



2005 Economic Outlook Survey

Wisconsin Manufacturers & Commerce

June 2005



Standing up for business!

WMC 2005 CEO Survey

Annually, the WMC Board of Directors is surveyed to determine the attitudes of top executives. The results, historically, have tracked very closely with the performance of the state's economy. This year, optimism is up regarding the state and national economy, with job growth and expansions predicted for our state. Wisconsin executives continue to express concern about the state's high tax burden and regulatory climate.

Note: Totals may not add to 100% due to rounding.

	<u>June 2001</u>	<u>October 2001</u>	<u>June 2002</u>	<u>June 2003</u>	<u>June 2004</u>	<u>June 2005</u>
Total Number of Respondents	42	593	30	33	34	35
1. BUSINESS CATEGORY						
Manufacturing	60.9%	56.2%	50.0%	51.5%	44.2%	45.7%
Non-Durable	19.5	17.3	10.0	12.1	11.8	11.4
Durable	26.8	33.0	20.0	30.3	26.5	25.7
No Answer	0	0	0	0		
Services	34.1	33.2	50.0	39.4	52.9	48.6
Retail	2.4	3.4	3.3	3.0	2.9	8.6
Commercial	2.4	7.6	3.3	9.1	5.9	5.7
No Answer	0	N/A	N/A	N/A	N/A	N/A
2. WHICH OF THE FOLLOWING BEST DESCRIBES THE OWNERSHIP OF YOUR FIRM?						
Private, family or individually owned	42.9	67.1	46.7	45.5	41.2	40.0
Private, investor owned	7.1	12.2	3.3	9.1	8.8	14.3
Public, closely held	4.8	3.7	6.7	3.0	2.9	5.7
Public, widely held	38.1	10.3	33.3	36.4	35.3	28.6
Other	7.1	6.8	10.0	6.1	11.8	11.4
3. TOTAL EMPLOYEES						
1-25	2.4	23.9	3.3	0	0	0
26-50	2.4	16.0	6.7	3.0	2.9	2.9
51-100	9.5	18.0	10.0	6.1	2.9	2.9
101-200	2.4	13.3	3.3	3.0	2.9	5.7
200+	83.3	N/A	N/A	N/A	N/A	N/A
201-500	NA	12.1	3.3	21.2	20.6	14.3
501+	NA	16.5	73.3	66.7	70.6	74.3
No Answer	0	N/A	N/A	N/A	N/A	N/A
4. NUMBER OF EMPLOYEES IN NEXT 12 MONTHS						
Increase	26.2	31.8	33.3	39.4	60.6	51.4
No Change	52.4	49.5	56.7	30.3	30.3	34.3
Decrease	21.4	18.8	10.0	30.3	9.1	14.3
No Answer	0	N/A	N/A	N/A	N/A	N/A
5. HOURLY WAGE INCREASES THIS YEAR [June 2001 survey only]						
3% or less	47.6					
3.1 – 3.5 %	26.2					
3.6 – 4%	21.4					
4.1% +	4.8					
No Answer	0					
5A. HOURLY WAGE INCREASES THIS YEAR						
0 to 2.0%		24.1	17.2	15.2	15.2	14.3
2.1 to 2.9%		22.5	31.0	27.3	6.1	14.3
3.0 to 3.5%		36.9	44.8	42.4	45.5	48.6
3.6 to 4.0%		12.0	3.4	9.1	24.2	11.4
4.1% or above		4.4	3.4	6.1	9.1	11.4

[More than one answer is permitted for questions 6-9.]

