

Overview

In the fall of 2013, iLabs, the University of Michigan-Dearborn’s Center for Innovation Research, partnered with GR Current, Grand Valley State University Center for Entrepreneurship & Innovation, Lansing Economic Area Partnership (LEAP), Lake Superior Community Partnership (LSCP), Middle Michigan Development Corporation (MMDC), and The Right Place, to conduct the sixth annual survey of technology executives in Michigan.

This annual survey assesses the opinions of executives regarding the current business climate facing Michigan’s technology firms. Results from previous year’s studies will be compared when appropriate.

A total of 44 technology leaders participated in this year’s survey, 59% of respondents indicated their title is Chief Operating Officer, Owner/Partner, President, or Vice President of their firm.

The top three industries for those who participated were:

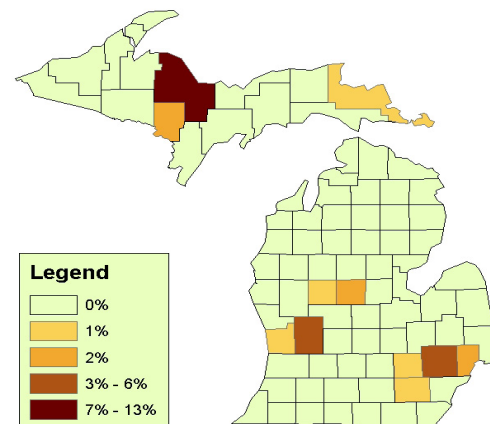
Information Technology (14%)

Advanced Manufacturing (14%)

Advanced Manufacturing Services, Business Services, & Environmental Engineering and Services (5%).

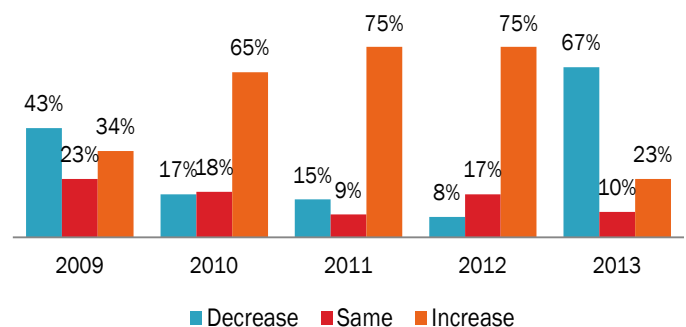
Firm Location and Revenue

The executives surveyed work for technology firms that have operations all over Michigan. As seen in the map to the right, firms were distributed among eleven Michigan counties.



Revenue Expectations

Respondents were asked what their firm’s 2014 revenue expectations are. A quarter, 23%, of respondents indicated that their firm expects an increase in revenue over last year. This is the lowest level across all five years.

