

# CRAIN'S DETROIT BUSINESS

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## **2010 BOOK OF LISTS: 10 things to remember**

By Andy Chapelle

### **1. The stalled economy**

Michigan economist said 2009 was “like standing at the edge of the abyss and wondering how far you were going to fall.”

There were layoffs at many businesses, two Detroit 3 bankruptcies, federal bailouts, foreclosures and a credit crunch.

A June survey of 300 Michigan businesses by Lansing-based Epic-MRA found that nearly half of those expected the state economy to remain the same in 2010, with about 28 percent expecting it to get worse and 21 percent expecting it to get better.

### **2. Bankruptcies and clunkers**

When two of the Detroit 3 automakers filed Chapter 11 bankruptcy, there's was a big ripple. Workers were laid off, factories shuttered, suppliers went out of business and dealerships closed.

After months of living on government loans, Chrysler L.L.C., the nation's third largest car manufacturer, succumbed to bankruptcy in April.

In June, a battered General Motors Corp. filed for bankruptcy protection despite getting \$19.4 billion in federal help. It took another \$30 billion from the government to fund GM operations during reorganization.

Meanwhile, to give a boost to struggling automakers and dealerships, the federal government instituted a cash-for-clunkers program.

Officially called the Car Allowance Rebate System, the program was designed to spur new car sales.

Car owners were offered subsidies of up to \$4,500 for trading in old cars for new ones that got higher gas mileage.

### **3. At the ballot box ... it's Bing**

In a vote seen by many as a referendum on Detroit's future, Dave Bing came out the winner.

Bing took office in May then had to run in an August primary — and again in the Nov. 3

general election. He officially won a full four-year term as Detroit's mayor, defeating challenger Tom Barrow.

The former NBA playmaker showed he's not backing down from tough decisions.

In his first months on the job Bing laid off about 500 city workers, helped create a regional authority to manage Cobo Center, cut bus service, terminated union contracts, instituted 10 percent wage and benefits cuts for nonunion workers ... and asked labor unions to pony up with similar steps.

#### **4. Fresh air in City Hall**

Detroit's election results mean the city is no longer a running joke on YouTube.

In recent years, Detroit politics have been characterized by clashes between the mayor and the Detroit City Council, and among council members.

But Kwame Kilpatrick and Monica Conyers are gone.

Kilpatrick pleaded guilty to obstruction of justice, served 99 days in jail and moved to Texas. He was ordered to repay the city \$1 million, and as of December still owed more than \$900,000 and was in court trying to reduce his payment.

Meanwhile, the contentious Conyers has vacated her council seat and at press time awaited sentencing on bribery charges.

But with five new faces on the council, including a new Council President in Charles Pugh, a political newcomer, there's a new dynamic.

"It's so important that we realize the bottom line is ... about the city of Detroit and making the best decisions," Pugh said.

#### **5. Business in Lansing**

Michigan's businesses want spending reforms before they get hit with new tax increases. And they put Lansing on notice the status quo isn't acceptable.

But discussions in the Legislature continued to focus on short-term revenue solutions and broader tax restructuring, such as a tax on services.

Granholm did issue an executive order in May slicing \$304 million from the state's general fund budget. The cuts, when combined with federal stimulus money, were designed to plug a budget hole of about \$1.3 billion this year.

In September, frustration with Lansing spurred formation of Business Leaders for Michigan, a statewide group that includes 75 Michigan CEOs. At the top of the group's agenda is tax reform and cutting state spending.

#### **6. Credit crunch fallout**

When small-business owners can't gain access to credit, the state's economy suffers.

The Small Business Association's fiscal year ended with the number of loans made down 42 percent, and a 25 percent drop in dollars loaned compared with fiscal 2008. And even though the number of financial institutions making SBA-backed loans increased, from 104 in 2008 to 111 in 2009, large national banks have cut back, the SBA said.

## **7. Dwindling auto dealers**

As Detroit 3 automakers worked to reduce the number of dealers through consolidation, finding new uses for former auto dealerships became a growing industry for real estate brokers.

In April, General Motors Corp. announced it would force the closure of up to 1,200 dealerships in 18 months as part of a plan to reduce its dealership count to 3,605 by the end of 2010. At the beginning of 2009, GM had 6,273 U.S. dealerships, according to an annual census.

Chrysler also reduced its dealer count from 3,215 through its bankruptcy filing.

Among the 58 GM Michigan dealerships to be shut down were Audette Cadillac and Joe Ricci of Dearborn.

Frank Audette created the Troy Motor Mall in 1960 and married the daughter of Edward Fisher, one of the famous Fisher brothers involved with General Motors from its earliest days.

Ricci's Dodge dealership had been in operation for 30 years with \$50 million in sales and 50 employees.

## **8. Stop the presses**

Newspapers made news themselves in 2009.

There were stories on cutbacks, layoffs, unpaid furloughs and precipitous drops in circulation and advertising revenue.

Five Michigan cities lost daily print newspapers this year: Detroit, Ann Arbor, Flint, Saginaw and Bay City.

In February, the Journal Register Co., owner of *The Oakland Press*, *The Macomb Daily*, *The Royal Oak Tribune* and other newspapers, filed for Chapter 11 protection.

Advance Publications Inc. closed *The Ann Arbor News* in July and replaced it with a new online product and a twice-a-week publication.

And in Detroit, the Gannett-owned partnership that manages the joint business operations of the *Free Press* and *The Detroit News* announced a shift to thrice-weekly home delivery beginning March 30.

To fill the news gap, brothers Mark and Gary Stern launched Detroit's newest daily

newspaper, *The Detroit Daily Press*, in November but had to suspend publication because of distribution problems and a lack of advertising.

## 9. Detroit sports milestones

Detroit played host to the NCAA Final Four men's basketball game in April at Ford Field.

It was a day trip for Spartan fans who watched Tom Izzo and his team come up short against North Carolina.

In Ann Arbor, University of Michigan Head Football Coach Rich Rodriguez was in the hot seat and spending his second holiday season at home while Athletic Director Bill Martin headed into the final year of his career.

The Detroit Tigers blew a seven-game September lead to finish second in the AL Central Division and one-half game out of the playoffs.

The Red Wings came up a game short in the 2009 Stanley Cup finals against Sidney Crosby and the Pittsburgh Penguins.

The Detroit Lions got a new coach in Jim Schwartz and No.1 National Football League draft pick in quarterback Matthew Stafford but still couldn't climb out of last place in the NFC's North Division.

And Detroit mourned the March 13 death of philanthropist Bill Davidson, owner of the Detroit Pistons and founder of Guardian Industries Corp.

## 10. National summit in Motown

It was ambitious and risky, but the **Detroit Economic Club** and its CEO Beth Chappell forged ahead even though the venerable institution was strapped for cash and facing an operating deficit.

The result was a three-day **National Summit** in Detroit that attracted more than 1,700 people each day and 90 C-level speakers, including U.S. Commerce Secretary Gary Locke, who spoke at the event.

While attendance fell short of expectations, the goal was worthy. CEOs and attendees at the summit were asked for innovative responses to the recession and their ideas for national strategies and policies — on everything from manufacturing to energy.

The event was co-chaired by Bill Ford, executive chairman of the **Ford Motor Co.**, and Andrew Liveris, chairman of **Dow Chemical Co.**

Ideas from the summit were to be part of a to-do list for the Obama administration.