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THIS JUST IN

Red Wings games score slightly higher ratings

The **Detroit Red Wings**, winners of 11 of their 14 Stanley Cup playoff games thus far this season, have shown a slight ratings improvement for **Fox Sports Net Detroit** over 2007.

The team's 70 regular-season telecasts this season were up 34 percent in viewership over last year, to a 4.7 rating from a 3.6 for 60 games in 2007. A ratings point equals about 19,255 households in metro Detroit.

The five playoff games on FSN Detroit this year averaged a 9.1 rating compared to a 9.0 for six games last year.

The most-watched game locally was the Wings' 4-3 victory April 29 over the **Colorado Avalanche** in Game 4 of the Western Conference's semifinals. That game drew a 10.2 rating.

Detroit's conference final series against Dallas, and the Stanley Cup finals, are exclusive to cable's Versus network and NBC.

— Bill Shea

PSC OKs energy grants

The **Michigan Public Service Commission** approved nearly \$6.5 million in energy-efficiency grants to organizations in Southeast Michigan and elsewhere.

The largest grant, \$5 million, went to a partnership of the **University of Michigan**, **General Motors Corp.** and **DTE Energy Co.** to study plug-in hybrid electric vehicles. The study, in part, relates to whether Michigan's electric grid can accommodate such plug-in vehicles. A pilot program will also put the vehicles on the roads.

Other grants include:

■ \$50,000 to **Michigan Interfaith Power & Light** in Wyandotte to conduct energy workshops and awareness events.

■ \$50,000 to **Recycle Ann Arbor** to provide energy assessments in Ann Arbor homes and to offer access

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Low dollar boosts expansion

Exchange rates 'a coupon' for foreign firms

BY DANIEL DUGGAN
AND RYAN BEENE
CRAIN'S DETROIT BUSINESS

When the location for a new engineering center had to be selected, German-based **IAV Automotive Engineering Inc.** could have gone anywhere in the world.

It picked Northville primarily to be close to its main customers in the automotive industry. But the company's \$23 million center will



Beister

be built on land that's cheaper than in other parts of the world, and purchased at a discount with the dollar's weak position relative to the euro.

IAV's North American president, Utz-Jens Beister, said those extra cost sav-

WHAT'S BEEN BOUGHT?

For a list of local investments by foreign firms, see Page 36.

ings can't be overlooked and will likely be a bigger factor for other foreign-based companies.

"What is interesting, because of the weakening dollar, we see a lot of suppliers, and even some OEMs, are discussing this option to come to the U.S.," he

said. "In general, that is probably something that will get a lot more attention."

IAV and other foreign companies are paying at least 30 percent less to be in the United States than they would in Germany, given currency and real estate cost differences, said Bill Lichwalla, CEO of Southfield-based **Plante & Moran Cresa**, which represented IAV during its site-selection process.

While deals aren't motivated primarily by exchange rates, he said they can't be ignored either.

See Land, Page 36

When students at Seaholm High School posted party photos on MySpace and Facebook, they weren't thinking that potential employers might someday view them. But as the school newspaper brought to light, students must be aware that social networking sites are

Not just their space

BY NANCY KAFFER
CRAIN'S DETROIT BUSINESS



Student reporter Amelia Carpenter received hostile e-mails and phone calls, as well as lawsuit threats, over her story on the front page of the **Seaholm Highlander** that revealed some of her fellow students' postings on Facebook and MySpace.

Ernest W. Seaholm High School student reporter Amelia Carpenter knew her latest story could be big. Carpenter, 18, a relative newcomer to teacher Ben Harwood's journalism class, had wondered about the long-term ramifications of posting personal information and photos to popular social networking sites like **MySpace.com** and **Facebook.com**.

Under the guidance of Harwood and **Seaholm Highlander** co-editor Jordan Kristopik, also 18, she began to investigate, interviewing recruiters, local human resources professionals and college admissions officials. She drew on national statistics that measure the increasing use of Google searches and social networking sites to vet potential job applicants.

Poking a molehill, Carpenter unearthed a mountain — the high school's roughly 1,300-member Facebook network was peppered with pictures of students engaged in activities ranging from ill-advised to illegal.

Her article ran on the front page, below the fold, of the April 8 edition with the headline "Hiding in Plain Sight" and accompanied by photos of students at the Birmingham high school holding beer cans, faces obscured by a digital

See Space, Page 36

EcoMotors plans to build high-tech engine center

BY RYAN BEENE
CRAIN'S DETROIT BUSINESS

Startup diesel engine developer **EcoMotors International Inc.** plans to build an engineering technical center in Troy that within three to five years could create up to 150 high-tech jobs.

Engineers at the tech center would work to commercialize a high-powered, high-efficiency turbo diesel engine also being researched by the military.

"The key here is that we have a new technology that is going to help the automotive industry," President and COO John Coletti said. "We think it fits in well with some of the challenges the automotive industry is facing right now."



Coletti

Those challenges include the 35 miles per gallon Corporate Average Fuel Economy standard approved earlier this year, \$4 per gallon gasoline and increasing environmental awareness, Coletti said.

The first step for EcoMotors will come on Tuesday, when Coletti plans to go before a **Michigan Economic Development Corp.** board to pursue the first of three state incentive packages he hopes to win for the company.

If the **Michigan Economic Growth Association** board grants the company tax breaks, the next step is to get the company rolling.

See EcoMotors, Page 37



FOCUS
Cracking the retirement nest egg, Page 11

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Largest banks and thrifts, mortgage lenders, Pages 14, 16

THIS JUST IN

■ From Page 1

to energy-improvement loans, based on findings.

■ \$50,000 to the **WARM Training Center** in Detroit to provide education on ways to reduce energy consumption.

■ \$49,120 to the city of **Taylor's Department of Public Works** to install alternative energy power units.

■ \$47,996 to the **Michigan Suburbs Alliance** in Ferndale to develop a regional energy office.

■ \$35,980 to the **Ypsilanti Food Co-op** to install solar panels on its roof and the Ypsilanti Town Hall building.

— Amy Lane

Preservation awards revived

Detroit City Council's **Historic Designation Advisory Board** has renewed an awards program for preservation efforts.

Presented during the 1990s but discontinued around 2002, the **TriUMPH awards** (Upholding, Maintaining and Preserving History) are being resurrected with ceremonies Thursday at the **FD Lofts**, 3434 Russell St.

Robert Heide of **Urban Life Development** is to be honored for historic adaptive reuse for converting of the former **Detroit Fire Department** maintenance garage

into the **FD Lofts**.

Eastern Market Corp. receives an award in the government and nonprofit category for its restoration of **Historic Shed #2**.

Marilyn Nash-Yazbeck & Gassan Yazbeck, owners and operators of **The Inn at 97 Winder**, a Brush Park bed-and-breakfast, are cited for neighborhood preservation.

Dwight Belyue and **3100 Woodward L.L.C./Crystal Lofts** are to receive the award for commercial revitalization.

A. Philip Randolph Career Technical Center of **Detroit Public Schools** gets honors for preservation education.

William Worden, director of the advisory board from 1977 until his retirement in 2006, will receive a founder's award for leadership in preservation. Ceremonies are open to the public. Call (313) 224-3487.

— Robert Ankeny

Kresge grants \$43 million

The Troy-based **Kresge Foundation** said it made 54 grants totaling \$43 million during the first quarter of this year.

Southeast Michigan nonprofits received grants adding up to \$5.24 million of the total. Largest among those were capital campaign challenge grants of \$2 million to the **University of Detroit Mercy** and \$1.25 million to **Detroit Educational Television Foundation**.

— Sherri Begin

Windward owner buys stakes in encryption firms

Startup investor and entrepreneurial consultant **Terry Cross** has purchased part of a Troy-based company that provides video encryption software for the military and a sister firm that offers similar technology to commercial users.

Cross, 67, owner of consulting company **Windward Associates L.L.C.**, which helps entrepreneurs find investment capital, acquired an equity stake in **Pure Entropy Technologies L.L.C.** and **Encryption Security Solutions L.L.C.** in a deal that closed earlier this month. Terms were not disclosed.

Entropy Technologies, founded in 2006, makes software that encrypts streaming video with a minimal loss of bandwidth for Unmanned Aerial Vehicles transmitting reconnaissance data and other military uses.

— Chad Halcom

Grant to fund Jefferson Avenue redevelopment project

The **Detroit Economic Growth Corp.** last week announced a \$1.25 million grant program aimed at redevelopment of Jefferson Avenue between I-375 and McClellan Street. The **Jefferson Avenue Retail Readiness Program** is available to property owners, business owners and tenants in the target area.

Applicants may receive a 50 percent reimbursement of the costs of the project, up to \$100,000. The program will also offer up to \$5,000 in conceptual design and cost estimating assistance for projects by licensed architects. An application form will be posted at www.degc.org on May 23.

— Robert Ankeny



Chris Crain



KC Crain

Crain names vice presidents

Detroit-based **Crain Communications Inc.** has named four corpo-

rate vice presidents:

■ **KC Crain**, publisher of *AutoWeek*, a national automotive enthusiast magazine published from Crain's Detroit headquarters. He previously had served as associate publisher and advertising director with *AutoWeek*, was a reporter for *Automotive News* and was an early member of Crain's New Media department.

■ **Christopher Crain**, associate publisher of *Advertising Age*, who also recently helped launch Crain's newest publication, *Crain's Manchester Business*, in England. Crain previously was associate publisher of *Crain's Detroit Business*. He works from New York City.

■ **Allison Arden**, publisher of *Advertising Age*. She also works from New York.

■ **Jill Kaplan**, publisher of *Crain's New York Business*.

CORRECTIONS

■ The Reporter's Notebook column on Page 11 of the May 12 edition incorrectly stated that Alan E. Schwartz was a founder of **Honigman Miller Schwartz and Cohn L.L.P.** In fact, the firm was co-founded in 1948 by Jason Honigman and Milton (Jack) Miller, both deceased. Schwartz joined the firm in 1952. The column also misstated the age of current Honigman CEO and Chairman David Foltyn. He is 52.

■ A story on Page 15 of the May 12 issue incorrectly spelled the name of law firm **Rader, Fishman & Grauer P.L.L.C.**

■ A story on Page 28 of the May 12 edition included an incorrect description of the products developed by **Compact Power Inc.** Compact builds lithium-ion battery cells.

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DEQ drafts \$1.3B cleanup plan

Bond would target contaminated sites, water

BY AMY LANE
CAPITOL CORRESPONDENT

LANSING — The Michigan Department of Environmental Quality is laying groundwork for a \$1.3 billion environmental bond proposal that would include money to clean up and redevelop contaminated sites, protect and restore Great Lakes water quality and preserve land.

The DEQ hopes to place the proposal before voters in November and is making its case to interest

groups throughout the state as it targets June legislative action.

“I’m meeting with virtually every stakeholder group that this proposal has any impact on, any significance to,” said DEQ Director Steven Chester. “I am asking them for a sense of whether or not they think we’re in the ballpark. I’ve not heard anybody say ‘no.’ And then, absolutely, I am looking for their support.”

The proposal, in draft form, calls for \$820 million to go toward contaminated sites. Of that, \$550 million

would pay for site cleanups, \$150 million would go toward redevelopment of contaminated sites, \$100 million would fund brownfield grants and loans, and \$20 million would support lead-paint abatement grants.

As *Crain’s* reported in February, current state brownfield funds are about to run dry. The DEQ says that money — mostly from Michigan’s \$675 million 1998 environmental bond — will be depleted by year’s end, and, without

See Bond, Page 34

BOND BREAKDOWN

The Michigan Department of Environmental Quality is considering a \$1.3 billion environmental bond proposal that would be allocated in this way:

- **\$550 million** for site cleanup.
- **\$390 million** for water protection and restoration.
- **\$150 million** for redevelopment of contaminated sites.
- **\$100 million** for brownfield grants and loans.
- **\$90 million** toward farmland preservation and other land-stewardship programs.
- **\$20 million** for lead-paint abatement grants.

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Martin Noren
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Cobo standoff: L. Brooks Patterson makes good on threat to stop talking about Cobo Center, says Robert Ficano should “exercise some leadership.” **Page 33.**

Supplier squeeze. Chrysler wants 25 percent cut in costs, though not necessarily prices, over three years. **Page 33.**

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Vesco executives Donald and Lilly Epstein said they are committed to improving the recycling operations the company provides to its customers.

Green grows sales for Vesco

Environmental effort key to growth strategy

BY JAY GREENE
CRAIN'S DETROIT BUSINESS

The decision **Vesco Oil Corp.** made in 1991 to move into environmentally safe support services may seem contradictory for the Southfield-based supplier and distributor of automotive and industrial lubricants.

Black, sticky oil and being safe for the environment don’t often go together.

But Donald Epstein, Vesco president and CEO, enjoys the dichotomy.

“In the early 1990s, our customers began asking us to provide this type of service that is keyed into protecting the environment,” said Epstein, a former lawyer with **Sommers Schwartz P.C.** in Southfield.

Epstein is the great-grandson of the company’s founder, Eugene Epstein.

In 1947, using the first initials of their last names Harry Victor, Eugene Epstein, and Aaron Silverman formed Vesco as a subsidiary of Victor Oil. Epstein eventually bought out his partners and Victor Oil.

Donald Epstein took over the company in 1995

when his younger brother, Richard, died unexpectedly.

“Customers would dump oil or hazardous solvents into the drain,” Epstein said. “We worked closely with customers who had used oil, used antifreeze, spent oil filters and contaminating solvents to help them properly dispose of them.”

Epstein said proper recycling of used oil and solvents that can contain mercury, lead, arsenic and other toxic substances helps to protect groundwater supplies and the environment.

In March, the **Environmental Management Association** awarded Vesco the **Environmental Achievement Award** for the company’s used oil filter management program. The EMA is a Harrison Township-based group of industry and government professionals.

“We pride ourselves as being a green company, and we are delighted to be recognized for our efforts,” Epstein said. “It means we are conscious of the environment and we are trying to protect it.”

Through diversification, internal growth and ac-

See Vesco, Page 37

Company health plan costs grow 7 percent

Employees’ share of cost increases

BY JAY GREENE
CRAIN'S DETROIT BUSINESS

Employees are digging a little deeper into their pockets this year to pay their share of employer-based health insurance costs, according to the fifth annual **McGraw Wentworth Mid-Market Group Benefits Survey**.

While the survey showed a 7 percent increase in health plan costs in 2008 for companies in Southeast Michigan, the cost increases were still lower than the double-digit increases of several years ago.

In 2006 and 2007, local companies averaged 6 percent average hikes, but those increases were improvements over the 9 percent and 11 percent increases in 2005 and 2004, respectively, said Rebecca McLaughlan, managing director and principal at Troy-based **McGraw Wentworth**, an employee-benefits consulting company.

Projections for 2009 call for employers nationally to pay 5.8 percent more for health care, according to **Mercer’s National Survey of Employer-Sponsored Health Plans**. Mercer is a New York-based human resource consulting company.

From January to April, McGraw Wentworth surveyed 367 Southeast Michigan employers with between 100 and 10,000 employees. The average company size was 762 employees, with a median of 269 employees.

Reflecting increased cost shifting, employees’ share of total health costs have increased to 39 percent in 2008 from 33 percent in 2004 for a median PPO plan, the

See Health plan, Page 35

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TAKING STOCK

NEWS ABOUT DETROIT AREA PUBLIC COMPANIES

Compuware impresses analysts; 2009 earnings estimates raised

BY RYAN BEENE
CRAIN'S DETROIT BUSINESS

Compuware Corp.'s (Nasdaq: CPWR) fourth-quarter and fiscal year-end financial results duly impressed some Wall Street analysts, who increased earnings estimates for the company's 2009 fiscal year.

Analysts, who had been alerted by the company that the fourth quarter would be a good one, were impressed by Compuware's announcement that it more than doubled its operating income in the fourth quarter ended March 31.

Overall net income dipped slightly because of a \$27 million tax charge.

But operating income rose to \$68.4 million this year from \$31.7 million in the same period a year earlier.

"We worked very hard and brought our shareholders a second straight year of revenue growth and a fourth consecutive year of earnings growth," Peter Karmanos Jr., Compuware's chairman and CEO, said in a conference call last week.

For the quarter, the company reported net income of \$61.2 million or 23 cents a share on revenue of \$338.9 million, compared to net income of \$67.5 million or 21 cents on revenue of \$313 million for the same quarter last year.

For the year, the company reported net income of \$134.4 million or 47 cents a share on revenue of \$1.23 billion, compared to income of \$158 million or 45 cents on revenue of \$1.21 billion a year earlier.

Net income was down because of a negative swing of about \$33 million in income tax charges, caused by a positive income tax gain in the same period a year earlier caused by a settlement with the U.S. Internal Revenue Service.

"The balance sheet is the real story," J.P. Morgan Securities Inc. analyst Aaron Schwartz wrote in a May 15 research note to investors with "Hard to find a flaw" in the note's headline. Compuware's \$872 million in deferred revenue beat his initial estimate by \$180 million.

"The company is far better positioned to deliver consistent sales results (and) should easily see upside to out year cash flow targets," Schwartz wrote in his May 15 note.

Schwartz pegged his 2009 fiscal year projections for the company to \$1.28 billion in revenue and 68 cents per share, up from an earlier estimate of \$1.24 billion in revenue and 65 cents per share.

Bank of America Securities L.L.C. analyst Kirk Materne viewed the company's results this way:

"We view the quarter's solid results as a step in the right direction, and management's optimism around the opportunity for accelerated revenue growth and continued cost cuts in (fiscal) 2009 is encouraging," Materne said in a May 16 investor's research note.

He changed his earnings guidance from \$1.21 billion in revenue and 64 cents per share to \$1.29 billion and 66 cents per share.

Both Schwartz and Materne gave Compuware stock a "neutral" rating.

Compuware's stock closed at \$8.89 on Friday. Its 52-week high was \$12.56 on May 16, 2007, and its 52-week low was \$6.10 on Jan. 23, 2008.

Ryan Beene: (313) 446-0315, rbeene@crain.com

Compuware 2.0 targets customers

Detroit-based **Compuware Corp.** last week outlined details of its Compuware 2.0 effort, which Chairman and CEO **Peter Karmanos** announced last year.

Compuware 2.0 will involve what the company calls in a media fact sheet "renewed strategic vision, which includes a sharper business focus," the new company logo — three guitar picks one atop another, one lime green, one yellow and one blue — and a new company tagline: "We make IT rock around the world."

The old logo was the word "Compuware" spelled out 16 times, in four concentric circles. The old tag line was "The leaders in IT value."

The company says 2.0 will mean more focus on customers, leveraging its **Covisint** business unit to embrace Internet-based services and uniting the company's field organization though salesforce.com, a companywide system for managing customer relationships and the product pipeline.

"This is not just a marketing initiative. It's a total rebirth," Jason

Vines said in an interview.

Vines resigned as vice president of communications for **Chrysler L.L.C.** in December and joined Compuware in January as senior vice president and chief communications officer.

"We had too many solutions," said Vines. "Some were the best in the world. Some were good. Some were just OK. We're not going to do any OK stuff anymore."

Vines said his mission is to focus on Compuware's image and a possible initial public offering of Covisint.

The company announced in October that it hoped to take the unit public in a \$1 billion IPO. Vines

said an IPO is still in the works, but it may not happen this year.

Vines said Compuware will begin an ad campaign sometime after June 1, targeting airports, the Internet, radio and trade and mass print publications.

It's built around the theme that the companies' chief information officers are the rock stars of the corporate world.

— Tom Henderson, Ryan Beene



STREET TALK

THIS WEEK'S STOCK TOTALS: 43 GAINERS, 21 LOSERS, 8 UNCHANGED

CDB'S TOP PERFORMERS	5/16 CLOSE	5/9 CLOSE	PERCENT CHANGE
1. Energy Conversion Devices Inc.	\$56.89	\$47.74	19.17
2. Noble International Ltd.	6.84	5.91	15.74
3. Pulte Homes Inc.	14.72	13.02	13.06
4. Borders Group Inc.	6.71	6.01	11.65
5. Compuware Corp.	8.89	7.99	11.26
6. Kaydon Corp.	57.78	52.21	10.67
7. Credit Acceptance Corp.	23.48	21.43	9.57
8. Sun Communities Inc.	20.62	19.00	8.53
9. Masco Corp.	19.47	18.20	6.98
10. Amerigon Inc.	13.09	12.30	6.42

CDB'S LOW PERFORMERS	5/16 CLOSE	5/9 CLOSE	PERCENT CHANGE
1. Oxford Bank Corp.	\$21.00	\$25.50	-17.65
2. Federal Screw Works	6.50	7.10	-8.45
3. FNBH Bancorp Inc.	10.35	11.25	-8.00
4. Perceptron Inc.	9.33	10.09	-7.53
5. Saga Communications Inc.	5.05	5.35	-5.61
6. Citizens Republic Bancorp Inc.	6.48	6.78	-4.425
7. Champion Enterprises Inc.	9.01	9.25	-2.60
8. Dearborn Bancorp Inc.	6.09	6.21	-1.93
9. Community Central Bank Corp.	6.00	6.09	-1.48
10. Comerica Inc.	38.34	38.86	-1.34

Source: Bloomberg News. From a list of publicly owned companies with headquarters in Wayne, Oakland, Macomb, Washtenaw or Livingston counties. Note: Stocks trading at less than \$5 are not included.



**A FRESH DIRECTION
FOR MICHIGAN.**



Maureen Sisco
Human Resource Director
Nino Salvaggio International Marketplace, Troy

A bold new approach to health coverage: Healthy *Blue Living*SM

When it launched back in 2006, Healthy *Blue Living* was the first health plan of its kind. Rewarding employees who chose to work toward healthier lifestyles represented a bold step in a new direction.

Two years later, the results speak for themselves: lower costs, higher productivity and healthy new cultures at businesses across Michigan.

“Healthy *Blue Living* is really in line with who we are as a company,” said Maureen Sisco, Human Resource director at Nino Salvaggio International Marketplace. “We work hard to offer the healthiest and freshest foods, so it makes a lot of sense. And the benefit is so rich that I knew it would be a popular choice.”

Blue Care Network’s industry-leading expertise is already paying off for nearly 75,000 people in Michigan. What can it do for you? Ask your Blues agent or visit MiBCN.com/HealthyBlueLiving to find out.

Surcharge-repeal drive may hit bump

LANSGING – Estimates that state revenue next year will be some \$472 million below previous projections may make it harder for business groups to succeed in one of their top goals: Eliminating the 21.99 percent surcharge that was added last year to the Michigan Business Tax.