	<u>June 2001</u>	<u>October 2001</u>	<u>June 2002</u>	<u>June 2003</u>	<u>June 2004</u>	<u>June 2005</u>
6. TOP POLICY ISSUE FACING WISCONSIN						
Taxes	71.9%	42.5%	60.0%	51.5%	48.5%	48.6%
Energy	15.2	5.8	6.7	0	0	11.4
Education	0	2.9	3.3	3.0	9.1	8.6
Regulation	0	5.6	6.7	9.1	15.2	5.7
Economic Slowdown	0	44.0	20.0	33.3	18.2	17.1
Labor Shortage	2.4	5.4	0	0	0	5.7
International Situation	NA	6.9	0	0	6.1	5.7
Security	NA	0.3	0	0	0	0
Misc. (Other)	10.5	0.8	19.9	9.0	12.1	8.6
No Answer	0	N/A	N/A	N/A	N/A	N/A
7. TOP BUSINESS CONCERN FACING YOUR COMPANY						
Taxes	4.8	13.4	13.3	9.1	12.1	2.9
Energy	7.1	2.4	0	0	6.1	8.6
Labor Shortage	9.5	7.0	6.7	0	6.1	17.1
Regulation	4.8	8.3	16.7	21.2	15.2	11.4
Economic Slowdown	38.0	61.0	56.7	45.5	18.2	31.4
Competition	16.7	9.5	3.3	15.2	18.2	20.0
International Situation	N/A	2.5	10.0	3.0	15.2	5.7
Security	N/A	0.3	0	0	0	0
Misc. (Other)	4.8	2.2	3.3	6.0	15.2	5.7
No Answer	0	N/A	N/A	N/A	N/A	N/A
8. ONE THING THAT STATE GOVERNMENT COULD DO TO HELP YOUR BUSINESS						
Reduce Taxes	N/A	46.9	56.0	30.9	36.85	36.9
Reduce Regulation	N/A	10.7	16.0	40.9	16.75	36.9
Reduce Spending	N/A	6.1	8.0	3.4	3.35	7.0
Affordable Health Care	N/A	5.4	4.0	3.4	3.35	10.1
Education	N/A	1.7	0	3.4	3.35	3.4
Tort Reform	N/A	N/A	N/A	N/A	10.05	0
9. ONE THING THAT STATE GOVERNMENT COULD DO TO IMPROVE WISCONSIN'S BUSINESS CLIMATE						
Reduce Taxes	N/A	60.0	61.5	57.9	47.25	59.9
Reduce Regulation	N/A	7.8	3.8	12.8	12.6	23.3
Reduce Spending	N/A	6.5	11.5	6.5	9.45	0
Bring business to Wisconsin	N/A	1.3	3.8	9.6	9.45	10.0
Affordable Health Care	N/A	0.9	0	3.2	3.15	3.3
Miscellaneous	N/A	N/A	30.5	19.2	6.3	6.7
10. PERCENT OF PAYROLL SPENT ON EMPLOYEE TRAINING						
3.0% or below	70.0	66.5	48.3	57.6	58.8	44.1
3.1 % to 4.0 %	12.5	18.4	27.6	30.3	17.6	29.4
4.1% to 5.0 %	5.0	9.3	10.3	6.1	5.9	17.6
5.1% or above	12.5	5.8	13.8	6.1	17.6	8.8
No Answer	0	N/A	N/A	N/A	N/A	N/A
11. HOW MUCH HAVE YOUR PER-EMPLOYEE HEALTH-COVERAGE COSTS INCREASED OVER THE PAST YEAR?						
0%	0	1.9	0	0	2.9	0
1-10%	21.4	11.1	7.1	3.0	20.6	50.0
11-20%	52.4	36.1	64.3	69.7	61.8	37.5
21-30%	14.3	31.0	21.4	18.2	14.7	12.5
31-40%	2.4	10.4	7.1	9.1	0	0
41-50%	9.5	3.7	0	0	0	0
More than 50%	0	4.4	0	0	0	0
N/A; Do not offer health care coverage	0	1.4	0	0	0	0

12. HOW DO YOU PLAN TO DEAL WITH INCREASE HEALTH CARE COSTS? [More than one answer is permitted for question 12.]

Increase Employee Contribution	N/A	64.5%	89.7%	78.8%	81.3%	85.3%
Decrease Benefits	N/A	28.1	17.2	36.4	28.1	29.4
Increase Benefits	N/A	3.8	3.4	0	0	0
Drop Coverage	N/A	1.7	0	3.0	0	0
Other	N/A	16.5	20.4	24.0	28.2	34.8

13. WHAT IS THE BUSINESS CLIMATE GOING TO BE LIKE IN YOUR COMPANY IN THE NEXT 6 TO 12 MONTHS?

Good Growth	9.5	4.6	10.7	6.1	23.5	22.9
Moderate Growth	33.3	35.0	53.6	54.5	64.7	54.3
Remain Flat	50.0	44.0	32.1	36.4	11.8	20.0
Decline	7.1	16.4	3.6	3.0	0	2.9
No Answer	0	N/A	N/A	N/A	N/A	N/A

14. WHAT IS THE BUSINESS CLIMATE GOING TO BE LIKE IN WISCONSIN OVER THE NEXT 12 MONTHS?

Good Growth	N/A	0.2	3.4	0	5.9	5.7
Moderate Growth	N/A	22.3	37.9	30.3	67.6	77.1
Remain Flat	N/A	55.4	51.7	63.6	26.5	17.1
Decline	N/A	22.1	6.9	6.1	0	0

15. WHAT IS THE U.S. ECONOMY PERFORMANCE GOING TO BE OVER THE NEXT 12 MONTHS?

Good Growth	N/A	0.3	3.4	3.1	14.7	8.6
Moderate Growth	N/A	26.6	75.9	65.6	76.5	80.0
Remain Flat	N/A	47.8	20.7	31.3	8.8	11.4
Decline	N/A	25.3	0	0	0	0

16. WHAT PORTION OF YOUR SALES ARE EXPORTS? [June 2001 survey only]

None	40.0
1-25%	52.5
25-50%	7.5
50%+	0

16A. WHAT PORTION OF YOUR SALES ARE EXPORTS?

