Entrepreneurship: Michigan's Progress and What's Next ?

Prepared for Michigan Legislative Committees:

Senate Economic Development; House Commerce; House Competitiveness

Lansing April ,2013

Graham S. Toft, Ph.D.
GrowthEconomics, Inc.

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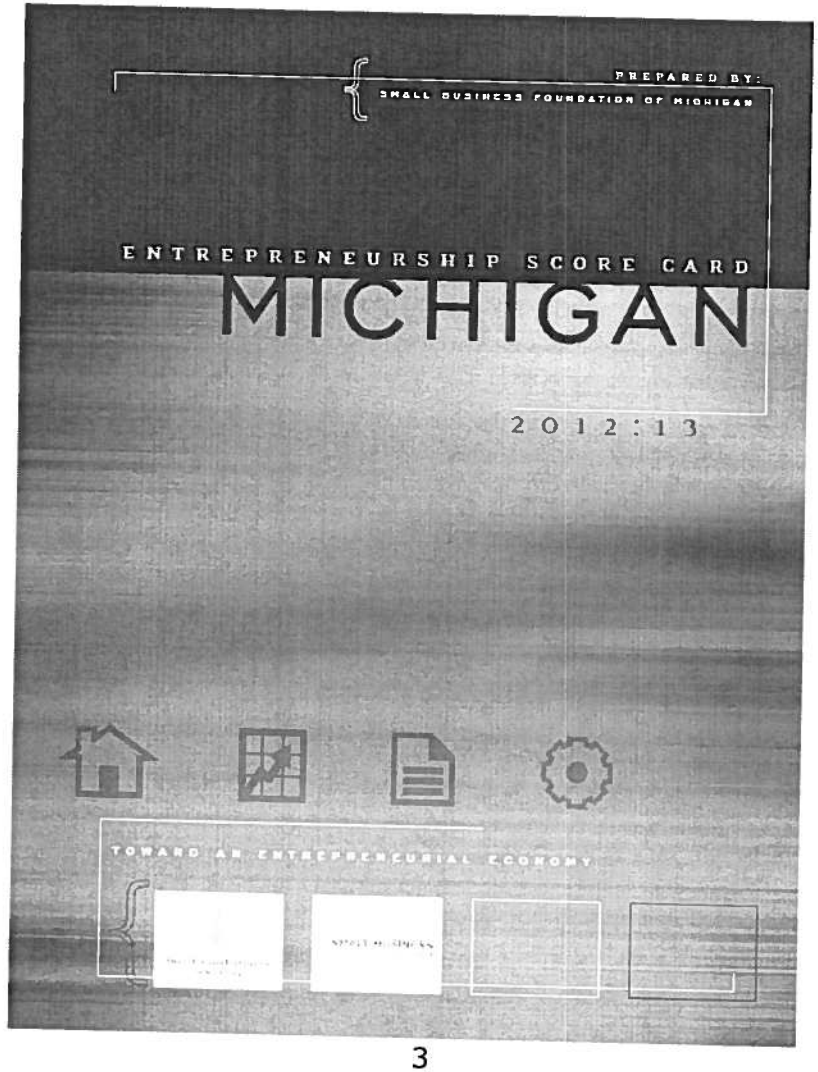
The Bottom Line

- Michigan is making significant progress
- Here's what needs to be done to keep up the momentum!

