



WISCONSIN MANUFACTURING SURVEY 2006

As part of Wisconsin's celebration of May is Manufacturing Month, WMC surveyed 600 manufacturing CEOs. The survey found confidence in Wisconsin's manufacturing sector, with capital investment and hiring predicted by more than half of those who responded. The top public policy problems confronting businesses are taxes, health care and lawsuit abuse. Wisconsin manufacturers predict continued growth in the national economy and the manufacturing sector.

1. What level of U.S. economic growth do you foresee in 2006?

<u>Item</u>	<u>Responses (%)</u>
Moderate (2.0 to 2.9 percent)	42 (50.00)
Strong (3.0 to 3.9 percent)	26 (30.95)
Slow (0.0 to 1.9 percent)	10 (11.90)
Robust (4.0 percent or more)	6 (7.14)

2. Do you expect manufacturing in 2006 to:

<u>Item</u>	<u>Responses (%)</u>
Expand at the same rate as the overall economy	41 (48.81)
Trail the overall economy	28 (33.33)
Outpace the overall economy	15 (17.86)

3. Will your company increase capital spending in 2006?

Number of Responses: 84 (YES: 64.29% NO: 35.71%)

4. If yes to question 3, will the increase be primarily to:

<u>Item</u>	<u>Responses (%)</u>
Modernize and increase efficiency	32 (54.24)
Expand production capacity	27 (45.76)

5. How many employees does your company employ worldwide?

<u>Item</u>	<u>Responses (%)</u>
Fewer than 50	30 (35.71)
50-250	30 (35.71)
501-1000	9 (10.71)
More than 5000	8 (9.52)
251-500	5 (5.95)
1001-5000	2 (2.38)

6. What is your company's outlook for employment in 2006?

<u>Item</u>	<u>Responses (%)</u>
Increase	47 (56.63)
Stay the same	31 (37.35)
Decrease	5 (6.02)

7. If you are planning significant hiring, what kinds of workers will they be (share of total job openings across all categories)?

<u>Item</u>	<u>Responses (%)</u>
Skilled workers for production jobs	38 (62.30)
Low-skilled workers	11 (18.03)
Highly-educated professionals	8 (13.11)
Service workers for support positions	4 (6.56)

8. Do you have employment positions unfilled right now because you cannot find qualified candidates?

Number of Responses: 82 (YES: 58.54% NO: 41.46%)

9. How much of an increase has your company experienced in energy costs in the past year?

<u>Item</u>	<u>Responses (%)</u>
0-25%	42 (52.50)
26-50%	30 (37.50)
51-75%	6 (7.50)
More than 100%	2 (2.50)
75-100%	0 (0.00)

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10. Please rate the following factors in terms of their negative impact on your company's operations (with one representing the greatest negative impact and 10 the least).

<u>Item</u>	<u>Points (%)</u>
Cost of materials used in production	632 (14.35)
Cost of non-wage compensation	628 (14.26)
Energy prices	561 (12.74)
Inability to raise prices	523 (11.88)
Taxes	430 (09.76)
Shortage of qualified workers	403 (09.15)
Cost of wages	397 (09.01)
Foreign competition	338 (07.67)
Regulations/corporate governance rules (Sarbanes-Oxley)	287 (06.52)
Fear of litigation	205 (04.65)

11. What is the impact of these factors on your company? Please check all that apply.

<u>Item</u>	<u>Responses (%)</u>
Lower profitability	75 (26.79)
Reductions or delays in capital investment	49 (17.50)
Fewer resources for R&D, new product lines	39 (13.93)
Loss of market share	39 (13.93)
Outsourcing production	28 (10.00)
Layoffs/reduced ability to hire new workers	19 (6.79)
Less employee training	16 (5.71)
Offshore support functions	8 (2.86)
Other	7 (2.50)

12. Do you export to other countries?

Number of Responses: 82 (YES: 69.51% NO: 30.49%)

13. If yes to question 12, what do you foresee for your exports in 2006?

<u>Item</u>	<u>Responses (%)</u>
Increase	28 (48.28)
Stay the same	25 (43.10)
Decrease	5 (8.62)

14. Have you been impacted by unfair trade practices of other countries such as foreign subsidies?

Number of Responses: 82 (YES: 40.24% NO: 59.76%)

15. If yes to question 14, please check all that apply.

<u>Item</u>	<u>Responses (%)</u>
Foreign government subsidies	18 (32.73)
Tariffs	16 (29.09)
Currency manipulation	14 (25.45)
Product counterfeiting	7 (12.73)

16. What is the top public policy issue facing Wisconsin?

<u>Item</u>	<u>Responses (%)</u>
Taxes	29 (35.80)
Health care costs	26 (32.10)
Lawsuite abuse	13 (16.05)
Economic slowdown	4 (4.94)
Energy	3 (3.70)
Labor shortage	3 (3.70)
Regulation	1 (1.23)
Education	1 (1.23)
Other	1 (1.23)

17. What is the top business concern facing your company?

<u>Item</u>	<u>Responses (%)</u>
Health care costs	28 (34.57)
Competition	13 (16.05)
Labor shortage	10 (12.35)
Energy	8 (9.88)
Regulation	7 (8.64)
Economic slowdown	7 (8.64)
Taxes	5 (6.17)
Other	2 (2.47)
Lawsuit abuse	1 (1.23)