

# ENTREPRENEURSHIP AND INNOVATION IN WISCONSIN

The **Wisconsin Economic Development Corporation** (WEDC) is committed to supporting entrepreneurs, innovators and new businesses. New businesses are a well-documented source of future economic activity and growth, and are central to a robust and thriving economy. Many of these companies provide good salaries that support families and contribute significantly to the local economy. These innovative companies offer opportunities for recent graduates, new residents, experienced professionals, people looking for a new career, and entrepreneurs looking to achieve their dreams.

WEDC's **Division of Entrepreneurship and Innovation** strives to reach early-stage business across the state with a range of resources relevant to their needs. WEDC's entrepreneurship programs are intended to support new companies that are moving from idea stage through profitability. The programs offer financial and technical assistance directly and through local partner organizations. This two-pronged approach aims to provide a mix of focused resources across the state to new businesses of all shapes and sizes.

WEDC gathered reports on 2021 business activity from 814 companies that had an active award or received support in the last three years. The reports show increases in funding, revenue and employment. The total new financing and revenue from companies in 2021 was \$1.25 billion, a 41% increase over 2020. Jobs were up, too—with 6,772 full- and part-time Wisconsin jobs and payroll over \$204 million (increases of 52% and 25%, respectively). While the more mature tech startups drive a significant portion of these increases, smaller companies also reported improved access to capital and business impacts.

The results presented here tell us that the model is working and companies are finding success. Beyond the quantitative data, we hear from the companies and those working to support them how impactful these programs are to a small business just trying to launch.

Even with these highlights, we understand that there is more work to do. We are expanding our network of partners to diversify the mix of resources available to entrepreneurs, particularly those in rural or economically disadvantaged communities. We are also developing new tools to ensure that companies in a range of industries have access to capital in a dynamic economic environment.

WEDC is committed to using its expertise and flexibility to develop and enhance programs that support startups. A healthy entrepreneurship ecosystem is key for our economic future, and WEDC looks forward to continuing our support for bold innovators and intrepid entrepreneurs across Wisconsin's many diverse industries and communities.

# REPORT ON 2021 PROGRAM ACTIVITY

In 2021, WEDC's Division of Entrepreneurship and Innovation (E&I) introduced a new program to support the entrepreneurial ecosystem: Entrepreneurship Partner Grants. This program gained significant interest and will be offered again in 2022.

Overall, a total of **441 companies** received assistance through the programs offered by the E&I team during the 2021 calendar year. Of these, 186 utilized two or more programs offered and supported by the E&I team at WEDC. In all, the companies assisted by these programs reported generating more than **\$495 million** in revenue and **\$766 million** in new funding, and supported **6,772 jobs** in the state of Wisconsin.

## WEDC's entrepreneurship and innovation initiatives and programs include:

The **Qualified New Business Venture Program**, which helps startups headquartered in Wisconsin raise the capital they need to grow by offering tax credits to investors

The **Technology Development Loan Program**, which assists companies with the funding necessary to develop and launch high-tech or innovative products and services

**Entrepreneurship Partner Grants**, which help to strengthen entrepreneurial communities and support locally operated entrepreneurship programs that would otherwise not be able to move forward. This program is an evolution of the previously operated Seed Accelerator and Capacity Building Entrepreneurial Support grants.\*

The **Capital Catalyst Program**, which helps organizations or communities develop seed funds to invest in early-stage and innovative small businesses that operate in their region, industry or other constituency

The **SBIR Advance Program**, administered by UW-Extension's Center for Technology Commercialization (CTC), which aims to fill critical funding gaps for activities that are restricted under federal grant awards, such as market research, customer validation, patent development, business model development, and regulator assessment

**Entrepreneurial Micro-grants**, administered by the CTC, which help companies develop business plans and competitive proposals for federal Small Business Innovation Research and Small Business Technology Transfer Grants

**Partnerships** through which WEDC engages organizations that are well connected in entrepreneurial communities to better target resources to the populations they are intended to help

**Start In Wisconsin**, an online resource platform for entrepreneurial support organizations throughout the state. Funded by WEDC, administered by the UW Institute for Business and Entrepreneurship, and led by regional organizations, Start in Wisconsin aims to be an accessible list of resources for starting a business in Wisconsin.

