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Eden Prairie economist has global focus

Independent economist Geoffrey Ferster has never been content to study economic issues from the safety of his home office in Eden Prairie. He has traveled to some of the most remote regions of the world to collect and analyze economic information. F&C Photo by Bill Klotz

Eden Prairie economist Geoffrey Ferster has traveled the world helping governments and companies sort out economic data and develop long-range strategies. Along the way, he has encountered parasites in Tanzania and gun-toting rebels in Sierra Leone.

By Jessica Griffith/Special to F&C
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Geoffrey Ferster was interviewing farmers in Tanzania for an economic development project when a cattleman interrupted their conversation to turn on his Japanese transistor radio.

It was July 1969. Neil Armstrong and his Apollo 11 crew were on their way to the moon, and this farmer had no intention of missing the lunar broadcast.

“The story exemplifies the importance of acquiring first-hand knowledge of a situation at field level,” said Ferster, an independent economist based in Eden Prairie. That farmer’s radio in rural Tanzania illustrated his willingness to accept technology, but on a larger scale, the story exemplifies the importance of combining critical research and thought with economic and social realities, Ferster said.

Never content to just study problems on paper, Ferster travels to remote regions and helps governments and international agencies collect and analyze economic information. His consultancy, Geoffrey Ferster Associates, also works with private businesses to develop long-range strategies. Past clients include the World Bank, the Asian Development Bank, USAID and the governments of Indonesia, Malawi and Sierra Leone.

“I’ve always been interested in applied economics,” Ferster said. “I wanted to take the tools and the training and apply them to major problems.”

His early career focused on the economics of agriculture. A Minneapolis native, Ferster earned bachelor's and master's degrees in economics from the University of Minnesota and completed a Ph.D. in agricultural, resource and managerial economics at Cornell University in 1969.

He traveled to Tanzania later that year and began an economic development project through the University of Dar es Salaam. Ferster studied the problems that occurred when cotton farmers expanded into cattle-grazing country, and the challenges created by a poor infrastructure for health care, sanitation and education. He also taught local university students how to incorporate interviews and other strategies into their research, thus helping Tanzania build a knowledge base for future research projects.

While in Tanzania, Ferster developed hepatitis and eventually returned to the United States for treatment. Others might have viewed a life-threatening illness as a reason to go home and stay home, but Ferster finished his work in Tanzania and eventually funneled his experience with the health-care system into a new expertise in health care for developing nations.

He spent the early 1970s as a senior lecturer at the University of Exeter in England, where he researched cost-effective maternity care for the National Health Service. In 1977, Ferster went to work for the World Health Organization and, among other projects, helped develop the infrastructure for the health system in Indonesia.

"They now have a model that was designed to be robust enough to take economic shocks as new government policies or technologies come along," Ferster said. "Now, they have a firm foundation."

He launched Geoffrey Ferster Associates in 1984.

"It was obvious to me that large bureaucracies usually do not provide the environment to address the key policies and strategies necessary to achieve policy goals of government," Ferster said. "I envisaged having greater impact on reforms by providing world-class, independent advice to senior decision-makers."

Ferster's projects require extensive travel to places most people only visit in geography class. In Malawi, he developed models for sharing costs and collecting fees in the health-care system. In Pakistan, he created the financial framework to transfer health-care, education and economic development services from the central government to provincial governments. In Jordan, he developed a study and recommendations for national health insurance.

His journeys yielded some literal high points, including a climb up Mt. Kilimanjaro, and some low spots, such as bathing with parasites in Tanzania or being held at gunpoint by rebels during a coup in Sierra Leone.

"Every day wasn't a good day, but I had some raw experiences that were unique," he said. "It really depends on how you want to use your life."

Ferster's independence makes his research more valuable because he is not beholden to anyone's interests, said Steve Sussman, economic development specialist with Minnesota's Department of Employment and Economic Development. The department has hired Ferster for two research projects — one designed to help bring an energy company to the state and another to create a viability plan for a public/private agency that was losing government funding.

"I am confused as to why more businesses don't realize the need for Geoff's type of services," said Sussman, who drove Ferster around the state to introduce him to business and government leaders. "Economics is not localized any more; we are all dealing with worldwide markets."

Ferster's knowledge of international markets can remove barriers to business expansion, Sussman added.

Back in Minnesota, knowledge of developing nations can help companies compete in an increasingly global economy, Ferster said. Minnesota has a competitive advantage as a state with science, business and agricultural resources.

For example, corners of Africa that suffer from hunger and famine could benefit from bioscience that breeds nutrients into crops. The European Union is a good market for Minnesota's medical devices because most of the medical and health-care systems are centrally funded and are incorporating private-sector providers.

But foreign markets operate differently than those in the United States, and that is where Ferster wields his expertise. He helps corporate clients screen international markets and find contacts on a global scale.

"A lot of these countries want more private business, but you have to be able to negotiate with the public sector," he said. "Businesses are often in the dark despite their best efforts; they have insufficient tools to deal with cultural nuances and institutions."

Ferster also markets himself as a "chief economic adviser" to companies that want to re-examine business decisions and review the viability of their business plans. He provides quarterly economic forecasts based on market trends and assesses the risks of entering international markets.

Bill Schneider hired Ferster after the economic downturn caught his company by surprise.

"We wanted to see what we could do to get a little advanced warning next time," said Schneider, the president and CEO of Plymouth-based TURCK Inc., which manufactures electronic sensors designed to automate machinery. "We retained Geoff to research some leading indicators for our industry."

For example, Schneider now tracks capital investment in equipment for key industries in his customer base. He not only wants an early warning of any downturn, he wants to know about potential upticks in business when the economy improves.

Roland Mann and Associates Inc., an executive recruiting firm in Plymouth, also hired Ferster to help navigate in the difficult, post-9/11 economy.

"When we started the business, we were just working in the marketing space," said Kevin Hannigan, managing principal of Roland Mann. "He told us that we better bring in sales and business development because no one would be hiring in marketing. And he was right. Companies were basically gutting their marketing and HR departments."

Ferster also told Roland Mann what size companies it should target and in which industries.

"He had very specific suggestions, and we followed them, and he was right," Hannigan said. "We credit him with our survival in a tough market."

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