

# MICHIGAN ECONOMIC OUTLOOK SURVEY 2021

EMBARGOED UNTIL TUESDAY JANUARY 12, 2021 1PM EST

BAKER 

Thank you, Steve! We are delighted to be here today to present the results of the 9th annual **Michigan Economic Outlook Survey**. We will go through this quickly so we can hear from our panel. A link to download these slides is available in the chat section.

## CENTRAL THEME

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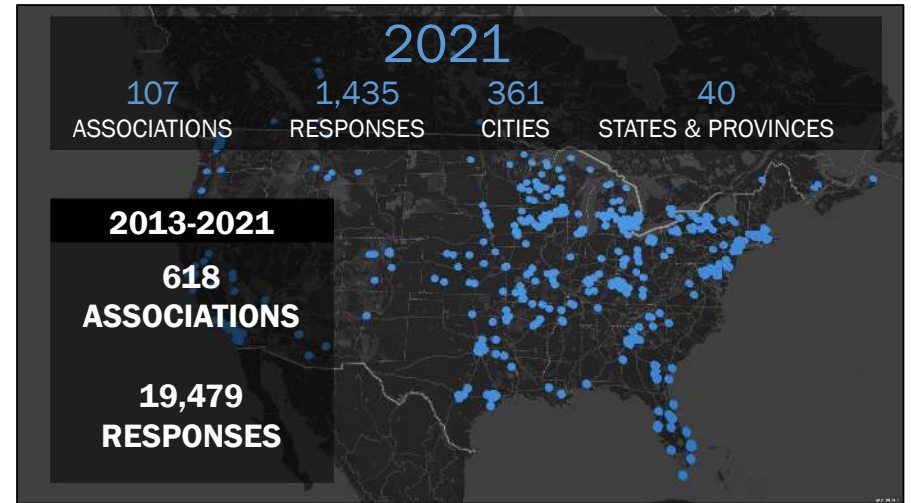
MAKE MICHIGAN  
A GREAT PLACE TO  
GROW A BUSINESS



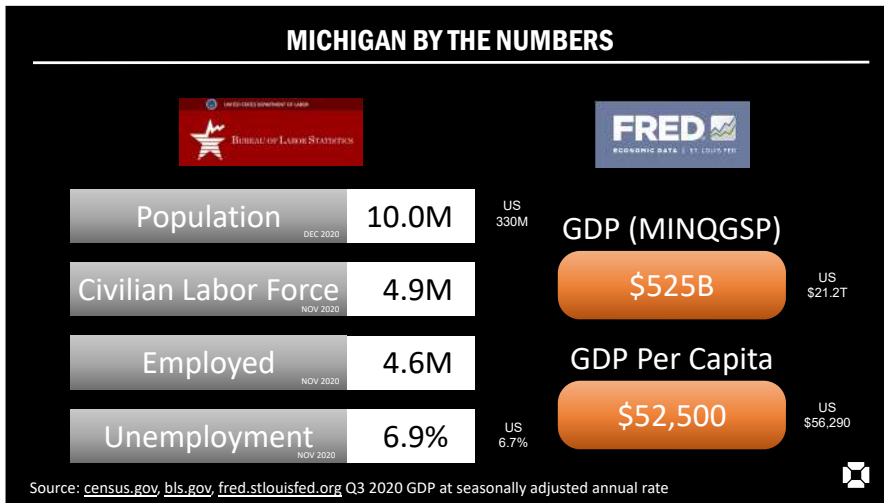
This program has one central theme: to make Michigan a great place to grow a business. We hope the feedback can spur discussion on how we can make it happen



