WDN Economic Development Toolbox

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Wisconsin Business AnswerLine. The Wisconsin Business AnswerLine is staffed by experienced people who can provide instant answers to small business owners and staff, in the state of Wisconsin. It includes an extensive document library as well as phone and web resources available at the counselors' fingertips.
Click here for the entire article on the Wisconsin Business AnswerLine.

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Tools for Talent Development
Join us Thursday, February 7, 2013 for **complimentary training overviews**. Let Fox Valley Technical College introduce you to ways we can assist you with talent development.
Select up to two 45-minute overviews:

- **Tactics to be a Better Leader**
- **Leverage Your Leadership Style**
- **Think Strategically About Your Small Business**
- **How to Make Almost Anything**
- **Managing Team Member's Complaints**
- **Presentations with Personality** (SlideRocket)
- **How to Hire the Right Person**
- **Experiential Vignettes of International Business**
- **Identifying Waste in the Workplace**
- **Tour the e-Learning Connect Room**

View Training Descriptions

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Tech Council 'white papers' focus on four growth strategies

Wisconsin needs a four-pronged strategy for building its "high-growth economy," according to a report released Nov. 7 by the Wisconsin Technology Council. The 44-page report, "The future is now: Four strategies for Wisconsin's high-growth economy," calls for:

* Improving access to capital for Wisconsin entrepreneurs.
* Improving technology development, delivery and transfer.
* Building Wisconsin's supply of human capital.
* Enhancing Wisconsin's startup and business climate.

Read the Wisconsin State Journal article here and the Wisconsin Technology Council release here. Click here to view the full report.

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2013 WEDA Governor's Conference on Economic Development Information. **February 6 - 8, 2013.**

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The Wisconsin Economic Development Association (WEDA) in partnership with Wisconsin Economic Development Corporation (WEDC) is pleased to offer four training opportunities from the International Economic Development Council (IEDC) and two from the National Development Council (NDC) in the state of Wisconsin over the next nine months:

- December 3-7, 2012 - NDC's Economic Development Finance 101
- March 21-22, 2013 - IEDC's Business Retention and Expansion
- April 2013 (exact dates TBD) - NDC's Economic Development Finance 201
- May 16-17, 2013 - IEDC's Real Estate Development & Reuse
- July 18-19, 2013 - IEDC's Workforce Development
- August 15-16, 2013 - IEDC's Economic Development Strategic Planning

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Sinking with old economy: Wisconsin lags in developing 21st-century companies. While some places have been able to retool their economies for the 21st century - Pittsburgh, for example, in two decades has gone from a steel town to an "eds and meds" economy centered on education and medical services - Wisconsin has been slow to embrace a knowledge-based economy where brains count more than brawn…

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Forbes: Wisconsin one of the worst states for business, **Business Journal of Milwaukee, Dec. 12.** The state of Wisconsin is one of the worst states for business with state production heading in the wrong direction…The rankings are derived from a series of criteria: business costs, labor supply, regulatory environment, economic climate, growth prospects and quality of life...

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How GE blew chance to be computer giant. National ,12/13/2012 ...General Electric Co. executives learned this the hard way. The company seemed poised to become a computer giant in the mid-1950s. Its small lab in Palo Alto, Calif...

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Insight From... Jim Morgan, WMC Foundation president. An article from the November issue of **Insight on Manufacturing**. "We've got people out there that think manufacturing looks like it did 30,40,50,60 years ago. We've got to do a better job of telling our own story, because if we don't tell it, somebody else will, and they won't tell it very well." Read more about Jim Morgan and how WMC is finding ways to highlight manufacturing as a bright career opportunity online here.

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Downward mobility haunts US education, BBC News, Dec. 3. …the US is now the only major economy in the world where the younger generation is not going to be better educated than the older...

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Madison Public Library sees innovation centers as a key part of its future. 12/27/2012 ...As now envisioned, the Bubbler will be a program incorporating elements of the maker movement that will radiate out from the new central library downtown into the branch public libraries.

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Keith Montgomery column: Wisconsin's workforce needs college grads, Op-ed, Wausau Daily Herald, Dec. 10. Many business and government leaders are concerned about a "workforce paradox" and a "skills gap." In a tough economy, it seems puzzling that manufacturers can't find enough qualified workers while, at the same time, some college grads go unemployed or are underemployed...

