

CRAIN'S DETROIT BUSINESS

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2011 Mackinac Policy Conference

Remaking Michigan

Execs' prescription for state: Keep going forward, innovating

BY MATT GRYZAN

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MACKINAC ISLAND — At a panel discussion on what Michigan can do to foster its economic recovery, top officers of four successful companies headquartered in the state offered different laundry lists of what can be done to help Michigan regain its former status as an employment powerhouse.

But it all came out the same in the wash: act and innovate.

All four panelists — **Meijer Inc.** President Mark Murray, **MPI Research** Chairman and CEO William Parfet, **InStar Services Group LP** President and CEO Mark Davis and **GalaxE.Solutions** Chairman and CEO Tim Bryan — gave Gov. Rick Snyder high marks for setting priorities well in his first five months of office.

Murray applauded the February repeal of the item-pricing law, which required retailers to apply price tags on all the products, as an example of how Michigan is removing unwarranted regulations on commerce. Because Michigan was the only state that required item pricing among the five in which Meijer does business, rescinding the law allows his company and other retailers to keep prices lower for their customers, Murray said.

Meijer has just under 200 super-



Murray



Parfet



Davis



Bryan

stores/hypermarkets, about half of which are in Michigan.

And although Meijer may end up paying more in taxes, Murray said he approved of Snyder's repeal of the universally reviled Michigan Business Tax. The levy, which he said amounted to double taxation on many companies, weakened midsize and small businesses, which are job-growth engines.

All told, the panelists liked the monthly hit list that Snyder ticked off before the panel discussion started Wednesday in the Grand Hotel:

- January: economic growth and development.
- February: budget and tax reform.
- March: government reform.
- April: educational reform.
- May: passing a budget.
- June: international trade and a new bridge between Windsor and Detroit.
- September: health and well-

ness.

■ October: infrastructure and intellectual property.

■ November: talent.

And the panel — moderated by Sandra Pierce, president and CEO of **Charter One**-Michigan midwest region — was unanimous in its view that Michigan has tremendous potential, where even its troubles can serve as opportunities. The panelists gave personal accounts to the audience of more than 700 to back up the assertion.

Bryan said GalaxE.Solutions relies on attracting young IT workers who are often drawn to urban living, and Detroit has remarkably affordable housing compared with other cities its size. GalaxE.Solutions designs, develops and installs applications that run securely over internal networks and the Internet.

"Before January 2010, I never set foot in the state of Michigan," Bryan said. "I came here because I saw a tremendous business oppor-

tunity in Detroit ... to create a cluster of IT businesses that includes Compuware and Quicken Loans and offers an alternative to going offshore.”

Since locating in Detroit, GalaxE.Solutions has hired 120 people to fill a variety of positions including some top executive spots. Bryan said he hopes the company grows to total employment of 500 in the next four years.

When he moved from Colorado to Michigan about 10 years ago, Davis said he heard what amounted to condolences from Michigan natives on his change in residence. But that somewhat prevalent attitude can change by recognizing the huge potential in Michigan, he said.

Davis moved InStar, a provider of disaster recovery services with annual revenue of about \$100 million, from Dallas to Detroit last year. InStar has 22 offices in U.S. cities and completed three acquisitions over the past 18 months. The company has participated in recovery operations after natural disasters in places such as Joplin, Mo., and Tuscaloosa, Ala., both of which were hit by deadly tornadoes during the past two months.

Davis said the new administration in Lansing is appropriately stating that some problems have reached crisis proportions — but also has offered courses of action instead of accepting the status quo.

One world-class asset of Michigan is its system supporting the commercialization of new pharmaceuticals, Parfet said. He said Michigan and resources in surrounding states make up one of the best geographic areas of the world for contract research and commercialization of new drugs.

MPI Research, based in Mat-tawan west of Kalamazoo, serves more than 650 companies globally in drug testing research.

Countries such as Brazil, India

and China may have lower-cost labor, but they don't possess the know-how and infrastructure that Michigan has accumulated over decades of pharmaceutical manufacturing by **Pfizer Inc.** and others.

“We have an unbelievable opportunity to build in this know-how, and we can literally beat anyone in the world” on the systematic approach by biomedical and research companies to speed the commercialization of drug introductions, Parfet said.

“I figured five years ago that the future for a company like ours was going to be in China ... so I opened up a 400,000-square-foot laboratory with a Chinese company, and we put our shingle up,” he said. “One year went by and the results were so subpar that on a cost basis it is a lot cheaper to do drug developing in Michigan than it is in Shanghai.”

Parfet and Murray both said they see a sore need for finding efficiencies in the cooperation between local units of governments.

“I sleep in one jurisdiction; I work in another jurisdiction. If I eat out, I eat in another jurisdiction. If I shop, I shop in another,” Murray said. “I live in the greater Grand Rapids area, and I don't live in any one of these particular jurisdictions. Most of us live in multiple jurisdictions, and they are a mishmash.”

Parfet said the size of local units of government needs to be revised based on modern concepts. When the boundaries of the 83 counties in Michigan were drawn up in the early 1800s, they were sized roughly by how far a person could travel on horseback in a day. Now there may be as many as 6,500 units of government in the state.

Said Parfet: “We are overmanaged, and we don't need that.”

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