

JOEY AGREE | GRADY BURNETT | ARETHA FRANKLIN | JIM HILLER | ROGER PENSKE

Tooles Time

CONTRACTOR DAMON TOOLES IS REBUILDING DETROIT, WHILE PLACING HIS BETS ON A LAS VEGAS EXPANSION

A few years back, Damon Tooles was working as a stockbroker and commodities trader in Southfield when, “through a quirk,” he met Detroit developer Dwight Belyue. “The next thing I know, I’m in the construction business helping Dwight on some of his projects,” recalls Tooles, president and CEO of Tooles Contracting Group, located in the Guardian Building in downtown Detroit. “Now we’re looking at \$52 million in contracted work this year (up from \$12.5 million in 2006).”

In the spring, Tooles is slated to start construction on Atwater Lofts, a \$196-million residential project along the Detroit River east of the Renaissance Center. The first phase of 224 condos is scheduled to open next year. With business, civic, and foundation leaders investing close to \$1 billion to spruce up the east riverfront, Belyue believes he’s at the cusp of a revival. “Damon has brought in some solid partners, and the city and groups like the Detroit Riverfront Conservancy are adding civic improvements,” says Belyue, president of Belmar Development Group in Detroit. “That provides a lot of confidence to investors.”

Tooles recently partnered with Commercial Contracting Group, a large construction firm in Auburn Hills, to diversify his services (Tooles is a 51-percent owner). With more than 60 years of experience, Commercial Contracting Group was formed in 1942 to help General Motors Corp. convert its automotive factories into armament plants to support the war effort. The company now services such industries as food processing, aviation, pharmaceutical, and manufacturing.

In recent months, Tooles and partners Michael and Bill Pettibone, owners of Commercial Contracting Group, opened an office in Las Vegas. “Our goal is to land some construction projects, whether it be power, energy, or municipal endeavors,” Tooles says. The Detroit native adds that Tooles Contracting Group has in excess of \$100 million in bonding capacity. “One of the biggest challenges is finding the right people to hire in Detroit and Las Vegas,” he says. “I’ve learned that your reputation rides with every employee, so you have to be careful.” —R.J. King



BRAD ZIEGLER

The China Syndrome

THANKS TO RISING WAGES AND GROWING TURNOVER IN INDIA, A PLYMOUTH OUTSOURCING COMPANY IS BLAZING A TRAIL TO CHINA BY ALEXA STANARD

A company that got its start in an Ann Arbor basement nine years ago is now at the forefront of a global trend toward outsourcing back-office support to China.

CompuPacific International (CPI), now based in Plymouth, was founded by Michael Liu, a Chinese-American who believes that China is well-positioned to give India a run for its money in the global offshoring market. China's low wages, glut of highly educated workers, and emerging infrastructure make it appealing to companies who are looking to diversify their vendors and who are also concerned about India's rising salaries and high turnover rates.

"Everybody understands India is a hugely successful story for global outsourcing," Liu says. "China is catching up."

Though India continues to dominate the market, the heavy concentration of outsourced technology and back-office

work there means that workers have had abundant opportunities, leading to higher wages and turnover. Coupled with the languid pace of the Indian government's decision-making and an outdated infrastructure that can torpedo quick-turnaround jobs, many companies are seeing China as an attractive offshore alternative.

"We've put so much work into India, I think we've saturated the market," says David Cole, chairman of the Center for Automotive Research in Ann Arbor. "China's now stepping up and filling some of that void."

The Chinese government is aggressively pursuing a

greater share of the business-process outsourcing market, and recently announced a plan to invest \$600 million over the next five years into 10 cities to help them lure international business. A recent report by research firm Gartner predicted that China will be a "formidable force" in the global IT and BOP (business process outsourcing) markets by 2009.

Key to CPI's growth, Liu says, is its ability to provide customers with an ever-growing range of services. "We started doing IT outsourcing out of my basement," he says. "What we learned is: Find an entry point to lock in the customer and then climb the value chain. Basically, if you cannot climb the value chain, sooner or later you're a commodity. Everyone can do it."

