



WEDC

WISCONSIN ECONOMIC
DEVELOPMENT CORPORATION

INTERIM REPORT

FEBRUARY 2012

Let's Talk Business.

LET'S TALK BUSINESS

Two thousand eleven was an exciting year of transformation for the Wisconsin Economic Development Corporation. In just one year, we reorganized and refocused the Wisconsin Department of Commerce, creating in the process a more narrowly-focused public-private entity charged with increasing the state's economic activity.

The reorganization itself was a significant effort as we scaled back from nearly 400 positions with wide-ranging responsibilities to 100 economic development professionals dedicated to attracting, sustaining and growing business investment in Wisconsin. Our strategic plan is supported by the top talent, forward-thinking policies, and advanced technology necessary to improve the state's business climate.

More importantly, we've established a culture of optimism that builds upon the strong economic assets of Wisconsin and envisions a bright future for our state as the world's greatest destination for business start-up and expansion.

Our decisions have been, and will continue to be, driven by a commitment to the economic well-being of the people of Wisconsin. The systems we've adopted maximize our responsiveness to our customers—the businesses we support and the partner organizations whose work complements our own. You can take comfort knowing that the new WEDC is effective, transparent, and accountable.

But this report is less about how WEDC operates than it is about what we've set out to do. For while we've been building this new organization, we've also been supporting business growth throughout the state. I am proud to highlight a few of the early success stories that have resulted from the investment strategies we've adopted and successfully deployed to help businesses locate and expand in Wisconsin.

In the short time since WEDC was formed, we've created a groundbreaking model for advancing target industry sectors — one which delivers customized programs that support significant job creation. And we've refocused and expanded our international outreach efforts, recognizing the potential of overseas markets to create new opportunities for Wisconsin businesses and new jobs for our workers. The unprecedented three international trade missions we have planned for 2012 demonstrate our aggressive approach to increasing Wisconsin's exports and attracting foreign investment to our state.

Meanwhile, WEDC is taking a lead role in proposing legislative policy to spur business growth and expand capital availability throughout the state. And we're leveraging the strength of our state-wide economic development partners—from our technical college system to our chambers of commerce, municipal governments, local and regional economic development organizations, and industry associations—to give Wisconsin businesses the training and tools they need to succeed.

ECONOMIC DEVELOPMENT IN WISCONSIN TRULY IS AN EXTENDED ENTERPRISE
FUELED BY PASSIONATE PEOPLE WHO BELIEVE IN THE GREATNESS OF OUR STATE.
WEDC IS PROUD TO HAVE SUCH CAPABLE PARTNERS AND WE ARE OPTIMISTIC
ABOUT THE FUTURE WE CAN CREATE TOGETHER.

Sincerely,



Paul Jadin, CEO
Wisconsin Economic Development Corporation



SCOTT WALKER, GOVERNOR
STATE OF WISCONSIN

“NOW IS THE TIME FOR BOLD IDEAS
AND COOPERATION TO MOVE
WISCONSIN'S ECONOMY FORWARD.
WEDC HAS THAT CLEAR FOCUS OF
SPURRING BUSINESS GROWTH
THROUGHOUT THE STATE. WISCONSIN
IS NOT ONLY OPEN FOR BUSINESS —
WISCONSIN IS GOOD FOR BUSINESS.”



Paul Jadin, CEO and Secretary of WEDC,
addresses the Governor's Small Business
Summit in Green Bay.

WEDC SUPPORT,
JOB GROWTH
AND INVESTMENT *

92

Communities Assisted

527

Businesses Assisted

35,230

Planned Jobs Created & Retained

\$481,918,605

Leveraged Funds

*Data reflects 2011 calendar year

EXPANDING THE BASE

WEDC is growing Wisconsin Businesses

Retaining, sustaining and expanding existing Wisconsin business is a critical component of WEDC's strategy. By nurturing the success of companies currently operating in the state, we ensure a solid base of economic opportunity for businesses and the communities in which they operate.

