

Metro Detroit at less risk for job loss from automation

By Dustin Walsh
dwalsh@crain.com

Despite a large manufacturing sector, jobs in metro Detroit are less at risk for being automated than many other major cities.

Jobs in sectors such as office administration, production, transportation and food preparation services are, predictably, the highest risk for automation, but metro Detroit and Michigan fare better in not losing jobs to robotics and software than communities in Ohio, Indiana, Kentucky and elsewhere, according to a recent report by Washington D.C.-based Brookings Institute.

Why? Michigan was ground zero for the original automation boom in the 1980s and globalization, particularly its car factories, and since the Great Recession, the state and its largest city have worked to diversify, said Mark Muro, senior fellow, policy director of Brookings' metropolitan policy program unit and lead author of the study.

"Michigan and Detroit were really hard hit with middle-skill jobs replacement years ago," Muro said. "The professional and digital services sector of its economy has been drifting up, so it's more safe than it was 20 years ago."

But that doesn't mean a rosy outlook for jobs, Muro points out, as 25.6 percent of jobs in the state are considered a "high risk" for automation, ranking 21st for most at-risk jobs, by 2030, according to the Brookings research. Indiana is most at risk with 29 percent of jobs categorized as high-risk. Most of these are routine, low-

Need to know

■ Study: 640,000 jobs in metro Detroit alone at high risk for automation by 2030

■ Brookings study found that men will be more negatively impacted than women

■ Researchers urge governments to take action now to lessen impact

skilled jobs.

Metro Detroit ranks 57th in the U.S. with the highest automation potential — with only 24.7 percent of jobs facing the high-risk of automation. While that figure is lower than metro Milwaukee (24.6 percent), Grand Rapids (28.3 percent) and the city with the highest-risk for automation, Toledo, Ohio (29.7 percent), that still means more than 640,000 jobs are at high risk of being automated between now and 2030, according to Brookings.

"The places that didn't adjust well to the first round of automation and globalization are now confronted with the next generation of automation and artificial intelligence," Muro said.

Brookings urges legislators to recognize automation as a threat to the workforce. The impacts could exacerbate income and race inequality, Muro said.

The Brookings study found that men will be more negatively impacted than women due to automation. Men make up over 70 percent of production occupations, over 80 percent of transportation occupations, and over 90 percent of construction and installation occupations, which are all occupations with a higher likelihood of

being automated. By contrast, women make up more than 70 percent of the labor force categorized by the study as safer occupations from automation, such as health care, personal services and education occupations.

But automation also has a more pronounced impact on the Hispanic, Native American and black communities, according to the study. For example, Hispanic workers account for 15.5 percent of the U.S. labor force but represent 32.6 percent of the construction and extraction industries, which face higher-than-average risk for automation.

"While the technology is everywhere, the impact will be uneven among the demographics," Muro said. "If we aren't careful, we could exacerbate the many divides we already have in this nation."

Brookings urges the federal, state and local governments to adopt policy changes to make the impact of continued automation less onerous on citizens and the economy. Those policies include creating a universal adjustment benefits program to fund worker retraining, creating a subsidized employment program, adjusting the Federal Reserve to focus on full employment rather than managing inflation, increase research and development funding in technology, expand certificate programs, increase employer-led training programs, allow financial aid to cover more forms of education, expand the earned incomes tax credit, among others.

Dustin Walsh: (313) 446-6042
Twitter: @dustinpwalsh

Howard & Howard evolves from single ex-farmer to 160-lawyer team

By Annalise Frank
afrank@crain.com

A decade isn't long for a 150-year-old business.

But for Royal Oak-based law firm Howard & Howard, the past seven to 10 years offered dramatic change: dozens of hires, more than doubled revenue and new national growth. And after surpassing end-of-2018 goals to build a "longer and deeper bench," the firm must define its next chapter, President and CEO Mark Davis said.

Howard & Howard serves businesses and owners in bankruptcy issues, commercial litigation, mergers and acquisitions, and other areas. Its recent success comes after the firm "took a hard look at ourselves when I was elected," Davis said, and grew to adapt to clients' needs.

The company recorded approximately \$81 million in revenue in 2018, over its goal of \$75 million and up from \$40 million in 2011. The firm hired 60 lawyers over the past decade and hit a headcount of 160 in 2018, surpassing its target of 150. There are also 130 support staff.

It's a long way from Howard & Howard's Kalamazoo founding.

The firm's start in 1869 came after the Kalamazoo community pitched in to help pay for Bill Howard, the son of a farming family, to attend school to become a lawyer. Howard's agricultural days ended after he fell off a piece of machinery and severed his arm.

Howard started as a sole practitioner in an office above a blacksmith shop, serving predominantly the business community. His son Harry joined in 1896 and the practice developed from there.

Battles for the courtroom

Howard & Howard is no longer a family affair — Richard Howard, who joined the firm around 1969, was the last of the clan and retired in the mid-1990s. The business is currently owned by 103 partners. Davis estimates the family started taking on owning partners around the mid-1970s.

