

CRAIN'S DETROIT BUSINESS

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CRAIN'S MICHIGAN BUSINESS

VETERANS IN THE WORKPLACE

How companies are earning their stripes in seeking and hiring, Page 11

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Fair Lane prepares for some serious estate planning

Hazel Park's new plan: Trot out a microbrewery at track

RiverFront Conservancy boss brings development savvy

Second Stage

Small firms tell how they conquered the world, Page 23

This Just In

Crittenton invites health systems to begin sale talks

Crittenton Hospital Medical Center in Rochester Hills is for sale. In a statement, officials with the 254-bed nonprofit hospital confirmed they have invited several unnamed health systems to initiate discussions about a potential sale.

Crittenton has formed a committee of board members and medical staff to make recommendations to the full hospital board.

Over the past several years, Crittenton has explored merger, affiliation or acquisition with several health care companies. Sources have told *Crain's* they include Flint-based McLaren Health Care Corp. and Detroit Medical Center, which is owned by Dallas-based Tenet Healthcare Corp.

— Jay Greene

\$20M bet on love of chocolate

VernDale's new Detroit plant to expand dried-milk output

BY DUSTIN WALSH
CRAIN'S DETROIT BUSINESS

Family-owned Detroit business VernDale Products Inc. has \$20 million riding on the American palate for premium chocolate.

VernDale uses a bygone process of making dried milk — a critical ingredient in those colorfully wrapped chocolates with European names and a creamier taste than the American milk chocolate bars typically found in the grocery store checkout line.

The roller-dried whole milk supplier will open a new 82,000-square-foot plant on Weaver Street in west Detroit, near the Southfield Freeway, in mid-August. The plant is an all-in bet on the hunch that the American appreciation for quality chocolate will continue to grow.

The new plant comes at the request of its largest customer, one of Europe's top makers of premium chocolate, said Dale Johnson, president and owner of VernDale. Johnson declined to name the customer.



Johnson

From its new plant in Detroit, VernDale Products will pump the secret sauce of high-quality chocolate — or, to be more precise, roller-dried whole milk.

See Chocolate, Page 36

KENNY CORBIN

Oil and gas exploration on rise in metro Detroit

BY CHAD HALCOM
CRAIN'S DETROIT BUSINESS

Lease deals for landowners' mineral rights and permits to drill new oil wells are both on the rise in metro Detroit.

But as new pumps begin to dot the landscape in communities like Shelby Township and Scio Township, the out-state portion of Michigan's oil and gas exploration industry is largely lackluster.

The shift is best documented by trends with state permits.

Oil and gas exploration company executives and state regulatory officials say permit requests to drill

new wells have been moving over the past two years toward Southeast Michigan. The Detroit area has yielded modest oil deposits at relatively shallow depths, making them cheap to drill and easier to spot with new seismic imaging technology.

Exploration companies have obtained 20 permits for wells in the five-county region of Wayne, Oakland, Macomb, Washtenaw and Livingston so far in 2014, out of 86 total drilling permits statewide, according to data from the state Office of Oil, Gas and Minerals, a division of the Michigan

See Exploration, Page 34



ISTOCK PHOTO

Homecoming invites 'expats' to come back for comeback

LeBron James did it in Cleveland.

Brian Owens, Bill Martin and Gwen Butler are doing the same in Detroit.

They're coming home.

Detroit Mayor Mike Duggan was to announce Monday a new, multiyear initiative to re-engage ex-Detroiters in the city as it is slated to emerge from bankruptcy.

Crain's Detroit Business is a convener of the initiative we are calling "The Detroit Homecoming." The inaugural homecoming will be in iconic Detroit venues Sept. 17-19 with an invitation-only audience primarily of "expats" — people who were born in metro Detroit, grew up here, went to school here or worked here — and still think of

PUBLISHER'S NOTEBOOK



Mary Kramer

Detroit as "home."

Butler is a perfect example.

She graduated from Mumford High School and the University of Michigan and now is president of Chicago-based Capri Capital Part-

See Homecoming, Page 33

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NEWSPAPER


MICHIGAN BRIEFS
Whirlpool to buy \$1B stake in Italian appliance maker

Benton Harbor-based **Whirlpool Corp.** agreed to pay about \$1 billion for a controlling stake in Italian appliance maker **Indesit Co.**, its largest acquisition since buying former rival **Maytag Corp.** eight years ago, Bloomberg News reported.

"This will ideally position us for sustainable growth in the highly competitive and increasingly global home appliance market in Europe," Whirlpool Chairman and CEO Jeff Fettig said in a statement.

The acquisition follows Whirlpool's deal last year to buy a majority stake in **Hefei Rongshida Sanyo Electric Co.** for about \$552 million as the appliance maker expands beyond its home market. Whirlpool derived 16 percent of its sales from Europe, the Middle East and Africa last year, compared with 54 percent from North America.

MICH-CELLANEOUS

■ Former **Steelcase Inc.** executive Jim Stelter, now CEO of **Inscape Corp.** near Toronto, said his company will send some business to his former hometown. Grand Rapids-based **Genesis Seating** will produce a new line of chairs, MLive.com reported. Stelter said Inscape is launching its chair business there because of the area's supply chain.

■ For-profit **Corinthian Colleges**

Steelcase heir's philanthropy for GR didn't sit still

Peter Wege, the son of the founder of Grand Rapids-based **Steelcase Inc.**, used his office furniture fortune on philanthropy throughout Grand Rapids for decades, a civic altruism that continues even after his death July 7 at age 94.

As Steelcase's largest shareholder, Wege — a fervent environmentalist — was able to commit millions of dollars toward "green" causes. He retired as vice chairman of the Steelcase board about a decade ago to work on the **Wege Foundation**, which he created in 1967. It has given away millions, much of it in his hometown.

In 1998, he created a word and then wrote a book called *Economicology* — combining "economics" and "ecology" — that spelled out his ideas about corporate environmental responsibility. He donated \$20 million toward the new **Grand Rapids Art Museum** building, which opened in 2007, on condition that it receive Leadership in Energy and Environmental Design — better known as LEED — certification

Inc. plans to close campuses in Kalamazoo and Grand Rapids that operate under the name **Everest College** as part of a plan to close a dozen campuses in 11 states, The California-based company reached an agreement with the **U.S. Department of Education** after it failed to provide adequate paperwork and comply with requests to address concerns about the company's practices.

■ Michigan Attorney General Bill Schuette authorized felony charges against Mary Fajer, a

Berrien County woman alleged to have defrauded senior citizens out of millions of dollars through a Ponzi scheme while employed as a licensed investment adviser at the **Diversified Group Advisory Firm LLC.**

■ **Mid Michigan Community College** is starting a plastics engineering technology program this fall on its campus in Harrison north of Mt. Pleasant, *Plastics News* reported. The college has been developing curriculum and laboratory space since mid-2012, when the **National Science Foundation** awarded a

three-year grant for \$700,000.

from the **U.S. Green Building Council.** "I want to be remembered as one of the people who tried to wake up the country on the environmental problems," Wege said in 2004, according to *The Grand Rapids Press*. "I'm doing it for my children and my grandchildren. It's got to be taken seriously this time."

Aquinas College officials estimate that Wege's donations topped \$46.5 million over the years.

As co-chairman of a committee formed to commission a major work of public art for Grand Rapids' new city-county complex downtown, Wege helped bring Alexander Calder's stabile, "La Grande Vitesse," to Grand Rapids in 1969.

At **Meijer Gardens**, named for **Meijer Inc.** founder Fred Meijer, visitors will find the Wege Nature Trail and the Wege Library.

Rachel Hood, executive director of the **West Michigan Environmental Action Council**, told MLive.com, "Peter's voice was unique in saying that business and environment can work together."

three-year grant for \$700,000.

■ The website Simple Dollar ranked Kalamazoo — home of **Western Michigan University** and **Kalamazoo College** (well, where would it be, after all?) — ninth on its list of the top 10 "Most Affordable College Towns."

■ Traverse City now has its own song, the *Traverse City Record-Eagle* reports: "Take Me There" by The Hacky Turtles. The **Traverse City Tourism** visitors group says the song is a "wistful celebration" of TC, with lyrics including "Great

CORRECTIONS

■ A box on Page 4 of the July 7 issue should have included **Chrysler Group LLC** and its \$6 million commitment among the funders that are supporting the **Detroit Institute of Arts'** "grand bargain" but haven't yet said how the funding will be administered if approved as part of Detroit's bankruptcy plan of adjustment.

■ A story in the July 7 edition about **AdAdapted Inc.** should have said the idea for the Ann Arbor company came from co-founder Mike Pedersen and not his partner, Molly McFarland.

■ The top local executives listed for **Lochbridge** on *Crain's* list of the largest Michigan mobile app developers in the July 7 edition should not have included **Compuware Corp.** CEO Robert Paul. Lochbridge is Compuware's former professional services division, which was sold to **Marlin Equity Partners** in January.

food, better people, everyone's a friend; all are welcome where the compass ends." Loses something in the translation to print, no doubt.

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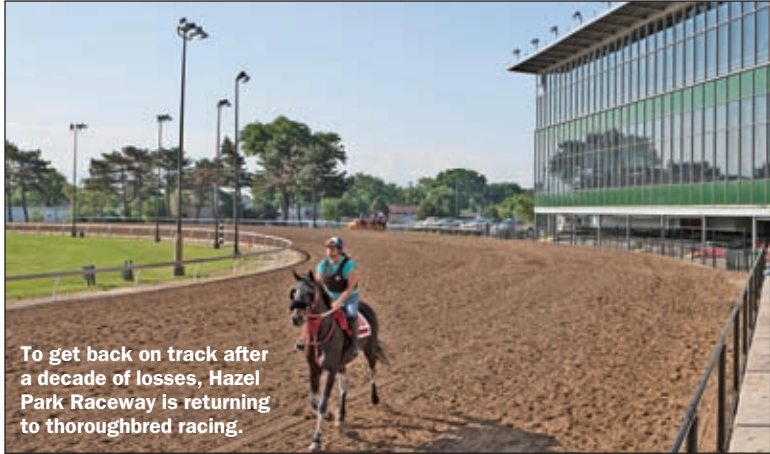
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Hazel Park's new run at success includes microbrewery



To get back on track after a decade of losses, Hazel Park Raceway is returning to thoroughbred racing.

JOHN SOBCHAK

BY BILL SHEA
CRAIN'S DETROIT BUSINESS

The reintroduction of thoroughbred racing at **Hazel Park Raceway** this year after a 30-year absence is predicted by the track's management to reverse a decade of financial losses.

To further boost the bottom line, they're also seeking to add a microbrewery and sports bar at the track's unfinished casino adjacent to the 5/8-mile oval at the southwest corner of 10 Mile and Dequindre roads.

It's all part of an effort to stave off mounting losses that have reflected a general decline in horse racing

popularity over the past 25 years.

The track, which opened in 1949, has lost \$1 million annually since 2004 but is on pace to break even since launching weekend thoroughbred races on June 27, said Dan Adkins, vice president at Southfield-based real estate developer **Hartman and Tyner Inc.**, whose owners also own Hazel Park Raceway.

Hazel Park last raced thoroughbreds in 1984, converting in 1985 to full-time harness racing. The **Michigan Gaming Control Board** approved thoroughbred racing in January for Hazel Park and

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Inside



How Skidmore Studio stayed upright in downturn, Page 4



Mark Wallace: A real estate background but limited fundraising experience

Conservancy CEO brings a development background

BY SHERRI WELCH
CRAIN'S DETROIT BUSINESS

Veteran real estate developer and property manager Mark Wallace is on a path to becoming the Sue Mosey of Detroit's waterfront.

Last week, the **Detroit RiverFront Conservancy** named Wallace, a Detroit-based director with **Hines Interests LP**, as its next president and CEO.

He'll join the conservancy in mid-August, succeeding Faye Alexander Nelson, who led the organization for more than a decade before leaving in February to become president of the **DTE Energy Foundation** and vice president of public affairs for Detroit-based **DTE Energy Co.**

Wallace, 37, will oversee the maintenance and programming of the RiverWalk, help secure access to properties still needed to complete the five-mile span, manage riverfront programming and the same along the Dequindre Cut greenway. That's along with fundraising responsibility for the RiverWalk — an area where Wallace has limited experience.

But he also will become the conservancy's ambassador to help spur economic development along the riverfront, working with the **Detroit Economic Growth Corp.** and

See Wallace, Page 36



JACOB LEWKOW

"There has been strong interest expressed for our plans to restore, reimagine and reopen Fair Lane," said Kathleen Mullins, CEO of Henry Ford Estate Inc.

Estate plan: Fair Lane fixup

Capital, rebranding efforts set to revive historic site

BY SHERRI WELCH
CRAIN'S DETROIT BUSINESS

Since its spinoff from the **University of Michigan-Dearborn** a year ago, the **Henry Ford Estate-Fair Lane** site has fallen silent, except for sounds of occasional visitors to the grounds and the Rouge River as it cascades down man-made falls.

But a rush of planning for the Dearborn property has been taking place quietly in the background.

And things are about to get louder.

This month will see the launch of the first major capital repairs at the Dearborn estate

since it transferred to the independent nonprofit **Henry Ford Estate Inc.** and came under management by the same team that operates the **Edsel & Eleanor Ford House** in Grosse Pointe Shores.

At the same time, development of a business and visitor program and branding plans — and fundraising for a \$40 million-plus campaign to support capital projects, programs and an endowment — are underway. The buildings have been closed to the public since 2010, but the grounds have remained open, and the plans are meant to re-energize the estate for public tours.

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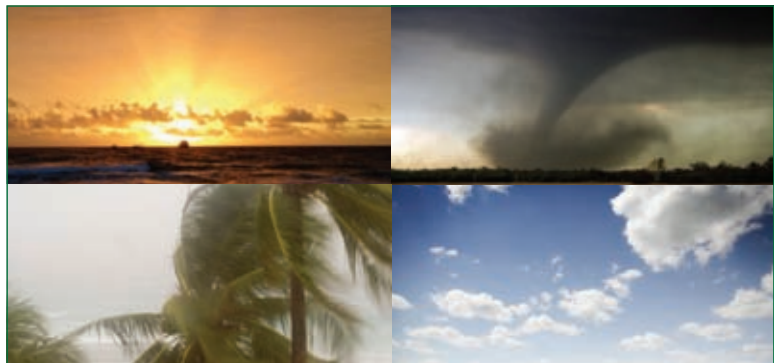
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Skidmore's shift to direct client work leads it through downturn, to growth

BY BILL SHEA
CRAIN'S DETROIT BUSINESS

An involuntary shift in business philosophy during the recession kept Detroit-based advertising and design firm **Skidmore Studio** afloat, and the agency has embraced the change to fuel new revenue and hiring growth.

When Skidmore opened downtown as a design agency in 1959, it primarily worked with the large ad houses to provide images of cars and trucks.

Working mostly as a vendor for other ad agencies was the business strategy for a half century until the collapse of the domestic auto industry a few years ago. The subsequent agency contraction, and slashed marketing budgets, forced Skidmore to then rely on its handful of direct clients.

Skidmore's direct client work is now about 65 percent of its business, with the rest being agency work, said owner and CEO Tim Smith. Prior to 2010, it had been about 60 percent agency work.

"It was the direct work that allowed us to keep the doors open," Smith said.

Revenue last year rebounded to \$5 million, and this year is expected to reach \$7 million for the 30-person agency, he said.

"We're just almost back to pre-2007 numbers," Smith said.

A major source of that resurgence was its hiring last year as agency of record by Dallas-based restaurant chain **Dave & Buster's**,



PHOTOS BY KENNY CORBIN

On the wall of a brainstorming room in Skidmore Studio's Detroit office hang prints of Leo Skidmore's 1960s pen-and-ink automotive illustrations — which, at the time, cost more than the vehicles themselves.

which Smith said accounts for about 20 percent of Skidmore's business.

The relationship began because of the traditional people-who-know-people within the ad business, Smith said, and the restaurant chain last year called off a national agency search. It wanted Skidmore as its agency, Smith said.

Skidmore initially did a single \$12,000 project for the chain. That has blossomed into doing its TV creative, in-store promotions, some digital concepts and the full campaign for the upcoming fall football season.

"They came in to help us about a year ago on a project and knocked

that first project out of the park with sound strategy, solid execution and clarity of creative. Since then, we've leaned on them more and more for an ongoing stream of creative," said Sean Gleason, chief marketing officer and senior vice president at Dave & Buster's, via email.

Other advertising firms are impressed with Skidmore's ability to stick it out during a time that claimed many small agencies, and to thrive in a marketing climate that's improved but still somewhat austere.

"It is great to see them doing well and to see them back in

See Next Page

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A major reason that Skidmore Studio survived the recession was that it became the agency of record for the Dave & Buster's restaurant chain. CEO Tim Smith says direct client work "allowed us to keep the doors open."

From Previous Page

Detroit. The ad business is healthier, but margins are still a challenge," said Kelli Coleman, executive vice president of communications for Southfield-based ad agency **GlobalHue**.

In the past six months, Skidmore has added **Wal-Mart, American Express, Expedia** and **Hotels.com** as clients. The agency also is seeking work with one of the major Florida-based cruise lines, Smith said, and will be pitching it later this summer. He declined to name which line.

Despite the national work, 75 percent of Skidmore's business is in Southeast Michigan, he said.

Among Skidmore's local direct clients are **DTE Energy, Quicken Loans/Rock Ventures, Weingartz, Chrysler, The Sam Bernstein Law Firm, Crain Communications Inc., Level One Bank, Detroit Regional Chamber, Detroit Jazz Festival** and **Tech-Town**. It has done pro bono work for **Detroit Public Schools**.

On the agency side, Skidmore has done work for **Doner, Lowe Campbell Ewald, Team Detroit, The Mars Agency, McCann/Commonwealth** and **Leo Burnett** in the past year.

The full-service creative agency does graphics, storyboard animation, interactive, website design, copywriting, branding and marketing. It recently added television production capabilities, and is doing Dave & Buster's TV commercials.

Smith bought the agency outright from Mae Skidmore, daughter of late owner and founder Leo Skidmore, in 2009. The shop had 17 staffers and \$3.5 million in revenue that year. It had dropped under \$3 million in 2008.

He had been hired to oversee the agency's diversification, then acquired a 10 percent equity stake in 2005 and became president in 2007.

Smith moved the firm in 2010

from a loft space in Royal Oak to nearly 10,000 square feet on the entire fourth floor of the Dan Gilbert-owned Madison Building at 1555 Broadway St. — from which Smith's corner office overlooks nearby Comerica Park.

Thanks to the new clients, and anticipated new work, five new work stations are being added to the office, and Smith said the agency could be at 35 full-time staffers by the end of the year. It has 30 now.

The office includes a retro orange refrigerator, artsy plywood cubicles created by a friend of

Smith's, and plenty of Detroit-centric and client account decoration in the exposed-brick space.

A living room-style brainstorming room is decorated with prints of Leo Skidmore's original 1960s pen-and-ink automotive illustrations — gorgeous hand-drawn and colored pictures on canvas that, at the time, cost more than the vehicles themselves.

"Our ability to work with ad agencies began with these kinds of things," Smith said.

The office also has various creative and production spaces, and a

walled-off room where the agency produces brochures, prints, posters and other physical imagery.

"We still do things old school," Smith said.

One thing Skidmore doesn't do is digital or social media work.

"We take that to those who are specialists in that area," Smith said.

The agency first opened in Suite 450 of the Fisher Building — Smith has the original door key that the family kept — in 1959. It moved to Troy in 1977, and later to Royal Oak.

It diversified from primarily automotive to ensure survival, and at one point Skidmore produced the VHS box cover packaging for the first home video for the original "Star Wars" trilogy, and other classic films.

Skidmore began adding arts and culture nonprofit clients in the 2000s. It has done work for the **Detroit Symphony Orchestra, Detroit Institute of Arts, Community Foundation of Southeast Michigan** and others.

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New OU president's agenda: Meet with biz, academic leaders

George Hynd was named Oakland University president last week, succeeding interim President Betty Youngblood at the Rochester Hills school. Since 2010, Hynd had been provost and executive vice president of academic affairs at the College of Charleston in South Carolina. He held previous academic leadership positions at Arizona State Uni-

versity and Purdue University.

Hynd, 66, spoke with *Crain's* reporter Kirk Pinho on Friday about his vision and priorities for OU.

OU traditionally has been seen as a commuter school but has recently been ramping up its efforts to get new dorms on campus, including a large new dorm project that's wrapping up this summer. How are you going to



George Hynd,
Oakland University

further that effort?

It is, in fact, a commuter institution. Most of the students do not live on campus, and about 14 percent do. The addition of the new residence hall, 500 new beds, is going to make a dramatic impact on the desirability of living on campus.

One of the important things is that the Honors College will be in that residence hall. There, we have a good example of how an academic unit can draw students into that environment.

What do you see as your initial priorities?

My intention is to return to campus here a couple times before Aug. 15, and I would like to meet with the board of trustees again and the senior leadership at Oakland University on a more informal basis, perhaps individually, and have an opportunity to really drill down into the information that I have been able to glean from the outside.

What I would like to do when I start, with the board and senior leadership, is develop a 90-120 day plan on things I would like to accomplish, people I would like to meet and info I would like to gather, so I and everyone else have a pretty clear idea as to really what I'll be doing for the first semester there. Part of that is going to be getting a better grip on the opportunities and challenges that Oakland has.

The engineering department has more than doubled in size — from about 1,000 students to more than 2,000 — and is also getting a new building. What do you see as the future of that department, and what would you like to address?

I'm incredibly impressed with the School of Engineering and Computer Science. If you look at the five fastest-growing majors at OU, computer science is right up there over the last several years.



COURTESY OF OAKLAND UNIVERSITY

George Hynd's first task as Oakland University president: Develop a 90- to 120-day plan "on things I would like to accomplish, people I would like to meet and info I would like to gather."

The number of students in that program has grown by something like 40 percent. That tells you there is a market out there that sees computer science and engineering as facilitating a career path that they desire.

There is an opportunity, I think — the dean and I very briefly discussed this — that if you look at the faculty in engineering, almost 30 percent are women. There is an incredible opportunity to reach out and encourage more women to come into the computer science and engineering field.

I think what we'll find is that that will be a point of pride I will be championing as I come in as president. Needless to say, I don't know if that means growing the school and by how much, but resources will be important.

What kind of business outreach efforts will you employ?

Truthfully, I'm just past the point of taking a look at OU and the surrounding area from the outside, and that's where those 120 days will be important — connecting with the business community and finding out what their needs are. I have not had an opportunity yet to form those relationships that I think will sustain Oakland University's outreach. That's going to be a developing initiative.

I've been incredibly impressed with the economic development plans that I've looked at from afar, both in Oakland County and also the surrounding areas, as well as in the city of Detroit. There is an incredible opportunity for outreach. A lot of that will not just be faculty and programs in the school of business, but I anticipate efforts that will offer business outreach throughout the entire university.

What's the future of business education at OU?

Right now, about 7 percent of the instruction of courses delivered at OU is through distance education online. That includes completely online courses and hybrid courses. I would like to drive that up. One way is that online helps students whose schedules are not necessarily congruent with the (traditional business hours) class schedule.

And, students who are taking classes on campus might also be taking an online course. It's a matter of reaching out to students of all stripes. There is the opportunity to reach a different population, the adult learner, students over 24.

What is your first order of business that is not OU-related when you get to town?

I'm going to be asking our communications and development people to give me a list of people and businesses they think I should touch base with first. I intend to be out the door meeting with students, faculty and the business community on a regular basis.

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Sheraton-Novi

WOMEN'S EXPOS

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Michigan SMART Women's Expo
Silent Auction for No Kid Hungry
Concorde Inn-Clinton Township

October 26 10am-3pm

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Survey: Economists upbeat about economy, consumers wary

BY KIRK PINHO

CRAIN'S DETROIT BUSINESS

Economists predict higher salaries and more metro Detroit jobs in 2015, but consumers aren't yet sold on the news.

Stronger auto sales are expected to boost the local economy, but the national outlook has consumers feeling negative.

These results are to be announced Monday as **Oakland University** releases the latest **Southeastern Michigan Economic Outlook** results. They show local economists in the public and private sector and executives are relatively hopeful about economic factors like private-sector employment, unemployment and per-capita income improvement through the end of 2015.

A year ago, two economics professors in the OU School of Business Administration in Rochester decided to begin a quarterly regional survey of local economists, business executives and consumers to gauge their predictions for the Southeast Michigan economy.

Rebounding U.S. light vehicle sales — which the economists forecast will be 16.2 million this year and 16.45 million next year — are the main driver, said Jonathan Silberman, an OU economics professor who, along with associate economics professor Ronald Tracy, compiled the survey.

Silberman and Tracy surveyed eight economists, 435 consumers and 41 business executives in the region — Wayne, Oakland, Macomb, Livingston, Lapeer and St. Clair counties — to produce the report. The pair sent surveys to 115-120 executives, they said.

Tracy said the most telling of a slow but steady recovery for economists is the region's per-capita income, which is expected to increase by 3.5 percent from \$43,315 in 2013 to \$44,831 by the end of the year. By 2015, they expect it to increase 3.55 percent from \$44,831 to \$46,422.