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Tourism Welcome Centers making a comeback in Wisconsin, WTAQ, Dec. 17. Some state services have been cut over the past several years because of the lack of money in the Wisconsin state budget. One service that's coming back is tourism and information at Wisconsin's rest area welcome centers...They are also looking into working with University of Wisconsin Stout Hospitality and Tourism students in the future...

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UW-Extension launches online crop budget calculator, Wisconsin Ag Connection, Dec. 17. The costs for growing alfalfa, corn, soybeans, and wheat in Wisconsin are predicted to be about 14 percent higher next year compared to 2012. University of Wisconsin-Extension Educator Ken Barnett says the drought will result in much higher seed prices going into 2013...

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UWO partners for environmental technology program, WLUK-TV, Dec. 14. UW Oshkosh is taking its mission of environmental stewardship to another level. With the help of a German company, it's creating a sustainable technology program. The program provides new opportunities for students and might one day lead to new manufacturing jobs in Northeast Wisconsin...

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BMW at 20: Plant exceeds hopes, tax debate ongoing

-South Carolina - 12/27/2012 Two decades ago, then-South Carolina Gov. Carroll Campbell stood at the Greenville-Spartanburg airport and announced that a BMW plant being built just up the road would be a benchmark in the history of the state...

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New York Times - UNITED STATES OF SUBSIDIES (Wisconsin). Wisconsin spends at least $1.53 billion per year on incentive programs, according to the most recent data available. That is roughly:... $268 per capita... 10 per dollar of state budget... Top Incentives by type... $957 million in Sales tax refund, exemptions or other sales tax discounts... $416 million in Property tax abatement... $107 million in Corporate income tax credit, rebate or reduction ...

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New wind turbines power S.C. Johnson plant. Racine County, 12/27/2012. The rural Racine County plant manufactures consumer products such as Scrubbing Bubbles, Glade and Windex. The 415-foot wind turbines will produce about 8 million kilowatt hours (kWh) of electricity annually, enough to power 700 homes in a year. Combined with two cogeneration turbines that have been in place since the mid-2000s, the facility is now able to produce an average of 100 percent of its electrical energy onsite....

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UW-Madison engineering student wins national inventors prize. UW Madison, 12/20/2012. An idea for a printable prosthetic hand, first dreamed up when Eric Ronning was bored during an entry-level freshman engineering course, has now been recognized with a national inventors prize for the UW-Madison junior, who's also parlayed it into a start-up company...

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More problems at economic development agency cited . Wisconsin, 12/20/2012. A block grant program that sends millions of dollars to communities across Wisconsin will no longer be administered by the state's beleaguered quasi-private economic development agency after the federal government questioned the legality of such an arrangement....

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Trim gender gap to boost economies, OECD says. National, 12/20/2012. Governments looking to boost growth should focus on further narrowing the "gender gap" that continues to hold women back in education, employment and entrepreneurship, a new report said Monday....

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Economic Week in Review: Fiscal fears fray confidence

December 28, 2012

Difficult Congressional and White House negotiations—expected to continue this weekend—have turned the long-looming fiscal-cliff issue into a nail-biter. Major tax increases and spending cuts, with the resulting drag on the economy, are set to take effect at the start of the new year unless the political negotiations yield an agreement. Worries about a post-"fiscal cliff" economy, if talks fail, have undermined consumer confidence, which plummeted in December, even as a report on new-home sales was upbeat. As of Friday afternoon, the S&P 500 Index was down 0.4% for the week to 1,412. The yield on the 10-year U.S. Treasury note was down 3 basis points for the week to 1.71%. Final figures will be posted on vanguard.com after the markets close.

Consumers worry about going over the cliff

Consumers' sagging expectations about the short-term outlook drove The Conference Board's index of consumer confidence well below economists' forecast and markedly lower than November's reading. "The sudden turnaround in expectations was most likely caused by uncertainty surrounding the upcoming fiscal cliff," said Lynn Franco, director of economic indicators at the institution, who noted that a decline of a similar magnitude in consumer expectations occurred in August 2011. That period was marked by contentious negotiations over whether the nation's debt ceiling, which is the amount the United States is allowed to borrow, should be raised—and a debt ceiling deadline also looms on Monday. Despite consumers' negative short-term outlook, their perceptions of current economic conditions rose for the fifth straight month and stood at its highest level in four years.