CPI's customers typically deal with the half-dozen Plymouth-based employees, which helps offset the one area where

Gartner says China still lags far behind India: English fluency.

"We never interface directly with folks in China," says Brian Kunka, vice president of operations at CASNET Inc., a document imaging and scanning company in Akron, Ohio. "Being able to speak to [CPI staff] ... stateside — that's one of the advantages they definitely have. We call them up with some hare-brained scheme ... and they'll find a way to make it work."

CPI expects to pull in more than \$3 million in revenue this year, and Liu foresees rapid growth in the next five years: "I'm not saying China is going to catch up with India," he says. "However, India's situation is giving China a lot of opportunity." **db**

Wage Scale

Lower wages in India and China have contributed to employment outsourcing from the United States (wage figures are monthly).

	Data-entry clerks	Entry-level programmers
United States	\$2,075	\$3,115
India	\$185	\$500
China	\$125	\$300

SOURCE: BUREAU OF LABOR STATISTICS, TEMASYS INTERNATIONAL



Rock Party

When mortgage provider Quicken Loans/Rock Financial in Livonia needed a "memorable" Christmas party last year, it hired event producers Pulse 220 in Southfield to bring in a musical artist with instant name-recognition among employees — Kid Rock. The trick was keeping things quiet prior to the rock star's appearance at Detroit's Marriott Hotel. "We wanted to surprise the Rock Financial workers because we felt it would be something they would recall forever," says Pulse 220's president and CEO, Craig Erlich. Prior to Kid Rock's set, Pulse 220 created two party scenes — Insomniac Lounge and Dream Land — for the more than 4,000 Rock employees. "These guys develop an experience," says Dan Gilbert, chairman of Quicken Loans and majority owner of the Cleveland Cavaliers. Pulse 220 also created party pads for Gatorade during the 2007 Super Bowl in Miami, and works with other clients like Comerica Bank. **db** —R.J. King

Jack vs. Roger: Who's Team Will Reign Supreme in 2007?

ROUSH RACING	2006 RANKING	DRIVER	2007 ODDS
	13	Greg Biffle	15-1
	12	Carl Edwards	15-1
	2	Matt Kenseth	8-1
	25	Jamie McMurray	40-1
	63	David Ragan	4-1*

2006 RANKING	DRIVER	2007 ODDS	PENSKE RACING
16	Kurt Busch	20-1	
18	Ryan Newman	35-1	
2006 INDY 500 RESULTS			
25	Helio Castroneves		
1	Sam Hornish Jr.		

Source: World Sports Exchange. *Odds for 2007 Rookie of the Year.

PDA Q&A

THE E-INTERVIEW

JIM HILLER

President, Hiller's Market,
Southfield, Mich.



DB: Where are you?

JH: I'm in Tel Aviv, and it's seven hours ahead of Detroit.

DB: What brings you to Israel?

JH: I'm working to find businesses that will provide jobs and sustain a living for families in [Galilee's Alley] in order to permit Jews to live there ... The other area I'm looking at is real estate in Tel Aviv, in some of the older neighborhoods — reconstructing some of the old residences.

DB: What communication device are you using?

JH: I use a BlackBerry Pearl — the smallest BlackBerry device. I chose it because it's a great cell phone and a pretty good PDA.

DB: How many e-mails daily?

JH: On an average day, I receive 70 to 100 e-mails.

DB: How much time do you spend on the road?

JH: I probably travel about a week out of every month. It's often a combination of business and pleasure.

DB: Where else have you traveled recently?

JH: Israel, England, Bahamas, and the Caribbean, to name a few ... Recently I went to New York to visit kosher food manufacturers. I also visited a ranch in Colorado called Creekstone Farms that breeds and raises very high-quality beef.

DB: What's happening locally with your markets?

