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**Shrinking auto suppliers have room to spare**

**Recession drives companies to attack health care costs**

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**100 largest private companies, Page 14**

See an expanded list of the largest private companies online, [craindetroit.com/lists](http://craindetroit.com/lists)

**Small Business Monthly**



**The two sides of franchises: Buying one and becoming one, Page 12**

**This Just In**

**Chrysler-Fiat to pick up local suppliers' contracts**

More than 200 local auto suppliers will see their Chrysler L.L.C. contracts picked up and will be paid more than \$320 million when the automaker links with Fiat S.p.A.

The companies are among 1,200 Chrysler suppliers that will have their contracts transferred to the new Chrysler-Fiat entity expected to rise out of Chrysler's Chapter 11 bankruptcy proceedings. Suppliers will be paid for what they were owed before Chrysler filed for bankruptcy — 40 percent before the sale to Fiat and 60 percent after. A list of the local suppliers and how much they're owed is at [www.craindetroit.com/multimedia](http://www.craindetroit.com/multimedia).

The transferred contracts do not guarantee future business. Fiat could opt to source from other suppliers in the future, but re-sourcing is likely to be a challenge in the near term, said William Kohler of Butzel Long P.C.'s automotive practice.

— Ryan Beene

See *This Just In*, Page 2

## \$10M fund's goal: 400 new companies

### Kauffman to join NEI at TechTown

BY TOM HENDERSON AND SHERRI BEGIN WELCH  
CRAIN'S DETROIT BUSINESS

The New Economy Initiative for Southeast Michigan and the Ewing Marion Kauffman Foundation were expected to announce today that they have formed a partnership based at TechTown to help spur entrepreneurship and create 400 new companies in Southeast Michigan in the next three years.

**IN DEPTH**  
History lesson: About the Kauffman Foundation, Page 29

mostly Michigan-based foundations, approved the partnership and \$9.25 million in funding to begin several economic-development programs.

Up to \$5 million over the next three years will fund the launch of the Kauffman Foundation's FastTrac entrepreneur training programs, initially at TechTown, said Dave Egner, who is interim executive director of NEI and president of the Hudson-Webber Foundation.



*“This is the first step ... to rediscover that innovative spirit (that put the region on the map).”*

Dave Egner, New Economy Initiative

as the best programs in the world for entrepreneurship; they're very data- and results-driven,”

See *Kauffman*, Page 29

Another \$3 million will fund the nonprofit Urban Entrepreneurial Partnership over three years to assist 150 minority automotive suppliers in Metro Detroit to diversify their customer bases to four industries.

The program will work in conjunction with groups such as the Michigan Minority Business Development Council, the Michigan Economic Development Council, county economic groups and regional business accelerator organizations, Egner said.

NEI's board also approved a grant of \$1.25 million to Shorebank, a Chicago-based bank that

focuses on community development and has a branch in Detroit, to create neighborhood-based businesses that employ residents of the neighborhoods. The grant could be just the beginning of seed money for neighborhood-based businesses, Egner said.

“Kauffman has what are recognized



MARK LEWIS/CRAIN'S DETROIT BUSINESS

Joe Ricci says the listing of his Dodge dealership in Dearborn for closure is “just difficult to swallow.”

## Dealers dealt blow, but also opportunity

BY DANIEL DUGGAN  
CRAIN'S DETROIT BUSINESS

As metro Detroit's new automobile dealership structure unfolds, the surviving Chrysler dealers will start hiring employees, buying vehicles and re-structuring their businesses.

### CHRYSLER'S LIST, GM'S LETTERS

**Closures:** 14 area dealers, Page 28  
**Silence:** GM dealers face news with few words, Page 28

Charles Riley, CEO of Parkway Chrysler Jeep in Clinton Township, said he's sorry to see other dealers go away — 14 in metro Detroit — but is excited to move forward with the reinvigorated Chrysler.