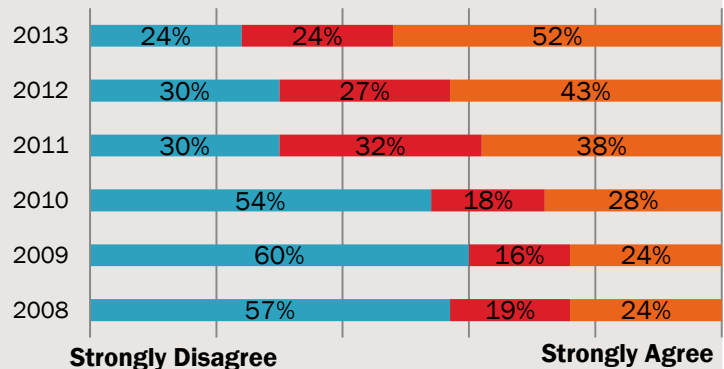


Perception of State's Business Climate for Technology Firms

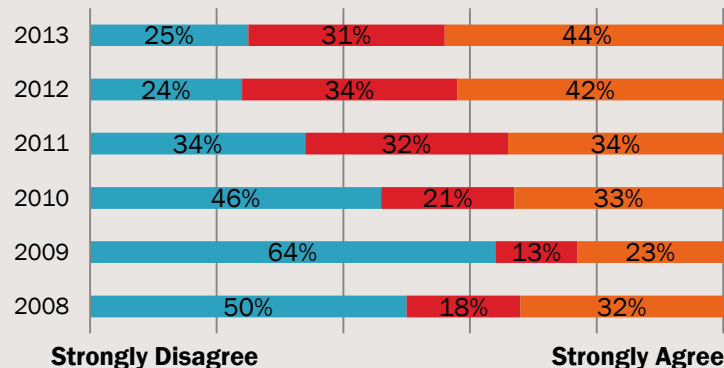
Michigan as a place for technology businesses to successfully ...

Start Up:

Regarding the entire state of Michigan, 52% of respondents indicated that Michigan was an above average place to successfully start a technology company.



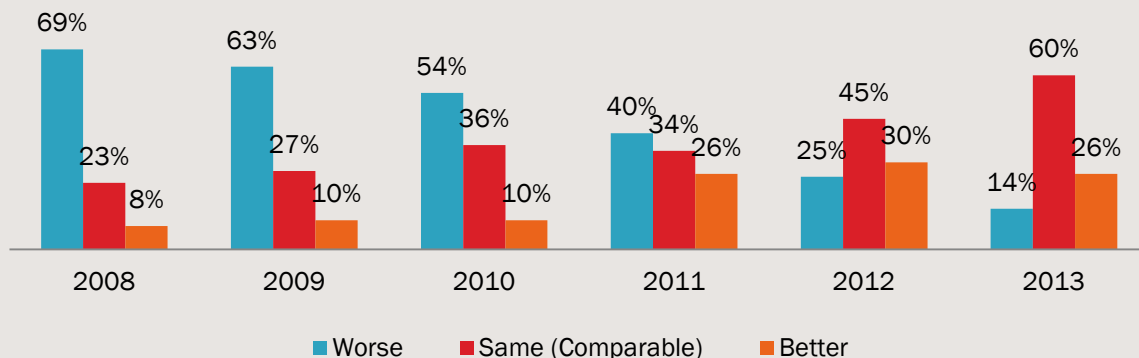
Operate & Expand:



This year, 44% of respondents indicated Michigan was an above average place to operate and expand a technology based business. Furthermore, the percent of those respondents who think Michigan is a below average place to successfully start and/or operate and expand a technology business has decreased consistently since 2009.

Michigan's technology climate compared to other states:

Respondents were asked to compare the current conditions for Michigan's technology industry to other states. A quarter, 26%, of respondents indicated that the conditions were better in Michigan than other states. A majority, 60%, of respondents indicated that the conditions were the same.

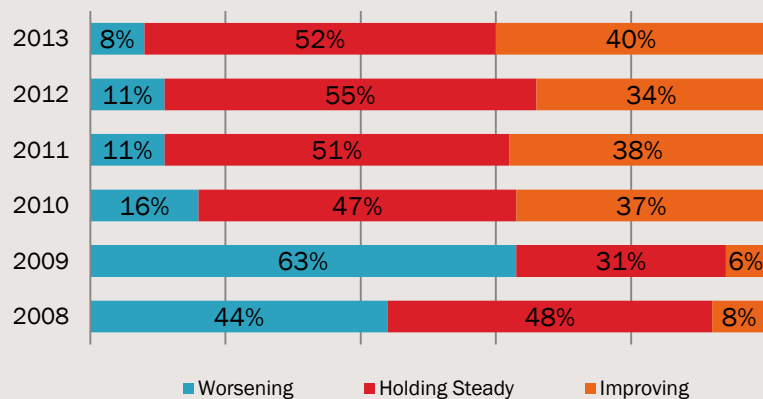


Perception of State’s Business Climate for Technology Firms

Michigan technology climate ratings:

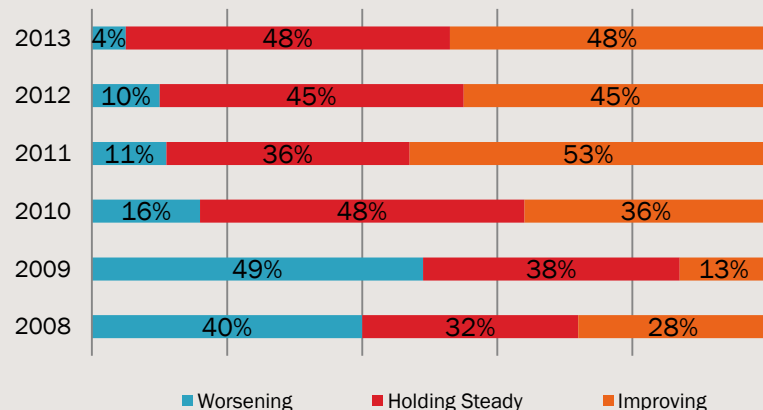
Compared to Previous Six Months:

The majority, 52%, of respondents indicated the current conditions for the technology industry in Michigan as the same or comparable with the previous six months. Just under half, 40%, of respondents indicated the conditions as better than six months ago. These results are consistent with the last three years.



Going into Next Year:

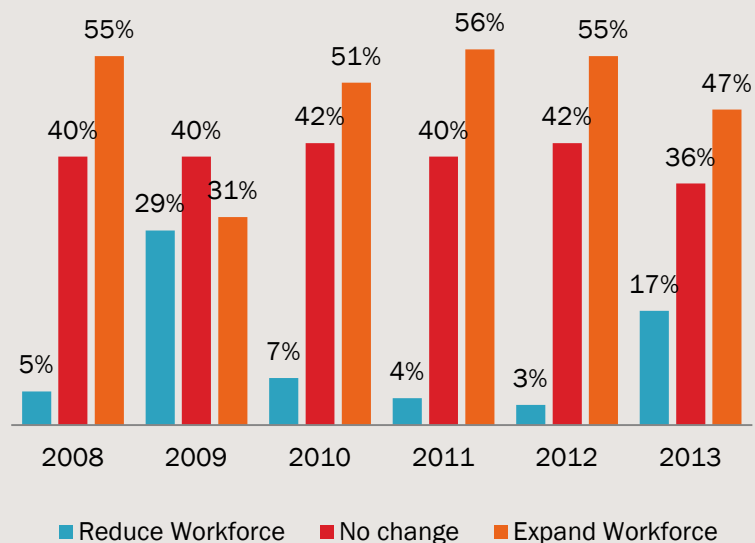
Respondents were asked to describe the outlook for the technology industry in Michigan for 2014. There were an equal number of respondents who indicated the conditions in Michigan are holding steady or improving. This is consistent with recent years and the percent of respondents who indicated that the outlook for the technology industry in Michigan for 2014 is worsening is at the lowest level, 4%, across the previous years.



Workforce Plans and Revenue Expectations for Coming Year

Firm's Workforce Plans

Respondents were asked to indicate their firms plan for their workforce in 2014. Half, 47%, indicated that their firm plans to expand their workforce in the next year, which is the lowest level across the past six years. Similarly, the percent of firms who indicate that their firm has plans to make no change to their workforce in 2014 is also at the lowest level across the six years. The percent of firms who have plans to reduce their workforce is at the second highest level since 2009.



Factors Impacting Workforce Changes

The tables below illustrate the factors impacting workforce needs for Michigan's technology firms.

The respondents, whose firm plans to maintain their workforce levels for the coming year indicate that owner preference, uncertain economic times, and lack of access to skilled workforce in the previous year are the main commonly indicated reasons why firms are not expanding.

Reasons For No Change In Workforce

Owner preference	33%
Uncertain economic times	33%
Lack of access to skilled workforce	13%

*Respondents able to select multiple reasons.