Still, leadership has sought to maintain the charitable and collaborative nature the Kalamazoo community founding represented, Davis said.

"It's a strong part of our DNA," he said. "There are four words I use to describe our culture: collegial, transparent ... entrepreneurial and meritocracy. "It's hard enough to do battle, and sometimes the practice of law is a bit of a battle with the other side, (that) we do not want to do battle in our own hallways."

Davis, 56, joined Howard & Howard in 1991, focusing on mergers and ac-

Need to know

■ Firm founded 150 years ago in Kalamazoo; now has national reach

■ Royal Oak-based law firm has more than doubled revenue in seven years

■ Leadership works to maintain charitable and collaborative nature

quisitions, and was elected as president and CEO in 2004.

"We have changed dramatically over the last 10 years" in size and footprint, the longtime leader said. Around 2010-11, leadership "set some target growth goals, not just to be bigger, but to be able to serve our clients better ... The business environment has become more and more complex so you have to have that expertise to be able to serve the clients."

So Howard & Howard narrowed in on its core business services, ending less essential practices such as personal injury law. Hiring and training bolstered niche skills in taxes, environmental, securities, benefits and other areas businesses need expertise.

More than 30 percent of Howard & Howard's attorneys worked in business before going to law school, according to its website. The firm also looks for individuals who have succeeded in other pursuits, such as college athletes, former military members and musicians, Davis said.

Expansion westward

Another way Howard & Howard needed to grow to keep up with clients was expanding nationally.

The firm had eight lawyers and \$1 million in revenue in Kalamazoo in 1980, according to previous *Crain's* reporting. Its first metro Detroit office, in Bloomfield Hills, opened in 1988. It now has offices in Ann Arbor; Peoria, Ill.; Las Vegas; Chicago; and Los Angeles. Howard & Howard spun off its Kalamazoo office to the partners there in 2010, as businesses' presence there seemed to wane, Davis said. The Royal Oak headquarters came in 2009 as Bloomfield Hills and downtown Detroit offices were consolidated.

The Chicago office opened through a merger with 22-attorney Defrees & Fiske LLC in 2009. Discussions are underway on potential merger partners in Los Angeles.

Howard & Howard's disparate offices meet quarterly at the Detroit Marriott Troy for practice group meetings, as well as talks about skills and marketing successes.

"Then the best part is we have dinner and a glass of wine," Davis said. "Maybe somebody has a client who has an issue and someone else had a similar experience. It just keeps us connected as people."

The next such meeting is at the end of February, and the first item on the agenda is discussing where the firm should be in — say — 2025.

"We just hit our goal, so we're going to have to reassess," he said.

Annalise Frank: (313) 446-0416
Twitter: @annalise_frank

PROPOSED NEW ISSUE

THESE BONDS ARE ANTICIPATED TO BE RATED BY MOODY'S.

\$66,400,000*



GROSSE POINTE PUBLIC SCHOOL SYSTEM 2019 School Building and Site and Refunding Bonds Unlimited Tax General Obligation

Anticipated date of offering on or about
Wednesday, February 6, 2019

The offering of Bonds will be made only by the Official Statement, which describes the security for such issue and which may be obtained in any state in which the underwriters may lawfully offer such issue. For more information on the School System and the bond offering, please contact one of the underwriters listed below for a Preliminary Official Statement.

J.P.Morgan
855.231.8873

RAYMOND JAMES®

VAN J. HAUSWIRTH

Senior Vice President, Investments // Managing Director // Branch Manager
van.hauswirth@raymondjames.com // vanhauswirth.com

15 Kercheval Avenue, Grosse Pointe Farms, MI 48236

313.885.9470

These bonds may not be sold, nor may offers to buy be accepted, prior to the time an Official Statement is delivered in final form. Under no circumstances shall this announcement constitute a recommendation, an offer to sell, or a solicitation of an offer to buy, nor shall there be any sale of the bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Assuming continuing compliance with certain tax regulations, covenants, and agreements, Bond Counsel is expected to release an opinion that the interest on the bonds is not subject to gross income for federal income tax purposes. Before purchasing any bond, contact your tax advisor to determine any other applicable federal, state, and local tax consequences. All information in this advertisement is subject in all respects to the information presented in the Official Statement. Not FDIC-insured; no bank guarantee; may lose value. A credit rating of a security is not a recommendation to buy, sell or hold securities and may be subject to review, revisions, suspension, reduction or withdrawal at any time by the assigning rating agency. A decision to purchase the Bonds is an investment decision that should only be made after a complete review and understanding of the terms of the Bonds, including investment risks. No decision should be made prior to receipt and review of the Preliminary Official Statement and applicable pricing information. Interest is generally exempt from federal taxation and may also be free of state and local taxes for investors residing in the state and/or locality where the bonds are issued. However, bonds may be subject to federal alternative minimum tax (AMT), and profits and losses on tax-exempt bonds may be subject to capital gains tax treatment. Raymond James & Associates, Inc., member New York Stock Exchange/SIPC.

*Preliminary, subject to availability and price change