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# CRAIN'S DETROIT BUSINESS

## Entrepreneurial hotbeds

Study cites Ann Arbor, Auburn Hills, Troy, Wixom

By Sherri Begin

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Ann Arbor, Auburn Hills, Troy and Wixom are local leaders in attracting and retaining entrepreneurial companies, according to a study due out this week from the **University of Michigan-Dearborn**. Advertisement

The university plans to post the best practices the cities employ in those efforts and other results of its inaugural Entrepreneurial Cities Index, which looked at 14 cities in Macomb, Oakland, Washtenaw and Wayne counties, on its Web site at [www.umd.umich.edu](http://www.umd.umich.edu) on Thursday.

In September, UM-Dearborn plans to launch a link to the site so that other Michigan cities can enter their own data to benchmark themselves against the best practices and to participate in upcoming studies.

It hopes to expand participation in next year's study to 50 to 60 Michigan communities and to name the top 10 employing best practices in 2008.

"What we hope to do is build a body of knowledge that we can share with communities across the state so they can adopt these best practices themselves," said Kim Schatzel, director of the **Center for Innovation Research** at the UM-Dearborn School of Management.

The study focuses on best practices in entrepreneur attraction and retention because that is where job growth is, Schatzel said. According to the **Department of Labor**, small or entrepreneurial firms added 12.3 million jobs nationally in 2006, while large firms had job losses of 6.1 million, she said.

"Entrepreneurial firms are really the engine that drives job creation," Schatzel said. "If we set a climate up to attract them, they'll find it."

A number of business schools around the country have done studies assisting communities with economic development, "but never of this magnitude and never one where they allow the next step to be taken with the creation of this Web site," said Arthur Kraft, dean of the George L. Argyros School of Business and Economics at **Chapman University** in Orange, Calif., and chairman of the Tampa-based **Association to Advance Collegiate Schools of**

## **Business International.**

The UM-Dearborn study is valuable because "it's unbiased ... and it comes up with some very interesting data points that communities can act on and start focusing on in a very deliberate way," he said.

Given that Michigan cities will be able to benchmark and enter their data free of charge, "even small towns could find somebody to gather the data and compare the data on the Web site and draw some conclusions," Kraft said.

Through reviews of public records, the UM-Dearborn center assembled an index to measure entrepreneurial activity based on six factors for each community: clustering or critical mass of an industry or industries, tax incentives, economic growth in terms of commercial building activity and property values, local policies such as the existence of a downtown development authority and brownfield redevelopment credits, the community's crime rates and the education rates of its residents.

After it collected the data on each city, the center asked the leaders in the top-10 cities select questions such as what the local governments do to attract and maintain entrepreneurial growth, what policies and internal procedures are critical to the process, their views on the role of partnerships in local economic development and how they marketed their community to prospective entrepreneurial firms, Schatzel said.

"There's real value in the sharing of knowledge and experiences and the discussion of what works well," said Michael Shore, chief communications officer at the **Michigan Economic Development Corp.**

The leading cities in the study "work economic development very, very aggressively," he said.

"I think these communities obviously can show not only other communities but economic developers how to go about the business of economic development."

Looking at best practices on the community level rather than the regional or state level "is particularly good because that's where something can be done about it," said Ken Morse, managing director, **MIT Entrepreneurship Center.**

"If you don't measure it, you can't fix it," he said.

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## The winners

The **University of Michigan-Dearborn** plans to honor the top local cities in attracting and retaining entrepreneurs at a March 22 ceremony on its campus.

This year's honorees and some of their best practices as identified by the university's inaugural study are:

- **Ann Arbor:** Uses many public-private partnerships. Markets itself nationally and provides high levels of support to startups.
- **Auburn Hills:** Five percent of commercial parcels have received some sort of tax abatement, the highest proportion among communities in the study. Has only residential and nonresidential zoning, giving it a broad degree of flexibility on new projects. Also expedites development and permit processes to meet company schedules.
- **Troy:** Works to develop relationships with resident and potential businesses, calling on them to identify their concerns and issues and to congratulate them on successes. Worked with **Moody's Investors Service Inc.**, **Standard & Poor's** and **Comerica Inc.** to gain a better understanding of economic conditions and how they can better assist companies.
- **Wixom:** Gives initial site-plan approval in one planning commission meeting and complete approval can be granted in one to six months. Offers free wireless service, which helps entrepreneurial firms that operate from a Web-based platform.

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