New-home sales reach a two-year high

Reports from the housing sector continue to be encouraging. Sales of new single-family residential homes rose 4.4% in November from October—or 15.3% higher than a year earlier. At an annualized rate of 377,000 units, new-homes sales grew to their highest level since early 2010, a time when a homebuyer tax credit spurred demand. The median home price was $246,200, about a 15% increase from a year earlier. Regionally, sales of new homes were mixed: higher in the South and Northeast (up 21% and 13%, respectively), lower in the West and Midwest (down 18% and 13%, respectively). Compared with a year earlier, Northeast sales were by far the strongest (up 69%), while the only region to show a decline was the Midwest (down 6%). The new-homes statistics come on the heels of last week's report that existing-home sales had climbed in November by almost 15% from a year earlier, to their highest level in three years.

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Economic Week in Review: Will growth stop at the 'cliff'?

December 21, 2012

The U.S. economy grew more than originally estimated in the third quarter, as home sales rose, and consumers and business spending remained healthy. But with concerns rising about the fiscal "cliff," leading indicators showed some businesses uneasy about the near term. As of Friday afternoon, the S&P 500 Index was up about 1% for the week to 1,426.9. The yield on the 10-year U.S. Treasury note was up 9 basis points for the week to 1.81%. Final figures will be posted on vanguard.com after the markets close.

Third-quarter GDP up 3.1%

The U.S. economy, as measured by the gross domestic product after inflation, expanded at an annual rate of 3.1% in the third quarter, up from 1.3% in the second quarter. This is the second upward revision of third-quarter economic output. The latest estimate, based on more complete data, reflects a modest uptick in personal spending and a slight downturn in imports. The increase in GDP for the quarter was primarily driven by federal government spending—the largest contribution from the government in three years—and an increase in business inventory investment. Farm inventories, hurt by drought in the Midwest, were a source of weakness. Corporate profits rose 2.4% up from 1.1% in the second quarter, boosted by financial firms. Real gross domestic income, another way of measuring the economy, increased 1.4% from –0.7% in the second quarter.

Despite the third-quarter expansion, analysts consider the key drivers behind the growth (government spending and rising inventories) unsustainable. With the fiscal cliff looming, the government is expected to tighten its budget and curb its spending in the future. Also, an excess of business inventories—possibly a sign of lack of demand—is an unlikely source of continued growth.

Existing-home sales surge

Home sales jumped 5.9% in November to 5 million units, their highest level in three years, and are up 14.5% from November 2011. Overall improvements in the labor market and a reduction in distressed properties for sale is contributing to stronger sales.

"With lower rental vacancy rates and rising rents, combined with still historically favorable affordability conditions, more people are buying homes," said Lawrence Yun, chief economist at the National Association of Realtors, in a statement.

Although areas impacted by Hurricane Sandy show storm-related disruptions, overall activity in the Northeast is up, thanks to gains in unaffected areas, Yun said. Total inventory levels are down to 4.8 months of supply, the lowest since September 2005. Lower inventory has helped push up prices; year-over-year prices have increased 10%.

Residential construction declines, but permits rise

New home construction fell 3.0% in November, after three consecutive monthly increases. Despite the decline, construction activity remained at its fastest pace since 2008. Regionally, homebuilders in the West and the Northeast experienced a slowdown, while those in the Midwest and South reported gains. Overall, housing permits jumped 3.6% last month, with multifamily home permits leading the way. Analysts said higher permits indicate homebuilders are optimistic about the housing recovery. The setback in residential construction activity in November may be because of stronger activity in previous months, as well as continued fallout from Hurricane Sandy.

Economic indicators edge down

The Conference Board index of leading indicators, a gauge of economic activity in the next three to six months, slid 0.2% in November, in line with analysts' expectations. Five of the ten indicators fell, with a rise in jobless claims related to Hurricane Sandy and a slowdown in manufacturing contributing having the most effect. Still, the coincident economic index, measuring current conditions, rose 0.2% in November.

"The indicators reflect an economy that remains weak in the face of strong domestic and international headwinds, as it faces a looming fiscal cliff," said Ken Goldstein, an economist at the board. "Growth will likely be slow through the early months of 2013."

Personal income and spending climb

Personal income rose 0.6% in November, up from a 0.1% a month earlier. This was the fastest pace of growth since February, partly because of weakness related to Hurricane Sandy in October. Both wage and disposable income increased 0.6% in November. Consumer spending was up 0.4%. Most of the spending was on durable goods such as automobiles. Even as they spent more money, consumers managed to put aside some for a rainy day: The consumer savings rate rose 3.6% in November.

