

Western Wisconsin Regional Report

West-Central Wisconsin

Part 1: Regional Activities Leading up to the Summit 2001

Origin Investment Group, an equity (angel) investment group has formed. There are 22 members and several prospective members. Companies make presentations at the monthly meetings, summarizing their funding requests and the investment opportunities. UW-La Crosse chancellor's office played a significant role in convening the group. Administrative support is provided by the UW-L Business Development Center during this formative year.

Technology Business Alliance, a technology council, has incorporated and recruited membership. WWTC is host to the project and the resources of the technical college complement the paid executive's efforts to focus on member benefits.

A new branding initiative has been launched under the leadership of the La Crosse Tribune and UW-La Crosse. Marketing consultants have begun their research and will complete the analysis and recommendation of brand/image for the region. The consultants will work with a community advisory panel to develop the vision and, most importantly, a strategy to communicate the vision both internally within the region and externally.

A grant addressing high-tech skill shortages in West-Central Wisconsin was awarded for \$448,000 from US Department of Labor. First Logic, a large software company, will receive at least \$75,000 for the purpose of high-tech skill training within the organization. Work Force Development Board and Business Technology Alliance are partners with Workforce Connections in the project.

The La Crosse Tribune published a series of feature stories spanning several weeks on "next economy" topics of equity investment, innovation, work force development, and the region's no-tech image.

UW-La Crosse launched a Masters of Software Engineering program with a strong applied research and development component. The first students enrolled September 2001.

A Western Wisconsin summit was held October 23 in La Crosse to focus on the "Next Economy." Co-sponsoring organizations were United Coulee Region, La Crosse Tribune, UW-La Crosse, and Workforce Connections, Inc. United Coulee Region is a community organization founded in 1996 to inspire renewed efforts toward collaboration and regional planning. This "next economy" summit was scheduled as their annual meeting. Futurist Edward Barlow set the tone for the day, with breakout sessions in

several tracks: workforce development, technology infrastructure, investment in the region, and branding.

A survey conducted July 2001 by the La Crosse Tribune and the UW-La Crosse Political Science Department measured current attitudes and beliefs about our West-Central Wisconsin economy. It was similar to a survey conducted ten years ago, so some questions could be used for comparative purposes.

Part 2: Success Stories for West-Central Wisconsin

- Biomedical/Health Science Cluster Becomes Model for Others
- Partnership of University and Regional Newspaper for Next Economy Efforts
- Regional Angel Investment Group Founded
- Educational Institutions Respond to Information Technology Needs

Biomedical / Health Science Cluster Becomes Model for Others

Health Science Center

La Crosse region is building a model for the biomedical technology and health science clusters. The model is based on shared education resources.

An unprecedented regional collaboration effort resulted in a \$27 million Health Science Center that supports both research and education for five health-related organizations. The two medical centers and three educational institutions worked tirelessly and against the odds to build a state-of-the-art facility.

Opening in the Spring of 2001, the facility is used for clinical practice, student education, professional continuing education and research. The facility is supported with an additional investment of \$5 million in new equipment.

The Center is a model in the country for community-based collaboration that was also able to mobilize state and federal resources. Partners in the collaboration are Franciscan Skemp Healthcare, Gundersen Lutheran Medical Center, Western Wisconsin Technical College, Viterbo University and UW-La Crosse.

The entire region will benefit from the synergy and efficiency of the shared resources of the biomedical and health services cluster. Not only will the partnering organizations be able to realize the efficiencies, but also the population of Western Wisconsin will be better served with health services.

The Consortium is developing 23 regional satellite centers to be served with telemedicine networks, beginning with three such centers by 2005 in Black River Falls, Mauston and Prairie du Chien. There are already links between the Health Science Center and the WWTC campuses for distance education. Additional links will be made to the health care facilities in communities.

The Consortium has also formed Health Systems Research Institute for planning purposes, including academic programs, research and economic development. Doctorate and post-doctorate research can include biotechnology and microbiology research. The laboratory facilities are excellent.

If this center follows patterns established elsewhere, the research and technology development will create entrepreneurial opportunities to transfer research into commercial products. This will have an economic development impact in developing the biomedical and health science cluster.

Scope of the La Crosse Regional Health Science Cluster

Health care is the top employment sector for the La Crosse Metropolitan area and growing. Approximately 9,000 people are employed in this sector.

Recently there have been other major capital investments in this health science sector. Gundersen Lutheran has begun construction on a \$120 million Cancer Center. The facility will also be home to the new AIDS Research Center.

