

# CRAIN'S DETROIT BUSINESS

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## THIS JUST IN

### Landlord, tenant battle over First National work

Plans for Detroit architecture firm **Hamilton Anderson Associates'** move to the First National Building in Detroit have been placed on hold pending a lawsuit.

The architects chose the 32,000-square-foot former banking space for its views of Campus Martius and 35-foot ceilings, which they planned to make use of by building elevated platforms into the space, essentially creating more work-space by going vertical.

That use of "mezzanine floors" is at the heart of the lawsuit.

Hamilton Anderson filed the civil suit in Wayne County Circuit Court after the landlords, **The Northern Group**, stopped construction on the new space in February. The Northern Group, according to court filings, says that since Hamilton Anderson pays rent by the square foot, it is adding 2,400 usable square feet to the lease without paying for it.

"We have a tenant improvement allowance that could be used for office improvements," said founding partner **Rainy Hamilton Jr.** "We fail to understand why they would object to building a mezzanine with TI dollars, which adds value to the building, and were below the TI allowance."

The lease was signed Sept. 10. Hamilton Anderson officials said they showed Northern Group executives their plans for the mezzanine floors, and at one point used a hydraulic lift to better illustrate the concept.

The Northern Group said it didn't know the extra floors would be used by Hamilton Anderson, according to court filings.

The Northern Group is looking for new tenants. Hamilton Anderson, meanwhile, has extended its current lease at 1435 Randolph St. to the end of the year.

— **Daniel Duggan**

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# Businesses decry 'tax on tax'

## MBT patches questioned

BY AMY LANE

CAPITOL CORRESPONDENT

LANSING — Tobacco wholesaler **Motor City Distributors Inc.** has seen a lot of challenges in its 90 years in business. But not like the 1,944 percent increase in its business-tax bill that it's facing.

"We have been around since

1918. We've lived through recessions, depressions, world wars. But this tax would do us in," said Robert Feucht, COO of the St. Clair Shores-based business.

Motor City's tax bill is rising from around \$6,700 under the former single-business tax to about \$137,000 under the Michigan Business Tax, due largely to a conse-

quence it didn't expect.

Hitting tobacco wholesalers hard is the fact that cigarette taxes they collect and pass through to the state are considered part of their gross receipts under the MBT. That "tax-on-a-tax" aspect has been raised by other industries like retailers, which must pay MBT on the 6 percent sales tax they collect from customers, and gas station owners, which pay MBT on the roughly 59 cents worth

of state and federal taxes assessed on every gallon of gas.

For cigarette taxes, the tab is even higher — taxes on a carton of cigarettes are \$20, Feucht said.

A legislative fix may be on the way for Feucht and other tobacco vendors, but their dilemma is one of a cascading number of bills and proposals to change the MBT. And that's creating discussion about

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*"We are here because this is the type of place where people like me ... are attracted."*

Todd Ridley, VP of NeoSynergy



Graphic artist Todd Ridley turned down an offer from his employer to move to California in 2004.

## Creative genius

### \$50 million plan seeks to grow wide variety of businesses

BY AMY WHITESALL

AND MAUREEN McDONALD

SPECIAL TO CRAIN'S DETROIT BUSINESS

Graphic artist Todd Ridley moved to Detroit in 1995 because he wanted to be part of the vibrant community he'd discovered as a college student — and because his family thought it was a terrible idea.

"I was raised in kind of a backward community, and anything to do with Detroit was frowned upon," Ridley said. "I remember my mother lying to my father so I could go to Tigers games with our neighbors. His perception was that you'd cross Eight Mile and get shot in the head."

### WHERE TO CONNECT

**Crain's Detroit Business**, with **Detroit Renaissance Inc.**, has launched a hub for creative professionals: **DetroitMakItHere.com**. Page 33.

Ridley, 35, lives with his partner, Bryan Waldecker, 36, an accountant for **Quicken Loans**, and their two dogs in a diverse, upscale Indian Village community that's just three miles from a bustling downtown Detroit.

