



# Change Agent

**How Governor Scott Walker is revamping Wisconsin's job creation effort.**

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**G**ov. Scott Walker has undoubtedly brought considerable national attention to Wisconsin during his first few months as governor. The controversy over collective bargaining rights for public-sector unions continues, as do the ramifications of his decision to pass on more than US\$800 million in federal funding for high-speed rail.

Getting less attention outside of the state are Walker's moves to stimulate economic development. He quickly moved to transform the state's department of commerce into a new hybrid public-private organization called the Wisconsin Economic Development Corporation (WEDC). Walker has a goal of creating 250,000 private-sector jobs by 2015.

In an interview with Site Selection, Walker says the state is well on its way to that goal with 25,000 new jobs, 11,500 of which are in manufacturing, during the first four months of 2011. He believes the WEDC will play an integral role in job creation.

"It makes us more nimble and we can account for market changes on a quicker basis," Walker says. "We think we will be able to respond more effectively and efficiently. We looked at Indiana and their success, and made some changes to things we wanted to see improved. It's another step forward in terms of making it easier to respond in a more timely fashion."

Walker, who gets to appoint six members to the new 12-member agency (with the Legislature also appointing six), says



Gov. Walker visits

he looked for people with experience in creating jobs. Along with that, he wants representatives of different economic sectors and a good geographic balance.

"The most important part of our agenda is more often than not to get government out of the way and create a level, competitive playing field," says Walker, who chaired the WEDC's first meeting on May 18. "During my first few months in office, we called a special session of the Legislature and were able to lower the tax burden on job creators. We passed major tort reform and regulatory reform to cut red tape. That was our first big burst. We just did telecom reform and made some changes in insurance reform. We are looking for an energy policy that will help business, pushing for more of a market-based system. All of these things help create a better climate for business."

Wisconsin's economy remains agriculture-centric, with the sector contributing \$60 billion to the state's economy. The paper and printing industry is another stalwart. Walker also points to the state's significant biotech cluster around Madison.

"Our core, which accounts for 16 percent of our jobs, is manufacturing," Walker says. "Increasingly, it is mid-sized manufacturers. We've been attracting a fair number from Illinois the past few months. It's still more anecdotal than a measurable trend. We are very competitive since Illinois increased its business tax by 50 percent."

One of the companies migrating from Illinois is **Catalyst Exhibits**, a trade show marketing company that announced in March that it would move its headquarters and 105 jobs from Crystal Lake in the northern Chicago suburbs to Pleasant Prairie, just across the state line near I-94.

Walker will be part of a trade mission to China in November, visiting several provinces with the aim of developing export markets for Wisconsin manufacturers. China is the third leading importer of Wisconsin-made products behind Canada and Mexico. Wisconsin ranked as the 18th leading export state in 2010

"Our agribusiness sector is growing, and we are very aggressive in pushing our exporters," Walker says. "China and some of its individual provinces are very active in seeking the services we provide. We are the number one exporter of ginseng and the number one producer of cranberries. We do well in exporting fire trucks and fire extinguishers, and motorcycles and parts from Harley-Davidson. Certainly, the Oshkosh Corporation is a big exporter of equipment. All of these things we are aggressively promoting."



**Gov. Scott Walker**

### **Making a Stand**

Walker's rejection of the \$810-million federal high-speed rail grant changed the state's priorities regarding major transportation infrastructure projects. Walker describes the grant as being a solution in search of a problem.

"Unlike the line between Milwaukee and Chicago, there is not a huge commuter base between Milwaukee and Madison. The federal government imposed this, and we backed off because we believed it was not the most prudent fiscal move for the state. It got a lot of publicity, but what I hear more frequently is that companies want to know more about other infrastructure investments such as freight rail."

The apparent casualty of that move is Spanish train builder Talgo, which opened a facility in Milwaukee in 2010 to manufacture trains to fill orders from Wisconsin and Oregon. Talgo has indicated it may move operations to Illinois while keeping a maintenance facility in Milwaukee.