WEDC helps businesses succeed by making capital available to support expansion. And we serve communities by helping them create the conditions necessary for economic growth. In addition to making targeted investments in Wisconsin businesses, we share expertise with industry leaders seeking to maximize the performance of their business sector. In doing so, we draw upon the specialized knowledge of our strategic partner organizations to put the best minds to work for Wisconsin.

Capital Investment

WEDC creates customized financial packages for companies whose expansion will create jobs and additional investment in Wisconsin. Options include loans or tax credits for capital investment. The number of companies in our portfolio of financial assistance currently stands at 1,893. Of these, WEDC has facilitated new investments in 527 companies in the past year.

Community Development

WEDC also helps communities finance infrastructure improvements and brownfield clean-up projects necessary for business growth. In 2011, WEDC provided over \$22 million to help 54 communities finance such work. WEDC helped an additional 38 communities restore their downtown districts through our Main Street Program.



Technical Support

WEDC invests in service partners who help companies implement the changes necessary for growth. Our investment in the Wisconsin Manufacturing Extension Partnership (MEP), for example, has helped over 200 small and mid-sized manufacturers implement productivity-boosting strategies. Similarly, our partnership with the Wisconsin Entrepreneurs' Network helps connect business start-ups with tools and resources they need to succeed.

WEDC — GROWING BUSINESSES AND JOBS

WEDC promotes a healthy business climate by partnering with communities to invest in new opportunities. We combine leadership, bold thinking and creative investment strategies to create new jobs in Wisconsin.

PROFITABLE SUSTAINABILITY

WEDC joined with the Wisconsin Manufacturing Extension Partnership to launch Phase II of the Profitable Sustainability Initiative (PSI) to assist 30 small and mid-sized manufacturers in using sustainable practices to save money and gain a competitive edge. Phase I showed that the five-year economic impact from the first 45 firms participating in the PSI is projected to be \$54 million—this in addition to immediate and long-term environmental benefits.



“THE PSI PROCESS PROVIDED ACCESS TO EXPERTISE THAT SMALL COMPANIES NORMALLY DON'T BENEFIT FROM. WE LEARNED A LOT ABOUT OUR ENERGY CONSUMPTION AND WE NOW TRACK ENERGY USE WITH A SOFTWARE PACKAGE PROVIDED THROUGH THE PROGRAM—WE CAN EVEN CALCULATE OUR CARBON FOOTPRINT. WITH PSI FUNDS, WE WERE ABLE TO INSULATE THE ROOF IN OUR FACILITY—WE'VE CALCULATED AN ROI OF FOUR YEARS FOR THAT INVESTMENT.”

— [BILL BOCKES, PRESIDENT OF JOHNSON ELECTRIC COIL COMPANY, ANTIGO] —

ATTRACTING THE BEST

WEDC is bringing and keeping companies in Wisconsin

In addition to helping existing Wisconsin companies grow, WEDC gives companies nationally and globally good reasons to locate here.

WEDC uses a combination of investment tools to entice businesses to either locate anew in Wisconsin or to solidify their headquarters or manufacturing components in the state. These tools include tax credits and loans.

Bostik, Inc., for example, decided to consolidate its research and development facilities and business management functions in its headquarters in Wauwatosa. Direct involvement from Governor Walker, a quick response by WEDC and a \$1.5 million economic development tax credit award were strong incentives for the company to move these operations from other parts of the country to Wisconsin.

Protecting jobs by retaining Wisconsin companies considering moving to other states is also an important part of our strategy. Our responsiveness to company needs accounts for the decision of Air Wisconsin to keep its headquarters in Appleton and Spectrum Brands to maintain its corporate headquarters in Dane County.

ENCOURAGING ENTREPRENEURSHIP

WEDC is helping Wisconsin start-ups succeed

While Wisconsin protects existing jobs by sustaining and growing local companies, we must also create new opportunities for our workers through new business creation.

