

iLABS Michigan Technology Climate 2012 Survey Results

Overview

In the fall of 2012 iLabs, the University of Michigan-Dearborn's Center for Innovation Research, partnered with the Detroit Regional Chamber, the Lansing Economic Area Partnership, the MIT Enterprise Forum-Great Lakes Chapter, The Right Place, and the Workforce Intelligence Network, to conduct its fifth annual survey of high growth and technology leaders in Michigan. This year outreach was extended to include businesses from across Michigan.

This annual survey assesses the opinions of high growth and technology leaders regarding the current business climate facing Michigan's firms. Results from previous year's studies will be compared when appropriate.

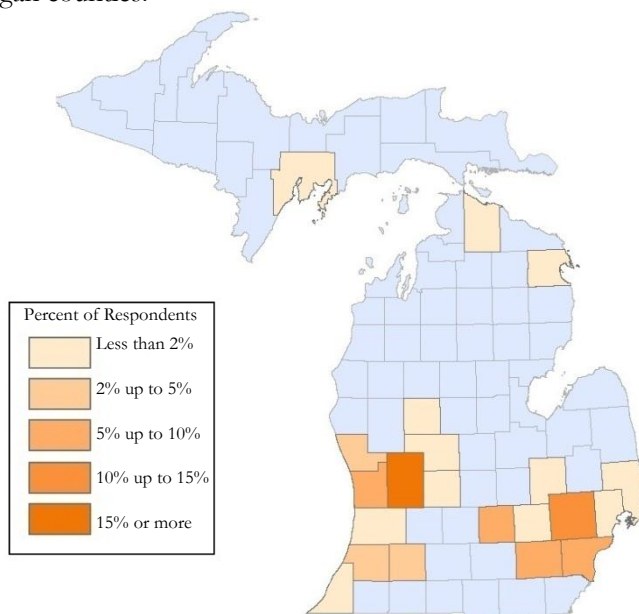
A total of 157 high growth and technology leaders participated in this year's survey. 80% of the respondents indicated their title is President, CEO, COO, Vice President, Partner, Director, Founder or Manager of their firm.

The top three industries for those who participated were:
Advanced Manufacturing & Materials (24%),
Information Technology (19%),
Business Services & Communication (17%).

Almost half (49%) of the respondents indicated that 60-100% of their firms current revenue is generated from customers within the state of Michigan.

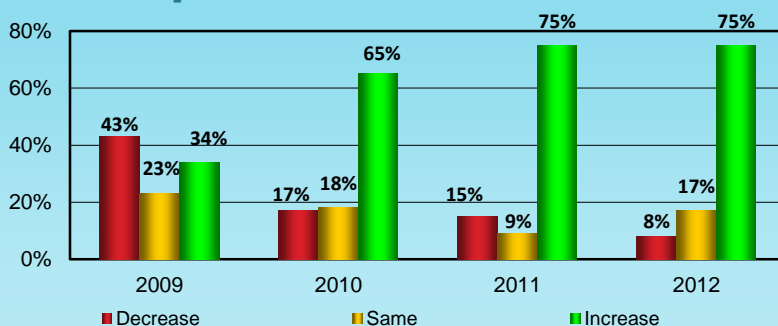
Firm Location and Revenue

The business leaders surveyed work for high growth and technology firms that have operations all over Michigan with the concentration distributed in the Southern counties of the state. The map below illustrates how the firms were distributed among Michigan counties.



Respondents were asked about their firm's 2013 revenue expectations. Three-quarters (75%) indicated that they expect to see an increase in revenue over last year. This is the same percent as in 2011, and has shown improvement since 2009.

Revenue Expectations



While a majority of firms are expecting 2013 revenues to hold steady or increase, 53% of respondents feel that their firm's revenue expectations are meeting their company's plans for growth compared to last year's 43%.

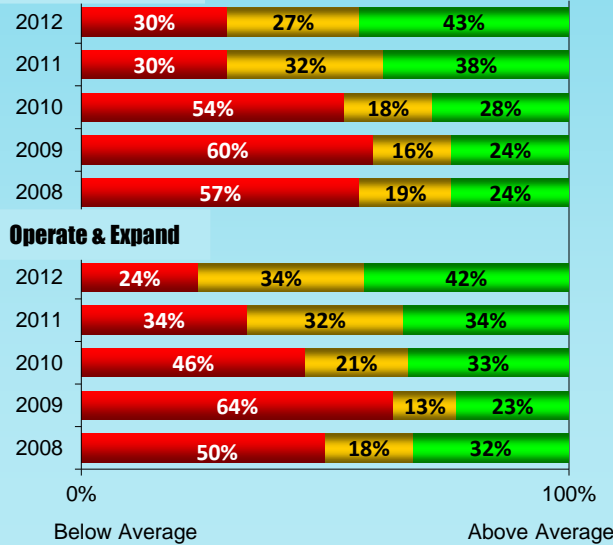
Perception of State's Business Climate for Technology Firms