But that doesn't include inflation, which by the end of the year is expected to be 2 percent and 2.3 percent by the end of 2015.

The region's unemployment rate is expected to fall from its current 8.2 percent to 7.85 percent, the economists predict. That's down nearly 1 percentage point from the 8.8 percent in December 2013.

There were 1.68 million private-sector jobs in the region last year, and that is expected to increase by 1.5 percent (25,150 jobs) this year



Silberman



Tracy

and 1.75 percent (29,782 jobs) next year.

Sandy Baruah, president and CEO of the **Detroit Regional Chamber**, said the business leaders' optimism makes sense.

"U.S. companies, especially Michigan companies that were struggling prior to the great recession, have really retooled and got their competitive 'A game' on."

But don't be too optimistic just yet, Baruah said.

"I don't care if you are a worker or business leader or navel-gazer economist, you're looking at the recovery with a little bit of a jaundiced eye because it's never kicked into gear in a meaningful way nationally."

While business executives surveyed said they expect their capital expenditures to remain flat from second-quarter levels, they expect

profits, sales and hiring to continue to grow in the third quarter, according to the report.

Consumers generally had a neutral view of the national economy next year and in the next five years.

"Dragging down the Consumer Confidence Index is the consumers' lackluster outlook for the national economy next year, as well as over the next five years, and their difficulty in getting along financially," the report says.

However, "consumers are more optimistic about their financial condition improving next year with a value of 58.8, the only index component above the neutral

range."

Stockholm, Sweden-based **Cint** — which has offices in Atlanta, Los Angeles and Princeton, N.J. — administers the surveys of consumers, while business executives, all C-suite level, submit information about their companies and complete the survey.

The economists surveyed are from OU, **Michigan State University**, the **University of Michigan-Flint**, **Wayne State University**, **IHS Automotive Group**, the **Center for Automotive Research** in Ann Arbor, **Loomis Sales** and the Kalamazoo-based **W.E. Upjohn Institute for Employment Research**.



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BANKRUPTCIES

The following businesses filed for protection in **U.S. Bankruptcy Court** in Detroit **July 3-10**. Under Chapter 11, a company files for reorganization. Chapter 7 involves total liquidation.

Commercial Business Lending Group PC, 6689 Orchard Lake Road, Suite 225, West Bloomfield Township; voluntary Chapter 7. Assets and liabilities not available.

Performance Staging Inc., 39600 Schoolcraft Road, Plymouth; voluntary Chapter 11. Assets and liabilities not available.

International Auto Center Inc., 23126 Lawrence Ave., Dearborn; voluntary Chapter 7. Assets: none; liabilities: \$247,192.75.

—Natalie Broda

OPINION

Let's help put our veterans to work

Kent Reyburn's frustration in trying to enter the civilian workforce after four years in the U.S. Air Force — "Can't tell you what I did ... it's classified" — is admittedly not the norm. (See story, Page 11.)

But the reality is many veterans struggle to translate their experience, talent and can-do attitude into something a prospective employer can relate to his or her needs.

That's where business needs to enlist some extra effort. Companies may wish to see this as their call to duty.

For the second consecutive year, *Crain's* this week is devoting a special focus report to military veterans — from programs that support them (Page 20) to entrepreneurs among them.

Hiring veterans has been an emphasis for many business leaders as well as Gov. Rick Snyder, who created the Michigan Veterans Affairs Agency to help serve the state's more than 600,000 vets.

Over the next five years, 30,000 to 50,000 vets are expected to return to Michigan. Many of them have skills in IT, health care, engineering, skilled trades, advanced manufacturing and public safety, among other fields.

Michigan companies such as Benton Harbor's Whirlpool Corp. and MGM Grand Detroit can attest to the wisdom of focusing on the veterans' talent pool.

The efforts of these companies, and the reflections of veterans who became entrepreneurs, are worth reading about. But the hope is that the stories will also inspire action on the part of employers.

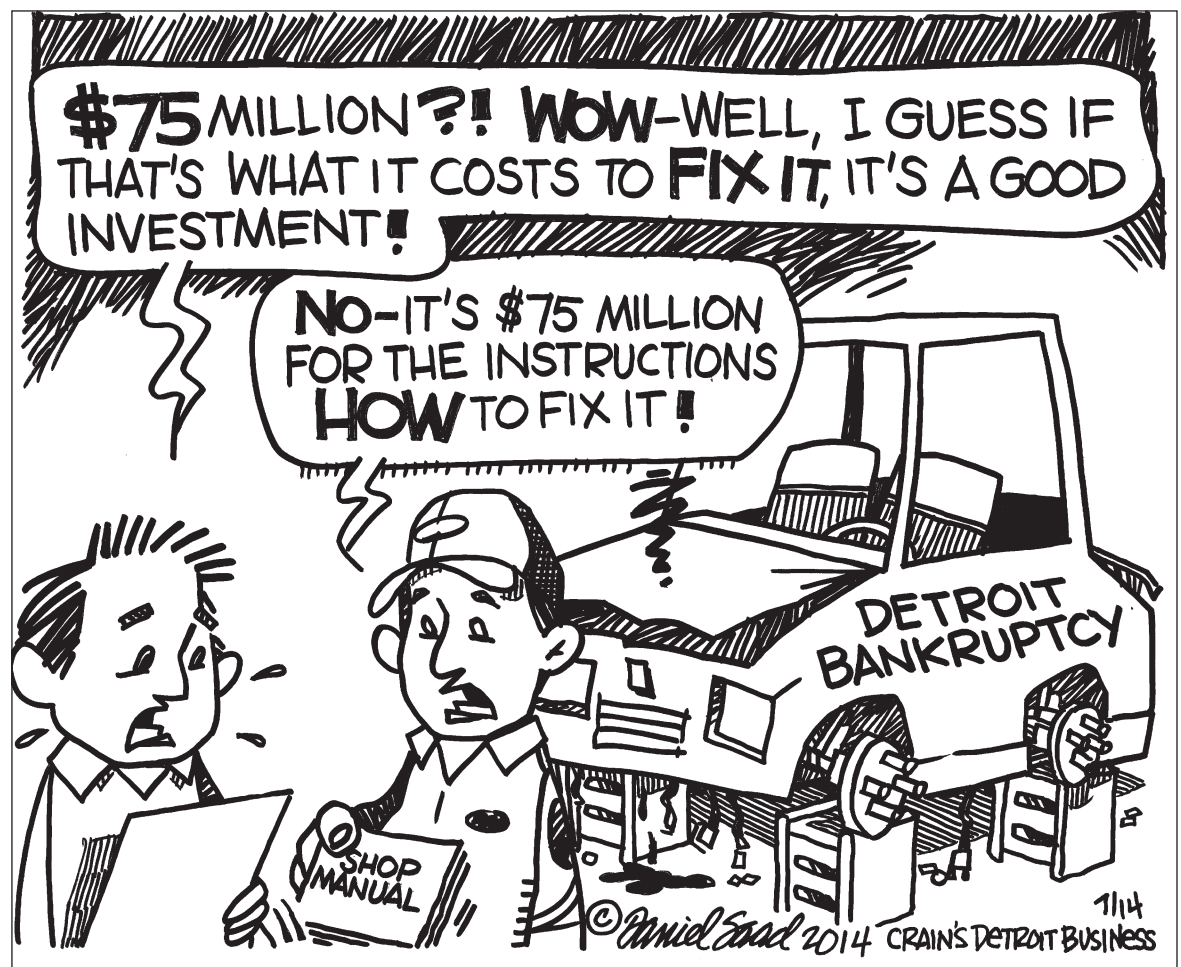
Some ideas to boost riverfront

The Detroit RiverFront Conservancy has a new top boss. And this time, the CEO is a real estate property manager.

Faye Alexander Nelson led the conservancy for more than a decade before she left in February to head the DTE Energy Foundation. Under Nelson's stewardship, the conservancy made great strides in creating and refreshing public spaces: the RiverWalk, Dequindre Cut, and other investments that connect public parks and public art. Now, the riverfront is ready for more of the private economic development that complements those features — namely restaurants, shops, nightlife and residences.

Mark Wallace (See story, Page 3), here are some items for your to-do list: We'd like to see riverfront pubs to grab a burger and beer after work and some new shops to buy Detroit-made gifts. How about an upscale ice cream parlor? We could even invite the Nain Rouge to a series of grand openings instead of a banishment parade.

The riverfront, and much of Detroit, can be likened to a partially painted canvas. It's time to color in the details.



LETTERS

Detroit fortunate to have Niblock

Editors:

Detroit Future City would like to commend *Crain's* June 30 article on the work and priorities of new Detroit CIO Beth Niblock ("New CIO Beth Niblock starts from scratch to overhaul Detroit's 'fundamentally broken' IT system"). Detroit is lucky to have a person of her caliber and vision working diligently to improve technology infrastructure and open data in City Hall.

By leapfrogging to municipal best practices in information technology and taking advantage of innovations from across the country, Detroit has the opportunity to become a national leader in using technology to create a more responsive, efficient and connected municipal government.

Detroit Future City's implementation office worked with the White House Office of Science and

Crain's Detroit Business

welcomes letters to the editor. All letters will be considered for publication, provided they are signed and do not defame individuals or organizations. Letters may be edited for length and clarity.

Write: Editor, *Crain's Detroit Business*, 1155 Gratiot Ave., Detroit, MI 48207-2997.

Email: cgoodaker@crain.com

Technology to bring the all-star team of CIOs to Detroit, supporting the team in developing recommendations for how to leverage information technology to improve service delivery and support technological innovation inside and outside City Hall. DFC connected the White House team to a network of public and private officials, technology entrepreneurs

and civic hackers eager to work with the future CIO to realize a vision for "Detroit 2.0."

Detroit Future City continues to work with Ms. Niblock to implement her vision of harnessing technology to improve city operations and service delivery, supporting her efforts to recruit a deputy director for technology community engagement and identify opportunities to open data to Detroit entrepreneurs, universities and the general public.

We look forward to connecting the CIO to additional opportunities for municipal innovation in line with other transformative change taking place in Detroit through the Detroit Future City's strategic framework and other initiatives.

Kenneth Cockrel Jr.

Executive director
Detroit Future City's implementation office

KEITH CRAIN: It is an amazing accomplishment

Every day, there are new reports of some sort of roadblock to the eventual solution to the city of Detroit's bankruptcy case.

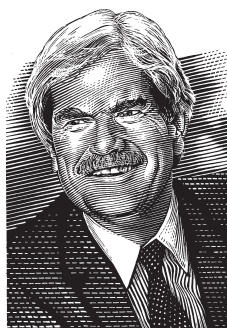
And every day, there is a new revelation about another solution to this complicated financial jigsaw puzzle that is the city of Detroit.

That the city and the bankruptcy case have gone this far — and accomplished so much — is nothing short of miraculous.

We, the residents of Southeast Michigan, have to tip our hats to the accomplishments of Detroit Emergency Manager Kevyn Orr thus far.

The journey is nowhere near over, but I am in awe that it has gotten this far without a major explosion.

And we all have to congratulate the new mayor of Detroit, Mike Duggan, for understanding the financial crisis that he is in the midst of and being willing to work with the emergency manager. It really doesn't matter how it's working inside. To the outside world, it is working well. They understand the



end game and are doing a fine job together.

There are still plenty of potholes and roadblocks from all sorts of interested parties and troublemakers. There are plenty of folks with IOUs who are hoping for a few more dollars.

Orr has not faltered from his mission. He has not gotten into a public squabble with any of the debtors. He understands what he has to do, and he is on track to get it done.

When Orr is finished, he will not have any extra time to contemplate his next move. The clock is ticking and there will be not a minute extra when it expires.

The mess in Detroit was not created overnight. It has been brewing for decades, and the leadership of the city can take credit for compounding the problems and "kicking the can down the road."

Ever since the days of Mayor Coleman Young, this city has been mismanaged and full of corruption.

We now have a great opportunity to not only set our financial

house in order but end up with a remarkably clean balance sheet.

The challenge still remains, after Orr leaves, to build economic development. Without the growth and jobs for this city, it is frighteningly possible to spiral back into the same abyss as before.

If anyone thought that Orr's job was tough, they're right. But Mayor Duggan will have an equally challenging and far more precarious job in the future.

It is truly amazing so much has been achieved. But it's only the beginning of a long journey.

OTHER VOICES: Let's build city into world's 'Silicon Garage'

Sometimes the new big idea is all about building on your existing strengths.

I spent the past two decades as a serial entrepreneur and senior executive at multinational corporations in the U.S., Europe and South America.

Spending some time away has helped me see my hometown through fresh eyes.

Like many Michiganders, I aspire to make an impact in creating a new Detroit: a city with a future that could eclipse its former heyday status. I am thrilled by the positive momentum of change and the range of opportunities emerging from investors and organizations like Dan Gilbert, David Fry, J.P. Morgan, Detroit Venture Partners, Inforum, Bizdom, TechTown and the Detroit Regional Chamber. I wonder, however, why we continue to ignore our single biggest opportunity?

Detroit must become the world's Silicon Garage — the gritty place where big ideas originate and are transformed into new mobility models, products and services.

We must build upon our automotive heritage and lead the nation in the future of mobility. Detroit brought mobility to the world. Which city has a more credible mobility brand than the Motor City? Not one.

We have an abundance of engineering, creative and business talent and affordable space for research, development and manufacturing. We have deep domain expertise that differentiates us. We taught the world how to scale mobility businesses with velocity. This is a critical success factor for any new business — yet I see very little support, collaboration or focus on building new mobility solutions and businesses to drive economic growth in Detroit.

The successes we do have in this region, like Livio, Roush, Fontinalis and the University of Michigan Transportation Research Institute, are largely unknown to most of the world where Google and Tesla dominate headlines.

We need to communicate more confidently and loudly to inspire aspiring local entrepreneurs and attract foreign talent, investment and partners. Automotive value chains of OEMs and suppliers have a beginning and an end. We need to create new markets by collaborating and investing in the development of a healthy mobility ecosystem. We must invite academics, policymakers, corporations, investors and entrepreneurs to the same table to create meaningful dialogue about how we can create the optimal conditions to build new mobility businesses.

If we are to reinvent Detroit, we must redefine "automotive." Cars are now mobile software platforms. A newly defined automotive industry encompasses smart mobility and digital economy businesses like Waze, Uber, TrueCar, ZipCar, RelayRides, Coverhound, LaneHoney, Peloton, AutoWeb and Zubie. We must become the global hub for the connected car



Angel Gambino

and autonomous driving.

Why wait for the federal government to create policies and infrastructure for the Internet of things when Detroit can lead the creation of connected cars and connected communities?

We read about six ways to "Reimagine I-375." No option for how to reconfigure this stretch of freeway mentions how we might create safer, more efficient and intelligent connected roads. We must anticipate technological and lifestyle changes now rather than react to them lat-

“We must build upon our automotive heritage and lead the nation in the future of mobility.”

er. I am reminded of a quote attributed to our most famous mobility entrepreneur, Henry Ford: "If I had asked people what they wanted, they would have said faster horses."

Detroit unveiled the first paved road in America in 1909. What are we going to do now?

Why not transform the first mile of Woodward into the first smart urban roadway in the world in 2015? Why not provide roadway access to crowd-funded projects and campaigns like www.solarroadways.com, which has raised more than \$2.2 million on Indiegogo? Why not allure, vet and retain in-

novators from all over Michigan and the world with their new applications, products and services into the first and best mobile beta platform on earth?

Isn't it time that we bridge our illustrious past to a promising future? Let's hustle harder and smarter. Let's build a Silicon Garage where entrepreneurs, automotive manufacturers and policymakers unite to ignite growth in Detroit.

Angel Gambino is a Detroit native, a keynote speaker and owner of *The Alchemists Collective*, an innovation and economic growth agency in Corktown and London.

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Southeast Michigan's housing market gives MSHDA's new down payment assistance offer a warm welcome.

The Down Payment Fairy is helping to spread the word about the Michigan State Housing Development Authority's MI Next Home program.

Buyers continue to move back into Southeast Michigan, and a new program from the Michigan State Housing Development Authority (MSHDA) is helping to pave their way.



The MI Next Home program, which MSHDA introduced statewide this year, offers down payment assistance with a MSHDA first mortgage to existing homeowners who are looking to make their next move.

An expansion of MSHDA's popular MI First Home program for first-time homebuyers, MI Next Home offers eligible homeowners up to \$7,500 (maximum 4 percent of the sales price) in down payment assistance toward the purchase of new or existing single-family homes, condominiums or multiple-section manufactured homes.

Partnering with the Business Community

"As the economy improves, many homeowners are entering the market for a new home, but a down payment can prove a barrier," said Mary Townley, director of MSHDA's Homeownership Division.



"This program removes that roadblock for eligible borrowers, helping to stimulate the statewide housing market."

As many as 1 million Michigan homebuyers could qualify for a MI Next Home mortgage, Townley said.

To help promote awareness about the program, MSHDA has formed a partnership with the Michigan Realtors®, the Michigan Mortgage Lenders Association and the Michigan Bankers Association, whose members are touting the benefits of MI Next Home to eligible homebuyers.



The program is already generating a buzz in the marketplace. One Detroit-area loan officer reported receiving nearly 20 inquiries regarding MI Next Home within a recent two-week period — a pace that was far greater than any other lending product.

"That speaks to both the strong demand in the Southeast Michigan housing market and the important role the MI Next Home program is playing by targeting repeat homebuyers who are looking to upgrade to a new home," said Kim Alexander, CMB, president of the Michigan Mortgage Lenders Association.



Meeting a Demand

Statistics show that Southeast Michigan home values have been rising monthly by double digits for more than a year. The latest data from Farmington Hills-based Realcomp II Ltd. found that the median selling price in Oakland, Wayne, Livingston and Macomb counties jumped 24 percent to \$138,000 in May from the same month in 2013.

MI Next Home is designed to keep that momentum going, Townley said, with down payment assistance available on a MSHDA first mortgage toward the purchase of homes with sales prices of up to \$224,500.

The program's income limits also are designed to serve a large segment of the market. The limits vary by location, but they range in metro Detroit from roughly \$65,000 for one- or two-person households to more than \$90,000 for households of three or more people.

More information on MI Next Home is available by going to www.michigan.gov/ownmihome.



N.Y. group set to pay \$13.4M for Old Wayne County Bldg.

BY KIRK PINHO
CRAIN'S DETROIT BUSINESS

The vacant Old Wayne County Building at 600 Randolph St. and a county-owned parking lot at 400 E. Fort St. in downtown Detroit are being sold to a private New York City investment group for \$13.4 million.

The 250,000-square-foot building was built between 1897 and 1902 and was home to Wayne County executive branch employees until late 2009. The county purchased the Guardian Building at 500 Griswold St., where it currently has its offices, for \$14.5 million from Detroit-based **Sterling Group** in 2008.

The county owns the land on which the former county building sits; sale of the land requires Wayne County Commission approval, said Jim Toth, director of communications for the commission. That is being sold for \$2.51 million.

The commission preliminarily approved the building, land and parking lot sale to **600 Randolph SN LLC** on Thursday and must grant final approval on the terms and conditions. That is expected July 17, said Michael Layne, president of Farmington Hills-based **Marx Layne Public Relations**, which is handling media inquiries for the buyers.

It's the buyer's first purchase in metro Detroit, Layne said. The group has multiple Class A real estate holdings in Manhattan, he said.

The building is expected to be renovated for single-tenant occupancy. Layne said renovations on the interior and exterior of the building are expected to begin immediately. **Quinn Evans Architects Inc.**, which has offices in Detroit and Ann Arbor, is the architecture firm on the project.

The building, which is located between East Congress and East Fort



COSTAR GROUP INC.

streets, had been on the market for nearly three years, according to Washington, D.C.-based real estate information service **CoStar Group Inc.**

The Guardian Building purchase in 2008 came after a dispute with **Old Wayne County Building LP**, which includes Southfield-based **Farbman Group** Chairman and CEO Burton Farbman and others.

Wayne County said at the time it was being overcharged for its 200,000 square feet of space in the building. The county contended it was paying \$45 per square foot, according to Wayne County Executive Robert Ficano in his announcement for the county to purchase the Guardian Building.

Layne, who was acting as spokesman for the Old Wayne County Building LP at the time, told *Crain's* then that the county was actually paying \$16 per square foot.

Ficano filed a \$40 million lawsuit against the owners but "this (sale) will resolve any outstanding litigation between the county and Old Wayne County Building LP," Layne said.

The Guardian Building sale was part of a larger real estate acquisition that also included the 35,000-square-foot **Detroit Savings and Loan Building** at 511 Woodward Ave.

The county paid more than \$14 million for the 1,450-space First Street Parking Deck in 2010.

Penske Logistics to close Riverview site

BY CHAD HALCOM
CRAIN'S DETROIT BUSINESS

Penske Logistics plans to close its Riverview logistics center Sept. 20. The company said 183 layoffs are planned as the result of the loss of some **Ford Motor Co.** business, but many of those employees may shift to a new Ford vendor.

In a WARN Act notice filed with the state of Michigan, Penske said it is closing the site due to the unexpected loss of a fair market bid and will no longer be providing Ford with certain transportation services. The company is lead logistics provider for Ford's North American operations.

Of those employed at the site, 161 are represented by the **United Auto Workers Local 600** and 22 are nonunion employees.

Penske Logistics is a wholly owned subsidiary of **Penske Truck Leasing Co. LP**. With operations in North America, South America, Europe and Asia, Penske Logis-

tics provides supply chain management and logistics services to major industrial and consumer companies throughout the world.

Alen Beljin, public relations manager for Penske Logistics in Reading, Pa., said the Riverview center represents "a small piece" of its overall supply chain transportation business with Ford.

Beljin said the company expects the union positions in Riverview will be transferred or assumed by a new vendor on that Ford account, while Penske Logistics is planning to relocate the nonunion employees there before Sept. 20.

Sources in the logistics industry told *Crain's* last week that Youngstown, Ohio-based **Comprehensive Logistics Co.** is the replacement vendor to Ford and is expected to assume the Penske union employees in Riverview. But an employee at Comprehensive said Friday a statement from the company was still forthcoming.

Sherri Welch contributed to this report.

PUBLISHER'S NOTEBOOK



Contact Mary Kramer at mkramer@crain.com.

Mary Kramer

Tax helps vets access services

Our country's treatment of its veterans hasn't been, well, uniform. Some have gotten ticker-tape parades when they came marching home at war's end. Many Vietnam-era veterans felt the sting of that politically unpopular war on their return. In this century, "wars" are ongoing "conflicts" with body counts, but no defined "armistice" to celebrate, and veterans return to face daunting unemployment rates.

Michigan has more than 600,000 veterans — 11th-largest among the states. Thousands more are expected as veterans return from Afghanistan. But many aren't tapping the resources they are due through mostly federal programs covering everything from health care to disability to job training/tuition assistance and housing benefits.

Last year, Michigan was 49th in terms of federal dollars coming back in awards to veterans. Why so low?

Paul Potter thinks part of the problem is getting into the system in the first place. The electronic application program is tedious, and if one response is not completed properly, the system can reject an application.



Potter, a Vietnam vet and former Detroit-area executive with a real estate subsidiary of **DTE Energy Co.**, helped to overhaul veterans services in Kent County in 2009 as a volunteer serving on the county's veterans affairs committee, appointed by the county administrator.

Now, he's part of the campaign to persuade voters to approve a half-mill property tax in November to expand outreach staff in the county's veterans office. The focus would be connecting the area's estimated 50,000 veterans to housing, employment and health care and other benefits.

Since the tiny, one-person county office changed its focus to outreach in 2010, 2,009 veterans' claims have been processed, leading to \$15.4 million in benefits to Grand Rapids-area veterans. Work-study students from **Grand Valley State University** have assisted in the outreach.

"This is a great economic benefit to the county," Potter said, because the dollars go to groceries, housing and other services in the region.

All counties have the authority to levy voter-approved taxes to support veterans services; 24 have them now, including Wayne, Oakland and Macomb.

The millage has support of veterans organizations; relatives of veterans who committed suicide have talked publicly about the need for better access to services.

"This is very much a nonpartisan issue," Potter says. "Nobody on a battlefield asks if you are a Republican, Democrat or Libertarian."

Michigan

CRAIN'S MICHIGAN BUSINESS

“What you get is an individual who has high integrity, a high sense of honor and who wants to do their very best.” Rozell Blanks Sr.