To this end, WEDC is making it easier for visionary business leaders to put their ideas into practice here by spurring investments in technology and innovation that will contribute to significant job growth.

WEDC offers one of the nation's best incentives to make capital available to small businesses through the Act 255 Program (Qualified New Business Venture). This program encourages private, angel, and venture capital investment in high-tech businesses that have strong growth potential.

Okanjo Partners, LLC, of Milwaukee is one business that is making good use of this program. Formed in July 2007, the social mobile shopping platform is using Qualified New Business Venture funds to accelerate its growth.

WEDC also supports companies' research and development efforts and helps them commercialize innovative technology products with our Technology Development Loan Program. This program supports the development of products in key industries such as biosciences and advanced manufacturing.

For example, a \$125,000 Technology Development Loan was approved for Ratio, Inc., of Monona for the purchase of tooling equipment as part of the company's plan to test and commercialize its drug delivery pump technology.

"MOST OF THE START-UP DOLLARS GO TO SILICON VALLEY, BUT IT'S MORE COST EFFECTIVE AND COMPETITIVE TO BE HERE IN WISCONSIN. WEDC REALLY PROVIDES A GREAT PROGRAM WITH THE TAX INCENTIVE TO ATTRACT INVESTORS BOTH TO WISCONSIN AND FOR INVESTORS HERE TO INVEST LOCALLY."

LAURA KING, PRESIDENT
NEUWAVE MEDICAL, MADISON



ENTREPRENEURSHIP AND INNOVATION PORTFOLIO (SINCE 2005)

207

Number of companies (to date) WEDC's Entrepreneurship and Innovation division has provided support to

QUALIFIED NEW BUSINESS VENTURE INVESTMENTS

34

Companies receiving investment in 2011

\$20,408,932

Qualified investment in 2011

EXTENDING OUR BORDERS



WEDC is connecting Wisconsin businesses with international opportunities

We must look to markets beyond our shores in order to produce job-creating growth for Wisconsin. We have a long history of exporting both raw materials and finished products through our world-class ports, and the demand for Wisconsin goods will only increase given global population trends. For these reasons, Wisconsin maintains a trade presence in key countries where we see the potential for significant export: Canada, Mexico, Brazil and China. Additional international offices will be added as we align Wisconsin's trade interests with new global opportunities.

WEDC is expanding the state's global trade focus by providing training for companies to establish or expand their export capabilities, identifying and attracting sources of direct foreign investment and increasing Wisconsin's profile within international markets.

WEDC has also partnered with the Wisconsin Manufacturing Extension Partnership to develop ExporTech™ training for economic developers throughout the state. These sessions provide planners with the tools to better evaluate, pre-qualify and discuss the export development needs of the companies they work with.

And we're taking Wisconsin businesses straight to the source of new export opportunities with an unprecedented three trade missions scheduled in 2012. The destinations were chosen based on current export traffic and new opportunities for key industries in Wisconsin. WEDC has partnered with the Milwaukee Water Council for a trade mission to India, and with the Council of Great Lakes Governors for a trade mission to South America and Southeast Asia.

WEDC ASSISTED 409
BUSINESSES TO EXPAND THEIR
INTERNATIONAL FOCUS IN
2011, CREATING \$8.4 MILLION
IN NEW EXPORT SALES.

