



Madison Region 2015 Business Retention & Expansion Survey Executive Summary

Introduction

The foundation of Madison Region Economic Partnership's (MadREP) multi-pronged approach to economic development is based in supporting the growth of the region's existing businesses. In 2015, MadREP conducted an expansive Business Retention & Expansion (BRE) survey to better understand the challenges, opportunities, needs and concerns of companies in the region.

MadREP works with 90+ economic development partners at the municipal and county levels throughout the eight-county Madison Region, and this survey supplements the BRE efforts in which our partners are currently engaged. MadREP contacted 2,500 businesses about this survey in both digital and hard copy form, achieving a healthy 10% response rate. The results presented in this executive summary are based on 247 results with companies from all eight counties represented. The results are reported in the aggregate and are anonymous.

The survey was created with support from Wisconsin Manufacturing Extension Partnership and Wisconsin Economic Development Corporation, and in partnership with Dane County Regional Airport, Capital Area Regional Planning Commission and the Wisconsin Realtors' Association, and distributed in partnership with *InBusiness Magazine*.

Responding Companies

Responding companies largely report their primary market as local or regional, and the majority have fewer than 50 employees.

- Over 74% of respondents indicate that their primary market is local or regional. Of the remaining respondents, 21% report a national primary market, while just 4.5% report an international primary market.
- Over 71% of respondents have fewer than 50 employees, with 32% of these having 10 or fewer employees. Nearly 20% of respondents report 50-199 employees, with the remaining 9% reporting 200 employees or more.

Expansion Plans

The majority of responding companies project growth in both employment and physical expansion over the next three years.

- Nearly 52% of respondents say their employment needs are increasing, while 42% say that their employment needs are stable. Only 4.5% of respondents indicate decreasing employment needs, while the remaining 1% report not knowing.
- Over 56% of respondents say their company plans to physically expand in the next three years, reporting an increase in investment, jobs, and facility size.
- These projected expansions account for \$270M in potential investment, 1,126 potential new jobs, and over 975,000 square feet in potential new facility space.
- Respondents report their top concerns for hindering business growth as labor force, competition, the overall economy, and regulations.



Workforce

The large majority of responding companies are tapping into a local workforce, hiring employees who live within a 60-mile radius of their location. Respondents also report a favorable response about the availability of workers in this area.

- Over 91% of employees hired within the last twelve months by responding companies live within 60 miles of the company location.
- On a scale of 1 – 7, respondents rate the availability of workers in this area at 4.05, suggesting a generally favorable assessment of the local talent pool.

Company Ownership

Survey results indicate that regional company ownership is stable, with the large majority of respondents reporting no recent or anticipated change in ownership. Similarly, very little turnover in top management has occurred or is expected among respondents.

- Over 85% of respondents cite that their company does not anticipate a change in company ownership. About 15% of respondents report a pending change or change in ownership over the last 18 months.
- Over 81% of respondents cite that their company does not expect turnover in top management in the next 18 months. The remaining 19% of respondents report a pending change or change in top management.

Innovation

Responding companies report high levels of innovation, with the majority of companies having introduced new products, services or capabilities in the last five years. A majority of companies also anticipate still more new product or service introductions in the next two years.

- Nearly 73% of respondents have introduced new products, services or capabilities in the last five years.
- Over 60% of respondents anticipate launching new products or services in the next two years. Over 11% of respondents report not yet knowing if they will introduce new products or services, but may still have the potential to do so.

International Business

According to survey results, there may be tremendous opportunity for regional business growth through international sales. The large majority of respondents report no international sales, and among companies that do have international sales, the majority report that these sales account for a small amount of their total sales.

- Nearly 78% of respondents do not have any international sales. Among companies that do have international sales, 45% report that these sales are increasing, 49% report that these sales are stable, and 6% report that these sales are decreasing.
- Among the small pool of respondents who report international sales, 78% say those sales account for 20% or less of their total sales.



Support for the University of Wisconsin System

This survey was first distributed in Q1 2015 when discussion around state funding of the University of Wisconsin System was rampant. The majority of respondents report that funding to the UW should remain the same or be increased.

- Nearly 32% of respondents report that funding to the UW should increase and another 46.5% report that it should remain the same, for a total of more than 78% of respondents indicating continued support for the UW.
- Just over 21% of respondents report that funding to the UW should decrease.

Conclusion

These results are just a sampling of the questions asked in this Business Retention & Expansion Survey, with additional topics covering mass transit, intermodal shipping, housing availability, and other regional services.

Overall, the survey delivers favorable results in terms of the well-being of Madison Region businesses, a majority of whom are expanding, hiring a strong local workforce, and innovating. Potential areas for growth include an increased focus on international sales.

The primary data collected from the entire survey will inform the decisions and activities of MadREP and its partners to best equip the region's existing and future companies to succeed.