

## Overview

In the fall of 2014, iLabs, the University of Michigan-Dearborn's Center for Innovation Research, partnered with Lake Superior Community Partnership (LSCP), The Detroit Regional Chamber, MiQuest, The Right Place, and The Workforce Intelligence Network (WIN) to conduct the seventh annual survey of high-growth businesses in Michigan.

This annual survey assesses the opinions of executives regarding the current business climate facing Michigan's high-growth firms. In previous years the survey focused on the opinions of high-growth and high-tech companies. Results from previous year's studies will be compared when appropriate. A total of 71 business leaders participated in this year's survey, 58% of respondents indicated their title, or Vice President of their firm.

### The top three industries for those who participated were:

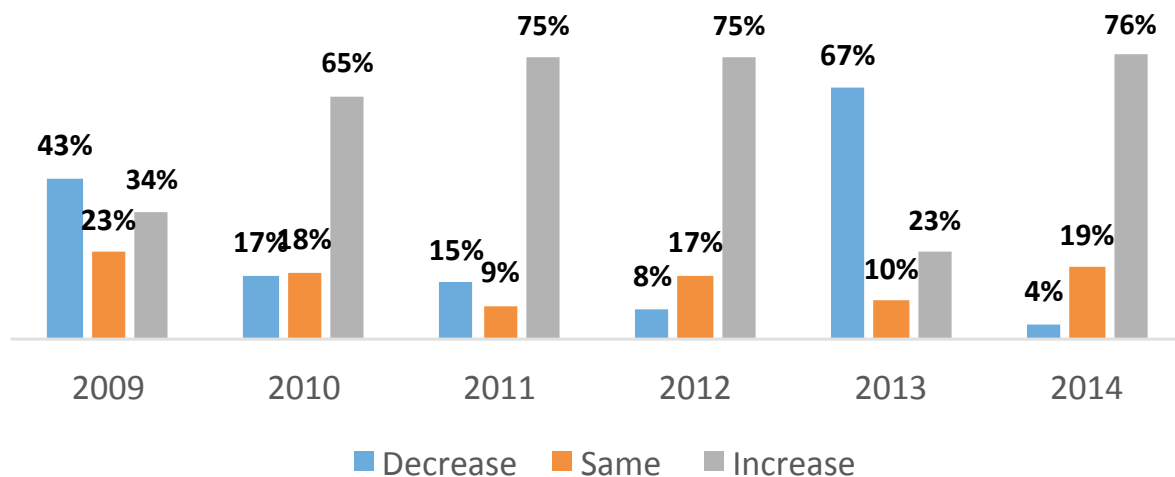
Business Services (21%)

Communications/Internet/Social Media (11%)

Health Care/Pharmaceutical (8%)

## Revenue Expectations

Respondents were asked what their firm's 2015 revenue expectations are. About three-quarters, 76%, of respondents indicated that their firm expects an increase in revenue over last year. This number reflects the trends seen from 2010 to 2012.

