. In addition, new or expanding agricultural commodity processing plants may also qualify for an exemption on building materials. There is no sales tax on electricity, water, interstate communications over phone lines or money, and only a 2% sales tax on natural gas when used for direct manufacturing purposes. Cities may levy a local sales tax. Currently, there are more than 70 communities with a 1%-2% sales tax.⁹

⁸ Quick Facts: North Dakota Economic Development and Finance

⁹ Quick Facts: North Dakota Economic Development and Finance

11. Major City Employers

The following table breaks down the city's major employers:

Name	Description	*Employees	Year	Union
Trinity Bible College	Private 4-Year	85	1971	No
Prince of Peace Care Center	Geriatric Care	80	1961	No
Ellendale Public School	Education	63	1884	Yes
Dickey County	Government	53	1881	No
Avera Health Care	Medical	11	1957	No
L & E Equipment	John Deere	9	1985	No
The Ranch	Restaurant	11	1978	No
Mertz Construction	Construction	16	1982	No
First Southwest Bank	Finance	13	1902	No
Dickey Rural Telephone	Communications	30	1950	Yes
Blumhardt Chevrolet/Pontiac	Auto	13	1972	No
MLS Dakota	Manufacturing	13	1993	No
Evergreen Place	Basic Care	11	1994	No
Farmers Union Oil Co.	Farm Services	23	1930	No
Fargo Assembly	Manufacturing	58	1997	No

B. Psychographics

Results from interviews show that members of the Ellendale community have positive outlooks on the city. In the past, residents have been resistant to change, but that mentality is changing with time. Many new businesses will be opened in the coming weeks and there is excitement throughout the community for the additional businesses coming to the city.

The owner of MLS Dakota emphasized with a great deal of passion on how hard the people of Ellendale worked. He said that he rarely ever needs to fire workers due to lack of effort. One point he made was that even if someone were to quit the job, there were many people waiting in line to take the rigorous job. The mayor also reiterated the fact that employees within the community work very hard and like what they do.

When speaking with the mayor and MLS Dakota, gaining a strong perspective on the attributes of the city seen as most favorable were a major focus but so were the weaknesses of the community. In accordance with the strengths and weaknesses, thoughts and feelings toward any opportunities and/or threats in Ellendale were analyzed.

IV. Results of Study: Evaluative Analysis of the Community

A. Incentives

1. Job Training Assistance

Workforce 2000 assists North Dakota businesses in retraining and upgrading current workers' skills. *North Dakota New Jobs Program* provides funding for education and training services for employees. Both programs are administered through Job Service North Dakota as a "one-stop-shop" for training assistance.¹⁰

2. Financing

One program that provides great incentive is the PACE Fund. It is an interest rate buy-down loan program that provides financing for primary-sector businesses through a partnership between local lenders, local government and

¹⁰ Quick Facts: North Dakota Economic Development and Finance

the Bank of North Dakota. The funds may be used for the purchase of real property and equipment, expansion, and certain working capital requirements.

A second program is titled MATCH. Through this program, the Bank of North Dakota will participate in loans to financially sound companies and provide interest rates at some of the lowest in the nation. The funds can be used for real estate and for the purchase and lease of machinery and equipment.

3. Tax & Permitting Incentives

A five-year property tax exemption can be granted to new and expanding businesses. In addition to or instead of an exemption, local governments and any project operator may negotiate payments in lieu of property tax for a period of up to 20 years from the date project operations begin. There is no sales and use tax on machinery or equipment used in processing and manufacturing. Other tax incentives are:

- No personal property or inventory taxes
- All new and expanding companies in North Dakota are given immediate consideration by all regulatory agencies to assist in timely permit compliance.
- Sales and use tax exemption for purchases of computer and telecommunications equipment for certain primary-sector businesses.
- Additional information can be obtained at: www.ndtaxdepartment.com

B. SWOT Analysis

1. Strengths

After speaking with the mayor of Ellendale and the representatives from MLS Dakota, a handful of strengths were determined and they are considered great assets to the community. The strengths are as follows:

- Prime Location
- Worth ethic of the people
- Strong religious community
- Education (technology, new school, college)
- Variety of medical services available
- Low crime rate
- Short driving distance from large cities
- Diverse selection of recreational activities
- Community loyalty
- Housing availability
- Mild weather

The Mayor believes Ellendale has a major advantage due to the religious aspects, educational characteristics, medical facilities, low crime rate, location, housing, and the support by community members. MLS Dakota credited its success to some of the same factors previously stated and also the strong work ethic of the people.

