STEVENS POINT AREA
2005
ECONOMIC INDICATORS

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Special Report: A Medium for Growth:
The State of Entrepreneurship in Wisconsin - A Study Summary.
Erica Kauten, Managing Director of the Wisconsin Entrepreneurs' Network and the state director of the Wisconsin Small Business Development Center

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National and Regional Outlook

Last quarter I discussed the economic impact of the gulf hurricanes. This quarter I would like to elaborate on their effects on the overall state of the economy. There seems to be a considerable amount of concern over the direction of the national economy. Everyone should realize that the health of the state and regional economies are very much dependent on the national situation. Events happening elsewhere in the world have a direct effect upon our lives in Wisconsin. For example, the gulf hurricanes' impact on energy supplies was quickly felt in our area. As a result of the disruption in energy supplies, this winter's heating bills are projected to be well above last year's levels; 50 to 70 percent by some forecasts.

If confirmed by the U.S. Senate, Ben Bernanke will succeed Alan Greenspan on February 1st as the chairman of the Federal Reserve Board. As head of the nation's central bank, Bernanke will play a key role in formulating monetary policy. The following provides an overview of the economic conditions that the new Federal Reserve chair will face and the issues he likely will have to address. The gross domestic product grew at a robust 3.8 percent during third quarter of 2005. For the previous seven quarters GDP had been averaging a 3.7 annualized rate of growth. Economists generally believe a rate above 3.0 percent represents a healthy amount of expansion. In contrast, industrial production, another measure of economic activity, experienced anemic growth over the past several quarters. Industrial production expanded by 1.5 percent and by 1.1 percent in the second and third quarters, respectively. Also, the leading indicators composite index has been trending lower since early summer. Moreover, the consumer confidence survey, administered by the University of Michigan, fell dramatically in September. Clearly the impact of Katrina, Rita, and Wilma weighed heavily upon the minds of the survey's respondents.

In addition, the consumer price index rose at an annualized rate of 4.7 percent in September. If we exclude the volatile energy and food components the core consumer price index increased by 2.0 percent on an annualized basis. Moreover, unemployment claims were pushed much higher due to the hurricane activity in the gulf. The U.S. Labor Department reported that over the past two months that there have been over 500,000 claims turned in which can be directly attributed to the gulf storms.

The consensus forecast seems to be that the economy will avoid a recession. That is, many of the hurricane related items will play themselves out and the rebuilding effort in the gulf region will provide a huge amount of stimulus to the economy. Having said that, a number of analysts are very concerned about upward pressure on the price level and how it may eventually lead to higher wage levels. This economic environment will force the Federal Reserve to continue its policy of raising interest rates and tightening credit conditions. This is often enough to slow the economy but also consider that rising interest rates could cause a sharp decline in housing prices. On the east and west coasts, according to most, a housing bubble exists. A larger drop in housing prices could cause consumer spending to contract. Alan Greenspan indicated in a speech that borrowing by consumers against their residences added over $600 billion worth of spending to the economy in 2004. This represents about 5 percent of GDP. While no one is suggesting that a rise in interest rates would erase $600 billion worth of spending, it is clear that a sharp decline in housing prices would have a substantial impact on consumer spending. Given these issues and growing concerns about our dependence on foreign savings to finance domestic expenditures, it is becoming increasingly clear that Benanke and the Federal Reserve will have little room for error in formulating monetary policy.

TABLE 1

NATIONAL ECONOMIC STATISTICS

	2004 Third Quarter	2005 Third Quarter	Percent Change
Nominal Gross Domestic Product (Billions)	$11,818.8	$12,589.6	+6.5
Real Gross Domestic Product (Billions of 2000 $)	$10,808.9	$11,193.2	+3.6
Industrial Production (1997 = 100)	115.7	118.0	+2.0
Three Month U.S. Treasury Bill Rate	1.71%	3.44%	+101.2
Consumer Price Index (1982-84 = 100)	189.9	198.8	+4.7

Central Wisconsin

The highlights for the central Wisconsin section are: unemployment rates were generally lower than last year's figures; only Portage County in the central Wisconsin area experienced total employment growth; manufacturing continued to be the weak spot in the area's employment picture; the retail sector appear to be doing well in spite of the downturn in manufacturing employment; and lastly business confidence, while still in the positive range, is generally lower in regard to the future direction of the economy.

