

Wisconsin Business Retention & Expansion Study (Middleton—September, 2004)

CONCLUSIONS AND RECOMMENDATIONS

The results of the Middleton Business Retention and Expansion Study performed by the Wisconsin Department of Commerce, in cooperation with the Middleton Chamber of Commerce and the City of Middleton, are summarized below. There are several conclusions that can be drawn from the data results. These include:

1. The interviewed Middleton business region includes a very diverse business mix with a slightly larger percentage of those interviewed dealing in the service or financial/insurance/real estate industries.
2. More than three quarters of the interviewed firms (77%) serve as the company headquarters, with 54% stating there are additional facilities located in other communities. Of the businesses responding, 75% are incorporated.
3. The interviewed Middleton business community is well established with 58% operating more than 20 years. Five businesses have started within the last five years. All businesses in this group were more than two years old.
4. The top factors negatively impacting the companies' current or future development are market condition/economy and domestic competition.
5. Of the interviewed executives, 34% report supplying a portion of their products to federal government, 40% to state government, and 35% have local contracts. Middleton executives are expressing an interest in initiating or expanding government contracts: 37% - federal; 42% - state; and 37% have local interest.

6. The majority of respondents' customers reside in the local area with a healthy national and international customer base. Most of the executives describe their customer base as increasing or stable. Six percent reported decreasing customers numbers.
7. The majority of the respondents' competitors are located in the local area, but a higher than average percentage report national and international competition. Some of the executives (17%) feel competitors are "making significant inroads" and more than half (53%) see them as a "future threat" to their business.
8. When describing market shares for the companies' products/services, 60% say it is increasing, 10% say it is decreasing, and 30% feel it has remained stable.
9. The study finds that of the Middleton businesses responding, 54% own the business facility, 42% lease, and 4% combine ownership with leasing.
10. Many of the businesses (54%) reported having enough property to expand at the present location, and 17% have plans to expand an existing building(s).
11. Of the responding executives, 15% have plans for a new building either at the present site or elsewhere in the community.
12. Some of the executives (35%) have plans to modernize or improve their present building(s) within the next two years, and 66% have plans to modernize or improve their equipment.
13. Results indicate 10% of the executives have plans to expand the business in another Wisconsin community; 14% reported plans to expand out of state.
14. The study found that 9% of the executives (nine persons) indicated plans to move all or part of the operation, either now or in the future. An additional 8% say a move is possible.

15. Other states have contacted 13% of the interviewed businesses in an attempt to persuade them to relocate.
16. Of the interviewed executives, 90 responded that they currently employ 6,257 full-time people. Data gathered from those responding to all five questions in a series about employment (66 executives) reflects the following: Current employment is 1% lower than one year ago and 5% lower overall than five years ago. The executives anticipate an increase of 3% next year and an increase of 15% over the next five years.
17. A total of 1144 part-time workers are employed by 77% of the executives.
18. Employees in professional/technical roles earn an average of \$29.08 hourly, while office staff average \$14.44 per hour. Highly skilled employees in Middleton receive an average hourly wage of \$18.53, semi-skilled employees receive an average of \$12.40, and unskilled workers receive an average of \$10.65.
19. The Middleton executives report they are having the greatest difficulty recruiting for professional/technical staff. The survey finds that 50% report difficulty recruiting for professional/technical positions, 35% say they have difficulty recruiting for blue-collar positions, and 21% express difficulty recruiting for office support staff.
20. The Middleton executives believe the most positive factors dealing with recruiting are the quality of life and K-12 education system. The factors considered to have the most negative impact are housing costs and personal taxes.
21. Investment in training programs is increasing for 58% of the executives, decreasing for 2%, and staying the same for 40%.
22. Of the respondents, 4% report an association with a union, encompassing 2% of the full-time employment base.

23. The study finds 57% of the executives rate their local economic development efforts as excellent or good, 14% responded "fair," 4% said "poor," and 24% expressed no opinion.
24. Of the executives responding to this survey, 69% rated their local government excellent or good, 17% responded "fair," 5% "poor," and 9% had no opinion.
25. Responses indicate that 74% of businesses have seen an increase in gross sales, 6% have seen a decrease, and 19% report gross sales remain stable.
26. Many respondents (65%) dedicate a portion of annual sales to research and development. The majority of those invest up to five percent in R & D.
27. Two factors most negatively impacting the firms' present financial condition are market condition/economy and employee wage/benefits.
28. Of the respondents, 66% are Middleton Chamber of Commerce members, 61% are members of other business organizations, and 54% signify an interest in participating in community organizations.
29. Of the executives responding to this survey, 91% feel their local community is an excellent or good place to do business. The state received an excellent or good rating from 62% of the respondents.
30. The study finds 11% of the executives feel Wisconsin's business climate has improved over the past few years, 57% feel it has not changed, 24% feel conditions have gotten worse, and 7% respond "no opinion."
31. Where Wisconsin's future business climate is concerned, 33% of the respondents feel the climate will improve over the next few years, 43% feel it will stay the same, 20% feel conditions will deteriorate, and 4% assert no opinion.