Franciscan Skemp Medical Center, jointly sponsored by Mayo Clinic and the Franciscan Sisters of Perpetual Adoration, has a 25-year master facility plan. The first phase of this plan has begun and will include construction of a \$28 million, 3-story structure that will house the surgical center as well as outpatient services.

The variety of educational activities surrounding health sciences is impressive. Both medical centers are considered teaching institutions. Both have extensive clinic networks serving their rural constituents in three states.

UW-La Crosse already has well-developed education and research specialties in health education and related disciplines: human performance, adult fitness, cardiac rehabilitation, physician assistant studies, biomedical science, musculoskeletal studies, radiation science, computational physics, optics, cellular and molecular sciences.

Masters level training is available at UW-La Crosse in Cardiac Rehabilitation, Physical Therapy, Microbiology, Exercise and Sport Science, Health Education and Health Promotion. Additionally, the College of Business Administration offers a Healthcare Management Certificate Program for health care professionals.

Viterbo University offers bachelors and masters-level degrees in Nursing and Health Care Administration. They also offer a bachelors degree and internship in Nutrition and Dietetics.

WWTC is headquartered in La Crosse with six satellite campuses. In addition to the core nursing programs, allied health programs include dental assistant, dental hygiene, electroneurodiagnostic technology, health information technology, medical assistant, medical laboratory technician, nursing assistant, occupational therapy, physical therapy assistant, radiography, and respiratory care practitioner.

Partnership of University and Regional Newspaper for Next Economy Efforts

The Wisconsin Economic Summit 2000 encouraged the La Crosse region to renew efforts to advance economic growth. While the economic forecast shows promise for growth in the “new economy,” significant advances clearly will require a more regional and focused approach.

UW-La Crosse and the La Crosse Tribune became partners in launching a three-pronged approach: 1) public awareness campaign, 2) a branding initiative and 3) a regional summit.

Public Awareness Through the Media

The La Crosse Tribune committed to run a series of feature stories on the “next economy,” including a recurring announcement of the October 23 economic summit. Articles appeared on front-page Sunday editions as well as on weekdays.

The first step was to conduct a telephone survey of citizen attitudes regarding the economy. The Tribune had commissioned a survey ten years ago and wanted to compare responses over the decade as well as ask questions within the context of the current environment. UW-La Crosse faculty conducted the survey. Conclusions from the survey were reported in the first articles that appeared.

The newspaper series that followed covered a variety of topics published September through October. Feature stories covered the definition of the new economy, economic clusters, brain drain, job opportunities, shortage of high-tech workers, math and science employment, equity (angel) investment, and Chippewa Valley successes.

Regional Branding Initiative

The La Crosse Tribune and UW-La Crosse agreed to take leadership in initiating a regional branding effort. If Wisconsin has a branding problem with a national top-of-mind cheddarhead image, western Wisconsin shares the image, but also has another image of no-tech natural beauty.

The summer telephone survey reinforced the need for branding, especially internally within the region. Residents do not believe that economic opportunities exist here. Asked in an open-ended question about what comes to mind regarding the region, respondents spontaneously said natural beauty and quality of life, but not one of the 450 residents responded with anything that indicated economic opportunity.

When respondents were asked the hypothetical question “If you were starting over again in your career, would you locate in this region?” A majority of the respondents said they would not.

The partners solicited proposals from marketing firms to conduct research and develop a branding plan for the region. Request for proposals were reviewed and a La Crosse-based

marketing firm was selected, Gathering Waters. A second La Crosse firm, The Idea Center, is also involved in fulfilling the contract.

The La Crosse Tribune and UW-La Crosse have mobilized resources within the community to pay for the consultants. The research began in September with in-depth interviews and will continue for at least another month.

The end result will be a vision and strategy for the region. A key part of the plan will be identifying who will be the “keeper of the brand” to ensure that the momentum continues through time.

Summit on October 23: “The Next Coulee Region Economy”

The United Coulee Region (UCR) holds an annual meeting each year. This community-based organization was formed five years ago to foster collaboration within the region. UW-La Crosse and the La Crosse Tribune joined forces with the UCR and worked together to make this annual event an economic summit. Workforce Connections and the Workforce Development Board joined in the efforts.

The one-day conference, “The Next Coulee Region Economy,” drew 210+ people for a full day of presentations and discussions. Chancellor Hastad addressed the need for a focus on the next economy and futurist Ed Barlow focused on changes in the work force. Fifty high school students attended the plenary sessions.

Breakout sessions focused on three tracks: workforce development, capital investment, and technology infrastructure and resources. The luncheon plenary session introduced the new branding initiative. The afternoon sessions included discussions on workforce development, branding, and balancing growth with quality of life.