A number of business groups have called for reduction or repeal of the surcharge. But the latest revenue pro-

Capitol Briefings



Amy Lane

jections released Friday mean the state faces additional challenges to bring the upcoming fiscal year's budget into balance.

"It certainly is not good news. And, sure, it makes it more difficult certainly for making the very valid case to repeal the Michigan Business Tax surcharge, but we will not give up," said Tricia Kin-

ley, director of tax policy and economic development at the Michigan

Chamber of Commerce.

She said tax breaks recently approved to boost Michigan filmmaking are "indefensible," and if the state feels it "can afford to send checks to Hollywood moviemakers, then we should be able to afford to repeal the surcharge. It's a matter of priorities."

The film industry tax credits, reduced business tax and income-tax revenue stemming from a measure in the federal stimulus package, as well as the state and national economic slowdown, have been cited as factors in the overall revenue

decline.

Todd Anderson, vice president of government relations at the **Small Business Association of Michigan**, said that because the proposed fiscal 2009 budget called for spending increases over the current year, there's still room to fund a surcharge reduction, even with the latest revenue projections.

"We still believe strongly that we need to figure out ways to reduce spending," Anderson said.

State Treasurer Robert Kleine and the directors of the **House Fiscal Agency** and **Senate Fiscal Agency**

project fiscal 2009 general fund revenue will be \$309 million below projections made in January, and School Aid Fund revenue will be down nearly \$163 million from earlier estimates.

However, factors in the projections are still in play, and some revenue is expected to carry over from the current fiscal year. Overall, the administration expects a nearly \$300 million general-fund shortfall and a \$180 million shortfall in the School Aid Fund.

As the revenue updates emerged Friday, groups around the Capitol acted fast to warn against potential cuts and protect funding.

The **Michigan State Medical Society**, the **Michigan Health & Hospital Association** and the **Michigan Osteopathic Association** urged the governor and Legislature to maintain funding and eligibility requirements for the Medicaid program, continue to fund graduate medical education and to provide appropriate funding for hospitals and physicians that treat Medicaid patients.

The **Michigan Municipal League** called on lawmakers to protect revenue sharing and to move ahead with a 4 percent increase in the statutory portion of state revenue sharing, as proposed by Gov. Jennifer Granholm.

Earlier in the week, a group of more than 20 organizations, including those representing educational, health care, human services, municipal and labor interests, called on the state to eliminate a host of tax breaks and exemptions. Examples included eliminating sales-tax exemptions for snacks and pop sold in vending machines as well as for restaurants that provide free or reduced-cost meals to workers, and changing the tax treatment of international calls.

The groups said there is legislative support for cutting such items.

"We believe this shows common ground where Michigan leaders can balance the budget instead of cutting services to vulnerable people," said former state Rep. Lynn Jondahl, D-Okemos, chairman of the board of directors of the **Michigan League for Human Services**.

But Kinley said the groups are "calling for flat-out tax increases on Michigan job providers."

Amy Lane: (517) 371-5355, alane@crain.com.



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BANKRUPTCIES

The following businesses filed for Chapter 7 or 11 protection in **U.S. Bankruptcy Court** in Detroit **May 9-15**. Under Chapter 11, a company files for reorganization. Chapter 7 involves total liquidation.

Dr. Glenn Krieger & Associates P.L.L.C., 6450 Farmington Road, West Bloomfield, voluntary Chapter 11. Assets and liabilities not available.

F & J Landscape Inc., 926 W. Wattles Road, Troy, voluntary Chapter 7. Assets: \$0; liabilities: \$461,265.

Northpoint Village of Utica L.L.C., 50258 Van Dyke Ave., Utica, voluntary Chapter 7. Assets and liabilities not available.

— Compiled by Jonathan Eppley

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OPINION

Incubator proposals merit state support

Macomb and Washtenaw counties are smarting over Gov. Granholm's veto in late April of supplemental appropriations to fund business incubators at \$500,000 apiece.

The incubators — one in Ypsilanti, the other planned for the Selfridge air base — were supported regionally by economic development agencies and elected political leaders. The Macomb project had a regional component; Oakland University had planned to partner with the county on the incubator.

In her veto, Granholm said the counties should apply to the Michigan Economic Development Corp. for such funding. But Macomb leaders say the MEDC has no money available for the project, so it was sought in a special \$500,000 appropriation as part of a bill that had a total of about \$144 million in spending.

Macomb leaders are especially miffed because, unlike Washtenaw County, no company within the county that has applied for 21st Century Jobs Fund money has ever been approved. That's surprising, given the county's strong base for small, technical companies with expertise in defense and advanced manufacturing.

This was a chance for the governor to support modest funding requests that supported her own goals of diversifying Michigan's economy.

Macomb, with its strong manufacturing base and skilled workforce, especially could be a setting to grow companies in homeland security, defense and alternative energy.

Now leaders in Macomb and Washtenaw must turn to other grant programs and private-sector support to get the incubators running. But both proposals deserve support from the state.

Tunnel deal needs questioning

Members of an increasingly skeptical Detroit City Council are questioning the Kilpatrick administration's plan to plug a deficit with \$65 million from the city of Windsor on a long-pledged deal over the Detroit-Windsor tunnel.

They have reason to be skeptical.

Even if Windsor and Detroit officials agree on a plan to give control of the tunnel to Windsor, Windsor has no guarantee that it can finance its end of the deal. It recently applied for a loan from the provincial government to finance the \$75 million deal (\$10 million reportedly would be set aside for an annuity contract and legal expenses). That financing is not at all certain.

Windsor became interested in controlling both sides of the border crossing to counter the growing influence and control of Manuel Moroun, the owner of the privately held Ambassador Bridge Co., according to press reports in Canada.

The deal has been discussed for about two years without resolution. Detroit City Council shouldn't bank on this to balance this year's budget.



LETTERS

Clarifying DIA director's salary

Editor:

While the figures in *Crain's* April 28 report on nonprofit executive compensation are accurate, there are facts behind DIA Director Graham Beal's compensation that should be clarified.

In spite of leading the museum through a complex building project and transforming the way the DIA displays its collection, Graham's base compensation has remained the same for the last four years at his request. His incentive bonus was also frozen during the same period, again at his request.

Much of the recent increase in his total compensation and benefits as reported in the article is due to pension and other retirement-related contributions made by the DIA for all employees. Graham's dedication to the DIA far exceeds his compensation.

Eugene Gargaro
Chairman
Board of Directors
Detroit Institute of Arts

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.

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Patrick Harrington
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Lansing and Detroit

No leave for Kwame

Editor:

Keith Crain's column advocating giving Kwame Kilpatrick a leave of absence stunned me. ("I think we're all running out of ideas," May 5.)

In Kilpatrick, we have a man who obviously cares only about himself and absolutely nothing about the city of Detroit, the state of Michigan and all of the many thousands of businesses that inhabit this region. In a period of just several weeks, he has embarrassed this whole region over and over again. The city of Detroit does

See Letters, Page 9

Blues column incorrect

Editor:

I am writing in response to Mary Kramer's April 14 column, "Battle may cost Blues more than money." The column lists Muchmore Harrington Smalley & Associates as being a multient lobbyist for BCBSM for the Individual Market Reform package. That is incorrect. We have not been retained by BCBSM.

KEITH CRAIN: Michigan still best tourism deal around

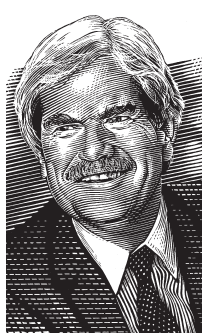
Unless you're a real fan of snowmobiling or your kids play hockey, winters in Michigan can sometimes be a little bit too long.

But there is nothing like a Michigan summer. We've got some fantastic places to vacation in Michigan. I can't help but think of the Grand Hotel on Mackinac Island, one of my favorite spots; I don't seem to get there often enough. The hotel and the island symbolize to me the connection between the Upper and Lower peninsulas.

But this year is tough for a lot of

people who live in the Midwest. Michigan is feeling the pain from a domestic auto industry that is struggling. And just about every state in the Midwest has its own recession.

Now we all get to share the huge increase in the cost of gasoline. By the time we get to June, gasoline should cost over \$4 a gallon. With those prices, it may sound a bit ridiculous to suggest



that we've got great opportunities for driving vacations.

But the truth is that when everyone is struggling with their family's finances, they have to spend less on vacations, and that means that a vacation to Michigan will save them lots of money, even if they're buying gasoline at \$4 a gallon.

Even if they drive north to the Upper Peninsula, it costs a lot less

than if they were flying or driving to Disneyland, for example.

At a time when our state doesn't have a lot going for it, we've still got the best landscape around — not to mention a hundred other vacation opportunities.

We've got to let the people in Ohio, Indiana and Illinois realize what a great opportunity they have when they plan their summer vacation in Michigan.

After all, tourism is our second biggest industry, and that certainly gives us a leg up on the competi-

tion. And while we're promoting, we shouldn't forget our own citizens who might be planning to go somewhere else. Not a good choice when we can give them so many things to do in their home state.

There aren't a lot of positives in Michigan these days, and \$4-a-gallon gasoline isn't a lot of fun. But we've got a great state for a vacation, and we should let the whole world know about it.

For Europeans, with our weak dollar, Michigan is an even better bargain.

OTHER VOICES: Let universities help our high schools

Gov. Jennifer Granholm and Detroit Public Schools Superintendent Connie Calloway want to replace large, poorly performing high schools with small thematic schools that offer a challenging learning environment. These plans could brighten the economic future and well-being of all Detroit residents.



John Mogk

very little success. Detroit's test scores today are some of the lowest in the nation, and dropout rates some of the highest.

The creation of small innovative high schools to replace schools with low performance draws upon the results being achieved by a growing number of new small high schools.

For decades, Detroit's leadership has seen improvement in the Detroit Public Schools as critical to the city's economic future. Past attempts, however, have met with

The University Prep Academy in Detroit is a leading example, but replicating the academy's achievements will not be easy. Innovative high school programs stress direct involvement by parents, business-

es and the community, but little has been said about the potential for colleges and universities to contribute. Institutions of higher education have much to offer to secondary schools.

The state's colleges and universities should help assure success of the small high school plans. A valuable model of university involvement can be found in the support provided by Clark University of Worcester, Mass., to the University Park Campus School.

UPCS was established by the university and the Worcester public schools in 1997. Today UPCS is recognized as a national model by

the Education Trust and the Alliance for Excellent Education and owes a good deal of its success to the university. It provides UPCS with student mentoring, allowing UPCS students to enroll in university classes, providing training to teachers and awarding full scholarships to all UPCS graduates.

Like University Prep Academy, UPCS provides a rigorous curriculum in a small learning environment to disadvantaged students. The school refuses to let students fail to meet high standards. All students in the first three graduating classes have attended college.

Unlike, University Prep, howev-

er, all students graduating from UPCS are guaranteed a four-year scholarship to Clark University.

The university also provides student mentors to assist UPCS students. For very high-achieving UPCS students, the university opens its doors for study beyond the high school curriculum in regular college classes.

To assure success, Gov. Granholm and Superintendent Calloway should incorporate the state's colleges and universities into their small high school educational reform plans.

John Mogk is a professor of law at Wayne State University.

LETTERS CONTINUED

■ From Page 8

not need any more negative publicity. This region has suffered enough. Any decent man would have long since resigned.

Very few prominent businesspeople or other civic leaders have weighed in during this ongoing scandal. That is a shame. Dave Bing has been one of the exceptions. Kwame Kilpatrick has disgraced Detroit and all of the citizens of this fine city. He has proven that his out-of-control ego has made him a man that will stop at nothing to protect himself.

This situation will continue to embarrass Detroit and Michigan.

Michael Bukowski

Grosse Pointe Park

Taxes sink boat sales

Editor:

Nancy Kaffer's April 28 article ("Rough waters: Boat sales, slip rentals down across state,") points out that "Statewide, sales of new powerboats, outboard engines, boat trailers and some other aftermarket accessories have dropped from \$584 million in 2003 to \$495 million in 2006" while our Great Lakes neighbors have enjoyed increasing or, at worst, flat sales.

The article fails to mention Michigan boat dealers are at a comparative disadvantage with our Great Lakes neighbors, because all of our neighbors enjoy sales tax on the difference between the retail price and the value of the trade-in, while Michigan collects sales tax on the retail price of the vessel. This failed tax policy is inflicting economic and financial hardship on Michigan boat dealers and at the same time sending sales tax receipts to our neighboring states at the expense of our state Treasury.

Adopting sales tax on the difference will increase state tax receipts much like a reduction in capital gains tax rates has increased federal tax receipts. Perhaps *Crain's Detroit Business* would consider joining the Michigan Boating Industries Association in calling for application of sales tax on the difference for boat sales in Michigan and leveling the playing field with our Great Lakes neighbors.

Michael Briskey

General manager
Luna Pier Harbour Club
Luna Pier

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REPORTER'S NOTEBOOK

Sherri Begin writes about nonprofits and education. Call (313) 446-1694 or write sbegin@crain.com



Sherri Begin

Fundraisers need a plan

Asking for money in the nonprofit world is hard work, but the process is simple, said John Fike, president of **Philanthropy Solutions L.L.C.** in Ypsilanti.

It takes focus, good observation skills, lots of homework and the ability to apply what you have learned as you ask for support.

Fike, who is president-elect of the **Association of Fundraising Professionals, Greater Detroit Chapter**, spoke last week during the **Michigan Nonprofit Association's** 2008 Superconference in Lansing. He told attendees to remember that for every "yes," they are likely to get three to four "nos." But there are ways to increase the chance for success.

Whether you are a volunteer or a fundraising staff member, make your own gift before asking others for theirs, and make it a gift that hurts, Fike said, since that gives "fire" to your appeals.

Fundraisers also need to overcome any fear or embarrassment they might feel over the act of asking others for support by remembering the contribution is to help others and not themselves, he said.

Knowing exactly what they are seeking and why they are seeking it will help allay nervousness over the solicitation, he said.

That necessitates having a good case for support that doesn't just point out the good work a nonprofit does. Fundraisers must lay out a solid case that touches on the things that will move potential donors to make gifts: proven results, highlights of the crisis or opportunity facing the nonprofit, and specific things various gift levels will support.

Fike advised that fundraisers size up their prospects by asking what the donor needs, wants and values. So often, nonprofits tell donors the thing about their organization they think will be attractive, he said. "We need to talk to donors about what they can achieve by making a gift."

Latching onto the potential donor's behavioral styles will also help a fundraiser gauge the best approach for a solicitation. Some people look for a slow-paced discussion oriented to relationships and community; others are task-oriented and not concerned with those things or process. They just want to complete the task at hand.

"No" rarely, if ever, means never," Fike said. "It is just a rejection of the moment for your business proposition."

Donors sometimes decline to make a gift because they want to be more involved and vested in the organization, Fike said. So invite them to join a committee or to attend an auction.

Focus

FINANCE

Cracking the nest egg

ISTOCK.COM

Most area execs expect to use at least 5 percent of retirement savings yearly, survey says

By Amy Whitesall
Special to Crain's Detroit Business

Most Detroit-area executives who responded to a recent survey plan to crack their nest eggs at a minimum rate of 5 percent a year in retirement. For many, that will mean relying on pensions or adjusting spending rates accordingly.

Of 281 *Crain's Detroit Business* readers who participated in an online survey by sister publication *Investment News* in February and March, most planned to spend at least 5 percent of savings annually.

Just over 43 percent of Detroit-area investors put their expected annual withdrawal in the 5-9 percent range. Another 20.2 percent expect to use 10-14 percent of their savings each year, while 27 percent said they'd draw out their savings at a more conservative 1-4 percent.

A third of Detroit-area respondents said they expected to need \$1 million-\$2 million to retire. A quarter put their minimum nest egg at \$500,000-\$1 million, and 25.8 percent said they'd need at least \$2 million-\$5 million.

But getting there is getting harder.

"Every survey I have seen says people are not saving enough and that they're assuming unrealistic rates of return," said Ron Yolles, a principal at **Yolles-Samrah Wealth Management** in Bloomfield Hills and author of two books on retirement planning: *You're Retired, Now What?* and *Getting Started in Retirement Planning*.

"It's all about finding that sustainable withdrawal rate," Yolles said.

Some area executives are simply not taking into consideration typical returns and how that impacts annual withdrawal amounts, financial planners say.

"If you saved \$1 million for retirement, your annual withdrawal rate (at 4-5 percent) would be 40k-50k a year. That's probably substantially less than many assume their withdrawal rate could be in retirement.

"In the '90's, people got used to mid to high double-digit returns. Stocks were getting 12-14 percent a year," Yolles said. History, however, shows stocks typically return 10-11 percent a year and bonds about 5 percent.

"Bonds are currently at 3.8-4 percent, so if people think they're going to be earning 6-7 percent on bonds and 15 percent on stocks, it's not what the evidence points to," he said. "The evidence points to something more like 7.8 to 8 percent in a balanced portfolio."

Growing the private banking market

Private banking leader David Provost takes expertise to new post at First Michigan Bank in Troy. **Page 17.**



WAYS TO SERVE THE NEST EGG

Investment News survey of Crain's readers

At what age do you plan to retire?	
50-55	5.4%
55-60	16.8%
61-65	41.9%
66-70	23.3%
70+	10.4%
Never	2.2%

What is the minimum nest egg you will need in order to feel comfortable about retiring?	
Less than \$100,000	0.8%
\$100,000-\$250,000	4.9%
\$250,000-\$500,000	7.6%
\$500,000-\$1 million	25.0%
\$1 million-\$2 million	33.0%
\$2 million-\$5 million	25.8%
\$5 million	3.0%

What percentage of that nest egg do you anticipate using during each year of your retirement?	
1%-4%	27.0%
5%-9%	43.3%
10%-14%	20.2%
15%-19%	4.2%
20% or more	5.3%

What are your anticipated sources of retirement income?	
Defined benefit pension plan	50.0%
Defined contribution savings plan	91.7%
Social Security	86.0%
Annuities bought on your own	25.4%
Other savings and investments	74.2%

How will your anticipated income in retirement compare to your current income?	
Same as current income	11.4%
75%-80% of current income	31.8%
50%-75% of current income	32.2%
Less than 50% of current income	14.4%
I do not know	10.2%

See Nest egg, Page 12

FOCUS: FINANCE

Forced retirement creates stresses — and options

BY AMY WHITESALL

SPECIAL TO CRAIN'S DETROIT BUSINESS

When corporate cost-cutting or buyout packages take executives into retirement earlier than planned, it often means a return to the workforce — but on their own terms.

Tina Gelmisi, advanced planning specialist with **Hantz Group** in Southfield, said many of her executive clients start consulting businesses after they retire from full-time work. In some cases, they're able to earn six-digit incomes while working four days a week and spending more time with family.

Even if they're not financially close to their preretirement income, there are tax strategies they can take advantage of as business owners.

Helping them navigate, though, sometimes leaves Gelmisi feeling more like a counselor than a financial adviser.

"A lot of times people get so much of their self-worth from working and what they earn and what they produce they retire and they're faced with, 'Who am I now?'" Gelmisi said.

But even those more comfortable with leaving the workforce often find their way back after the dust settles, says Craig Snyder, president of **America Group Retirement Strategy Centers** in Southfield. Sometimes they go back because they want to, sometimes because they have to. "What we're finding is if you get a 52-, 54-, 56-year-old who gets an opportunity for a

buyout, the majority are going to sit on the sidelines and see 'Does this reduced income from what I've accumulated work?' — and mostly it doesn't," Snyder said.

Retiring — even for a couple of years — can be very disruptive to one's retirement savings. Buyout money lasts only so long, and there's a 10 percent penalty for taking money out of an IRA before age 59 and a half. People in their early 50s can use an IRS rule called a 72T to take money out of an IRA without penalties, but that withdrawal can't be more than 6 percent of the IRA.

Financial professionals generally advise against taking more than 5 percent a year (with adjustments for inflation) out of retirement savings, and once an executive is drawing on a particular set of assets for living expenses, he or she loses the ability to invest them aggressively.

A small percentage of young and entrepreneurial people, Snyder said, will take the penalty, take their money and bet it all on a startup business or a franchise. A lot of others start another job with another 401(k) and another pension, but they get to reinvent themselves a little along the way.

"It really does lend itself to being a good thing for a lot of people," he said. "The concept of working until you're 60, 62, 65 and then stopping is not reality anymore."

Nest egg: Realistic planning

■ From Page 11

While 91.7 percent of survey respondents said their retirement income will come from a defined contribution savings plan like a 401(k), 403(b) or 457 plan, half also expect to get retirement income from a pension, 86 percent are counting on Social Security for some income and 74 percent expect retirement income from other savings and investments.

"The ones I've talked to normally have a backup," said Paul Gekiere, a senior financial adviser in **Merrill Lynch's** Auburn Hills office, which manages \$8.89 billion in assets. "Here in Michigan, it's still common to have a pension, so they're looking at it as more of an emergency fund. ... I have a lot of executives who would probably never touch their IRAs in their lifetime."

Forty-two percent of investors in the survey put the average American life expectancy at 76-80, and another 46.9 percent said people are likely to live more than 80 years, but according to Craig Snyder, president of Southfield-based **America Group Retirement Strategy Centers**, even that may set the bar fairly low.

"In reality, longevity is probably one of the biggest risk factors people face," said Snyder, whose company has offices throughout Michigan and manages about \$850 million. Health care costs, for example, can quickly escalate.

Snyder recommends dividing retirement savings into several "buckets," each pegged to a different point on the time horizon. The farther the retiree is

from using the bucket, the more aggressive they can be with the money in it.

Of the executives not covered by a conventional pension, 64.8 percent said they'd consider buying a financial product, similar to a pension, which provides steady, guaranteed income.

Snyder said he's seen a resurgence in sheltered CDs and fixed annuities, and investors can also get a good return on some step-up bonds. Many are attracted to annuities because they offer guaranteed income, but Yolles warns investors to mind the fine print on fees and restrictions.