\* Data for programs directly administered by the E&I team (QNBV, TDL, CC, SA, EPG, and CBES) are provided on a calendar year basis, however, but due to the different conventions used in reports, data for SBIR /STTR Advance Program and Entrepreneurial Micro-grant programs is given on a fiscal year basis. Companies participating in multiple programs are only counted once in aggregate totals.

Companies report to WEDC for a minimum of three years following an award. After completion of the reporting requirements, the company's numbers are no longer included in the annual totals.

\*\* For this report, Capacity Building Entrepreneurial Support program metrics are combined with Entrepreneurship Partner Grant.

**Totals represent the impact of four WEDC programs combined: Qualified New Business Venture Program, Technology Development Loan Program, Seed Accelerator Program and Capital Catalyst Program**

## 2021 BUSINESSES REPORTING

814

PARTNERS

57

TOTAL JOBS

6,772

## NEW CAPITAL GENERATION

\$1.26B

TOTAL PAYROLL

\$204.3M

# CAPITAL CATALYST PROGRAM

In 2021, WEDC provided **\$1.77 million** to communities through the Capital Catalyst Program, resulting in **\$971,649 in investments** to **33 businesses**, allowing these businesses to generate **\$1.6 million in revenue**.

## 2021 BUSINESS IMPACT (53 active awards)

### TOTAL ANNUAL REVENUE

**\$14.0M**

### TOTAL JOBS (full time and part time)

**180**

### TOTAL SALARIES

**\$13.4M**

### ADDITIONAL FUNDING

**\$8.5M**

### TOTAL BUSINESSES ASSISTED 2012-2021

**263**

## ADDITIONAL BUSINESS FUNDING 2012-2021 (all awards)

### GRANTS

**\$7.3M**

### LOANS

**\$16.5M**

### INVESTMENTS

**\$18.5M**

### TOTAL FUNDING

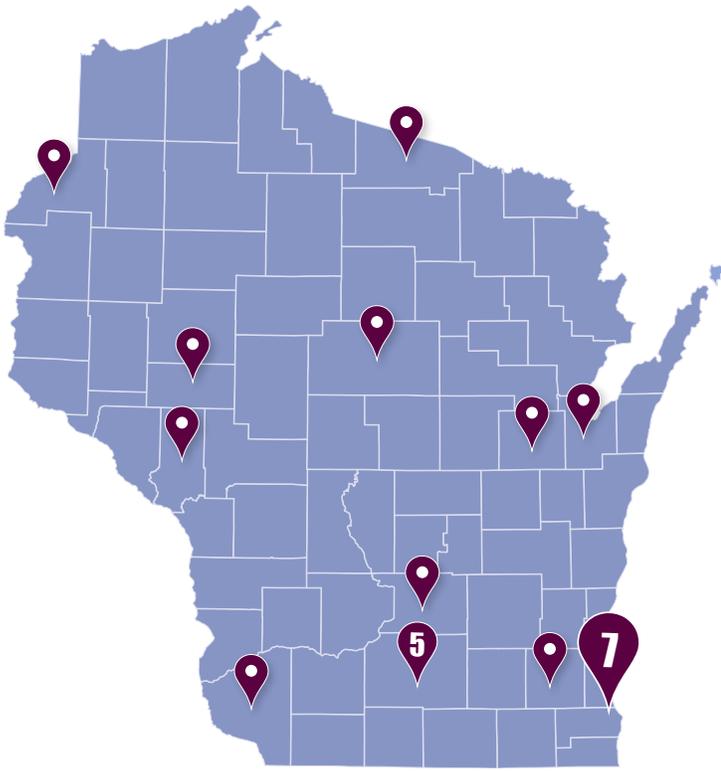
**\$42.3M**

### TOTAL REVENUE

**\$164.5M**

# ENTREPRENEURSHIP SUPPORT GRANT

In 2021, **24 projects** received **\$1.1 million** in funding through the **Capacity Building Entrepreneurship Support** and **Entrepreneurship Partner Grant Programs**. These organizations have assisted approximately **340 businesses**, provided **1,445 instances of technical assistance**, disbursed **40 grants**, created **16 podcast episodes**, and established **three new mentor groups**.



