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Michigan: Building on the shoulders of giants

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The best social program in the world is a well-paying job with health care benefits and a retirement program.

- Ewing Kauffman

Michigan has led the world in the creation of both great companies and tremendous wealth. Through this creation, some of the nation's most significant charitable foundations, including the Kresge, Mott, Ford and Kellogg Foundations, have been established.

During the second half of the 20th century, as the economy of Michigan raced forward, the charitable foundations were able to amass great wealth while focusing on both a domestic and international policy of social spending that concerned itself with the results of poverty.

As the 21st century dawns, it finds a very different Michigan. It finds a state with a declining quality of life and a greater separation between the wealthy and the poor than may have ever existed.

The Michigan economy continues to lose not only jobs but also companies and their headquarters, which equates to the loss of the ability to create real, substantial wealth. It is this real, substantial wealth that is needed to not only stabilize the middle-class economy in Michigan but also provide the level of wealth that can establish the foundations of the next century.

The question on the minds of those committed to redefining Michigan's economy is how the current assets in Michigan can be deployed to reinvent a modern, thriving economy for the 21st century.

The state of Michigan has committed nearly \$2 billion over the next decade toward nurturing key growth sectors of the new economy. While \$2 billion is certainly a significant investment, it simply is not enough.

The reinvention of Michigan will require not only governmental intervention but also a commitment by business and the state's charitable foundations.

Through a commitment by the foundation community to direct its combined resources toward an effort of creating wealth and employment, only then will Michigan be in a position to rise from the ashes of her past. This focal point was the life's work of Ewing Kauffman, one of this nation's great philanthropists, who, as I've noted in earlier columns, said simply: "The best social program in the world is a well-paying job with health care benefits and a retirement program."

This goal of a renewed, sustainable economic model of Michigan can be augmented by the state's foundations, through a simple, focused approach to the investment and placement of funds that serve as a catalyst for growing primary employment in Michigan.

These investments should be made in areas that are building upon our local, regional and state strengths instead of attempting to remediate deficiencies or to provide hospice services to segments of our economy that no longer have the ability to maintain viability.

Key areas of focus must include:

1. Distribution of funds that can be used to develop the physical infrastructure required of our new economy through both low-interest loans and grants.
2. Placement of foundation investments with venture funds that are exclusively focused on the funding of companies that are in or will locate to Michigan.
3. Deployment of capital to enable the transition of traditional manufacturers to value-added manufacturing.
4. Financial, technological and intellectual support of proven job- and wealth-focused economic development corporations.
5. Creation of community-managed investment pools, modeled on the Kauffman theory, foundations and angel-investment programs.

These five steps, when combined with the state of Michigan's economic funding, real taxation reform, a private sector commitment of both capital and job creation and strategic economic development activities, will ensure the reinvigoration and sustainability of Michigan's economy for the 21st century.

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