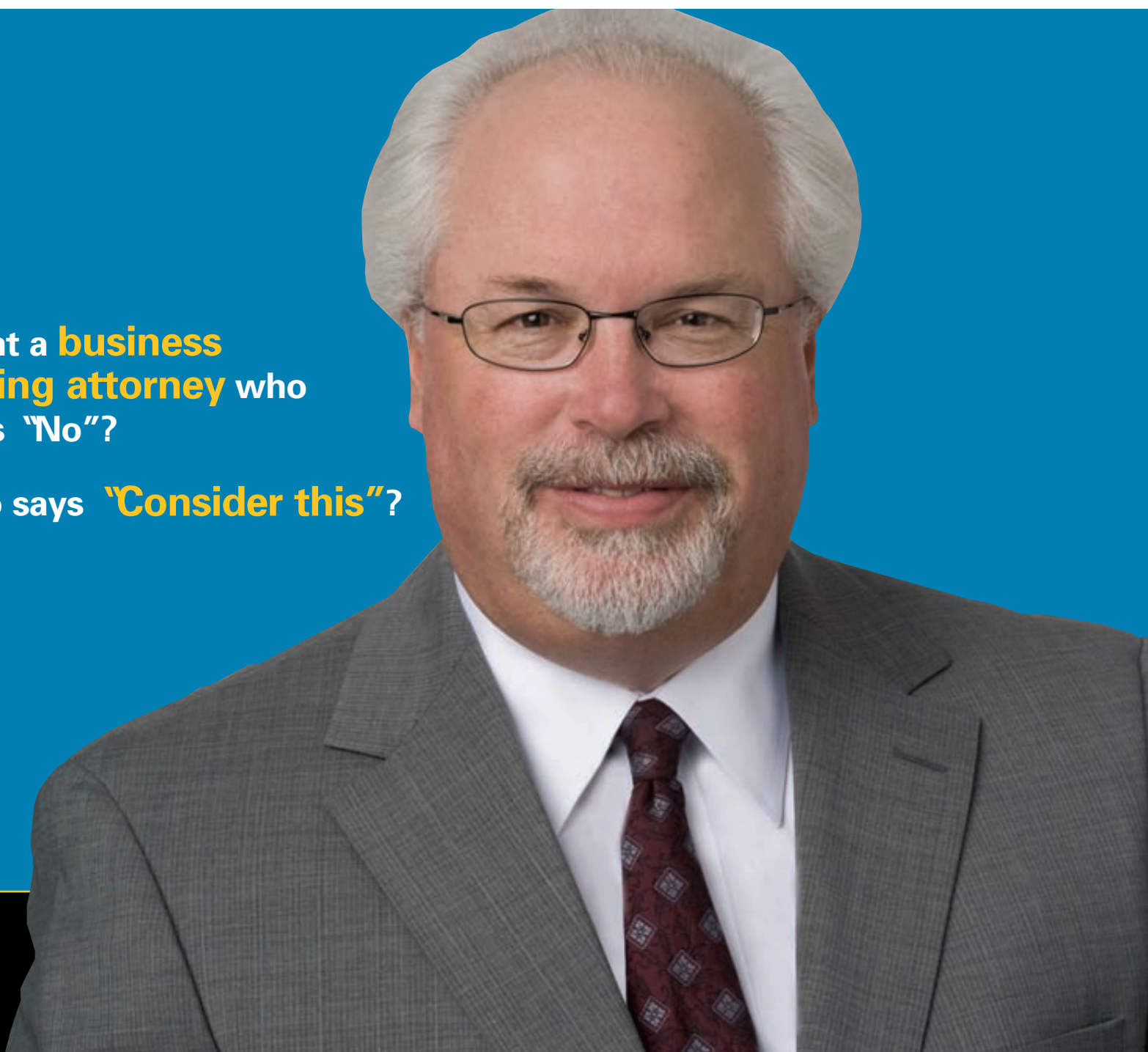
He considers the life-cycle funds offered by some investment companies a better option for baby boomers nearing retirement age, particularly if they like the idea of putting their retirement on automatic pilot. A managed blend of stocks and bonds, the fund is targeted to a certain year and adjusts its blend as the people who own it age.

Gekiere recommends people work with their 401(k) allocation model to essentially do the same thing, adjusting risk as they get older. And Snyder said that in today's market, investors need to pay as much attention to risk as they always have to returns.

"I think more people are looking at money managers with particular attention to how the money manager performs in a down market," he said. "People are concerned with, 'How did they do in 2002? How did they do in a market that's not that good?'"

Do you want a **business restructuring attorney** who always says "No"?

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FOCUS: FINANCE

Self-directed IRAs risky, but can be lucrative

BY JANET MORRISSEY

CRAIN NEWS SERVICE

Where some see devastation and loss, others see opportunity.

At least that is the situation for investors using little-known, self-directed individual retirement savings accounts to invest in the battered real estate market. And for some savvy investors, it has been a windfall.

But using a self-directed IRA to invest in real estate isn't without risk, according to financial advisers. It should be limited to individuals who are in a position to take a major risk.

There are success stories to be found, however.

For example, Stacy Dieckman, a 40-year-old Indianapolis investor managed to turn a \$10 bet on a house into a \$175,000 profit in 30 days. Undaunted by a deteriorating housing market, he spotted a block of discounted homes in a downtown housing development in 2006.

"I was blinded by optimism," Dieckman said. "They looked like they were in the path of the (future) upswing."

So he took \$10 out of his self-directed IRA account and bought an option to buy one of the homes for

"It's in times of chaos where ultimate opportunities are presented to you."

Bob Finn, bond broker

\$350,000 from a developer who needed cash. The option gave Dieckman the right to buy the home within 30 days.

But he managed to find a buyer willing to pay \$525,000, allowing him to contract the home to the new buyer and pocket a \$175,000 profit without ever taking ownership of the property.

"It was the biggest return I had ever gotten — by a long shot — and may ever have," Dieckman said.

He hasn't looked back. In fact, Dieckman has even recruited several relatives — two brothers and a sister — to set up IRAs to invest in real estate.

Financial planners warn that not everyone fares so well, and the deals can be complicated. Different from traditional IRAs, which limit investors to stocks, bonds and mutual funds, self-directed IRAs allow

investors to park their cash in all kinds of investments — ranging from real estate to Off Broadway theater productions.

The only caveat is that account holders can't personally benefit from the investment until they make withdrawals at retirement time. In the case of real estate, this means that investors can't live in a home they purchased using a self-directed IRA, or even rent that home to relatives.

"There are a lot of stipulations on it, a lot of rules," said Tina Gelmissi, advanced planning specialist with the **Hantz Group** in Southfield. "I had a couple of clients who approached me and asked about it, but I didn't see how it fit into my clients' situations, so I don't have any who have touched it."

"The one place I have heard of people doing it is people who invest all of their money in rentals, but even that has decreased quite a bit."

It is crucial that investors do plenty of due diligence before taking the plunge in today's tumultuous housing market to prevent pouring their retirement savings into a money-burning, problem-ridden property, said David Mendels, an investment adviser at **Creative Financial Concepts L.L.C.** in

New York.

"Don't do it," he said. "This is the single biggest trap for the unwary in the world of IRAs."

Not only does an IRA investor not qualify for depreciation deductions and other benefits that a conventional real estate investor does each year, but the investor also faces risks associated with unforeseen expenses, such as emergency property repairs or tenant defaults, that could put the IRA investment in jeopardy if the IRA doesn't have the cash to cover them, Mendels said.

Also, it is critical that investors follow the IRA's arm's-length restrictions carefully or they could find themselves slapped with a hefty tax bill and additional penalties.

That said, using a self-directed IRA to invest in real estate can be potentially more lucrative than traditional real estate investing, proponents say.

Indeed, self-directed IRAs allow investors to buy real-estate-related assets, sell them and then reinvest the money in new properties — without triggering a tax event until retirement.

At the same time, IRA investors have the luxury of being able to

hold onto a property until a market rebounds, giving them the full appreciation on the property without paying taxes along the way.

"It makes sense to use IRA funds if possible," said Bob Finn, a San Francisco bond broker who has been using a self-directed IRA to invest in real estate for about five years. "You'll pay taxes one day, but you don't have to pay them until the government forces you to withdraw money from the IRA when you turn 70 and a half years old."

Outside the IRA, profits would be taxed to the point where "you'd have 50 percent less money" to invest.

Finn sees opportunity in the battered housing market and ballooning credit crisis.

"It's in times of chaos where ultimate opportunities are presented to you," he said. "If you want to buy something to hold it, you'll be able to get it cheaper in times of economic chaos than you would be in times of economic plenty."

From Investment News.

Amy Whitesall contributed to this story.

Steve Howell excels at business bankruptcies, workouts and creditors' rights. Where other attorneys say, "No, you shouldn't do that," he finds alternatives because he thoroughly understands his client's business. When a client is confronted with a company in financial trouble, he seeks to understand the issues, concerns and goals of both sides, leading to a timely, cost-effective resolution. Creative, proactive and passionate, Steve Howell is just one of 250 great attorneys in 40 practice areas at Dickinson Wright who have helped our Firm earn its superior national reputation.

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Represented lender as co-counsel in Blue Water Automotive Systems Chapter 11 case

Represented lender in Steel Parts Corporation Chapter 11 case

Represented agent for Bank Group in Key Plastics, LLC Chapter 11 case

Represented Thornapple Valley Inc. in Chapter 11 case

Represented agent for Bank Group in F&M Distributors Inc. Chapter 11 case

Recognitions:

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- Michigan Super Lawyer 2006-2007

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CRAIN'S LIST: LARGEST BANKS AND THRIFTS

Ranked by 2007 assets

	Company Address; Phone; Web site Top executive	Assets (\$000,000) 2007	Assets (\$000,000) 2006	Net income (\$000,000) 2007	Net income (\$000,000) 2006	Total loans (\$000,000) 2007	Total loans (\$000,000) 2006	Nonperforming assets (\$000,000) 2007	Nonperforming assets (\$000,000) 2006
1.	Comerica Bank ① 500 Woodward Ave., Detroit 48226 (248) 371-5000; www.comerica.com Thomas Ogden, Michigan market president	\$19,189.0 ②	\$22,706.0	\$277.0	\$375.0	\$18,598.0 ②	\$21,673.0	NA	NA
2.	Flagstar Bancorp Inc. 5151 Corporate Drive, Troy 48098 (248) 312-2000; www.flagstar.com Thomas Hammond, chairman	\$15,792.7	\$15,497.2	(\$39.2)	\$75.2	\$11,645.7	\$12,128.5	\$316.2	\$160.2
3.	National City - Southeast Michigan 755 W. Big Beaver Road, Troy 48084 (888) 622-4932; nationalcity.com David Boyle, president, Michigan	\$13,700.9	\$12,720.0	\$197.0	\$200.9	\$9,250.3	\$8,671.1	\$111.4	\$62.0
4.	Fifth Third Bank - Eastern Michigan 1000 Town Center, Southfield 48075 (877) 579-5353; www.53.com David Girodat, president and CEO eastern Michigan	\$6,632.8	\$6,208.2 ③	\$81.8	\$91.1	\$6,391.8	\$5,955.7	NA	NA
5.	TCF National Bank Michigan 17440 College Parkway, Livonia 48152 (734) 542-2900; www.tcfbank.com Robert F Grant, president, TCF Bank Michigan	\$2,635.0	\$2,594.0	\$45.1	\$36.1	\$2,031.0	\$1,893.0	\$39.3	\$27.8
6.	Huntington National Bank 801 W. Big Beaver Road, Troy 48084 (248) 269-2037; www.huntington.com Rebecca Smith, regional president	\$1,800.0	\$1,600.0	NA	NA	NA	NA	NA	NA
7.	Franklin Bank 24725 W. 12 Mile Road, Southfield 48034 (248) 358-5170; www.franklinbank.com Craig Johnson, president	\$1,134.0	\$920.1	NA	NA	\$1,019.6	\$858.3	\$22.0	\$8.5
8.	Dearborn Bancorp Inc. 1360 Porter St., Dearborn 48124 (313) 565-5700; www.fidbank.com Michael Ross, CEO and president	\$1,047.0	\$855.9	\$3.2	\$7.8	\$952.1	\$756.4	\$46.4	\$7.7
9.	Northern Trust Bank 10 W. Long Lake Road, Bloomfield Hills 48304 (248) 593-9300; www.northerntrust.com Dan Pienta, managing director	\$964.9	\$899.1	\$2.9	\$2.0	\$890.8	\$800.7	\$0.8	\$0.7
10.	First State Financial Corp. 16100 E. Nine Mile Road, Eastpointe 48021 (586) 775-5000; www.thefsb.com William Nill, chairman and David Harris, president	\$746.3	\$750.6	(\$8.7)	\$1.6	\$422.0	\$460.7	\$28.4	\$16.3
11.	The Private Bank 38505 Woodward Ave., Suite 1300, Bloomfield Hills 48304 (248) 644-2301; privatebank.com Patrick McQueen, chairman and managing director	\$685.3	\$571.7	\$3.1	\$5.8	\$592.5	\$499.9	\$5.3	\$0.0
12.	Sterling Bank & Trust FSB 1 Towne Square, Suite 1700, Southfield 48076 (248) 355-2400; www.sterlingbank.com Gary Judd, president and CEO	\$678.8	\$599.9	(\$6,314.0)	\$1.6	\$602.3	\$532.7	\$31.3	\$13.0
13.	Warren Bank 38880 Garfield Road, Clinton Township 48038 (586) 416-1650; www.warrenbank.net Tom Bernasconi, CEO and president	\$626.6	\$638.0	\$1.9	\$6.8	\$448.2	\$420.8	\$49.5	\$11.5
14.	Community Central Bank Corp. 120 N. Main, Mount Clemens 48043 (586) 783-4500; www.communitycentralbank.com David Widlak, president and CEO	\$518.6	\$504.0	\$0.9	\$3.3	\$388.4	\$366.9	\$17.7	\$4.7
15.	PSB Group Inc. 1800 E. 12 Mile Road, Madison Heights 48071 (248) 548-2900; www.psbnetbank.com Michael Tierney, president and CEO	\$492.3	\$497.2	(\$2.7)	\$2.9	\$389.3	\$398.3	NA	\$8.0
16.	Arbor Bancorp Inc. 125 S. Fifth Ave., Ann Arbor 48104 (734) 662-1600; www.boaa.com Timothy Marshall, CEO and president	\$475.4	\$448.7	\$4.3	\$4.2	\$329.7	\$326.6	\$7.9	\$1.3
17.	Oxford Bank Corp. 60 S. Washington St., Oxford 48371 (248) 628-2533; www.oxfordbank.com Jeffrey Davidson, CEO, chairman and president	\$463.8	\$515.2	(\$6.0)	\$3.2	\$320.7	\$378.3	\$23.5	\$16.4
18.	FNBH Bancorp Inc. 101 E. Grand River Ave., Howell 48843 (517) 546-3150; www.fnbsite.com Ronald Long, president and CEO	\$432.9	\$473.9	(\$6.6)	\$5.6	\$347.9	\$384.6	\$16.1	\$14.1
19.	Ann Arbor Commerce Bank 2850 State St. S., Ann Arbor 48104 (734) 887-3200; www.annarborcommerce.com Richard Dörner, president and CEO	\$362.4	\$310.4	\$3.6	\$3.7	\$328.1	\$288.4	\$5.2	\$4.4
20.	Paramount Bank 31000 Northwestern Highway, Suite 200, Farmington Hills 48334 (248) 538-8600; www.paramountbank.com Jeffrey Sugg, CEO and president Thomas Purther, chairman	\$266.5	\$269.4	(\$2.9)	\$1.8	\$256.0	\$257.3	\$8.2	\$7.0

This list ranks banks and bank-holding companies in Wayne, Oakland, Macomb, Washtenaw and Livingston counties. Companies based elsewhere are ranked by their assets in the five-county area. Bank of America, J.P. Morgan Chase & Co., Charter One and Independent Bank, which Crain's believes would make the list, were unable to provide local figures, and a reliable estimate could not be made. Figures from FDIC, unless otherwise noted.

① Comerica moved its headquarters to Dallas in late 2007. 2007 figures represent Comerica's Midwest market.

② Figures are averages, not period end.

③ Does not include investment assets.

Bank market share

By deposits, for Livingston, Macomb, Oakland, Washtenaw and Wayne counties as of June 30, 2007

Comerica Bank	23.16%
Bank of America	22.05%
JP Morgan Chase	14.91%
National City Bank	7.03%
Flagstar Bank	5.79%
Charter One Bank	5.68%
Fifth Third Bank	4.27%
Huntington National	2.71%
TCF National Bank	1.92%
Citizen's Republic	1.57%

Top 5 by county

By deposit market share as of June 30, 2007:

Livingston	
FNBH Bancorp	19.63%
Fifth Third Bank	14.51%
National City Bank	11.40%
Citizens Republic	9.67%
Bank of America	*8.96%

Macomb	
Comerica Bank	21.05%
Bank of America*	15.86%
JP Morgan Chase	9.27%
Huntington National	9.24%
Charter One Bank	9.09%

Oakland	
Bank of America*	37.70%
Comerica Bank	12.53%
Flagstar Bank	10.24%
JP Morgan Chase	8.86%
National City Bank	6.04%

Washtenaw	
KeyBank	15.36%
TCF National Bank	13.80%
National City Bank	12.80%
JP Morgan Chase	9.83%
Comerica Bank	9.74%

Wayne	
Comerica Bank	39.84%
JP Morgan Chase	25.75%
Bank of America*	10.10%
Charter One Bank	7.23%
National City Bank	6.95%

* Bank of America acquired LaSalle Bank Corp. in October 2007

Lists as spreadsheets

You can purchase individual Crain's lists or our Book of Lists in Excel spreadsheet format at www.crainsdetroit.com. Click "Crain's Lists Online" in lefthand navigation bar. If you've never used this feature before, you'll be prompted to set up an account.

Should your company be on this list?

Contact our research department at cdbresearch@crain.com.



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YOUR CO AND OURS.**

*Comerica is again ranked first nationally among the 100 largest bank holding companies in commercial loans as a percent of total assets by Highline Data LLC, 2007."

Comerica Bank

CRAIN'S LIST: LARGEST MORTGAGE LENDERS

Ranked by 2007 residential loan volume

	Company Address Phone; Web site	Top executive	Total residential loan volume (\$000,000) 2007	Total residential loan volume (\$000,000) 2006	Number of loans closed 2007	Percent of 2007 loans that were refinance loans	Percent of 2007 loans that were residential/ non-residential	Percent of 2007 loans that were conventional/ governmental mortgage loans	Number of local branches
1.	Flagstar Bancorp Inc. 5151 Corporate Drive, Troy 48098 (248) 312-2000; www.flagstar.com	Thomas Hammond, chairman	\$25,711.0	\$18,966.0	122,534	49	17 83	68 8	307
2.	Quicken Loans/Rock Financial Inc. 20555 Victor Parkway, Livonia 48152 (800) 226-6308; www.quickenloans.com and www.rockfinancial.com	Dan Gilbert, chairman and founder	19,000.0	18,000.0	NA	NA	NA	NA	NA
3.	Chase 611 Woodward Ave., Detroit 48226 (248) 680-2600; www.chase.com	Richard Wade, Michigan market president and executive vice president of JP Morgan Chase and Co.	2,600.0	900.0	15,870	58	7 93	79 10	165
4.	Gold Star Mortgage Financial Group 1819 W Stadium Blvd., Ann Arbor 48103 (734) 971-9900; www.goldstarmortgage.net	Daniel Milstein, CEO and president	766.3	628.6	4,322	44	22 78	94 6	5
5.	National City - Southeast Michigan 755 W. Big Beaver Road, Troy 48084 (888) 622-4932; nationalcity.com	David Boyle, president, Michigan	543.3	510.5	3,745	43	25 75	97 3	126
6.	Citizens Republic Bancorp 900 Tower Drive, Suite 100, Troy 48098 (248) 293-3040; citizensbanking.com	William Hartman, CEO and president	382.4	331.3	1,486	55	12 88	95 5	37
7.	Capital Mortgage Funding 17170 W. 12 Mile Road, Southfield 48076 (248) 569-7283; www.lowrateonline.com	Harry Glanz and Dan Burke, co-founders	361.4	332.4	1,882	65	23 77	61 19	1
8.	Fifth Third Bank - Eastern Michigan 1000 Town Center, Southfield 48075 (877) 579-5353; www.53.com	David Girodat, president and CEO eastern Michigan	312.8	375.7	1,663	47	25 75	96 4	89
9.	Interactive Financial Corp. 3250 W. Big Beaver Road, Suite 300, Troy 48084 (888) 271-0179; www.ifcbranch.com	Hunt Gersin, CEO and president	295.0	317.4	1,615	40	5 95	65 35	27
10.	Mac-Clair Mortgage DBA Direction Financial Services 8200 Old 13 Mile Road, Warren 48093 (586) 574-0200; www.directionfinancial.com	James Orr, president	275.0	250.0	2,700	55	5 95	40 60	1
11.	John Adams Mortgage Co. 25800 Northwestern Highway, Suite 110 Southfield 48075 (248) 208-3900; www.johnadamsmortgage.com	Stuart Elsea, president	263.5	285.7	1,735	24	8 92	85 15	21
12.	Comerica Bank ① 500 Woodward Ave., Detroit 48226 (248) 371-5000; www.comerica.com	Thomas Ogden, Michigan market president	219.0	469.0	670	46	27 73	99 1	237
13.	Paramount Bank 31000 Northwestern Highway, Suite 200, Farmington Hills 48334 (248) 538-8600; www.paramountbank.com	Thomas Purther, chairman Jeffrey Sugg, CEO and president	203.3	148.5	650	80	50 50	100 NA	4
14.	Mortgage 1 43456 Mound, Sterling Heights 48314 (586) 799-0000; www.mortgageone.biz	Mark Workens, president Rick Holcomb, vice president and marketing manager	193.8	224.0	1,113	40	10 90	70 30	5
15.	United Mortgage 8300 Hall Road, Utica 48317 (586) 286-9500; www.unitedmortgagegroup.org	James Rhodes, CEO, chairman and president	134.9	149.1	771	65	40 60	70 0	4

This list of mortgage lenders and brokers is an approximate compilation of the largest companies in Wayne, Oakland, Macomb, Washtenaw and Livingston counties. It is not a complete listing but the most comprehensive available. NA = not available. NC = no change. NR = not relevant.

① Comerica moved its headquarters to Dallas in late 2007. 2007 figures represent Comerica's Midwest market.

LIST RESEARCHED BY ANNE MARKS AND JOANNE SCHARICH

FOCUS: FINANCE

Will earlier success follow Provost to First Michigan?

BY TOM HENDERSON
CRAIN'S DETROIT BUSINESS

David Provost, who helped bring high-service private banking and wealth management to Southeast Michigan when he co-founded the **Bank of Bloomfield Hills** in 1989, hopes to duplicate that success in his new position at Troy-based **First Michigan Bank**.