Regarding the state of Michigan as a whole, 43% of respondents indicated that Michigan was an above average place to successfully start a technology company. 42% of respondents indicated that Michigan was an above average place to operate and expand a technology company. Moreover, the percentage of those respondents who indicated Michigan as a *below average* place to successfully start and/or operate and expand a technology company has continually decreased since 2009.

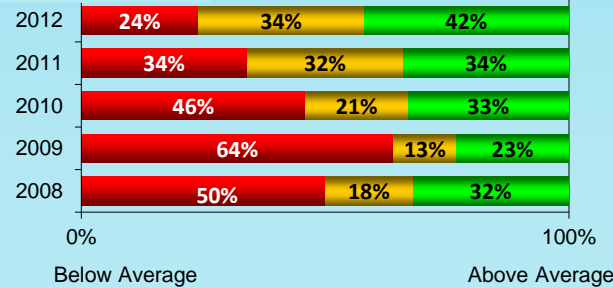
The majority (89%) of respondents rated Michigan's climate for technology industry, versus six months ago, as holding steady or improving. With just over one third (34%) of respondents rating these conditions as improving over the previous six months. Additionally, respondents were asked to describe the outlook for Michigan's technology climate into next year, 90% of respondents indicated that the technology climate is holding steady or improving.

Michigan as a Place for Technology Businesses to Successfully ...

Start - Up

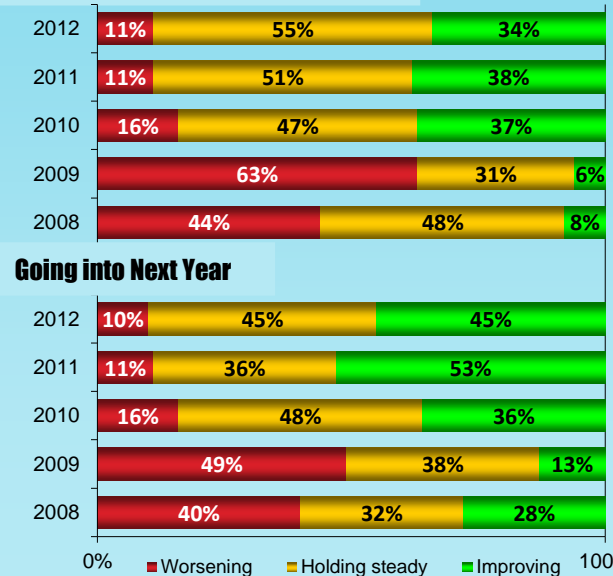


Operate & Expand

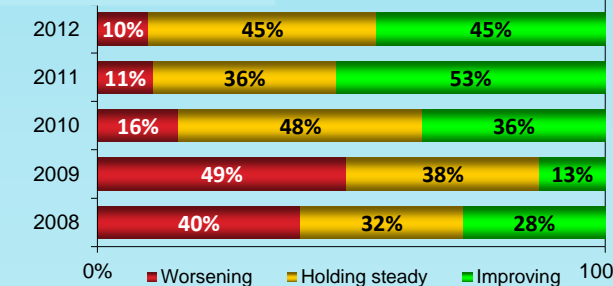


MI Technology Climate Ratings ...

Compared to Previous Six Months

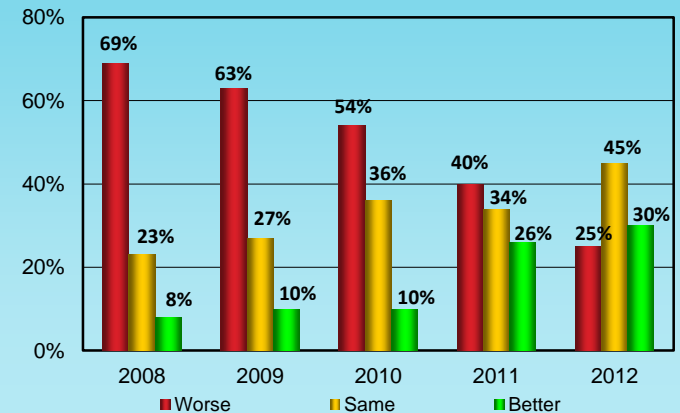


Going into Next Year



Respondents were asked to compare the current conditions for Michigan's technology industry to other states. Nearly one third (30%) of respondents indicated that Michigan's technology climate, as compared to other states, is better, while 45% of respondents indicated that the climate is the same. Furthermore, the percentage of respondents who have indicated that Michigan's technology climate, as compared to other states, is worse is at the lowest point in all five years.