Unemployment rates were almost uniformly lower this year when compared to 2004. The only exception was Marathon County where the unemployment rate increased from 3.2 to 3.5 percent. Portage County's unemployment rate was 3.4 percent in September 2005, and Wood County's rate stood at 4.3 percent during the same period. Wisconsin's unemployment rate is down to 4.0 percent and the United States is down to 4.8 percent. Historically speaking, these are all very low rates of unemployment.

Total employment is estimated by the state by conducting a survey of Wisconsin households. Portage County total employment is estimated to have risen by 1,300 positions, or by 3.5 percent form last year. Marathon and Wood Counties and the state of Wisconsin experienced total employment declines of 4.6, 1.8, and 0.3 percent respectively. However, the United States total employment expanded from 139.6 million to 142.6 million or about 2.1 percent over the same period.

Table 4 gives the estimates for industrial sector employment in central Wisconsin. The state of Wisconsin generates these estimates from a survey of business firms. Total employment has risen from 149.3 to 149.6 thousand. All of this growth can be attributed to a 400 position gain in Portage County. Wood County is reported to have lost 100 jobs and Marathon County employment was unchanged in our year over comparison. As in previous reports it is the manufacturing sector that accounts for almost all of the job loss in central Wisconsin. In other words, Wood and Marathon Counties would have registered employment growth if not for the manufacturing sector.

Retail sector activity is proxied by the sales tax collection figures in Table 5. Portage County collections were flat over the past twelve months. However, Marathon and Wood Counties experienced increases of 9.3 and 2.2 percent respectively. Thus, the retail sector in Marathon and Wood Counties are holding up even in the face of declining manufacturing employment.

Business confidence is given in Table 6. The CWERB survey of area business people gives us a sense as to what this group is thinking in terms of the economy. The hurricane activity in the gulf region undoubtedly had an impact upon this group's assessment of economic conditions. When asked about expected changes in the national, local, and industry conditions they expressed less optimism than last quarter. This is very consistent with the national consumer confidence survey conducted by the University of Michigan, which showed a rather sharp drop in consumer confidence.

TABLE 2

UNEMPLOYMENT IN CENTRAL WISCONSIN

	Unemployment Rate September 2004	Unemployment Rate September 2005	Percent Change
Portage County	3.5%	3.4%	-2.6
City of Stevens Point	N/A	6.5%	N/A
Marathon County	3.2%	3.5%	+8.5
Wood County	4.3%	4.3%	-1.2
Central Wisconsin	3.6%	3.7%	+2.8
Wisconsin	4.1%	4.0%	-2.2
United States	5.1%	4.8%	-5.5

TABLE 3

EMPLOYMENT IN CENTRAL WISCONSIN

	Total Employment September 2004 (Thousands)	Total Employment September 2005 (Thousands)	Percent Change
Portage County	38.6	39.9	+3.5
City of Stevens Point	N/A	13.2	N/A
Marathon County	74.4	71.0	-4.6
Wood County	38.8	38.1	-1.8
Central Wisconsin	151.8	149.1	-1.8
Wisconsin	2,935.2	2,925.8	-0.3
United States	139,641	142,579	+2.1

TABLE 4

CENTRAL WISCONSIN EMPLOYMENT CHANGE BY SECTOR

	Employment September 2004 (Thousands)	Employment September 2005 (Thousands)	Percent Change
Total Nonfarm	149.3	149.6	+0.2
Total Private	130.8	131.1	+0.2
Construction & Natural Resources	6.2	6.3	+1.6
Manufacturing	31.1	30.5	-1.9
Trade	25.3	25.3	0
Transportation & Utilities	7.9	8.1	+2.5
Financial Activities	10.3	10.6	+2.9
Education & Health Services	21.2	21.7	+2.4
Leisure & Hospitality	11.3	11.3	0
Information & Business Services	17.3	17.5	+1.2
Total Government	18.4	18.4	0

TABLE 5

COUNTY SALES TAX DISTRIBUTION

	Sales Tax 2004 Third Quarter (Thousands)	Sales Tax 2005 Third Quarter (Thousands)	Percent Change
Portage County	$1,247.9	$1,234.9	-1.0
Marathon County	$2,824.2	$3,086.7	+9.3
Wood County	$1,220.7	$1,247.6	+2.2