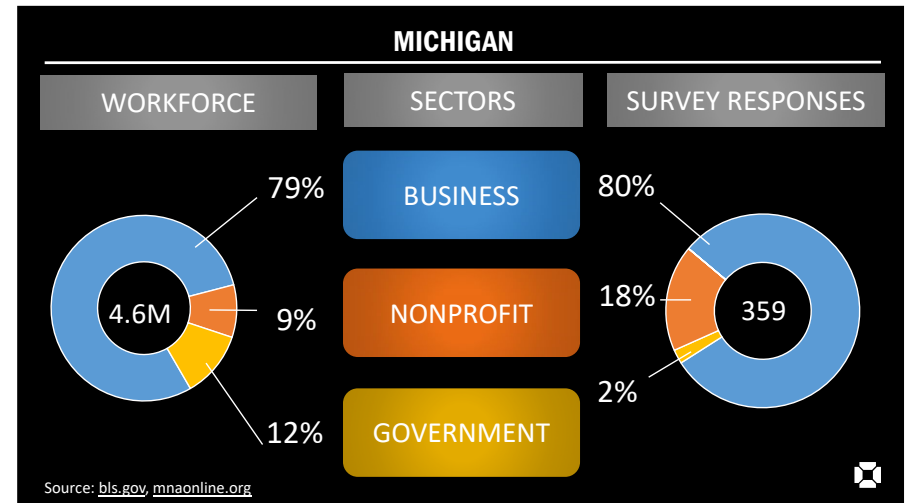
Special thanks are due to **Steve Grigorian** and the Detroit Economic Club and **Natalia Kovicak** and the Economic Club of Grand Rapids for a tremendous response from their members, as well as to Dianne Keller of the Ann Arbor/Ypsilanti Chamber. Thanks also to Sheri Petras and David Ham, with CFI Group, and to Jimmy Hsiao, Matt Brown, Don Hart, and Larry Eiler who have contributed to the effort.



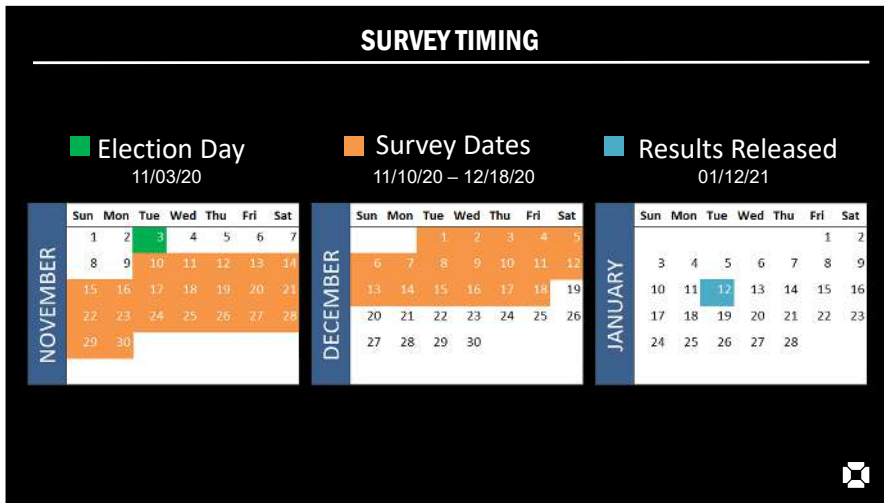
We'd also like to thank the 618 chambers, business associations, and economic development groups who have helped us collect almost 20,000 responses over this 9-year period. For 2021 we had 107 participating associations generating 1,435 responses across 361 cities and 40 states and provinces.



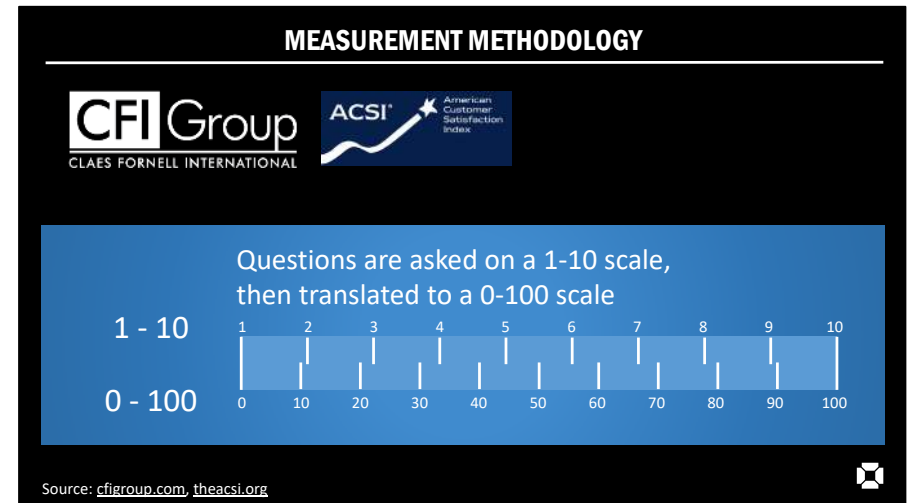
Michigan's population is roughly 10 million, with a civilian labor force of 4.9 million, 4.6 million of whom are employed, giving Michigan a 6.9% unemployment rate. Michigan's GDP is approximately \$525 billion, putting per capita GDP at around \$52,500.