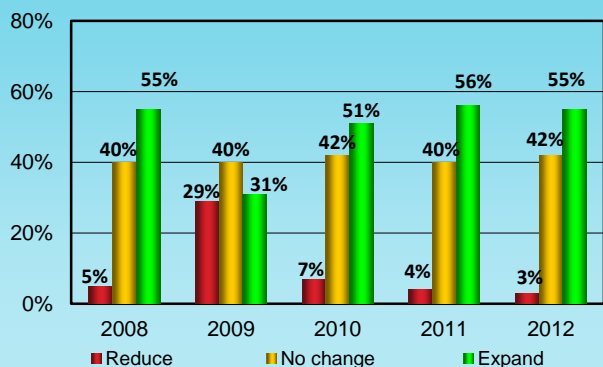
Michigan's Technology Climate Compared to Other States ...



Workforce Plans and Revenue Expectations for Coming Year

Respondents were asked to indicate their firms plans for their workforce in 2013. Similar to 2011, 55% of respondents indicated that their firm plans to expand their workforce in the next year.

Firm's Workforce Plans ...



The table below illustrates the most frequently selected factors impacting workforce needs for respondents from Michigan's high growth and technology firms. The factors indicated by respondents, whose firm plans to *maintain* their workforce levels for the coming year, are uncertain economic times, owner preference, and recently expanded workforce. The factors indicated by respondents, whose firm plans to *expand* their workforce in the coming year, are increases in sales, new products or services, and long term investment in employees.

Factors Impacting Workforce Changes ..

Reasons For No Change In Workforce	
Uncertain economic times	42%
Owner preference	32%
Expanded workforce in the previous year	20%
Reasons For Expanding Workforce	
Increase in sales	79%
New products	37%
Long term investment in employees	28%

* Respondents were able to select multiple reasons.

The respondents, whose firm plans to expand their workforce in 2013 and recruit new employees, were asked which positions were they looking to hire. The following are the five most frequently selected choices:

Most Needed Job Titles	
Marketing Professionals	32%
Project Manager	28%
Computer Programmer	25%
Other Engineers	24%
Customer Service based positions	22%

* Respondents were able to select multiple positions.

Respondents were asked where their firms are most likely to recruit from when hiring in the next year. The majority indicated their firm would hire locally (defined as within 30 miles of their operations).

Where New Employees Are Recruited	
Locally	67%
Nationally	39%
Statewide	24%
Globally	8%

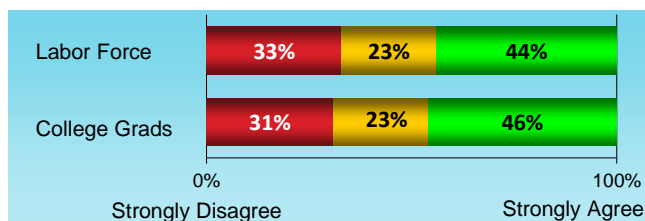
* Respondents were able to select multiple locations.

Additionally, respondents were asked to see how their firm would recruit new employees. The most frequently selected choice was word of mouth or employee references (78%). The following are the five most frequently selected methods:

How Employees Are Recruited	
Word of Mouth/Employee Reference	78%
Company Website	60%
Online Job Portals	45%
Internships	37%
Local Newspaper	31%

* Respondents were able to select multiple reasons.

44% of respondents agreed the labor force in Michigan meets the human resources needs of their firm. 46% of respondents agreed their firm benefits from access to a large pool of qualified college graduates.

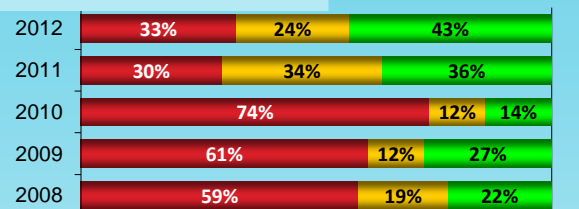


State Government Impact

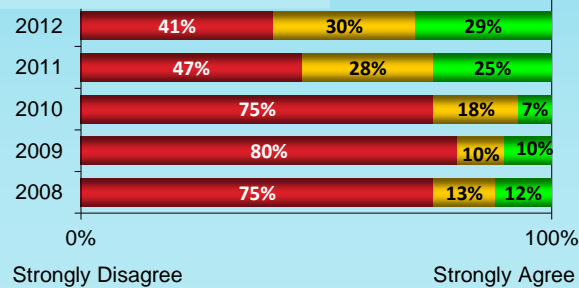
Many respondents (43%) agree that Michigan's state government promotes economic growth. Additionally, respondents were asked if Michigan's state tax policy promotes entrepreneurial development. Nearly one third (29%) of respondents agreed the State's tax policy promotes entrepreneurial development.