TABLE 6

BUSINESS CONFIDENCE IN CENTRAL WISCONSIN

	Index Value	
	June 2005	September 2005
Recent Change in National Economic Conditions	57	60
Recent Change in Local Economic Conditions	55	59
Expected Change in National Economic Conditions	60	55
Expected Change in Local Economic Conditions	65	56
Expected Change in Industry Conditions	62	57

100 = Substantially Better
50 = Same
0 = Substantially Worse

The Greater Stevens Point-Plover Area

A summary of this section is as follows: Total employment is about 400 positions higher than a year ago; retailer confidence is above last year's marks; help wanted advertising has improved; public assistance claims are higher this year compared to last; total unemployment claims have fallen; residential construction is well above the pace of a year ago; and nonresidential construction continues to make headway.

Total nonfarm employment estimates are based on a state of Wisconsin survey of business firms. Overall nonfarm employment has risen from 35.4 to 35.8 thousand over the past twelve months a gain of approximately 1.1 percent. The sectors of construction and natural resources, financial activities, leisure and hospitality, and information and business services are each estimated to have gained one hundred jobs. Meanwhile, the education and health services sector is thought to have gained about 200 positions over the course of the year. Manufacturing, trade, transportation and utilities, and government employment levels were unchanged over the period.

Retailer confidence is presented in Table 8. The CWERB survey of local merchants shows that retailers believe that total sales and traffic were slightly above the levels of 2004. When they were asked to forecast the future, they said sales and store traffic would be measurably higher than last year. Thus, overall a higher degree of optimism is now being expressed by this group than in June of this year.

A barometer of local labor conditions is given in Table 9. Help wanted advertising rose from 84 to 118 over the past twelve months, a 40 percent gain. This indicates that some improvement has taken place in the area employment situation. Nationally the index fell over the same period. Even though help wanted advertising only captures a small percent of the total number of available employment opportunities, economists have found this a useful gauge of labor markets conditions.

An important measure of local family financial conditions is presented in Table 10. New public assistance claims in Portage County on a monthly basis rose from 226 to 253 of by 12 percent. Likewise, the total caseload figure climbed from 4,445 to 4,957 for an 11.5 percent increase. Another measure of family financial conditions is unemployment claims. New claims on a weekly average basis were virtually unchanged from one year ago. Total claims, however, dropped from 1,072 to 948, a decline of about 12 percent.

Good news comes from the residential construction figures for our area. Residential construction remained at a high level, 52 to be exact. The estimated value of this building activity was estimated to be $11 million, a 21.7 percent jump from a year ago. Also, the number of new housing units increased from 54 to 75 or by nearly 39 percent. The number of alteration permits continues to be at a high level, 256. The estimated value of this activity was $2.1 million or about 18 percent higher than in third quarter 2004. Construction activity is another important barometer of future economic activity.

Nonresidential construction is presented without percentage changes. This type of activity tends to be very volatile from period to period and can experience huge swings in the reported dollar amount. The number of new permits issued was 6 and they had an estimated value of $1.7 million. The number of alteration permits was 47 and their value was listed as $1.6 million.

TABLE 7

PORTAGE COUNTY EMPLOYMENT CHANGE BY SECTOR

	Employment September 2004 (Thousands)	Employment September 2005 (Thousands)	Percent Change
Total Nonfarm	35.4	35.8	+1.1
Total Private	29.7	30.1	+1.3
Construction & Natural Resources	1.3	1.4	+7.7
Manufacturing	5.7	5.7	0
Trade	5.9	5.9	0
Transportation & Utilities	1.8	1.8	0
Financial Activities	4.1	4.2	+2.4
Education & Health Services	3.4	3.6	+5.9
Leisure & Hospitality	3.1	3.2	+3.2
Information & Business Services	4.4	4.5	+2.3
Total Government	5.6	5.6	0

TABLE 8

RETAILER CONFIDENCE IN STEVENS POINT-PLOVER AREA

	Index Value	
	June 2005	**September 2005**
Total Sales Compared to Previous Year	53	56
Store Traffic Compared to Previous Year	50	55
Expected Sales Three Months From Now	55	64
Expected Store Traffic Three Months From Now	48	63