The respondents, whose firm plans to expand their workforce levels for the coming year, indicate that expected increases in sales, anticipation of new products or services, and interest in long term employee investment are the main reasons they are expanding.

Reasons For Expanding Workforce

Increase in sales	75%
New product(s)	35%
Long-term employee investment	25%

*Respondents able to select multiple reasons.

Workforce Plans and Revenue Expectations for Coming Year

The respondents, whose firm plans to post new positions this year, were asked what positions their firm was looking to hire. The following are the top five selected choices:

Most Needed Job Titles

Marketing professionals	30%
Other engineer	25%
Customer service based positions	20%
Skilled trades	18%
Computer programmer	15%

*Respondents able to select multiple positions.

Respondents were asked where their firm is most likely to recruit from when hiring in the next year. The majority indicated that their firm would recruit within 30 miles of their operations.

Where New Employees Are Recruited

Locally	80%
State-wide	20%
Nationally	20%
Globally	15%

*Respondents able to select multiple locations.

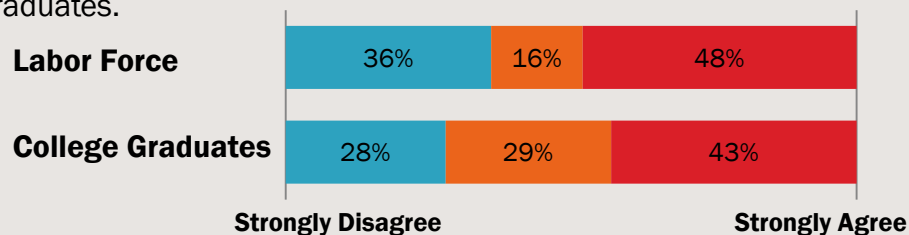
Furthermore, respondents were asked which methods their firm would use to recruit new employees. The top choice was word of mouth or employee references. The following show the top five methods:

How Employees Are Recruited

Word of mouth	90%
Company website	60%
Internship programs	50%
Online job portals	45%
Campus job fairs	45%

*Respondents able to select multiple reasons.

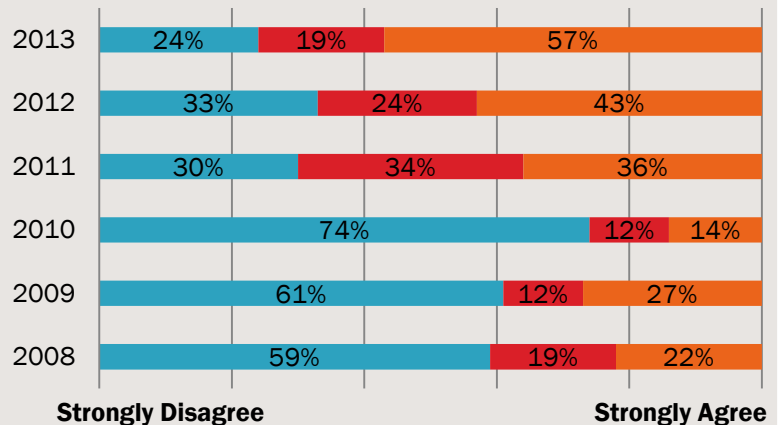
Additionally, 48% of respondents agreed the labor force in Michigan meets the human resources needs of their firm. Under half, 43%, of respondents agreed their firm benefits from access to a large pool of qualified college graduates.