The Michigan Entrepreneurship Score Card, 9th Edition



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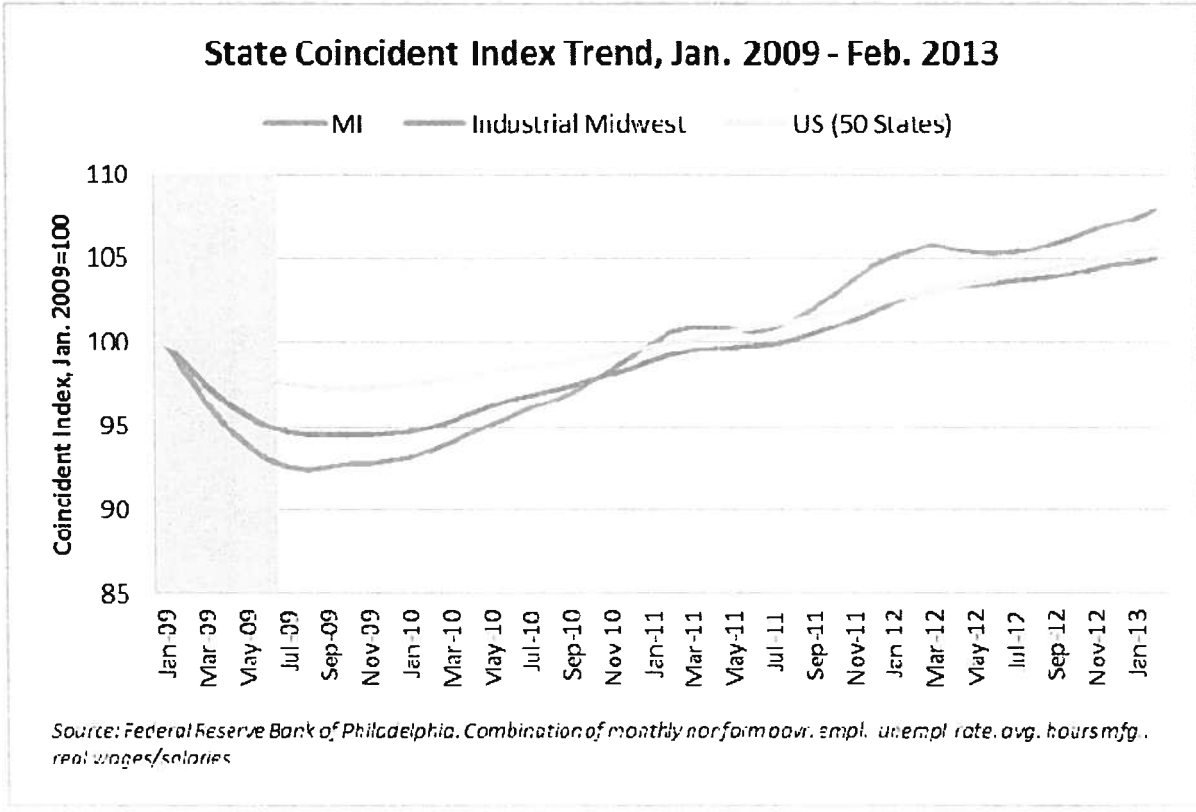
How's Michigan been doing lately?

- Since the Great Recession: Michigan take off!



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Key Score Card Results

- Entrepreneurial Climate
- Entrepreneurial Change
- Entrepreneurial Vitality

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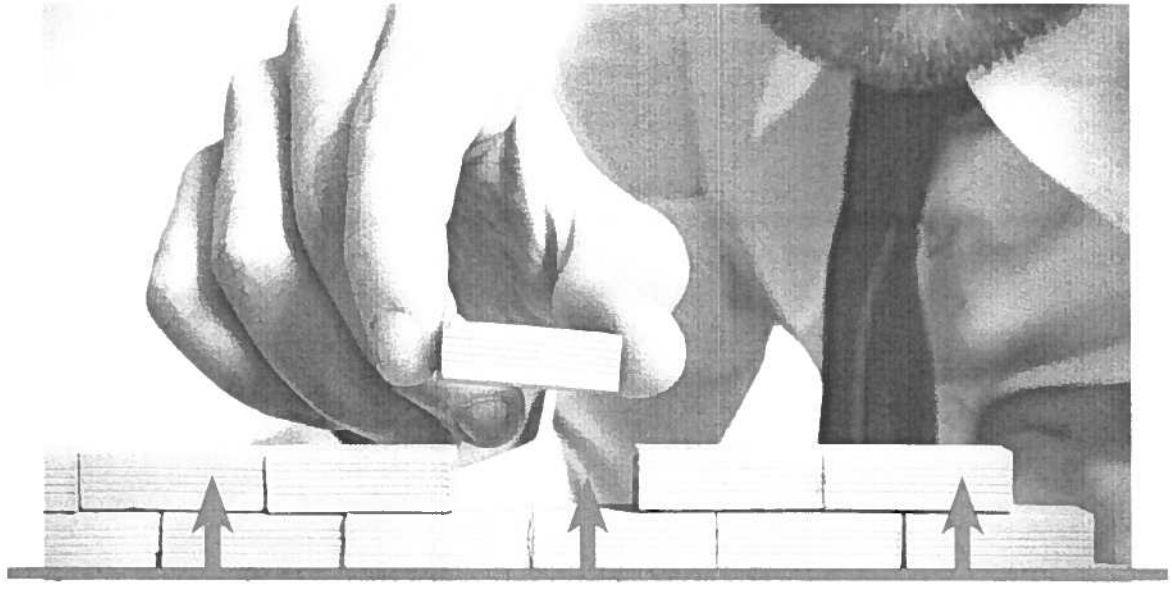
Entrepreneurial Climate



