If Wisconsin is really ‘open for business,’ we’ll need a business plan

This month I am working on a business plan, budget and pro forma for a new business in Lafayette County. So, I was glad to hear that Wisconsin is now, in fact, “open for business.”

As I ponder the multitude of details in my business plan, I wonder, will Wisconsin use the same evaluation process required my business plan, I wonder, will Wisconsin use the same evaluation process required of new ventures to make their business decisions?

Will we do our homework?

Let’s use high-speed rail as an example here. There are a large number of variables. Federal money, state contribution, jobs created, ongoing operating and maintenance costs, number of users, cost of tickets, where does it go, where does it stop and what intermodal transport systems are required to support it along the way?

My concern is that, in order to make good on campaign rhetoric, the largest variables are being left out of the decision-making process. Specifically: What is the impact of such a major project on economic development in the state? Will it attract new businesses? Will it help existing businesses grow?

Will we be fiscally responsible?

Of course the budget is the issue here. We take in X, we spend Y, and we borrow Z. Every businessperson will extol the virtue of X (revenue) being greater than Y (spending) and Z (borrowing) being sustainable by X and used for items that will outlast the loan.

This should be easy for government because our revenue is a fairly predictable number, unlike other business where it is less stable. We should also have a handle on Y because we authorize the spending, and with the exception of blizzards and tornadoes, we don’t have many unforeseen expenses. The problem in the past has been Z — we often borrow for things that don’t outlast the loan like jobs, new programs and technology that has a short lifespan.

Will we set an example for businesses in our state by sticking to the formula? Will we create stability in the marketplace by not changing the formula so businesses can plan and grow?

Will we follow business models that work elsewhere?

Wisconsin is ranked in the top 10 for deficit per person ($565.89) and in the bottom half for overall business climate, and Forbes has us in the bottom 10. If there is any good news here, this means there are a number of “models” or states from which we can learn. Wisconsin needs to improve its business climate by becoming more fiscally responsible and working with business.

I should point out that deficit and business climate are not directly related; states with high per-capita deficits can rank well in business friendliness. My observation is merely that we can look at what other states are doing and copy them. Will we look at other successful business models? Will we ask our existing businesses how we can do better?

Will we be ‘open’ to all businesses?

Over the last decade Wisconsin has been looking at new technologies and the latest trends for growth in the private sector. We have spent millions to attract bio, high tech and ethanol (remember ethanol?) into the state. My concern is, what are we doing for cheese, beer, farming, manufacturing and retail? Our new governor seemed to be on the right track — sorry, bad choice of words — when he said, “Certainly we want big businesses in the state, but I believe a majority of our time should be spent on businesses within the state, that are organically grown within the state, as well as those seeking to expand in our state.”

This is a difficult balancing act; we need to work on both sides of the equation concurrently. How can we restructure state government to better respond to the needs of existing businesses? How can we create jobs? What will make us attractive to new businesses?

Will we have our ‘business plan’ in place?

Wisconsin’s Commerce Department has a wealth of data, qualified experts, and even a fair set of tools to work with in the form of loans, grants and expertise. What may be missing is a business plan. After reading a draft of this article, a friend commented, “How do we determine what to spend on economic development without a plan to measure the results?”

I must admit this comment shifted my focus to the unanswered questions that lay before me as I work on my little business plan. I, like Wisconsin, have more questions than answers. What I know is that I will rely on people smarter than I am. I will spend as little as possible and measure the results carefully. I will copy what is working elsewhere and I will ask others to participate in the process.

What I hope for Wisconsin is that as we hang our “Open” sign, we put partisanship aside and demonstrate sound business practices based on comprehensive planning. To attract and grow quality businesses, Wisconsin needs to behave like a quality business.