Yet he's so close to the riverfront that he can walk out to the end of his quiet, tree-lined

See *Creative*, Page 33

## Contractors hope cannon creates bang, strikes bucks

BY CHAD HALCOM

CRAIN'S DETROIT BUSINESS

Defense contractors and military officials in Southeast Michigan hope a prototype defense vehicle that debuted in Washington last week will impress lawmakers enough to be awarded full funding.

The XM-1203 Non Line-of-Sight Cannon was to make several D.C. appearances, culminating with the 233<sup>rd</sup> U.S. Army Birthday Ball held Saturday at the Walter E. Washington Convention Center. The mobile 155mm howitzer cannon is built by Rockville, Md.-based **BAE Systems** from a common chassis system developed by BAE and Sterling Heights-based **General Dynamics Land Systems**.

The cannon is one of eight proposed Manned Ground Vehicles, all of which use the common chassis system, under the Army's sometimes-controversial **Future Combat Systems** program. The cannon can rain "non-line-of-sight and beyond-line-of-sight" shell fire on distant objects, using targeting data it obtains from other vehicles developed under the program.

Officials at both BAE and General Dynamics said they hope the cannon also creates renewed support for Future Combat Systems, which has seen four years of con-

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Construction industry crowds list of fastest-growing companies, Page 11

Lear taps high school students for automotive ideas, Page 29

# Creative: Detroit Renaissance, others plant seeds

■ From Page 1

street and see the water.

"All our friends are architects, writers or graphic designers," Ridley said. He is vice president of **NeoSynergy**, a Bloomfield Hills-based software and Web services firm for car dealers and runs a graphic-design company, **G2Graphics**, on the side to subsidize repairs on his nearly 100-year-old house.

"We're here because this is the type of place where people like me and creative people are attracted. This is the kind of place we seek."

This is not your father's Detroit.

It certainly isn't the Detroit maligned in late-night TV monologues. It's the Detroit imagined by the most intriguing, influential and invested residents of the region, a Detroit where ideas happen and creative businesses grow.

According to a report by Austin, Texas-based **AngelouEconomics**, there are more than 33,000 people working in the region's creative sector — advertisers, architects, writers, designers, film and music producers, and graphic, visual and performing artists. And their industries are growing twice as fast as the service sector and four times as fast as manufacturing.

Creative-industry jobs pay well, too, particularly in fields such as advertising, design and digital media. According to AngelouEconomics, creative industry jobs in Detroit pay an estimated 50 percent more than the U.S. average wage for the industry (\$64,768 vs. \$42,535).

And dynamic, creative communities attract businesses and talented, energized people. They in turn generate economic development. What's not to love?

The numbers were compelling enough to persuade **Detroit Renaissance Inc.**, an organization of local CEOs, to focus one of six Road to Renaissance initiatives on the creative economy — on growing it, connecting it, and harnessing its vibe to create jobs and change the way the world sees Detroit.

"We know it's a tough time to be doing something like this, yet on the other hand I can think of few other opportunities that we have to not only diversify our economy but also to kind of rebrand our image," said Detroit Renaissance President Doug Rothwell. "That, to me, is what's exciting about this."

Detroit Renaissance's \$50 million plan to grow the creative economy includes a marketing and branding campaign, a Web site (**DetroitMakelHere.com**), business incentives, a business accelerator-incubator and establishment of a creative corridor that will run along Woodward Avenue from the New Center area to the river. Most of the funding will come from foundations, but no one's flinching at the idea or the price tag. *Crain's Detroit Business* has a contract with Renaissance to develop the Web site, which launched last week. (See story, this page.)

"If we grow a critical mass here, we can be a world center of engineering and design related to the auto industry, related to the design of products, related to the design of buildings and landscapes," said John Austin, executive director of the **New Economy Initiative for Southeast Michigan**, which helps the region's biggest givers make their philanthropic dollars count.

"It's an exciting opportunity for us to raise that reality up and focus on specific moves that can help grow that whole empire in Southeast Michigan."

Much of Detroit Renaissance's plan builds on initiatives and projects that are already in the works — redevelopment of Harmonie Park's restaurants and galleries along with Sugar Hill, a planned artisans park and residence in Midtown. The **Downtown Detroit Partnership** is making street improvements to attract business and pedestrians, while sweeping plans are under way to redevelop the old General Motors Argonaut Building in the New Center area for the **College for Creative Studies**.