Michigan's workforce breakdown is roughly 79% business, 9% nonprofit, and 12% government. Please note that our survey tends to overrepresent nonprofits while underrepresenting government employees.



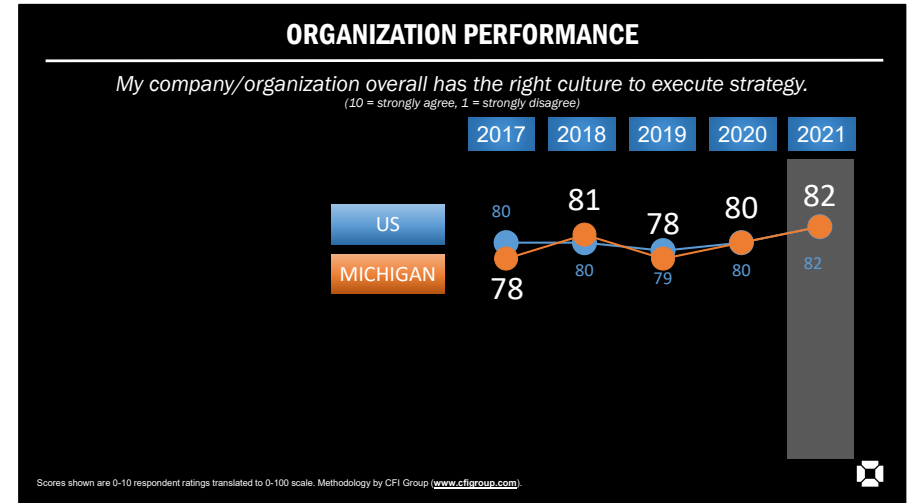
For timing, the survey always begins one week after Election Day to allow some of the political dust to settle, though this round is obviously more tumultuous than normal. Elections were held on November 3<sup>th</sup>, so the survey ran November 10<sup>th</sup> to December 18<sup>th</sup>, with results available today, January 12<sup>th</sup>.



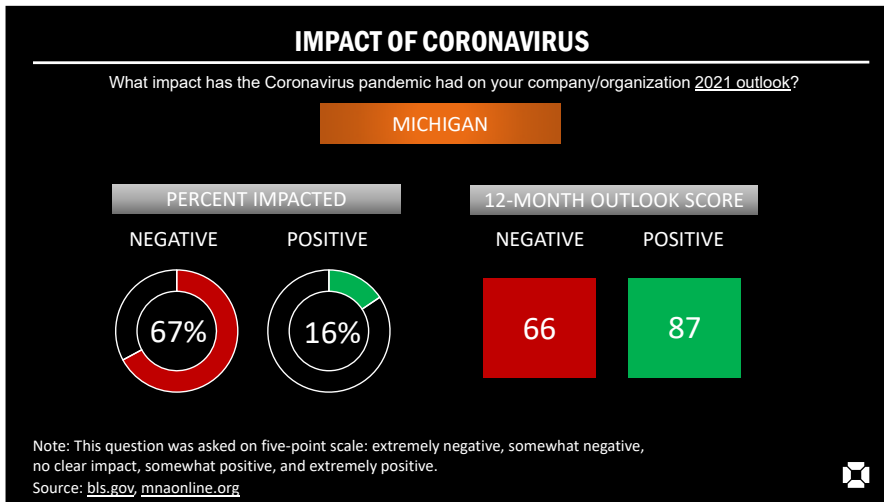
And for measurement, we borrow an approach used by Ann Arbor-based consulting firm CFI Group, co-founder of the American Customer Satisfaction Index. CFI Group asks questions on a 1-10 scale for greater measurement precision, then translates the results to 0-100 generate a score. These scores are what we use to report results today. OK, on to the results.