Michigan's Government/Policies Promote ...

Economic Growth



Entrepreneurial Development



Respondents were asked their opinions on twelve MEDC programs designed to help promote technology growth within Michigan. Listed below are the five most frequently selected programs:

State Programs ...

Promotes Technology Growth

Smart Zones and Incubators	44%
Michigan Small Business Technology D.C.	43%
Business Accelerator Fund	32%
Accelerate Michigan Innovation	31%
Pure Michigan Venture Match	30%

Other Program Offerings ...

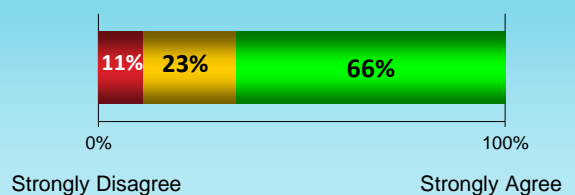
Several services/programs focused on assisting technology firms, potentially provided by state or regional organizations, were listed to see how interested respondents would be in utilizing each service or program. There were a total of five services listed. The service with the most interest was receiving information on funding to commercialize products. Last year this service was the second most popular service, with 61% of the sample indicating interest. The last choice this year, professional consulting/coaching services, was at the most frequently selected last year, a 20% change from 2011 to 2012.

Services for Technology Firms ...

Information on funding to commercialize products	58%
Information on seed funding for R&D efforts	56%
Network with other technology firms in the area	52%
Education/training on technology partners	51%
Professional consulting/coaching services	42%

The term Economic Gardening means 'growing our economy from within.' This is accomplished by providing access to technology and business expertise to both new and existing small businesses. When respondents were asked if economic gardening is a viable concept with regards to technology firms, two thirds of the respondents agreed, which is a change from 88% in 2011.

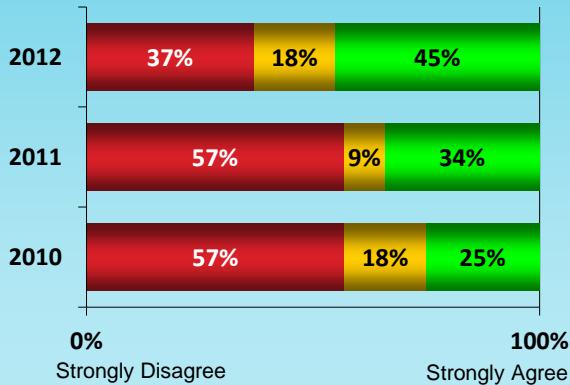
Economic Gardening ...



Impact of the Regional Resources on Technology Climate

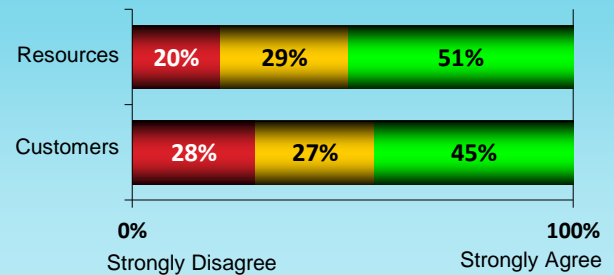
Almost half (45%) of the respondents indicated that their firm benefits from access to Michigan's research universities. This number has increased 20% over the past two years.

Access to Michigan's Research Universities ...



This year respondents were asked if their region's network helps their firm remain connected to resources critical to their firms' growth. Over half (51%) of the respondents agreed that their region helps their firm remain connected to resources. Additionally, respondents were asked if their region's network helps their firm remain connected to customers critical to their firms' growth. Almost half (45%) of the respondents agreed the region helps their firm remain connected to customers.