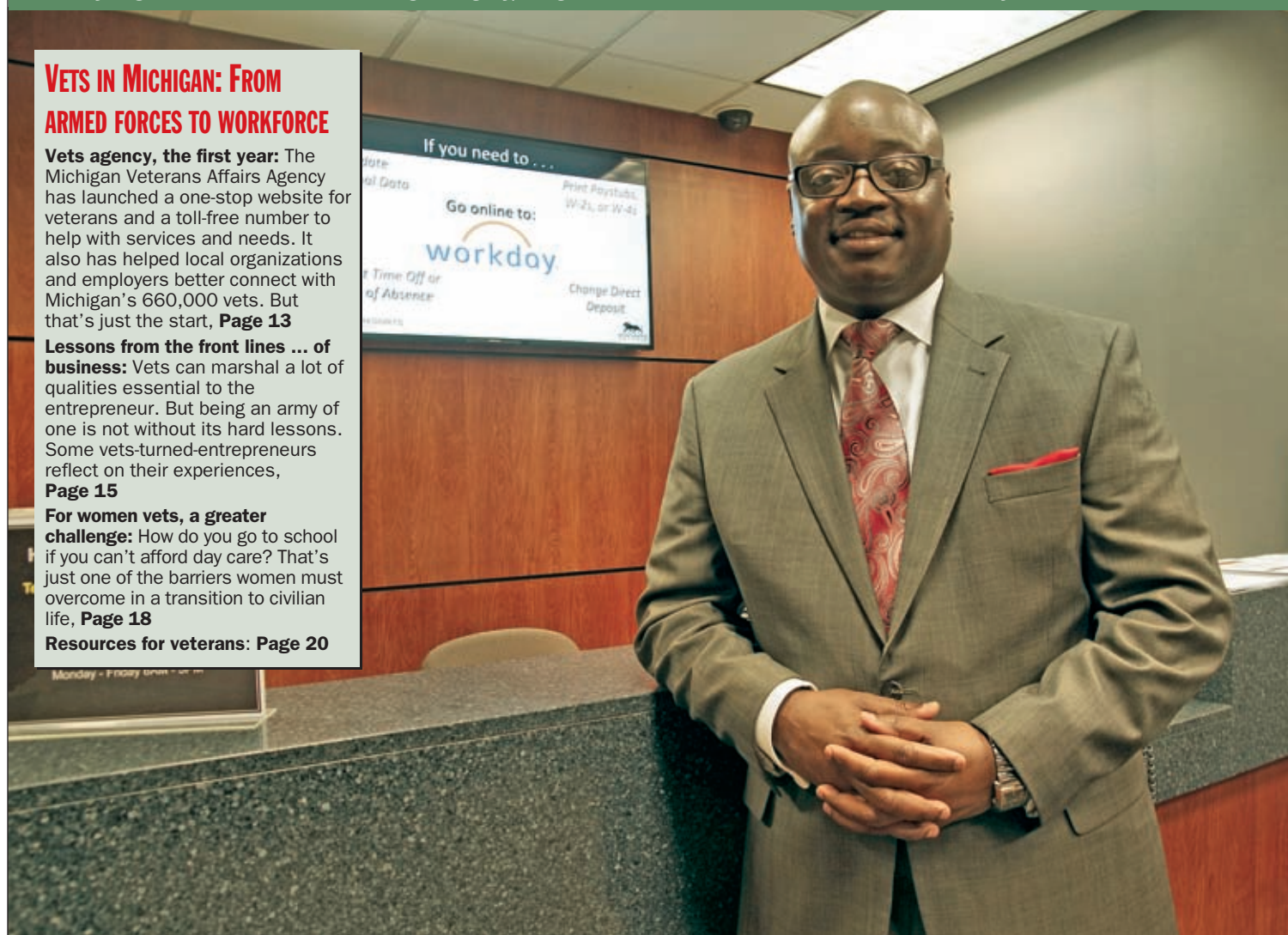
VETS IN MICHIGAN: FROM ARMED FORCES TO WORKFORCE

Vets agency, the first year: The Michigan Veterans Affairs Agency has launched a one-stop website for veterans and a toll-free number to help with services and needs. It also has helped local organizations and employers better connect with Michigan's 660,000 vets. But that's just the start, **Page 13**

Lessons from the front lines ... of business: Vets can marshal a lot of qualities essential to the entrepreneur. But being an army of one is not without its hard lessons. Some vets-turned-entrepreneurs reflect on their experiences, **Page 15**

For women vets, a greater challenge: How do you go to school if you can't afford day care? That's just one of the barriers women must overcome in a transition to civilian life, **Page 18**

Resources for veterans: **Page 20**



KENNY CORBIN

Rozell Blanks Sr., vice president of human resources at **MGM Grand Detroit** and a **U.S. Air Force** veteran, says companies of just about any size can take the initiative to hire veterans, including making direct contact with military bases.

Basic training for biz

Firms say hiring vets is worth extra effort — here's what they do

BY MATTHEW GRYZCAN
CRAIN'S MICHIGAN BUSINESS

Kent Reyburn faced a quandary when he started applying for jobs in January after serving four years in the **U.S. Air Force**: He couldn't tell prospective employers exactly what he did in the service because it was classified.

"There were a couple of companies that, once I told them I couldn't tell them what kind of equipment that I worked on because we aren't supposed to talk about it, they told me, 'Then we can't help you find a job,'" said Reyburn, 30, who recently landed an information technology position with **Fifth Third Bank** in Grand Rapids.

Many veterans don't have the same restrictions as Reyburn when they put together their resumes, but they all could use some added effort by prospective employers to understand how their military experience can be applied to open positions.

Phil Meiste spent a fair amount of time giving his spiel to several prospective employers about "all the little jobs that made up my big job" as a "6541" classification in the **U.S. Marines** — aviation ordnance explosives technician.

"I'd tell them about my experience as a logistics officer, quality assurance officer, safety officer, supply officer," Meiste said. "But after I explained it, to them it was, 'Oh, you build bombs.'"

Meiste found work at a nursing home near his hometown of Holland through a

combination of pluck and networking.

"The biggest advantage is that I'm from a small town, and our social media is what we call 'Dutch bingo,'" he said. "In Holland, everybody knows somebody. 'So you're a Scholten, so do you know this Scholten?' You can connect quickly, and bingo!"

Connections are made just as easily between vets, said Meiste, 30. He attends classes offered by **Life EMS Ambulance** in Grand Rapids with the expectation he will graduate in September from its one-year accelerated paramedic program.

"I've gotten good support by talking with other vets, dealing with other vets," Meiste said. "But on a resume, being a vet is an asterisk."

CRAIN'S MICHIGAN BUSINESS

Vets: Enlist effort, firms say, and reward – talent – is worth it

■ From Page 11

MGM Grand Detroit, Whirlpool Corp. and a slew of other Michigan companies are trying to make military service more than a footnote on a resume. They state bluntly that it takes extra work to comb through applications closely and encourage hiring managers to sometimes take a second look at prospective candidates who are veterans.

But they also say the reward of acquiring good talent is worth the added effort.

“What you get is an individual who has high integrity, a high sense of honor and who wants to do their very best,” said Rozell Blanks Sr., vice president of human resources at MGM Grand Detroit. “Because we have a volunteer military, these veterans have volunteered to do very tough, very difficult jobs.

“I can’t think of a more difficult job than one that requires you to put your life on the line, and it’s not for a whole lot of money. So you’re talking about highly skilled, highly technical, well-disciplined individuals who tend to excel quickly in an organization.”

It's not about me

Two common reasons why veterans stumble during the hiring process are their reticence to talk about themselves and their difficulty with relating how military experience can have practical civilian

applications, said Lida Citroën, author of *Your Next Mission*, a book that relates her experiences coaching nearly 200 veterans on how to approach civilian employment.

“Veterans need to learn how to speak about themselves: They don’t use I,” Citroën said. “It feels very disloyal to a veteran to talk about himself in the first person — they are used to speaking about the troop or the squad or being part of a unit.”

And much of what they can tell prospective employers may turn out to be a jumble of military jargon.

College seniors who are close to graduation have an edge over veterans of the same age, Meiste said.

“When you’re close to graduating, your last semester is pretty much how you interview,” he said. In the Marines, “we got a two-week class that pretty much said: Get to work on time, don’t curse, wear khakis and use a blue pen.”

So companies need to fill that gap with extra effort.

“For employers, it is asking questions that dive to levels deeper than normal,” Citroën said. “For a veteran who said he was driving a tank, the employer may ask what caused you to raise your hand to go into the service, what you’re passionate about, what you are excited to talk about. Sometimes you have to pull that stuff out of them.”

That certainly was the case for Luke Fichtner, a project analyst in

cost modeling at Whirlpool. Initially, Fichtner said, he applied up to 20 times at the appliance maker “with zero luck” after he left the Air Force three years ago.

Although he held a bachelor’s degree from **Embry-Riddle Aeronautical University** and a master’s in project management from **Trident University International**, Fichtner had difficulty writing a resume “that the civilian force could understand.” And Whirlpool wasn’t versed in translating the information.

Unsatisfied at another job, Fichtner last year asked a friend who worked at Whirlpool to forward his resume to the company’s new **Whirlpool Veterans Association** and act as his advocate. After his friend explained Fichtner’s resume to hiring managers, Whirlpool called him in for six face-to-face interviews that ultimately resulted in his current job.

“You have to have a champion for hiring veterans on an organizational level and on a personal level, and it’s not intuitively obvious how to do that,” said Robert Lemyre, vice president of purchasing global operations at Whirlpool. “We try to pair the veteran and his resume to the specific job, and we will have veterans in our organization reach out to hiring managers and explain to them what they should look for in veterans in general — or in this veteran specifically.”

sessions of hiring managers so they can translate military training to Whirlpool job openings and compare the culture of the branches of service with the corporation’s culture. Hiring managers generally find it difficult to make those comparisons “unless someone sits down with them for a couple hours” and goes through actual resumes, said Kimberly Fry, Whirlpool’s senior manager of talent acquisition.

Fry said Whirlpool strongly suggests that hiring managers conduct



Fry

phone interviews with veterans whose resumes have been prescreened for proper qualifications. She estimated that about 75 percent of such phone interviews resulted in face-to-face interviews, and about 80 percent of face-to-face interviews led to job offers.

Sometimes the process needs to be repeated before a successful placement is made. Ben Kunst, an associate sourcing specialist in North American Region Procurement at Whirlpool, made his first contact with the association at a Hiring Our Heroes job fair, and he was directed to apply formally through the company’s application process.

Kunst was screened out at least once during the general process, but vets association members intervened and resubmitted his resume to the hiring managers when “we thought there would be a good fit,” Lemyre said.

Support for Kunst didn’t stop there. The association provided him a “battle buddy” who “showed me the ins and outs of the corporate culture and assisted with my transition to the local community,” he said.

Because of its initiatives, Whirlpool is showing steady progress in adding veterans to its executive ranks, Lemyre and Fry said. The corporation hired seven veterans during the test phase of the veterans association in 2012 and 20 last year, when the association was officially recognized as a section of the Employee Resource Group.

This year Whirlpool has set a goal of adding 22 vets as professionals, not including veterans hired as hourly employees.

Support, big and small

Similar to Whirlpool, **MGM Resorts International** forged a relationship with another organization to facilitate the hiring of veterans for positions at MGM properties in Detroit; Las Vegas; Biloxi, Miss.; and a new property in Maryland.

The corporation’s Boots to Business program with the **American Red Cross** has resulted in 10 additional hires at MGM Grand Detroit since last year, bringing the total number of veterans at the property to more than 60, Blanks said. Four executive committee members at MGM Grand Detroit are veterans.

Veterans also receive additional help to craft their resumes and hone interview techniques, and MGM Detroit hosts recruiting events where vets can meet depart-

ment managers directly.

Blanks — himself an Air Force veteran — said companies of just about any size can take the initiative to hire veterans, including making contact with military bases directly. For instance, a company’s hiring manager can make direct contact with transition assistance offices at military installations throughout the Midwest to build relationships and host career events on site.

Veterans “are transitioning out of the military every day,” Blanks said, so companies can accelerate the hiring process by detailing for military bases the specific skills needed to fill open positions.

Often veterans bring with them a top-notch education paid for by Uncle Sam, Blanks said. Besides the service’s own training or classes taken at colleges near military bases, veterans can tap into benefits offered under the G.I. Bill to further their educations, he said.

Paul Ryan, state chairman of the **Michigan Committee for Employer Support of the Guard & Reserve**, said considerable resources are available to companies of all sizes that want to make recruiting veterans a hiring priority.

The ESGR is a national volunteer organization established by the **U.S. Department of Defense** in 1972 to act as a bridge or facilitator between prospective employers and anyone with military service going all the way back to Vietnam, as well as military spouses. In Michigan, the ESGR has about 110 volunteers and four full-time staff members: one in Grand Rapids, two in Lansing and one at **Selfridge Air National Guard Base** in Harrison Township.

One powerful tool is participation in veteran hiring fairs, said Ryan, who became vice president of an arm of Fifth Third Bank called **Mirador Family Wealth Advisors** after 25 years in active and reserve duty with the **U.S. Navy**.

ESGR has had its best success with Hiring Our Heroes, a program sponsored by the **U.S. Chamber of Commerce Foundation** that hopes to conduct about 400 hiring fairs throughout the country this year, Ryan said.

“We’ve had about 20 of them in Michigan over the past three years,” he said. “We have some pretty solid statistics that indicate that the Hiring Our Heroes program in Michigan yielded a minimum of about 350 positions that have been filled since 2011.” That number is likely low because some companies don’t break out hiring statistics by state.

In addition, Gov. Rick Snyder established the **Michigan Veterans Affairs Agency** last fall to bring under one roof all the state-sponsored services for veterans, Ryan said.

The ESGR, Veterans Affairs Agency and other agencies work closely with each other under the principle of “no wrong door” when it comes to helping vets connect with employers, Ryan said.

“The vet needs meaningful career employment,” he said, “and companies need employees who are coming forward to improve the bottom line.”

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Last August, Justin committed \$1 million to launch Wins for Warriors with the vision of a world where there is no stigma around veterans and their families getting the support they need to address mental health issues. The organization has partnered with national leaders like The Mission Continues and Give an Hour to bring successful models to Detroit, Richmond and Norfolk. The work does not stop there and we need your support to expand efforts to include a therapeutic retreat and funding for cutting edge research.

Sign up today and help Justin have a deep and sustainable impact on the veteran community.

To learn more visit www.winsforwarriors.org
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Making the case for veterans

Whirlpool launched the vets association conceptually in 2012 and made it an official part of its business plan last year, Lemyre said. There are five chapters of the association: in Clyde, Ohio; a call center and a manufacturing plant in Cleveland, Tenn.; Amana, Iowa; and Tulsa, Okla. Three more Whirlpool locations are forming chapters.

Whirlpool took a year to examine how the association would operate within its business framework “to make sure it wasn’t just a passing fancy or social club,” Lemyre said. The good publicity that can come from actively seeking out veterans helped make the business case for the additional resources required, as did the advantages of hiring mature employees with a disciplined work ethic.

Whirlpool tapped employees who had served in the military to represent the company at hiring fairs and to “harvest” the resumes of veterans that came from a variety of sources, including word of mouth. Last year the company started to use **Orion International Consulting Group LLC** in Cary, N.C., to help act as a recruitment firm for former military professionals. Representatives from the five association chapters have phone conferences with Whirlpool’s Benton Harbor headquarters on a regular basis to coordinate community events.

Along with Orion International, association chapters go through resumes, interview applicants to understand their background and experience, and advise them on how to craft resumes so they are “business-friendly” to hiring managers.

In turn, Orion International has held six on-site and virtual training

CRAIN'S MICHIGAN BUSINESS

Vets agency creates 1-stop website its 1st year, sets agenda

BY AMY LANE

SPECIAL TO CRAIN'S MICHIGAN BUSINESS

In a little over a year, Michigan's newest state agency has launched a one-stop website for veterans and a toll-free number to help with services and needs. It also has helped local organizations and employers better connect with Michigan's 660,000 vets.

For the **Michigan Veterans Affairs Agency**, that's just the start.

The agency's to-do list this year includes starting an on-campus initiative to beef up the number of accredited service officers available to veterans attending classes at colleges and universities. The service officers help veterans submit claims to the **U.S. Department of Veterans Affairs**.

Also planned: three expos to link vets to education, employment, health care and quality-of-life opportunities.

In progress is an upgrade of the state's Pure Michigan Talent Connect website, mitalent.org, to add a feature that translates military occupation codes into comparable skills and career paths in civilian jobs. There also will be "heat mapping" capabilities designed to help employers identify where concentrations of veterans with particular skills are located — in and out of state — and help vets identify places where jobs exist.

"The state has made a huge commitment over the past year and

has made quite a bit of progress. There's a lot of work to do, and no one has lost sight of that," said Jeff Barnes, director of the agency, which launched in March 2013.



Barnes

Doug Wells Jr., an official at the **Disabled American Veterans** and a member of a team of state and veterans service representatives who helped develop the agency's strategy, said he sees Michigan making progress toward being a more veteran-friendly state.

Having a central coordinating agency is important, said Wells, the DAV's national service office supervisor and director of services for the DAV's Department of Michigan.

For example, the agency provided vet service organizations with population information that allowed the organizations to be more effective in deploying service officers and to reach underserved areas.

Service officers are also receiving training in federal VA law and education about the benefits and Michigan resources that might help vets.

Barnes said that because of increased access to service officers, the state is on pace to have a 10 percent increase in new enrollments for VA claims this year. And he said the improved quality of submitted claims has enabled vets to get faster benefit decisions from the VA.

As more veterans access benefits, Michigan's near-bottom national ranking in federal per-person spending has risen. Barnes said VA per-capita spending in Michigan last year totaled \$5,088,

VETS EXPOS ACROSS STATE

Hiring Our Heroes, a program of the **U.S. Chamber of Commerce Foundation**, will be involved with the state in a veterans expo scheduled for **Nov. 7-8** in **Cobo Center** in Detroit. The expos are more comprehensive than job fairs that have been held in the state. This year, those fairs will be fewer in number and larger as the state looks to consolidate the events. Similar events are planned for Aug. 8-9 in Marquette and Sept. 5-6 in Grand Rapids.

Information: Visit events.mphi.org/vetexpo

up more than \$1,000 from \$4,069 in 2012 and placing the state 49th out of 53 states and territories.

He said Michigan's historically low rank is probably due to several factors, including veterans who entered the auto industry and other sectors and never applied for benefits, a lack of active-duty installations that draw retired veterans to surrounding communities, and veterans unaware of their eligibility.

Fitting vets to jobs

The state is also focusing on employment. Several license and credentialing changes passed by the Legislature include measures allowing military experience to count toward qualification in occupations such as emergency medical technician, firefighter, boiler operator and mechanical contractor. Such changes aim to help vets move into civilian careers while also benefiting employers, particularly in areas of demand.

"We expect 30,000 to 50,000 veterans to return to Michigan over the next five years," Barnes said. "This includes veterans that are a good fit for careers in IT, cybersecurity, health care, electrical and mechanical engineering, skilled trades, advanced manufacturing and public safety."

A September 2013 Michigan veteran workforce study conducted by the state's **Bureau of Labor Market Information and Strategic Initiatives** said vets "should be prime candidates for many difficult-to-fill vacancies."

The study said some "may find a fairly easy transition into skilled trades or other in-demand occupations," such as military vehicle and machinery mechanics who move into civilian jobs as industrial machinery or automotive mechanics, machinists or heating and air-conditioning installers and repairers.

In addition, vets "with military experience in health care, professional or scientific and technical occupations should be competitive candidates for some of the state's most difficult-to-fill positions in its most high-tech industries," the study said.

The study also provides a snapshot of Michigan's veteran population. Seventy percent are 55 or older, meaning many have either retired or are nearing retirement.

"As more and more veterans retire, they will leave in their absence some skills shortages," the study said. That poses an opportunity for returning vets who possess skills such as leadership and

the ability to deal with pressure.

"If veterans are coming out with some of these skills and their peers don't have them, they might be some of the prime people to take ... leadership positions," said Jason Palmer, director of the labor market bureau.

The study also found that the number of Michigan veterans and nonveterans not looking for work is about the same. But among vets, about 60 percent indicated they are not looking specifically because they think nothing is available in their line of work or area. Just 1 percent said a lack of necessary schooling or training was their reason.

"This suggests that veterans themselves may believe that they have important education and experiences but that they are having a difficult time identifying how their military experience or occupation translates back to the civilian economy," the study said. "Moreover, these veterans may be having a difficult time talking about their military experience in a way that tells prospective employers about the value of their skills."

New software that the state is integrating — a program called Hero2Hired, developed and used by the **U.S. Department of Defense** — is designed to help veterans and employers more easily identify where vets fit and then connect them to jobs.

The state vets agency will work to inform employers about the military skills translator tool. Tammy Carnrike, COO of the **Detroit Regional Chamber**, said her organization will help promote it.

The Detroit chamber has been an ally of the state on veteran employment — both with the **Governor's Summit on Veterans Talent**, which it co-hosted with the agency in November, and in brief showcases of vet talent at the chamber's recent **Mackinac Policy Conference**.

Recruiting pitch from biz

Veteran-friendly employers have a new place to get the word out, as part of the state website michiganveterans.com. The site offers information, resources and support in education, employment, health care and other areas.

In the site's employer section, businesses can work to become certified as veteran-friendly at bronze, silver and gold levels, based on their vet recruitment, training and retention practices.

The certification criteria also give the state one way to track veteran hiring. And at the upcoming veterans expos, the state will gather data on how many people get interviews with employers and subsequent employment.

Additional areas of veteran-related performance — including VA spending, claims development and outreach to veterans and their families — are part of the state's online scorecard system for departments.

The efforts to improve service to vets and connect them with businesses and economic sectors that could be attractive and offer opportunity helped Michigan become one of the first states to land national designation in a new **U.S. Chamber of Commerce Foundation** initiative.

All Vet States, part of the foundation's Hiring Our Heroes program, highlights states on a website. Michigan's page links to the state's website and contains additional information and resource links provided by the foundation.

It's a prominent way to place Michigan in front of service members as they plan their transition to civilian life and consider career opportunities and destinations.

"This is one of the programs, resources we can highlight ... as part of outreach efforts to service members on base while they're on active duty," said Eric Eversole, executive director of the Hiring Our Heroes program.

This summer also will bring a report from the Ann Arbor-based **Altarum Institute**, which won a state

contract to assess veterans' services provided by federal, state and private organizations in two Michigan regions: Wayne, Oakland and Macomb and a 13-county West Michigan region centered in Kent County.

In each region, more than 90 organizations have participated in Altarum-organized meetings.

"There's no shortage of people looking to support veterans," said Glen Greenlee, Altarum's vice president and director of health care analytics. "What always surprises me is you'll get two people who have been working in this area for quite a while, years ... (and) they didn't know each was working in this area. You see connections happen, and that becomes a fairly critical building block to what we're trying to formalize."

The goal, Greenlee said, is to create a network so that when a veteran, family member or advocate makes contact, "even if that service provider can't provide what's needed, you're one degree away ... and the person you're talking to can connect you."

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CRAIN'S MICHIGAN BUSINESS

Ex-soldiers' tales from the front lines ... of biz

A song in the movie "White Christmas" asks, "What do you do with a general when he stops being a general?" For many vets, the answer is start your own company — make your own job.

Vets can marshal a lot of qualities essential to the civilian entrepreneur. Organization. Determination. Teamwork.

But being an army of one is not without its hard lessons.

Freelance writer Rod Kackley asked some veterans-turned-entrepreneurs to reflect on their experiences, what they've learned and — most important, for a vet considering entrepreneurship — what you should know before you charge forward.

JOHN JEFFRIES

Getting work from government takes planning, patience

When John Jeffries opened his building systems engineering company, **FISEC**x, two years ago, he decided that the first mission would be to go after government work. The mission failed.



Jeffries

Lessons were learned. Chief among them: The federal government wants to do work with veteran-owned businesses, but government officials are not going to put their career on the line and risk working with a rookie.

Jeffries' best advice for others thinking about blazing the trail of government work: "The contracting officers will all encourage you to submit your qualifications, but the reality is that you are probably

never going to get that contract until you have completed several contracts with the federal government as a subcontractor to a prime contractor."

And the projects you do work on "have to go in as your own business, not as work you have done as an employee for another business," said Jeffries, who served in the **U.S. Marines** from 1985 to 1989.

So Jeffries mapped out a new strategy for **FISEC**x, in Lowell east of Grand Rapids. Then he mounted a counterattack.

"Instead of going after contract opportunities as a prime, we started focusing on those prime contractors who were pursuing projects and pursuing subcontracting opportunities with them," he said.

Jeffries also advised looking for work with contractors that have a good track record with the federal government.

Fellow veterans also never should be shy of taking advantage of their veteran status, Jeffries said. He has found a lot of corporations looking to do business with veteran entrepreneurs.

"So, wear that on your coat sleeves," he said, "and let people know you are a veteran-owned business and are in business to support those values."

KEITH KING

Get biz certified veteran-owned; learn from others

It might seem natural for a veteran entrepreneur to wave his military resume proudly. Nothing could be further from the truth for Vietnam-era vets.



King

"Being a Vietnam veteran was not to the advantage of me or to most of us when we came home," said Keith King, founder of **Keith King & Associates**, a full-service advertising and public relations firm in Detroit.

Today, King wants all vets who have their own businesses to proudly wear their service on their sleeves — and get certified. He is president of the **National Veterans Business Development Council**, a nonprofit that certifies business-

es as being truly veteran-owned and operated.

"Large corporations have been blunt about wanting to work with veteran-owned businesses, but they want to avoid the fakes, the frauds and the ripoffs," he said.

In addition, his group helps bring those businesses together with corporate and government customers.

King also thinks vet entrepreneurs should find people who know more than they do.

