

Be Bold Wisconsin. The Wisconsin Competitiveness Study

Executive Summary

INTRODUCTION

In September 2009, the Wisconsin Economic Development Association (WEDA), Competitive Wisconsin, Inc., Wisconsin Counties Association and the research organization Wisconsin Economic Development Institute (WEDI) announced a collaborative economic development study that would focus on identifying and aligning policy, programs and organizations to competitively position Wisconsin for the global marketplace. This Study's ambitious goal was to build upon Wisconsin's solid foundation by enhancing or creating new strategic investment, employment and growth-related initiatives.

To conduct this Study, the aforementioned sponsoring organizations conducted a comprehensive Request for Proposal (RFP) process. This process was utilized to identify a non-partisan, qualified and recognized third-party vendor. As such, Deloitte Consulting and Newmark Knight Frank (NKF) Consulting were selected as the Study Team. Leadership, as well as support, for this Study was provided by a diverse Steering Committee that represented various statewide constituency groups and subject matter disciplines. Stakeholders representing business, economic development and philanthropic interests supported the Study through financial contributions.

The primary objectives of the Wisconsin Competitiveness Study are to:

- Benchmark Wisconsin against various regional and national competitors on a variety of business climate factors.
- Evaluate Wisconsin's competitiveness in selected industry sectors with best practice regions.
- Recommend improvements to existing economic development strategies and structures to promote growth throughout the state.
- Create consensus with economic development stakeholders across the state related to the conclusions of this study and proposed next steps.

The current, as well as forecasted, economic situation has given Wisconsin the opportunity for reflection, evaluation and a new beginning. This Study addresses the state's strengths, as well as its weaknesses, within a framework designed to move Wisconsin forward. While not intended to be redundant of prior studies, this Study focuses squarely on recommending an executable and well-reasoned economic development strategy to advance / improve Wisconsin's business growth, employment and per capita income opportunities.

NEED

Deloitte-NKF surveyed 100 Wisconsin stakeholders, who stated that the largest obstacle Wisconsin faces in advancing economic development is the lack of executable, real-time strategies, policies and direction. Simply stated, the absence of a strong, consistent champion focused intently on game-changing tactics and fundamentals is seen as restricting Wisconsin's growth potentials.

BENCHMARKING

The Deloitte-NKF Team compared Wisconsin's business environment to key competitors, assessing degrees of favorability (i.e. competitiveness) measured against a host of business operating costs / conditions. To demonstrate how these benchmarks impact business development decisions, the Study provided a comparative analysis of five selected target industries. Examples of economic development "best practices" were highlighted, as well. The analysis indicated that Wisconsin receives less than favorable marks across these operational factors; the state's economic development capabilities are strong in some dimensions, but in many key areas they are unexceptional or obsolete; and Wisconsin's competitive positioning in five sample industries revealed a few consistent weaknesses across industries.

RECOMMENDATIONS

Recognizing that there are multiple factors influencing business development decisions, this Study specifically focused its attention toward issues generally regarded as *controllable*. That is, factors that can legitimately be addressed through collaborative public and private sector efforts. While the list of suggestions from past reports is lengthy, this Study has identified various organizational capacities, policies, programs and structural recommendations to achieve the following overarching, yet attainable, goals that will serve as a baseline for Wisconsin as it embarks upon a new game plan for more effective economic development:

- Wisconsin will rank among the Top 10 states for starting a business by 2016. According to the Kauffman Index of Entrepreneurial Activity, Wisconsin's current rank is #28.
- Wisconsin will rank among the Top 10 states for expanding a business by 2016. According to CNBC's May 2010 Rankings, Wisconsin is #29.