## 2021 IMPACT

### NUMBER OF PROJECTS

24

### TOTAL FUNDING

\$1.1M

### GRANTS DISBURSED

40

# ENTREPRENEURIAL MICRO-GRANT

## FY21 ACTIVITY

Entrepreneurial Micro-grants supported **117 participants** in entrepreneurial training and **33 businesses** receiving micro-grants. Because of this program, entrepreneurs were able to move their businesses forward and companies were able to attract **\$14.5 million** in federal grant funding in 2021. This return on WEDC's investment contributes not only to the success of the companies in question, but also to the health of Wisconsin's overall entrepreneurial ecosystem.

### ENTREPRENEURS

117

### BUSINESSES RECEIVING FED GRANTS

33

### FEDERAL FUNDING

\$14.5M

# SEED ACCELERATOR

In 2021, accelerators supported by WEDC assisted **55 new businesses**, providing **\$329,147** in funding.

## 2021 BUSINESS IMPACT

(138 active awards)

### TOTAL JOBS

**332**

### TOTAL SALARIES

**\$8.3M**

### ADDITIONAL FUNDING

**\$6.5M**

### TOTAL BUSINESSES ASSISTED 2012-2021

**454**

## ADDITIONAL BUSINESS FUNDING 2012-2021

### GRANTS

**\$12.7M**

### LOANS

**\$18.2M**

### INVESTMENT FUNDING

**\$40.5M**

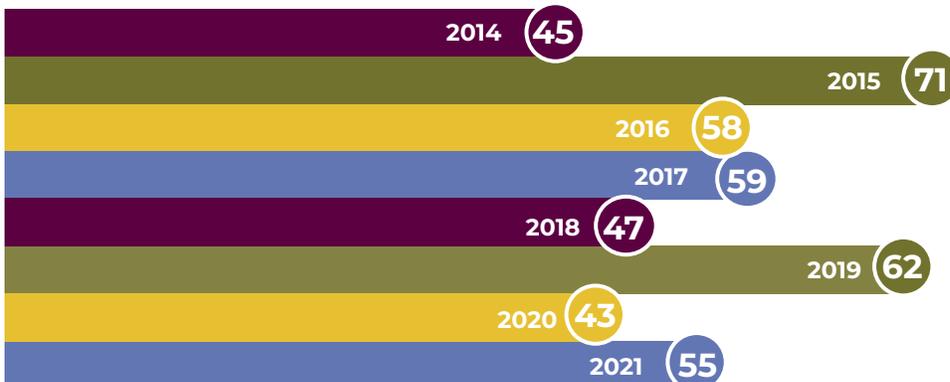
### TOTAL FUNDING

**\$73.3M**

### TOTAL REVENUE

**\$158M**

## BUSINESSES ASSISTED PER YEAR



# QUALIFIED NEW BUSINESS VENTURE

WEDC received annual reports from **258 companies**; **190 companies** reported receiving equity investments and loans totaling **\$756.5 million**.

## 2021 BUSINESS IMPACT

### TOTAL NEW FUNDING SECURED BY PARTICIPATING COMPANIES

**\$764.0M**

Includes qualifying investments, other private investments, debt and grant funding

### TOTAL CREDITS ISSUED

**\$12.2M**

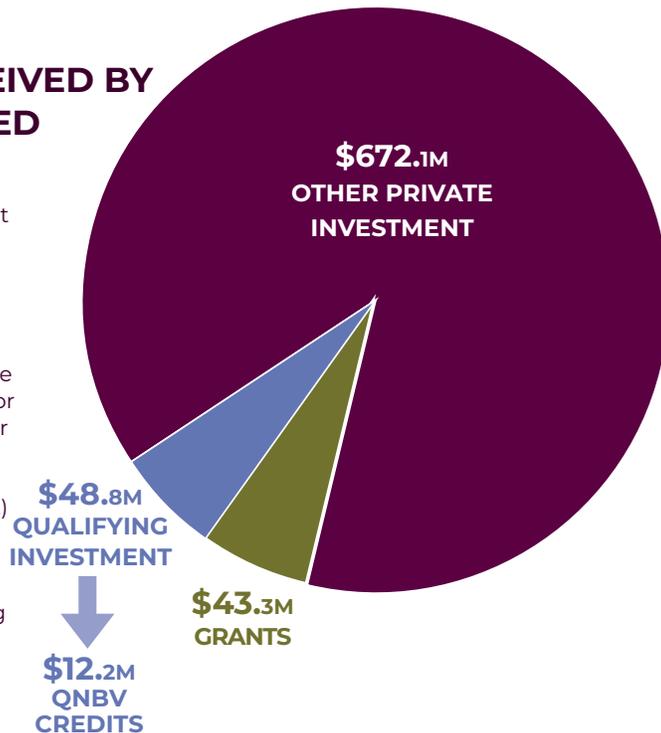
Total tax credits provided in 2021 for investments in certified businesses