JH: I have a store that we're building in South Lyon, and we've also brought on Rick Halberg as director of culinary services. [He] was the owner and head chef of Emily's in Northville. We're working ... to offer expanded ethnic foods [in our six stores] — a lot of Korean items and Eastern European items. We're also working at building a whole stable of foods that are trans-fat-free. **db**

The Agree Touch

HOUSING FALLOFF HASN'T TROUBLED RETAIL DEVELOPERS BY R.J. KING

While the region's housing market struggles, retail development companies like Agree Realty Corp. in Farmington Hills have seen revenue grow year after year. "A lot of retailers are still catching up to the residential growth in Michigan over the last three to five years," says Executive Vice President Joey Agree. "If we have a Wal-Mart lease on the moon, we'll build it."

Real-estate-investment trusts like Agree Realty (such public companies receive special tax considerations) have been a favorite on Wall Street. Even some of the worst real-estate funds delivered twice as much as the average stock fund in the United States last year. While the Standard & Poor's 500 stock index rose about 13 percent in 2006, the MSCI U.S. REIT Index jumped more than 30 percent. A recent flurry of mergers and acquisitions within the REIT sector have helped drive growth, but that doesn't interest companies like Agree Realty, which prefer to focus on new leases to generate profits. "Development is our vehicle for measured growth," says Agree, 28. "We feel it offers a greater return than the acquisition market."

In response to rising demand for luxury goods, financial services, and discount items, Agree Realty has been building retail centers at break-neck speed. The company recently opened an office in Atlanta to scout opportunities in the southeast, while adding to its 60 properties in 14 states. "We work with Walgreens, Best Buy, Circuit City, Sears, and J.C. Penney, as well as a number of other national retailers," Agree says. "We also own a number of Borders Books and Music locations, including

the flagship store and corporate headquarters in Ann Arbor."

The company's stock price reflects its growth. Where five years ago, the company's stock traded for around \$14 a share, it has since climbed to more than \$34 a share, as of mid-February (NYSE: ADC). Revenue has also made a steady march during the same period. Agree's father, Richard Agree, founded the company in 1971 and took it public in 1993. The company long maintained a low profile, but since going public it has started to make some noise. "My father has never been one to brag," Joey says, "but at the same time, we need to let our shareholders and potential investors know that we're growing."

According to the National Research Bureau, Michigan still trails the nation in a key statistic: the amount of retail space per person. The national average is 20.53 square feet per person, while Michigan checks in at 15.30. "We'll be busy in our hometown for some time," Agree says. **db**

“If we have a Wal-Mart lease on the moon, we’ll build it.”

—Joey Agree



The Google Ace

he year was 1997, and for Grady Burnett, the future was uncertain. The University of Michigan alum had just come off a two-year pro tennis tour that took him around the world, from Dubai to El Salvador.

Realizing a win at Wimbledon wasn't in the cards, he attacked the fledgling technology sector, after reading a feature story in a U-M alumni magazine about DoubleClick, an early Internet advertising firm co-founded by another Michigan grad. The company was a forerunner to global search-engine giant Google. A few interviews later, he joined DoubleClick in various sales roles, first in San Francisco, and ultimately, at the company's New York headquarters, where he managed a nationwide sales team.

The son of a serial entrepreneur who founded numerous technology-based companies, Burnett, 33, was no stranger to the fast-paced tech industry. His childhood was spent in California's Bay Area, just south of San Francisco. "My passion for media and technology [ultimately] led me to Google, which I believe is the epicenter of that world," he says.

When the decision was made in early 2006 to relocate Google's advertising division, known as Adwords, to the Ann Arbor area, Burnett was hand-picked to lead the expansion. "It's nice when you make what you feel is a very strong business decision for you and your company, and it's validated by hiring so many great people and by experiencing such a great reception from the community as a whole," Burnett says. "It [also] helps that our founder, Larry Page, grew up in Lansing and went to U-M and understands first-hand ... how strong the people of Michigan can be."