First Michigan opened in August, and Provost joined the bank as CEO and executive managing director in mid-March. Gerald Wasen had been CEO and president at First Michigan and retains the title of president.



Provost

Provost, now 54, was named a *Crain's* 40 under 40 in 1993, mostly because of the success of the Bank of Bloomfield Hills. In 2006, following its sale, he was named **Ernst & Young** Entrepreneur of the Year for the Great Lakes region.

The Bank of Bloomfield Hills was started with \$3 million and sold to Chicago-based **The Private Bancorp Inc.** for \$64 million in 2005. Provost had remained at the bank, which was renamed **The Private Bank-Michigan**.

At First Michigan, Provost has changed the bank's focus from catering to small- and medium-sized businesses to the private bank model of targeting high net-worth individuals and families.

Provost has aggressive growth plans for the privately held bank, which was founded with more than \$10 million from its shareholders. They include **Frank Hennessey**, CEO and chairman of **Hennessey Capital L.L.C.** in Huntington Woods; **Walt Watkins**, Detroit's former chief development officer and former president of **Bank One, Michigan**; **Garry Carley**, former vice chair of **Standard Federal Bank**; **Shirley Stancato**, president and CEO of **New Detroit Inc.**; and **Gary Shiffman**, chairman and CEO of Southfield-based **Sun Communities Inc.**

Provost plans to take the bank from \$10 million in assets to \$200 million within a year. He says the bank will be profitable by the end of this year. Over the next five years, he wants to open branches in Grosse Pointe, Rochester, the Plymouth-Northville area, Ann Arbor and Grand Rapids.

He has commitments to raise another \$10 million to fund growth and is scouting out a new location, likely near the **Somerset Collection**, for the bank's headquarters. It is currently on Tower Drive near Crooks and Long Lake roads.

He said the bank would target individuals with a net worth of at least \$2.5 million, excluding their home, with \$250,000 in liquid assets and annual income of \$250,000.

"That gets us started," Provost said. "We're looking for individuals who demand a much higher level of service than they get from traditional banks."

Provost has instituted courier service for customers and is ramping up mortgage and wealth-management offerings.

Provost said he had grown antsy as part of a large banking organization and wanted to get back to his roots as a community banker.

"It was time for me to do something different," he said. "As a bank gets bigger and bigger, you get to the point where the personal relationship with the client is disturbed by operational and administrative responsibilities. And the

people making the decisions are people who aren't involved with your clients."

Hennessey said: "Getting David was a major, major coup for First Michigan. This accelerates by three years what we wanted to do with the bank." Hennessey said he is committed to the next round of fundraising.

"He'll do well there," said Patrick Fehring, president and CEO of Farmington Hills-based **Level One Bank**, a new community bank that opened in October. "He's

a proven commodity in the marketplace. He was a great sounding board for me before we opened."

"David had a great run with The PrivateBank," said Patrick McQueen, who replaced Provost as chairman and CEO. He had been president and COO.

"I'm disappointed he left. I think highly of Dave. He's a great banker who had a great run. But, at the same time, we have a great story to tell. We'll miss him, but we'll move on."

"Our parent company reported

that loans grew by 23 percent in the first quarter, and I can tell you that's about what we did, too. That's a big number."

Provost's decision to refocus First Michigan on private banking came at a time when The Private Bank-Michigan was branching out from private banking.

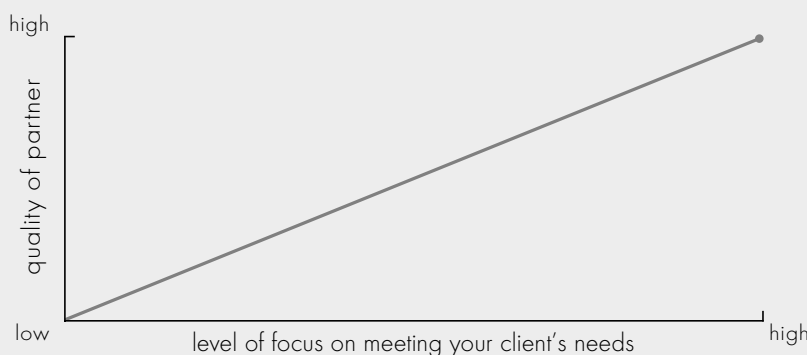
In December, it hired 11 vice presidents in commercial lending from Troy-based **LaSalle Bank Midwest N.A.**

Tom Henderson: (313) 446-0337, thenderson@crain.com



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BUSINESS DIARY

CONTRACTS

Gregory Schwartz & Co. Inc., a Bloomfield Hills investment advisory firm specializing in corporate retirement plans, has been retained by **Walbridge Co.**, Detroit, as investment adviser to its 401(k) plan.

McGraw Wentworth, Troy and Grand Rapids, has been chosen to manage the life insurance and disability benefits for **AZ Automotive**. The automotive supplier is based in Warren and has 1,000 employees in Michigan and Kansas.

Logicorps, a Clinton Township information-technology services company, was awarded a project to assist in the expansion of Sterling Heights-based **Salus Group Benefits**. The project consists of the design and implementation of all information-technology infrastructures necessary to support the addition of staff and office space.

The Great Lakes Division of the American Cancer Society, awarded **re:group**, Ann Arbor, the assignment to create, plan and execute the regional campaign to promote the society's Cancer Resource Network. The division has offices in Michigan and Indiana.

FH Martin Constructors, Warren, is the general contractor for the renovation of the **Oakwood Rotunda Center**, Dearborn, for **Oakwood Healthcare System**. The former child-care center will be used by Oakwood for training, physical therapy and rehabilitation. Also, FH Martin is construction manager for **Roseville Medical**, the conversion of a former car dealership into a medical office building in Roseville. FH Martin also was awarded the construction of two new **Chase** bank branches in White Lake and Hartland townships and has started construction of a new **Rite Aid** drugstore in Lapeer.

Checker Sedan, Dearborn Heights, has contracted with **Ground Travel Technology Team Inc.** of Hackensack, N.J., to use its GDSConnect software to process ground travel reservations. The software allows corporate travel managers and travel agents to book transportation with Checker Sedan in as little as 20 seconds.

ASG Renaissance, a Dearborn professional services firm, announced a partnership agreement with **eCaliber Group**, a Mississauga, Ontario-based talent management firm.

EXPANSIONS

English Gardens, a Dearborn Heights-based gardening supply retailer, has opened its seventh store at 7345 Grand River Ave., Brighton.

Aldi has opened in the **Canton Shopping Center** at Ford and Lilly roads in Canton Township. The German discount grocer is to lease a former **Sears Hardware** store, according to center owners and property managers **Broder & Sachse Real Estate Services Inc.**, Birmingham. Broder & Sachse also plans a multimillion dollar renovation of the shopping center starting this spring. Aldi has more than 850 U.S.

Wesley Berry Flowers has opened a Detroit location in the **Penobscot Building**. The West Bloomfield Township-based florist said the new shop will make for easier same-day deliveries to downtown offices. Telephone: (800) 628-9371. Web site: www.800wesleys.com.

Batteries Plus, 41600 Ann Arbor Road, Plymouth, sells a variety of batteries for household and commercial use. The franchise of the Wisconsin-based company also assembles, tests, conditions and reconditions custom battery packs,

recycles lead-based batteries and makes home service calls to install batteries in medical equipment. Web site: www.batteriesplus.com.

The Center for Social Work Practice and Policy Research, Detroit, has been established by the **Wayne State University School of Social Work** to research local, national and international social work issues. Telephone: (313) 577-4439. Web site: socialwork.wayne.edu.

Signs By Tomorrow owners Bruce and Ruth Aaronson have purchased their fourth location in Rochester Hills. The Aaronsons also own locations in Novi, Waterford Township and Southfield. The Columbia, Md.-based company specializes in architectural, retail and real estate signage as well as vehicle graphics. Telephone: (248) 299-9229. Web site: www.signsbytomorrow.biz.

JOINT VENTURES

Global Transportation Management of Romulus has joined with **Condos and Co. Maritime Enterprises Ltd.** of Piraeus, Greece, to form **GTM-Condos USA L.L.C.** The new international shipping and logistics company will specialize in global freight services, warehousing and packaging. It will be headquartered in Romulus.

MOVES

The Alzheimer's Association Michigan Great Lakes Chapter Ann Arbor office to 310 N. Main St., Suite 100, Chelsea. Telephone: (800) 272-3900. Web site: www.alz.org/mglc.

NEW PRODUCTS

The Stop Junk Mail Kit, Ferndale, promises to eliminate 90 percent of the postal junk mail a household receives for up to five years. Web site:

www.stopjunkmailkit.com.

NEW SERVICES

Weir Manuel Realtors of Birmingham has established a residential property management division.

The Michigan Green Industry, a Bingham Farms landscaping industry association, announced participating members are offering its Healthy Lawn Care Program for watershed protection. The program helps companies comply with environmentally sensitive lawn care issues, such as overuse of fertilizers and pesticides and runoff into storm drains, lakes and rivers.

Re:Style L.L.C., a Brighton-based home staging company, has launched Reuse, Recycle, Re:Style, a program that introduces eco-friendly, resource-saving practices to its clients.

ABC Warehouse, Pontiac, now provides an electronics recycling service at its 41 retail stores and online at www.abcwarehouse.com. Customers can recycle their old mobile phones, MP3 players, cameras, camcorders and GPS units and get ABC Warehouse gift cards. Additional products are to be added through the year. The service, in partnership with **Consumer Electronics Exchange**, began in April.

STARTUPS

Arslanian Wells P.C., 74 E. Long Lake Road, Bloomfield Hills, is a law firm specializing in estate, business and tax planning. Paul Arslanian and Eric Wells are the firm's founding partners. Web site: www.estateplans.com.

Johnston Design Inc., 114 Wompole Drive, Clarkston, has been formed by Corian Johnson, formerly a principal at L&A Inc., Farmington Hills. The

new firm provides structural engineering consulting and design services for architecture and construction. Telephone: (248) 620-6489. Web site: www.johnstondesign.org.

The Romulus Athletic Center, 9400 Charter Crossing, Romulus, offers a variety of fitness facilities, a five-pool indoor water park, a day care center, teen center, banquet rooms and meeting rooms. Memberships are available to residents and nonresidents. **Rink Management Services Corp.** of Mechanicsville, Va., manages the center. Telephone: (734) 942-2223.

OTHER

Maxim Staffing Solutions, Bingham Farms, has achieved the Gold Seal of Approval for health care staffing services from **The Joint Commission**.

Wassim Younes, a specialist in internal medicine and a registered pharmacist, is continuing the medical practice of John Dunn at 1213 Mason St., Dearborn. Younes is a member of the medical staff at **William Beaumont Hospital**, Royal Oak, and **Oakwood Hospital**, Dearborn.

DIARY GUIDELINES

Send news releases for Business Diary to Joanne Scharich, *Crain's Detroit Business*, 1155 Gratiot Ave., Detroit, MI 48207-2997 or send e-mail to jscharich@crain.com. 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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PEOPLE

ARCHITECTURE

Susan Arneson to vice president, **SmithGroup**, Detroit, from corporate marketing director.

CONSTRUCTION



Darryl James to business development director, **SmithGroup**, Detroit, from business development manager, Structural Preservation Systems, Trenton.

CONSULTING

James **Mike Cummins** to senior consultant and team leader, **Development Dimensions International**, Detroit, from consultant.

EDUCATION



Scott Fisher to director of online learning and instructional technology, **Specs Howard School of Broadcast Arts**, Southfield, from professor, Department of English Language and Literature, Sungshin Women's University, Seoul, South Korea.

DISTRIBUTORS

Eric Kociba to corporate counsel, **Atlas Oil Co.**, Taylor, from litigation attorney, The Realty Co. Inc., and Boulevard & Trumbull Towing Inc., Detroit.

IN THE SPOTLIGHT

Wendy A. Beck has been appointed executive vice president and CFO of **Domino's Pizza** in Ann Arbor.



Beck

Beck, 43, had been CFO, senior vice president and treasurer of **Whataburger Restaurants**, based in Corpus Christi, Texas. She replaces interim CFO **Bill Kapp**, who has been named vice president of special projects for Domino's USA.

Prior to Whataburger, Beck held finance positions at **Checkers Drive-In Restaurants** and **Lincare Holdings**.

The Florida native holds a bachelor of science degree in accounting from the **University of South Florida** and has been a CPA since 1992.

FINANCE

J. Bradley Sargent to managing director, Dispute Advisory and Forensic Services Group, and practice leader, Forensic Services group, **Stout Risius Ross Inc.**, Detroit, from director.

Jack Kristan to associate-senior consultant, **Plante & Moran P.L.L.C.**, Southfield, from staff member. Also, **Kristin Hunt** to associate, Southfield, from staff member; and **Andrea Curtis** to associate, Auburn Hills, from staff member.

GOVERNMENT

Angela Schofield to economic development coordinator, the city of Hazel Park, from owner, Task Force Management, Madison Heights.

Sheila Harris to business development assistant, **The Rochester Downtown Development Authority**, Rochester, from administrative and promotions assistant.

HOSPITALITY

Timothy Friesen to general manager, **Westin Book Cadillac Detroit**, from general manager, the Westin Detroit Metropolitan Airport, Romulus.



Friesen

Also, **Sarah Kucharczyk** to special events manager, from event production coordinator.

INDUSTRY GROUPS

Ronald Wong to president, **The American Chinese Association**, Madison Heights, from chairman, Lakefront Capital, South Lyon.

INFO/TECHNOLOGY

Mitch Yudas to regional manager for the Midwest, **ESI**, Detroit, from emergency management director, Monroe County Emergency Management Division, Monroe.

LAW

Anthony Rusciano, shareholder, **Plunkett Cooney**, Bloomfield Hills, re-elected chairman of the firm's board of directors.

David Eberhard to senior counsel, **Warner Norcross & Judd L.L.P.**, Sterling Heights, from partner, O'Reilly Rancilio P.C., Sterling Heights. Also, **Dennis Loughlin** to senior counsel, from shareholder, Strobl & Sharp P.C., Bloomfield Hills.

MARKETING

Stephen Dooley to co-president, **Outside Hub L.L.C.**, Detroit, from director of national sales efforts, Jumpstart Automotive Media, Royal Oak. Also, **Stephen Fromwiller** to chief marketing officer, from associate media director, PHD, Troy.

Christopher Moritz to senior vice president, experience planning manager, **Campbell-Ewald**, Warren, from vice president, experience planning manager. Also, **Jodi Porter** to senior vice president, management supervisor, from vice president, Lincoln Mercury Dealer Association communication and operations director, Young & Rubicam Brands, Dearborn; **Maura Rylander** to vice president, manager account planning, from quality analysis team leader, Audi of America, Auburn Hills; and **Daniel Scofield** to vice president, account supervisor, from account supervisor, Jeep national communications, BBDO, Detroit.

James Laird Dykes to manager, production group, **Pitney Bowes AAS**, Farmington Hills, from senior manager on Six Sigma practices for U.S. and European operations, Pitney Bowes Management Services.

NONPROFITS

Brandy Shifteh to clinical director of home-care services, **Visiting Nurse Association of Southeast Michigan**, Oak Park, from national pharmacy sales specialist, Heartland Home Health Care and Hospice, Detroit.



Shifteh

Elizabeth Noble to vice president of development, **Detroit Institute of Arts**, Detroit, from group vice president, resource and volunteer development and labor relations, United Way for Southeastern Michigan, Detroit.

PEOPLE GUIDELINES

Announcements are limited to management positions. Nonprofit and industry group board appointments can be found at www.craindetroit.com. Send submissions for People to Joanne Scharich, *Crain's Detroit Business*, 1155 Gratiot Ave., Detroit, MI 48207-2997, or send e-mail to jscharich@crain.com. Releases must contain the person's name, new title, company, city in which the person will work, former title, former company (if not promoted from within) and former city in which the person worked. Photos are welcome, but we cannot guarantee they will be used.

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Facade programs can help a business put up a good front

Lake Orion resident Gene Carlson wanted to work in his home community, so when he got a chance to move his commercial real estate brokerage **Valkyrie Group L.L.C.** into a historic home-turned-office in the community's small downtown, he jumped.

The building, constructed in 1880, had been tweaked, remodeled, cut up and put back together, but Carlson's goal was to bring the Flint Street building as close to its original appearance as possible.

Carlson met with **Main Street Oakland County** principal planner and preservation architect Ron

Small Biz Solutions



Nancy Kaffer

Campbell, who helped him draw up preliminary plans and choose themes and elements consistent with the building's original appearance.

The first step, Carlson said, was to strip off cheap vinyl siding that a previous owner

HOW TO MAKE A GOOD IMPRESSION

■ If you're interested in improving your building's facade, contact your county or municipal government.

■ A simple facade improvement can cost as little as \$5,000, said Main Street Oakland County's Ron Campbell. An elaborate job could run \$50,000.

■ A business owner who wants to make an effective change but

doesn't have a lot of cash should look to add color, Campbell said, either through a three-dimensional element like an awning or something as simple as a new coat of paint.

■ Don't forget windows, Campbell said. They're a little bit more expensive, but a good investment if you're looking for the maximum bang for your buck.

had affixed to the wood frame house — and in the process he discovered the building's original, ex-

pansive windows.

About \$120,000 later, 46 Flint St. looks a lot like it did in the 19th cen-

tury, painted in rich colors with an inviting porch, much to Carlson's pleasure.

And a \$20,000 check from the **Lake Orion Downtown Development Authority's** facade improvement grant program doesn't hurt.

As summer approaches, downtown business districts can look forward to increased foot traffic. And jazzing up a facade is a sure-fire way to lure customers to your storefront, Campbell said.

"Studies have shown pedestrians don't travel much more than 40 feet unless something piques their interest," Campbell said. "And stores that have boarded up windows are losing valuable advertising space."

Main Street Oakland County offers advisory services to the 12 communities that are part of the program, Campbell said, from initial design to signage advice to historic preservation.

Those communities, he said, tend to offer facade improvement grants or low-interest loans.

The **Royal Oak Downtown Development Authority** offers low- to no-interest loans to business owners who want a facade upgrade, said Downtown Manager Stephanie McIntyre.

There are some strings attached — the DDA gets a say in the final designs.

"There are some design specifications, but also we want a say in the overall look," she said.

But the organization isn't looking to quash business owners' creativity.

"We have a couple of instances where there are facade improvements that are very different, but they're still maintaining the feel, type of look and style of downtown Royal Oak," she said.

The maximum loan is \$15,000, McIntyre said, or one third of the total project cost.

In Detroit, city officials have provided beaucoup funds for business owners who want to dress up a storefront — and have been rewarded with a reciprocal \$30 million private investment in facade improvement, said Marja Winters, director of the mayor's **Office of Neighborhood Commercial Revitalization**.

Up to \$30,000 for facade improvement is made available to each of the city's four Restore Detroit groups, which cover a variety of neighborhood revitalization services, and the city's five Refresh Detroit groups, which are geared solely toward facade improvements, providing funds and access to a pool of qualified architects.

Businesses in commercial districts in the city's six targeted Next Detroit areas are also eligible for facade improvement funds.

"As of the end of 2006 — and this is only for the Restore Detroit districts — we had 184 (facade improvements) completed," Winters said. "That represents private investment of over \$30 million."

This kind of public investment is key to competing in the global market, Winters said, but is also bears fruit closer to home.

"It's good to be able to lure people or attract them to this area, but I think it helps the quality of life in the neighborhoods," she said.

Nancy Kaffer: (313) 446-0412, nkaffer@crain.com



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CALENDAR

TUESDAY

MAY 20

Coffee and Controversy: Hospital Errors and "Never Events": Who Pays the Bill? 7:30-9:30 a.m. The Greater Detroit Area Health Council Inc. **Bruce Bradley**, director, health care strategy and public policy, General Motors Corp.; **Peter Schonfeld**, senior vice president, Michigan Health and Hospital Association; and **Kim Sorget**, vice president, Provider Contracting and Network Administration, Blue Cross Blue Shield of Michigan. The Detroit Athletic Club, Detroit. \$35 members, \$50 others. Contact: (313) 596-0812.

WEDNESDAY

MAY 21

Transforming Michigan's Entrepreneurial Community. 11:45 a.m.-1:45 p.m. American Technion Society Detroit Chapter. **David Littmann**, senior economist, Mackinac Center for Public Policy. Andiamo Italia West, Bloomfield Hills. \$18. Kosher meal upon request. Contact: (248) 737-1990.

THURSDAY

MAY 22



Barclay

If I Knew Then What I Know Now ... Lessons In Women's Leadership. 7:30 a.m. Influential Women Breakfast. **Terry Barclay**, president and CEO of Inforum and the Inforum Center for Leadership. The Community House, Birmingham. \$15. Contact: (248) 644-5832.

Doing Business in Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. 10 a.m.-3 p.m. World Trade Center Detroit/Windsor, the U.S. Department of Commerce, American Arab Chamber of Commerce, Michigan District Export Council-East, and Miller Canfield Paddock and Stone P.L.C. **Abdul Quader Shikh**, senior international and regional coordinator for Africa, Middle East and South Asia, U.S. Department of Commerce; **Patrick Wall**, principal commercial officer, U.S. Consulate-Dubai; **Reuben Levy**, president, Global Office Solutions; **Ned Fawaz**, CEO, Energy International; **Jesse Lapierre**, commercial officer, U.S. Embassy, Riyadh, Saudi Arabia and an attorney with Miller Canfield. World Trade Center Detroit/Windsor, Allen Park. \$65. Includes Middle Eastern luncheon. RSVP by May 19. Contact: (248) 975-9600.

Building Sustainable Urbanism. 5 p.m. Model D Media. **Mark Nickita** of Archive DS, **Chris Bray** of the Detroit Catholic Pastoral Alliance, and **Diane VanBuren Jones** of WARM Training. Detroit Yacht Club, Belle Isle, Detroit. Free. Must register in advance. Contact: www.modeldmedia.com.

COMING EVENTS

Adcraft Club of Detroit. 8-9:30 a.m. **May 29.** **Bob Lutz**, vice chairman, General Motors Corp. Detroit Marriott at the Renaissance Center. \$35 members, \$30 junior members, \$40 others. Contact: (313) 872-7850.

Financing Downtown Development: Rehabs and New Construction. 9 a.m.-4 p.m. **May 29.** Main Street Oakland County. **Linda Sorden**, the National Trust for Historic Preservation; **Bryan Lijewski**, the Michigan State Historic Preservation Office; **Nancy Finegood**, the Michigan Historic Preservation Network; **Doug Brown**, ASTI Environ-

mental; and **Tim Wittebort**, Howard & Howard Attorneys. 30 North Saginaw, Pontiac. \$25 Main Street Community representatives, \$85 others. Contact: www.mainstreetoaklandcounty.com.