Regional Angel Investment Group Founded

Origin Investment Group has been established and is already reviewing proposals from area entrepreneurs. Origin is an angel group organized for the purpose of investing as owners in new or expanding businesses that seek this kind of funding. Typically the entrepreneurs have exhausted their own cash resources and debt financing and want to sell shares of their company in order to raise the necessary funds to continue.

The group meets monthly on UW-La Crosse campus to review proposals and discuss investment actions. While there are no specific eligibility criteria, the types of projects presented to the group tend to be innovative with either intellectual property or cutting edge technology. The stage of development tends to be early stage, perhaps with continuing research and development needs. The risk factor is high, so investors and entrepreneurs expect that the promised returns will be significant for the investor to assume the risk.

This kind of entrepreneurial activity requires risk capital. Our conservative financial environment has not supported this kind of activity well compared to other neighboring states.

Demand seems to exist. Since news of the group became public, there have been approximately 20 projects identified seeking funding. Three projects have been introduced to the group. None have been funded yet, but two are undergoing analysis before investment decisions are made.

The group began as a result of some very targeted activities. First, David J. Ward was invited by Chancellor Doug Hastad to meet with leaders in the community. Known for his research on the “new economy” and Wisconsin’s lagging position in the country, Ward was able to inspire these leaders to make an effort to address the dearth of venture capital in Wisconsin, and especially Western Wisconsin.

One member of the group, Steve Tanke, accepted the challenge to recruit likely investors and to convene the group. It took several meetings and several months to identify a core of investors. The Chancellor continued to support the fledgling group with office support and meeting facilitation.

There are 22 investor-members; almost all are residents of the La Crosse area. An important motivation to become investors, besides the expectation of profit, is to support regional entrepreneurial activity for the good of the regional economy. For some investors there is also an expectation that projects will be interesting and personally engaging, satisfying an entrepreneurial passion for innovation and risk.

Origin Investment Group was incorporated as an LLC in October 2001, at which time the UW-La Crosse Business Development Center (BDC) assumed the organizing member role. The BDC serves as a contact point for both prospective investor-members and also entrepreneurs seeking equity funding. The office will also assist in meeting logistics and LLC record keeping.

An additional role for the BDC is assistance to the entrepreneurs in preparing for the presentation to the investment group. The typical work of all Small Business Development Centers is management support services, including business plan development. The connection with the Origin Investment Group is a logical extension of services.

Each investor has the choice to participate or not in a given deal. If any are interested, an ad hoc committee is formed for the purpose of the analysis of the project and company. Due diligence must be completed before negotiations can be completed. The risk factor is high with this kind of project, so expertise is sought for market information, patent analysis or financial review.

Angel investment groups are becoming established around the state of Wisconsin. Origin Investment Group intends to benefit from networking with these other angel groups.

Already they have shared resources by splitting the cost of consultants' reports commissioned for the due diligence phase for a proposal.

The La Crosse-based group will be able to access the statewide network. Several entrepreneur support services exist within the UW System. The group will be able to tap technical assistance for both the pre-funding analysis and the post-funding ownership phases. For example, the statewide SBDC network is engaged in developing targeted services for high-tech companies. The local BDC is closely linked to the statewide system.

Education Institutions Respond to Information Technology Needs of New Economy

The new Masters degree program in Software Engineering was launched at UW-La Crosse this past fall semester. The masters program has a strong emphasis on application and technology transfer. Up to 16 graduate credits are committed to a graduate project involving software research, development and implementation.

UW-La Crosse opened the newly remodeled Wing Technology Center, a state-of-the-art facility with excellent support for two dynamic and high-demand departments, Computer Science and Information Systems. The \$10 million renovation was completed in time for fall semester.

The UW-La Crosse Information Systems major, a new emphasis of the College of Business Administration, has 140 participants. The pressure is great from business owners to prepare information systems specialists for the many job vacancies.

The UW-La Crosse Computer Science Department, one of the first in the University System, continues to be top ranked. The faculty is twice the size of other UW comprehensives.

Western Wisconsin Technical College has excellent computer science programs and graduates 87 students per year. Programs include microcomputer specialist, microcomputer technician, and programmer/analyst and network specialist.

WWTC also hosts the new Technology Business Alliance (TBA), a technology council serving Western Wisconsin. Formed in 2000, the TBA has focused first on internal structure (board of 15 directors) and re-education. They have worked to establish trade group affiliations, developing opportunities to share technology, and information.

The Washburn Academy is a continuing education program for K-12 school teachers with a strong component in math and sciences. The purpose of the Academy is to encourage and develop teachers in both content and classroom technique. These summer in-service opportunities have continuing education credits or graduate credits, depending on the teachers' goals.