Entrepreneurial Climate: our foundation above midpoint for 2nd year in a row

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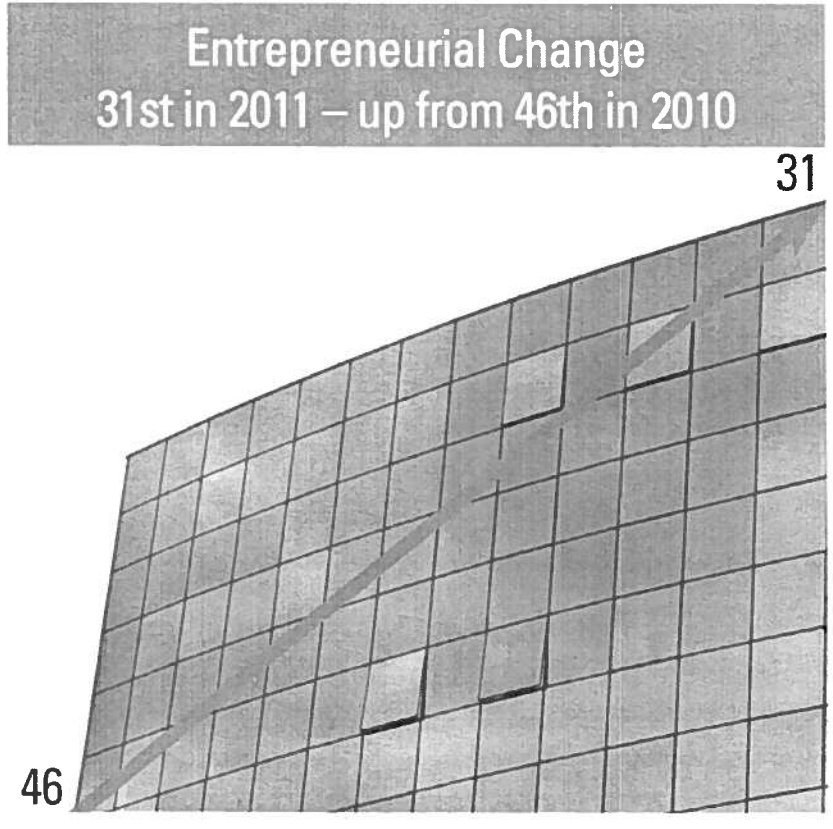
Entrepreneurial Change