Second Annual Merger & Acquisition Conference. 8:45 a.m. **June 3.** The Association for Corporate Growth Detroit Chapter. Michigan State University basketball coach **Tom Izzo**. Also features panel discussions on "Middle Market M&A: The Reports of



Izzo

My Death are Greatly Exaggerated." and "Finding Value Through Cross Border Activity." Knollwood Country Club, West Bloomfield. \$75 members and affiliates, \$125 others. 18 holes of golf are available at \$125 per person. Contact: www.acgdetroit.org.

Election 2008: What's In It For You? 11:30 a.m. **June 3.** Inforum. Former General Motors Corp. vice president and Republican White House Chief of Staff **Andrew Card** and CNN Democratic strategist and pundit **Paul Begalia**. Troy Marriott. \$45 members, \$60 others (Add \$10 to registrations received after May 30 and at the door.) Table of 10, \$500. Contact: (877) 633-3500.

What's Up with the New 990? 3-5 p.m.

June 3. Nonprofit Enterprise at Work (NEW) and Weidmayer, Schneider, Raham & Bennett P.C. **Angeline Smith**, Angeline and Associates. Hannan House, Detroit. \$10. Contact: (734) 998-0160, Ext. 218.

Women, Wealth & Power VIP Reception. 7-9 p.m. **June 6.** Michigan Association for Female Entrepreneurs, Black Women Contracting Association. Renaissance Club, Renaissance Center, Detroit. \$45. Contact: Tonya McNeal-Weary, (866) 490-6233.

Crain's Diversity Conference: Exploring Innovation Through Diversity Initiatives. 7:30 a.m.-6 p.m. **June 12.** Crain's Detroit Business, Detroit Regional

Chamber, Michigan Roundtable for Diversity and Inclusion, Toyota. **Melvin Gravely**, Institute for Entrepreneurial Thinking Ltd.; **Kurt Metzger**, United Way of Southeast Michigan; **Amri Johnson**, Cook Ross Inc.; and **Susan Molinari**, CEO, The Washington Group. MGM Grand Hotel Detroit. \$150 before May 16, \$195 after May 16. Registration deadline: June 2. Contact: www.crainsdetroit.com/events.

Is the Dollar Crashing? 11:45 a.m.-1:30 p.m. **June 18.** Word Trade Center Detroit Windsor International Business Forum. **G. Mustafa Mohatarem**, chief economist, General Motors Corp. The Fairlane Club, Dearborn. \$30. Contact: (313) 388-2345, ext. 222.

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Career bet on Advo pays off for Valassis CEO

BY BILL SHEA

CRAIN'S DETROIT BUSINESS

Alan Schultz's risky and unpopular \$1.2 billion decision to buy another company paid off with three consecutive quarters of monumental growth.

Now, the chairman, president and CEO of Livonia-based newspaper coupon maker **Valassis Communications Inc.** is reaping his own reward: a lucrative three-year contract extension awarded Tuesday and topped off with effuse



Schultz

praise.

That's a far cry from the roiling criticism insiders say Schultz faced from skeptics on Wall Street and among angered investors.

What Schultz did was pull the trigger on the long-simmering idea of buying **Advo Inc.**, a Connecticut-based direct-mail giant. Valassis

was embroiled in a newspaper coupon war that had eviscerated its core business and showed no sign of ending, and it was looking to make a move to bolster its bottom line.

Valassis paid \$1.2 billion for Advo in a topsy-turvy deal that at one point was in jeopardy because of dueling lawsuits over allegations of fudged numbers by Advo. Wall Street, to put it mildly, freaked out. Valassis' stock crashed.

"When you do a major acquisi-

tion, there are always challenges and doubts," Schultz said.

He preached patience — and even bought nearly \$300,000 in Valassis stock to illustrate his confidence in the deal. Advo's direct-mail business quickly became more than half of Valassis' revenue as the company began refocusing its efforts as a marketing giant.

It took two quarters before the financial impact of the March 2007 Valassis-Advo deal made itself felt. Valassis (NYSE: VCI) reported revenue up 144 percent to \$607 million during the quarter that ended Sept. 30, 2007. Net income was up 148 percent, from \$6.6 million in the quarter a year ago to \$16.4 million, and Wall Street was pleased.

In the first quarter this year, revenue was \$597.1 million, up 65.3 percent over the same period in 2007.

Almost all of that is attributable to Advo business. The coupons, distributed as free-standing inserts, are now less than 10 percent of Valassis' business. They used to account for 95 percent of its profits.

Valassis ended 2007 as a \$2.2 billion company, up from \$1.1 billion a year prior.

Schultz bet his career on the Advo acquisition, said Ed Atorino, managing director and media analyst for New York City-based **The Benchmark Co. L.L.C.** He's followed Valassis since it went public in 1992.

"It was an essential move. Without Advo, Valassis would be in much worse shape," he said. "Last September, he was not liked on Wall Street. Given the apparent success, he deserves to be renewed. He can certainly say, 'Take a look now.'"

Valassis stock, which reached its nadir at \$7.67 in August 2006 after trading at \$40 a year before, has rebounded and was trading at \$16.23 on Thursday morning.

"It certainly is a change in attitude from investor perspective," Schultz said.

His extension keeps him on board through January 2012. The old contract was to expire Dec. 31 of this year.

According to SEC filings, Schultz's extension includes a boost in base salary to \$1 million from \$860,000, options on 1.1 mil-

THE ADVO DEAL

■ Valassis paid \$1.2 billion, or \$33.02 a share, for Advo and assumed refinancing of \$125 million in debt from the company. To finance the deal, Valassis used an \$870 million senior secured credit facility from a variety of lenders, \$540 million in senior notes due in 2015, and cash.

■ The combined Valassis-Advo has 15,000 advertisers worldwide, including 96 of the top 100 advertisers in the United States. It has 7,500 employees covering operations in 22 states and nine countries. About 1,200 employees are in Livonia.

■ Valassis sued Advo to get out of the deal, claiming that Advo misrepresented its long-term financial health. Advo countersued to enforce the July 2006 agreement, charging that Valassis' court action amounted to buyer's remorse. The two companies settled Dec. 19, 2006, and the acquisition was completed March 2, 2007.

lion shares of Valassis stock and a semiannual bonus, based on performance incentives, equal to his salary. He also can earn shares for meeting goals set by the board of directors.

Schultz was ranked 27th on *Crain's* 2007 list of top-compensated CEOs based on 2006 numbers. His base salary was \$780,000 and his total compensation was \$1.9 million. Ironically, he was ranked one spot ahead of **Domino's Pizza Inc.** CEO David Brandon (\$1.7 million), whom Schultz succeeded in 1998 as head of Valassis.

Schultz, a former **Deloitte & Touche** senior accountant in Detroit before moving to Valassis in 1984, hatched the idea to buy Advo a decade ago. A series of management changes at Advo kept the idea on the shelf until Scott Harding took over Advo three years ago, and talks got under way.

Critics of the deal have since reversed course, Schultz said.

"I feel great about it in the sense that I've gotten some nice comments from some of our shareholders," he said.

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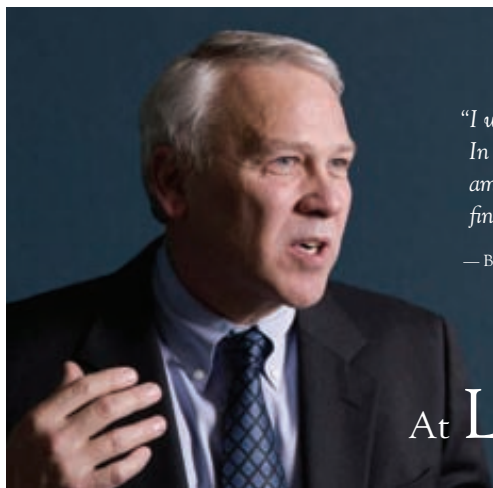
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Business plan contest extends deadline

CRAIN'S DETROIT BUSINESS

The deadline to submit proposals for the **21st Century Jobs Fund** business plan competition has been extended to June 30.

In a press release, the **Michigan Economic Development Corp.** said extending the deadline will help the MEDC "finalize a solid peer review process while providing Michigan businesses and entrepreneurs more time to prepare and submit successful proposals."

Applicants will compete for up to \$30 million and need to demonstrate a sustainable business opportunity in life sciences, alterna-

tive energy, advanced automotive materials and manufacturing, or homeland security and defense. Company applicants should be ready to create jobs.

The jobs fund is a \$2 billion, 10-year initiative to accelerate the diversification of Michigan's economy.

The request for proposal is available online at www.TheMEDC.org/21CBizPlan.

An application fee of \$500 is required. Proposals must be submitted electronically and are due no later than 5 p.m. on June 30.

Questions may be submitted to: 21stCenturyJobs@michigan.org.

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New EMU president focuses on big picture

Susan Martin, provost and vice chancellor of academic affairs at the University of Michigan-Dearborn, becomes the 22nd president of Eastern Michigan University and first female president July 7, after the EMU Board of Regents confirmed her to the post last week. Martin succeeds former President John Fallon III, who was fired in response to an investigation into the 2006 death of undergraduate student Laura Dickinson. Fallon seeks reinstatement to his old post in a lawsuit still pending against the university.

Reporter Chad Halcom spoke with Martin about her plans for the job and challenges facing the school.

Were you aware during the EMU presidential search and candidate review process that you were making a bid for university history, and did that seem daunting?

It really has just become an exciting fact about getting the appointment within the past couple of days. The campus has been very excited, both women and men, about getting a woman at the helm. But it's not something I considered when applying. I was looking at the fit of the job. It's a great university with a wide range of academic programs and very committed faculty and staff.

You come to Eastern after a period of some upheaval — the slaying of a student, a U.S. Department of Education investigation and a fired predecessor (John Fallon). How do you restore unity and confidence in the administration?

Part of the enthusiasm you see on campus now is about the fact we're going forward. We want the board and new president to be successful, and we're all on the same team. And I intend to stick like glue. The board isn't going to fire me, I'm going to be here. I'm going to make mistakes while I'm here, but we'll get through them. Everyone here cares about Eastern, and although it's raining today, the dark cloud is really behind us and we are moving on.

Eastern is hoping to build the size of its \$42 million endowment fund. What are your thoughts on the U.S. House of Representatives weighing restrictions on gift-giving to universities with large endowments or to compel a spend-down on endowments to help cap tuition increases?

Hopefully the universities can articulate the fact that when a gift is given, it is in fact a contract. Someone who feels strongly about the university wants to provide for a specific need, and that is their (the donor's) passion. For the federal government to step into that contract and attempt to change that, it could in fact chill future donations, and I hope the conversation in Washington will be mindful of that. Eastern is in a position where we want to build more of an endowment. We are not in a place

like Harvard or Yale, with the type of endowment where we can afford to discount education in a significant way. We hope to be.

How does Eastern, as an economic engine in the region, stem the "brain drain," retain talent and assist in economic turnaround in the region? Do universities play a lead role, follow, or team up with others?

Eastern is a critical player in that process because we help people re-tool. We have a strong traditional student population, but also a large population of transfer students and people returning for a second bachelor's degree. The average age of an undergraduate student at Eastern is 24 years old. So we are the university you come to if you want to complete that degree or change your future by getting a different degree. And there's increasing need for that.

During your tenure at UM-Dearborn, the school grappled with a minor controversy over spending public funds on Islamic foot baths in bathrooms. As a financial management issue, what is good versus bad spending on student needs?

The foot bath issue was interesting because the reason we got involved was that students were using faucets or bathroom sinks to wash their feet (in preparation for prayer) and there were accidents and people falling, so it was a physical safety issue. You want to be sure you're in compliance with the law (church-state issues), but a good financial officer also understands spending on (liability) preventive measures to make sure your campus is a welcoming and safe environment. The university is still comfortable with that decision.

A capital campaign at EMU is currently in its quiet phase but is expected to become public sometime within a year. Where does that initiative now stand?

There is a capital campaign plan taking shape, and I have to get up to speed on that, but I expect to be taking a lead role in that when it happens.

How would you describe your style of management or leadership?

The overriding principle is to think about what is going to advance the institution and not get caught into the day-to-day details that can easily suck you into not focusing on the big picture. I delegate (as a leader), and I'm very direct. But I do like to keep things moving, though. The focus is on getting input and building quickly toward (a) consensus, and then being able to make your decision and go from there.

Chad Halcom, (313) 446-6796; chalcom@crain.com.



For more on Susan Martin's vision for EMU and her philosophy, visit www.craindetroit.com/multimedia.

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WSU's president ready for an urban mission

Jay Noren, 63, dean of the College of Public Health at the University of Nebraska Medical Center, becomes the 10th president of Wayne State University on Aug. 1. Noren succeeds Irvin Reid, who will resign at the end of July, take a sabbatical and then become the newly established Eugene Applebaum Chairman of Community Engagement at Wayne State. Noren inherits a rift between the WSU School of Medicine and Detroit Medical Center. Reporter Chad Halcom spoke with Noren about his plans for the job and challenges at the school.



Q&A

Jay Noren,
president,
Wayne State
University

have been more like a 20-year timetable.

You have said you expect to learn the specifics and assume a role in Wayne State's physician reimbursement dispute with the Detroit Medical Center. Is this something you can resolve, and do you think it was a factor in your appointment?

I think it's within measurable distance of its resolution, though I'm still operating without all the nuances of what's going on. But the DMC and the school of medicine need each other.

The DMC needs the quality of the academic physicians to sustain the quality of services it offers in the city. And I suspect that will be a factor for DMC in reaching a resolution. But I don't think it was a large factor in my appointment.

You have to look at the size of the issue and the amount of students and services affected. There's a whole lot of Wayne State that has nothing to do with the school of medicine or DMC.

How does Wayne State, as an economic engine, curb the "brain drain," retain talent and aid economic turnaround in the region? Do universities play a lead role, follow, or team up with others?

I think it's a partner with other agencies, but it's an essential partner. Some of the issues facing the transportation industry are going to involve biotechnology and bio-fuels. Wayne State is a real source of confronting those problems.

The University Research Corridor with Wayne State, UM and MSU is essential in turning around the local economy, and I think the automotive industry gets that. Partnering between these institutions has great value.

Later this month our local business community and elected officials will address high school dropout rates with a focus on Detroit Public Schools — one of Wayne State's leading feeder institutions. How does the university help increase accessibility and retention?

That's a very critical issue. There are programs that are in place, but they need to expand. Programs that are very successful seem to focus on mentoring, or making connection with children early, well before high school.

In Indiana, there's an initiative to identify at-risk students early and guarantee admission and scholarships if they continue to perform academically. Those trajectories are in play for many years, and getting involved in those is essential.

Wayne State has one of the most positive relationships with the public schools that surround it, maybe more so than Ann Arbor or East Lansing. This is a real issue for education today, and we've got to solve it.

You have a background in medicine, and you've served three decades of administration in three heartland states — Wisconsin, Texas and Nebraska. What made you want to take on a comprehensive research university in a large urban center?

It's not that big a change, for a few reasons. I spent the largest part of my career at the University of Wisconsin-Madison, and it's a very broad-based research institution like Wayne State. Also what isn't well known is Nebraska's Omaha campus has very much an urban mission on issues like disparities in health care. Omaha is in some ways a mini-Detroit, not by virtue of its industries but the issues of its large African-American populace.

A recent study found Omaha had the highest rate of poverty among African-American children in the United States. That was a surprise for us.

In 2000, you received a vote of no confidence from the faculty senate at Texas A&M University when you were president of its Health Science Center, and you left that post. What happened, and what lessons did the event teach you?

At the time, a new university research initiative was carved from the university, and one of the things our regents felt was that we needed to build the research enterprise. It (the center) was renowned for training medical students. They didn't want to change the culture of the organization toward research. It would have been a very substantial change, even if it was just a small part of the overall organization.

What I did was reach the conclusion the whole institution was better off with a new leader and took a sabbatical and moved to a faculty position.

Ultimately this focus will still have to evolve, or the institute will never really gain any prominence. But the timing was too soon, and the thing I learned was when you engage in a cultural change you have to think about timing.

It was a five-year timetable to have 10 percent (of staff) in research, and I think now it should

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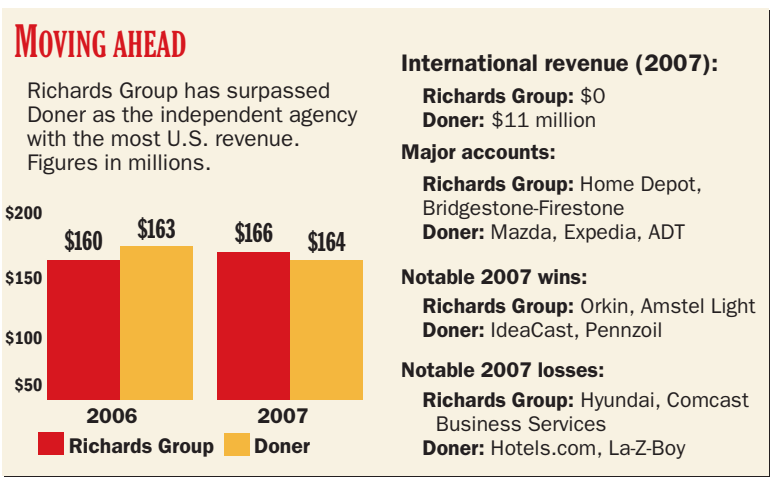
CRAIN'S DETROIT BUSINESS **crainsdetroit.com**

Doner bumped from top spot among independent ad agencies

By JEREMY MULLMAN
CRAIN NEWS SERVICE

W.B. Doner & Co. has been unseated as the independent ad agency with the most U.S. revenue. It only squeaked by, but **The Richards Group** still knocked the Southfield-based shop off the pedestal it's held since 2004. Dallas-based Richards posted \$166 million in U.S. revenue last year, compared with \$164 million for Doner, according to *Advertising Age's* Agency Report.

The numbers do not include Doner's \$11 million in internation-



al revenue (Richards has none), which would have kept it in the lead. But the figures nonetheless represent a surprising shift in a year during which both shops struggled with major client defections.

"It was very gratifying that we were able to get through the year essentially flat, because it easily could have been a strong down year," said Richards principal Stan Richards.

The shop managed to eke out 3.8 percent revenue growth despite losing **Hyundai Motor America** — one of its largest accounts — as well as **Sylvan Learning Centers** and **Comcast Busi-**

ness Services. Richards said account wins on Amstel Light and **Orkin**, as well as strong digital growth from existing clients such as **Home Depot** and **Patron** tequila, made the difference.

Doner's struggles were even more pronounced: It lost **Hotels.com**, **U.S. Cellular** and **La-Z-Boy**, although it did manage to win **Pennzoil** and **IdeaCast**. The shop remains best known for the "Zoom Zoom" campaign for its largest client, **Mazda**.

"Such is life," said Doner CEO Alan Kalter when asked about losing the top spot. "We had a number of challenges last year." Nevertheless, Kalter said a new management team at the agency, which includes Chief Creative Officer Rob Strasberg wooed from **Crispin Porter & Bogusky** and a new media director, Greg Clausen, from **Starcom USA**, is likely to improve the agency's fortunes.

He also noted that Doner remains the largest global independent when its international revenue is included. But that, too, might be fleeting. **Wieden & Kennedy** posted a 29 percent gain in international revenue last year to \$75 million, pushing its global total to \$165 million, just \$10 million behind Doner.

The shop is best known for its **Coca-Cola** and **Nike** work, and also won **CareerBuilder** and **Heineken** last year in the U.S., but Wieden is likely to be further boosted abroad by new offices opening in Beijing and New Delhi this year.

In terms of U.S. revenue, the hardest-charging independent is Chicago-based **Cramer-Krasselt**, which grew domestic revenue more than 16 percent last year to \$137.2 million, thanks partly to account wins such as **Porsche**, **Zantac** and **Bissell**.

Cramer-Krasselt's revenue has grown 42.3 percent since 2005, and if the trajectory holds, it would likely catch Richards and Doner within a few years, an oft-stated goal of the agency. Los Angeles-based **RPA**, the No. 4 U.S. independent, also posted double-digit revenue growth, rising 10 percent to \$116 million.

But while the top-independent mantle would have once drawn holding-company suitors, today it essentially just conveys bragging rights. Holding-company CEOs generally regard U.S. ad agencies as overweight within their portfolios and have concentrated most of their attention on digital and overseas properties instead.

That's just fine with Kalter and Richards, who along with other big independent CEOs say their shops are more integrated than most agencies because they don't have digital, media and promotional siblings and have always had to do that work themselves.

"(Larger) independents ought to have a leg up in this environment," said Cramer-Krasselt CEO Peter Krivkovich. "We're all getting to the point where you have enormous resources, so (having success) is really just a question of vision."

From Advertising Age



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Despite risk, Midwest not well prepared for earthquake

BY KRISTIN GUNDERSON HUNT
CRAIN NEWS SERVICE

Recent rumblings felt in Michigan and across the Midwest from the region's largest earthquake in years are a reminder that the possibility of a catastrophic earthquake in the region still looms large.

"There is potential for a significant earthquake in the Midwest, and it's something that should be planned for and buildings should be designed for," said Jim Breitreitz, vice president at **Zurich Services Corp.** in Schaumburg, Ill., a unit of **Zurich Financial Services Group.**

Despite the potential for a catastrophic earthquake because the New Madrid fault is in the Midwest, several property loss consultants and other specialists suggest the region — with its old buildings and infrastructure — is not adequately prepared.

"We are dealing with a part of the country that is a low-probability, high-consequence hazard," said Jim Wilkinson, executive director of the **Central United States Earthquake Consortium**, a Memphis, Tenn.-based organization devoted to addressing the earthquake threat in the New Madrid Seismic Zone. "Very few people appreciate the significance of what could happen."

The New Madrid fault extends through Tennessee, Missouri, Kentucky, Arkansas, Mississippi and Illinois.

On April 18, the magnitude 5.2 earthquake actually occurred on the Wabash Valley Seismic Zone, just south of the New Madrid zone.

Its epicenter was five miles from Bellmont, Ill. The area's strongest quake since November 1968 was a reminder of the region's susceptibility to earthquake hazards.

Experts say a major concern about Midwestern earthquakes is how far-reaching they can be. According to the **U.S. Geological Survey**, quakes in the central United States, where the earth's crust is more brittle, can affect areas about 10 times as large as those that occur in California.