### NEW QNBV CERTIFICATIONS

**44**

## FUNDING RECEIVED BY QNBV-CERTIFIED COMPANIES

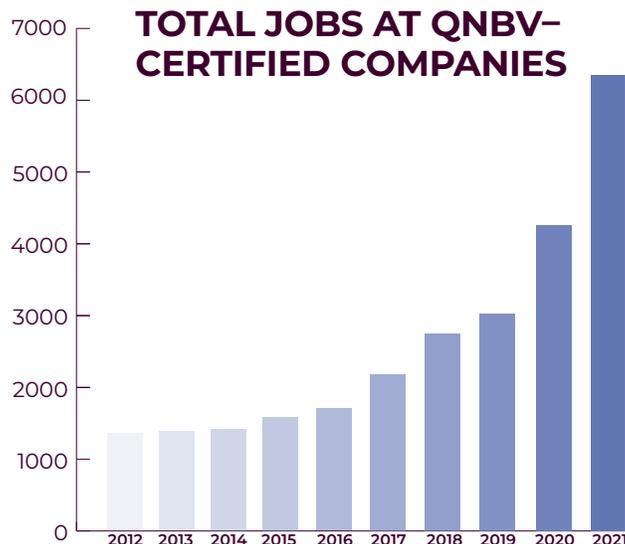
QNBV credits are a subset of qualifying investment. (Investors receive the credits in exchange for the investments they make into early-stage companies; the credits are not a source of revenue for the companies, but rather a sort of refund back to the investor in exchange for the investment made.) This is why the QNBV Credits category needs to be an inset/offshoot arrow from the Qualifying Investment category (please see how it was handled in the previous version).



**Average annual salary for QNBV companies: \$74,651**  
**Wisconsin annual median wage: \$47,350**

(Source: U.S. Census Bureau)

As more companies become QNBV-certified, the total number of jobs has grown. These companies are responsible for creating high-paying, high-skilled jobs throughout Wisconsin, demonstrating the program's expanding impact on the state's economy.



## 2021 ANNUAL RESULTS

Angel investments.....	<b>\$27,822,257</b>
Early-stage investments.....	<b>\$20,189,909</b>
Total credits.....	<b>\$12,003,042</b>
Other financing.....	<b>\$672,603,882</b>
Grants.....	<b>\$43,338,306</b>
<b>TOTAL.....</b>	<b>\$764,028,890</b>

Source: Reporting from QNBV-certified companies

Certified companies.....	<b>277</b>
Net new Wisconsin jobs.....	<b>2,836</b>
Wisconsin full-time jobs.....	<b>2,449</b>
Wisconsin part-time jobs.....	<b>3,872</b>
Total jobs (includes outside Wisconsin).....	<b>8,654</b>
Full-time average salary.....	<b>\$74,651</b>

Source: Reporting from QNBV-certified companies

# TECHNOLOGY DEVELOPMENT LOANS

In 2021, WEDC originated **12 loans** totaling **\$3.4 million** to startup and early-stage companies that employed **94 people**. WEDC's funding leveraged an additional **\$13.6 million** in outside funding as a condition of releasing funds.