None	52.1	50.0	62.5	60.6	51.4
1-25%	42.5	39.3	31.3	30.3	40.0
26-50%	4.2	10.7	3.1	6.1	5.7
51%+	1.2	0	3.1	3.0	2.9

17. DO YOU EXPECT TO INCREASE YOUR EXPORTS IN THE COMING YEAR?

Yes	23.1	18.3	25.0	29.6	20.7	40.6
No	76.9	81.7	75.0	70.4	79.3	59.4
No Answer	0	N/A	N/A	N/A	N/A	N/A

18. ARE YOU HAVING TROUBLE HIRING EMPLOYEES?

Yes	50.0	28.1	25.0	6.1	32.4	37.1
No	50.0	71.9	75.0	93.9	67.6	62.9

19. IF YOU ARE HAVING TROUBLE, WHY? [TOP SIX REASONS LISTED — WRITTEN ANSWERS]

Lack of Qualified Applicants	N/A	26.2%	33.4%	100%	60.0%	66.6%
Labor Shortage	N/A	8.1	0	0	20.0	0
Education	N/A	4.0	0	0	0	0
Availability	N/A	3.4	16.7	0	0	0
Can't Compete with Wages/Benefits	N/A	3.4	33.4	0	0	11.1
Irresponsible Workers	N/A	3.4	0	0	0	0
High Cost of Living, Small Area	N/A	N/A	16.7	0	0	11.1
State's Image	N/A	N/A	N/A	N/A	30.0	11.1

20. IF YOU ARE HAVING TROUBLE, WHAT FIELD? [TOP SIX REASONS LISTED — WRITTEN ANSWERS]

Entry Level	N/A	11.8	0	0	0	0
All	N/A	8.4	0	0	10.0	20.0
Machinists	N/A	4.2	0	0	0	10.0
Labor	N/A	3.4	0	0	0	0
Sales	N/A	3.4	20.0	50.0	0	0
Welders	N/A	3.4	0	0	0	20.0
Professional	N/A	N/A	40.0	50.0	20.0	20.0
Senior Professional	N/A	N/A	20.0	0	10.0	10.0
Unskilled	N/A	N/A	20.0	0	10.0	0
Other (telecom/computer/IT, truck drivers)	N/A	N/A	N/A	N/A	N/A	20.0

21. DO YOU THINK THINGS IN WISCONSIN ARE GOING IN THE RIGHT DIRECTION, OR ON THE WRONG TRACK?

Right Direction	N/A	69.4	38.5	38.7	79.4	78.8
Wrong Track	N/A	30.6	61.5	61.3	20.6	21.2

22. WOULD YOU SAY THAT STATE GOVERNMENT HERE IS:

Very pro-business	N/A	2.3	3.4	0	0	0
Somewhat pro-business	N/A	43.2	37.9	21.9	55.9	54.3
Neutral on business	N/A	25.6	17.2	34.4	23.5	34.3
Somewhat anti-business	N/A	26.2	41.4	37.5	14.7	8.6
Very anti-business	N/A	2.8	0	6.3	5.9	2.9

23. DO YOU PLAN TO EXPAND IN WISCONSIN IN THE NEXT YEAR OR TWO?

Yes	N/A	26.5	13.8	25.0	37.5	42.9
No	N/A	73.5	86.2	75.0	62.5	57.1

24. DO YOU PLAN TO EXPAND IN ANOTHER STATE OR COUNTRY IN THE NEXT YEAR OR TWO?

Yes	N/A	24.8	57.1	51.5	61.8	67.6
No	N/A	75.2	42.9	48.5	38.2	32.4

25. DO YOU PLAN TO RELOCATE TO ANOTHER STATE OR COUNTRY IN THE NEXT YEAR OR TWO?

Yes	N/A	2.1	3.8	3.0	3.0	2.9
No	N/A	97.9	96.2	97.0	97.0	97.1

Business Growth Predictions 1997-2005

- Predicting good growth in the business climate of your business in the next 6-12 months
- Predicting moderate growth in the business climate of your business in the next 6-12 months
- - - Predicting the business climate of your business to remain flat for the next 6-12 months