The recent quake was felt in Michigan and as far away as Kansas and Georgia, according to the USGS.

"We are dealing with a part of the country that is a low-probability, high-consequence hazard."

Jim Wilkinson, Central United States Earthquake Consortium

The New Madrid Fault in the central United States produced three major earthquakes and dozens of aftershocks during the winter of 1811-1812, the USGS says.

Wilkinson said a quake of magnitude 7.5 or higher, similar to that of the New Madrid 1812 earthquake,

one of the most powerful earthquakes recorded in U.S. history, would have a dramatic impact.

He estimated building and infrastructure losses would be about \$200 billion if such a quake were to happen today. He said a high-magnitude earthquake is estimated to

happen every 500 years in the region, or has a 7 percent to 10 percent chance of occurring within a 50-year period.

St. Louis; Evansville, Ind.; and Memphis and Jackson, Tenn., are the largest urban areas near the New Madrid fault line, with Memphis being the biggest city in the highest intensity area of the seismic zone, said Tom Chan, chief executive officer of **Global Risk Miyamoto Inc.**, a Lafayette, Calif., joint venture set up by **Global Risk Consultants Corp.** and **Miyamoto International** that provides earthquake risk analysis.

He said that in general these cities are not earthquake-ready.

Zurich's Breitreitz said quakes get more attention in California because of their frequency and the state's high population density.

As a result, California has required since the 1950s that brick buildings — the building type most susceptible to collapsing in an earthquake — be reinforced. In fact, any masonry building now is required by state law to be retrofitted to meet the standard, he said.

Such standards aren't found in Midwestern cities. Chan said.

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million in revenue, \$1 million to \$5 million in revenue, \$5 million to \$10 million in revenue, \$10 million to \$100 million in revenue, student entrepreneurs, nonprofit/government entrepreneurship, social entrepreneurs, and entrepreneurs, or people at large companies who find a way to run with entrepreneurial ideas. Visit www.crainsdetroit.com/nominate to submit nominations by July 25.

Staffing contractor TAC moves beyond auto sector

BY SHERRI BEGIN
CRAIN'S DETROIT BUSINESS

Focusing solely on automotive staffing services served **TAC Automotive Group** well — until the last year or two.

The company's sales increased from \$47 million in 1995, when it announced the narrowed focus, to \$130 million in 2006, when it ranked No. 6 on *Crain's* 2007 list of the largest staffing-service companies.

But the annual "spend" on contracted staffing services in the automotive industry has been flat,



Cowper

said Senior Vice President Jim Cowper, senior vice president.

TAC's revenue for fiscal 2008 ended March 31 stood at \$130 million, he said.

So the company is shifting gears to provide those services to the transportation industry as **TAC Transportation**.

"If we look at our core skills — engineering and information tech-

nology and manufacturing professionals ... how does that differ if we go to the transportation market as a whole? It doesn't," he said.

"Our research tells us that transportation companies want to buy from suppliers that understand their core products, work ethic and skill set."

As **TAC Worldwide**, the company is providing workforce planning, temporary- and direct-hire technical staffing to customers in transportation segments including automotive, heavy truck, commercial off-road, airline, rail and national and international defense.

To accommodate the increased client load, TAC Transportation has added 5 percent, or about 70 people, to its employee base of 1,400, and it plans to add about 70 more, Cowper said.

Among them are computer-aided design professionals, structural engineers, electrical engineers, logistics specialists, transportation project managers, and a broad range of information-technology professionals.

The Bloomfield Hills-based company has sites in Dearborn, Flint, Milwaukee and Oakbrook, Ill.

"We're looking at new locations

as the customer breadth expands," Cowper said. "But right now, because the transportation customers are largely Midwest-based, we're pretty strategically located."

TAC Worldwide has been courting customers in the broader transportation segment over the past year, Cowper said.

Already, the company has secured contracts with **Oshkosh Truck Corp.**, **International Truck and Engine Corp.** and **Volvo Truck Corp.**, agricultural and construction equipment manufacturer **Case New Holland**, **Caterpillar Inc.**, defense and aerospace systems manufacturer **BAE Systems**, **General Dynamics** and **Marinette Marine Corp.**, in addition to **Ford Motor Co.**, **Chrysler L.L.C.**, **Delphi Corp.** and a number of Japanese transplant automakers, Cowper said.

Cowper expects to increase sales for TAC Transportation to more than \$140 million in fiscal 2009.

Given that the transportation industry is facing increased competition and costs, TAC's revenue goal is aggressive, Cowper said. "But we think there's opportunity to do it."

The company is investing \$3 million to \$4 million to hire another 40 internal employees within the next calendar year and on marketing and the launch of a new Web site at www.tactransportation.com, Cowper said. About a decade ago, automotive staffing contracts represented nearly 95 percent of **The Bartech Group Inc.**'s total business, said Chairman and President Jon Barfield.

"We thought it was healthy for our business long-term to be both geographically diversified and customer-mix (diversified) so that we did not experience an over-reliance on any one particular industry," he said.

Today, while Bartech is a preferred supplier to the domestic auto companies and believes it has the No. 2 market share in the automotive staffing industry, business with automotive clients represent just under 30 percent of its total business, Barfield said.

Bartech has established additional sites outside of Michigan in Ohio, Wisconsin, Indiana, New York and Florida, as well as in Ontario to serve clients in a number of industries outside of automotive, including telecom, utilities, financial services, health insurance and non-automotive industrial.

The Livonia-based company, which ranked No. 3 on *Crain's* 2007 list of the largest staffing companies, has also broadened its services to include technical and information-technology temporary staffing, executive search for finance, accounting and IT, business process consulting, recruitment-hiring process outsourcing services, and management of the contingent labor budget and vendor group for large companies.

That geographic, service and client diversification has increased Bartech's sales to more than \$200 million from about \$30 million a decade ago, Barfield said.

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Plastic Systems bucks slump in auto supply industry

BY RHODA MIEL
CRAIN NEWS SERVICE

Sure the auto supplier industry is in turmoil, with some molders and mold-makers losing the battle to stay in business as their customers struggle to sell cars and trucks.

But some companies are bucking the trend and proving pessimists wrong.

Romeo-based **Plastic Systems L.L.C.** has grown from \$110,000 in sales in 2001 to a projected \$18 million for 2008, with expectations it will hit \$30 million in sales in 2009.

The company recently bought a new plant in Ohio and is looking for sites in Mexico for a planned expansion next year.

And, said COO Steve Belleville, it is not just a matter of adding sales to make Plastic Systems look good. The company, he said, is making a profit.

"In today's climate, there's been a lot of pressure to build business, but we've been picking our core



(From left) Steve Belleville, COO; Mike Kelley, director of sales and marketing; and Ingo Pridoehl, CFO; expect Plastic Systems to hit \$30 million in sales in 2009.

competencies and working with a pricing structure that makes sense," he said.

For the company, those core competencies include two-shot molding, gas-assist molding, high-tolerance functional parts and parts requiring a high aesthetic level. It also has its own mold-making shop, which produces about half of its tooling.

"Those are parts that aren't in everyone's wheelhouse," Belleville said at the firm's Romeo

headquarters.

At the same time, the company has picked its customers carefully so it is not overexposed to any one company or any one part. No customer makes up more than 15 percent of Plastic Systems' revenue. The company makes a range of functional and aesthetic auto parts, including speaker grilles, knobs and controls, seating components and side-view mirrors.

Its product range outside the auto industry includes paint trays,

airplane seat buckle parts and air filter covers.

Plastics Systems began in Shelby with four employees and has grown slowly but steadily since then, said Mike Kelley, director of sales and marketing and a partner in the firm along with Belleville, Kelley's father Mike Kelley Sr. and CFO Ingo Pridoehl.

In 2006, the company had its first acquisition, buying **PME International L.L.C.** in Swartz Creek. A year later, it bought the shuttered facility in Romeo and consolidated tooling and molding there. The company is doing final renovations at the facility as it readies for more growth.

In July 2007, Plastic Systems had a last-minute opportunity to acquire the assets of **Innoplas Corp.** of Kenton, Ohio, and swooped in days before the injection molder was set to close and sell its equipment.

The company has had other opportunities to acquire struggling molders, Belleville said, but the ones it chose were selected careful-

ly because of their people and for their ability to bring new markets into Plastic Systems.

"We think about sales and presses, but the really important thing every time is the 165 people working here," he said.

Innoplas brought Plastic Systems some key nonautomotive business, including parts for the marine industry.

Creating a business that grows while still maintaining a profit is not easy, Belleville said. The firm has had to be very careful about what jobs it takes and had to turn down work that looked promising but did not fit into its structure.

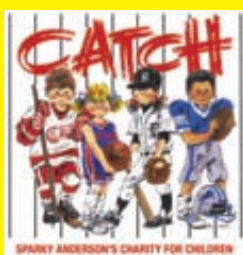
"Just as you need structure on the shop floor, you need a systematic approach to sales," Kelley said.

Plastic Systems is in the process of hiring a new director of operations to help it continue its growth, and it expects to add nearly another 100 employees at its sites within the next year.

From Plastic News

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Developers bring basketful of projects to Vegas shopping center convention

BY NANCY KAFFER
CRAIN'S DETROIT BUSINESS

The **International Council of Shopping Centers'** annual real estate convention was to begin Sunday in Las Vegas, and Michigan developers had a full slate of projects to pitch at one of the nation's most influential retail gatherings.

About 50,000 were expected to attend ICSC's convention, ranging from retailers to real estate brokers to developers.

For Wynn Berry, **Commerce Township Downtown Development Authority's** executive director, ICSC is an opportunity to pitch a proposed \$600 million development at the end of M-5 near Pontiac Trail.

The development, tentatively dubbed **Commerce Commons**, will offer 600,000 square feet of retail space and 800-1,200 residential units, centered on a 130-acre green space.

Berry said that one of the DDA's board members will pitch projects to retailers at ICSC, but Commerce also is shopping for a developer.

"We're looking for a developer, and we're currently in talks with some people," he said.

Despite concerns about Michigan's economy — and the state's dismal housing market — Berry said he believes a case can be made for investment in Commerce on the national stage. The township's population is about 35,000; that's up 5,000 since the 2000 U.S. Census.

"What have we got to entice people to buy something new? Well, we're generating a lot of innovative ideas," he said.

Meanwhile, Virginia-based developer Hunter Richardson of the Richardson Development Group won't be at ICSC next week — he'll be in Michigan, hammering out the details that will allow his com-

pany to obtain a demolitions permit to begin work on the **Pavilions of Troy**, a 40-acre site on Big Beaver Road that's expected to include about 500,000 square feet of retail.

The site is owned by New York investment firm **BlackRock Inc.** — and they will be present at ICSC, Richardson said.

"Our focus is to continue to market and lease this project to the mini-anchors for the project. We're really focused on the larger-scale tenants, typically over 7,500-10,000 square feet," he said. "And we're trying to advance towards a construction start."

Bloomfield Hills' **Taubman Co.** (NYSE: TCO) planned to introduce a number of new projects at ICSC, in addition to continuing work on ongoing projects in Long Island, South Korea and Macau, said Karen MacDonald, director of communications.

"Our focus with regard to shopping center formats is traditional regional mall development, mixed use and casino retail — those are the three shopping center type formats we're focused on," she said.

Despite the nation's retail woes, MacDonald said momentum exists for new projects.

"There's a lot of momentum from both the leasing and economic perspective as we work on development and leasing projects for 2010, 2011 and beyond," she said.

Nancy Kaffer: (313) 446-0412, nkaffer@crain.com.

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— From Crain News Service

Conference to focus on benefits of diverse workforce

A diverse workforce can positively impact a company's bottom line, according to a number of local companies.

They'll discuss their diversity efforts and the impact they've had during "Innovation Through Diversity," the Michigan Roundtable for Diversity and Inclusion's fifth annual conference June 12.

Sponsored by the **Michigan Roundtable**, the **Detroit Regional Chamber** and *Crain's Detroit Business*, the conference will include a local panel with representatives

ABOUT THE CONFERENCE

What: Innovation Through Diversity

When: 7:30 a.m.-4:30 p.m. June 12 at the MGM Grand Detroit

Cost: \$195

Information and registration: (313) 446-6078 or www.crainsdetroit.com/events

from **Lear Corp.**, **Plunkett & Cooney P.C.**, and **Henry Ford Health System**.

"Research shows that a diverse workforce gets assigned tasks and projects more efficiently and more

creatively than nondiverse teams," said Thomas Costello, president and CEO of the Michigan Roundtable.

With a diverse workforce, a company has different points of view, different solutions and different frames of reference, he said.

"There are more pieces to the puzzle, and that's how (issues) get solved."

Costello, who joined the roundtable in March, previously spent 24 years at **Compuware Corp.**

"The success of that company is

driven on that technology, which was created by its diverse workforce," he said.

Susan Molinari, president and CEO of the bipartisan lobbying firm the **Washington Group** and a member of **Toyota Motor Co.**'s diversity advisory board, will present a global corporate perspective on diversity and inclusion as the luncheon keynote speaker.

Also speaking is Amri Johnson, executive vice president of Atlanta, Ga.-based **Cook Ross Inc.**, an organizational development con-

sultancy specializing in diversity.

Johnson will discuss how companies can measure diversity and innovation, build diverse teams and incorporate diversity and inclusion into their strategic planning.

The event takes place at the **MGM Grand Detroit**, with registration opening at 7:30 a.m. and a closing networking reception at 4:30 p.m.

The cost is \$195 per person. For more information, call (313) 446-6078 or visit www.crainsdetroit.com/events.

— Sherri Begin

EARNINGS

Aastrom Biosciences Inc. Nasdaq: ASTM

3rd Quarter	March 31 2008	2007
Revenue	\$202,000	\$258,000
Net income	(\$5,048,000)	(\$4,483,000)
Earnings per share	(\$0.04)	(\$0.04)
		9 months
Revenue	\$373,000	\$520,000
Net income	(\$15,270,000)	(\$12,765,000)
Earnings per share	(\$1.12)	(\$1.11)

CMS Energy Corp. NYSE: CMS

1st Quarter	March 31 2008	2007
Revenue	\$2,184,000,000	\$2,189,000,000
Net income	\$103,000,000	(\$215,000,000)
Earnings per share:	\$0.44	(\$0.97)
Note: CMS' first-quarter results in 2007 included a \$307 million, \$1.39-a-share charge associated with selling international businesses.		

Compuware Corp. NASDAQ:CPWR

4th Quarter	March 31 2008	2007
Revenue	\$338,916,000	\$313,029,000
†Net income	\$61,175,000	\$67,476,000
Earnings per share	\$0.23	\$0.21
	12 months	
Revenue	\$1,229,611,000	\$1,213,002,000
†Net income	\$134,394,000	\$158,092,000
Earnings per share	\$0.47	\$0.45

† - Note: Compuware took an income tax charge of about \$27 million in its fiscal year fourth quarter.

DTE Energy Co. NYSE: DTE

1st Quarter	March 31 2008	2007
Revenue	\$2,570,000,000	\$2,463,000,000
Net income	\$212,000,000	\$134,000,000
Earnings per share:	\$1.30	\$0.76

Energy Conversion Devices Nasdaq: ENER

3rd Quarter	March 31 2008	2007
Revenue	\$69,982,000	\$27,429,000
Net income	\$6,974,000	(\$6,871,000)
Earnings per share	\$0.17	(\$0.17)
	9 months	
Revenue	\$173,473,000	\$77,559,000
Net income	(\$6,019,000)	(\$12,086,000)
Earnings per share	(\$0.15)	(\$0.31)

ITC Holdings Corp. NYSE: ITC

1st Quarter	March 31 2008	2007
Revenue	\$141,914,000	\$101,274,000
Net income	\$25,521,000	\$16,855,000
Earnings per share:	\$0.53	\$0.39

Saga Communications Inc. NYSE: SGA

1st Quarter	March 31 2008	2007
Revenue	\$31,532,000	\$31,883,000
Net income	\$910,000	\$740,000
Earnings per share	\$0.05	\$0.04

TechTeam Global Inc. Nasdaq: TEAM

First Quarter	March 31 2008	2007
Revenue	\$65,964,000	\$46,194,000
Net income	\$1,691,000	\$904,000
Earnings per share	\$0.16	\$0.09

Valassis Communications Inc. NYSE: VCI

1st Quarter	March 31 2008	2007
Revenue	\$597,081,000	\$361,304,000
Net income	\$12,382,000	\$11,233,000
Earnings per share	\$0.26	\$0.23

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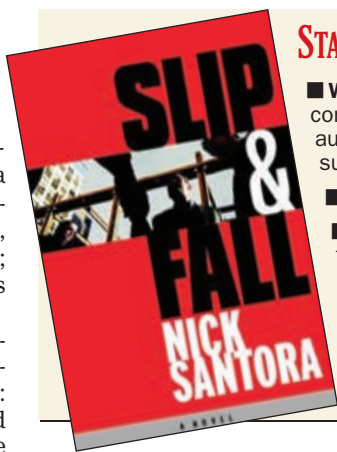
Borders hopes to make a mark with its own imprint

BY NANCY KAFFER
CRAIN'S DETROIT BUSINESS

The titles printed by **State Street Press** stack up nicely: a slick gangland thriller from former "Sopranos" writer Nick Santora; a glossy coffee-table number detailing the history of the Grammys, complete with a DVD compilation; a handsome series of retro-classics with thick covers and rich paper.

The in-house publishing division of Ann Arbor-based bookseller **Borders Group Inc.** (NYSE: BGP) is just a year old, launched last spring as one element of the troubled chain's strategic plan.

The store's chief competitor, **Barnes & Noble**, has had a publishing arm for years, but the two aren't comparable, said Jim Milliot, a senior news editor at **Publishers Weekly** who has covered the in-



STATE STREET PRESS

■ **What it publishes:** Classics with new covers or contemporary fiction with new content, like an author's note or a tie-in CD, and original works such as the novel *Slip and Fall* by Nick Santora.

■ **Launched:** Spring 2007.

■ **Produces:** About 10 to 12 projects a month, with 10 of them usually original works.

■ **The goal:** Drive profits through improvement of store content and experience.

dustry for 20 years.

The Barnes & Noble imprint, he said, is used chiefly for classic reprints, and the bookseller only moved into original publishing in 2002 when it acquired **Sterling Publishing**, a small press that deals

mostly in do-it-yourself and improvement books.

Neither bookseller releases specific sales figures, but the Barnes & Noble classics line sold 500,000 units in its first year of operation, according to the company Web site.

Borders has published classics with new covers or contemporary fiction with new content, like an author's note or a tie-in CD.

But the bookseller also is printing original works, such as Santora's *Slip and Fall*, the first work of fiction published by State Street Press.

Published in June, the book within a week appeared on the **Wall Street Journal** bestseller list alongside the works of Ian McEwan and Khaled Hosseini, propelled by a promotional campaign coupled with use of the **Borders Rewards** 26 million member e-mail database.

A print run can range from 5,000 to 35,000 copies, depending on the title, said public relations specialist Kolleen O'Meara. Sales, execs say, have been on target.

Jane Hoehner, director of the nonprofit **Wayne State University Press**, said book production has variable costs, like how much editing the manuscript needs or whether the piece can be typeset and designed in house.

But Hoehner said it generally costs her imprint between \$3,500 and \$5,000 to produce a trade-quality paperback with a press run of about 1,000. For a photo-heavy book, costs could run as high as \$100,000.

She notes that a company the size of Borders can likely reap economies of scale not available to a small press like Wayne State's.

Hoehner said WSU looks to recoup a 70 percent gross profit margin after costs such as royalties and printing costs are subtracted.

"Any money we get goes back into the publishing program because we're a nonprofit," she said.

While proprietary publishing profits could be a boon for Borders, it's not likely to be a panacea.

Earnings for the nation's second-largest bookseller have continued to be low — it reported net income of \$64.7 million or \$1.22 a share on revenue of \$1.35 billion for the fourth quarter ending Feb. 2, down 2 percent from the same period last year, despite some improvement in same-store sales.

Alongside the earnings announcements came a few eye-openers: Borders, or some of its divisions, are for sale. The company also has negotiated a \$42.5 million loan from **Pershing Square Capital Management L.P.** that Borders CEO George Jones has said is necessary to meet strategic plan goals.

Wall Street has tended to be silent on Borders' publishing plan, but a report produced this year by **Goldman Sachs** analyst Matthew Fassler called the plan strong on marketing, weak on finances and expressed the hope that Pershing's stake in Borders would beef up its financial policies.

Thus far, Jones noted, the strategic plan has been heavy on investment, low on return.

But moves like the creation of the Borders concept store — the first opened in February in Ann Arbor, and the retailer has subse-

quently announced plans for four new stores — and the upcoming launch of an in-house e-commerce site should pay off in the year ahead. Currently, Borders' Web store is managed by **Amazon.com**.

The plan's goal is to drive profits, Public Relations Director Anne Roman said, by making Borders the kind of destination store where customers can make custom music CDs, create self-published books, or plug into an on-line network for book references, ordering information or demonstrations. In complement is the proprietary publishing division.

Take Santora — he'd had success in television, writing scripts for "Law & Order" and "Prison Break," and as co-creator of reality show "Beauty and the Geek," but he couldn't crack the literary market. He'd shopped *Slip and Fall* to traditional publishing houses, but no one bit. Until Borders.

"I feel like I've gotten a great amount of attention from the company," he said, with everything from in-house promotion through the Borders Rewards database to good positioning in the stores.

And the publishers who passed on *Slip and Fall*, Santora said, are lining up for his next book.

"The truth is someone would really have to blow me away with an offer for me to turn away from a publisher that guarantees me really good placement in 30 percent of the nation's bookstores," he said.

The imprint produces about 10 to 12 projects a month, said Rob Gruen, executive vice president for merchandising and marketing, and about 10 of those titles are original works.

Due in August are another thriller called *The 8th Day; Between the Lines*, a collection of columns by Newsweek writer Jonathan Alter; and *Bedlam South*, a Civil War novel co-written by Mark — brother of John — Grisham.

Gruen said success for a book is measured on a sliding scale. "You could have a run as little as 5,000 units, or you could go up to seven to 10 times that number depending on what type of project it is."

The operation is staffed with existing employees, and some work is contracted out. The chain's roughly 20 buyers have been instrumental in selecting works for the line, Gruen said.

Next year, State Street will publish books from two Borders contests winners. One contest allowed Borders employees to submit manuscripts. The other, in conjunction with truTV (formerly Court TV) allowed submissions from Borders customers, participants on Gather.com and viewers of the truTV series "Murder by the Book."