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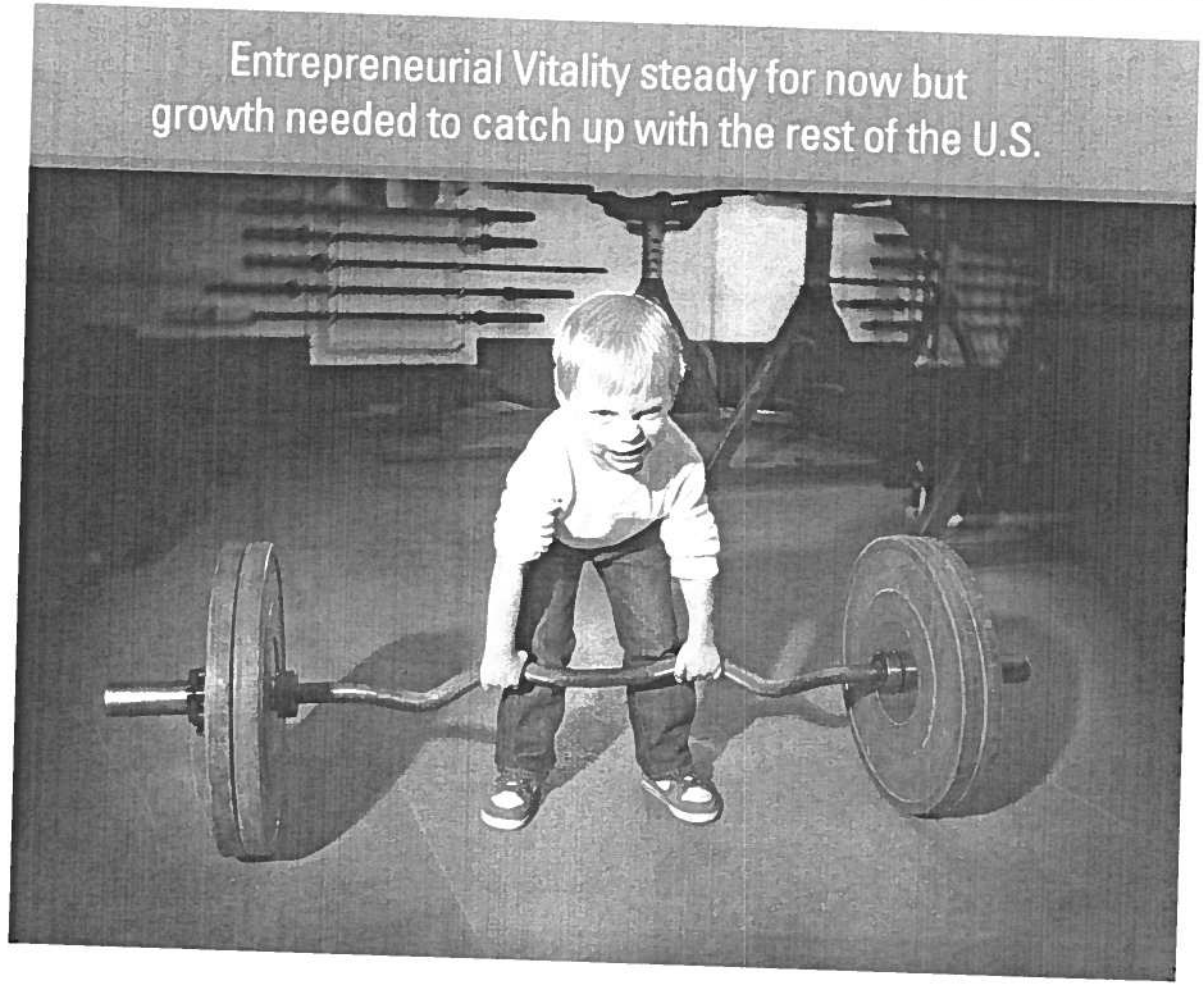
Entrepreneurial Vitality



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Business Tax Reform

Tax Foundation Upgrade
from 49th in 2011 to 7th in 2012

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Banks Believe in Michigan Entrepreneurs