Factory orders inch up

U.S. businesses ordered 0.7% more durable goods in November, slightly less than the 1.1% increase of a month earlier. Excluding the volatile transportation segment, new orders rose 1.6%. Transportation orders were hurt by a 13.9% plunge in commercial aircraft orders. Overall, shipments rose 1.5% in November. Core capital goods orders, considered a proxy for business investment, rose for the second consecutive month, increasing 2.7%. The rise in new orders came despite concerns by some businesses about the potential changes to the government's tax laws and spending plans.

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Economic Week in Review: Fed ties interest rates to unemployment target

December 14, 2012

In a major shift, the Federal Reserve this week announced that future changes to short-term interest rates will be linked with a specific level of unemployment. Chairman Ben Bernanke said the Fed won't boost rates until unemployment falls to 6.5% or lower, provided the long-term outlook for inflation remains around 2%. Based on current Fed economic projections, short-term interest rates are expected to remain near zero into 2015.

As of late Friday afternoon, the S&P 500 Index was down 0.4% for the week to 1,413 (for a year-to-date total return—including price change plus dividends—of about 15%). The yield on the 10-year U.S. Treasury note was up 10 basis points for the week to 1.74% (for a year-to-date decline of 15 basis points). *Final figures will be posted shortly.*

Fed to continue buying securities along with its low interest-rate policy

In addition to maintaining near-zero short-term interest rates, the Fed will continue to buy $45 billion in Treasury securities per month, as well as $40 billion per month in agency mortgage-backed securities (MBS). The Fed is using the securities purchases to hold down long-term interest rates, making it less expensive for consumers and businesses to borrow, which in turn can stimulate growth.

Linking future interest rate moves with a specific level of unemployment is part of an ongoing effort by the Fed to provide more clarity and transparency in communicating its intentions.

"With this announcement, the Fed has now moved all-in with its 'forward guidance' strategy that consists of controlling market expectations about future short-term interest rates and inflation," said Roger Aliaga-Díaz, Vanguard senior economist. "The previous policy of giving a specific date for future short-term rate hikes, such as 2015, raised questions about the credibility of the Fed's commitment to keep rates low. By specifying the unemployment and inflation goals, the low-rate promise is now fully credible. With the Fed now in the business of managing market expectations, credibility is key."

During a press conference after a meeting of the Federal Open Market Committee (FOMC), Fed chairman Ben Bernanke identified the fiscal cliff as a "major risk factor" to economic growth. Unemployment was another concern he emphasized, describing the current high rate as "an enormous waste of human and economic potential."

Aliaga-Díaz noted the Fed's policy for short-term interest rates is also meant to influence long-term rates. "Those rates make up the bulk of borrowing costs, which is where businesses and consumers focus their attention when making spending decisions," he said.

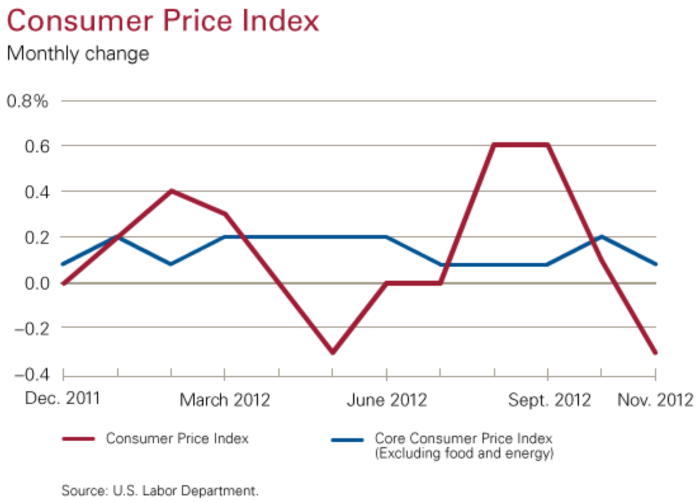
The Fed did leave itself some flexibility in setting rates, announcing that it will monitor "additional measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial developments." Bernanke said, "This (new practice) by no means puts monetary policy on autopilot."

Consumer price index falls more than expected

Consumers got a bit more of a break than expected in November with a drop of 0.3% in the consumer price index (CPI), the U.S. Commerce Department reported. Economists had expected a 0.2% reduction after three months of rising CPI.