An in-house publishing line is a good idea for a store like Borders, *Publishers Weekly's* Milliot said, but it shouldn't distract from more profit-intensive aspects of the strategic plan.

"I think it's actually a good decision," he said, "but it's not the answer to their prayers. ... Putting it in context, what's really important is making sure the Web site works."

Nancy Kaffer: (313) 446-0412, nkaffer@crain.com.



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Chrysler seeks 25 percent slash in parts prices

BY ROBERT SHEREFKIN
AND BRADFORD WERNLE
CRAIN NEWS SERVICE

Chrysler L.L.C. purchasing czar John Campi told hundreds of supplier executives last week that the automaker wants to cut component costs by 25 percent over three years.

Spokesman Kevin Frazier says Chrysler will make some significant changes in its manufacturing and purchasing operations to help suppliers hit the 25 percent target.

Chrysler says it will:

■ Give suppliers 30 days' notice of its production schedule, rather than the one-week notice typical today. If Chrysler eliminates un-



Campi

predictable production spikes, suppliers can reduce overtime and eliminate excess purchases of raw materials.

■ Share more parts among nameplates. For example, a handful of wiring harnesses could replace dozens.

■ Reduce late engineering changes, which drive up costs.

Suppliers will split the resulting savings with Chrysler, Frazier says. But if those changes fail to deliver the 25 percent cost-cutting target, suppliers will have to cut prices to hit the target.

Executives at two major suppliers, who asked not to be identified, confirmed they were told that Chrysler wants to cut costs by 25 percent over the next three years.

Cost savings could allow suppliers to lower prices without cutting profits, Campi told a closed-door gathering of 380 supplier executives in Troy last week, according

to people who attended.

His comments to the **Original Equipment Suppliers Association** last week show that Chrysler is seeking to cut costs aggressively despite an increasingly bleak picture for auto suppliers.

Chrysler's program is reminiscent of the SCORE program it employed in the 1990s. Frazier says Campi isn't a student of SCORE — but Frazier notes that Campi plans to meet this month with former Chrysler purchasing chief Tom Stallkamp, who launched SCORE.

Neil DeKoker, managing director of OESA, says Campi called for a partnership with suppliers that have a global footprint and access to capital and new technology. DeKoker says Campi asked the executives to "work in fierce collaboration" with Chrysler.

Any cost cuts likely would be in addition to those already written into new and existing supplier

contracts, sources say.

Chrysler wants the 25 percent saving on "our entire book of business," according to a supplier executive who met earlier with Campi.

So, for instance, a carryover part on which the supplier may have already cut prices over the past three years still would be subject to a 25 percent price cut over the next three years. But it's unclear whether Chrysler is pushing equally hard with all suppliers.

Chrysler also is pressuring suppliers to meet the prices available from low-cost countries such as China and India, Co-President Tom LaSorda acknowledged in a recent interview.

"What we're saying to them is, 'Here's where we're moving,' which is primarily a bigger presence in China," LaSorda said. "But we're putting a lot of engineers and a lot of procurement people not only in China but also in India and eastern

countries ... even Mexico."

The vast majority of the \$40 billion in parts that Chrysler buys annually comes from North America. In a January interview, Campi said Chrysler does not buy enough parts from low-cost countries.

The difficulties facing Chrysler were on the mind of at least one supplier executive at the OESA meeting who asked about Chrysler's future.

Campi assured the audience that Chrysler will survive. The company is hitting the financial goals set at the time of the purchase by **Cerberus Capital Management** in 2007, he told suppliers.

Asked whether Chrysler would provide the kind of financial transparency the automaker demands of its suppliers, Campi said he would try to bring Cerberus executives face to face with certain large suppliers, but not all.

From *Automotive News*

Patterson holds firm on threat to stop talking Cobo

BY DANIEL DUGGAN
CRAIN'S DETROIT BUSINESS

Oakland County Executive L. Brooks Patterson is making good on a previous threat to halt all negotiations on the expansion of Cobo Center.

It will be at least a month before he'll meet with other leaders, according to an e-mail sent by Deputy County Executive Robert Daddow to staffers in the offices of Gov. Jennifer Granholm, Wayne County and Macomb County.

The e-mail said Patterson won't meet with other leaders until his demands are met on two issues: development of a proton-beam therapy center at **William Beaumont Hospitals** and creation of a nursing school as a joint venture between **Oakland University** and Beaumont.

A Cobo expansion meeting had been scheduled for Friday but was canceled.

"I had no intention of going anyway," Patterson said in an interview with *Crain's* on Thursday.

The situation has drawn the ire of Wayne County Executive Robert Ficano, who has been trying to broker a regional compromise to fund a \$287 million project to expand the convention center by 120,000 square feet and upgrade its operations.

He has said improving the center is crucial to keeping the **North American International Auto Show** in the region. Patterson's office disagrees with elements of the plan's cost in addition to the construction of a cov-

ered walkway between Cobo and two hotels.

"The Cobo plan works and the clock is ticking, and not in our favor," said Ficano through press secretary Sharon Banks. "It should not be held hostage."

Deputy county executives Robert Daddow and Gerald Poisson were sent an e-mail inviting them to a meeting Friday. Daddow's response, according to the May 7 e-mail, was:

"Bob Ficano . . . should be able to roll over me if he needs to. He needs to exercise some leadership and get this done."

L. Brooks Patterson,
Oakland County

"Regrets, but until other matters are resolved (expected, hopefully, in 45 days), neither Mr. Poisson nor I will be attending any meetings."

Michigan's Certificate of Need Commission voted in May to change state rules to require a statewide collaborative of hos-

pitals to build and operate the \$160 million proton-beam therapy center. Patterson has argued that Beaumont Hospital, which filed an application for the center, should have control of the operation.

He said the region needs to cooperate on both the proton center and the nursing school, as it should on Cobo. However, he also said his involvement or lack of involvement shouldn't be enough to stop the project anyway.

"Bob Ficano is borderline inept in moving this project forward," he said. "I shouldn't be able to block it. He should be able to roll over me if he needs to. He needs to exercise some leadership and get this done."

Daniel Duggan: (313) 446-0414, dduggan@crain.com

Budget technicalities could sink Blue Cross rate hike

BY JAY GREENE
CRAIN'S DETROIT BUSINESS

At the heart of independent hearing officer David Lick's recommendation to deny a 24 percent rate increase proposed by **Blue Cross Blue Shield of Michigan** is a fundamental disagreement between Lick and Blue Cross on what are appropriate levels of administrative expenses and the amount that should be reserved for future claims and benefits.

If Lick is correct in his interpretation of state laws, Blue Cross' rate increase request has been fattened by excessive overhead expenses and rainy day-type reserve funds.

In his recommendation issued last week, Lick, a Lansing attorney who was appointed by state Insurance Commissioner Ken Ross, found that Blue Cross' rate increase for individuals should be lowered by using its \$2.6 billion surplus, which he deemed excessive. He did not specify how much the rates should be lowered.

Attorney Joe Aoun, who represented subscriber Ghada Abraham in challenging the rate increase, called the decision a "huge victory for subscribers" and said he hoped Ross would concur.

Ross, who has until July 14 to make a final decision on the rate increase request, could accept, reject or modify Lick's proposal. Blue Cross and Aoun are expected to submit written comments.

"Blue Cross' position is that we can spend as much as we want as long as we don't exceed the statutory (limits)," Aoun said. "The hearing officer recognized that the Blues' surplus is excessive and it needs to consider its surplus level when it establishes a rate increase."

Blue Cross media relations director Helen Stojic expressed disappointment and some criticism with Lick's finding, but said the company will withhold further comment at this time.

"We are glad the hearing officer agreed that the annual medical (expense) trend of 10.9 percent is a major factor in determining rates," said Stojic.

In his recommendation, Lick spelled out several disagreements — based on his interpretation of state laws — with how Blue Cross calculated its proposed rate increase.

Lick said that the 10 percent administrative expense Blue Cross used to calculate its increase is too high and should be set at 3 percent. He added that Blue Cross previously had reported a 4.5 per-

RATE REQUEST CHRONOLOGY

- **Oct. 25, 2006:** Blue Cross submits its average 24 percent rate increase request.
- **Feb. 18, 2007:** Subscriber Ghada Abraham files a rate challenge.
- **March 6, 2007:** David Lick is appointed independent hearing officer.
- **April 23, 2007:** Blue Cross receives interim rate increase of 10 percent.
- **Dec. 10-14, 2007:** Hearing is held.
- **May 14:** Lick issues recommendations to reject rate increase.

cent annual growth in administrative expenses, which typically include salaries, employee benefits and other overhead costs.

In the hearing, Blue Cross officials acknowledged its 10 percent administrative expense was higher than in previous years. Officials said the company spent a large amount of money in 2006 on a computer system to accept online applications and on other Web-related improvements.

Lick also took issue with the amount of reserves Blue Cross set aside for future claims that are "incurred but not reported." Blue Cross' rate increase included a 10 percent rate for those claims, but Lick said 5 percent is more appropriate based on the size of Blue Cross' surplus and its ability to absorb unexpected claims.

In addition, Lick indicated that he felt Blue Cross has set aside too much money to cover potential premium deficiencies. Health insurers are required to establish a fund for premium deficiency reserves to ensure future benefits will be paid.

Lick said Blue Cross inappropriately used a three-year projection to set its deficiency reserve amount instead of the more common one-year projection. This incorrectly increased the size of the fund, he said.

Blue Cross said it projected the deficiency reserve over three years because it had lost \$52 million on its nongroup business line from 1997 to 2006.

Instead of setting aside these higher reserve numbers, Blue Cross could use that money to lower its rate increase, Lick said.

"To the extent that the reserve is overstated, almost all of the overstatement will be returned to the groups in the form of rate credits," Lick wrote.

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Bond: DEQ drafts \$1.3B cleanup proposal

■ From Page 3

a new source of funds, ongoing cleanups around the state will halt and new projects won't start.

Chester said all pieces of the bond proposal have urgency, but "the piece that affects us most directly and is of immediate concern is the cleanup and redevelopment contaminated sites piece."

The **Michigan Municipal League** sees the proposal as key to continuing the state's brownfield program, which is important to urban revitalization, said legislative associate David Worthams.

"If we're going to reinvigorate our urban cores, we have to deal with the brownfield problem," he said. Worthams said the league will work to win needed approval by two thirds of the members of the House and Senate.

As currently proposed, \$390 million of the bond issue would go toward water protection and restoration, including programs to combat aquatic invasive species, restore habitat, remove contaminated sediment, address toxic pollutants and monitor water quality.

Some of the money would go toward matching federal dollars that Chester expects the next administration in Washington will make available to fund a previously developed comprehensive restoration plan for all the Great Lakes.

The \$90 million remainder would go toward land activities, including farmland preservation and the statewide expansion of a program to keep animals and contaminants out of nearby watersheds.

The proposal is drawing early support from some business groups, but with caveats regarding changes they would like made in the state's cleanup program to streamline its operation and improve its effectiveness.

For example, the **Michigan Manufacturers Association** would like the DEQ to apply a process to the cleanup program that the DEQ used in its air-permit program. The "value stream mapping" process scrutinized all steps of the permitting, looking for redundancies and improvements, and ultimately speeding up permitting times.

Overall, the MMA supports the concepts in the bond proposal, said Mike Johnston, director of regulatory affairs.

"The environmental protection and the environmental situations need to be addressed," Johnston said. "We need some more details about the proposal, but we are willing to work with the Legislature to support the important efforts."

The **Detroit Regional Chamber**

feels that business needs more clarity and finality in the cleanup process, said Brian Kandler, director of government relations.

The chamber's environmental policy committee has recommended the bond proposal be balanced with improved efficiencies in the cleanup programs, with the goal being to increase the pace of environmental cleanups and site closure. The latter refers to the point at which the DEQ declares property ready for redevelopment or sale.

The full chamber board plans to discuss the issue this week.

Chester said he is "committed to working with the business community."

In tandem with consideration of the bond proposal, the **Southeast Michigan Council of Governments** would like the state to discuss cleanup program improvements that ultimately add value "to two outcomes: reducing risk to the environment and promoting redevelopment," said Chuck Hersey, SEMCOG manager of environmental programs. "We wring the most out of those dollars by maximizing those two goals."

The **Michigan Environmental Council** is currently neutral on the proposal, but has two concerns. Hugh McDiarmid Jr., communications director, said one issue is how the state will pay the annual debt service on the bonds, which the DEQ said is about \$78 million annually.

State officials say the bond issue is affordable, that the debt service is not a significant size, and they additionally expect an upturn in the state economy by the time bond repayment would start.

McDiarmid said looking at future economic growth to provide additional tax revenue is "an iffy proposition, given Michigan's economy." He said the council would not want the DEQ budget or other funds raided to repay the bonds.

In addition, accompanying the bond proposal, the council would like a measure on the ballot that would constitutionally ensure that some state environmental funds — like an underground storage-tank fund that has been tapped in the past to balance the state budget — cannot be diverted in such a manner.

Robert McCann, DEQ public information officer, said legislation to protect such funds is something the agency is willing to discuss. He said the DEQ has been concerned about the lack of funding for underground-tank cleanups.

Chester said he hopes the Legislature will approve a resolution that would put the bond proposal on the ballot by the end of June. He expects the money would last 10 years, if voters approve the measure.

Amy Lane: (517) 371-5355, alane@crain.com



Johnston

Thank You CRAIN'S DETROIT BUSINESS

"Positive attitudes will bring positive results."

That's how Ron Angelocci, senior vice president of Advanced Strategies Group Inc., summed up the hour-plus discussion at *Crain's* Business Over Breakfast at the Renaissance Club on May 7. The event featured a panel of four young professionals, each of whom had been a *Crain's* 20 in their 20s honoree in one of the past three years. The focus of the panel discussion was why they chose to live and work in Detroit, and how the city and region could best attract and retain more young talent.

All agreed that Detroit and Detroiters need to stress Detroit's growth and urban advantages, including entertainment, sports, arts and job opportunities, to educate residents in southeast Michigan and beyond, offsetting negative stereotypes. Comments from attendees describing the event included "energizing," "inspiring," "refreshing" and "uplifting."

The next *Crain's* Business Over Breakfast will be held on Wednesday, Sept. 10 at the Fairlane Club in Dearborn. The event will include an update on plans to develop the Greater Detroit Aerotropolis. Look for more details this summer.

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Health plan: Costs grow; employees pay more

■ From Page 3

survey said.

For example, the median monthly cost that employers paid for an individual PPO plan in 2008 was \$309, but employee payroll contributions increased that amount by \$92 and co-pays added another \$103 for a total cost of \$504.

"One of the biggest areas of change is that employers are charging higher payroll contributions," McLaughlan said. Over the past five years, employee out-of-pocket costs have increased 53 percent to \$195 in 2008 from \$127 in 2004, the survey said.

But McLaughlan added that because benefits are more extensive in Michigan than in other parts of the country, employee payroll contributions have historically been below national averages.

"(Employers) are catching up to national averages," McLaughlan said.

Employees also paid more per visit to their doctors. Median office visit co-pays increased for employees to \$20 this year from \$15 in 2007, the survey said. Nationally, median PPO office visit co-pays were \$20.

Educating employees on how to use the health care system efficiently and to maintain good personal health are key cost-containment strategies for **SmithGroup**, a Detroit-based architectural and engineering firm with 800 employees in 10 offices nationally, said Edward T. Dodge, vice president of human resources. Some 125 employees are based in Detroit.

SmithGroup also is one of about 90 companies responding to the survey that were designated as a "trend-bender" by McGraw Wentworth. Trend-benders are companies with average cost increases of 2 percent or less over the past two years.

"We had about a 1 percent cost increase last year," Dodge said. Over the past several years, SmithGroup has paid 81 percent of total health care costs, leaving 19 percent to be picked up by employees.

"We have managed that well over the last few years by keeping our costs in line," Dodge said.

Companies like SmithGroup also use a number of cost-containment strategies to hold down health care costs.

Wellness programs continue to be a key strategy to reduce costs, although only 14 percent of companies could identify a return on investment. Some 43 percent felt wellness programs offered value, but 4 percent felt costs exceeded savings.

"Most people believe in the concept, but there is a struggle because companies find it hard to spend money now for payoffs three years later," McLaughlan said. Wellness programs typically cost about \$400 per employee per year, she said.

In 2008, 14 percent of companies offered a full range of wellness pro-

grams, up from 11 percent in 2007. Popular programs include smoking-cessation and weight-loss programs, health club discounts, and health screenings and appraisals.

Another popular way employers hold down health plan costs is through audits to determine eligibility of employees' dependents, McLaughlan said.

"They are seeking to make sure everybody covered in the plan is eligible," she said.

For example, 82 percent of companies confirm full-time student status of dependents at least once a year. And 84 percent require documentation when an employee adds a spouse, baby or child during the year.

"There have been some abuses in the past," McLaughlan

said. Several years ago, **Chrysler L.L.C.** began the practice of auditing dependents for eligibility. "Chrysler took thousands off their health care plans," she said.

Southeast Michigan employers also are embracing consumer-driven health plans, or high-deductible insurance, said Karen Alter, an account director with McGraw Wentworth.

In 2008, 16 percent of employers offered a CDHP option compared with 11 percent in 2007, she said. "We are seeing an increasing number of employees choosing CDHPs in this market," Alter said.

To give employees additional choice, SmithGroup introduced a CDHP in January. About 5 percent of its workforce, or 40 employees, have signed up for the high-deductible plan that also features a health savings account, Dodge said.

"There was no common demographic. We ranged from new college graduates to people in their 50s with families," Dodge said.

Most employees who chose the CDHP option wanted to save money through the savings account feature, which allows people to set aside pretax dollars for future qualified medical expenses.

Other highlights include:

■ Prescription co-pays increased for brand-name drugs in the formulary to \$30 from \$25, and nonformulary brand drugs increased to \$50 from \$45. Generic co-pays remained at \$10 per prescription.

■ Some 3 percent of companies charged smokers more for health insurance both in 2008 and 2007, with an average surcharge of \$37.

■ Twelve percent of Southeast Michigan companies do not allow spouses to be covered if the spouse has coverage through another employer. That compares to 4 percent nationally.

Some 7 percent charge a premium surcharge for spouses, an increase from 4 percent in 2007. The average spousal surcharge is \$82 per month.

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Wellness programs continue to be a key strategy to reduce costs, although only 14 percent of companies could identify a return.



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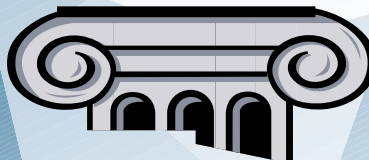
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* January-March 2007 Media Audit
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Space: Social networking sites aren't as private as one may think

■ From Page 1

flourish. Inside the paper, the pictures are more incriminating — most notably, two students with what seem to be bags of marijuana. When the newspaper hit the stands, the reaction was instantaneous.

"Within 15 minutes, I was getting dirty looks," she said.

Soon to follow were hostile e-mails, phone calls, threats to sue from parents. Carpenter says she skipped prom after several groups of students made it clear she wasn't welcome. And her Birmingham home was vandalized; eggs, oatmeal, cooking oil and crayfish were strewn across the yard and Carpenter's parents' vehicles.

The furor has died down. Lawsuits were a nonissue because Carpenter and Kristopik had done their homework, enlisting legal advice from student press associations and the school district's attorney prior to publication. The vandals who trashed her home haven't been caught.

But students at Seaholm had gotten a crash course in real-world consequences.

All Internet content is posted to a server, said Halim Cho, a solution architect with **Hewlett-Packard Consulting and Integration Services** — that's what makes it possible for other users to view the content. But there's no guarantee that images or text will ever be removed, Cho said, even if the user deletes the content. And search engines like Google "crawl" the Internet, storing Web pages that may no longer exist, preserving them for

“It's a lot like publishing a picture or text in a newspaper or magazine — you never know who'll keep a back issue.”

**Halim Cho,
Hewlett-Packard Consulting and
Integration Services**

posterity.

"It's a lot like publishing a picture or text in a newspaper or magazine — you never know who'll keep a back issue," he said.

"This is second nature to the generation coming up now to post things on the Internet," said Cameron Evans, a partner in **Honigman Miller Schwartz and Cohn L.L.P.**'s labor and employment department, who also serves as the chairperson of the law firm's associate development committee. "They're not going to be prepared."

As an active member of Honigman's recruitment process, Evans routinely vets potential hires.

It's now standard operating procedure, he said, to use social networking sites and Google searches to gather information about job candidates alongside traditional

methods like background and reference checks.

"It's easily accessible, free of charge and provides you some information you might not get through other sources — it's potentially an unfiltered view into somebody," Evans said.

Still, it's rare for an Internet search to turn up a deal-breaker. While Evans acknowledges he's viewed online content that's ended the hiring process, he won't say how often that's happened.

"More often, either there's nothing, there are no hits, or there's nothing that has any impact whatsoever in the hiring process," he said. "Other times, people will have things on the site that give us potential cause for concern."

Red flags, he said, could range from inappropriate pictures to imprudent blog posts, but Evans said he always gives candidates with a troublesome Internet presence a chance to explain.

"I only have a snippet. I want to give them a chance to tell their side of the story," he said.

The reaction? "Invariably, shock, followed by some type of excuse," Evans said. "The typical one is, 'I posted that so long ago I forgot it was even out there.' Another was, 'I did it in college, I shouldn't have done it' ... a lot of it is how you deal with it, whether you own up to it."

Most telling is what a Web presence reveals about the candidate's judgment.

"It's a lack of awareness of the scope and reach of the Internet,"

he said.

On the flip side, there's **Quicken Loans**, where Vice President of Communications Elizabeth Jones says that social networking sites are off-limits for recruitment and vetting.

"We kind of feel like their MySpace and Facebook pages are their personal space and we don't want to cross that line," she said. "We want to make sure the people who work here have good character, integrity and sound judgment, but we feel like we can get that based on background checks, reference checks and credit reports."

It's a different story for Shelli Gutholm, a recruitment manager at employment agency **Aquent's** Bingham Farms office.

Boston-based Aquent specializes in placing creative professionals, and Gutholm uses sites like Facebook as a recruiting tool. In any given week, the Bingham Farms office has an average of 148 workers placed in permanent or temporary jobs.

Facebook is used so heavily by Aquent professionals, Gutholm said, that the employment agency will launch a three-way collaboration in mid-June with Careerbuilder.com and the networking site.