State Government Impact

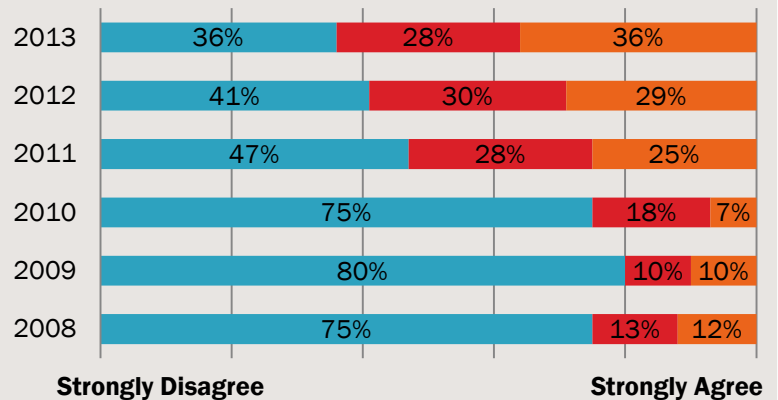
Economic Growth

Many respondents, 57%, agree that Michigan's state government promotes economic growth. Over all of the years, this is the highest percentage of respondents indicating a level of agreement that Michigan's state government promotes economic growth.



Entrepreneurial Development

Additionally, respondents were asked if Michigan's state tax policy promotes entrepreneurial development. Just over a third of respondents agreed the tax policy promotes entrepreneurial development. These results are consistent to 2012 opinions and have increased over 20 percentage points since 2008.



State Programs

Respondents were asked their opinions on the value of various MEDC programs designed to promote technology growth within Michigan. There were twelve different programs listed and the top five programs are listed below. The results have fluctuated from last year, however the top choice from this year and last year is consistent with 58% and 44%, respectively, indicating SmartZones & Incubators.

Promotes Technology Growth

SmartZones and Incubators	58%
Michigan Manufacturing Technology Center (MMTC)	38%
MI-SBTDC Tech Teams	34%
Michigan Initiative for Innovation and Entrepreneurship (MUCI/MIIE)	27%
Business Accelerator Fund	24%

State Government Impact

Other Program Offerings

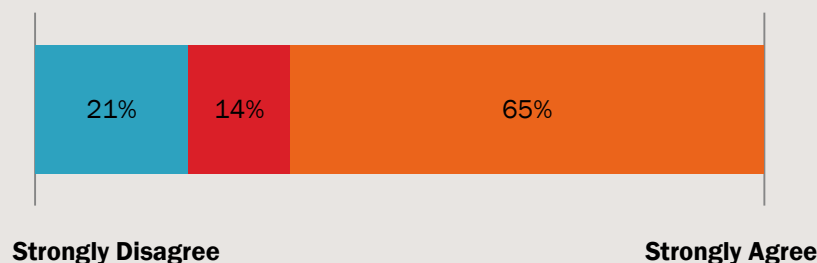
Several types of services/programs focused on assisting technology firms and/or provided by state or regional organizations were listed for respondents. The goal was to evaluate how interested respondents would be in each program/service. There were a total of five services listed. This year the service with the most interest was education and training on technology partners. The last choice this year, information on funding to commercialize products, was at the top last year. When looking back at 2012 to this year, this has dropped in interest by 15 percentage points.

Services For Technology Firms

Education and training on technology partners	65%
Promoting services, events and other opportunities	62%
Information on seed funding for R & D efforts	52%
Professional consulting/coaching services	52%
Information on funding to commercialize products	43%

Economic Gardening

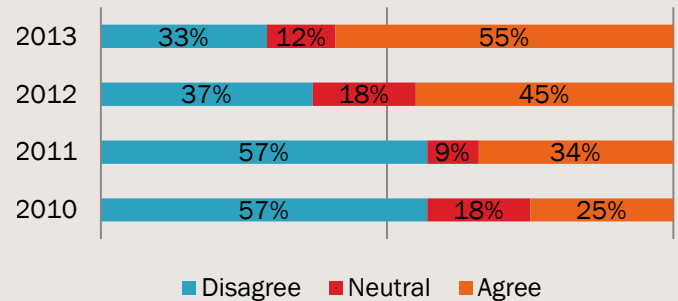
The term Economic Gardening means 'growing our economy from within.' This is accomplished by providing access to technology and business expertise to both new and existing small businesses. When respondents were asked if economic gardening is a viable concept, about two-thirds of the respondents agreed, which is consistent from 2012. However, the percent of respondents who indicated "strongly disagree" has increased 10 percentage points from 2012 to this year.