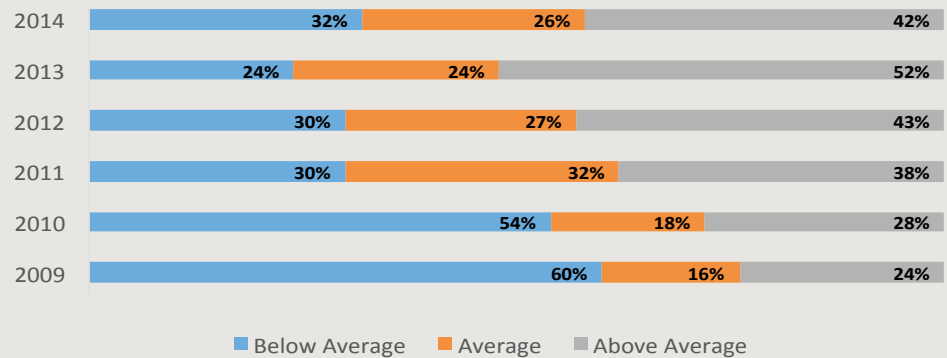


## Perception of State's Business Climate for Technology Firms

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

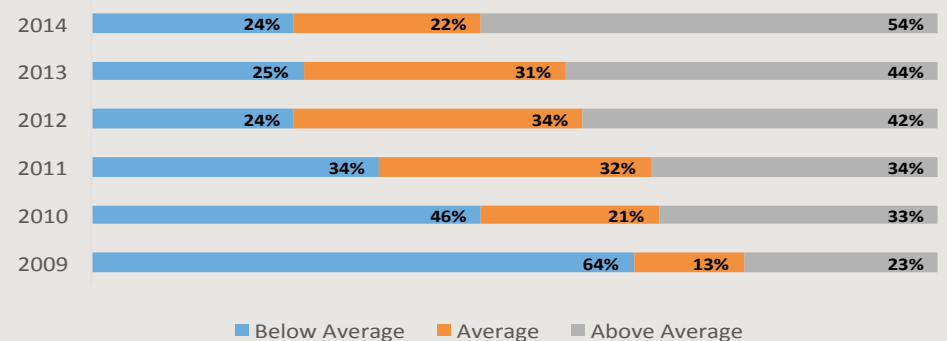
#### Start Up:

Regarding the entire state of Michigan, 42% of respondents indicated that Michigan was an above average place to successfully start a business like theirs.



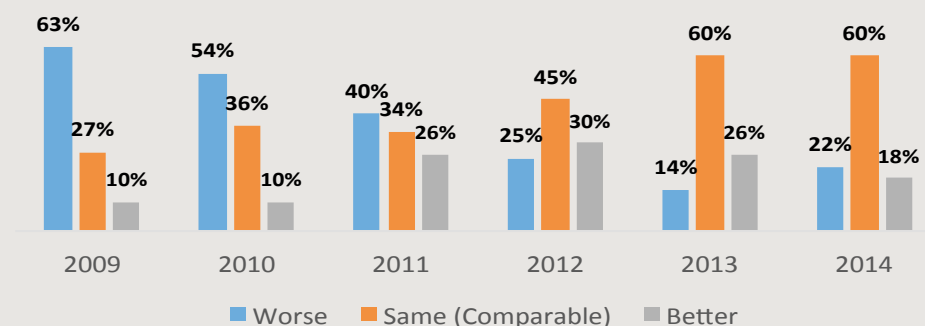
#### Operate & Expand:

Over half (54%) rated Michigan as an above average location to expand or operate a business like theirs, which was 10% points higher than last year. This number has been increasing since 2010.



### Michigan's technology climate compared to other states:

Respondents were asked to compare the current conditions for Michigan's technology industry to other states. Nearly one in five respondents, 18%, indicated that the conditions were better in Michigan than other states. A majority, 60%, of respondents indicated that the conditions were the same. This year's findings are consistent with last years.