"People have told me your first two hires should be your lawyer and your CPA. That's not bad advice," he said.

King also recommends going to the **Service Corps of Retired Executives**. He went through the **SCORE** program in 1984.

"They will help you learn the business. They will help you write a business plan and understand what you are involved in," King said.

"What it did for me was to get me focused in the sense of understanding that just because you made \$2 doesn't mean you made \$2 of profit. And if you are not careful, what you really did was incur \$2.10 in expenses."

See Tales, Page 16

Cooper Standard is proud to build on its community relations activities with its Careers For Veterans Program to promote and showcase the importance of hiring military veterans.

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CRAIN'S MICHIGAN BUSINESS

Tales: Vets-turned-entrepreneurs look back, offer advice

■ From Page 15

RODERICK RICKMAN

Network; review your financials

Roderick Rickman, chairman, CEO and founder of **Rickman Enterprise Group** in Detroit, said entrepreneurs who are veterans need to identify advocacy organizations that can help them.



Rickman

"Network with your peers, other entrepreneurs, other veteran entrepreneurs. It means a lot to be able to sit and share with them," he said. "It's like therapy."

Rickman knows that need only too well after betting his business fortunes on the auto industry.

As soon as Rickman got out of the **U.S. Army** after serving from 1982 to 1988, he took what he had learned about nuclear, chemical and biological warfare and used it to clean up the mess left behind by the auto industry in Detroit. As Rickman Enterprise Group rode the tribulations of the automakers, payroll swung from 159 to a low of 89.

Having survived the downturn, Rickman Enterprise Group now concentrates on construction and facility management and warehousing logistics, along with envi-

ronmental and industrial services. Being a supplier to the Detroit automakers through the worst years of the industry taught Rickman some tough lessons he wants to pass on to other veterans who are running their own shops.

"Maintain your retained equity in the company. Spend wisely. Stay focused on costs and overhead. Watch your budget and review your financial situation at least once a month with a CPA," he said.

Keeping employees motivated isn't easy. His advice: "Have team meetings or staff meetings a minimum of once a week. Let them know where you are at with projects. Let them know what is in the pipeline. Get their input. Let them identify opportunities."

TODD SANDERS

'Do everything you can to be successful'

Todd Sanders, a retired **U.S. Marine Corps** infantry officer and founder of **Sanders Solutions** in Traverse City, is surprised by the number of people who are too cavalier with how they go after their goals.

"It's almost like: 'Well, I will give it a shot. If it doesn't work, I can always go out and get a regular job,'" said Sanders, who describes his company as a decision-coaching firm. "In the

business and corporate worlds, there are some people who just shrug their shoulders and say, 'We gave it a good college try.'"



Sanders

This is where entrepreneurs should remember their training, Sanders said. "The infantrymen out there in the world will totally know that you want to make every battle an unfair fight so that you totally win it. You are never afraid of failing, but you are going to do everything you can to be successful."

However, he said, vet entrepreneurs have to unlearn some of what they were taught in the military.

"If, in the military, you feel like you found your place ... by following regulations, you still can do that, but there is a lot bigger decision space that you need to fill with your creativity, with your drive, with your inquisitiveness."

MATT SHERWOOD

Franchise offers checklist, orders

The veteran struggling to make his or her dream of entrepreneurship come true could take a look at buying a franchise.



Sherwood

Matt Sherwood, executive director of **VetBiz Central**, said the franchise model tracks well with vets because of a military person's characteristics and training to follow orders and procedures.

"Franchising is really trending upward with veterans now, and everything is available from A to Z," he said. "It's no longer just burgers and fries."

The nonprofit **VetBiz Central** helps vets start and run businesses. From an office in Flint, it covers Michigan, Indiana, Ohio, Illinois, Wisconsin and Minnesota.

Sherwood, who served in the **U.S. Army** from 1994 to 1997, stressed the value of mentorship for veteran entrepreneurs.

A franchise also provides that mentorship — at a price, of course — and can remove a lot of the risk from the startup equation. Many vets like that the business's physical blueprint, advertisements, authorized products and, in some cases, financing are all part of the package, Sherwood said.

But the most attractive part of a franchise to veterans, he said, is the business plan and procedures.

"It is natural for us," Sherwood said. "We say, 'Give us the mission, give us the checklist of items we need to accomplish, and we can take care of those things.'"

SID TAYLOR

Make sure you have capital; give back

Do you really know what you are getting yourself into? Do you really want this life for yourself and your family? Do you have the right stuff?

Sid Taylor, founder and chairman of **SET Enterprises**, advises beginning veteran entrepreneurs to do some soul searching before they set off on the journey he began 25 years ago.

"Many of them don't realize the hard work it is going to take," said the **U.S. Marine Corps** veteran, who fought in Vietnam in 1968-69.

Once he or she decides that the entrepreneurial life is for them, Taylor said, they had better be sure they have the money to back their resolve.

"They need to sit down and talk to an accountant or a lawyer," he said. "It can save you from so many mistakes if you sit down and get some professional advice."

Taylor, who counsels would-be entrepreneurs, finds that many are unrealistic about what it is going to take to stay in business.

"A lot of them go out of business in the first month and it is because of a lack of capital," he said.

Taylor also thinks that entrepreneurs need to have a plan for giving back to their communities, much as he has done with the **Real Life 101 Scholarship Fund** in the communities in which **SET Enterprises** has a presence: Detroit, Saginaw, Pontiac, Flint, Chicago and Cleveland.

"Business and community go hand in hand," he said. "If you are successful, it is not just all about you. When God puts you in a position of wealth, it is your civic duty, your moral duty to provide opportunities to others."

JON TELLIER

Relearn motivation; find a mentor

The common wisdom is that men and women come out of their military hitches with new confidence, a new ability to lead and a mission-first resolve.

Jon Tellier, a graduate of the **U.S. Military Academy** and a former **U.S. Army Ranger** who served in Desert Storm in the 1990s, agrees that those are all fine attributes.

But Tellier, who founded **JetCo Solutions** in Grand Rapids seven years ago along with his wife, Sue Schweim Tellier, said there also are some things that veteran entrepreneurs need to unlearn from their days in the military.

"You motivate and lead soldiers differently than you can a civilian employee," said Tellier, whose company helps businesses find government contracts. "Sometimes, you have to leave behind your leadership toolbox because those tools don't work in the commercial sector. It forces you to be a little more creative and explore new opportunities in terms of managing people."

Tellier also said the military's "get it done at all costs" philosophy doesn't work in the real world.

Veterans, he said, have to realize that when they leave the military and start a business, they really have become an army of one.

"In the business world, you don't have unlimited resources," Tellier said. "You still want to try to take that hill, but you have to be more resourceful and clever."

He also recommended finding a mentor. Tellier said the secret is teaming with someone who already has gone down the path you are just beginning.

"If you are a 4-year-old company that wants to grow," he said, "try to find that 8-year-old company or 12-year-old company, someone who has been a little farther down the road."

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CRAIN'S MICHIGAN BUSINESS

Women vets face own struggles to enter civilian workforce

BY ALLISON BATDORFF

SPECIAL TO CRAIN'S MICHIGAN BUSINESS

Kate Logan wanted to get her hands dirty when she joined the U.S. Army in 2005. So the Oxford native became a diesel mechanic.

Fast forward eight years. Logan leveraged her military experience into a career that is just taking shape, as the mother of three (with a fourth on the way) wraps up a master's degree focused in health care.

She also still changes her own oil, she noted.

People often assume that after the shudder of mortar shells in Baghdad — the daily proving ground of a male-dominated workforce and marathon 15-month Middle East deployments — that a civilian life would be easy peasy.

They're wrong, Logan said.

"After all of that structure, I felt released to the wild," she said.

The divorced single mom found herself caught in a trap common to women veterans — resources aplenty, such as GI Bill benefits, but few she could use given her personal situation.

Women vets are also less likely to identify with their service professionally through military networks or translate their service into career opportunities, Logan and other woman vets say.

The U.S. Department of Veterans Affairs reports that women vets 18-24 are twice as likely to be unemployed than nonveterans of the same age and that less than 20 percent of women vets used their Montgomery GI Bill benefits in 2009. Woman veterans are also more likely to be married — and divorced — than nonveteran women and, like Logan, have children under the age of 17.

"I was scrambling. I had the military's education benefit but couldn't afford the day care to take the classes," Logan said.

Logan was one of the lucky ones, she said. Another vet helped her apply for a benefit that enabled her family to get by while Logan went back to school, joined the Michigan National Guard and laid her professional foundation. Now, as a sergeant in the Guard and a member of Women's Advisory Board for Oakland County, she wants to return the favor by helping woman veterans caught in the same struggle.

Just having someone who knows how to navigate the system and show you the ropes is a huge help, Logan said.

"Once you start eliminating the problems, you can find that balance," she said. "I just want to help these women get back on the right track so nothing is holding them back."

A growing number of women — they make up almost 15 percent of the active-duty Armed Forces and 8 percent of veterans — are transitioning into the civilian workforce. How to get this talent pool into stable jobs and keep them in Michigan is a priority of the Michigan Women's Commission, said Susy Avery, the commission's executive director.

The group launched an anonymous online survey this month aimed at finding Michigan's 50,000 woman veterans and learning how to better serve them, she said.

"All we have is the national data," Avery said. "We want to know our Michigan veterans and identify the services gaps. ... They've served their country and now it's our turn to figure out how to serve them."

Detroit's Inforum Center for Leadership, with support from Cooper Standard Corp. and its Cooper Standard Foundation, is also reaching out through Next4Vets, a leadership program for woman veterans transitioning into the workplace. The center, too, is in the information-gathering phase, said Amy Courter, a major general in the Civil Air Patrol, a former executive at Livonia-based Valassis Communications Inc. and a member of the 1995 class of Crain's 40 under 40. Courter is one of Inforum's two lead designers and coaches in the

program, along with Betsy Hemming.

Other national initiatives nurture entrepreneurship in woman veterans. The Women Veteran Entrepreneur Corps, a three-year business growth initiative, sprang out of Count Me In for Women's Economic Independence, a nonprofit business education community for women entrepreneurs, by way of the financial services company Capital One. The U.S. Small Business Administration's Veteran Women Igniting the Spirit of Entrepreneurship, or V-WISE, offers growth and startup courses.

Still, numbers are small. Veteran-owned businesses make up a slim 1.2 percent of all woman-owned business.

The National Women's Business Council reports there are 97,114 veteran women-owned businesses, primarily service-based in health care and social assistance (18 percent); other service industries (14 percent); professional, scientific and technical services (13.9 percent); and retail trade (12.9 percent). Almost 90 percent of these businesses are firms that the founder is the only employee, with average receipts of \$23,143.

Part of the trouble particular to women is that they seldom leverage their military experience or networks, said Heather Paquette.



Paquette

She left the U.S. Air Force a decade ago, but has only recently connected to the word "veteran."

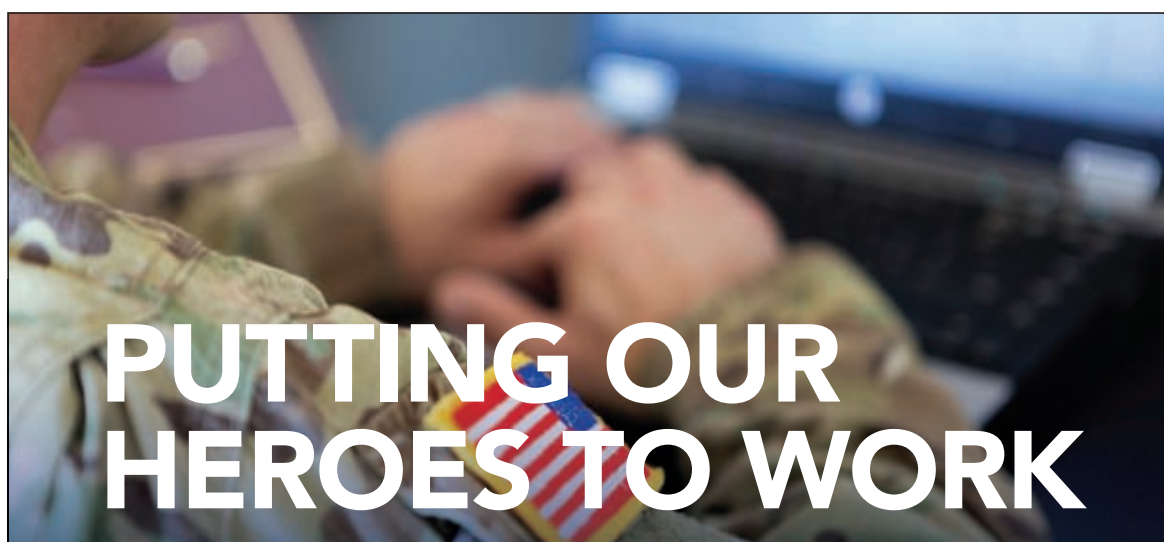
"I would tell people that 'I served my country,' but I never considered myself a 'veteran,'" Paquette said. The word brought to mind a picture of older men hanging out at the VFW whose service and experience were a world away from her own.


"It never occurred to me to go there to find other people like me," Paquette said.

Now a managing partner at Detroit's KPMG LLP, Paquette helps steer support incentives for company service members and veterans. She learned many valuable lessons from the military, like when to lead and when to follow, Paquette said. She also learned the value of flexibility and attention to detail.

"You tell everyone when you're on vacation, when you're coming back and where you are," Paquette said with a laugh, adding that those combat zone details can seem like over-sharing in the civilian landscape.

"In the workplace, they're not as concerned about you coming back."



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For business inquiries, contact Kim at outsourcing@kellyhba.com.

For job opportunities, visit joinkellyconnect.com today.

CRAIN'S MICHIGAN BUSINESS

RESOURCES FOR VETERANS

■ **American Red Cross.** Helps coordinate job certification training for veterans and provides scholarships to offset the cost to attend the Red Cross nurse assistant training program. Also provides emergency financial assistance and resources to veterans unable to receive other government and social service agency aid. Recently partnered with **MGM Resorts International** on Boots to Business program, which helps veterans transition from military service into management at properties owned and operated by MGM Resorts (See story, Page 11). Applicants will receive help to rework their resumes and prepare for interviews. In Detroit, where MGM Resorts operates the **MGM Grand Detroit**, a 12-week management training and transition support program will be offered: redcross.org/mi/detroit.

■ **Brain Injury Association of Michigan.** In conjunction with the **U.S. Department of Veterans Affairs**, the association offers a program to help business owners understand and deal with veterans with brain injuries or post-traumatic stress disorder who are having a hard time keeping a job: biami.org.

■ **C3 Workforce Inc.,** Southgate. A staffing and placement agency that specializes in finding jobs for veterans: c3workforce.com.

■ **Emmanuel House Recovery Program,** Detroit. Provides housing, drug and alcohol rehabilitation, employment assistance, resume writing, interview skill-building, a temporary address for employment

purposes, and transportation to and from jobs: emmanuelhourecovery.org.

■ **Employer Partnership of the Armed Forces. U.S. Army Reserve and National Guard** program provides employers a direct link to service members seeking employment. The organization's website merged with the **Office of the Secretary of Defense for Reserve Affairs'** Hero 2 Hired program to create a comprehensive job portal for all service members: h2h.jobs or employerpartnership.org.

■ **Home Depot Foundation.** Partners with nonprofit organizations to address the housing needs of veterans, from building wheelchair ramps and home renovations to repairing and remodeling transitional housing for homeless veterans: homedepotfoundation.org/page/veterans.

■ **JVS.** The Veterans Empowerment Tools program helps vets with service-related disabilities reintegrate into the community. Services include support groups, one-on-one support, and vocational and educational counseling. To qualify, a vet must have a 10 percent service-connected disability, an open case with the VA Vocational Rehabilitation Unit and Employment Chapter 11 services and be referred to JVS by a VA counselor. Sign up at www.ebenefits.va.gov/ebenefits/jobs or visit jvsdet.org.

■ **Michigan Veterans Affairs Agency** (See story, Page 13). New state agency oversees veterans services in addition to the **Michigan National**

Guard and Michigan Volunteer Defense Force: michigan.gov/dmva.

■ **Michigan Small Business and Technology Development Center.** Offers free training to veterans who want to launch or build businesses: misbtcdc.org/training.

■ **Michigan Veterans Foundation,** Detroit. Provides services including transitional housing, life skills and employment training, job opportunities and referrals, transportation assistance and legal assistance: michiganveteransfoundation.org.

■ **Military OneSource.** This **U.S. Department of Defense** program provides resources and support to active-duty National Guard and Reserve service members and their families anywhere in the world. The organization's Employee Assistance Program section on its website provides access to articles, podcasts and videos, among other resources, specific to military programs and military family concerns such as career, education, financial and legal information: militaryonesource.com.

■ **Motor City Veterans Village.** Helps veterans and their families navigate the services provided by nonprofits and the VA in Michigan: michiganveteranresources.com.

■ **National Foundation for Veteran Redeployment.** Offers career opportunities for veterans in the oil and gas industry. Will act as a conduit for training, human resource networking and financial support: nfv.org.

■ **Pure Michigan Talent Connect.** State employment services for veterans. The website also offers a

link to Shifting Heroes, part of the Michigan Shifting Gears program, which provides additional career development support to veterans. It includes one-to-one mentoring by a Michigan veteran and provides opportunities to make direct connections with employers who are specifically interested in hiring veterans and are committed to creating a supportive professional environment for their veteran employees: mitalent.org/veteran.

■ **Salvation Army Eastern Michigan Division.** Operates two transitional housing sites for homeless veterans in Detroit and one in Monroe. It also provides substance abuse treatment and casework services: usc.salvationarmy.org.

■ **Southwest Housing Solutions,** Detroit. Piquette Square, a 150-unit apartment project in Detroit, provides mental health counseling, substance abuse treatment, on-site job training, computer labs, educational programs and other support services to help veterans develop healthy, independent living skills: swsol.org/piquette_square.

■ **TechShop Detroit.** This fully equipped fabrication and design space, which includes everything from plasma cutters and 3-D printers, offers free one-year memberships good at any TechShop across the country. TechShop CEO Mark Hatch is himself a vet: techshop.ws/veterans.

■ **United Way for Southeastern Michigan,** Detroit. The nonprofit's 2-1-1 information hotline and database offers veterans referrals for

everything from benefits assistance, financial assistance, food, transportation, housing, vocational rehabilitation, workforce development, and health care referrals to counseling and disability resources: liveunitedsem.org.

■ **University of Detroit Mercy Law School.** The law school's Project Salute works with low-income veterans to help obtain their benefits while training pro bono attorneys. More than 4,100 veterans have been counseled to date, training more than 1,200 pro bono attorneys. The university's Veterans Clinics address legal and professional needs of veterans: law.udmercy.edu.

■ **U.S. Department of Veterans Affairs.** Center for Veterans Enterprise helps veterans start their first business and run it after it is launched: vetbiz.gov, a federal government portal for veteran-owned businesses.

■ **U.S. Small Business Administration.** The SBA helps financial institutions with lending to veteran-owned small businesses through the Patriot Express loan program: sba.gov/loanprograms. The SBA also instituted a new online contracting tutorial to help veterans and military spouses who own small businesses identify and win federal contracting opportunities: sba.gov/sba-learning-center. Through the Boots to Business program, the SBA works with the Defense Department to provide

entrepreneurial training to service members transitioning out of active duty. B2B is designed to assist about 250,000 veterans annually to seek self-employment opportunities and develop a feasibility survey and business plan: boots2business.org.

■ **Veterans Business Outreach Center** helps veterans launch businesses. The nonprofit gets most of its funding from the SBA. In May, the SBA announced its Veteran Pledge Initiative, a commitment by its top national, regional and community lenders to collectively increase their lending activity to vets by 5 percent a year for the next five years: vetbizcentral.org. Click on registration link to fill out a questionnaire used to design a one-on-one counseling session. For information, visit sba.gov/content/veterans-business-outreach-centers-0.

■ **Veteran's Haven,** Wayne. Provides food, clothing, transitional housing and medical supplies: (734) 728-0527 or vetshaveninfo.org.

■ **Volunteers of America-Michigan.** Provides two employment programs: the Homeless Veterans Reintegration Program, which serves male veterans, and the Female and Families Homeless Veterans Reintegration Program, which serves women and families of veterans. Employment and housing programs provide case management services, transportation assistance and other clinical services: voami.org. For a full list of programs and services, visit voami.org/Services/Veterans-Programs.

■ **Wall Street Warfighters Foundation.** Philadelphia-based nonprofit trains wounded veterans for careers in finance. (888) 439-3935. Applications are available online, and those accepted to the program don't need to relocate to Philadelphia: wallstreetwarfighters.org.

■ **Wayne Metropolitan Community Action Agency.** Refers veterans to job training programs: waynemetro.org.

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Crain's SALUTE to Some of the Area's Brightest Veterans

Meet these local heroes who work for some of the region's top companies.



Jeffrey Cassidy

Healthcare Analyst

Hire Date: October 2013

Branch of Service: U.S. Army-Michigan Army National Guard

Highest Rank: Sergeant First Class

As the agency responsible for Michigan's veterans, it is important to the **Michigan Veterans Affairs Agency (MVAA)** to have subject matter experts on staff as well as those with lived veteran experiences. Mr. Cassidy fits both roles and represents the MVAA in the most positive manner possible. His military experience gives him the ability to confidently and effortlessly create relationships with new partner organizations as well as engage in veteran outreach programs and speak to veterans from their perspective.



Jeffrey Cyprus

Instructor

Hire Date: June 2014

Branch of Service: U.S. Marines Corps

Highest Rank: Staff Sergeant

Mr. Cyprus has successfully applied skills he learned in the Marines to the technical world. Placed at a robotics company through veteran-owned **Arrow Strategies** as part of Arrow's Operation Restore Valor, his motivation and comfort in front of an audience showed he could translate his military experience to the private sector. "It was great being able to work with veterans that understood what I was capable of," he said. "Arrow Strategies is an outstanding organization that really puts the needs of their employees first and goes out of the way to provide the necessary support."



Stacey Harris

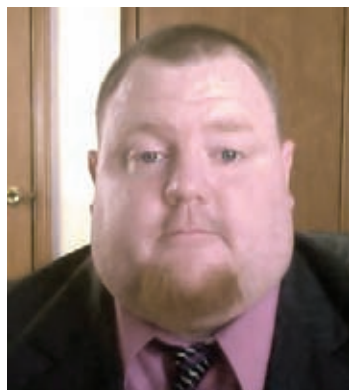
Manager, Ninja Service Team

Hire Date: March 1998

Branch of Service: U.S. Army

Highest Rank: Sergeant

While in the military, Ms. Harris gained experience supervising and performing personnel and admin functions which translated to her current duties as a staffing supervisor. In addition, she attended professional leadership training to develop her management skills. Currently she manages a large team of employees at **Kelly Services, Inc.** "It is so important for morale to be high at all times and to operate with a sense of camaraderie," she said. "This was a tangible asset for me based on my military experience and I believe that's why I promote a high sense of morale with my team today."



Larry Hartz

Tier II-Team Manager

Hire Date: July 2012

Branch of Service: U.S. Navy

Highest Rank: E-4

As a former E-4 in the U.S. Navy, Mr. Hartz's leadership and communication skills have helped him be an effective manager at **KellyConnect**. He is able to use those skills in his current role to engage and motivate team members to meet and exceed performance goals while managing the fast-paced and sometimes stressful environment of the production floor. His ability to use those skills in his current role also has helped increase the communication between departments.



Craig Hawkins

Project Engineer, Mechanical Engineering

Hire Date: May 2014

Branch of Service: U.S. Army-Michigan Army National Guard, U.S. Air Force-Michigan Air National Guard

Highest Rank: Staff Sergeant

After completing deployments in Panama, Estonia and Afghanistan, Mr. Hawkins had the perfect job in mind. He found that job as a project engineer at an automation solutions provider through **Arrow Strategies'** Operation Restore Valor. "This position exercises all of the engineering skills that I have acquired in the past as well as my experience with the skilled trades and in the military," he said. "I would like to thank the entire staff at Arrow Strategies in guiding me to find my perfect job."



Lindell Holm

Director, Michigan Veterans Trust Fund

Hire Date: March 2014

Branch of Service: U.S. Marine Corps

Highest Rank: Lieutenant Colonel

Mr. Holm brings practical leadership experience, an understanding of the challenges faced by military service members and management tools to the **Michigan Veterans Affairs Agency (MVAA)**. His experience as an officer makes him familiar with supporting service members who are dealing with life challenges, including assisting veterans in financial distress through the Michigan Veterans Trust Fund. Lindell said, "Being a part of the MVAA allows me to continue to play a part in taking care of our nation's veterans. It's a very rewarding mission."



Todd Wagner

Mortgage Banker

Hire Date: June 2014

Branch of Service: U.S. Air Force

Highest Rank: E-4 Senior Airman

In his military role at Wright-Patterson Air Force Base, Mr. Wagner provided his fellow service members financial counseling – experience that made him a great fit for **Quicken Loans**. As a mortgage banker with Quicken Loans, he helps clients with their home purchase or refinance needs. His employer said, "Todd brings the drive, determination and professionalism that we often see from our veteran team members in every area of the company."