The energy index saw the biggest decrease; it was down 4.1% in November, fueled by a 7.4% decline in the gasoline index alone as more domestic crude oil production, combined with weaker consumer demand, put downward pressure on gas prices. The energy decreases more than offset increases in other categories, such as food (up 0.2%), housing costs (up 0.2%), and medical services (up 0.3%).

Stripping out more volatile food and energy prices, core CPI was up 0.1%. This number keeps inflation within the range the Federal Reserve has set for continuing its efforts to stimulate the economy through low interest rates and security purchases.



Energy prices pull down producer price index

In November, the producer price index posted its largest drop since May, sliding 0.8% as the slowing economy weakened demand. Energy (falling 4.6%) and gasoline products (falling 10.1%) are seeing the greatest downward price pressure; in addition to less demand, domestic production is rising.

These decreases offset price increases of 1.3% for food and 0.1% in core goods such as trucks. In particular, food prices spiked to their highest in more than two years. However, high unemployment and slow wage growth make it difficult for retailers to pass these increases on to consumers, which in turn creates price pressure for producers.

Industrial production sees Sandy surge

Industrial production rose 1.1% in November, its largest jump in two years. The Fed report credited the increase to recovery of production lost in the wake of "superstorm" Sandy.

"This number really disguises the underlying weakness of the sector," said Vanguard's Aliaga-Díaz. "Overall, manufacturing production is expected to end flat for the fourth quarter, with industrial capacity utilization at or below the levels reached earlier this year."

In addition to storm-related production increases, a 4.5% increase in motor vehicle and parts production helped boost overall production to levels that exceeded economists' expectations. The outsized increase is expected to be temporary as Sandy's short-term effects wear off.

Less global demand sparks growth in trade deficit

In October, the nation’s trade deficit widened by about $1.9 billion, reflecting a global economic slowdown. Exports of goods and services dropped 3.6% during the month to

$180.5 billion—the largest decrease since January 2009. Asian and European demand for U.S. exports, which had been fueling the U.S. economic recovery, slowed in a range of categories. Imports of goods and services also fell 2.1%, to $222.8 billion, which was the lowest level since April 2011.

The longer term view was brighter, though, with the goods and service deficit falling $3.5 billion over the one-year period ended October 31, 2012. Exports were 1% ($1.8 billion) higher and imports were 0.8% ($1.7 billion) lower for the same period.

Sandy (and Santa Claus) boost retail sales

Retail sales of gas fell 4% in November. Two things contributed: lower prices and Sandy-related shutdowns of gas stations in New York and New Jersey.

Another contributor: The holiday spirit, felt particularly during Black Friday (and, in a few cases, Thanksgiving Day) sales events. Excluding auto, building supply, and gas station sales, which are considered more volatile, November retail sales were up 0.5%. Electronics were a popular choice for shoppers in November, with sales up 2.5%.

Food and beverage sales were also down 0.3% in November. As with gasoline sales, some of the drop is likely because of store closures. However, economizing by consumers who have been hit by higher grocery prices is another possible cause for the decline in sales.

Inventories up, but less so than in September

Manufacturing and trade inventories were up 0.4% in October. Retailers' inventories excluding motor vehicles and parts rose 0.4%. While not unexpected as retailers stock up for the holiday season, the increase also indicates slower sales; sales fell 0.4%, the first decline since June 2012. Still, the October inventory uptick was less than September's 0.7%, as companies tried to keep a lid on inventory volumes in case fiscal policy changes trigger an economic slowdown.

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Economic Week in Review: Running in place

December 07, 2012

Neither a hurricane nor outsize fears of a fiscal free-fall knocked hiring off its lumbering stride in November. The creation of 146,000 jobs last month was a far better performance than analysts had expected, although it merely maintained the plodding pace of 2012, and job totals for September and October were revised downward. The drop in the unemployment rate to 7.7% from 7.9% was attributed to a decline in active job-seekers.

As of mid-afternoon on Friday, the S&P 500 Index was essentially unchanged for the week, at about 1,416. The yield on the 10-year U.S. Treasury note was up 1 basis point for the week at 1.63%. (Final numbers will be posted shortly after the markets close.)