Today, Burnett oversees the rapid expansion of Adwords' Ann Arbor offices, a facility that's expected to bring up to 1,000 jobs to Michigan within the next four years — a goal he fully expects to achieve. To accommodate the rapid growth (more than 50 people have been hired so far), Burnett will move his team shortly to McKinley Towne Center, a facility similar in design to Google's Mountain View headquarters — think open spaces with enough room for people to group together, collaborate, and make lots of money. db

GRADY BURNETT IS SERVING UP JOBS AT THE HOT SEARCH-ENGINE GIANT WHILE MAKING PLANS FOR A NEW HEADQUARTERS IN ANN ARBOR BY ALEX SOUTHERN

Since opening at \$85 a share in August 2004, Google's stock price has soared to over \$460 as of mid-February. Grady Burnett oversees Adwords, the company's advertising division responsible for the majority of overall revenue.

London Calling

CHAMPION ENTERPRISES INC. IS TAKING MODULAR HOME CONSTRUCTION TO NEW HEIGHTS BY MARCO EADIE



There's double-decker news in Auburn Hills. Champion Enterprises Inc., a global leader of modular-home construction, has turned the corner on financial and supply problems stemming from its 2003 restructuring. That's helping to fuel a move into pre-assembled, high-rise construction in the United States, via London. Last spring, Champion acquired Caledonian

Building Systems in the United Kingdom, a leader in prefabricated building systems. Since its founding in 2003, Caledonian has built modular hotels, medical facilities, and most recently, its first high-rise residential structure. Now Champion wants to bring that expertise to the United States.

One notable Champion project is an 18-story, 577-apartment tower near London. "All modules were constructed like little steel-framed shoeboxes, only taking about 10 weeks to install," says Chairman, President, and CEO William Griffiths. "Speed is significant in cutting cost in a project." The new building system is more than twice as fast as conventional construction methods.

Champion offers financial strength and long-term security for Caledonian. The new financial backing — terms of the deal were not disclosed — should pump up sales for Champion, which reported \$1.4 billion in revenue in 2006, up from \$1.3 billion in 2005. During the same period, net income jumped to \$138.3 million, up from \$37.8 million. As for the United States, Griffiths says that Champion has been looking for a place to develop a landmark high-rise project and sees Detroit and other urban districts as qualified locations.

Since 1953, Champion has been specializing in off-site construction for the U.S. and Canadian markets. Most recently, the company won a contract to build up to 300 modular homes in the Mississippi Gulf Coast area that was affected by Hurricane Katrina. It's also started offering upgraded kitchens and master suites to better compete with traditional home builders.

That's a big improvement from a few years ago, when Champion found itself with too many workers and production centers. The comeback was led by Al Koch, vice chairman and managing director of AlixPartners, a corporate turnaround and financial advisory firm in Southfield.

Overall, the modular-home market is drawing some popular buyers of late. For example, race car driver Dale Earnhardt Jr. owns a \$90,000, two-story modular home in the Carolinas, complete with a backyard pool and a private go-cart track. **db**

PIMPING CELEBRITY RIDES WITH FUNKMASTER FLEX

THE HIGH-OCTANE DESIGNER GIVES MUSCLE TO LOCAL LUMINARIES BY CARRIE HALL



How would you customize a vehicle for:

Eminem / Musical Artist



It would be a 1970 Ford Torino, candy green with beige interior.



Aretha Franklin / Queen of Soul



A 1970 Buick Electra, candy burnt orange. It was so distinctive, you could see the tail lights from five blocks away.



Rick Wagoner / GM Chairman



I would customize a '66 GTO. Also, I would customize a 2007 Mustang so he can have a muscle car now and not wait two years for the new Camaro.



Bill Ford / Ford Chairman



I would customize a red, super horsepower 2007 Mustang. Red is his color. Red with white stripes and some serious muscle.



Anita Baker / Musical Artist



A '68 Ford Fairlane, candy gold with black interior and light tan trim.