“This is the future of Chrysler, and it's great to be part of it,” he said.

Riley now plans to meet with the owner of nearby Mt. Clemens Dodge Inc., Tibor Gyarmati, to discuss the purchase of cars, parts and possibly the hiring of employees. A phone message was left for Gyarmati by *Crain's*, but he did not respond.

Asked if he plans to drive a hard bargain for the cars, Riley said “absolutely not.” “I've been handed a wonderful opportunity,” he said. “I wouldn't go over there and try to put my boot at his throat. I'll gladly buy his parts and his cars.”

The move by Chrysler may lead to a sales increase of 25 percent to 30 percent for his operation, Riley said, but that will bring him closer to where he was in 2007, not move him forward in revenue.

He sold 2,700 cars in 2008. A 25 percent increase above that would put him at 3,375 units, just shy of his 2007 sales of 3,500 cars. However, he built his facility to accommodate growth and has extra room for cars and has extra bays for service work. He plans to hire an additional 30 or 40 people to add to his staff of 85.

Likewise, the three Chrysler-Jeep dealerships in the Southfield Automotive Group will pick up franchises from Tamaroff Dodge Inc. in Southfield, Century Dodge in Taylor and Genesee Valley Dodge in Genesee County, said President Dan Frost.

## Nonprofit board members may owe

### IRS, state want \$1.2M from former Cyprian chair

BY SHERRI BEGIN WELCH  
CRAIN'S DETROIT BUSINESS

Eva Collins-Adams couldn't believe it when she opened the mail to find the Internal Revenue Service had placed a lien against her home.

The IRS was holding Collins-Adams liable for payroll taxes left unpaid by Cyprian Center, a nonprofit founded by the Rev. Nicholas Hood II that she chaired for nearly two years before its 2007 closure.

**WHAT TO DO**

**Best defense:** Audits may not be enough protection, Page 26.

The total? An estimated \$800,000 in taxes, penalties and fees to the federal government and another estimated \$400,000 to

the state, which also placed liens against her home.

The center's former executive director, Eleanor Austin, also is being held liable, Collins-Adams said. Austin did not return three calls, placed April 28, May 6 and May 12.

While many nonprofits carry directors and officers insurance for board members and executives, there are certain types of liability — including unpaid taxes, penalties and fees and unpaid wages — that aren't covered.

**ON THE HOOK?**



■ **Eva Collins-Adams**, former chair of Cyprian Center in Detroit, faces state and federal liens against her home.



■ **Sue Nine**, former chair of the Women's Survival Center of Oakland County in Pontiac, had to pay \$7,890 to the IRS.

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See *Dealers*, Page 28

# Space: Shrinking auto suppliers leave space to fill

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Club Drive to house its global headquarters. Lear consolidated most of the operations it once housed at the facility into its Southfield headquarters following IAC's acquisition of Lear's interiors division in 2007. Lear still owns the 80,000 square feet filled by IAC, along with roughly 320,000 square feet at adjacent 5250 and 5200 Auto Club Drive.

While Lear still uses a limited amount for various operations, it's willing to move if a buyer is interested, said Doug Daugherty, director of global facilities and real estate at Lear.

"We've had quite a few people interested — it's a great property," Daugherty said, adding that the modern buildings sport an auditorium, boardroom, modern office space, a large display space, full-size café and a private parking garage.

Daugherty said that about a half-dozen potential buyers from a variety of industries have visited

the property.

"There are just so many of those types of buildings right now that no one is really willing to make a move," he said.

There have been solutions, too, as suppliers contract their real estate footprint.

Some automotive suppliers have occupied typical office space that can be leased to a financial services company, law firm or any office tenant.

Delphi consolidated itself out of a 107,000-square-foot office building at 1441 W. Long Lake in Troy in January 2008.

Half the space was filled with a lease to Hartford, Conn.-based **Travelers Insurance Co.** within six months, said Bill Harvey, senior vice president in the Southfield office of the real estate firm **Transwestern**, which represented the landlord in the lease.