100 = Substantially Better
50 = Same
0 = Substantially Worse

TABLE 9

HELP WANTED ADVERTISING IN PORTAGE COUNTY

	Index Value	
	2004	**2005**
Stevens Point (September) 1980=100	84	118
U.S. (August) 1987=100	37	35

TABLE 10

PUBLIC ASSISTANCE CLAIMS IN PORTAGE COUNTY

	2004 Third Quarter (Monthly Avg.)	2005 Third Quarter (Monthly Avg.)	Percent Change
New Applications	226	253	+11.9
Total Caseload	4,445	4,957	+11.5

TABLE 11

UNEMPLOYMENT CLAIMS IN PORTAGE COUNTY

	2004 Third Quarter (Weekly Avg.)	2005 Third Quarter (Weekly Avg.)	Percent Change
New Claims	159	159	-0.5
Total Claims	1072	948	-11.6

TABLE 12

RESIDENTIAL CONSTRUCTION IN STEVENS POINT-PLOVER AREA*

	2004 Third Quarter	2005 Third Quarter	Percent Change
Residential Permits Issued	50	52	+4.0
Estimated Value of New Homes	$9,052.0 (thousands)	$11,014.0 (thousands)	+21.7
Number of Housing Units	54	75	+38.9
Residential Alteration Permits Issued	287	256	-10.8
Estimated Value of Alterations	$1,789.1 (thousands)	$2,113.0 (thousands)	+18.1

TABLE 13

NONRESIDENTIAL CONSTRUCTION IN STEVENS POINT-PLOVER AREA*

	2004 Third Quarter	2005 Third Quarter
Number of Permits Issued	9	6
Estimated Value of New Structures	$4,823.6 (thousands)	$1,724.4 (thousands)
Number of Business Alteration Permits	51	47
Estimated Value of Business Alterations	$4,040.2 (thousands)	$1,606.1 (thousands)

* Includes Stevens Point, Village of Plover, and the Towns of Hull, Stockton, Sharon, and Plover.

A Medium for Growth:
The State of Entrepreneurship in Wisconsin
A Study Summary

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Executive Summary

Governor Jim Doyle has made entrepreneurship a priority in his "Grow Wisconsin" plan. Entrepreneurship plays a key role in developing a strong economy through job creation, economic diversification, and tax base expansion. However, multiple sources have given the state of Wisconsin medium to low rankings in the entrepreneurial and business arena. The UW-Extension in conjunction with the Wisconsin Entrepreneurs' Network (WEN) and the Department of Commerce launched a research study to assess the status of entrepreneurship in Wisconsin with the end goal of determining why the state's entrepreneurial spark seems to sputter.

The study focused on the perception of the Entrepreneurial Climate across the state of Wisconsin as well as involvement of Wisconsinites in the Entrepreneurial Process and their awareness and experience with entrepreneurial assistance programs.

Key Findings

Roughly half of the people in Wisconsin are or have been involved in the Entrepreneurial Process – i.e. they are thinking about starting a business or have started a business.

The Wisconsin population views the Entrepreneurial Climate as "neutral" – neither encouraging nor discouraging.

Among people involved in the Entrepreneurial Process, there is a low level of awareness and usage of state assistance programs across a wide variety of topics.

Given these findings, study recommendations are aimed at creating a more hospitable environment for entrepreneurship across Wisconsin; motivating the large segment of potential entrepreneurs to start businesses; and assisting entrepreneurs and small businesses that already exist.

REDEFINE THE LINES

Recommendations

A new vision of whom and what an entrepreneur is would include everyone from florists and furriers to inventors and biochemists. Redefine entrepreneurship in a broader and more inclusive manner.

SPOTLIGHT OPPORTUNITIES
Hearing about "entrepreneurial opportunities" will spark interest among potential entrepreneurs and make success seem within reach.

LIGHTEN THE LOAD
Removing barriers will help entrepreneurs move through the stages of entrepreneurship with less angst. Most helpful: make entrepreneurs aware of available assistance, ensure that programs are relevant and effective, provide detailed success stories, and connect entrepreneurs with assistance programs that are right for them.

ASK QUESTIONS
Continued research would reveal how Wisconsin's Entrepreneurial Climate matches up against other states and why certain entrepreneurial projects are not successful.