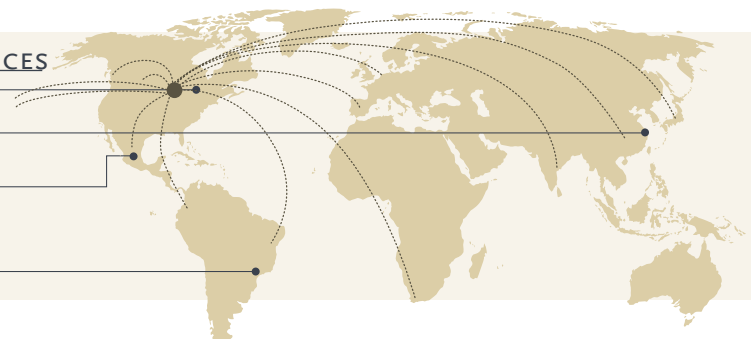
INTERNATIONAL OFFICES

TORONTO, CANADA

SHANGHAI, CHINA

MEXICO CITY, MEXICO

SAO PAULO, BRAZIL



INVESTING IN ADVANCEMENT

WEDC is giving Wisconsin industries targeted support

Wisconsin's specialized industry sectors hold great promise for creating new opportunities for the state and its people. Mature industries such as manufacturing, transportation and healthcare have shown us that cooperation among companies with complementary skills and shared geography produces net positive results for all participants. Emerging industry sectors such as bioscience, clean-tech and advanced energy management are also proving the adage that there is strength in numbers.

WEDC's targeted industry development plan will direct investments in sectors with the strongest competitive advantages and greatest

potential for rapid growth. WEDC will provide this targeted support to those industry-led consortia initiatives in Wisconsin that have the opportunity to create significant jobs.

WEDC made its first target industry investment with the Water Research and Business Accelerator Center in Milwaukee to underwrite start-up water technology companies' tenancy costs. Along with the city of Milwaukee's infrastructure improvements for this project, the Milwaukee region will become a global showcase for research and technological advancement. This water research and business accelerator building will be the first in the United States and one of only a handful in the world.



“IN THE LAST FIVE YEARS THE MILWAUKEE REGION’S WATER TECHNOLOGY CLUSTER HAS SEEN A RAPID ASCENT IN GLOBAL PROMINENCE. THANKFULLY, WITH THE STRONG SUPPORT PROVIDED BY GOVERNOR WALKER AND THE WISCONSIN ECONOMIC DEVELOPMENT CORPORATION FOR THIS ONE-OF-A-KIND BUILDING, WE WILL BE ABLE TO MAKE ANOTHER MAJOR LEAP FORWARD IN SOLIDIFYING WISCONSIN’S LEADERSHIP POSITION.”

RICH MEEUSEN, CHAIRMAN, PRESIDENT AND CEO OF BADGER METER AND CO-CHAIR OF THE MILWAUKEE WATER COUNCIL

WORKING TOGETHER IN WISCONSIN



WEDC is strengthening Wisconsin's economic development network

Wisconsin has one of the strongest economic development networks in the nation. WEDC views the many resources available to businesses—from local and regional economic development organizations to the many educational institutions training Wisconsin workers and trade associates supporting industry—as an “Extended Enterprise.” By building and strengthening partnerships within the network, we will all better serve our customers. For its part, WEDC has adopted an organizational structure that is “all business.”

WEDC DIVISIONS ALIGN WITH ECONOMIC DEVELOPMENT OPPORTUNITIES

Finance & Administration	Entrepreneurship & Innovation	Business & Industry Development	Economic & Community Development	International Development	Marketing & Public Affairs
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WEDC's reorganization allows us to “do business like business.” We've adopted a highly-responsive customer service approach supported by technology that makes us more efficient and more effective. Simply put, we get more done at a lower cost.

Expanding Capital

One of the results of WEDC's fresh approach to economic development is new approaches to existing challenges. Working with our extended enterprise partners we are finding innovative ways to increase capital investments throughout the state.

For example, there is currently \$108 million available in revolving loan fund portfolios in Wisconsin. However, only 30% of these funds are actively working in Wisconsin communities. WEDC sees opportunity here. By leveraging these investment dollars, we feel we can do more good in targeted communities. Therefore, WEDC is continuing an effort to develop Regional Non-Profits to maximize economic development investments in their respective areas by creating collaboration among existing economic development providers.