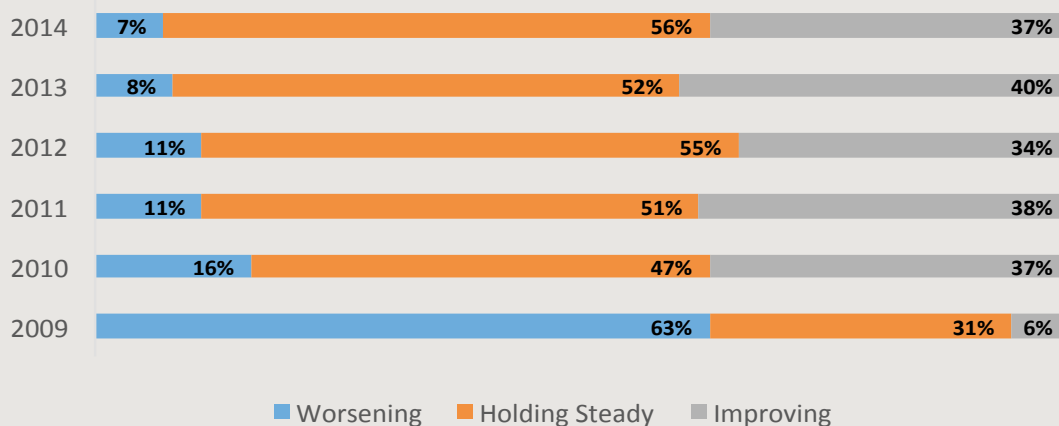


## Perception of State’s Business Climate for Technology Firms

### Michigan technology climate ratings:

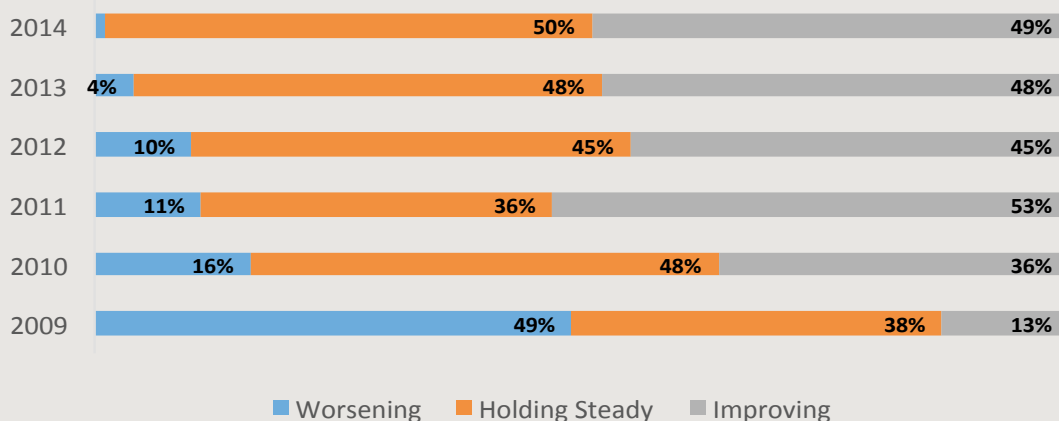
#### Compared to Previous Six Months:

The majority, 56%, of respondents indicated the current conditions for the technology industry in Michigan as the same or comparable with the previous six months. Just over one-third, 37%, of respondents indicated the conditions as better than six months ago. These results are consistent with the last three years.



#### Going into Next Year:

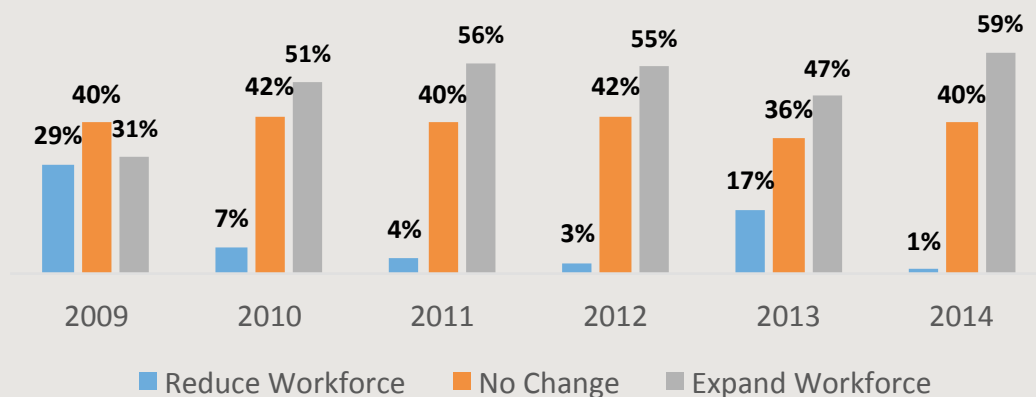
Respondents were asked to describe the outlook for businesses like theirs in Michigan for 2015. There were nearly an equal number of respondents who indicated the conditions in Michigan are holding steady (50%) or improving (49%). This is consistent with recent years and the percent of respondents who indicated that the outlook for the technology industry in Michigan for 2014 is worsening is at the lowest level, 1%, 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 2015. Over half, 59%, indicated that their firm plans to expand their workforce in the next year, which is the highest level across the past seven years. Conversely, the percent of firms who indicate that their firm has plans to reduce their workforce in 2015 is at the lowest level across the six years at 1%.



### Factors Impacting Workforce Changes

The tables below illustrate the factors impacting workforce needs for Michigan's high-growth businesses.

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

#### Reasons For No Change In Workforce

Uncertain economic times	30%
Owner preference	26%
Increased employment in 2013	19%

\*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	68%
New product(s)	25%
Long-term employee investment	18%

\*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.