WHERE MICHIGAN DOES BUSINESS



Altair Engineering's regional office in Bristol

Altair Engineering

Based: Troy**Operations:** In England, Royal Leamington Spa (country headquarters), Bristol (regional office), Manchester (regional office)**Employees:** 70**Products:** Proprietary software and services, which include engineering simulation software, software for on-demand computing and software for industrial design**Top executive:** Hakan Ekman, managing director, northern Europe**Clients:** Jaguar Land Rover, Airbus, Unilever, BAE Systems, McLaren, Bombardier Transportation, Ford

Autoliv Inc. employs 250 in the U.K.

Autoliv Inc.

Based: Auburn Hills**Operations:** Congleton, England**Employees:** 250**Products:** One-piece woven coated airbags for first-impact and roller curtains, driver and pedestrian protection airbags**Top executive:** Alan Pennington, managing director, Airbags International Ltd.**Clients:** VW Group, PSA Peugeot Citroen, Ford, Volvo, Daimler, Fiat/Chrysler, Jaguar Land Rover, General Motors, Hyundai/Kia, Toyota, BMW Group, Scania Truck, Nissan

Beringea LLC

Based: Farmington Hills**Operations:** Sister office in London**Employees:** 15**Products:** Private equity, growth capital and subordinate debt**Top executive:** Malcolm Moss, co-founder and senior managing director

Bissell Homecare Inc.

Based: Grand Rapids**Operations:** Sales and marketing office in Slough, England**Employees:** 16**Products:** Floor care products**Top executive:** Alistair Roberts, managing director, Bissell Europe, Middle East and Africa**Clients:** Argos Ltd., Currys, Ideal TV, Bissell Direct, Amazon, Lakeland, Tesco

General Motors Co.

Based: Detroit**Operations:** In England, manufacturing**W**ith a 2013 GDP of \$2.49 trillion, the United Kingdom had the ninth-largest economy in the world.

The unemployment rate as of 2013 was 7.2 percent. Major industries include machine tools, electric power equipment, automation equipment, metals, chemicals, coal and textiles, among others. The U.K. exports manufactured goods, fuels, chemicals, food, beverage and tobacco.

Major trading partners are Germany (11.3 percent), the United States (10.5 percent) and the Netherlands (8.8 percent). The U.K. imports manufactured goods, machinery, fuels, and foodstuffs from Germany (12.6 percent), China (8 percent) and the Netherlands (7.5 percent). The U.S. is the U.K.'s fourth-closest import and export partner.

In 2012, weak consumer spending and subdued business investment weighed on the economy; however, in 2013, GDP grew 1.4 percent. Agriculture remains important, with 2 percent of the labor force producing almost 60 percent of the country's food.

plants in Luton and Ellesmere Port, a parts warehouse in Toddington and headquarters in Luton that houses sales and marketing

Employees: 3,500**Products:** Vauxhall, a subsidiary of GM subsidiary Adam Opel AG, manufactures the Astra five-door, Astra Sports Tourer and the light commercial vehicle Vivaro. It also sells the full European Opel/Vauxhall product portfolio badged as Vauxhall Motors Ltd.**Top executive:** Tim Tozer, chairman and managing director, Vauxhall Motors**More information:** The Luton plant is the only high-volume commercial vehicle manufacturing plant in the U.K.

George P. Johnson Co.

Based: Auburn Hills**Operations:** London office**Employees:** 100**Products:** Experience marketing via event management planning, digital insight and social media planning**Top executive:** Kevin Jackson, senior vice president of sales and marketing**Clients:** Cisco, IBM, Gartner, Samsung, BMW, GSM Association**More information:** 2014 is 100th anniversary

Inteva Products

Based: Troy**Operations:** The Birmingham (England) Technical Center provides development, testing and advanced manufacturing support.**Employees:** 10**Products:** Engineering support and development for latches and actuators**Top executive:** Rupert Mander, senior manufacturing engineering manager**Clients:** Audi

Kaufman Financial Group

Based: Farmington Hills**Operations:** Owns London-based Chesterfield, a Lloyd's of London broker, and Cranbrook Underwriting, a London-based underwriting agency**Employees:** 50**Products:** Specialty insurance products and services such as aviation, kidnap and ransom, marine, personal accident and high-risk territories**Top executives:** Chesterfield: James Stevenson, managing director; Cranbrook Underwriting: Bob Katzaros, chief underwriting officer*Crain's* monthly World Watch report showcases Michigan companies leading the way in international business, as well as those expanding their global operations. Each World Watch Monthly features a different country. If you know of a Michigan company that exports, manufactures abroad or has facilities abroad, email **Jennette Smith**, managing editor, at jhsmith@crain.com.

COMING UP

■ August: Thailand/Malaysia
■ September: Japan**Clients:** International insurance agents and brokers**More information:** Kaufman Financial acquired Chesterfield in 2012 and established Cranbrook Underwriting later that year.

Lear Corp.

Based: Southfield**Operations:** Manufacturing in Alfreton, Coventry, Redditch and Sunderland, England**Employees:** 970**Products:** Fully assembled seats and seat components (foam and fabric)**Top executive:** Gideon Jewel, president, Lear Seating Europe-Africa**Clients:** Jaguar Land Rover and Nissan. Fabric is sold to multiple OEM customers.

Metaldyne LLC employs 100 in Halifax, England.

Metaldyne LLC

Based: Plymouth**Operations:** Halifax, England**Employees:** 100**Products:** Viscous crankshaft dampers
Top executive: Keith Eagle, managing director, Metaldyne International (U.K.) Ltd.**Clients:** Volvo, Renault, Mack, Cummins, Detroit Diesel, Scania, Iveco, VM Motori, Audi, Porsche, Rolls Royce**More information:** Dampers are precision-engineered using cast iron, steel and aluminum to meet customer requirements.

MSX International Inc.

Based: Detroit**Operations:** Headquarters in Colchester, England**Employees:** 330**Products:** Retail Network Services parts and accessories sales programs, dealer process improvements, training, technical support services and warranties to vehicle manufacturers. Human Capital Solutions provides vendor-neutral managed service provider workforce management solutions.**Top executives:** Felix Serrano, RNS man-

aging director, U.K., Iberia and South America; Paul Dyer, RNS operations director, U.K.; James Lever, RNS business development director for the U.K.; David Ballew, HCS global customer development director

Clients: Ford, Jaguar Land Rover, Peugeot & Citroën, BMW, Fiat, Volvo, JCB and Mondelez International (Kraft Foods), among others

NSF International

Based: Ann Arbor**Operations:** Offices in Oxford, Oakdale and York, England**Employees:** 339 employees in the U.K., in addition to a network of 400 contractors**Services:** A wide range of certification, testing and safety auditing services for a range of industries and products.**Top executives:** Tom Chestnut, vice president, global food division; Bob Pietrowski, vice president, global health sciences; Tarik Bellahcene, managing director/European Agency for the Evaluation of Medicinal Products, water division

TI Automotive Ltd.

Based: Auburn Hills**Operations:** Fuel systems plant in Deeside, Wales; administration site in Oxford, England; satellite offices in Sunderland and Burnaston, England, and other operations in Telford, England**Employees:** 240**Products:** Coex fuel tanks, mono layer fuel tanks, filler pipes, brake and fuel lines and bundles, fuel line assemblies**Top executive:** Tim Edwards, group controller**Clients:** Toyota, Honda, General Motors, Nissan, Jaguar Land Rover, BMW Bentley, Aston Martin

TRW Automotive Holdings Corp.

Based: Livonia**Operations:** In England, engineering centers in Solihull and Cirencester; manufacturing facilities in Birmingham, Peterlee, Sunderland, Burnley and Wrexham; after-market facilities in Shirley and Wrexham. Also, Pontypool, Wales.**Employees:** 2,635**Products:** Panel switches, column switches, hidden switches, window lift switches, rotary connectors, electronic control units for various components, foundation brakes, remote acceleration sensors, others.**Top executives:** Martin Furber, human resources director global steering; Steve Batterbee, finance director, global steering**Clients:** All major OEMs

— Compiled by Natalie Broda

Second Stage

IF WELL DOESN'T SELL ...

Change the business model — but be careful. See Stage 2 Strategies, **Page 29**

GROWING SMALL BUSINESSES

EDITOR'S NOTEBOOK

Amy Haimerl is entrepreneurship editor and covers the city of Detroit. She can be reached at (313) 446-0416 or at ahaimerl@crain.com



Amy Haimerl

Teaching artists how not to starve

"The arts have always been about entrepreneurship because artists, at some level, have to feed themselves," said Matthew Seeger, dean of **Wayne State University's** College of Fine, Performing and Communication Arts.

We all know the starving artist meme: You must suffer for your art, bleed for



Seeger

your creativity. The business of living is dirty and grubby and counter to a higher calling.

Seeger calls foul on that notion. What Seeger sees on campus are arts students who are passionate about the idea of

entrepreneurship, using their creativity as a way to chart their own paths.

After all, some of the greatest Detroit artists were also entrepreneurs, from Motown to fashion designer Anna Sui.

"The film students are forming film companies when they are sophomores and juniors," he said. "The students in music are gigging and forming companies to support their performance activities."

Seeger is also figuring out how to support and nurture entrepreneurship in his students. It has been a passion of his since he became dean of the college four years ago. It's also part of a larger national movement. At every conference he attends, the topic of entrepreneurial education is at the top of the discussion.

"Increasingly, it's our mission not just to be just great artists but teach them how to feed themselves," Seeger said.

Recently, the school hosted a Business of Art workshop, teaching some of the skills found in the business school to budding painters and writers. It is also working to develop an entrepreneur-in-residence program and mentoring opportunities.

Seeger is also finding ways to make sure business and arts students mingle. He doesn't just want to teach arts students business plans. He wants to teach engineers to tap their creativity to enhance their entrepreneurship.

"It's not just the art students that need to access the business material," Seeger said. "The business students need to access the creativity and the innovation and the activities of the artist. We really hope that they can all be together. That creates a dynamism that is critical."

And maybe even feed themselves.

Going global

How can small biz get beyond border? 5 firms recount the roads they traveled

The world is a big place. So it's hard to picture how to enter an entirely different country, with its unknown idiosyncrasies and expectations, on limited resources. Do you jump on a plane, stack of business cards in your pocket, and hope for the best? Attack the Internet and prepare to send awkward emails? Hire a consultant?

It's different for every company and in every industry. But in 2012, a total of 15,107 Michigan firms made it happen — nearly all them small to midsize businesses, according to the **International Trade Administration**. That activity added up to nearly \$60 billion in exports just last year and accounted for 1.1 million jobs.

COMPANY PROFILES
BY GARY ANGLEBRANDT

So how do Southeast Michigan firms with global ambitions get that elusive first foothold in another land? *Crain's* asked five area businesses to share how they got from vague idea to "Hey, this could actually work."

- **Rossetti Associates Inc.**, this page
- **Fast Hands Hockey LLC**, Page 25
- **Essential Bodywear LLC**, Page 26
- **TD Industrial Coverings Inc.**, Page 27
- **Mindo Chocolate Makers LLC**, Page 28



KENNY CORBIN

Rossetti Associates made a name for itself in South Korea, thanks to the guidance of a Korean colleague, said Jim Renne, the Detroit firm's principal. "If you come in as an American saying, 'I know about all this stuff, let me talk to your mayor,' it's a hard way to approach and get business done," he said.

Local contact was key to landing South Korea project

Rossetti Associates Inc. has a who's-who roster of sports-arena clients. The Detroit-based architectural design firm has been involved in everything from **Ford Field** and **The Palace of Auburn Hills** locally to the training facility of the **Los Angeles Clippers** of the **National Basketball Association**.

Despite its national reputation, however, Rossetti President Matt Rossetti knew the company needed an overseas project.

"We knew we needed to 'go global,' whatever that meant," said Jim Renne, the firm's principal and director of sports design.

Several misfires had occurred in the late 1990s in attempts to get into South Africa and Taiwan. The big break came in 2007 when a South Korean associate at Rossetti was ap-

proached by a connection in Seoul who needed help with a stadium, a Rossetti specialty. The \$400 million project, headed by **Hyundai Construction**, was for a 20,000-seat soccer venue in Incheon, home to **Incheon United FC**. The project also included 600,000 square feet of retail, three 50-story residential towers and a parking structure for 1,500 vehicles.

A meeting in Seoul was arranged between the two firms.

In true Korean business style, the Rossetti team was treated to dinner and drinks — Korean barbecue and soju, or Korean vodka — at a nice restaurant in Seoul. The Rossetti team went into it with a measure of skepticism based on its previous experience.

"We were cautious, knowing we had some

not great luck in the past," Renne said. "We wanted to make sure we better understood the strength of our partner and see how real the project was. This first meeting allowed us to better understand all that."

The Korean firm had a strong portfolio and had worked with Hyundai Construction in the past, so Renne felt confident arranging more trips to South Korea.

On the second visit, they signed the deal. The stadium was completed in 2012.

The project opened the possibility of continued business in South Korea, a market Rossetti sees as primed for a spate of stadium building. The firm is looking at a handful of projects with the country's sports ministry, Renne said.

See Rossetti, Page 24

Second Stage

Rossetti: Drawing up global strategy

■ From Page 23

Rossetti also hopes to get some of the work from the 2018 Winter Olympics in the Korean city of Pyeongchang.

Rossetti was able to do all this because it had a Korean colleague to carry the firm across the cultural threshold.

"We didn't start at the top and

come down," Renne said. "We came in at a low level through a Korean colleague who was able to infiltrate."

This is more important than it might seem. A great amount of Korean business and career activity is done through "circles" of acquaintances — friends from high

school, college, past jobs and so on.

These connections are maintained much more closely than in the West. Everyone has a network of "seniors" and "juniors" from these circles, and it's expected that they will call on one another for favors — so much so that it's hard to get much done without them.

"If you come in as an American saying, 'I know about all this stuff, let me talk to your mayor,' it's a hard way to approach and get business done," Renne said.

Seung Lee, the senior designer and associate at Rossetti who made the first connection on the Incheon project, retired after the stadium was built. Now project manager Sung Jung makes the rounds in South Korea, building on the momentum from the stadium project as well as Rossetti's work for another Korean company: **LG Chem**, part of the **LG Corp.** conglomerate.

Rossetti was lead architect for LG Chem's Michigan battery plant in Holland. Jung managed that project.

Jung, a Korean native who attended the prestigious **Yonsei University** in Seoul before coming to the U.S. for graduate studies, works his connections — such as a family one to LG Corp. — and uses Rossetti's growing resume with Korean clients to develop more inroads. He has found working with sports teams and leagues directly, as well as local governments and universities, to be more effective than going through other firms.

Rossetti has had to get acclimated to working in another culture. There are different industry conventions. Being an outsider firm means sometimes being left out of the conversation when important things change, forcing Rossetti to play catch-up.

The language barrier remains a source of unease. Managers used to handling their own communications can't help fretting over whether some important nuance was missed in an email. Or in a meeting where English is not the language at the table, it's mystifying to hear three minutes of translation after two guys have spoken for 20 minutes straight in Korean, much of it probably dismissible small talk. But it makes for an uneasy situation nonetheless.

Renne also learned not to take things for granted. Deep into the stadium project, he visited the site and saw that Rossetti's name didn't appear on any of the signs. "It made me lift an eyebrow and say, 'What's going on here?'" he said.

Thanks to Jung, the local press was aware Rossetti designed the stadium by the time it opened. But the firm had cut it too close.

"We were barely known by the time it opened," Renne said. "It was an important lesson for us."

However, the larger goal of building an international reputation was met. Renne has found that conversations with people from other countries move along more quickly once they know Rossetti has done work overseas.

"They recognize you're not an amateur in the global market," he said. "It's not so hard to bring you over and work with you."

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July 29, 2014 \ 7:45 – 9:45 a.m.

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SESSION 2

August 26, 2014 \ 7:45 – 9:45 a.m.

Detroit Athletic Club, Detroit

Surefire Ways to Attract, Retain, and
Motivate Talent

SESSION 3

September 23, 2014 \ 7:45 – 9:45 a.m.

Plante Moran, Detroit

Driving Growth and Delivering Value –
Strategies to Maximize Your Firm's Worth

SESSION 4

October 28, 2014 \ 7:45 – 9:45 a.m.

Grand Circus, Detroit

Grow from Entrepreneur to Strategic
Business Leader

Second Stage

Buyer's bid to check middleman gives firm fast break to Sweden

Fast Hands Hockey LLC defied all odds.

The Northville-based company set up a bare-bones website and expected orders to fall from the sky. And they did.

Jim Marinoff had developed little pipes that, when bent into a half octagon, serve as a tool for honing hockey-puck-handling skills. He thought he could sell them, so he launched the site in September 2012 and did a pittance of Web marketing by posting a few notes about it in online hockey forums.

Almost immediately, orders started coming at a rate of about 20 a day for the \$80 product.

When Marinoff posted an instructional video on his site in December and sent it to a Canadian distributor of hockey gear, things started to really take off. The company, **HockeyShot**, placed an order of 100. A week later, it ordered another 200.

A week or two after that, Marinoff got an unsolicited call from a man in Sweden looking to order 150 units and have them shipped by air. The caller was the person buying the product from HockeyShot, and he wanted to cut out the middleman. So he called Marinoff directly.

And just like that, a global business was born.

But Marinoff, a strength and conditioning coach, wasn't exactly positioned to be in international trade. He wasn't thinking about how to become a global distributor and how to manage cultural landmines. Instead, he came up with the Fast Hands tool from teaching kids how to play hockey.

"I had all these cones set up for these little squirts, and the little squirts kept knocking them over," he said.

It's also been helpful that his wife, Angela, happens to be operations director of Taylor-based logistics company **ARC Supply Chain Solutions Inc.**, which takes care of Marinoff's shipping and gives him a friendly rate on storage.

"If it wasn't for my wife and the logistics, I don't think this would have taken off," Marinoff said. "She took care of everything."

Sales in Sweden, a major hockey country, caught the attention of enthusiasts back in North America, who began placing orders.

"It didn't take off in the U.S. and Canada until Sweden. Sweden did it all for me," Marinoff said.

He ships 700-800 units a month

FAST HANDS HOCKEY LLC

Target country: Sweden, by accident

Breakthrough moment: A Swedish customer began buying directly from Fast Hands instead of going through a Canadian distributor.

Lesson: Build your invention; it can take you places.

on average, with about 25 percent of that headed to Europe.

Shipping has been thornier and more expensive than Marinoff imagined. Russia has been particularly frustrating. On both of the two occasions Marinoff has sent small shipments to new customers there, the shipments disappeared.

"I talked to the customers there and they said it happens all the time," he said. "They say it gets stolen at the port by the mafia."

"Russia is a huge hockey country and I just can't get shipments in there. That's been the biggest disappointment."



When Sweden came calling for his contraption for perfecting puck-handling skills, Jim Marinoff wasn't sure he was ready to take a shot at global distribution. But with an assist from a expert — his wife, Angela — Marinoff has parlayed his Swedish success into orders from Canada and the United States.

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Second Stage

Consultant helped lingerie firm end its duress for success

ESSENTIAL BODYWEAR LLC

Target region: Asia

Breakthrough moment: Finding a Cantonese-speaking consultant through an American living in Mexico

Lesson: A consultant is worth the fee if he or she can find and negotiate with the right partner.

Many a small-business owner has thought going global should be easy.

Talk of the "global economy" has been going on for decades, so finding a manufacturer in a far-flung country should involve a Web search and copying a few email addresses, right?

"People that we talked to in the industry kept saying that," said Carrie Charlick, who co-owns **Essential Bodywear LLC** with Marcia Cubitt. "If someone says 'no-brainer' to me one more time ..."

Their Commerce Township-based business sells bras and other lingerie through Tupperware-style home parties. The women were interested in starting their own private label line, and they assumed it would be easy to find a manufacturer.

They went online and found an industry website that listed overseas manufacturers and contact information for their sales offices. They contacted manufacturers in China and the Philippines. Most didn't respond.

The ones that did had no interest in the small product runs **Essential Bodywear** needed. Manufacturers' unit minimums usually ran into the tens of thousands; Charlick and Cubitt needed maybe a few thousand.

"They wanted the Targets and Wal-Marts of the world," Charlick said.

It went on that way for a year.

But then "out of the blue," the New York City sales office of a Chinese manufacturer cold-called **Essential Bodywear**. The manufacturer could do a private label deal, from design to production.

"The minimums were still high, but at least they were still willing to work with us," Charlick said. "Others weren't."

It took several meetings to complete the deal and designs. But the trips were to New York, not Shanghai, so it wasn't a major hurdle.

For four years, that relationship worked out. But in 2010, Charlick and Cubitt overhauled their bra designs and decided to find a new manufacturer with more forgiving minimums.

They had thought about making trips to industry shows in Shanghai and Hong Kong, but it seemed overwhelming. "We didn't even know what to ask," Charlick said.

This time, they hired someone else to do the work.

Through a long chain of connections — a friend of a friend of a sister — they connected with an American man living in Mexico who ran a panty factory there.



GLENN TRIEST

After years of pursuing global sales, Carrie Charlick (left) and Marcia Cubitt of **Essential Bodywear** found that they should have hired a consultant from the get-go.

They met for drinks, and he recommended they speak with a consultant in the Boston area who speaks Mandarin.

They did, and the consultant found a manufacturer, saving Charlick and Cubitt headaches.

If they had to do it all over again, they would have hired a consultant right from the start, Charlick said.

"She got us where we're at today," she said. "It was the best money we ever spent."



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Second Stage

Industry contact kept Mexican expansion from going south

Mark D'Andreta was at dinner when he saw his path into the Mexican market.

For years he'd been trying to break in, but every attempt had failed despite all of his automotive customers making their way south of the border.

D'Andreta's Sterling Heights-based company, **TD Industrial Coverings Inc.**, makes fabric protective coverings so that paint shop robots don't get covered in the overspray. As more of the automotive companies opened in Mexico starting in the 1990s after passage of the North American Free Trade Agreement, D'Andreta assumed it would be a lucrative market.

"I thought I better do something down there. There's a need and if I don't do it, someone else is going to," said D'Andreta, president of TD Industrial Coverings.

He'd tag along on trips with automaker clients, but the business opportunities fizzled out as border issues and communication problems reared their heads. The automakers also had purchasing chains for Mexico that differed from the ones for the plants back home.

"Even though I was still dealing with GM or Ford or Magna, once I was down there, I'd still have all these hurdles," D'Andreta said. "It was almost naive. You don't know that stuff until you start trying to do business down there."

Sometimes plant managers in Mexico would call him, desperate for covers and asking him to send some down. But robotic coverings aren't socks. Modifications are almost always needed to suit the tight, highly engineered configurations.

D'Andreta soon would be on a plane to Mexico, spending a lot of time on a distant account that may or may not go somewhere.

Finally, an industry contact offered to set up a meeting with a company that distributes American industrial products to factories in Mexico.

It sounded like the makings of a concrete plan to D'Andreta, so he agreed to meet for dinner while the man was in Detroit on business.

"I needed someone who could help me communicate and follow up on customers, a consistent feedback loop on the customer's need and whether I'm meeting the need," D'Andreta said.

He was apprehensive. But his new connection brought clarity to the situation, explaining how shipping and payments get handled in Mexico and assuaging D'Andreta's concerns about communications.

More than a decade later, TDIC now does business in eight plants and is looking to set up a perma-

TD INDUSTRIAL COVERINGS INC.

Target country: Mexico

Breakthrough moment: Sitting at dinner in downtown Detroit with a Mexican distributor who could pave the way forward.

Lesson: Instead of relying on clients to make connections, look to industry contacts.

nent sales and service office in Mexico. The company also has picked up bits of work in Spain, England, Turkey and Brazil.

That doesn't mean the experience has been without the occasional challenge. For example, D'Andreta had to incorporate social niceties, such as prefacing business emails with inquiries about family life and the weather.

"I'd rather just send four bullet points on what I need. You just can't do it that way," he said. "Some are more tolerant of it now — 'OK, you're American. You're like this.'"



GLENN TRIEST

An industry contact helped Mark D'Andreta pick the brain of a company that distributes products in Mexico, where he wanted TD Industrial Coverings to be. "I needed someone who could help me communicate and follow up on customers," D'Andreta said.

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Second Stage

Chocolate makers' questions lead to farmer in Ecuador who knows beans

A husband-wife team from the United States is in Ecuador, driving through mountain villages in search of a rare variety of cacao beans, the primary ingredient in their new product.

Their plan? Stop people and ask who might supply the beans.

It's not the most sophisticated plan, but it is effective. The pair is pointed to a farmer who can provide them with what they're seeking.

It's a story of international business that sounds too picture-perfect to be true. Yet that's the moment when things took a turn for Jose Meza and Barbara Wilson, the owners of Dexter-based **Mindo Chocolate Makers LLC**.

It's somewhat misleading to say the business is based in Dexter. There are actually two businesses. There's Mindo, a craft chocolate maker that operates out of a house in the village of Dexter. And then there's the restaurant, **El Quetzal de Mindo**, in the village of Mindo, Ecuador, where the owners spend the vast majority of their time.