## 2021 PORTFOLIO IMPACT

NEW LOANS

**12**

TOTALING

**\$3.4M**

## ACTIVE LOANS

**70**

TOTAL COMPANIES

**55**

NEW FUNDING

**\$185M**

## REVENUE GENERATED

**\$307M**

TOTAL TDL COMPANY  
EMPLOYEES

**762**

AVERAGE ANNUAL  
SALARY

**\$76,128**

# SBIR/STTR MATCHING GRANT

## FISCAL YEAR 2021

NEW AWARDS

**17**

INITIAL FEDERAL SBIR FUNDS

**\$1.5M**

TOTAL JOBS

**141**

## TOTAL SALARIES

**\$11.5M**

**\*\*NEW FUNDING SECURED BY RECIPIENTS**

**\$10.8M**

## SBIR/STTR PROGRAM FY15-FY21

WEDC funding per award.....**\$75K**

Businesses assisted ..... **\*120**

Total WEDC funding ..... **\$9M**

Total leverage generated ..... **\*\*\$124.2M**

\*Some businesses received assistance in more than one year

\*\* Does not include initial federal funds

# START IN WISCONSIN

The online platform for navigating resources and events for Wisconsin entrepreneurs was launched in early 2021.

SERVICE PROVIDERS

199

USERS

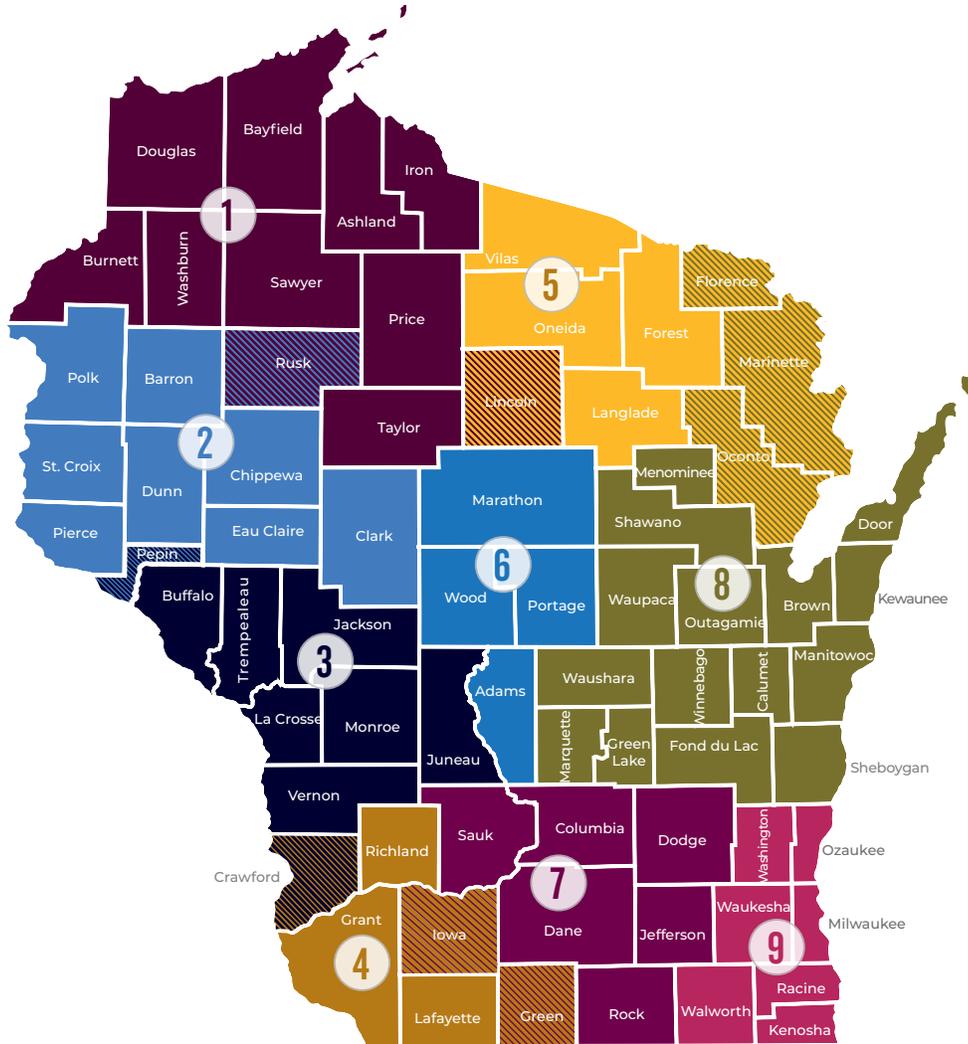
5,045

PAGE VIEWS

17,741

EVENTS

123



CONNECTING COUNTIES SHARED BY PARTNERS

**1** NORTHWEST WISCONSIN REGION  
(Visions Northwest)

**4** SOUTHWEST WISCONSIN REGION  
(Prosperity Southwest)

**7** MADISON REGION  
(Madison Region Economic Partnership)

**2** WEST CENTRAL REGION  
(Momentum West)

**5** NORTH CENTRAL WISCONSIN REGION  
(Grow North)

**8** NORTHEAST WISCONSIN REGION  
(New North)

**3** WESTERN REGION  
(7 Rivers Alliance)

**6** CENTRAL WISCONSIN REGION  
(Centergy)

**9** SOUTHEAST WISCONSIN REGION  
(Milwaukee 7)

# WEDC PARTNERSHIPS



## **UW-Extension's Center for Technology**

**Commercialization** (CTC), which administers the Entrepreneurial Micro-grant, Ideadvance and SBIR Advance programs, in FY21 provided counseling to 392 business clients—activity that assisted in the creation of 45 new jobs and retention of 96.



The **BrightStar Wisconsin Foundation** is a 501(c)3-designated nonprofit foundation that manages an equity investment fund capitalized by private donations. BrightStar invests primarily in technology-based, high-growth, early-stage businesses to facilitate job creation and increase economic activity statewide. In FY21, BrightStar made investments totaling \$150,000 in one early-stage company and supported a total of three jobs.



*Education • Lending • Coaching  
Entrepreneurship  
Financial Impact*