### Most Needed Job Titles

Sales/Customer support	45%
Skilled/experienced	43%
Management	38%
Administrative support	35%
Technical support	35%
Entry-level	30%
Finance/Accounting support	18%
C-level (CFO, COO, etc.)	15%

\*Respondents able to select multiple positions.

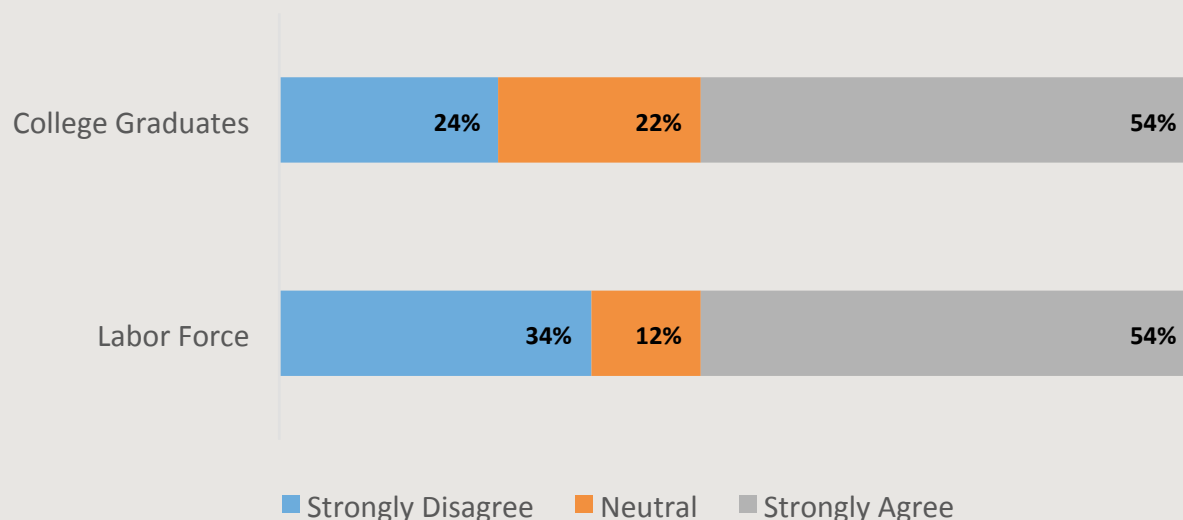
Respondents were asked where their firm is most likely to recruit from when hiring in the next year. The majority indicated that their firm would recruit within 30 miles of their operations.

### Where New Employees Are Recruited

Locally	53%
State-wide	45%
Nationally	8%
Globally	5%

\*Respondents able to select multiple locations.

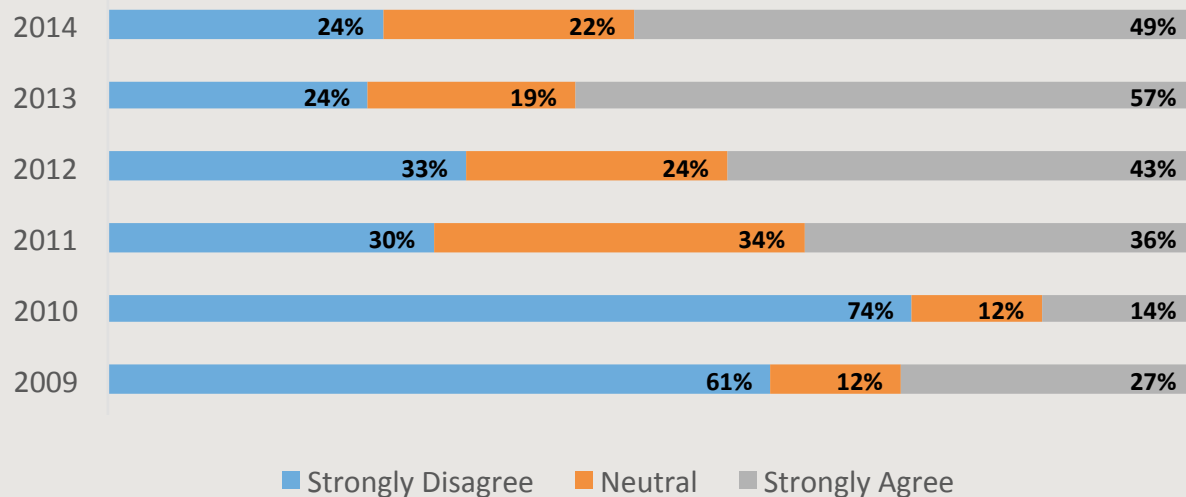
Additionally, 34% of respondents agreed the labor force in Michigan meets the human resources needs of their firm. Over half, 54%, of respondents agreed their firm benefits from access to a large pool of qualified college graduates.