Background

Wisconsin is continually striving to further its economic status and Governor Jim Doyle has made this a priority in his Grow Wisconsin plan. Entrepreneurship plays a key role in developing a strong economy through job creation, economic diversification, and tax base expansion. Growth and promotion of entrepreneurship is an opportunity area for the state of Wisconsin. In fact, three different sources have issued Wisconsin medium to low rankings in the entrepreneurial/business arena. For example, the Corporation for Enterprise Development gave Wisconsin a "D" grade for Entrepreneurial Energy for the second year in a row and ranked Wisconsin 47th for new business starts. The Tax Foundation ranked Wisconsin 41st in terms of its Business Tax Climate. Progressive Policy Institute rated Wisconsin 39th in terms of "Gazelle" jobs, 48th in terms of job churning and 29th in terms of IPO's. In addition, NorthStar Economics has predicted that Wisconsin's income per capita will be 17% below US average in 2024 based on 2000 data. Therefore, learning more about the Entrepreneurial Climate and state of entrepreneurship in Wisconsin is of great importance to the health of the state. The UW-Extension in conjunction with Wisconsin Entrepreneurs' Network (WEN) and the Department of Commerce saw an opportunity for a research study that would address these issues.

Study Overview

The key topics covered by this study are: the perception of the Entrepreneurial Climate across the state of Wisconsin, involvement of Wisconsinites in the Entrepreneurial Process, and awareness, usage, and experience regarding entrepreneurial assistance programs.

A statewide survey was seen as the best way to cover these topics for the Wisconsin population as a whole. In order to retain the ability to customize the questions, control the parameters of the study, and attain a sample size large enough to yield statistically valid results, a custom survey was selected as the methodology. Distributing the survey via mail was optimal as the survey reached the greatest cross-section of the population and the format worked well with the longer multi-part questions. The survey was sent out to 3,000 randomly selected households across Wisconsin and 1144 surveys were completed and returned.

Recommendations

The overall goal of this project is to learn more about entrepreneurship in Wisconsin in an effort to find ways to increase successful entrepreneurship and better the economic situation. The study covered several pertinent topics including the Entrepreneurial Climate in Wisconsin, involvement in the Entrepreneurial Process, and usage of and experience with assistance services. The data yielded useful findings that suggest how to improve/increase entrepreneurship in Wisconsin.

The study found that people in Wisconsin generally view the Entrepreneurial Climate as "neutral" - neither encouraging nor discouraging. The study also found that roughly half the people in Wisconsin are or have been involved in the Entrepreneurial Process, a strikingly high number. They are either thinking about starting a business, starting a business, or have previously started a business. However, among people involved in the Entrepreneurial Process, there is a low level of awareness and use of assistance programs for entrepreneurs.

Given these findings, study recommendations are aimed at creating a more hospitable environment for entrepreneurship across Wisconsin; motivating the large segment of potential entrepreneurs to start businesses, and assisting entrepreneurs and small businesses that already exist. The following recommendations were developed from this research along with information from other sources (see Acknowledgements section).

REDFINE THE LINES

Create a broader and more inclusive view of entrepreneurship. Half of the people in Wisconsin report they are or have been involved in entrepreneurship at some level, but they do not necessarily see themselves or others like them as "entrepreneurs."

When people see themselves and others like them as entrepreneurs they may be more likely to look for help and encouragement which will increase their chances of success.

In the Entrepreneurial Climate section of the survey, respondents were more likely to acknowledge successful and admired entrepreneurs in the world but less likely to report that people in their close circles are starting businesses. This finding contrasts with the finding from the Entrepreneurial Process section that over half of the state's population is involved (or has been previously involved) in the Entrepreneurial Process.

There may be a preconceived notion of who and what an "entrepreneur" is expected to be. "Entrepreneurs" like Bill Gates have received so much publicity that people may see entrepreneurs only as rich, brilliant and successful, breaking ground in a new field. They may not consider a person who works "on the side" doing something like contract web-page design an "entrepreneur."

This view of "entrepreneurs" and "entrepreneurship" excludes a large and productive segment of the population who might benefit from attending entrepreneurship classes or networking with other entrepreneurs for advice. In fact, research has shown that networking is particularly important for female entrepreneurs.

It is possible that people do not see "entrepreneurship" and being self-employed or owning a business as synonymous. In reality, many people have a full time job with an established organization at the same time that they are trying to start or running their own business. Entrepreneurship can occur at any point along the way and with any combination of "job and business." It could be a weekend business or a lifetime pursuit.