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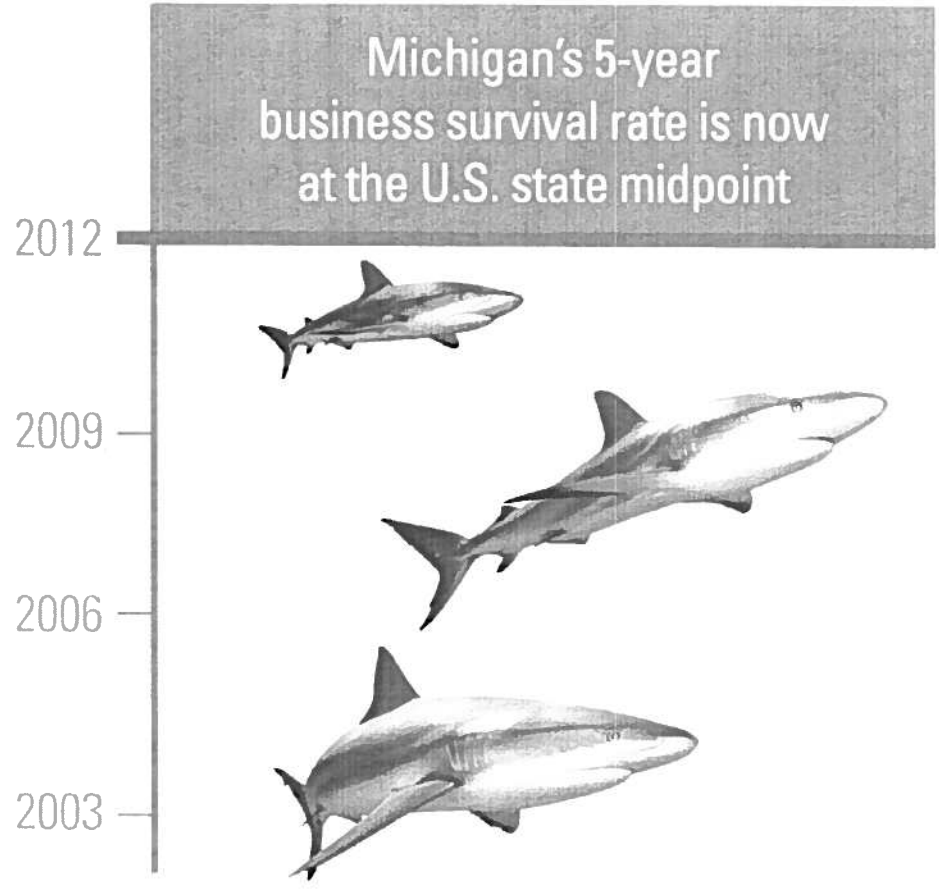
How's Michigan Been Doing Lately?