"Talgo is still here, but not permanently," Walker says. "Other than that, it has not had a direct impact."

Walker does plan to seek an upgrade of U.S. Highway 41 between Green Bay and Milwaukee to Interstate status.

"Over the years, we have made significant upgrades. From that, the idea is if you turn Highway 41 into an Interstate, it will be one more tool for companies that operate on a national or global basis.

The debate over public-sector unions brought Wisconsin to the attention of the nation. Walker says the publicity has been good for the state's image.

"It's actually had a positive effect," Walker says. "Our department of commerce frequently tracks comments on people they reach out to, and we have heard from companies that say they like the fact that the leadership here is not afraid to take on challenges. They often wonder if elected officials will have the courage to follow through on the commitments they make. The protests clearly got a lot of attention. Businesses appreciate a state government that is making structural changes that are not temporary, but permanent changes."

Walker says another indicator of CEOs taking note of Wisconsin comes from Chief Executive magazine's recent ranking of best states for business. Wisconsin had the largest increase of any state, moving from 41st to 24th in the magazine's rankings.

### **Homegrown Manufacturer**

**The Ariens Company**, one Wisconsin's iconic manufacturing names, has been building lawn tractors and snow blowers since 1933. The company employs 1,200 at its three manufacturing facilities in Brillion, a town of about 3,000 just south of Green Bay. The complex includes two 300,000-sq.-ft. (27,870-sq.-m.) plants and the company's original 50,000-sq.-ft. (4,645-sq.-m.) building, which now houses some light manufacturing and the company museum. The company also has manufacturing facilities in Auburn, Neb., and Opp, Ala.



**Dan Ariens,  
president and CEO,  
Ariens Company**

Since 1998, Dan Ariens has been president and CEO of the company founded by his great-grandfather. He also was one of Gov. Walker's first appointees to the WEDC and serves as the board's vice chairman.

Ariens is no stranger to economic development agencies, having served on the board of directors of the 18-county New North organization. He is also a member of the Green Bay Packers' board of directors.

"I was honored to be asked by the

supporter of the governor and his drive to grow the economy of the state. Wisconsin has great infrastructure, a great labor force and a good transportation system. Schneider Trucking is headquartered here. In the past, this state has become more difficult to do business in. To me, it's an attitude about whether we are trying to become a progressive state regarding economic development or as an afterthought. Gov. Walker has led a progressive movement to drive this economy, putting rubber to the road. By creating the WEDC, he is allowing people in

**The Ariens Company, headquartered in Brillion, employs 1,200 in manufacturing in Wisconsin.**

Photo courtesy of The Ariens Company



the private arena like myself to become involved."

Ariens says much of the state's man-

ufacturing is agriculture-based, and points out that other outdoor equipment builders have footprints in the state, such as John Deere in Horicon and Toro in Tomah. Another manufacturing advantage is Wisconsin's strong power grid, he says. But ultimately he lauds the work force.

"The Wisconsin work ethic is very traditional," Ariens says. "We have a farm and agriculture type economy. This is a work force that comes to work and puts in a good day. They are innovative in their approaches to manufacturing as well as product development. There is good manufacturing infrastructure here too. The construction companies in this state are first class and they put you in a great facility."

Ariens says the proximity of his company's supply chain is a major asset.

"Our supply-chain support in Wisconsin is second to none. When I need a supplier for a machine or a fabricator or an engine supplier like Briggs and Stratton, they are very close. We focus on lean manufacturing, and for us lean includes lean delivery time. All of our corrugated boxes come from 20 miles [32 km.] away."

Ariens is also one of the few power equipment manufacturers that does all of its manufacturing in the U.S.

"We pride ourselves that all of our manufacturing is in the U.S. and that we make an American product," Ariens says.

Business is rebounding for the Ariens Company in 2011 after a few down years. Dan Ariens says a replacement cycle is happening now, accounting for increased sales. Expansion could be in the works for the company. Concepts are being considered for an expansion at the Alabama plant and a possible distribution center at the Brillion headquarters. **SITE**

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