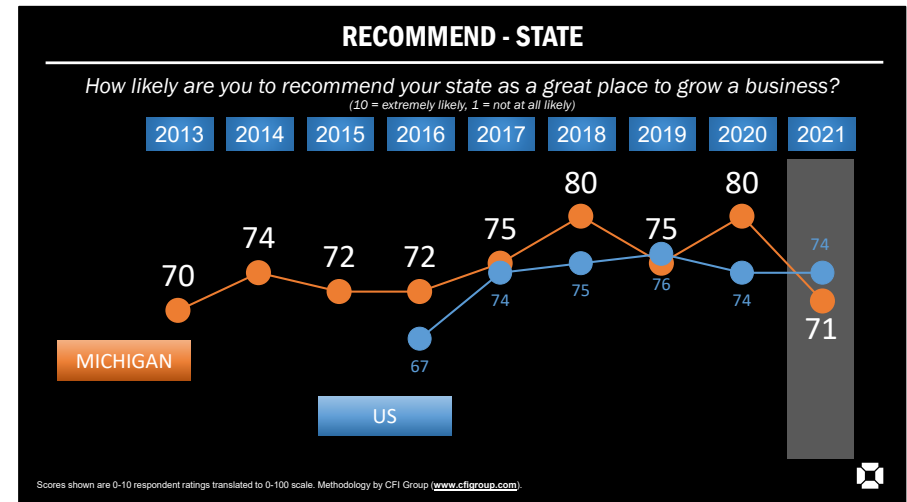
I'm sure no one is surprised to see that Michigan's 12-month organizational outlook dropped dramatically this year, falling 8 points from 80 in 2020 to 72 in 2021. However, Michigan continues to run 2-4 points above the aggregate.



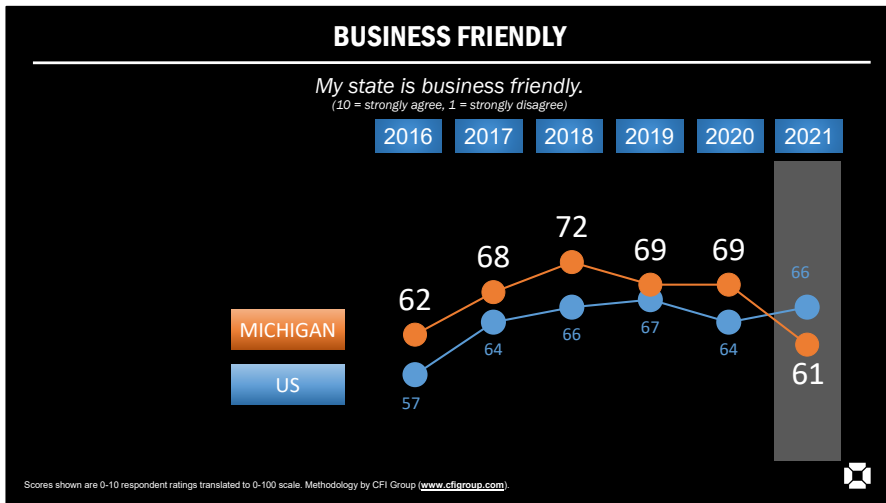
This drop in outlook does not appear to be related to organization performance. Scores for organization culture actually increased.



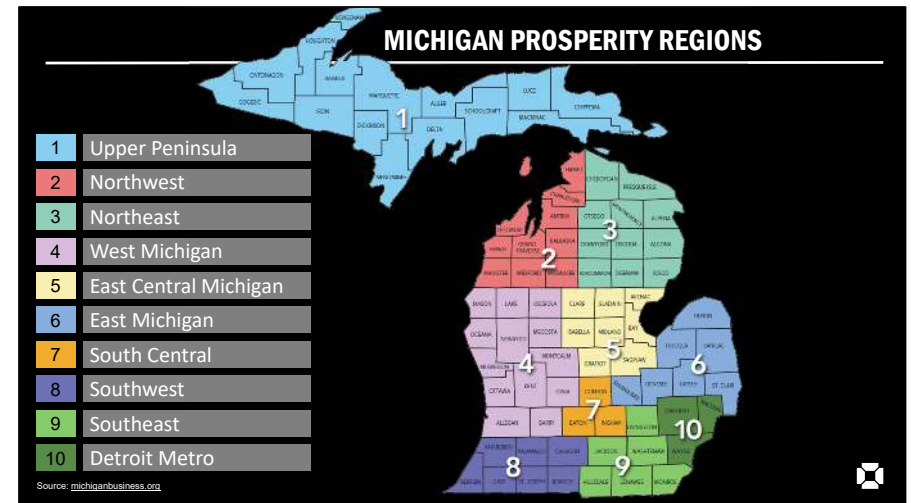
The primary problem, of course, is the impact of the pandemic and the efforts to control it. Sixty-seven percent of Michigan respondents say the Coronavirus had an extremely negative or somewhat negative impact on their business. However, there were also 16% who said it had an extremely positive or somewhat positive impact on their business. The difference in the 12-month outlook score for these groups is striking: 66 for negative and 87 for positive.