- *Create a more welcoming and realistic view of entrepreneurship by providing examples all along the "job-business" continuum. Potential entrepreneurs will see possibilities in their own lives for entrepreneurship and be more realistic about the outcome. If they feel that they are included in the entrepreneurial community, they may also be more likely to seek out entrepreneurial assistance or networking opportunities.*

- *Provide examples of successful entrepreneurs "close to home" both geographically and figuratively. Testimonials note the presence of fellow entrepreneurs within the same area. The more targeted the campaign, the better. Consider gender or region specific campaigns. There should be the feeling that entrepreneurs are "just like me."*

SPOTLIGHT OPPORTUNITIES

Hearing about "entrepreneurial opportunities" will spark interest among potential entrepreneurs and make success seem within reach. A "can-do" attitude is contagious.

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Along with broadening the perception of what an entrepreneur is and does, opportunities to become an entrepreneur should be highlighted. People with a broad view of entrepreneurship will probably be more open to seeing opportunities to start their own businesses. In addition, given that many people see entrepreneurship as risky, highlighting very good opportunities may ease their minds.

People will be more likely to become involved in the Entrepreneurial Process if they perceive more opportunities in the entrepreneurial world. In particular, people who will eventually be in the job market (like students) should be made aware of entrepreneurial opportunities. Developing a pipeline of future entrepreneurs is very important for the long-term health of Wisconsin's economy.

- *Provide evidence and examples of different entrepreneurial opportunities in communities across Wisconsin.*

- *Educate people about different levels of opportunities. For example, a successful opportunity does not need to be opening a new market or revolutionizing an industry; it just needs to be solid and feasible. Even taking a an existing technology and finding a new application can be a fruitful opportunity.*

- *Work with the media to change the way they portray entrepreneurship – particularly language about success and failure that can affect the perception of risk and opportunity.*

LIGHTEN THE LOAD *Removing barriers will help entrepreneurs move through the stages of entrepreneurship with less angst. Most helpful: make entrepreneurs aware of assistance, ensure that programs are relevant and effective, provide detailed success stories, and connect entrepreneurs with programs that are right for them.*

While this study did not specifically identify barriers that entrepreneurs face at each stage in the Entrepreneurial Process, it did reveal that there is a sizable segment of people who are thinking about or trying to start a business. The study also showed that entrepreneurs/potential entrepreneurs are not aware of and/or not taking advantage of assistance programs in Wisconsin. More specifically, the data showed that how people perceive the availability of and access to funding changes their view of the Entrepreneurial Climate. The majority (roughly 80 percent) of respondents said people in their circle would start new firms if they could get funding.

These findings generated several insights:

- People may not be aware of assistance (both financial and otherwise) and/or…

- The programs offered may not be relevant and/or…

- They may not think that they need help.

In reality, the difficulty probably lies in all three. In addition, some respondents felt they were given conflicting information when they contacted multiple sources for assistance. Given the fact that, according to Reynolds & White, start-up firms that have "moved successfully through the process are more likely to have received some assistance," efficient access to help is vital.

- *Build communities which welcome entrepreneurs and foster entrepreneurship.*

- *Help entrepreneurs find the resources they need at each stage of the Entrepreneurial Process.*
  - *Increase marketing*
  - *Focus on providing effective and relevant programs*
  - *Show how important these programs are to the success of new businesses*
  - *Help connect entrepreneurs with assistance that is right for them at any given time*
  - *Avoid providing conflicting information by developing a comprehensive, collaborative and consistent network of services*

- *In terms of financial assistance:*
  - *Change the perception that funds are not available by providing successful case studies*
  - *Help entrepreneurs understand and move through the steps necessary to get funding (such as business plan development)*

ASK QUESTIONS *Continued research could reveal how Wisconsin's Entrepreneurial Climate matches up against other states and why certain entrepreneurial projects do not succeed.*

This study generated several new questions about entrepreneurship which the data could not answer. Future research on these topics would help policy makers and the public further understand the state of entrepreneurship in Wisconsin. Researchers should:

- *Create a longitudinal project for the topics covered in this study.* One of the limitations of this study is that it is not longitudinal and does not provide the immediate opportunity to compare results over time. However, given the interesting results generated from the study, it may warrant repetition in three-to-five years to examine any changes in the elements measured.