The couple moved to Mindo in 2007 to retire, leaving behind the Ann Arbor auto repair shop, ArborMotion, that they ran for 30 years. They chose Ecuador because Meza is native to that country, though he hadn't been home since coming to the U.S. some 40 years earlier.

Like all good entrepreneurs, they were soon running another business. And like many good businesses, it began in response to a need. Wilson and Meza needed a decent Internet connection, but in Mindo that meant \$700 a month. So they opened an Internet cafe to spread out the cost.

That led to serving coffee and brownies, the latter proving especially popular. But even though cacao is grown in that neck of the woods, high-quality chocolate that Wilson needed for her brownies was not readily available.

Soon she was carting loads of European chocolate purchased from **Whole Foods Market** in Ann Arbor back to Mindo — a lot of work just to make brownies in Ecuador.

So they started looking for local farmers to supply raw cacao, but it's "not like you can Google it," Wilson said. "We started driving to areas where people said they have cacao. We'd ask people in town, 'Where can we buy cacao?'"

They pointed them to Pedro and his Mindo farm, where cacao beans grow in the shade, mixed in with other crops, such as citrus fruits and macadamia trees.

The talked to Pedro about what they needed: the Nacional variety of bean, grown organically. He immediately agreed.

"He was very excited," Wilson said. "We took him a chocolate bar made with his beans and he was so excited, he yelled and threw his hands up in the air. He couldn't believe something so delicious could be made with his cacao beans."



LEISA THOMPSON

Barbara Wilson and Jose Meza couldn't just plug a search term into Google to find cacao in Ecuador. Instead, they relied on old-fashioned sleuthing to find just the right farmer with just the right bean for their Mindo chocolate.

MINDO CHOCOLATE MAKERS LLC

Target country: Ecuador

Break-through moment: A rural villager in Ecuador pointed them to a farmer who could supply a rare cacao bean for their chocolates.

Lesson: It never hurts to ask.

Meanwhile, people back in Michigan wanted more of the small-batch chocolate Wilson was bringing from Mindo. In 2009, Mindo Chocolate Makers in Dexter opened to serve the market here.

Finding that first farmer was just one step among many toward securing a reliable supply. The beans now are bought from a cooperative because business outgrew Pedro's capacity.

But it took some effort to communicate quality standards. For example, the co-op liked to dry beans on the ground and let dogs laze on the piles.

Meza and Wilson trained the farmers to ferment and dry the beans, and helped them build special drying beds to keep beans off the ground. They also started paying higher rates, Wilson said, in exchange for the improved quality.

"We're still struggling with that whole thing," Wilson said. "We

thought we could just go buy beans, but we couldn't find a good source," Wilson said.

Mindo is experimenting with shipping the beans from Ecuador to Detroit. But a trial last summer didn't go well. A ship left July 8 with 8,000 pounds of beans Mindo expected to get by the end of the month. Instead the beans arrived Aug. 20, said Zack Crawford, general manager at the Dexter location.

The beans first sat at a port in New Jersey as customs sifted through them. Then it sat in Detroit as **U.S. Food and Drug Administration** agents sent out samples for testing.

"The FDA said it was cracking down on shipments coming from that region — not news we wanted to hear," Crawford said.

Perhaps it shouldn't have been a surprise considering the shipment was coming from a "red-flag area," Crawford said. It hardly would be surprising if someone tried to mask a shipment of cocaine in a container of cacao beans, especially a container ordered by an unknown new small business.

"My understanding is it's pretty common, especially when sending your first container," Crawford said. "We bear some blame, but our broker could have informed us a little more."

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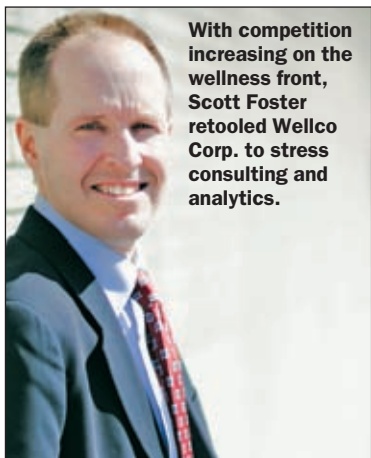
Second Stage

Altering business model can help – but don't do it lightly

BY GARY ANGLEBRANDT

SPECIAL TO CRAIN'S DETROIT BUSINESS

Businesses call Scott Foster when they want to provide employees with the perk of a wellness program — and gain a little insight of their own. Foster's company, **Wellco Corp.**, has created preventive health care regimens since 1996, providing



With competition increasing on the wellness front, Scott Foster retooled Wellco Corp. to stress consulting and analytics.

COURTESY OF WELLCO CORP.

STAGE 2 STRATEGIES

A look at problem-solving by growing companies

clients with the tools to analyze their overall health care benefits and costs.

But the health care world has been changing, and

Foster knew he needed to adapt.

Problem: A stubborn flat spot in growth.

During the recession the plateau was fine, but by 2012 Foster was feeling increasingly unsatisfied

with his company's trajectory. He was struggling to expand and to stay relevant in the marketplace.

"We were able to hold our own when the economy turned inside out, but we knew there was something missing," Foster said.

The industry had become over-

WELLCO CORP.

Location: Royal Oak
Description: Corporate wellness and health care program services
President: Scott Foster
Employees: 12
Revenue: \$1.4 million in 2013

heated as "wellness" took on buzzword status, fueling competition. Then the Affordable Care Act passed, bundling wellness services in with traditional health care.

Foster knew he needed to adapt to survive and thrive.

Solution: Refocus its business around consulting and analytics.

As part of building wellness programs, Wellco created software and analytics tools to help measure the effects of these programs. Foster realized he could sell these services to help companies fix wellness and health care programs — instead of starting them.

Wellco made its software available for purchase, which turned former competitors into clients and allowed the company to expand without much cost. A software and consulting company is more readily scalable than one focused on creating corporate wellness programs.

As a result, the Royal Oak-based company increased clients by 19 percent since 2012, and its geographical footprint now reaches 80 percent of the country. Revenue went from \$1.1 million in 2012 to \$1.4 million last year and is on track to reach \$1.8 million this year, Foster said.

Risks and considerations: The world of health care is ever changing. Who knows when a regulatory adjustment to health care laws might come along to change the dynamics of the wellness business? Again.

"Nobody can predict health care beyond six months or 12 months. There's a lot of uncertainty," Foster said.

So being nimble and able to change your business model quickly is imperative in this industry, but also brings challenges. You might retool for something that changes suddenly and unexpectedly.

Expert opinion: Don't make a foundational business shift lightly.

"The company took a bold step in changing its business model. A lot of companies wouldn't venture to do that," said Patrick O'Keefe, CEO of **O'Keefe & Associates Consulting LLC** in Bloomfield Hills.



O'Keefe

Part of the trick is to stay on top of what need was actually being served under the original model. If that need manifests itself in a new way, it might be wise to target the new demand.

"Most companies don't define why they exist and why customers buy their service," O'Keefe said. "If you can understand that, the what and how are more irrelevant."



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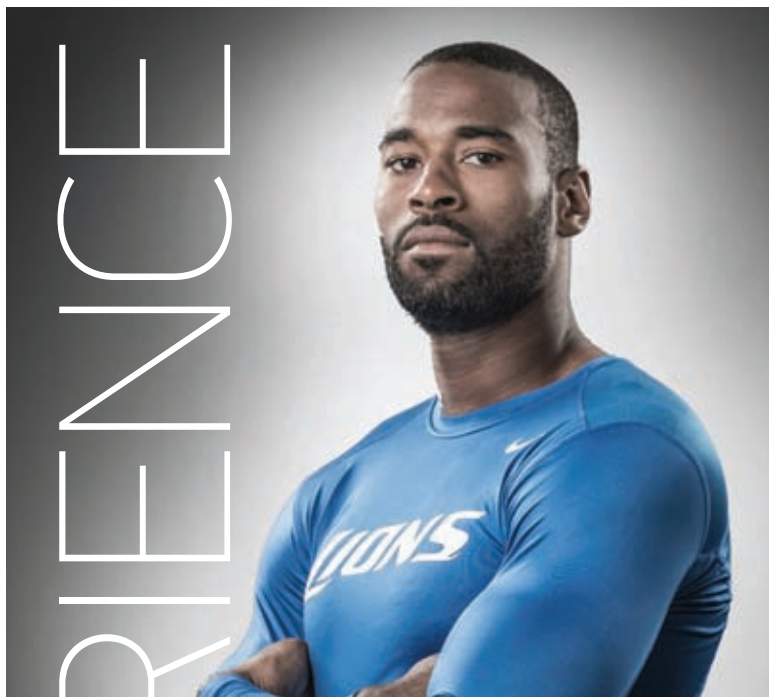
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GOVERNMENT



Zorn

Frederick Zorn to city administrator, city of Southfield, from acting city administrator.

HEALTH CARE

Thomas Reed to associate program director, **Michigan Area Health Educa-**

tion Center at Wayne State University, Detroit, from independent health care consultant, Sterling Heights.

LAW



Tyrrell



Bruder

Jennifer Tyrrell to financial controller, **Strobl & Sharp PC**, Bloomfield Hills, from manager, financial accounting and reporting, **Guardian Industries Corp.**, Auburn Hills.

Richard Bruder to shareholder, **Kemp, Klein, Humphrey, Edelman & May PC**, Troy, from of counsel, **Dean & Fulkerson PC**, Troy.

NONPROFITS



Roback

Karen Roback to vice president of early childhood policy and programs, **Starfish Family Services Inc.**, Inkster, from senior director of early learning innovation, **Early Childhood Investment Corp.**, Lansing.

Bernadette Doré to deputy executive director of strategic advancement, **City Year Detroit**, Detroit, from non-

IN THE SPOTLIGHT

Christine Logan Buechner has bought the Farmington Hills negotiation services firm started by her father in 1996 and is succeeding him as its president and CEO.



Buechner

James Logan will remain with **James E. Logan & Associates** in a consulting role and assist in client support. He also will serve on the company's advisory board.

The company specializes in structured settlements, which are annuity-like payments made over time to compensate injury victims. They are made in lieu of lump-sum payments, especially in instances where victims require long-term care or support.

The company says it is now the only woman-owned and -operated structured settlement firm in the U.S.

Buechner had been executive vice president of **Logan & Associates** and its sister company, **American Settlement Centers Inc.**, also in Farmington Hills. She has been a certified structured settlement consultant for the past 25 years and has served on the board of the **National Structured Settlements Trade Association**, including as a former chair of its PAC board of directors.

Buechner, 45, earned a bachelor's degree in advertising from **Michigan State University**.

profit consultant, **WorldLink Communications LLC**, Redford Township.

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Green

Dennis Green to Oakland County sales manager, **InXpress**, West Bloomfield Township, from marketing and social media manager, **Healthmaster Holdings LLC**, Walled Lake.

BUSINESS DIARY

ACQUISITIONS & MERGERS

Visteon Corp., a Van Buren Township-based automotive supplier, completed the acquisition of the automotive electronics business of **Johnson Controls Inc.**, Milwaukee. The Plymouth-based unit of **Johnson Controls** provides automakers driver information, infotainment, connectivity and body electronics. Website: visteon.com.

CONTRACTS

Palace Sports & Entertainment, Auburn Hills, and **Lipari Foods Inc.**, Warren, signed an agreement offering "Lipari Perfect Picnic Pack" food and beverage offerings at **DTE Energy Music Theatre**, Clarkston, and **Meadow Brook Music Festival**, Rochester Hills, as well as signs at the two venues and **The Palace of Auburn Hills**; in-store retail display promotions; and a portable "Lipari Grab & Go" concession stand inside The Palace. Websites: palacenet.com, liparifoods.com.

EXPANSIONS

First Independence Bank, Detroit, opened a branch at 38880 Garfield Road, Clinton Township. Telephone: (586) 329-7200. Website: firstindependence.com.

NAME CHANGES

Art Van World of Floors, part of **Art Van Furniture Inc.**, Warren, changed its name to **Art Van Flooring**. Website: artvan.com.

NEW PRODUCTS

Arotech Corp., Ann Arbor, a provider of defense and security products for the military, law enforcement and homeland security markets, unveiled to the **U.S. Department of Defense** the **Man Portable Hybrid Power Management System**, a hybrid system designed to extend the life of generators by reducing run time by up to 70 percent, reducing fuel consumption and the maintenance burden. While not dependent on solar, the system is able to collect and store up to 3 kilowatts of solar energy. Website: arotech.com.

SimuQuest Inc., Ann Arbor, a provider of software tools for embedded systems development, announced the release of data management software for vehicle controls now at **Ford Motor Co.**, providing a new level of automation in the design and development of model-based systems. Website: simuquest.com.

NEW SERVICES

Gale Group Inc., Farmington Hills, part of **Cengage Learning Inc.** and a publisher of research and reference resources, added millions of pages of content to its **Gale Digital Collections** program with the launch of 10 resources, including new periodical collections and the next installments of **Smithsonian Collections Online**, **Nineteenth Century Collections Online** and **The Chatham House Online Archive**. Website: gale.cengage.com.

STARTUPS

Great Lakes Group Advisors Inc., an insurance advisory firm focused on life, disability and absence programs for large employers, opened at 1442 Brush St., Detroit. Telephone: (313) 293-5460. Website: greatlakesgroupadvisors.com.

Taqo Detroit, Mexican cuisine, opened at 22 W. Adams St., Detroit. Telephone: (313) 962-7701. Website: taqodetroit.com.

DIARY GUIDELINES

Email news releases for Business Diary to cdbdepartments@crain.com or mail to Departments, *Crain's Detroit Business*, 1155 Gratiot Ave., Detroit, MI 48207-2997. Use any Business Diary item as a model for your release, and look for the appropriate category. Without complete information, your item will not run. Photos are welcome, but we cannot guarantee they will be used.

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CALENDAR

TUESDAY

JULY 15

Inaugural Latina Summit: Women in Power Leading Change. 3-6 p.m. Michigan Hispanic Chamber of Commerce. Latinas from varying generations and professional backgrounds will present their experiences as decision-makers in the business world. Detroit Marriott Renaissance Center, Detroit. \$30 MHCC members, \$40 nonmembers. Contact: Nilda Thomas, (248) 792-2763, ext. 103; email: nthomas@mhcc.org; website: mhcc.org.

WEDNESDAY

JULY 16

How Cities and Metros Are Fixing Our Broken Politics and Fragile Economy. 11:30 a.m.-1:30 p.m. Detroit Economic Club. Discussion on how communities are addressing environmental, political, economic and fiscal problems. With **Bruce Katz**, Brookings Metropolitan Policy Program, **The Brookings Institution**, and co-author, *The Metropolitan Revolution: How Cities and Metros Are Fixing Our Broken Politics and Fragile Economy*; **George Jackson**, outgoing president and CEO, **Detroit Economic Growth Corp.**; **Susan Mosey**, president, **Midtown Detroit Inc.**; presiding officer **Cynthia Pasky**, founder, president and CEO, **Strategic Staffing Solutions**; and moderator **John Gallagher**, business reporter, *Detroit Free Press*. Detroit Marriott at the Renaissance Center. \$45 DEC members, \$55 guests of members, \$75 nonmembers. 11:30 a.m. speaker reception open only to board, life and gold members. Contact: Detroit Economic Club, (313) 963-8547; email: info@econclub.org; website: econclub.org.

UPCOMING EVENTS

Farbman C-Series. 9-11 a.m. **July 21.** Farbman Group. With David Farbman, principal, **NAI Farbman**, founder and CEO of **OutdoorHub**, founder and chairman of **Carbon Media Group LLC**, and CEO of **NucoHealth**, talking about his book *The Hunt: Target, Track and Attain Your Goals*. Bingham Office Center, Bingham Farms. Free. Contact: Andrea Trapani, (248) 258-2333; email: atrapani@identitypr.com; Website: farbman.com.

A Plan for Foreign Investment in Detroit and Michigan. 11:30 a.m.-1:30 p.m. **July 21.** Detroit Economic Club. With Gov. **Rick Snyder** and **Henry Paulson Jr.**, chairman, **The Paulson Institute**, discussing how foreign direct investment

HONORING ENTREPRENEURS

Join *Crain's Detroit Business* at its **2014 Salute to Entrepreneurs**, 7:30-10 a.m. **July 24** at **The Henry, Autograph Collection**, Dearborn.

Every year, *Crain's* recognizes entrepreneurs for their innovation, problem-solving abilities or sheer relentlessness. In addition to the awards ceremony, hear firsthand accounts from business executives who find ways to compete against larger rivals. Featuring **Eoin Commerford**, CEO, **Moosejaw Mountaineering**; **Marc Gardner**, founder, **North American Bancard LLC** and **PayAnywhere LLC**; and **Lydia Gutierrez**, president and CEO, **Hacienda Mexican Foods**.

Roundtable discussions will provide advice from the experts featured in the *Crain's* Small Business Strategies webinar series.

Tickets are \$50 or \$45 if purchased in groups of 10 or more. Preregistration closes at 5 p.m. July 18. If available, walk-in registration will be \$65 per person. For ticket information, call Kacey Anderson at (313) 446-0300, email her at cdbevents@crain.com or visit crainsdetroit.com/events. Join the conversation with **#cdbsalute**.

can help metro Detroit and Michigan, using Chinese investment as an example of the opportunities and challenges businesses face as they look at the investment landscape and evaluate their competitiveness. Ford Field. \$45 DEC members, \$55 guests of members, \$75 nonmembers. 11:30 a.m. speaker reception open only to board, life and gold members. Contact: Detroit Economic Club, (313) 963-8547; email: info@econclub.org; website: econclub.org.

Detroit Green Map Launch. 6:30-8:30 p.m. **July 23.** Social event open to the public, providing the opportunity to learn about the **Detroit Green Map** — a collaboration between the **Detroit Green Skills Alliance** and the **U.S. Green Building Council's Detroit Regional Chapter Emerging Professionals Group** — and how it's working to build Detroit's green economy. D:hive, Detroit. Free. Confirm invitation request via Facebook, [facebook.com/events/1514804778738511](https://www.facebook.com/events/1514804778738511). Contact: Alexandro Bazan, (219) 688-5296; email: abazan@umich.edu; website: detroitgreenmap.com.

44th Annual ICSC Michigan Idea Exchange & Alliance Program. 8 a.m.-3:45 p.m. **July 24.** International Council of Shopping Centers. A gathering of more than 500 retailers, real estate developers, public officials and professional service providers, including environmental consultants, media members, attorneys, financial institutions and general contractors. With keynote speakers **Ben Schall**, COO, **Rouse Properties Inc.**, owner of 34 malls in 21 states, and **Michelle Shannon**, vice president, marketing and communications, **Center City District**, Philadelphia, an organization being used as a benchmark for the Downtown Detroit Partnership. Suburban Collection Showcase, Novi. \$95-\$455. Contact: Doug Brown, (810) 599-8131; email: dbrown@asti-env.com; website: icsc.org.

Annual Automotive Roundtable: Managing Growth in Innovation. 11 a.m.-1:30 p.m. **July 24.** Marketing & Sales Executives of Detroit. With panelists **Doug Grimm**, chairman, president and CEO, **Grede Holdings LLC**; **Dan Scelli**, CEO, **Peterson Spring**; and moderator **David Versical**, director, editorial operations, *Automotive News*, a **Crain Communications Inc.** publication. Michigan State University Management Education Center, Troy. \$45 MSED members, \$60 nonmembers. Cancellations accepted through **July 18**. Contact: Cheryl Dry, (248) 643-6590; email: meetings@meeting-coordinators.com; website: msedetroit.org.

Forum: Democratic Candidates for Wayne County Executive. 7-8:30 p.m. **July 24.** Livonia Chamber of Commerce. With state Rep. **Phil Cavanagh**, former Wayne County Sheriff **Warren Evans**, Wayne County Executive **Robert Ficano**, Wayne County Commissioner **Kevin McNamara** and Westland Mayor **William Wild**. Moderated by Livonia chamber President **Dan West**. Schoolcraft College VisTaTech Center, Livonia. Free. Contact: (734) 427-2122. Register at livonia.org.

Business Builder Series. 7:30-9:30 a.m. **July 29.** Dearborn Area Chamber of Commerce. With **Joe Hinrichs**, president, the Americas, **Ford Motor Co.**, on the company's commitment to the Dearborn and Detroit areas and its future initiatives. The Dearborn Inn, Dearborn. \$30 advance registration until **July 28**, \$35 after that date. Contact: Ron Hinrichs, (313) 584-6100; email: rhinrichs@dearbornareachamber.org; website: dearbornareachamber.org.

Automation Workz. 2-5 p.m. **Sept. 6.** Uplift Inc. Career exploration parent workshop and employee recruiting event designed to expose high school students and their parents to an automated factory and advanced manufacturing jobs that require training beyond high school but no bachelor's degree. Families will earn prizes as they participate in invention/technology/robotic exhibits. Comau Innovation Campus, Southfield. Free. Contact: (877) 429-2370; website: upliftinc.org/automation_workz.aspx.

CALENDAR GUIDELINES

If you want to ensure listing online and be considered for print publication in *Crain's Detroit Business*, please use the online calendar listings section of www.crainsdetroit.com. Here's how to submit your events: From the *Crain's* home page, click "Events" in the red bar near the top of the page. Then, click "Submit Your Events" from the drop-down menu that will appear, and you'll be taken to our online submission form. Fill out the form as instructed, and then click the "Submit event" button at the bottom of the page. That's all there is to it.

More Calendar items can be found on the Web at www.crainsdetroit.com.



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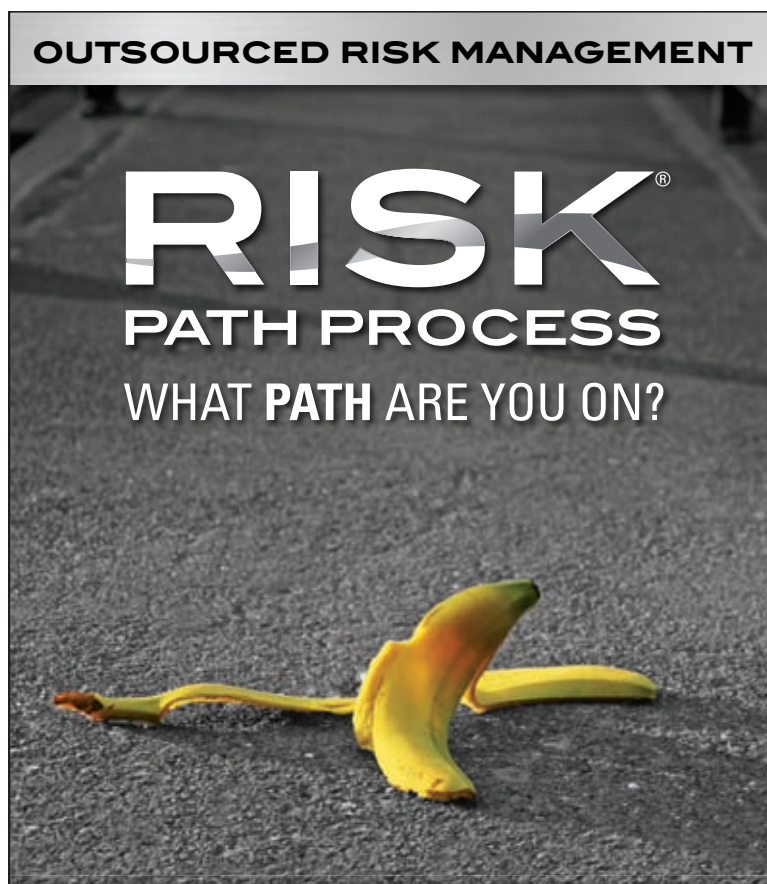
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Dealership body shops on a comeback? Industry trade group chief predicts growth

BY ARLENA SAWYERS
CRAIN NEWS SERVICE

In 2010, as the economic downturn squeezed the auto industry, Traverse City-based dealer Otto Belovich wanted to improve his company's cash flow.



Belovich

So he doubled the size of the body shop that serves his two dealerships to 10,000 square feet, doubled his technician count to eight, and added a second paint booth.

Belovich's efforts paid off. His body shop's annual revenue rose to \$2.8 million from \$1.8 million before the expansion. And today business is good, he said.

"We could double it again," Belovich said of the shop. "If you don't want to grow, you've got to go away."

But Belovich is an exception. The share of dealerships operating body shops has shrunk since 2006, according to data published by the McLean, Va.-based **National Automobile Dealers Association**.

Body shops are expensive. Real estate, a building and equipment can easily cost about \$2 million, said Lloyd Schiller, a Florida-based consultant who specializes in fixed operations.

BODY SHOPS ON RISE

The share of U.S. dealerships with body shops rose slightly last year but still trailed the share in 2006. Percent of dealerships with body shops:

2006	41%
2012	34%
2013	36%

Source: National Automobile Dealers Association

Dealers also are building larger shops that accommodate multiple stores, Schiller said.

And there is a shortage of shop technicians, especially those with the know-how to repair newer vehicles crafted with different metals and advanced plastics.

Finally, some dealers dislike terms imposed by auto insurers, who often pick where vehicles are repaired.