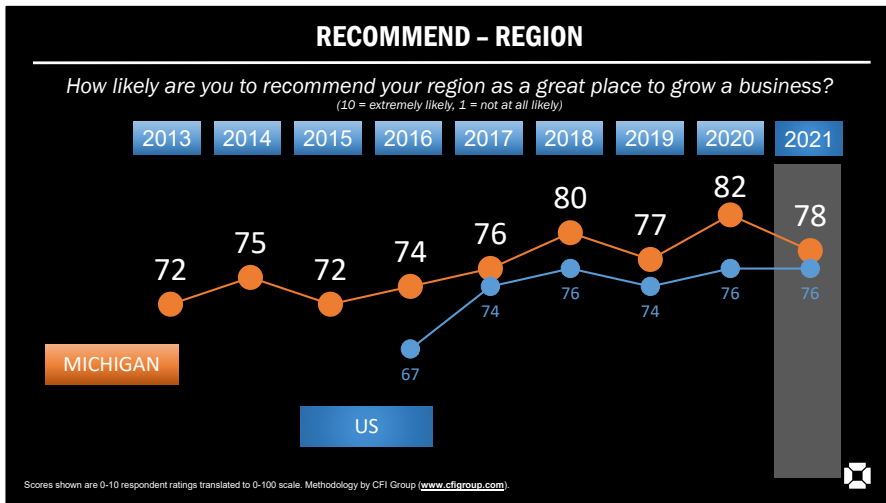
Michigan respondents also say they are much less likely to recommend Michigan as a great place to grow a business. Michigan dropped precipitously 9 points, despite the rest of the country maintaining a steady 74.



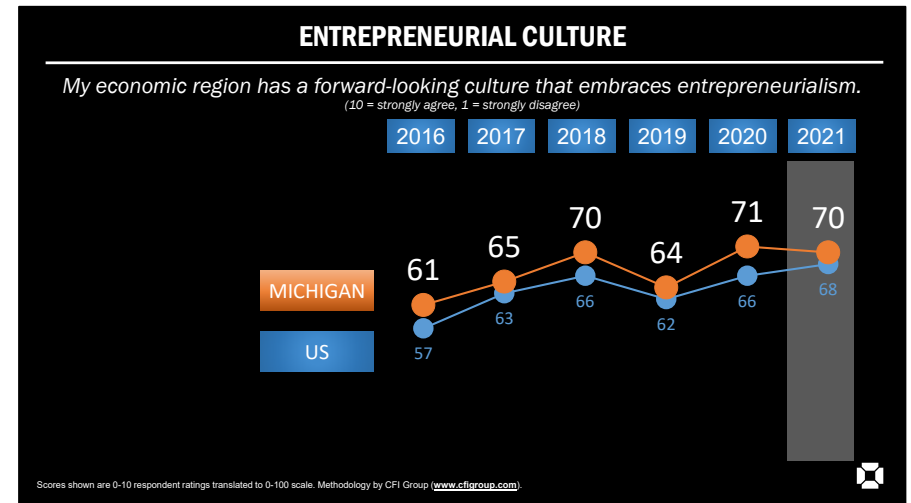
Similarly, the score for Michigan as a business-friendly state also slid 8 points from 69 to 61, even as the aggregate ticked up slightly from 64 to 66.



At the regional level, there are four measures we like to watch.

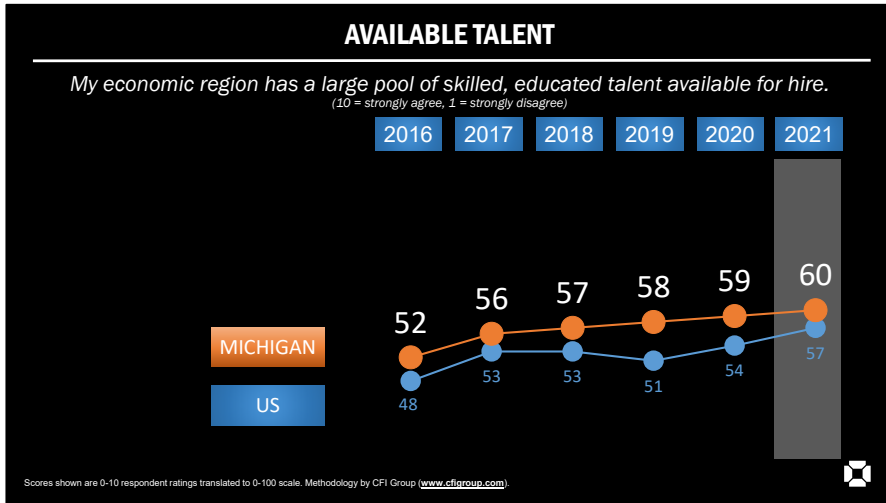


First, Michigan respondents are a little less likely to recommend their region as a great place to grow a business, down 4 points to 78, but the score still remains above the aggregate, which is steady at 76.