"I'm working really heavily within Facebook," she said, posting jobs as well as soliciting hires. "Our jobs are so specific and so niche that I know exactly what I want, so I do keyword searches and I reach out to people."

Gutholm said that because she's

initiating contact, she tends to be lenient when a contact has profile content that may be unprofessional.

"A couple of people I've noticed have quickly changed things after I had added them," she said. "It's a new medium, social networking, so people aren't understanding the impact it can have."

There are some things that would give Gutholm pause — a risqué photo or "something really over the top" might be a deal-breaker.

Sometimes, she said, she's been turned down by potential contacts who say they'd like to keep their online lives personal.

Younger people, Gutholm said, tend to have more unprofessional content online.

"I've seen a lot of people in (their late twenties and early thirties) that use it a little bit more professionally," she said. "I put things on mine like the bands I like and the books I read. I think that kind of thing is important."

Used correctly, Honigman's Evans said, social networking can be one more tool in an applicant's arsenal.

"At some point, applicants will be smart enough to know that this will become commonplace," he said. "And if they're smart, they will be able to use these, in essence, to promote themselves."

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Land: Low dollar lures foreign companies

■ From Page 1

"When an organization is considering an expansion to a new market, the largest barrier is the capital investment," Lichwalla said. "Right now, we have a 30-percent-off coupon on the dollar versus the euro."

The cost of a warehouse building in the Detroit market is close to \$60 per square foot, according to figures from Chicago-based international real estate services firm **Jones Lang LaSalle**. In Chicago, the cost is close to \$70 per square foot, with northern New Jersey close to \$80, and in the Inland Empire market of California closer to \$90.

Compare that to \$150 per square foot in Hamburg and \$160 per square foot in Frankfurt.

That disparity isn't lost on economic development executives who pitch Southeast Michigan as a corporate location to foreign-based companies.

Doug Smith, community and economic development director for Oakland County, said the real estate value argument is especially compelling when he pitches a company on a brownfield site, which is defined as contaminated land or a functionally obsolete structure.

"When you can show people quality sites in good locations that are 70 cents on the dollar, you're really blowing their socks off," he said. "Throw in the sinking dollar, and it's helping with everyone from the Canadians to the Chinese."

Kostal North America moved from

COMPARE DETROIT TO GERMANY

The average price of a 200,000-square-foot warehouse in U.S. dollars in:

■ **Detroit area:** \$12 million

■ **Frankfurt:** \$32 million

With the current exchange rate of \$1.55 to one euro, a building that costs \$12 million in U.S. dollars will cost \$7.8 million euros.

Source: Jones Lang LaSalle, Bloomberg

Novi to a 76,000-square-foot building at 350 Stephenson Highway in Troy.

Real estate cost savings helped the \$13.6 million expansion and move materialize, said Walter Maisel, CEO of Kostal North America, a subsidiary of the Lundscheid, Germany-based automotive supplier.

"The real estate market was good to us," he said. "That's why we chose not just to lease the building — we bought it."

The exchange rate can be considered a "sweetener" for a foreign company looking to invest in U.S. commercial real estate, with the decision ultimately based on the quality of the assets, said Jim Postweiler, managing director in Jones Lang LaSalle's capital markets group.

Working against the benefits of the exchange rate, however, are foreign investors' concerns about the economy.

"An additional component is that the headlines coming out of the U.S.

are concerning," he said. "The combination of reporting about a soft economy and capital market disruption, some worry the timing isn't right."

Gary Roberts, CEO of Plymouth-based development company **The DeMattia Group**, said he's currently negotiating developments with two German-based companies.

"A driving factor in both is the cost of the local capital investment," he said. "The exchange rate is having an accelerated impact on investment in the region."

Likewise, Lichwalla is involved with three other foreign investment deals, and he said the cheap dollar is a factor in all three.

"We're seeing the start of this trend because the exchange rate is being realized at the highest levels of corporations," he said. "This is something that's starting, not ending."

The trend is strong for the automotive companies already drawn to the region for its skilled workforce and stature as the world center of intellectual property on autos, said David Cole, chairman of the Ann Arbor-based **Center for Automotive Research**. Adding cheap money and cheap real estate will only help.

"Any one of these are important, but when you consider them collectively it's a pretty persuasive argument that this is a good time to invest in Michigan."

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LOCAL INVESTMENTS BY FOREIGN FIRMS

Foreign investment locally is expected to increase with the combination of cheap real estate and a weak dollar. In the past 18 months, some of the foreign-based companies investing here have been:

From Germany:

■ **Behr-Hella Thermocontrol:** Announced in February a 23,000-square-foot, \$8.5 million manufacturing operation in Wixom.

■ **dSpace:** Bought a 35,000-square-foot building in Wixom in August. Investment was \$3.5 million. Broker was **Plante & Moran Cresa**.

■ **FEV Engine Technology Inc.:** Announced in February 2007 construction of a 50,000-square-foot building in Auburn Hills that will grow to 130,000 square feet by its final phase. Investment is \$4.3 million.

■ **IAV Automotive Engineering Inc.:** Building a \$23 million, 40,000-square-foot engineering center (pictured) in Northville Township. Broker was Plante & Moran Cresa.

■ **Kostal North America:** Purchased an office building in Troy as part of a \$13.6 million expansion. Brokers were Signature Group, NAI Farbman.

■ **Kolbenschmidt Pierburg:** Built a technical center in Auburn Hills that opened in April. Investment was \$11 million.

From other countries:

■ **Grupo Aernnova,** Spain: Created in September an engineering center in Ann Arbor with an investment of \$10 million. Broker was McMullen Realty.

■ **Seco Tools,** Sweden: Signed a long-term lease for an 80,000-square-foot building to be built in Troy. Investment was \$13 million. Broker was CB Richard Ellis.

■ **AVL Powertrain Engineering Inc.,** Austria: Announced in March 2007 a \$2.9 million expansion in Plymouth Township. Broker was Plante & Moran Cresa.

Source: Plante & Moran Cresa, CoStar, Crain's research



EcoMotors: Plans engine center

■ From Page 1

“We are now just in the process of staffing up and building the company,” Coletti said. “We’ve been advertising for engine design people, so that’s going to be the focus of our tech center needs.”

The company should have about 30 employees by early 2010, Coletti said. If key objectives are met, the new tech center will take shape, more investors will be asked to come on board, and the company could have more than 130 employees by late 2011. Peak employment would be about 150 people.

The type of high-tech automotive engineering and design jobs EcoMotors plans to provide is just what the city of Troy is looking for, said Pamela Valentik, Troy economic development specialist.

“(EcoMotors) crosses over into multiple industries and sectors that we’re trying to build a presence in,” she said. “I see the potential for them to really make this happen — not just from a technology standpoint, but considering resources as well.”

The EcoMotors engine is called an “opposed piston opposed cylinder” engine, or OPOC. The OPOC engine features two horizontally opposed cylinders powering a crankshaft in the center. The unique design eliminates traditional valves and cylinder heads, simplifying the engine.

EcoMotors will work to develop the engine to be used in passenger cars and trucks.

“It’s clean, it’s green,” Coletti said. “We’re talking about potentially upwards of 50 percent improved efficiency versus current turbo diesels.”

He said a 2.5 liter engine of this design delivers 350 horsepower, and it could be more affordable than conventional turbo diesels because it has half the moving parts.

But that might be easier said than done. “The major challenge with new technology is always replacing existing technologies,” said Eric Fedewa, vice president of global power-train fore-

casts for **CSM Worldwide**, an automotive research and consulting firm. “You’ve got manufacturers that have invested in certain infrastructure to manufacture the current engines we have in a known quantity.”

EcoMotors was founded in February. It is the creation of two auto industry engine gurus bankrolled by a West Coast venture capitalist.

Coletti is a 33-year **Ford Motor Co.** veteran. He was director of the Special Vehicle Team, the Dearborn automaker’s performance division, for 11 years before his retirement in 2004. EcoMotors’ CEO is Peter Hofbrauer, the former **Volkswagen** engineer who developed VW and Audi diesel engines from 1966 to 1986.

The company’s efforts to scale down and commercialize the diesel engines are being funded by **Khosla Ventures**, a California-based venture-capital firm.

Khosla Ventures was founded by Vinod Khosla in 2004. EcoMotors is one of about of 30 green-focused companies in Khosla’s “renewable portfolio” and the first auto engine company added to Khosla’s green ventures.

Khosla did not respond to a phone call and an e-mail sent by *Crain’s* on Thursday.

Coletti would not provide details on Khosla’s funding for the first stage of EcoMotors, other than to say it was “seven digits.”

While the future of EcoMotors and its unique engine is far from certain, Fedewa says any type of technology that could bring performance like the OPOC would get attention.

“When you try to introduce something as important to a vehicle as an engine, that can be very challenging,” Fedewa said. “But because of new fuel economy legislation and where new vehicle design is headed, a design that can bring this kind of efficiency could be very well received.”

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EcoMotors is bankrolled by Khosla Ventures, a VC firm whose portfolio includes about 30 green-focused companies.

Vesco: Environmental efforts build sales volume

■ From Page 3

quisitions over the past decade, Vesco has doubled its sales volume to \$118.6 million in 2007 from about \$60.2 million in 1996, the company said.

One of its biggest acquisitions was **Kelly Distributing Corp.** in 2001 for an unspecified purchase price, Epstein said. Kelly allowed Vesco to become a statewide distributor, he said.

Vesco’s 201 employees are located in five offices, including Southfield, Ferndale, Grand Rapids, Mancelona and Zilwaukee. Seventy-five are employed in its main warehouse at 1900 E. Warren Ave. in Detroit, near the Eastern Market.

“We are always considering organic growth and growth through acquisitions,” said Lilly Epstein, one of Epstein’s two daughters in the business and Vesco’s general manager of business development. “The challenge is the products we distribute and the needs of the marketplace are constantly chang-

ing. We have to be flexible.” Clearly, though, the Epsteins are most proud of their diversification into environmental services.

“We have a commitment to enhance and improve our recycling option provided to our customers,”

Lilly Epstein said. “Going forward, it is a more important part of our growth strategy.”

While the return on investment is not as high as the company’s other business lines, the Epsteins believe it supports the company’s customers and mission.

“Recycling is a break-even process,” said Dennis Hagen, Vesco’s general manager of operations. “We view it as a value-added service. We do it to support our customers and differentiate us from competitors.”

Lilly Epstein said the company is considering a number of growth options in the environmental arena. She declined to discuss specifics.

Keith Albertie, vice president of wholesale marketing with **RKA Petroleum** in Romulus, said, “We

share a similar strategy (with Vesco) as we are focused on delivering alternative fuels in the marketplace.”

RKA, which like Vesco is a major oil distributor, has been increasing sales of alternative fuels, such as bio-diesel and ethanol, the past several years, said Albertie.

Vesco’s entry into environmental services began in 1989, when it began offering repair shop clients a parts washing cleaning service.

“When the solvent becomes too dirty (in the parts washer unit), it becomes a hazardous material and we will service those units by bringing (the unit) back for recycling,” Hagen said.

In 1991, Vesco began collecting used oil filters to complement its used oil collection program. The company’s 40 sales representatives visited the company’s clients to discuss proper disposal techniques for used oil, antifreeze and solvents, Hagen said.

“Our oil salesmen considered

Firm offers \$25M for slimmer Journal Register Co.

The financially strapped parent company of *The Oakland Press* in Pontiac and *The Macomb Daily* of Mt. Clemens could begin selling some of its newspapers.

Suburban Cleveland investor Richard Barone, chairman of investment firm **Ancora Capital Inc.**, has offered Yardley, Pa.-based **Journal Register Co.** at least \$25 million, but the deal hinges on reducing the size of the company.

Barone owns about 5 percent of Journal Register. He told *Crain’s Cleveland Business* recently “A number of publications will need to be sold.” Barone, who said he envisions a company half its current size, and the Journal Register have yet to work out a deal.

Journal Register, which on May 9 reported a \$72.2 million first-quarter net loss, owns 22 dailies, including the flagship *New Haven Register* in Connecticut and 302 other publications. Its other Michigan newspapers include the *Morning Sun* in Mount Pleasant and *The Daily Tribune* in Royal Oak.

Journal Register has told the Securities and Exchange Commission that barring new investment or a significant financial turnaround it’s likely to violate loan covenants by July, meaning its lenders can demand immediate collection of about \$642 million in debt.

The **New York Stock Exchange** delisted the company April 16.

— Bill Shea

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RUMBLINGS

Recall drive wins round in court

An Oakland County state representative who seemed to dodge a voter recall effort for favoring the services tax and a state income tax increase last year is back in her opponents' sights again.

A three-judge panel at the **Michigan Court of Appeals** ruled last week that proposed ballot language to recall Rep. **Marie Donigan**, D-Royal Oak, from office is clear enough to go before voters later this year. Donigan and House Speaker **Andy Dillon**, D-Redford Township, are among several legislators targeted for recall because they voted to increase the state income tax and a services tax or both in 2007 to help the state balance its budget.

The decision reverses a ruling by Oakland County Circuit Judge **Shalina Kumar**, who found the recall petition was unclear.

Center cancels fundraiser package with Playboy link

Less than a day after sending an e-mail to notify its supporters of the chance to bid on an entertainment package that included tickets to a private party at the Playboy Mansion as a fundraising opportunity, the **Judson Center** pulled the tickets off of **eBay**.

In an e-mail sent Wednesday, President and CEO **Marn Myers** said, "A grave mistake has been made. ... I understand why this package and auction was offensive to some of you."

Myers apologized for the

agency's decision to auction the tickets and to notify donors of it in an e-mail.

The initial asking bid for the package was \$5,000, but according to **eBay**, there were no bids.

Speaking of Playboy, how do nation's govs rate?

In another Michigan connection to *Playboy*, Gov. **Jennifer Granholm**

has finished a respectable third in a ranking by the magazine listing the nation's "hottest" governors in the June edition.

California's **Arnold Schwarzenegger** and Florida's **Jeb Bush** took the top two spots.

In the June edition, the magazine reported the ratings came in a panel discussion with "some high-class Los Angeles call girls."

Liz Boyd, Granholm's communications director, declined to comment.

"We're too busy addressing problems like creating jobs and the economy, weighty issues."

Convention bureau hopes to drum up more meetings

The **Detroit Metro Convention and Visitors Bureau** will roll out its latest campaign to pump up the local economy this week.

Hoping for the participation of local businesses, the

new program will reportedly push for companies to hold more of their meetings in the area. Bureau officials would not release the name of the campaign or other details.

The campaign will be the first major initiative with **Ilitch Holdings Inc.** President **Chris Ilitch** as chairman of the bureau.

Golf 'lesson' on YouTube

If you aren't quite sure how to call in sick for work so you can attend a charity golf outing, check out **Goodwill Industries of Greater Detroit's** helpful videos on YouTube.com.

The nonprofit agency has posted five short videos with funny tips for first-time golfers to promote the 2008 Goodwill Classic at **Meadowbrook Country Club** in Northville June 9. To see the videos, go to youtube.com and type in "Goodwill Industries" and "golf."

And after the laugh, if you'd like to learn more about making the most of golf outings in general or working with golf vendors, go to www.crainsdetroit.com/golfeventguide.

BITS & PIECES

■ **Jon Barfield**, chairman and president, **Bartech Group**, Livonia, is among three U.S. business leaders to be honored Tuesday in New York at the **National Minority Supplier Development Council** leadership awards. Bartech also was featured in *Fortune*, which highlighted, among other accomplishments, its independent board of directors, unusual for a private company.

■ **Edward Deeb**, president and CEO of the **Michigan Food & Beverage Association** and the **Michigan Business & Professional Association**, was awarded the Ellis Island Medal of Honor, a national community service award.



WEB WORLD
Kevin Hill

New EMU president discusses university's future

It's history in the making at Eastern Michigan University as Susan Martin prepares to become the university's first female president.

We sat down with Martin, the current provost and vice chancellor of academic affairs at the University of Michigan-Dearborn, for an interview you can read on Page 24 of this issue.

You can also watch a video of the interview at our Web site this week. In the video, Martin discusses what she thinks her first day on the job July 7 will be like, her management style and the challenges EMU faces as it moves forward after two years of controversy and tumult. We also sat down with Thomas Sidlik, chairman of the board of regents at EMU.

You'll hear his thoughts on why Martin is a good fit for the presidency when you check out the video at www.crainsdetroit.com/multimedia.

Also at our Web site this week:

■ We're still looking for your General Motors Corp. memories as our special section on the automaker's 100th anniversary lives on. Head to www.crainsdetroit.com/gm to read other readers' stories and send an e-mail to jhsmit@crain.com to submit one of your own.

■ Our charity columnist, Julie Yolles, writes about the recent Promenade of Hope event, which benefited Help Against Violent Encounters Now. Photos and the column will be posted Monday afternoon at www.crainsdetroit.com/givers.

WEEK IN REVIEW

FROM WWW.CRAINSDETROIT.COM, WEEK OF MAY 10-16

177 projects started, \$4B invested locally in 2007

A report released last week by the **Economic Development Coalition of Southeast Michigan** shows 177 new projects and investments totaling \$4 billion were made locally last year.

The coalition represents 13 organizations and governmental units, including **Automation Alley**, the **Detroit Economic Growth Corp.**, **Detroit Renaissance** and the **Detroit Regional Chamber**.

Altogether, the projects are expected to create more than 16,600 jobs and retain more than 9,500.

U.S. sinks on supplier list

For the first time, a company based outside the U.S. is the largest supplier of parts to automakers and other suppliers' North American factories, *Automotive News* reported. Ontario-based **Magna International Inc.** has elbowed its way past perennial No. 1 **Delphi Corp.**, based on 2007 sales. Four other foreign-based suppliers have displaced U.S. rivals: **Robert Bosch L.L.C.**, No. 5; **Denso International America Inc.**, No. 6; **Continental AG**, No. 7; and **ThyssenKrupp USA**, No. 10.

TRW expands Livonia HQ

TRW Automotive Inc. is adding a \$14.2 million expansion to its North American headquarters. The building is expected to open by January and will support brake engineering operations in North America.

TRW will bring in 70-80 workers from a Plymouth site and TRW brake dynamometer workers from an off-site vendor. About 50 to 60 jobs will be created.

ON THE MOVE

■ **Donald Stebbins** to president and CEO, **Visteon Corp.**, from president and COO. On June 1, he will replace **Michael Johnston**, who will serve as executive chairman.

■ **James Yost** leaves his post as executive vice president and CFO for **Hayes Lemmerz International Inc.**, to assume the same position for Toledo-based **Dana Corp.**

OTHER NEWS

■ **Delphi Corp.** on Friday said it had filed lawsuits in U.S. Bankruptcy Court against **Appaloosa Manage-**

City Council acts; new text-message policy

The **Detroit City Council** Tuesday narrowly approved first steps toward removing Mayor **Kwame Kilpatrick**, who faces perjury and other charges related to text messages sent to ex-chief of staff **Christine Beatty**, the Associated Press reported.

And, in a case of barn-door-shut-after-the-horse-is-gone, it was revealed that Kilpatrick has implemented a new policy that says text messages sent on city-owned devices are private, reversing a previous policy that such messages were public.

In the council action, members voted 5-4 to ask Gov. **Jennifer Granholm** to remove Kilpatrick for misconduct, something she has been unwilling to do while the criminal case proceeds. It also voted 5-4 to begin forfeiture of office proceedings against Kilpatrick. A vote to censure the mayor passed 7-2.

Also, Wayne County Prosecutor **Kym Worthy** said she will challenge 36th District Judge **Ronald Giles'** decision Tuesday to push the criminal case's preliminary exam to Sept. 22, *The Detroit News* reported. Worthy said the decision is further evidence Giles and the entire **36th District Court** bench should be disqualified from the case. Her appeal for a visiting judge to handle the initial stages of the case was to be heard today by Wayne County Chief Circuit Judge **William Giovan**.

ment L.P. and other investors, claiming they prevented the company from getting financing to emerge from Chapter 11.

■ The **Michigan Legislature** on Wednesday unanimously approved a regional compact to prevent Great Lakes water from being sent elsewhere, but Democrats and Republicans must resolve differences, the Associated Press reported. All eight Great Lakes states must ratify the 2005 compact for it to take effect. It has been approved by four. Congress must also approve.

■ **Hewlett-Packard Co.** has agreed to buy **Electronic Data Systems Corp.** for about \$12.6 billion in cash to build a technology-services company that could challenge IBM, the Associated Press reported. EDS has 7,800 employees in Michigan. EDS spokesman Travis Jacob-

sen said it's too early to speculate about the local effect of the acquisition.

■ **Dura Automotive Systems Inc.** said it expected to exit Chapter 11 "promptly" after its reorganization plan was approved by **U.S. Bankruptcy Court**. The plan calls for senior-level debt and unsecured claims to receive all the stock in the reorganized company, *Automotive News* reported.

■ The **Michigan Gaming Control Board** set a June 10 show-cause hearing to decide whether to order a sale of **Greektown Casino L.L.C.** because it isn't hitting prescribed financial goals.

■ The **Suburban Mobility for Regional Transportation** bus system in April carried more than 44,000 riders daily, its busiest month in its 41-year history, mainly because of high gas prices.

n **Meijer Inc.** has been fined more than \$190,000 for campaign law violations in its effort to build a superstore in Grand Traverse County's Acme Township. Secretary of State **Terri Lynn Land** says an investigation found Meijer made unreported expenditures in campaigns to defeat a superstore moratorium in 2005 and to recall the township board in 2007.

■ **Michelin North America Inc.** is cutting ties with **Campbell-Ewald Inc.**, moving its passenger and light-truck replacement tire work to **MediaCom**. Campbell-Ewald will continue to work on Michelin digital projects through year-end.

The agency, which reportedly laid off about 50 earlier this year, also faces the potential loss of its **U.S. Navy** recruiting account, which is up for review after \$410 million worth of work over the past three years.

■ **Children's Hospital of Michigan** announced Thursday it plans to build a \$34 million outpatient center.

■ The three owners of two **La Marsa Mediterranean Cuisine** restaurants will open two former **La Shish** restaurants in Farmington Hills in Troy under the La Marsa name.

OBITUARIES

■ **Jim Beal**, longtime owner of J.C. Beal Construction in Ann Arbor, died April 30. He was 87.

■ **Elaine Hartmann**, former owner of **Birds of a Feather Antiques** in Grosse Pointe Park, died April 30 of ovarian cancer in Grosse Pointe Farms. She was 78.

■ **H. Alexander McDonald**, longtime Detroit-area investment banker and former member of the state House of Representatives, died March 12 in Bloomfield Hills. He was 87.

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