## State Government Impact

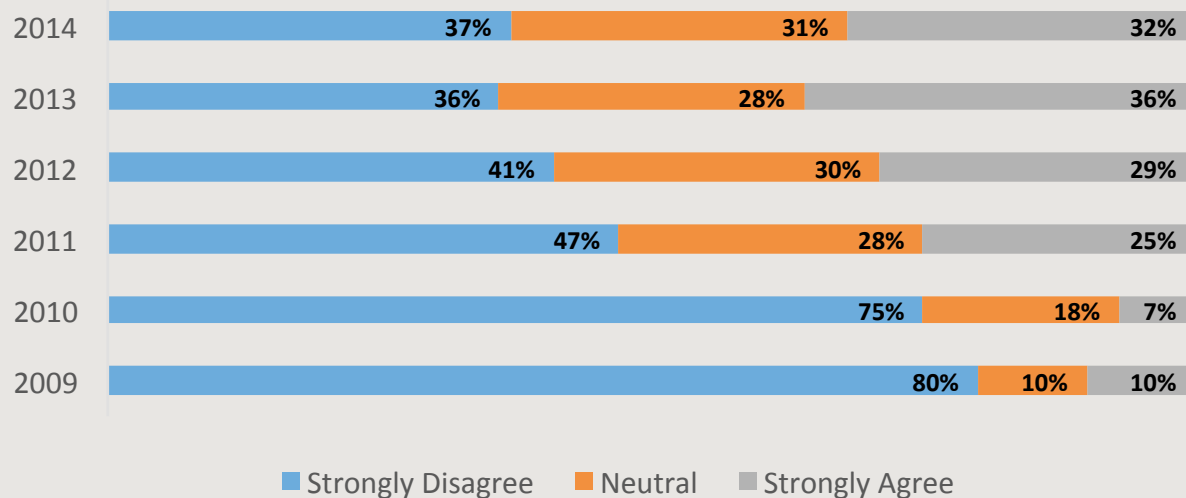
### Economic Growth

Many respondents (54%) agree that Michigan's state government promotes economic growth.



### Entrepreneurial Development

Additionally, respondents were asked if Michigan's state tax policy promotes entrepreneurial development. About one-third of respondents agreed the tax policy promotes entrepreneurial development.



## Barriers To Business Growth

Customers/clients (e.g. acquisition or retention)	57%
Talent/Qualified workforce	47%
Cost of doing business	41%
Marketing	37%
Regulatory/policy barriers	31%
Awareness of resources available	25%
Financial management (e.g. access to capital, cash flow, etc.)	16%
Business planning	7%

## Critical Resources To Startup Company Growth

Business Connect / Networking Events	47%
Capital/Financial Support (e.g. Alternative or Bank Lending, Seed/Angel/VC, Crowd-funding, etc.)	42%
Marketing Support	38%
Business Planning Assistance / Consulting	34%
Talent Connection Programs	25%
Mentor Programs	19%
SBDC Programs	19%
Accelerator / Incubator Programs	15%
Business Competitions (e.g. GLEQ, ACE, Accelerate MI, etc.)	7%