Impact of the Regional Resources on Technology Climate

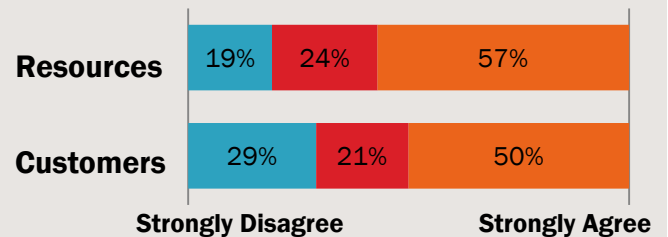
Access to Michigan's Research Universities

Over half (55%) of respondents indicated that their firm benefits from access to Michigan's research universities. This number has increased 30 percentage points since 2010.



Regional Business Support

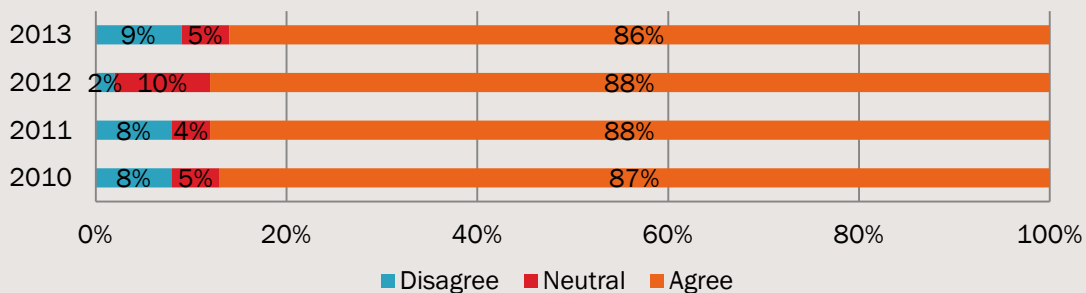
Respondents were asked if their firm's regional network helps their firm remain connected to resources critical to their firms' growth. Over half (57%) of the respondents agreed that their region helps their firm remain connected to resources. Additionally, respondents were asked if their firm's regional network helps their firm remain connected to customers critical to their firms' growth. Half (50%) of the respondents agreed the region helps their firm remain connected to customers.



Best Places for Technology Businesses

Remain in Michigan:

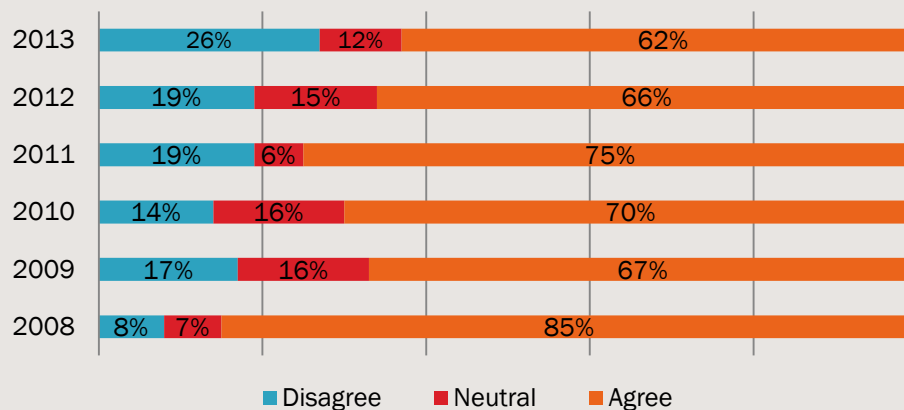
Most (86%) of the respondents indicated that their firms plan to remain located in Michigan for the next 12 months, which is consistent to previous years responses.