A recent \$200,000 planning grant by the Miami-based **John S. and James L. Knight Foundation** launched the Design Detroit initiative to attract up to 1,000 creative professionals to live in Detroit.

The creative business accelerator, then, becomes the "If you build it" to Design Detroit's

## WEB SITE FOR CREATIVES

Last fall, *Crain's Detroit Business* was selected by **Detroit Renaissance Inc.** to develop a user-centric news, information and networking hub for creative professionals.

The result is: **DetroitMakelHere.com**.

The site is in its first phase, with an official launch planned for the fall. Crain's is recruiting the creative community to critique the site. Meanwhile, staffers will continue to build features, add content, and market the site and its network of users.

Highlights include community building and networking tools, free information on more than 1,600 local creative companies, and a feature that allows users to solicit bids on creative products and services.

DetroitMakelHere.com is part of Detroit Renaissance's ongoing plan to boost Southeast Michigan's creative economy.

Who's creative? Just about anybody working in advertising, architecture, art/historic preservation, arts, digital media, design, engineering, film/video production, marketing, media, music production, photography, public relations and more.

"They will come."

Rothwell describes the accelerator as the initiative's anchor, a space on the creative corridor that's expected to occupy 10,000 square feet of office space within three years and twice that by year five. It would provide not only facilities and services, but also networking and mentoring opportunities for creative entrepreneurs and growing small businesses. The plan includes a second accelerator in the redeveloped Argonaut Building.

Projections put the creative corridor's impact at 50-100 new businesses and 800-1,200 new jobs after five years. The accelerator alone is expected to have a \$56 million economic impact

*"I can think of few opportunities that we have to not only diversify our economy but also to kind of rebrand our image."*



Doug Rothwell, Detroit Renaissance Inc.

after five years.

"Particularly as the state is successful in attracting film business here, there are lots of ancillary businesses — there are good sound stages here, lots of good lighting techs," said Bonnie Folster, executive creative director at **Brogan & Partners Convergence Marketing**. "I think within the trade publications, Detroit has always been acknowledged as one of the top production communities outside of New York and L.A., but that's just telling the choir."

Thanks to a long history of automotive advertising, the area is rich with quality talent. The accelerator, along with **Detroit Make It Here**, creates a connecting point for a community of workers who are otherwise isolated and spread across the whole metropolitan area.

"I don't think the (creative) community has seen itself as a resource," Folster said.

"There's a huge advertising club that's been merging people for a long time. The **Adcraft Club** is one of the largest in the country, so the advertising community has always had that sense of all of us. But outside of us, we could look at architects, city planners, furniture makers. ... There's a lot more than anybody's own discipline."

E.B. Starr knows how important a little acknowledgement can be to creative work, especially in a region where so many relate to work in factory terms. Starr is director of the **Motor City International Film Festival**, a six-year-old festival that celebrates the work of filmmakers of color.



Starr

She grew up in Detroit. Her father worked as a laborer in a Chrysler plant. After several years working in the television industry in Los Angeles, she came home to Detroit, happy to be a big fish in a small pond. She still does independent film work — she's currently in pre-production on a film called "I Wanna Dance."

Her life here is more balanced and family-oriented than it was in California, but Starr says her mother is still apt to ask, "Now, what is it you do?"

"When you take that camera and you have a dream and you start planning that film, if you have all this goodness and nobody believes in what you're doing, that's hard," she said.

But Starr also sees an undercurrent that many miss. Her father was a novice filmmaker himself, albeit one who needed that factory job to feed his family. Creativity runs deeper than many people realize.

"A lot of creativity comes out of those factory people," she said. "They all have something else they do that keeps them going during the day."

Detroit's authenticity is one of the things that cuts to the heart of the **Detroit Metro Convention & Visitors Bureau's** D Brand campaign, and it's one of several parallels with Detroit Renaissance's creative initiative.