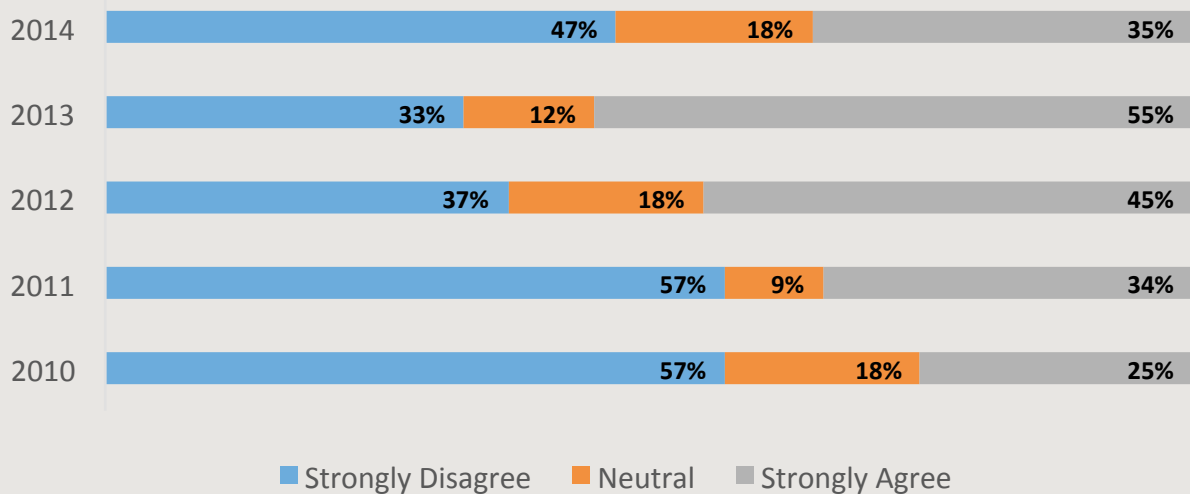
## Critical Resources To Company's Continued Growth

Business Connect / Networking Programs	62%
Economic Development Organizations (e.g. Regional/County-Level Organizations, Business Chambers, Smartzones, etc.)	59%
Capital/Financial Support (e.g. Alternative or Bank Lending, Seed/Angel/VC, Crowdfunding, etc.)	52%
Talent Connection Programs	46%
Business Planning Assistance / Consulting	35%
SBDC Programs	34%

## Impact of the Regional Resources on Technology Climate

### Access to Michigan's Research Universities

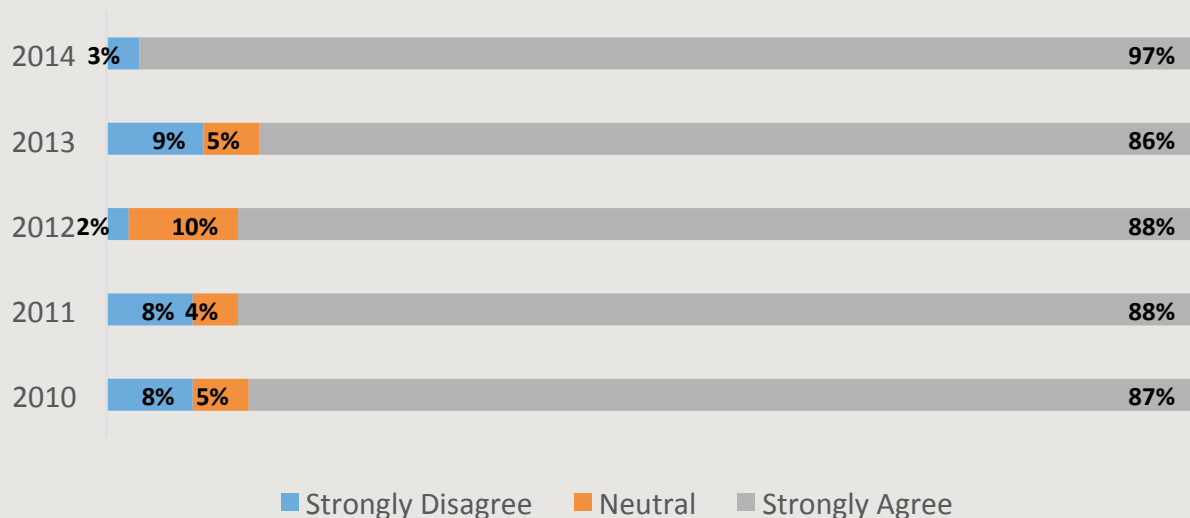
Over one-third (35%) of respondents indicated that their firm benefits from access to Michigan's research universities.



### Best Places for Technology Businesses

#### Remain in Michigan:

Nearly all (97%) 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.

