

McTevia tells Crain's Detroit Business that new Detroit mayor should treat the city like a business in crisis

Local biz experts: Tips for mayor
Get facts, tackle budget, pick trustworthy team

By Robert Ankeny

Detroit Mayor Ken Cockrel Jr. must gather facts quickly, assemble a team of competent and trusted aides, and take prompt actions to address key fiscal problems to right the city.

This is the best battle plan for any incoming CEO thrust suddenly and somewhat unexpectedly into the leadership of an ailing organization, said two of Detroit's top business-turnaround experts.

Until 12:01 a.m Friday, Cockrel was president of the Detroit City Council.

But since early this year, Cockrel, a 42-year-old Detroit native and former newspaper reporter, knew he might become interim mayor. It wasn't until Kwame Kilpatrick tendered his resignation Sept. 4 that Cockrel's transition became a certainty.

Van Conway, senior managing director and co-founder of Birmingham-based Conway MacKenzie & Dunleavy, sees a "valid, direct parallel" between Cockrel's situation and that of a CEO being put into a troubled business.

"But keep in mind, he's not a strict outsider, like Mulally (Ford) or Nardelli (Chrysler). As council president, he's been on the inside more than you, me or the average taxpayer," Conway said.

Being installed suddenly into this kind of situation, he said, everything will feel like a top priority.

But with the city running a deficit, a crucial first step is for Cockrel to "get his arms around the financial outlook, the conditions that affect the ability of the city to provide and pay for services people are counting on," Conway said.

"Cockrel needs to make sure there is at least a break-even budget and address things like the (Detroit-Windsor) Tunnel sale and other economic initiatives that didn't get done.

"I think taxpayers, residents and all of us with vested interests in Detroit want to see an overview of where the top economic issues are, and budget plans for the short and long term," Conway said.

“At the end of the day, if the city can't pay its bills, it means problems for everybody,” he said.

Jim McTevia, managing partner of Bingham Farms-based McTevia & Associates L.L.C., said that although Cockrel has to face voters in the special elections in February and May, “he's on watch now and responsible to act in the best interest of the city and citizens.”

McTevia said the situation is “basically a business problem, a crisis some would say. For the CEO, the main officer of any company in crisis, the first order of business is to gather accurate facts. Unless you have those, you cannot act and decisions won't be correct.

“Making decisions or guiding the city with no information or inaccurate information, the path is going to be wrong and the city could end up in worse shape than it is,” McTevia said.

Any suggestion that there should be a forensic audit of city books isn't well-founded, he said.

“A forensic audit speaks to the possibility that some things in the past were wrong; I could care less about the past. You want to know where you are now and where you can take the city. Those old circumstances won't change; focus on the now and the future,” he said.

“The next step is to surround himself with people he can trust and respect,” McTevia said.

Conway agrees that Cockrel should be looking at “changing a lot of lieutenants, looking at the people he inherited to evaluate how they fit into how he sees resolving the issues, with good working relationships.”

He cautioned against letting cronyism interfere with qualifications and advised an immediate action plan to get the right people in the right positions.

Cockrel's decision to put Detroit Economic Growth Corp. President George Jackson Jr. in charge of the Cobo Center expansion program for the city has given many business leaders confidence in the new mayor's decision-making acuity.

McTevia said Jackson is seen as a positive and decisive leader in the development community, someone who supports his staff to get jobs done.

Another move by Cockrel to name Saul Green as deputy mayor may be viewed as indicative of the new mayor's priorities and approach.

“The selection of Saul Green is already sending a message that 'It ain't gonna be the way it was,' “ McTevia said.

Green, the U.S. Attorney for the Eastern District of Michigan from 1994 to 2001, was immediately given responsibility for two troubled city departments: police and law.

His oversight of the Police Department is significant because Detroit hasn't met conditions of a U.S. District Court consent judgment to bring the police department into compliance with federal standards on prisoner lockup and other conditions.

Green is finishing up a five-year stint supervising a U.S. Department of Justice monitor of the Cincinnati Police Department under a similar order. As U.S. attorney in Detroit, Green supervised investigations of police policy and practices in Detroit and Eastpointe.

Cockrel also named James Barren as the new police chief, with a promise from the mayor of no City Hall meddling in police affairs.

On the city's troubled fiscal front, Cockrel has retained veteran budget director Pam Scales, who has risen through the ranks in that department through three mayoral administrations.

"It's a \$2 billion business," said Conway, "with what I suspect was no great record-keeping, and mismanagement like most large operations."

Once the team and facts are assembled, the real work begins, McTevia said.

"The third step, and hardest, is to make major changes needed in the way the city operates, and in the administration of city finances.

"After the facts are gathered, they will lead to solutions, since when people have the same set of facts, they most often come to same conclusions. But that problem means changing, and that's always painful," he said.

"It may mean shrinkage (of department sizes), maybe an increase in taxes," McTevia said. "And he's got to be prepared to stand up to the challenges that will face him when implementing change. It's hard to dismantle a bureaucracy that you inherited."