But that hasn't stopped some dealers, such as Belovich, who want to be one-stop sources for all their customers' automotive needs.

Dan Risley, president of the Colleyville, Texas-based **Automotive Service Association**, predicts that the number of dealership body shops will rise in the coming years. The association is a trade group that represents automotive service and repair professionals.

As automakers increasingly incorporate newfangled materials — such as carbon-fiber reinforced plastic, aluminum and steel of varying strengths — into their vehicles, repairing the vehicles requires sophisticated and expensive training, equipment and tooling, Risley said.

Manufacturers will make those things available to their dealers first, he predicts.

"One vehicle could have up to 13 different types of substrates and could require different types of repair, depending on which type of substrate you're working on," he said.

According to NADA Data 2014, the annual financial profile of franchised new car dealership, 36 percent operated a body shop in 2013, up from 34 percent in 2012.

But that's below the 41 percent

that had body shops in 2006, before the recession.

Butch Hollister, a 20 group moderator with NADA, describes dealership body shop growth as static, but the shops are profitable for dealers who have them.

Collision repair generates labor revenue and adds to dealers' parts sales, he said.

But Hollister agrees that "it is not an easy business." One challenge that has nagged dealers for years is direct repair contracts.

Under direct repair contracts, dealers enter agreements with insurance companies on the parts to repair damaged vehicles, prices for repairs and how quickly vehicles will be repaired, Hollister said. In exchange, the insurer recommends the shops to their customers who file insurance claims.

Some dealers don't like direct repair contracts because they give insurance companies power to dictate how much they will pay for repairs and what parts must be used.

Belovich said at one time he had numerous contracts with insurance companies but has ended most of them.

Problems arise when customers, especially those with late-model vehicles, want their vehicles repaired with new parts from the auto companies — but the insurance company pays for aftermarket parts, Belovich says. He also has had problems with the quality of some aftermarket parts.

"It's about keeping the customer happy," says Belovich. "A happy customer comes back and buys another car."

Rick Case, CEO of **Rick Case Automotive Group** in Fort Lauderdale, Fla., said his body shop on the west side of the Fort Lauderdale area handles all makes of vehicles. He has direct repair contracts with several insurance companies.

His technicians are so busy that the shop operates two eight-hour shifts five days a week and sometimes adds a third shift to keep up.

Said Case: "We want to be a full-service dealer to our customers, and the collision business is profitable business."

From *Automotive News*

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NOMINATIONS SOUGHT FOR NONPROFIT CONTEST

This year's **Crain's Best-Managed Nonprofit Contest** is focused on good management practices of nonprofits.

Applicants are asked to give examples of how they deploy their mission and resources, among other information.

Applications are due **Aug. 25**. Finalists will be interviewed in person by judges the morning of Nov. 10.

Applicants for the award must be a 501(c)(3) with headquarters in Wayne, Washtenaw, Oakland, Macomb or Livingston counties. Applications must include an entry form, a copy of the organization's code of ethics, a copy of the most recent audited financial statement and a copy of the most recent IRS 990 form.

Previous first-place winners are not eligible; neither are hospitals, HMOs, medical clinics, business and professional organizations, schools, churches or foundations.

The winners will be profiled in the Dec. 1 issue, receive a special "best-managed" logo from *Crain's* for use in promotional material and will be recognized at the *Crain's* Newsmaker of the Year lunch early next year.

For an application form, please email YahNica.Crawford@crain.com or visit www.crainsdetroit.com/nonprofitcontest. For information about the contest itself, email Executive Editor Cindy Goodaker at cgoodaker@crain.com or call (313) 446-0460.

CRAIN'S
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Homecoming: Event invites Detroit 'expats' back for comeback

■ From Page 1

ners LLC, a real estate investment and development company led by another ex-Detroiter, Chairman and CEO Quintin Primo III.

Owens grew up in northwest Detroit, attended Catholic schools and UM. He eventually landed a job as vice president, global head of brand strategy, at eBay in a career that has taken him around the world from his West Coast base.

Some expats left for other states; others just left for another part of the metro area.

Martin is known for his role as UM athletic director, being on the board of the U.S. Olympic Committee or as a real estate investor. Maybe not as a Detroiter.

He grew up in Detroit, attended Edgar Guest Elementary School and graduated from Cooley High School before heading to college and building a community bank in Ann Arbor.

Butler, Primo and Martin are among more than 70 successful former Detroiters who have accepted the invitation to attend The Detroit Homecoming. We're hoping final registration tops 150.

"It's a tremendous opportunity for those of us that have been away for some time, to come back and experience the vibrancy and momentum in Detroit," said Butler. "Many 'expats' are quite unaware of all the good things taking place to reinvent Detroit to become a world-class, 21st century metropolis."

Monday's briefing is the official public announcement for the initiative, which began last fall when Jim Hayes, a retired publisher of

Fortune magazine, brought the idea to Crain's.

Hayes had worked in Detroit from 1967 to 1977 for Sports Illustrated before continuing his publishing career in New York City.

"I'm an expat," said Hayes, who moved back to the Detroit area last year.

"Ever since I've been back, I've been endlessly impressed by the opportunities for investment and engagement. We're going to dazzle these folks who haven't been here in a while. They'll be stunned to see how dramatically Detroit is changing for the better."

Hayes brought the idea of the initiative to Crain's after meeting with nonprofit and business leaders about ways he could help support Detroit's revival. Hayes said one conversation — with Kresge Foundation senior program director Laura Trudeau — prompted a discussion of how many successful, influential people around the country had once called Detroit home.

From the beginning, we hoped to re-engage and reconnect "expats" to Detroit through a 48-hour immersion. And it has been a community effort.

A group of nearly 50 volunteers from area universities, nonprofits, public agencies and companies has created an agenda designed to introduce the ex-Detroiters to people making a difference on the ground in the city. Duggan, for example, or Gov. Rick Snyder, as well as social entrepreneurs, nonprofit grassroots leaders as well as



"Ever since I've been back, I've been endlessly impressed by the opportunities for investment and engagement."

Jim Hayes

major business investors.

Our invited guests are successful people, from billionaires Stephen Ross and Eli Broad to tech entrepreneurs, venture capitalists, private equity investors, artists, journalists and entertainers.

We hope the experience will help them shape their own ideas of how they can best help the city and support momentum already happening.

Martin, whose FirstMartin Corp. is based in Ann Arbor, was among the first to volunteer for the host committee.

"It's time I returned to Detroit and both invested in and supported the city's leadership," he told me. "With all the energy from so many folks, strong leadership at both the state and local level, and the fiscal re-engineering now in process, the future is very bright."

Crain's Detroit Business recruited public and private partners, particularly the Downtown Detroit Partnership and Detroit Economic Growth Corp., to help shape the concept.

Key staff members from both Duggan's and Snyder's offices

have attended meetings and offered input on the homecoming.

Other host committee members include Tonya Allen, CEO of the Skillman Foundation; Mary Barra, CEO of General Motors Co.; Edsel Ford II, board member, Ford Motor Co.; Dan Gilbert, founder and chairman of Quicken Loans Inc. and Rock Ventures LLC; Christopher Ilitch, president and CEO of Ilitch Holdings Inc.; Jerry Norcia, president and COO of DTE Energy Co.; Cindy Pasky, CEO of Strategic Staffing Solutions; Roger Penske, chairman of Penske Corp.; and Rip Rapson, CEO of the Kresge Foundation.

Major sponsors include the General Motors Foundation, Meridian Health/the Cotton family, A. Alfred Taubman, DTE Energy Foundation, Ford Motor Co., Quicken Loans and the Michigan State Housing Development Authority.

As outreach began, planners found a high degree of enthusiasm among university leaders, including Wayne State University President M. Roy Wilson, former UM President Mary Sue Coleman and Univer-

sity of Detroit Mercy President Antoine Garibaldi. Area schools and universities have been tapping their alumni lists and encouraging their graduates to come home.

But their energy in reaching their alumni was eclipsed by the enthusiasm of the "expats" themselves.

"I've had a chance to travel all over the world during the past few years, and no matter where I am or who I am with, I turn the conversation toward Detroit," said Owens, who joined the effort as a nonresident member of the host committee.

"What's amazing is how much people everywhere care about what's happening in the city. The conversations have been great, but it's clear to me that I needed to move from talk to action."

Butler said she decided to return for the homecoming because she saw it as an "opportunity to work with expats to begin to reverse the brain drain that began several decades ago."

"I was amazed to see the list of successful business leaders that have Detroit roots," she said. "Just think where the city would be if we had all stayed put and started our businesses in Detroit!"

More information can be found at detroithomecoming.com or by emailing homecoming@crain.com.

Mary Kramer is publisher of Crain's Detroit Business. Catch her take on business news at 6:10 a.m. Mondays on the Paul W. Smith show on WJR AM 760 and in her blog at www.craindetroit.com/kramer. E-mail her at mkramer@crain.com.

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■ From Page 1

Department of Environmental Quality.

The same five-county region accounted for 29 total permits in all of 2013, out of 205 permits issued statewide.

Pumps have been more heavily distributed out-state for decades; the same five metro Detroit counties accounted for just 33 permits combined, out of 3,123 statewide, for the entire period of 2005 through 2008, according to MDEQ. But some of those outstate reserves have been widely explored or are richer in natural gas, which has been trading at a six-month price low and is much deeper, and more expensive, to drill for at some northern Michigan sites.

Resident backlash

The uptick in suburban Detroit prospecting has garnered a few local headlines for exploration companies like **Jordan Development Co. LLC** and **West Bay Exploration Co.**, both of Traverse City, which are co-investors on oil wells in Oakland, Wayne and Washtenaw counties.

West Bay obtained a permit ear-

lier this month for Scio Township, despite opposition from nearby residents and a letter in May from three state legislators asking DEQ to reject it.

It also gained another permit in June for a site in western Shelby Township, not long after a lease deal in nearby Rochester Hills drew a lawsuit against Jordan and the city by a nonprofit citizens group in May.

But the two companies have also drilled under relatively quieter lease deals with the **Huron-Clinton Metropolitan Authority** for park sites in White Lake Township and on state property in Livingston County. Governments are a popular place for explorers to seek lease deals, executives said, because they are likelier to own the larger land tracts the companies need and benefit from the new revenue stream.

Competitors **Savoy Energy LP** of Rockford and **Paxton Resources LLC** of Gaylord have also obtained new permits in 2014 to drill in Lenawee and Washtenaw counties, respectively.

"We actually are going to be

drilling a few miles from the Rochester Hills property, at this point. Granted, if those drills are successful we may come back to do more. The jury's still out on Oakland County in terms of what's going on (in terms of production yield)," said Ben Brower, vice president at Jordan Development.

"Very rarely do we need (large well pump pistons) or an elaborate setup at these sites. For at least three wells, not everyone knew we were there, and when word got out, they called to complain and say, 'Don't drill at that site,' and we had to tell them we were already done and had been there a while."

Patrick Gibson, vice president at West Bay, said the suburban well sites are usually less than 20 feet high and not easy to spot. The company has not yet sought a DEQ well permit for Rochester Hills and will likely wait to see the outcome at the Shelby Township site first, he said.

If the current trend continues, this could prove to be one of the busiest years ever for Southeast Michigan with about 40 oil well per-

mits for 2014 as a whole, while the state as a whole could see its slowest year of new drilling since 1931.

Jordan and West Bay are also collaborating on a site with a new permit in Waterford Township, and have three permits between them for sites in White Lake Township, including two at Indian Springs Metropark. One of those sites is already producing, and a second is almost finished drilling, Brower said.

Executives at Savoy and Paxton did not return phone calls.

Complications

But the local acceleration is doing little to pull Michigan as a whole out of a wider exploration slump. Data from MDEQ shows new oil and gas well permits grew to 205 last year from an 80-year low of 195 in 2012, and is on pace for just 172 permits statewide this year. That's well off the recent peak of 912 permits in 2008, and the all-time high of 2,024 in 1992.

It's not so much that Southeast Michigan wells are rich ones — ex-

ecutives and state officials said the region tends to be a crapshoot compared with the historical yield of other areas. But regulations that require explorers to lease increments of 40 acres can mean negotiating with dozens of landowners for each new well in populated areas, and negotiating for one large agricultural land tract out-state was often easier.

Recently, however, the busy reserves of years past in northern Michigan have been widely tapped, financing has been tougher and a recent ebb in natural gas prices has put explorers off of tapping the much deeper Utica Collingwood Shale deposits in northern Michigan, said Hal Fitch, chief of the state Office of Oil, Gas and Minerals. All of that makes oil and Southeast Michigan more appetizing than it used to be.

"Permitting activity is pretty low right now. That kind of follows a typical historical pattern, where there's shifting interest from one (oil or gas underground) formation to another," Fitch said.

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Fair Lane: Estate plans fundraising push as it nears 100th year

■ From Page 3

Management is still finalizing the list of capital projects and an annual business plan, so its targets for capital, programs and endowment are not yet final, said Kathleen Mullins, president and CEO of both estates.

But the overall plan is to take the campaign public next year as Fair Lane celebrates its centennial birthday.

During formal and informal conversations on the estate's renovation and fundraising plans with individuals around the country and even some outside the U.S., "there has been strong interest expressed for our plans to restore, re-imagine and reopen Fair Lane," Mullins said.

The campaign already has the well-connected Ford family helping to raise money. Edsel Ford II is chairman (as he is of the Ford House board), and several members of the Ford family are on the Fair Lane board, along with other local and national leaders. They've helped secure more than \$11 million in commitments since the launch of its silent phase a year ago.

Yet the effort still faces some uncertainties.

There has never been a dedicated campaign for Fair Lane, though UM-Dearborn has raised money for the estate in the past through larger campaigns. And fundraising is a new activity for much of the team at Ford House, given that it operates primarily on interest income from an endowment left by Eleanor Ford in 1976.

Making the request

The estate has a very good team behind the initiative, including a committed and experienced board, skilled consultants, a staff leadership team experienced in historic site planning and orchestration,



COURTESY OF HENRY FORD ESTATE-FAIR LANE

There never has been a dedicated campaign for Fair Lane, although the University of Michigan-Dearborn has raised money for the estate in the past.

and "a fantastic family with a very important story," Mullins said.

Mullins is no stranger to fundraising. She worked at other cultural institutions around the country for more than 30 years before joining Ford House. And last September, Mullins hired Matthew Wawro as vice president of philanthropic initiatives.

Wawro has served in top fundraising positions at institutions including **Pace Academy** in Atlanta, **Cranbrook Educational Community**, **Harvard University**, the **University of Michigan**, **St. Joseph's University** in Philadelphia and the **Barbara Ann Karmanos Cancer Institute**.

"What we liked about Matt is he had experience dealing with recruitment of donors on a national and local level," Mullins said. "It takes a different strategy when people can't just come over for lunch and see what you are raising money for."

There is a need to build some traditional components of the campaign from scratch, given that the estate was owned by UM for more than 50 years, Mullins admitted.

That includes establishing a base of donors, creating a brand and messaging (with pro bono help from **Team Detroit**) and building awareness of Fair Lane.

Mullins said the historical significance of the site makes a big impact with potential donors; the Fords are considered an iconic American family that has made very important contributions, from putting the world on wheels to creating the \$5 work day, the 40-hour work week and mass assembly line concepts that led to the creation of America's middle class. There are also stories to tell about the Fords' commitment to environmentalism.

"We have been told that the estate is the only place to tell their personal story," she said.

It is challenging, but not impossible, to raise philanthropic dollars for historic sites, said Katherine Malone-France, senior director of outreach, education and support for historic sites at the Washington, D.C.-based **National Trust for Historic Preservation**, in an emailed statement.

Fair Lane has all of the things in place that donors and contributors would want to see — significant and compelling stories, strong community engagement through rich and varied programming, and a plan for where it wants to go and how it wants to get there, Malone-France said.

"The challenge is in identifying a partner and making a compelling case to them," she said.

To help it develop a compelling case as well as business and visitor plans, Fair Lane has hired consultants supported by a \$250,000 grant from the New York City-based **Ford Foundation**. Those consultants include Toronto-based **Lord Cultural Resources** on strategic planning, **Gallagher and Associates** in Silver Spring, Md., on interpretive planning, and Ann Arbor-based **Quinn Evans Architects Inc.** on the restoration.

Capital repairs

This month, work will begin on vital structural and safety issues at the estate. A new water main will snake down Evergreen Road and up Fair Lane Drive to separate the estate's water supply from UM-Dearborn's.

Smith Group JJR will also begin repair work on the eroded Rouge River bank abutting the estate, which collapsed three years ago. Following repairs, it will work with Fair Lane's landscape historians to reinstall the components of the landscape lost with the collapse, including a riverside path and bridge, Mullins said.

Per the transfer agreement, UM-Dearborn is providing \$600,000 for the water main installation and separation of electricity completed in December and up to \$500,000 for the riverbank repairs, said Ken Kettenbeil, vice chancellor, exter-

nal relations.

By fall, foundation and roof repairs will begin on the main house, she said. When complete, those will allow major restoration work inside the estate to begin, perhaps as soon as next year. But only if the estate has the money in hand to complete the repairs and renovations, Mullins said.

"We're not going to let this project outstrip our resources," she said. "We want to be absolutely fiscally responsible."

The finances

Fair Lane brought in \$430,000 in revenue for fiscal 2014, primarily the net proceeds from an annual dinner dance that Edsel and Cynthia Ford started 26 years ago, Mullins said.

It pulled \$277,500 out of reserves from previous dinner dances to cover its total expenses of \$707,500 for buildings and grounds maintenance, utilities, insurance, 24-hour security and the salaries of four dedicated employees, Mullins said.

Ford House, by contrast, was able to draw \$3.9 million from the interest revenue on its \$92 million endowment, which combined with \$671,612 in earned revenue from admissions, site rentals, events, memberships and grants, covered its \$4.57 million in expenses, she said.

"What we hope is that Fair Lane will evolve to be independent just like Ford House," Mullins said.

The endowment left by Eleanor "has given Ford House the ability to operate without the same fundraising concerns as other nonprofits ... concerns museums in our backyard and across the country are struggling with," she said.

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"Some of the drop (after 2008) was also that it's been harder to get investment dollars, but the Trenton-Black River formation wells in (southern and Southeast Michigan) also only have to go about 3,000 feet deep, much less than some other parts of the state. So it's attractive that way, for cost."

Fitch and others in the state office have said new well permits began trending southward between 2005 and 2008 as new seismic imaging technology found previously untapped oil reserves along the Trenton-Black River formation, an oil reserve formation that runs generally from Jackson County through Hillsdale and Lenawee counties.

Exploration was high along that formation in the previous decade, but dropped off sharply amid a drop in crude oil prices and loss of investment capital by 2009. Since then, explorers have generally moved eastward toward suburban Detroit as other Trenton-Black River wells run their course.

What lies beneath

Some Southeast Michigan wells produce quite well. One Jordan and West Bay joint venture in Troy, near the Michigan State University Management Education Center, cost less than \$3 million to drill in 2002 but has produced about \$60 million of natural gas since then, with MSU and the Michigan Department of Transportation as an adjacent landowner splitting about a one-sixth royalty or \$10 million on sales since then, Brower and Gibson said.

Another well, at Kensington Met-

ropark in Milford Township, has made about \$13 million since the 1990s, Gibson said. Explorers usually negotiate a royalty of one-eighth to one-sixth of the revenue that wells produce in oil or natural gas, pro-rated to their share of the property covered by the lease.

He estimates West Bay has drilled about 50 sites in Southeast Michigan since 1986, of which about half have since wrapped production and are now plugged. The company reports more than a dozen active wells in Oakland County and about a half dozen each in Macomb and Wayne; it could start drilling the new well in Scio Township under its July 3 permit within 60 to 90 days.

Its three permits in White Lake Township were all issued within the past two years, and West Bay is also a co-investor on a well in Livonia that has been collecting from reserves beneath Schoolcraft College since 2009, he said.

Southeast Michigan "has been a comparatively unexplored area, and there's unique geography here," he said.

But Brower said the first White Lake site is only producing a moderate yield of oil so far, and drilling is not yet complete on a second one.

He also said the state continues to have a few regions of high investment and interest, like suburban Detroit and the Gladwin County and western Saginaw Bay areas, but Michigan as a whole is still in a fairly slow year and local companies have begun exploring other states.

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Krutko signs pact to remain Ann Arbor Spark CEO

BY TOM HENDERSON
CRAIN'S DETROIT BUSINESS

Paul Krutko has signed a five-year contract to remain as president and CEO of Ann Arbor Spark, a nonprofit economic development organization founded in 2005 by Rick Snyder, before he left the world of venture capital to become Michigan governor.

Krutko, 58, said the contract can be extended on a year-by-year basis if mutually agreed upon by him and Spark's board of directors.

The three-year contract Krutko signed when he was recruited from San Jose, Calif., expired in April, and there had been rumors in Ann Arbor and the local VC community that he was leaving to take a job elsewhere.

Krutko told Crain's that the Spark board was aware he was being recruited.

"People have contacted me and presented me with a variety of opportunities," in part, he said, because of his high profile nationally last year as chair of the Washington, D.C.-based International Economic Development Council, an association of economic development professionals.

Krutko said one of the highlights of his tenure at Spark was rebuilding a strong management



Krutko

team after the first CEO, Mike Finney, left Spark to join Snyder in Lansing as president and CEO of the Michigan Economic Development Corp., taking much of Spark's leadership with him.

He said another was forming an economic development partnership with Monroe, Hillsdale, Jackson and Lenawee counties.

"I really like the work we're doing here at Spark. I've worked all over the U.S., and this is one of the finest platforms for economic development I've ever encountered," said Krutko.

Also fueling rumors of his departure was a perception there was a rift between Spark and the MEDC. Spark had run the first Michigan Pre-Seed Fund, but when the state created a second fund in April, it was turned over to a new nonprofit, Detroit-based Invest Michigan.

And Spark's role as fiduciary of the annual Accelerate Michigan Innovation contest in Detroit was recently turned over by the MEDC to Invest Detroit. Krutko denied rumors of a rift with the MEDC. "We have a good, strong working relationship with the MEDC."

Accelerate Michigan program offers \$1 million in prizes

Accelerate Michigan is seeking applicants for its annual business competition, in which early stage technology companies can receive coaching and feedback from an international cadre of venture capitalists, and network with investors from across North America. Applicants can also win cash and in-kind prizes.

The Accelerate Michigan Innovation Competition

program offers a \$500,000 grand prize and an additional \$500,000-plus in awards of cash and in-kind prizes.

The competition showcases business innovations to potential investment capital and targets business startups with potential to generate an immediate financial impact.

Applications are due July 23. For more information, see acceleratemichigan.org.

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*Signet Study, Sept. 2013

Chocolate: VernDale tastes sweet biz success with new plant

■ From Page 1

"Our customers needed to be sure there was a supply of roller milk product," Johnson said. "They have been the propelling force in convincing us the expansion was needed for us to stay in business over the next 20 years."

The technology behind the product is straightforward: Milk is distributed onto rotating, steam-heated rollers to evaporate the water. The end product is a flaky dried milk, which maintains flavor much longer than raw milk.

It's a specialty ingredient; VernDale is the only roller-dried milk supplier in the U.S., Johnson said.

VernDale's new plant will add 12 million pounds of roller milk product to its current 20-million pound annual capacity at its original plant and headquarters on Lyndon Street, east of Wyoming Street, in Detroit.

VernDale's expansion is expected to boost revenue to \$35 million in 2014 for the 48-employee manufacturer, Johnson said.

The new plant, about five miles away, is supported by tax abatements from the city of Detroit and the **Michigan Economic Development Corp.**

A matter of taste

Roller-dried milk, which is still prevalent in Europe but not in the U.S., is preferred by premium European chocolate makers because it produces a deeper, more caramelized flavor, Johnson said, than the spray-dried milk process used to make most chocolate.

Most creameries abandoned the roller-dried process years ago due to the more efficient spray-dried process, according to a 2000 report by *The Manufacturing Confectioner*.

Johnson said the spray-dried process is as much as 70 percent quicker, but VernDale didn't abandon its technology because its locally-based foreign customers continued to demand it.

While revenue for U.S. chocolate producers is expected to top \$16.2 billion this year, these companies have seen increased competition from foreign chocolate companies.



Dale Johnson, president and owner of VernDale Products, hopes the new milk plant in west Detroit will capitalize on America's taste for premium chocolate.

KENNY CORBIN

That's according to a May study by Australian research firm **IBISWorld Inc.**

Americans now prefer European chocolate "because foreign chocolates are perceived as higher quality than American products," the study said.

Matt Hudak, a research analyst of the confectionery market for **EuroMonitor International Ltd.** in Chicago, said the trend is about perception and consumer exposure to more high-end candy.

"As more of these premium products have been introduced, more people have become aware, and they are simply recognizing a better quality product," Hudak said. "The higher-end chocolate products are doing phenomenally well because it's not viewed as a mass market product, and a relatively inexpensive way to indulge."

Chocolate imports to the U.S. are expected to reach \$3.2 billion this year, growing by 5 percent annually since 2009.

Plus, the U.S. subsidiaries of foreign chocolate producers are expanding in the U.S. with the growing sophistication of American tastes.