Part 3: Regional Assets and Barriers

Two recent research projects targeted the residents of West-Central Wisconsin to better understand their perceptions and attitudes. The first was a telephone survey to households in the region. The second used in-depth interviews, questionnaires and small-group sessions to gain insights from the residents. Both projects contribute to the discussion regarding perceived assets and barriers.

The survey conducted July 2001 by the La Crosse Tribune with assistance from the UW-La Crosse political science department measured current attitudes and beliefs (in general) about our West-Central Wisconsin economy. It was similar to a survey conducted ten years ago, so some questions could be used for comparative purposes. This summary identifies some key issues:

- Women are much less satisfied with their economic position and less optimistic about the economic future than men.
- Residents do not see this area as a good place to start a career (both newcomers and long-term residents.) Those who would “definitely” come to the Coulee Region to start a career tend to be rural/small town respondents, conservative, and living here less than 15 years.
- There is doubt whether local government can effectively deal with economic problems (about the same as ten years ago).
- Concern about jobs and employment top the list, with surprisingly more concern by suburban residents, college grads, and 26-54 year olds. Recent lay-offs and manufacturing plant closings certainly must be contributing to this response and making jobs and employment a more frequent response than 1990.
- More people feel very vulnerable to the possibility of a decline in the business climate or loss of job than ten years ago.
- The image of the region appears to be very positive. When responding to an open question and choosing their own words, 52% identify natural beauty as top of mind, 21% identify “home.” However, not a single respondent out of 450 say anything about the economy and economic opportunity.
- Respondents say “quality of life” is either good or excellent (94%.)

Additionally, an extensive research project was initiated September, 2001, as the first phase of a branding initiative launched under the leadership of the La Crosse Tribune and UW-La Crosse. Gathering Waters Design and The Idea Center, marketing consulting firms contracted for the project, have gathered data through in-depth interviews and questionnaires.

While the research is not yet complete, some preliminary observations are reported here for the purpose of this regional report to the Economic Summit. Below are only the assets and barriers to economic development that were identified consistently in the research and are top of mind among the respondents. Based on the data, recommendations are also made to state government, the university system and private business for improvements to the economy.

Regional Assets

- Balanced economy... not overly reliant on any one industry sector
- Solid Infrastructure
 - Excellent secondary and post-secondary education systems
 - World class health care facilities that lead economic growth and community development
 - Cultural and entertainment opportunities that are considerably above average for a region with only one city with a population above 50,000
 - Safe Communities - relatively free of violent crime and theft
- Beautiful, natural surroundings – a number of small and large rivers, bluffs, and valleys provide an abundance of recreational and economic opportunities, as well as a growing tourism industry

Regional Barriers

- Lack of collaboration between communities in the face of compelling economic interdependence (towns, cities, counties and to a degree states). This lack of collaboration impedes the region's capacity to isolate common goals that could dramatically improve its ability to compete within the state, national and global marketplace.
- Conservative, risk-adverse culture that does not embrace change
- Fragmentation in facilitating construction and development in the region. The zoning and approval process can be extremely problematic going from one jurisdiction to another.
- Unbalanced representation of the electorate (i.e. gender, race and age) in city and county board positions. This imbalance allows some vocal minorities to impede local growth agendas. For example, seniors at or near retirement age seem to be overly represented in local government bodies.
- Political challenges to creating a symmetrical, dynamic geographical region with the hub cities of La Crosse and Winona located on opposite sides of the Mississippi River, a state border

- It is not enough to talk regionally; there is a need to act regionally. Some community will need to lead by unilateral example. La Crosse and Onalaska need to act like the hub of the region not just their own municipalities.
- An “old, organized labor” image provides a challenge in the region's efforts to attract new business.

Part 4: What Wisconsin Can Do About It

What the State Government Can Do

- Review the business tax structure to ensure that the state is competitive or its tax structure is understood in competitive terms.
- Explore creative methods in meeting the needs of business/industry wishing to relocate to the state.
- Sponsor studies of our county governments (structure and process) reviewing ways to improve our current models to encourage more regional collaboration and efficiency. County boards that serve both executive and legislative functions tend to lack visionary leadership.
- Use more creative methods in solving conservation and regulatory barriers to business growth.

What the UW System Can Do

- Start facilitating small research clusters outside of Madison. Research development could be based on improving support for important existing business clusters in regions. This could also lead to more funding opportunities for the region.
- Encourage faculty to consult with private business, connecting educators to the practical day-to-day realities of business.

What Private Business Can Do

- Foster more participation in the political process through civic business organizations; target small to medium size businesses to increase involvement.