- *Study why people become discouraged on the path to starting a business or discontinue a business which has previously been open.* For example, when is too much "churn" fatal? It is necessary to have some churn (i.e. discontinued businesses) to ensure successful idea generation and entrepreneurship. Finding out why businesses fail is necessary to understand more about creating "optimal" churn. Determining why potentially successful businesses do not get off the ground could also help reduce barriers for future entrepreneurs.

- *Consider benchmarking research to determine how Wisconsin stacks up against other states in terms of Entrepreneurial Climate and participation in the Entrepreneurial Process. Consider states with high ratings/rankings in terms of entrepreneurship and/or similar demographic profiles.*

Key Findings

Entrepreneurial Climate

- To foster high levels of successful entrepreneurship Wisconsin should have the most encouraging Entrepreneurial Climate possible. This would be a score of 4.0 on the Entrepreneurial Climate scale developed by Reynolds & White. The average score across all respondents in Wisconsin in this study is 2.47, meaning that they view the Entrepreneurial Climate as "neutral" (neither encouraging nor discouraging). This score has changed little over the past 12 years as Reynolds & White found the average score to be 2.48 in 1993. This indicates that there is an opportunity to create a more positive and encouraging Entrepreneurial Climate across Wisconsin. (Note: the Entrepreneurial Climate scale is made up of attitudinal statements that respondents indicate their level of agreement/disagreement with.)

- Respondents reacted fairly positively to statements regarding community support for start-up and small businesses.

- Respondents responded neutrally to Entrepreneurial Climate statements regarding the encouragement young men and women receive to be independent and start new firms.

- Many Wisconsinites see and admire entrepreneurs from afar but are much less likely to have an entrepreneur in their circle of family/friends.

- Funding continues to be a hot topic for Wisconsinites. On the Entrepreneurial Climate scale, statements regarding funding and financing received less than positive ratings and brought down the Entrepreneurial Climate average overall.

Involvement in the Entrepreneurial Process

- Roughly half of the Wisconsin population is or has been involved in the Entrepreneurial Process in some way. This is a large group even given this study's broad definition of involvement in the Entrepreneurial Process.
    - Roughly 19% of respondents indicated that they are self-employed, owners/managers of current business or selling goods/services to others.
    - Seventeen percent (17%) are thinking about starting a business while 12% are currently in the process of starting one. Interestingly, of those who indicated that they are trying to start one, half (50%) have taken two or more steps towards this goal.
    - On the other hand, 14% of respondents indicated that they had discontinued the process of starting a business and 12% had shut down a business that previously been open (not including businesses which have been sold).
    - (Note: these "stages" are not mutually exclusive so an individual respondent could potentially be included in multiple stages at any given point in time.)

- Respondents who indicated that they are not involved in the Entrepreneurial Process in any way (50% of the population), listed various reasons for this including: no funds, too risky, happy with current job, and retired.

- Respondents who are involved in the Entrepreneurial Process have a statistically lower average Entrepreneurial Climate score than those who are not involved, meaning that they have a less positive perception.

- Demographically, current business owners are more likely to be married and in the 45-54 age group. Close to two thirds (62%) are male while just over one third (37%) are female.

- Those who are not involved in the Entrepreneurial Process are more likely to be female, not married, employed full-time, retired, high school graduates, and/or have no internet access.

Awareness & Usage of Entrepreneurial Assistance Services

- According to this study, the majority of people involved in the Entrepreneurial Process are not contacting assistance sources in Wisconsin for help with marketing, financing, business planning, or regulatory issues.
    - Seventeen percent (17%) of respondents contacted sources for regulatory information which was the largest percentage for any of the four topics.
- Referrals from other agencies was one of the top ways that respondents found out about assistance services, although, on average, this only happened for less than

- Half of respondents.

- Information from the Internet and referrals from other entrepreneurs were also key in helping entrepreneurs find assistance services.

- Roughly a quarter to a half of respondents (who did contact a source or sources for assistance) indicated that they received conflicting information.

- When examining the awareness and usage of assistance programs for more specific topics, it is clear that there is a lack of awareness and usage for the majority of these programs with awareness between 25% and 60% among those involved in the Entrepreneurial Process.
    - Programs for assistance with licenses/patents and other regulatory issues had the highest awareness and usage.

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