Another auto supplier real estate problem solved was in Troy.

When **Collins & Aikman** ceased op-

erating in 2006, it left vacant a 284,000-square-foot, three-building campus in Troy.

All three buildings are occupied, but in some cases the buildings weren't appropriate for typical office users.

Levi Smith, a principal in the Southfield-office of **GVA Detroit**, was searching for space to be used as a call center for Troy-based **Kelly Services** when one of the three buildings was vacant.

"It had the high ceilings and big loading docks that a company like **Collins & Aikman** needed, but made it inappropriate for **Kelly Services**," he said.

Many brokers expect that the **Visteon** campus, being marketed by the Detroit office of real estate firm **Jones Lang LaSalle**, will be leased in just a matter of time.

The building is certified under the popular **Leadership in Energy and Environmental Design** program and filled with high-end amenities such as a fishing pond

in the middle of the campus, collaborative areas with fireplaces and an underground system of tunnels connecting the buildings.

"If you're, for example, a battery-maker being courted by Michigan, that's exactly the kind of building you'd put on the tour," said Mark Woods, managing director with Southfield-based **Signature Associates**.

Stepping back, Liesveld said, suppliers need to be cautious with just how much space they wind up giving up, because they might need it again.

"At some point, the automakers just have to return to profitability," he said. "And depending on what form these companies take, there has to be a need for office space, dynamometer pits and R&D facilities. At some point, God willing, that space will be needed again."

**Daniel Duggan: (313) 446-0414, dduggan@crain.com; Ryan Beene: (313) 446-0315, rbeene@crain.com**

# Kauffman: Initiative aims to create 400 businesses

■ From Page 1

he said.

The foundation is also entrepreneurial itself, adapting its training to each community's needs, Egner said.

"This is the first step by NEI, the Kauffman Foundation and multiple partners...to rediscover that innovative spirit" that put the region on the map 100 years ago, he said.

No other region has the depth of engineering and design talent, three tier-one research universities within 75 miles of each other, the most-crossed border crossing in North America, which leads to logistics, trade and homeland security entrepreneurial opportunities, an unparalleled work ethic and an ingrained spirit of innovation, Egner said.

Kauffman is coming to Detroit because it sees Southeastern Michigan "as potentially the most creative and entrepreneurial site on the planet," Egner said.

With an endowment of nearly \$2.1 billion, according to its Web site, the Kauffman Foundation is one of the largest foundations in the U.S. and regarded as the world's largest foundation devoted to entrepreneurship. It will become an 11th member in the New Economy Initiative, contributing expertise in entrepreneurial training.

Launched in 2007, the New Economy Initiative is funded by contributions from 10 local and national foundations: Detroit-based **Community Foundation for Southeast Michigan**, Southfield-based **Max M. and Marjorie S. Fisher Foundation**, New York-based **Ford Foundation**, Detroit-based **Hudson-Webber Foundation**, Battle Creek-based **W.K. Kellogg Foundation**, Miami-based **John S. and James L. Knight Foundation**, Troy-based **Kresge Foundation**, **McGregor Fund** in Detroit, Flint-based **Charles Stewart Mott Foundation** and **Skilman Foundation** in Detroit.

Egner said the expectation is

## Kauffman foundation grew from basement business

Ewing Kauffman started **Marion Labs** in 1950 as a fledgling pharmaceutical business initially housed in his basement and grew it into a \$1 billion-plus operation by the time he sold it to **Merrill Dow** in 1989.

Kauffman, who later bought the **Kansas City Royals**, founded the **Ewing Marion Kauffman Foundation** in 1966 as an operating foundation to support his belief that philanthropy should support entrepreneurship.

Shortly after his death in 1993 at the age of 76, the foundation shifted from operating program to making grants in the areas of education and entrepreneurship.