Manufacturing and Automotive Industry in Michigan

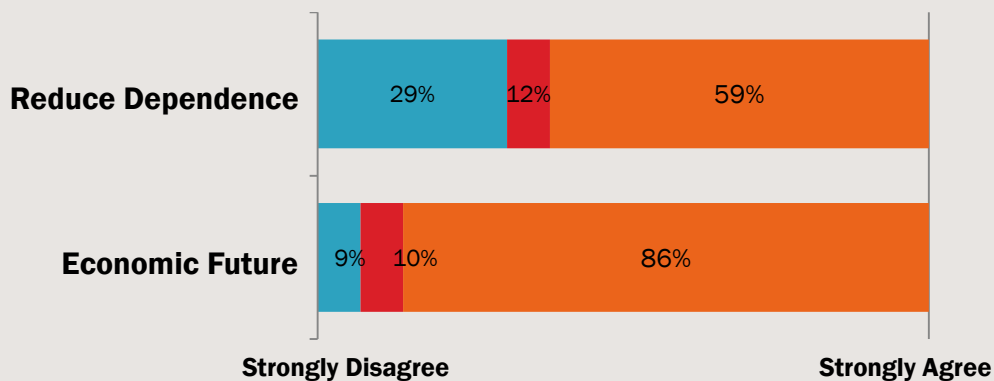
As in previous years, a majority of executives (62%) agree that shifting from a manufacturing-based industry to a knowledge-based industry is important for Michigan's economic future. This is the lowest level across all six years for those respondents who indicate they agree with this statement. Conversely, the percent of respondents who indicated they disagree with this statement is at the highest point across all six years.

Shifting from Manufacturing



Auto Industry and Michigan's Future

Most respondents (59%) agree that reducing Michigan's dependence on the automotive industry will improve the state's economy. The majority (86%) of respondents indicated that they agree the economic future of the State is clearly linked to the auto industry. This increased from 68% in 2012.



Social Impact and Sustainability

This year respondents were asked to indicate their level of agreement with a series of questions regarding their firm's commitment to supporting social and/or environmental issues. Over one third, 36%, of respondents indicated that they agree their firm was created with the explicit goal of providing services and or products that address social and/or environmental issues.

Additionally, below is a table that ranks the activities respondents indicated their firm is actively engaging in to support social and/or environmental issues.

Social Impact of Firm

Integrating the needs of employees into business decisions	83%
Enacting eco-friendly business practices	76%
Using local vendors	74%
Pursuing a Corporate Social Responsibility (CSR) model	64%
Meeting the needs of investors	64%
Making philanthropic donations to support social causes	60%

About iLabs and iLabs Partners Organizations

The logo for iLABS, featuring the word "iLABS" in a stylized, purple, handwritten-style font.

iLabs

iLabs is the University of Michigan-Dearborn's Center for Innovation Research. 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



Grand Valley State University Center for Entrepreneurship and Innovation

The Richard M. and Helen DeVos Center for Entrepreneurship and Innovation (CEI) in the Seidman College of Business at Grand Valley State University serves to champion and catalyze the vocation of entrepreneurship.

For more information, please visit www.gvsu.edu



GR Current

Bridging the gap between basic discovery and a sustainable business, GR Current supports the creation of real solutions for high-growth industries such as health and life science, alternative energy, advanced manufacturing, agricultural processing, and defense.

For more information, please visit www.grcurrent.com



Lake Superior Community Partnership

The Lake Superior Community Partnership is the Marquette County region's leading resource for economic development, providing a wide variety of affordable and effective development services.

For more information, please visit www.marquette.org



The Right Place, Inc.

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



MIDDLE MICHIGAN DEVELOPMENT CORPORATION

Building Business in the Center of It All

Middle Michigan Development Corporation

Middle Michigan Development Corporation (MMDC) is the private, non-profit economic development organization responsible for the industrial and technological development of both Clare and Isabella Counties in the Middle Michigan Region.

For more information, please visit www.mmdc.org