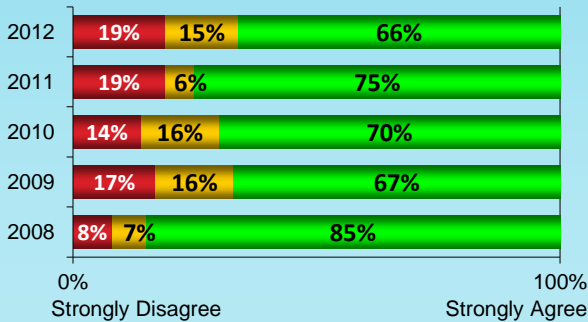
Regional Promoted Connections to ...



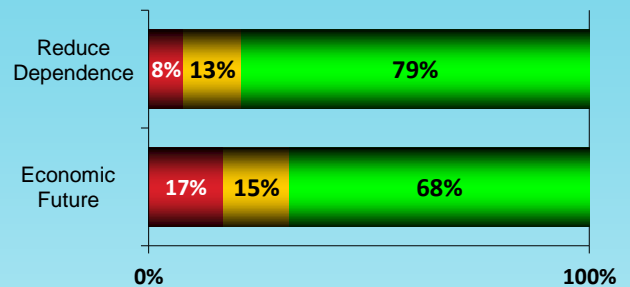
Manufacturing and Automotive Industry in Michigan ...

As in previous years, a majority of executives (66%) agree that shifting from a manufacturing-based industry to a knowledge-based industry is important for Michigan's economic future. This percentage is slightly lower from 2011, but the percentage who disagree has remained the same.

Shifting from Manufacturing



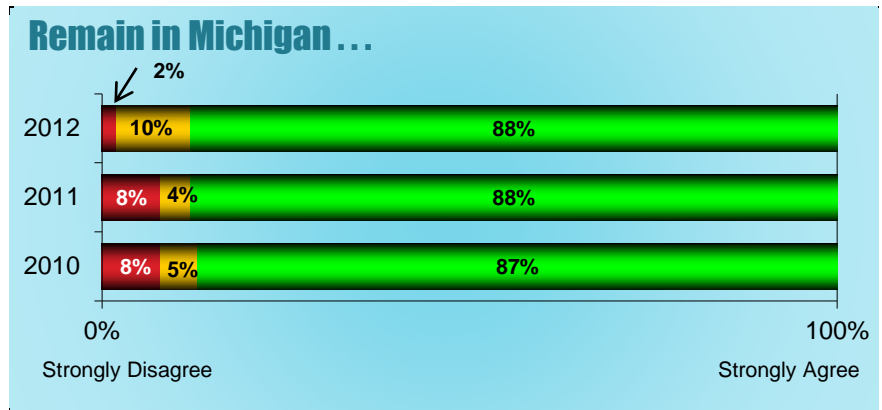
Auto Industry and Michigan's Future



Most respondents (79%) agree that reducing Michigan's dependence on the automotive industry will improve the state's economy. When asked about Michigan's economic future, over half (68%) agree that it is clearly linked to the auto industry. This percentage has changed from 85% in 2011.

Best Places for Technology Businesses

Most (88%) of the respondents indicated that their firms plan to remain located in Michigan for the next 12 months, which is consistent with previous years responses.



About iLabs and Our Partners

iLabs, the University of Michigan-Dearborn's Center for Innovation Research, is dedicated to advancing the understanding of corporate, entrepreneurial, and institutional innovation and its impact on economic development. For more information, please visit www.umdilabs.com.

The Detroit Regional Chamber has a vision of creating a region with unparalleled quality of life, efficient mass transit, unified pursuit of economic development, high-quality educational systems, a vibrant technology hub, an environment for entrepreneurship, and a business community that embraces diversity as a business imperative. For more information please visit www.detroitchamber.com.

The Lansing Economic Area Partnership (LEAP) helps entrepreneurs start new businesses, helps existing businesses grow, and attracts new businesses to the region. For more information, please visit www.purelansing.com

The MIT Enterprise Forum - Great Lakes Chapter is one of 28 worldwide chapters. Together, they act as the global voice of entrepreneurship. Collaborating to connect technology entrepreneurs with resources to make the commercialization of technology faster and easier. For more information, please visit www.mitgreatlakes.org

The Right Place, Inc. promotes wealth creation and economic growth in the areas of quality employment, productivity and innovation in West Michigan by developing jobs through leading business retention, expansion and attraction efforts. For more information, please visit www.rightplace.org

The Workforce Intelligence Network (WIN) is a Southeast Michigan organization that works to create a comprehensive and cohesive workforce development system in the region that provides employers with the talent they need for success. For more information, please visit www.win-semich.org

Connect With iLabs

Using your Smartphone and the associated application, snap a photo of the icons to the right and link to more information on the project.

