

SMALL **Business Times**

Fresh Ideas For Growing Companies

Wisconsin is On the Move - The Badger State is the Job Growth Jewel of the Midwest

special report: economic trends

By Lorrie Keating Heinemann, for SBT

At the Department of Financial Institutions (DFI), our mission is to ensure the safety and soundness of Wisconsin's financial institutions, to protect consumers of financial services and to facilitate economic growth. Gov. Jim Doyle's economic plan, Grow Wisconsin, was developed in 2003 to create high wage-paying jobs that support families.

As a result of fiscal responsibility and a strong economic plan, Wisconsin led the Midwest by creating over 140,000 jobs in the past two years and our per capita income level increased by 2.8 percent.

DFI's role has been in the area of investment capital. A key success of the Grow Wisconsin plan has been the implementation of a bill to stimulate venture capital investing in Wisconsin. Act 255 is a tax incentive package that focuses on early and seed stage capital in our state. This landmark legislation provides 25 percent tax credits to angel investors and investors in early or seed-stage funds that invest in Wisconsin certified businesses. It connects high-tech, high-growth entrepreneurial companies to grant opportunities and helps connect entrepreneurs to angel investors.

The Wisconsin Entrepreneur's Network (WEN) is an incredible resource for entrepreneurs, with four regional offices and over 50 intake centers throughout the state (www.wenportal.org). The Wisconsin Angel Network (WAN) is a resource for angel networks in the state which provides education, networking, and deal flow opportunities for angel networks in the region (www.wisconsinangelnetwork.com).

DFI has primarily been involved in the creation and support of the Wisconsin Angel Network. The Department of Commerce and the DFI partnered with the Wisconsin Technology Council to create WAN. It is an innovative public-private partnership which connects angel investors and entrepreneurs in our state through a series of educational and networking events. As the chair of the Wisconsin Technology Council's Angel Advisory Committee, I am pleased to report that WAN has exceeded our goals for 2005. Our goal was to have 10 angel networks up and running by the end of 2005 and significantly increase the amount of angel investments in Wisconsin companies. As of Dec. 1, 2005, we have 13 angel networks/funds which represent more than 200 individual angel investors that are members of WAN.

In addition, two seed funds have been raised representing over \$18 million of committed capital, and an additional fund of \$5 million is currently being raised. Several more angel networks continue to form throughout the state, and I'm happy to announce that the networks and funds represent all the corners of our state - from Ashland to Milwaukee, and from Sturgeon Bay to Beloit.

Angel networks are connected to entrepreneurs via the Wisconsin Angel Network's online deal-flow pipeline, which was launched in June 2005. The deal-flow pipeline is an online database of entrepreneurial executive summaries. To date, the site has more than 170 entrepreneurs logged on with 57 having completed an executive summary document. These accomplishments are only the beginning. We must continue our work to ensure access to capital for our talented entrepreneurs, whether the capital comes from federal and state grants, angel investors, venture capitalists, traditional financial institutions or a combination of them all.

On behalf of Gov. Doyle, I am working on a plan to increase access to capital in our state. We must work in partnership with our neighboring states to leverage the strengths of the Midwest - our world-renown research universities, our pristine natural resources and the strong work ethic of our citizens - to attract additional investment dollars to Wisconsin. We should and will take a leadership role in highlighting our state's assets as a part of a regional effort to put the spotlight on the treasures of the Midwest - talent, technology and tenacity.

We welcome the public and private partnerships that have formed and are encouraged by additional investments by institutional investors in alternative investment classes. We are pleased that the State of Wisconsin Investment Board recently committed an additional \$50 million to two Wisconsin venture capital

firms at their December 2005 meeting. The year ahead will be an exciting year for economic development in Wisconsin. We look forward to partnering with small businesses, entrepreneurs and investors as we continue to work to Grow Wisconsin.

Lorrie Keating Heinemann is the Wisconsin Secretary for the Wisconsin Department of Financial Institutions. For more information about the DFI, visit www.wdfi.org or call (608) 264-7800.

Small Business Times, January 20, 2006, Milwaukee, WI