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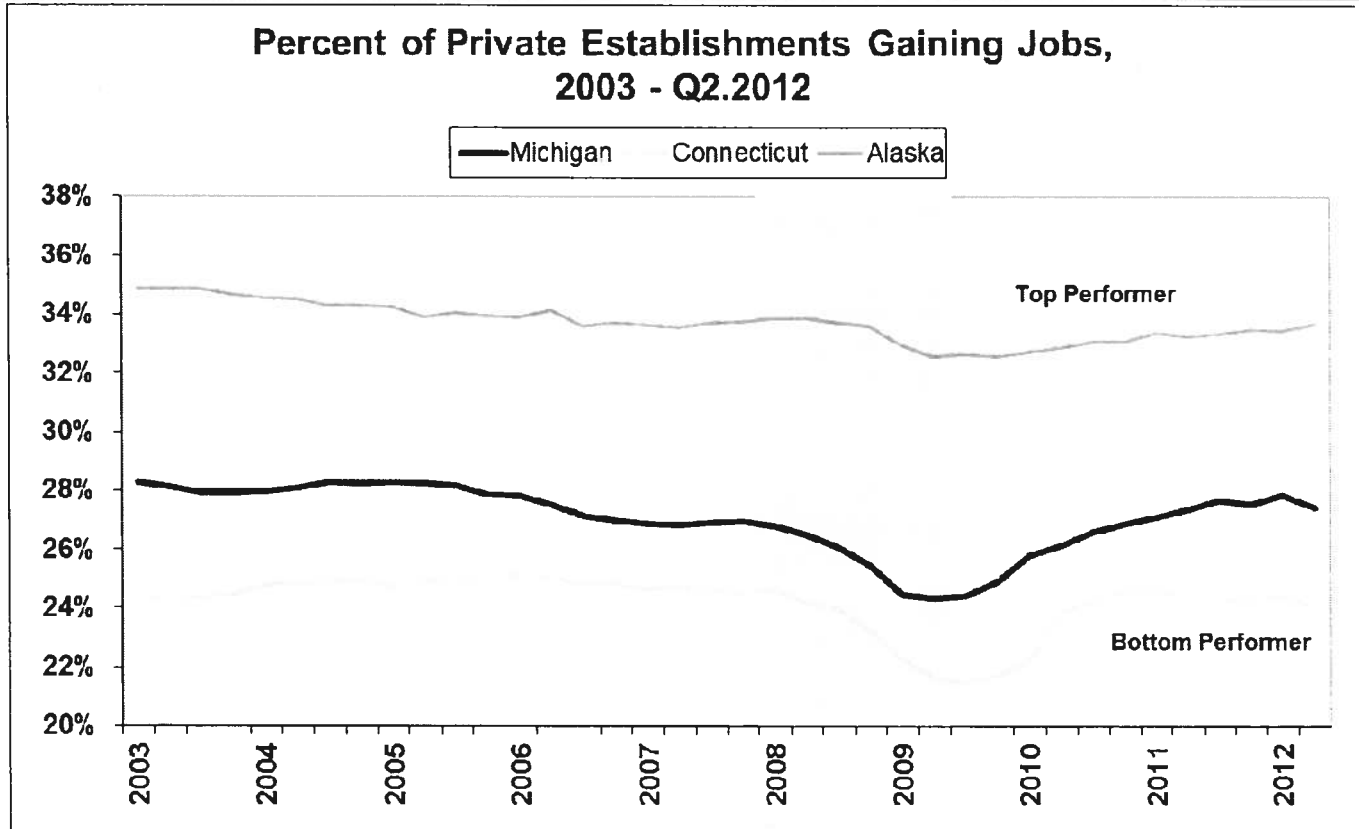
Jobs Engine Coming Back But At Low RPMs



Source: Bureau of Economic Analysis, Business Employment Dynamics. 4-Quarter moving average.

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Select Benchmark Strengths: Capitalize on R&D!

- Overall Rank: 19
- Univ. R&D: 8
- Industry R&D: 6
- Univ. licenses to small biz: 18
- Fed. Funded R&D: 18

Select Benchmark Strengths: International Trade

- Export Growth: 15
- Export-related jobs: 10
- Foreign Direct Investment: 47
- Skilled Immigrants: 16

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Select Benchmark Strengths: Postsecondary Education

- Postsecondary Education: 9
- Phys. Sci and Eng Degrees: 8
- Top-rated Graduate Programs: 4
- Technologist/Tech Degrees: 22

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Where Do We Need to Improve?

- Business costs
- Productivity and labor supply
- Regulatory and legal environments
- Quality of life
- Infrastructure/digital connectivity

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Where Do We Need to Improve?

(Selected Metrics)

- HS grad rate: 36
- Internet speed and B'band coverage:30
- Labor force participation rate: 44
- Malpractice costs: 42
- Tort system efficiency: 42
- Foreign direct investment: 47

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Growth States?