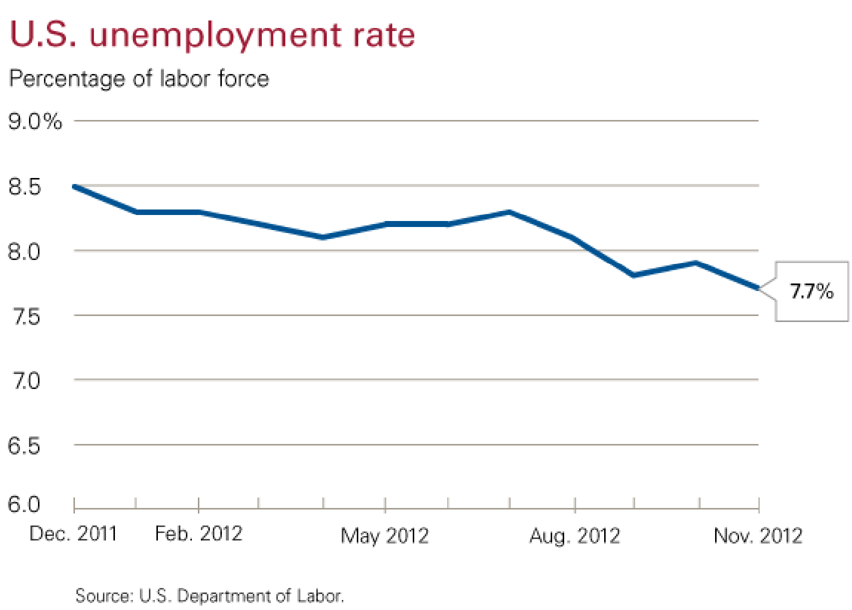
Labor Department analysts said they detected no evidence that Hurricane Sandy had blurred November's picture, although private economists noted that the storm disrupted not only livelihoods but also the phone service that surveyors rely on to gauge unemployment, while an early Black Friday may have complicated seasonal adjustment.

In any event, the apparent continuation of steady improvement signaled that the job market may be poised to pick up if Washington makes a hairpin turn in time to avert the fiscal cliff. So far, businesses don't appear nervous enough to slam the brakes on hiring, and, indeed, analysts assume that at least a partial deal will be struck in coming weeks.

"It was a strong report in terms of private sector jobs. It seems that fiscal cliff anxiety did not prevent strong seasonal hiring by retail businesses," said Vanguard senior economist Roger Aliaga-Díaz.

Even so, the jobs report offered little to suggest that businesses will suddenly boost hiring up to the 250,000-a-month range that analysts consider big enough to juice the sluggish recovery. Business angst may linger over the longer-term tax outlook, slowing in Asia, Europe's shaky finances, and signs that U.S. output has slowed to a trickle in the final quarter of 2012.

"Trends in manufacturing and construction employment are not that encouraging, something that can show up later in January, especially if the fiscal cliff discussions extend into 2013," Mr. Aliaga-Díaz noted.



Running a tight ship

Insight into the prolonged weakness in U.S. hiring may be glimpsed in the latest report on business productivity. As the nation's output rose this summer, businesses kept a close watch on hours and wages, boosting productivity sharply in the third quarter.

Caution was also visible in the latest survey of manufacturers. The sector dipped back into contraction in November, but unlike during manufacturing's summer doldrums, an accompanying subgauge that tracks factory employment dipped even more. Likewise, although service providers reported this past week that the nonmanufacturing sector expanded more than expected in November, the service employment subgauge slipped close to contraction.

Many firms have simply found they can thrive with smaller workforces. After shedding 7.5 million jobs during the Great Recession, the economy is still 4.5 million jobs in the hole.

Biding their time

The run-up in productivity following the recession may not immediately help employment, but it's been a boon for businesses' bottom lines. Eventually, firms are expected to plow more profits back into payrolls. But first, they will need to believe that customers will return in droves.

Analysts say the ingredients for truly robust hiring might not gel for another year or two, when the continuation of various consumer-friendly trends—at least modest job creation, rock-bottom interest rates, rising household wealth from recovering home values, further progress on household debt reduction, and untold amounts of pent-up demand—may give businesses the confidence to think big again.

Home construction doing its part

Homebuilding in October was much brighter than expected and continued a string of monthly increases this year. New-home construction's sustained performance adds to signs that the long-awaited housing market turnaround is for real.

The housing market is recovering at an opportune time. Analysts say housing is now leading the economic recovery as manufacturing sputters.