

The University of Michigan-Dearborn Innovation Index



Fourth Quarter 2011

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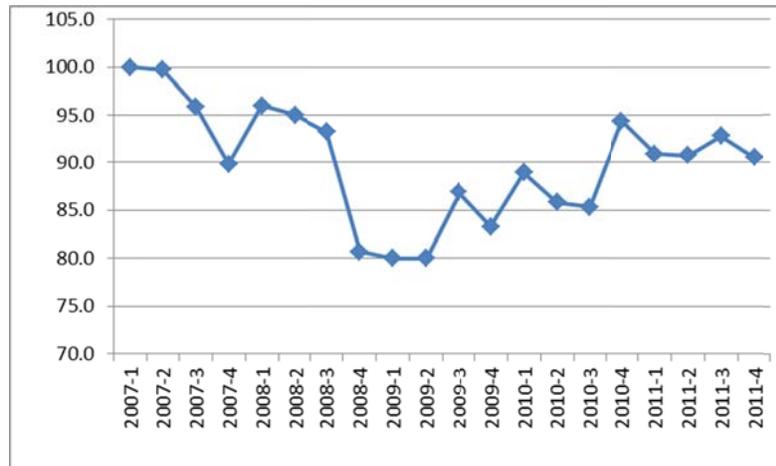
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Innovation Index Stays in Narrow Range

Trademarks Lower Index For Latest Quarter

(May 29, 2012) The University of Michigan-Dearborn's Center for Innovation Research – iLabs – today released its Innovation Index for the fourth quarter of 2011. The Index fell in the fourth quarter from 92.8 to 90.5, leaving it below the year earlier level of 94.4. The drop in the Index is a result of a decline in trademark applications. As the accompanying chart shows, the Index has not moved much overall in 2011 but remains well above the levels during the worst of the recession.



Six indicators comprise the Innovation Index; in the last quarter, four declined while two advance. Compared to one year ago, three are higher and three are lower.

- **Gross Job Creation** Gross job creation rose in the third quarter (due to data availability, this measure enters the Index with a one quarter delay) and was well ahead of gross job losses. The quarterly increase in gross job creation added 1.3 points to the Index.
- **Innovation Workers** are estimated by iLabs calculations based on Bureau of Labor Statistics data. The estimated percentage of workers employed in science and engineering increased slightly for the second straight quarter, adding 0.4 points to the Index.
- **Incorporations** and LLC filings in Michigan were down slightly in the fourth quarter, although they remain ahead of the year-earlier mark. The quarterly drop reduced the Index by 0.2 points.
- **Small Business Administration Loans** through the Detroit office of the Small Business Administration fell slightly in the fourth quarter, subtracting 0.2 points from the Innovation Index. Year-on-year comparisons are distorted by a 2010 legislative provision which concentrated 2010 activity in the fourth quarter.
- **Venture Capital Funding** in Michigan, as provided by the MoneyTree™ report prepared by Pricewaterhouse Coopers and the National Venture Capital Association using Thomson Financial data, declined in the fourth quarter. The fourth quarter level of funding was very similar to the fourth quarter of 2010, but the quarterly drop cost the Index 0.8 points.

- **Trademark Applications** coming from the State of Michigan fell in the fourth quarter, reversing part of an increase which had begun in late 2009. The quarterly drop in trademark applications returned trademark activity to about where it was one year earlier, and reduced the index by 2.8 points in the quarter.

Looking ahead, the first quarter numbers appear likely to show growth in the Index, as a seasonal increase in incorporations is likely to be joined by a rebound from a quiet quarter for trademark activity. The next University of Michigan-Dearborn Innovation Index report, due out on August 12, will contain a detailed report of first quarter 2012 innovative activity with a preliminary indication for the second quarter.