2. Weaknesses

The interviewees also mentioned some things in which they felt were not favorable characteristics of Ellendale. These weaknesses are as follows:

- Lack of cultural diversity
- Stereotyped as a “retirement community”
- Lack of goods available (no large retail stores)
- Number of vacant buildings on Main Street

These areas mentioned, are of prime concern to the Mayor and she is determined to find solutions. She feels that the stereotype, lack of available goods, and number of open buildings are resulting in the community not developing as quickly as it could.

3. Opportunities

Being a growing community, Ellendale has many opportunities for new ventures. The mayor was ecstatic in saying Ellendale has been drawing business from around the nation due to the strengths that were mentioned previously and the growing number of opportunities available. These opportunities are:

- Open buildings located on Main Street
- State funding available
- Proactive mentality
- DSL capabilities
- Low cost of living
- Success rates of other businesses
- Job availability

MLS Dakota believes that Ellendale is at a major advantage when new ventures are looking to locate there. They have the open buildings, there are numerous amounts of funding available, community support will be like no other, and there is a very low cost of living. MLS believes because they went through the same process.

4. Threats

The mayor believes that the threats the community faces are diminishing, however, there are still some that are present. There are also threats that cannot be diminished. The different threats are as follows:

- Commuters income lost to Aberdeen and Jamestown
- Decline in youth population following high school graduation
- Lack of personal privacy
- Stingy spending habits of the community members
- Financial stability of the community and businesses

Financial stability is always a main concern for a small community. Due to the large number of older consumers, spending habits are very selective. The young population tends to move away once graduating from high school. Also, people willing to drive to larger cities results in lost sales for local businesses.

C. Advice

The final question the differing parties were asked was to give advice for new businesses in general and to those that were looking to locate in Ellendale or a similar community. MLS Dakota responded by saying, never give up on what you are trying accomplish. One should always accept mistakes and then learn from those failures. Another policy MLS learned to follow was to eliminate the aspect of accounts receivable, be a cash only business; thus, limiting the chance of losing money and being in debt. He also said one should surround himself or herself with a good clerical staff and salesmen. Without a good salesman, no business can be done. The most important characteristic, as felt my MLS Dakota, was that as a business person one should be very personable, resulting in good

relationship marketing, forming trust between the parties. The mayor answered the question by saying one should develop support from the community by forming relationships with the mayor, city council and county officials. Finally, she said that a person should be very determined. Her closing statement was, “if you build it, they will come”.

V. Summary & Conclusion

A. Ellendale

The future for the city looks very promising. With the support of the community, Ellendale will show growth and expansion in the months and years to come. The workers work very hard, the people are involved with the community, the schools are among the best, and their technology is above and beyond that of the cities around them. The city is becoming less of a ‘retirement home’ and moving towards the ‘young generation’. In the past, the city has been hesitant towards change and relatively reactive. After listening to the mayor, the city’s mentality is changing. They are welcoming a variety of businesses to occupy the now vacant buildings and their mentality has become proactive. Because of the location along the major highway and within the tri-state area, Ellendale shows signs of becoming a larger community in the years to come.

B. MLS Dakota

Due to hard work, determination, and learning from their mistakes, MLS Dakota has become a leader in manufacturing throughout the Midwest. By rewarding hard work with great benefits to their employees, employee satisfaction is quite high along with community acceptance. MLS Dakota guarantees the results they

predict will occur, and these results develop customer retention. By being very personable with all of their customers, MLS develops the needed trust that will allow the business to continue and grow. So why has MLS been so successful in such a small community? They have gained the support of the company, the city, their customers, and they support all of them right back.

C. Why MLS Dakota, Inc. is Successful

Any successful business has their own reasons as to why they are so successful. The reasons generally relate to how the business operates and their productivity level. However, MLS credited most of their success to the people that work there and the Ellendale community as a whole. The community accepted the new business with open-arms despite the crude smell a livestock manufacturing plant can create. The local workers quickly became very involved in the company and were said to be “the hardest workers around”.¹¹

On the operations side of the business, MLS stated four main reasons as to why they are so successful in the small community. The first is due to the owners knowing and remember their customers. The second reason is because they have a great clerical staff that can be trusted. A third is due to the fact that they do not accept credit on accounts, they accept cash payments only. The fourth and final reason as to why MLS Dakota is enjoying as much success they are is due to their strategic business location. Location is important for any business, but for MLS they received the location and a great community within the City of Ellendale.

¹¹ Personal interview with MLS Dakota, Inc: conducted November 23, 2002