Details regarding the Study's nine recommendations are provided below:

1. Restructure the Department of Commerce into *Accelerate Wisconsin*.

Accelerate Wisconsin will be a new quasi-public entity charged with crafting, delivering and overseeing Wisconsin's economic development strategy. As a non-political advocate, *Accelerate Wisconsin* would be insulated from frequent leadership, policy or strategy changes; thereby, allowing it to develop a comprehensive, targeted and statewide economic development strategy. As the state's recognized business and investment

development entity, Accelerate Wisconsin will focus its efforts on: business retention and attraction, incentive packaging, infrastructure capacity issues, targeted industry research, etc. Since several states have successfully implemented this type of quasi-public entity, this change will automatically position Wisconsin toward the “best in class”.

2. Reposition Wisconsin’s Brand.

Reinvent Wisconsin’s brand through an aggressive and targeted campaign. Wisconsin suffers from an image problem. This rebranding will directly tackle the persistent perception that Wisconsin offers an uncompetitive or convoluted value proposition. Wisconsin’s business community will be recast as possessing a deep talent pool; a culture of innovation; and a stable, pro-business environment that has made the commitment to policies / programs that help – not hurt – the economy. *Accelerate Wisconsin* will manage this new brand image campaign.

3. Alignment.

Accelerate Wisconsin will align statewide economic development strategies, educational programs and public/private stakeholders around a common outcome: improving and sustaining Wisconsin’s economic health. This unprecedented alignment will ensure that strategies are not only properly funded, but also implemented.

4. Proactive Business Retention Efforts.

The Study recommends several initiatives aimed at improving Wisconsin’s business retention efforts, including designating retention-and-industry-specific specialists to augment the work done at the local and/or regional levels.

5. Bolster Innovation Programs.

Create a new entity called *Wisconsin Pioneers*. This non-profit organization will focus its efforts on investments in and the acceleration of early-stage / second-stage, high-growth companies. *Wisconsin Pioneers* will function regionally and provide the following services: capitalize and deploy financial resources directly to companies; actively recruit venture and angel capital firms into Wisconsin; and provide research, staff and/or technical support for regional innovation clusters.

6. Reinvigorate Wisconsin’s Business Attraction Capabilities

Wisconsin must be proactive with its overall business attraction and outreach efforts. By demonstrating that it can provide value-added, business-case solutions to complex job creation / retention and investment scenarios, Wisconsin will be able to regain lost ground from its competitors. Achieving this outcome will involve increased targeted messaging; increased decision-maker access; increased pro-business (legislative) changes; improving, sharing and streamlining project intake / management practices; etc.

7. Deploy a Statewide “Shovel-Ready” Sites Program with Expedited Permitting Procedures.

Wisconsin’s permitting processes consistently receive less than favorable ratings. Nearly all Midwest states, as well as others throughout the nation, have taken steps to proactively initiate permitting processes for select “shovel-ready” sites. By establishing a uniform and recognized “shovel-ready” program, Wisconsin can begin to regain lost ground and hopefully surpass its competition.

8. Implement New Incentives Geared Toward Capital-Intensive and Startup Projects.

The Study documented that persistent gaps exist with regard to Wisconsin’s overall economic development toolbox. Driven by both perception and reality, these gaps indicate that changes must occur. Despite fiscal challenges, other states throughout the nation have made the commitment to retool their economic development programs. Increased funding, enhanced eligibility requirements, flexibility and creativity are representative of the holistic adjustments that other states have implemented. There is no time for an evolutionary response; therefore, it’s time to place Wisconsin forward by launching aggressive, value-added programs.

9. Enhanced Technology Applications to Implement Wisconsin’s Economic Development Strategy.

Capitalize on various technology-enhanced platforms to increase the efforts of *Accelerate Wisconsin* and *Wisconsin Pioneers*, respectively. Fully integrate these applications with local and/or regional economic development initiatives to ensure seamless service delivery.

CONCLUSION

The benchmark analysis of competitor states and select target industries suggests that Wisconsin may have reached a tipping point. Realizing that it takes time to reposition an economy, this Study shows that it is time to act. The foundation for creating a decisive and executable economic development strategy is outlined within this Study. The Study’s partners, sponsors and steering committee are committed to implementing the recommendations and goals outlined above.