## **The Wisconsin Women's Business Initiative Corporation**

(WWBIC) provides micro-loan assistance, quality business education and hands-on consultation to entrepreneurs, with an emphasis on women, people of color and lower-income individuals. In FY21, WWBIC provided 1,202 clients with counseling services, and WWBIC's micro-loan program provided \$7.8 million in loan financing to small businesses, including 37 startups. WWBIC's assistance is expected to facilitate the creation and retention of 635 jobs



The **Wisconsin Technology Council** (WTC) contributes to the state's high-tech and entrepreneurial economy through its policy work, hands-on work with investors and companies, educational forums and networking events. In 2021, more than 299 entrepreneurs benefited from key WTC events and from assistance delivered by WTC's Wisconsin Angel Network, receiving training, guidance and unique opportunities to advance their ventures.

# ENTREPRENEURSHIP TEAM

For more information about the programs in this report, please contact:

## **Aaron Hagar**

Vice President, Entrepreneurship and Innovation  
608.210.6825  
[aaron.hagar@wedc.org](mailto:aaron.hagar@wedc.org)

## **CAPITAL CATALYST SEED ACCELERATOR ENTREPRENEURSHIP PARTNER GRANTS**

## **Ed Javier**

Director, Entrepreneurship Programs  
608.210.6850  
[ed.javier@wedc.org](mailto:ed.javier@wedc.org)

## **Sharon Johnson**

Director, Entrepreneurship Access and Inclusion  
608.210.6785  
[sharon.johnson@wedc.org](mailto:sharon.johnson@wedc.org)

## **QUALIFIED NEW BUSINESS VENTURE TECHNOLOGY DEVELOPMENT LOANS**

## **Chris Schiffner**

Senior Technology Investment Manager  
608.210.6826  
[chris.schiffner@wedc.org](mailto:chris.schiffner@wedc.org)

## **Joey Frayne**

Technology Investment Manager  
608.210.6871  
[joey.frayne@wedc.org](mailto:joey.frayne@wedc.org)

The Wisconsin Economic Development Corporation (WEDC) leads economic development efforts for the state by advancing and maximizing opportunities in Wisconsin for businesses, communities and people to thrive in a globally competitive environment. WEDC provides resources, operational support and financial assistance to companies, partners and communities in Wisconsin. Working with more than 600 regional and local partners, WEDC develops and delivers solutions representative of a highly responsive and coordinated economic development network.

