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Home Opinion Columnists Daniel Howes

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Howes: Bill Ford bets on Michigan know-how



Auto exec to urge state to take lead in being the Silicon Valley of urban transportation

DANIEL HOWES 0 COMMENTS

Mackinac Island

Bill Ford Jr. has a vision.

The state that helped put the world on wheels is primed to do it again — and help rebuild its battered economy — if Michigan business seizes the opportunity embedded in its manufacturing heritage and begins fostering diverse technological answers to looming challenges of urban mobility.

"We're going to need lots of technology to solve those problems and there's no reason they can't be developed in Michigan," the executive chairman of Ford Motor Co. said in an interview in advance of his appearance today at the Detroit Regional Chamber's Mackinac Policy Conference. "It's not as if we're starting from scratch."

True enough. By mid-century, as many as 4 billion vehicles are expected to be plying the world's roads, four times as many as today. And the global population is expected to swell to 9 billion from 7 billion today, with much of the growth clustered around urban centers.

Ford is expected to call for the state to eliminate the personal property tax, to urge investment in upgrading the state's electrical grid, to advocate for improvements to the state's venture-capital infrastructure and to warn against complacency now that the hometown auto industry clearly is on the mend.

With more engineers per capita than any state in the nation, demonstrated capability in manufacturing, millions of established customers around the world and a trio of world-class research universities in its backyard, the Detroit-based auto industry has the makings to build what Ford calls the "Silicon Valley of urban mobility" in a New Michigan.

California start-ups with names like Tesla and Fisker, two pricey pioneers in the electric car game, are learning the hard way that manufacturing technology-intensive cars with quality, speed and low cost is harder than their business plans anticipated. Maybe Detroit really does know a thing or two about the car business.

"It's really not a 'green' issue at all," Ford said, namely the basket of challenges tied to alternative propulsion technologies and tougher federal fuel economy standards. "It's really a much more fundamental problem called 'how are we going to move people in a crowded world.'"

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Michigan has "got to be seen as a very pro-new technology ... and very pro-business climate" that lures venture capital, tolerates failure and celebrates success. "We've got a lot of catching up to do relative to Silicon Valley."

It won't be easy or quick, and the hotshots in northern California, Boston and Austin aren't likely to cede willingly their commanding position atop the tech heap. Still, the payoffs to Michigan in terms of job creation, capital investment and image, to name three, could help change the way the epicenter of the alleged Rust Belt is perceived by investors, consumers and young talent looking for a place to live, play, work and make a difference.

Ford Motor is doing its part. The Dearborn automaker is expected to announce today the creation of Motor City Innovation Exchange, a collaboration between Ford, TechShop Detroit, AutoHarvest and TechTown to support entrepreneurship. And Ford is in the process of opening an office in Silicon Valley that will be tasked with deepening ties between headquarters and developers of promising technologies that could be deployed in future generations of Blue Oval vehicles.

"Our role is to be very close to these young companies and then be early adopters — if it's appropriate — of these new technologies," he said. "Failure out there is not seen as a stigma. It still is to a large extent here in Michigan."

Losing that won't be easy, either. But if the pain of Michigan's "Lost Decade" punctuated by its own automotive collapse should have taught people here anything, it's that clinging to broken business models and old cultural ways long after they've ceased being useful is a particularly insidious form of insanity.

In other words, to become the Silicon Valley of urban mobility, Michigan's 21st-century business climate needs to leverage its legacy of engineering, manufacturing and design and emulate the cultural tics that produced Apple and Intel or the ideas that spawned Facebook or the (still uncertain) risk-taking that produced Elon Musk's Tesla.

"Yes, we have the ability to do that," Chip McClure, chairman of Troy-based Meritor Inc. and chairman of the Detroit Regional Chamber, said in an interview here. "There's more of a willingness to say yes and make investments. Technical competency is second to none."

The time is right, too. The state's Big Three universities — Michigan, Michigan State and Wayne State — performed \$300 million in research on more than 1,400 auto projects and produce 3,600 graduates annually in "auto-ready" disciplines, according to a new study conducted by the East Lansing-based Anderson Economic Group and issued here by the University Research Corridor.

And the rising cost of manufacturing in China is likely to begin driving a "reshoring" of manufacturing jobs and investment back to the United States, according to a new study by the Boston Consulting Group. The proposed upside: An estimated three million jobs and \$100 billion in annual output would be added to the U.S. economy.

All of that spells opportunity to be seized by someplace. Why not the Big Mitten?

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Daniel Howes' column runs Tuesdays, Thursdays and Fridays.

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