

The University of Michigan-Dearborn Innovation Index



First Quarter 2008

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University of Michigan-Dearborn Innovation Index increases from 89.9 to 96.0 in first quarter

(August 25, 2008) The University of Michigan-Dearborn's Center for Innovation Research – iLabs – today releases its Innovation Index for the first quarter of 2008. The Index provides a summary measure of economic innovation activity in the state of Michigan. The University of Michigan-Dearborn Innovation Index began to reverse three successive declining quarters as it rose from 89.9 in the fourth quarter of 2007 to 96.0 in the first quarter of 2008. The reading for the first quarter of 2007 was 100.0. For the most recent quarter, five of the six components showed advances. The six indicators, together with a brief analysis of their performance in the first quarter, are:

- **Incorporations:** After falling three straight quarters, incorporations and LLCs filed in the State of Michigan increased almost 25% from the previous quarter's levels. This increase in the first quarter added 2.9 points to the Index.
- **Trademarks:** Trademark applications reversed a fourth quarter decline and rose 6% in the first quarter. The first quarter's total was the highest since the first quarter of 2006. The increase added 1.9 points to the Index.
- **Innovation Workers:** Bureau of Labor Statistics data for the first quarter indicated an increase in the fraction of Michigan workers employed in science and engineering in the state. The stronger first quarter showing added 1.1 points to the Index.
- **Venture Capital:** Venture capital in the first quarter continued its recovery from low levels in the third quarter of 2007. Venture capital data for Michigan comes from the MoneyTree™ report prepared by Pricewaterhouse Coopers and the National Venture Capital Association using Thomson Financial Data. The first quarter improvement added 0.5 points to the Innovation Index.
- **Gross Job Creation:** The reported number of new jobs created by new companies or companies adding jobs was approximately 226,000 in the fourth quarter of 2007 (due to data availability, this item enters the Index one quarter delayed). This very slight increase from the third quarter added 0.2 points to the Index.
- **Small Business Administration Loans:** The number of loans arranged through the Detroit office of the Small Business Administration continued its decline. Since peaking in the second quarter of 2006, this activity has dropped in six of the seven subsequent quarters. The first quarter decline subtracted 0.4 points from the Index.

The second quarter 2008 University of Michigan-Dearborn Innovation Index will be released in early December.