Swiss chocolate maker **Lindt & Sprungli AG**, for example, has reportedly expanded its U.S. manufacturing operations by more than 350,000-square-foot since 2009.

VernDale spent more than \$1 million each on two new roller dryers for its Weaver Street plant, which it purchased from Netherlands-based **Andritz Gouda BV**.

Besides the difference in taste, roller-dried milk allows chocolate to be produced with a lesser fat content by reducing the amount of cocoa butter needed for the same viscosity, Johnson said.

He said VernDale's process reduces the amount of cocoa butter needed in chocolate making by 3 percent to 4 percent.

According to the **IBISWorld** study, American consumers are demanding chocolate with healthier ingredients, including an increased demand for dark chocolate, or chocolate with healthful add-ins.

Johnson hopes U.S. milk product competitors don't transition to the roller-dried process, but said its new plant should insulate it from any increased competition.

"We've survived by using this process," Johnson said. "But now we're building a bigger moat around our business so we'll be able to weather any increased competition."

Johnson said VernDale must increase revenue by 5 percent annually to cover its debt. But with increased demand forcing its current operation to run around the clock,

the expansion was necessary.

"We can run about eight months at this capacity, but we had to do something," Johnson said. "We wouldn't survive at this pace for much longer."

The new plant, like its existing plant, will primarily use milk from Michigan dairy farms.

The beginning

Johnson's father, LaVern, and mother, Marlene, started the family business in 1958. The company originally occupied space on the Detroit riverfront but was forced to move in the 1970s for the construction of the Renaissance Center.

VernDale relocated to the site of the former **Twin Pines Dairy**, best known for its yellow and green ice cream trucks that traveled in Detroit neighborhoods throughout the 1950s and 1960s.

It has continued to supply its roller-dried milk product from that plant and will continue to do so after the expansion.

VernDale's Weaver Street plant was four years in the making. Its search included sites in Northern Michigan and Indiana.

But the Weaver Street site was chosen because it allowed VernDale to use existing management at both plants due to its proximity and to capitalize on Detroit's man-

ufacturing-centric workforce, Johnson said.

The Weaver Street plant, nestled at the end of a dead-end street near a set of train tracks on 8.5 acres, was the former home of **Detroit Pure Milk Co.** and then later the **Wesley Ice Cream** plant. But it has been abandoned since Wesley went out of business in 1998.

VernDale acquired the dilapidated site in January 2013 and began the \$1 million demolition project soon after. Save the steel exterior and some brick and tile work, much of the plant is brand new.

Comerica Bank financed the expansion, Johnson said. Southfield-based **Plante Moran Cresa LLC** managed the process; Farmington Hills-based **Design Systems Inc.** was the engineering firm; **Fishbeck, Thompson, Carr & Huber Inc.** in Novi was the lead architect; and Novi-based **Oliver/Hatcher Construction and Development Inc.** rehabbed the building.

The new plant will be more efficient, create less waste and be more consistent than its current operations, Johnson said.

The plant is on a different power grid than its plant on Lyndon Street, which customers wanted because it wouldn't go down in the event of a power outage at the other plant.

The plant investment also jump-started company investment and planning in other areas, such as moving computer servers off-site, creating redundant systems and forming a succession plan, Johnson said. Johnson's children will not take over the plant, as they have careers of their own outside the family business. VernDale is currently weighing internal candidates to make succession plans.

"The more we decided to expand, the more it became apparent we had to make significant changes," Johnson said. "It was now or never ... if we didn't do this now, we'd be writing our own obituary."

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Wallace: Conservancy CEO brings a development background

■ From Page 3

riverfront community, building on the more than \$1 billion in projects that have already happened as a result of the conservancy's work, Detroit RiverFront Conservancy Chairman Matt Cullen said.

"If you think of Sue Mosey and what she does in Midtown, that's a role the conservancy can help play, to be a champion for that part of the city," said Cullen, president of **Rock Ventures LLC**. Mosey is president of **Midtown Detroit Inc.**

The conservancy's goal always has been to create a beautiful walkway along the Detroit River, "but from the very beginning, we also wanted to be a catalyst for economic development," Cullen said.

Nature meets the city's urban backdrop along the Detroit riverfront, setting it apart from more urban waterfronts in cities such as

Chicago and Toronto, Wallace said.

He's had plenty of time to admire the riverfront with its views of Canada and Belle Isle as leasing director of the GM Renaissance Center from 2007 to 2012. He also supported Wayne County's acquisition of the Guardian Building in 2006 and oversaw property management contracts for the city of Detroit's Coleman A. Young Municipal Center and Public Safety Headquarters.

More recently, Wallace managed Bayside, a 13-acre residential and commercial-use waterfront development in Toronto that was funded through a public-private partnership and served as the project manager of River Point, a 1.3 million-square-foot mixed-use development on the Chicago River that includes a public park and an extension of the city's famed

Chicago River Walk.

Even during the six-month assignment in Toronto and year and a half stint in Chicago, Wallace flew back to his home of 15 years in Detroit's Corktown neighborhood each weekend. The sunrises and sunsets on the Detroit River were one of the things that brought him back.

"Every piece of land in the east and west riverfront is prime real estate," Wallace said.

Wallace is interested in implementing developments with which other communities have been successful, but also in establishing things specific to Detroit, the size of the river here and residents and tenants already on the waterfront.

He likes the strong community programming Toronto has brought in and Chicago's construction of kayak docking and restau-

rants and fountains in and around the river.

In terms of specific priorities for waterfront development in Detroit, however, "I'm not there yet," Wallace said.

"I want to understand who has been looking at the market."

While Wallace brings a solid history of experience and expertise in real estate development and property management, his experience with nonprofits and the fundraising most rely on to operate is limited, but not nonexistent. He is a director of the **Boll Family YMCA** in Detroit and past director of **Trinity House Theatre** in Livonia and serves on the advisory boards of **Kiva Detroit** and **Hatch Detroit**.

"Nobody comes with all of those (management) characteristics, but ... when it comes to physical devel-

opment, Mark brings a lot of expertise," Cullen said.

The operational experience Wallace brings will also help, Cullen said, in overseeing the 5 miles-long riverfront programming and the maintenance and programming of the Dequindre Cut, all of which fall under the conservancy umbrella.

"The CEO and the president needs to be a passionate advocate and a visionary for what's taking place," Cullen said.

Wallace is both of those things. "Just as it was with Faye, it will be important for the board to get Mark in front of the right people ... to open doors to people who have financial capacity to support the project," he said.

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Hazel Park: Track still believes in horse power

■ From Page 3

Northville Downs, which will run its schedule in late fall.

More than 10,000 people came to Hazel Park Raceway for the inaugural night of thoroughbred racing last month — so many that the beer ran out by the fifth of that night's nine races, Adkins said. The second-weekend turnout was smaller, but still financially better than the harness races.

"It's exceeded expectation," he said. "Overall, it seems to have been the right decision."

The 30-day thoroughbred schedule continues on Fridays and Saturdays through Oct. 11.

Industry observers are cautiously optimistic about what Hazel Park is doing.

"I would expect they'll be well positioned to attract fans for the novelty of the races and as something to do on the weekends," said Frank Angst, a staff writer for **BloodHorse.com** who was a long-time writer for the now-defunct *Thoroughbred Times*.



"Generally, Saturdays are the best days in terms of handle at U.S. tracks. The chance to bet some major races on simulcasts and then see live racing should work well."

Still, the track won't survive without additional forms of gambling revenue, Adkins said. For years, Michigan's horse tracks have been stymied in their efforts to get legislative approval to add slot machines or other forms of gambling via smartphones or slot-like wagering game terminals.

The payoff

Bettors wagered \$171,000 on nine thoroughbred races on June 27, Adkins said. By contrast, the most money wagered during the track's 10-day harness racing schedule earlier this year was \$64,000.

Another \$300,000 was wagered on simulcast races on the inaugural thoroughbred night, he said.

Crowds were deep at the betting windows for the live and simulcast races, and the restaurant was full, Adkins said. Ancillary track revenue increased 15 percent compared to a typical harness race night.

While pleased with the new revenue, Adkins noted that 25 years ago a crowd of 10,000 at Hazel Park would have wagered about \$1.25 million. That's because there were no casinos, no Internet, and the **Michigan Lottery** was far more modest, he said. Horse gambling was serious business for bettors.

"We are the original form of gambling in the state," he said. "Twenty-five years ago, there wasn't anything else for people to wager on. Now, we get a lot of families, people looking for something to do on a Friday night."

The most wagered in the track's history was \$1.42 million, by 15,372 bettors on July 12, 1975.

Track management will have a better idea of the financial boost from switching to thoroughbreds over the next few weeks — the level-

5 TRACKS OUT OF THE MONEY

Pinnacle Race Course: Intended to be a \$142 million thoroughbred track modeled on Churchill Downs on 320 acres near **Detroit Metropolitan Airport**, it opened in 2008 but was only partially built before its owners halted operations two years later because it was losing money and couldn't pay its bills.

Ladbroke Detroit Race Course: Livonia track closed in 1998.

Saginaw Harness Raceway: Closed in 2005.

Great Lakes Downs: Muskegon course closed in 2007.

Jackson Harness Raceway: Closed in 2008.

ing after the initial boom of interest.

"I know we're going to run these entire 16 weeks with a (revenue) increase over standardbreds; how much remains to be seen," Adkins said.

Horse wagering has declined in general in Michigan. After winning bets are paid to patrons, the track, horse owners and their associations, and the state and local municipality each get a cut of the betting, both live and simulcast, as laid out in a complex formula.

The majority of betting is on simulcast races.

Last year, Hazel Park had \$3.3 million in live wagering, down 21.4 percent from \$4.2 million in 2012. In 2011, it was \$4.1 million.

Simulcast betting at the track fell 8.8 percent in 2013 to \$57.3 million from \$62.8 million in 2012. In 2011, it was \$64 million.

Statewide, the total live and simulcast wagering in 2013 was \$126.9 million, an 8.1 percent decrease from \$138.1 million in 2012.

Those declines are why Hazel Park and other tracks are seeking new revenue streams.

Beer and bistro

In a bid to attract more patrons, the track's owners want to lease half of an unused 65,000-square-foot glass and steel building to a microbrewery for production and distribution, while using the other half for a sports bar-style restaurant.

"It seems like a perfect marriage," said Adkins, who is seeking interested microbreweries.

The building was constructed for \$12 million as a casino in 2004 in anticipation of state approval for slot machines at racetracks, a measure that got legislative approval but wasn't signed by Gov. Jennifer Granholm at the behest of Detroit's three casinos, Adkins said.

The state's casino industry opposes any new gambling at Michigan's horse tracks, which potentially could siphon spending — exactly what the tracks say the Michigan's 24 commercial and tribal casinos have done to them over the past 20 years.

Other spending

To break even, Hazel Park's owners had to invest in the track itself.

More than \$300,000 was spent replacing the running surface from the hard limestone used for trotters, which was about a 3-foot depth, to the soft earthen track required by

thoroughbreds, Adkins said.

Because of the expense, Hazel Park will no longer host harness races. "We're going to leave the track as a thoroughbred track," Adkins said.

Hazel Park added 30 employees to handle the thoroughbred races, and is renovating and opening horse barns that have stood idle for decades, Adkins said. Payroll spending has increased by \$15,000 a week.

The track also increased its local advertising budget to about \$500,000, from \$200,000, Adkins said.

"We're increasing our business enough, and our expenses, but all in all it looks to me it's going to be a positive because I'm looking at a break-even year this year," he said.

Northville Downs

A message was left for Northville Downs' management. The track told *Crain's* in January that it lost money the past two years, including an estimated \$300,000 in 2013. It said it would spend \$250,000 to convert its racing surface for thoroughbreds this year, and its season will run Oct. 12-Nov. 16.

Northville Downs opened for harness racing, or standardbred racing, in 1944. These will be its first thoroughbred races.

Mike Carlo, operations manager and co-owner of Northville Downs, told *Crain's* in 2012 that the track had lost 60 percent of its business since the Detroit and tribal casinos opened. The track had a \$225,000 profit in 2011.

Other tracks

The tracks are trying to avoid the fate of five other horse race courses in Michigan (*see box, this page*).

Today, in addition to Hazel Park and Northville, the state has two other operating tracks, both for harness racing: **Sports Creek Raceway** near Flint and **Mount Pleasant Meadows**.

"The only way horse racing is going to survive is if the state wakes up and allows these tracks to have other products," Adkins said.

The track will continue to push for online or smartphone wagering on what's called instant racing. It's a way to wager on old races in which bettors get certain parimutuel information but don't know which race they're betting on.

Other states, such as Ohio, allow slot machines at racetracks — giving rise to the portmanteau "racino" — and that increased revenue has boosted race purses and lured horse owners there, away from Michigan.

The minimum race purse at Ohio racinos is \$7,500, which is the maximum here, Adkins said.

"It's really hard to attract quality thoroughbreds," he said.

However, slots are no guarantee of success: Ontario's **Windsor Raceway**, opened as a harness track in 1965, closed in August 2012 despite the **Ontario Lottery Corp.** adding slots in 1999.

Breeding issues

Attracting thoroughbred owners

isn't the only problem with the horses themselves for Michigan tracks.

Industry watchers say a massive decline in Michigan thoroughbred breeding also directly fuels the economic problems faced by the state's tracks.

"The biggest hurdles will be the decline in the foal crop," Angst said. "In recent years, thoroughbred breeders have reduced the number of horses being produced each year. That means there's strong competition for horses."

That race competition is coming from nearby states that have other revenue streams — slots, mainly — that boost the track purses.

"Tracks in states like Ohio, Indiana, and West Virginia subsidize their purses with money from added gaming, which makes those tracks attractive to horsemen," BloodHorse.com's Angst said. "In general, tracks that subsidize purses with money from added gaming are having more success attracting those horses."

In 1992, Michigan's annual foal crop was 518 horses, according to the earliest data available from **The Jockey Club**, the New York City-based breed registry for thoroughbred horses in the U.S., Canada and Puerto Rico. The data is collected by Lexington, Ky.-based **Equibase Co. LLC**, a national database of industry statistics.

In 2012, Michigan's foal crop was 63, a nearly 88 percent decline since 1992. The 2012 crop represented just 0.3 percent of all foals in North America. It was 1.4 percent in 1992.

"With an uncertain racing future in the state in recent years, Michigan has seen a dramatic decline in number of thoroughbreds produced in recent years," Angst said. "This is important because one thing these tracks could offer would be races restricted to horses bred in the state."

Nationally, thoroughbred breeding saw the foal crop drop nearly 39 percent (37,828 to 23,150) from 1992 to 2012, data shows.

"The industry was hit pretty hard by the recession as prices dropped at sales. Breeders adjusted by producing fewer horses," Angst said.

He predicts that will reverse: "The sales have rebounded in the past two years, so breeding is expected to pick up soon."

Michigan's thoroughbred breeding could pick up if the races at Hazel Park and Northville Downs are successful.

"If breeders see these meets fare well, I'm sure more horses will be produced in the state, but it will be a gradual process," Angst said.

Thoroughbred breeding (and housing, care, training, etc.) is not a cheap business or hobby, so breeding is sensitive to market forces.

"Thoroughbreds are a racing breed. That's, by far, the reason they are bred. Some breeders race the foals they produce, while other breeders primarily sell their horses to buyers who will race them," Angst said.

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RUMBLINGS

Buchan sculptures in auto hall show



COURTESY OF AUTOMOTIVE HALL OF FAME

Alexander Buchan's sculpture "Dream Cruise – the 1932 Ford Highboy," along with the original roadster he used as a model, will be at the show. The car's owner, Crain Communications Inc. Chairman Keith Crain, and his wife are modeled in the sculpture.

The Automotive Hall of Fame in Dearborn is hosting an exposition of more than a dozen of Alexander Buchan's automotive sculptures, and will include one of the cars that inspired a piece of his art.

The exhibition, called "Driving Greatness: Bringing the Past Into the Future — the Art of Alexander Buchan," runs from Aug. 1 through Sept. 28.

Buchan, a Michigan artist specializing in bronze automotive sculptures, spent 38 years working in General Motors Co.'s design studio. He was chief sculptor.

On display will be the sculpture "Dream Cruise — the 1932 Ford Highboy" along with the original actual roadster Buchan used to create the piece. The car's owner, Crain Communications Inc. Chairman Keith Crain, and his wife, Mary Kay, are modeled in the sculpture.

Buchan's work is online at alexanderbuchan.com.

The Automotive Hall of Fame, adjacent to The Henry Ford, is open Wednesdays through Sundays from 9 a.m. to 5 p.m. The exhibition is free for those with paid museum admission.

For museum details and prices, visit automotivehalloffame.org.

Esperion wants OK to issue more stock — if it needs it

Ann Arbor-based Esperion Therapeutics Inc. (Nasdaq: ESPR) has filed a prospectus with the U.S. Securities and Exchange Commission to issue up to \$150 million in securities.

Tim Mayleben, Esperion's president and CEO, said the company has no immediate

plans to issue more stock and said the Form S-3 filing, known as a shelf registration, gives the company



Mayleben

flexibility to raise funds if needed as it continues human trials on its cholesterol-lowering drug, which carries the working name of ETC-1002.

The S-3 allows the company to issue a variety of securities, including preferred stock, common stock, senior debt and subordinated debt.

The company raised about \$73 million when it had its initial public offering in June 2013.

Mayleben said that if results of two ongoing Phase 2b human trials repeat the results of Phase 2a studies, a likely rise in demand for company stock could make a secondary public offering a good possibility.

Mayleben said results of a trial of 349 patients at 60 U.S. sites should be ready by the end of October. That trial is of patients who can't tolerate statins, the most commonly used drugs to lower cholesterol.

Those results should be followed soon by results from a study of 132 patients at 35 U.S. sites, this one of ETC-1002 being taken in combination with statin drugs.

Raising cash fast isn't a motivator. Mayleben said that the company has close to \$70 million in hand, which will take it into 2016.

About 40 U.S. biotech companies went public in 2013, and about that many

have gone public this year. Mayleben said about half of those 80 or so have also filed S-3 forms to issue more stock or other securities, at an average of \$150 million.

"If there's any advantage to being average, we're average," he said.

Mayleben said continued good trial results could also lead to a sale to a larger pharmaceutical company before a secondary stock offering.

Upscale caterer Forte Belanger quietly sold

Troy-based Forte Belanger quietly changed ownership last year, in a move aimed at preserving the high-end corporate catering brand.

The company's sale to Continental Catering and Events LLC, also in Troy, for an undisclosed amount was accomplished with no announcements or fanfare as Forte Belanger's former President and CEO John Forte, now 61, retired.

Acquiring Forte was a way to catapult into the off-premise market, bringing the entire kitchen, staff and design to a venue of the client's choice, said Continental Vice President Michael Roberts.

Investment in a larger kitchen space and staff, warehouse space, two new trucks and new leased space in downtown Detroit at TechTown has helped Forte Belanger increase sales 25 percent year to date, the company said.

BITS & PIECES

Eva Garza Dewaelsche, president and CEO of Detroit-based SER Metro-Detroit Jobs for Progress Inc., was one of 16 people honored as a Champion of Change at a White House program June 30. She was honored for SER's job help for ex-inmates.

Quicken Loans Inc. CEO Bill Emerson and Mark Reuss, executive vice president of global product development, purchasing and supply chain at General Motors Co., have joined the Detroit-based Skillman Foundation's board of trustees.



Emerson



Reuss

WEEK ON THE WEB

FROM WWW.CRAINDETROIT.COM, WEEK OF JULY 5-11

Gilbert buys former Globe Tobacco building

Added the 58,000-square-foot former Globe Tobacco Co. building to Dan Gilbert's downtown Detroit real estate empire. The Quicken Loans Inc. and Rock Ventures LLC founder and chairman purchased the six-story building at 407 E. Fort St. for \$3.3 million, according to Matt Farrell, executive principal/partner of Bingham Farms-based Core Partners Associates LLC, which represented the seller, the Gus Vincent Trust.

ON THE MOVE

Oakland University hired Jeffrey Konya as athletic director, effective Aug. 11. Konya has been AD at California State University, Bakersfield since 2010. Robby Stewart has been

Konya

OU's interim athletic director since Feb. 1, when Tracy Huth left the position.

Scott Eathorne, M.D., was named interim CEO of Together Health Network LLC, formed in May by St. Louis-based Ascension Health and Livonia-based CHE Trinity Health. He is president of the physician-hospital organization Partners in Care.

COMPANY NEWS

Livonia-based TRW Automotive Holdings Corp., the world's biggest car-safety equipment supplier, received a preliminary takeover approach from Germany's ZF Friedrichshafen AG, Bloomberg reported. TRW acknowledged the takeover notice in a U.S. Securities and Exchange Commission filing and said it is evaluating the proposal; it did not name the suitor or disclose further details.

Goodwill Industries of Greater Detroit will add to its chain of Southeast Michigan thrift stores when it opens a facility in Woodhaven on July 19. The nonprofit also broke ground on its fifth location in Livonia.

Dearborn-based Ford Motor Co. is planning a \$1 million scholarship program named in honor of former CEO Alan Mulally that will provide financial assistance to automotive engineering students. Ford also announced a \$1 million donation to the Smithsonian National Museum of African American

History and Culture, to open in 2016 in Washington, D.C.

Auburn Hills-based automotive supplier Hirotec America Inc. was awarded a \$1 million performance-based grant to aid in its expansion there, the Michigan Economic Development Corp. said. The grant is expected to create 140 jobs.

Ann Arbor-based St. Joseph Mercy Health System plans to spend \$25 million to add 30 private hospital rooms at its hospital in Howell and develop a 28-bed short-stay inpatient unit at an outpatient center in Brighton. The upgrades are to be finished in 2015.

St. Joseph Mercy Ann Arbor was rated one of the country's top 15 hospitals for heart surgery by Consumer Reports. Also, Hospitals & Health Networks magazine's listings of the nation's most-wired hospitals included Beaumont Health System of Royal Oak; Detroit-based Detroit Medical Center, Henry Ford Health System and John D. Dingell VA Medical Center; Rochester Hills-based Crittenton Hospital Medical Center; Birmingham-based St. Joseph Mercy Oakland; and Dearborn-based Oakwood Healthcare.

Auburn Hills-based transmission manufacturer BorgWarner plans to invest \$43 million and hire up to 158 employees to expand its Water Valley, Miss., plant.

OTHER NEWS

Artvest Partners LLC, an art market advisory company, said the Detroit Institute of Arts' works are worth \$4.6 billion, but that the treasures eyed for sale by some creditors in the city's bankruptcy likely would fetch only \$1.1 billion to \$1.8 billion at auction.

Federal mediators announced an agreement between the city and the Detroit Police Officers Association on core terms to become part of a possible five-year contract covering wages, health care, retention payments and pensions. Meanwhile, public workers, retirees and bondholders finished voting on a plan to impose \$7.4 billion in cuts on investors and pensioners as part of the city's bankruptcy.

New Orleans-based Liberty Bank will provide mortgage and rehabilitation loans to those with credit scores as low as 600 and down payments as low as 3 percent for houses being bought through Detroit Land Bank Authority property auctions. The effort is part of J.P. Morgan Chase & Co.'s \$100 million economic development program in the city.

City officials announced a program by which drug houses could be

seized and turned over to the Detroit Land Bank.

The 104-year-old BEI Building, at 601 W. Fort St., sold for around \$1 million to Mark Campbell, CEO of the Southfield-based Detroit Trading Co., who said he will renovate and continue using the four-story building as office space.

The Detroit Water and Sewerage Department said that it would begin sending warning letters immediately to 200 commercial and industrial customers with accounts listed as more than 60 days overdue, The Detroit News reported.

As much as \$19 million in Detroit Brownfield Redevelopment Authority tax increment financing incentives was approved by the Detroit City Council for four projects, among them the new Wayne State University Physician Group medical office building in Midtown.

The U.S. Appeals Court in Cincinnati said a lower court should have allowed the lawsuit filed by Detroit Public Schools ex-CFO Joan McCray claiming she was fired because she reported the district had been operating under a budget deficit. The suit was ordered back to federal court in Detroit.

Wayne State University received a \$1.3 million grant from the Battle Creek-based W.K. Kellogg Foundation to support a new effort to address issues of structural racism in Detroit.

Two Olympic-sized swimming pools and a bath house are being reopened at Detroit's Rouge Park as part of a \$5.5 million renovation project, Mayor Mike Duggan's office said.

The number of state recreation passports purchased in Detroit has risen from 7.2 percent of registered vehicles to 34.2 percent since Belle Isle became a state park. After February 2015, visitors will need the passport to enter the island.

WXYZ-Channel 7 chief meteorologist Dave Rexroth lost an eye in a fireworks accident but said he plans to return to the air.

OBITUARIES

C. David Campbell, president and CEO of the Detroit-based McGregor Fund, died July 7. He was 61.

A. George Hebel III, former board chairman, president and CEO of Royal Oak-based Bonal International Inc., died July 6. He was 70.

Jennifer Moore, former business reporter and news anchor at WDIV-Channel 4, former communications manager at Ford Motor Co. and co-founder of media consulting firm Konrad & Moore Inc., died July 11. She was 64.

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