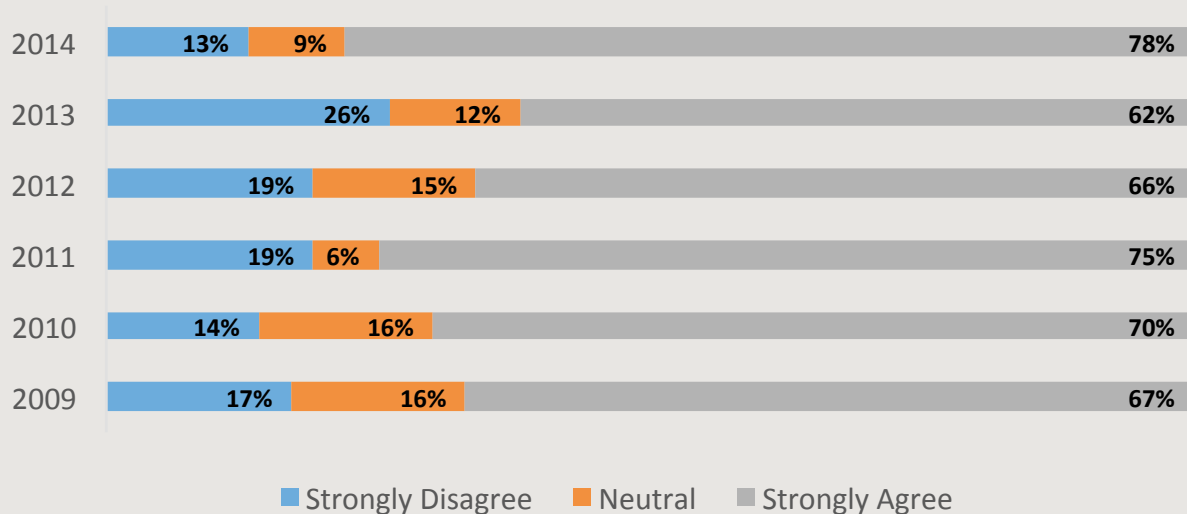




## Manufacturing and Automotive Industry in Michigan

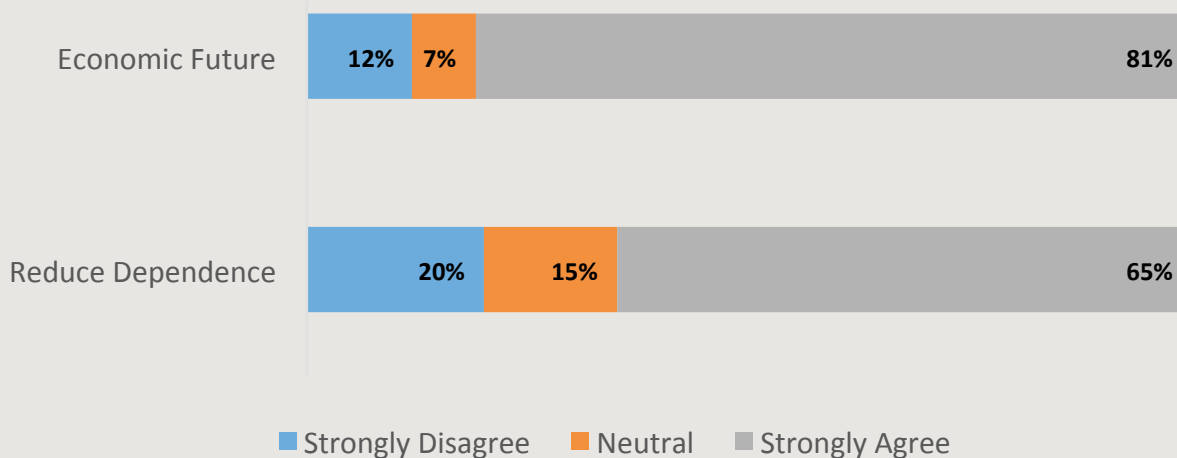
As in previous years, a majority of executives (78%) agree that shifting from a manufacturing-based industry to a knowledge-based industry is important for Michigan's economic future.

### Shifting from Manufacturing



## Auto Industry and Michigan's Future

Most respondents (65%) agree that reducing Michigan's dependence on the automotive industry will improve the state's economy. The majority (81%) of respondents indicated that they agree the economic future of the State is clearly linked to the auto industry.



## 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. Nearly half, 46%, 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.

### About iLabs and iLabs Partners

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](http://www.umdilabs.com)*