The foundation operated the **Kauffman Center for Entrepreneurial Leadership** from 1992 to 2002 to introduce students to entrepreneurship and provide training to existing entrepreneurs.

that up to 1,500 budding entrepreneurs will come to exploratory **FastTrac** meetings at **TechTown**

once dates are set, starting in June. Of those, about 800 are expected to enter the program and produce 400 startups annually, he said.

The project includes business accelerator organizations and a host of others.

To establish hundreds of new companies, "...we will utilize every resource — Wayne State, the **Henry Ford Health System**, **Wayne County**, the **University of Michigan**, **Ann Arbor Spark**, **Michigan State** and **Automation Alley**,"

It also established the **Kauffman Fellows** program to bring venture capital to the field, <http://entre-world.org> to serve as a credible, comprehensive source of information for entrepreneurs, and **FastTrac**, a national training program that has helped 300,000 budding business owners over the past 15 years.

In February, the foundation announced a \$1 million initiative — funded in part by the Minnesota-based **Deluxe Corp. Foundation** — to offer "FastTrac LaunchPad" entrepreneurial training programs in communities across the nation that have been hit hard by layoffs and the recession.

The first such program, aimed at providing rapid training to both the unemployed and entrepreneurs leading struggling businesses, began in New York in March.

— **Sherri Begin**

Randal Charlton, **TechTown's** executive director, said Friday.

"The details have yet to be worked out, but the building blocks are in place and the work starts tomorrow."

"Carl Schramm, the CEO at the Kauffman Foundation, described what we are about to embark on as a unique experiment," Charlton said.

"We'll be basically doing triage. Maybe the engineers' skills will fit into clean tech. Some people might be funneled into **Bizdom U**. Some might be funneled into **TechTown's SmartStart** program," a six-month education-



Charlton

## 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 Chappelle, (313) 446-0402 or achappelle@crain.com  
**ASSISTANT MANAGING EDITOR/FOCUS** Jennette Smith, (313) 446-1622 or jsmith@crain.com  
**BUSINESS LIVES EDITOR** Michelle Darwish, (313) 446-1621 or mdarwish@crain.com  
**DEPUTY CHIEF** Gary Platek, (313) 446-0357 or gplatek@crain.com  
**ASSISTANT NEWS EDITOR** Jeff Johnston, (313) 446-1608 or jjohnston@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** Christine Lasek, (313) 446-0473, clasek@crain.com  
**WEB DESIGNER/PRODUCER** Ai-Ting Huang, (313) 446-0403, ahuang@crain.com  
**EDITORIAL SUPPORT** Roberta Reiff, (313) 446-0419, YehNica Crawford, (313) 446-0329  
**NEWSROOM** (313) 446-0329, FAX (313) 446-1687  
**TIP LINE** (313) 446-6766

### REPORTERS

**Ryan Beene:** Covers auto suppliers, steel, higher education. (313) 446-0315 or rbeene@crain.com  
**Daniel Duggan:** Covers retail, real estate and health care. (313) 446-0414 or dduggan@crain.com  
**Jay Greene:** Covers health care, insurance and the environment. (313) 446-0325 or jgreene@crain.com  
**Chad Halcom:** Covers law, non-automotive manufacturing, defense contracting and Oakland and Macomb counties. (313) 446-6796 or chahalcom@crain.com  
**Tom Henderson:** Covers banking, finance, technology and biotechnology. (313) 446-0337 or thenderson@crain.com  
**Nancy Kaffer:** Covers small business, the city of Detroit, Wayne County government. (313) 446-0412 or nkaffer@crain.com  
**Bill Shea:** Covers media, advertising and marketing, entertainment, the business of sports, and transportation. (313) 446-1626 or bshea@crain.com  
**Nathan Skid:** Multimedia reporter. Also covers the food industry. (313) 446-1654, nskid@crain.com  
**Sherri Begin Welch:** Covers nonprofits and services. (313) 446-1694 or swelch@crain.com

### LANSGING 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.

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