- Dependency
- Austerity
- Growth

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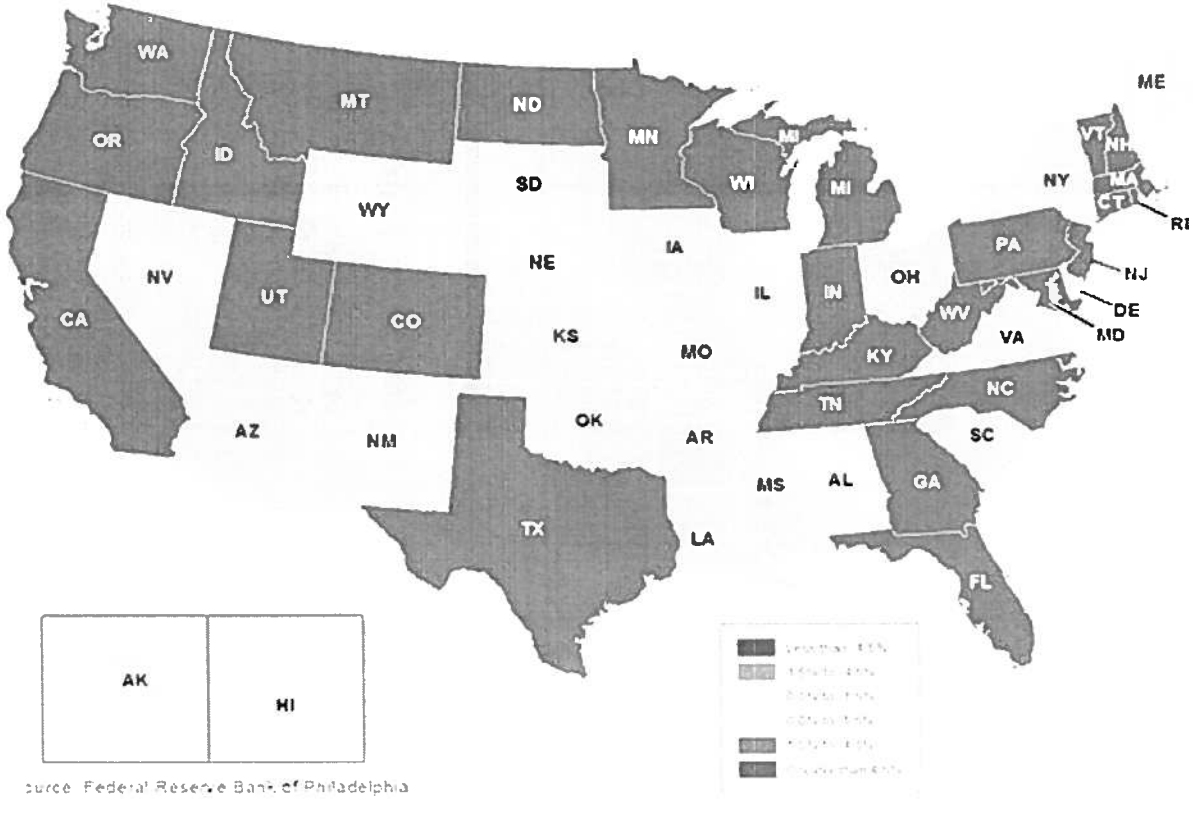
Who is Thriving, Who is Not

February 2013 State Leading Indexes: 6-Month Forecast



Source: Federal Reserve Bank of Philadelphia

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Job Growth? Positive Factors for MI

- Abundant energy
- Debt deleveraging
- Demographics
- Mobile Wave + Learning Wave
- Natural resources efficiency
- Biotech revolution
- Global trade growth
- ENTREPRENEURIAL ENGINE!

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Discussion

GrowthEconomics Inc.
Florida, Indiana, Ireland
317 919 9551
graham@growtheconomics.com

Corporate Profile: GrowthEconomics

- Founded in 2002
- Personnel located in Sarasota, Florida, Warsaw, Indiana and Galway, Ireland
- Specializes in the economic growth of sub-national economies—states and regions: good pay jobs, growth businesses, upward mobility and value creation.
- Utilizes both classical and contemporary theories of growth and economic regeneration
- Primarily focused on the size, type, history, movement of growth businesses and the drivers of their growth
- Utilizes new and emerging databases to develop statistically-sound 'evidence guided growth strategies' with respect to growth businesses
- Primary clients: state governments and state Chambers of Commerce/business associations; regional growth alliances
- Committed to benchmarking as a tool to grab attention and bring about change; prepares competitiveness ScoreCards in 6 states

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