"At its essence, the personality of Detroit is vibrant, urban, real," said Jim Townsend, executive director of the **Tourism Economic Development Council**, an arm of the Convention & Visitors Bureau. "That personality is very attractive and interesting to creative people. ... It should be a natural draw for creatives. We've got the right raw materials to work with."

Townsend says the D Brand already is having an impact.

In just three months last summer, almost 100,000 new travelers from Ohio and Indiana came to Detroit. An independent research company was able to trace those visits directly to D Brand materials. Those visitors pumped \$70 million into the local economy. In 2006, the number of large conventions in the region grew by 50 percent, and the amount of business generated by those conventions grew 40 percent.

"The way we like to look at it, changing a perception is a long-term, complex initiative," Townsend said. "But one of the things that really contributes is that when you have a hundred thousand new people coming into the region and have so many new conventions, those people are going to contribute to a change in the perception of the region."

Give Jeanette Pierce a few hours and she will work to shift that perception one doubter at the time. As co-owner of **Inside Detroit**, the 27-year-old conducts tours of bars, restaurants, public art and noteworthy buildings.

Part of *Crain's* 2007 class of 20 in their 20s and a fancier of everything Detroit, especially **Foran's Irish Pub**, Pierce said that "people have a chance to make an impact here quicker than any other city because it has all this passion, this great street community."

When the rest of the world figures it out, Todd Ridley will be here waiting for them.

When Ridley's old company was purchased in 2004 by **Autobytel Inc.**, his new employer wanted him to move to its Irvine, Calif., office. Autobytel made a great offer, but Ridley and Waldecker decided to stay in Detroit.

"We thought pretty long and hard about it, but we just didn't want to leave," he said.

"There's this continual feeling that something great is going to happen, and I want to stick around for it."

## CRAIN'S DETROIT BUSINESS

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**EDITOR-IN-CHIEF** Keith E. Crain  
**PUBLISHER** Mary Kramer, (313) 446-0399 or mkramer@crain.com  
**EXECUTIVE EDITOR** Cindy Goodaker, (313) 446-0460 or cgoodaker@crain.com  
**MANAGING EDITOR** Andy Chapelle, (313) 446-0402 or achapelle@crain.com  
**ASSISTANT MANAGING EDITOR/FOCUS** Jennette Smith, (313) 446-0422 or jsmith@crain.com  
**BUSINESS LIVES EDITOR** Michelle Darwish, (313) 446-1621 or mdarwish@crain.com  
**COPY DESK CHIEF** Gary Piatek, (313) 446-0357 or gpiatek@crain.com  
**GRAPHICS EDITOR** Nancy Clark, (313) 446-1608 or nclark@crain.com  
**COPY EDITOR** Vic Doucette, (313) 446-0410 or vdoucette@crain.com  
**DATA EDITOR** Anne Marks, (313) 446-0418 or amarks@crain.com  
**WEB GENERAL MANAGER** Alan Baker, (313) 446-0416 or abaker@crain.com  
**WEB EDITOR** Kevin Hill, (313) 446-0473 or kphill@crain.com  
**WEB DESIGNER/PRODUCER** Ai-Ting Huang, (313) 446-0416 or ahuang@crain.com  
**RESEARCH ASSISTANT** Joanne Scharach, (313) 446-0419  
**EDITORIAL SUPPORT** Anita Duncan, (313) 446-0329  
**NEWSROOM** (313) 446-0329, FAX (313) 446-1687  
TIP LINE (313) 446-6766

## REPORTERS

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## LANSING BUREAU

**Amy Lane:** Covers business issues at the Capitol, telecommunications and utilities. (517) 371-5355, FAX (517) 371-2492, alane@crain.com or 115 W. Allegan, Suite 220, Lansing 48933.

## ADVERTISING

**ADVERTISING DIRECTOR** Maria Downs, (313) 446-6032 or mdowns@crain.com  
**SALES INQUIRIES:** (313) 446-6052; FAX (313) 393-0997  
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**EDITORIAL & BUSINESS OFFICES:** 1155 Grotto Ave., Detroit MI 48207-2732; (313) 446-6000

Cable address: TWX 248-221-5122 AUTNEW DET

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