WEDC also sees enormous potential for job growth through minority business development. To encourage and advance expansion of minority-owned business we've made seed capital investments in the Wisconsin Women's Business Initiative Corporation, the American Indian Chamber of Commerce and the Hispanic Chamber of Commerce revolving loan funds. And we have plans to do the same with the African American Chamber of Commerce.

“THEIR RESPONSIVENESS IS MUCH BETTER THAN IT WAS WITH THE OLD DEPARTMENT OF COMMERCE. IF WE NEED TO TALK TO SOMEBODY AND WE SAY THAT, WE GET THE TIMELY RESPONSES THAT WE NEED.”

GEOFF MORGAN,
MICHAEL BEST & FRIEDRICH

“WE USED TO COMPLAIN THAT GOVERNMENT NEEDED TO WORK AT THE SPEED OF BUSINESS. WEDC IS ACTUALLY PUSHING US TO KEEP UP WITH THEM.”

MIKE RUMINSKI, SCHNEIDER NATIONAL

SPREADING THE WORD

WEDC is advocating for Wisconsin businesses

WEDC has connected with businesses across the state in roundtables and listening sessions and will continue to tap existing and new advisory boards to ensure that each of our divisions receives and acts on customer input.

We leverage data and best-practice thinking in our decision-making. Where new research is needed, we lead the way, as we've done with a statewide target industry update and a new workforce study to address the talent gaps facing Wisconsin businesses.

WEDC also represents our business customers by advancing policies that improve the environment in which they operate, and we have exciting plans for showcasing Wisconsin's strengths to national and international business leaders.

Public Policy

WEDC has asked and we have heard from the business community about policy barriers and opportunities that directly affect the state's job growth. And we've introduced innovative and game-changing policies that effectively position Wisconsin as a business-growth state.

Locator Tools

WEDC is deploying two powerful site-selector tools in 2012 to make it easier for planners to identify the resources available to set up shop in Wisconsin.

LocateInWisconsin.com allows visitors to conduct a free search of available sites and buildings throughout the state. It also provides dynamic site analysis tools with rich metrics and up-to-date statistics relating to the demographics, labor force and spending patterns of targeted communities. This information can be customized according to geographic parameters defined by the user and includes a wealth of data critical to site selection decisions, from natural gas and electric utility providers to the location of airports, ports, hospitals and colleges.

WEDC will also soon launch a Certified Sites Program. The certified site selection process will eliminate a critical stumbling block for industries—particularly manufacturers—that are considering expanding or locating in the state. WEDC will identify areas throughout the state that are ready for economic development, increasing Wisconsin's competitiveness for business growth and job creation. Pre-certifying building sites will allow job creators in Wisconsin and around the world to find the perfect location for their expansion knowing they can begin building immediately.

Marketing

With the necessary operational components in place and a motivated, highly skilled team advancing WEDC's mission of elevating Wisconsin's economy to be the best in the world, we can now lay the groundwork for a high-profile integrated marketing campaign that shines a light on Wisconsin as a premier business destination.

We will share the Wisconsin story with company leaders and site selection professionals worldwide. The state's many economic assets, including our reliable transportation infrastructure and port access, will be featured along with our proven industry expertise and world-class research capabilities. Wisconsin's central location within the United States gives companies here equal access to multiple markets. And we're situated within the nation's most productive region for manufacturing and agriculture.

Our workers' knowledge and skills as well as their well-established commitment to quality are key selling points as we seek to draw the interest of businesses looking to relocate or expand. Wisconsin is also a state with a rich history of creativity and adaptability, valuable assets in today's rapid-fire economy.

Because business
is good for Wisconsin.
And Wisconsin
is good for business.



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Governor Scott Walker chairs the WEDC Board of Directors composed of state legislators, departmental secretaries and private business owners. The 13-member Board of Directors provides WEDC with strategic leadership and operational oversight representing statewide public and private economic development interests.

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Read WEDC's Operations Plan at wedc.org/operations-plan