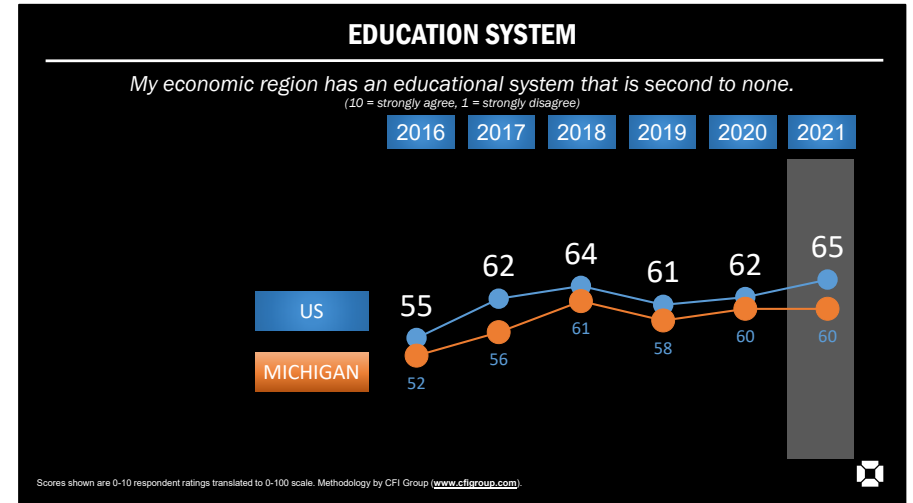


Second, after all that happened in 2020, regional entrepreneurial culture is only down a point to 70 from the 5-year high of 71 last year.

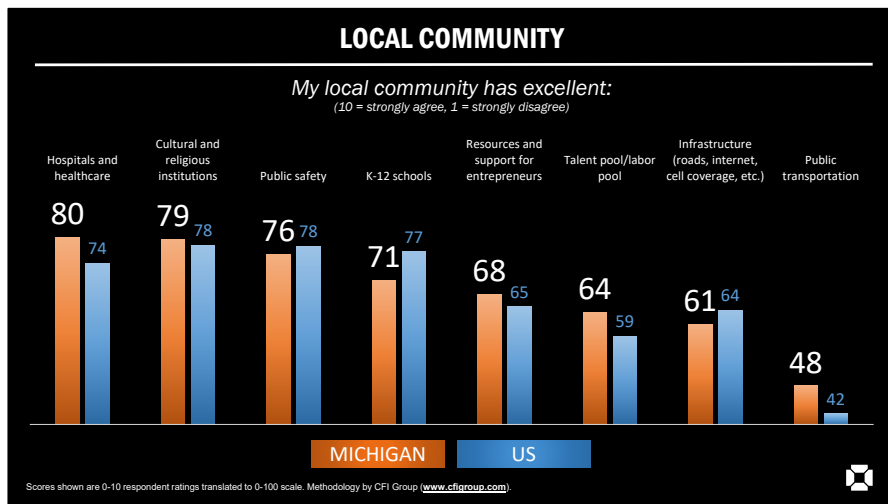




Third, available talent edges up a point to 60 and continues its steady incline, though the aggregate appears to be catching up.



And fourth, respondent scores are flat at 60 for the education system in their respective regions, falling further below the 65 for the aggregate.



And finally, we measured 8 elements of the respondents' local communities. Hospitals, cultural/religious institutions, and public safety do well in Michigan local communities, while K-12 schools underperform against the aggregate. Entrepreneurial resources and talent are low, but are slightly above the aggregate, while infrastructure, which includes the roads, is low and also underperforms against the aggregate. Public transportation is low across the board.



The big story of 2020 involved the impact of the pandemic and how government, businesses, and nonprofits tried to respond to it. Some organizations have done well during this economic disruption, and organization culture is generally strong. For most, however, it has been difficult. How we can continue to make Michigan a great place to grow a business for them is worthwhile endeavor. Thank you, and now I'll hand this program over to Daniel Howes and our wonderful panel for their insights.