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A service to society

By Gary Hoffman
B2B Special Writer

Catering to over-scheduled families, affluent executives and other companies, scores of Ann Arbor service firms are becoming thriving businesses themselves. Even so, perhaps they're not earning their due measure or respect.

Like other entrepreneurs in service industries, Sharon McRill, founder of The Betty Brigade, a personal assistance firm, would like to see the sector receive more recognition.

"The funny part is that we often work harder than a lot of other people," she said. "I don't want to diminish what manufacturing does. We are like manufacturing, but on a people level. I don't know how to say that any better."

The rise of service businesses and the erosion of manufacturing have led to lively debates about the value of non-manufacturing firms to the state's economy. And those debates typically involve comparisons of high-wage, unionized manufacturing jobs with purportedly low-wage service positions.

According to Census and labor department figures, the state's economy is in fact shifting from manufacturing toward services. Washtenaw County lost about 1,300 manufacturing jobs between 1997 and 2002, the latest figures available.

And service jobs were up across the board. Retail increased by 336 jobs, to a total of 18,790, and accommodations and food services were up 550, to 13,876. Meanwhile, the professional, scientific and technical category increased by 7,350 jobs, to a total of 15,168.

The services growth is unmistakable. But the notion of a low-wage service sector is less evident.

Wages

Overall, service wages run the gamut, according to the U.S. Bureau of Labor Statistics. For instance, fitness trainers and aerobics instructors in Washtenaw County earn an average \$30,000.

Landscape architects score annual wages in the \$60,000 range. Many other technical service occupations offer similar levels of compensation.

That compares with roughly \$50,000 to \$60,000 a year for tool and die makers and any number of other manufacturing professions in the Ann Arbor area. But these jobs may be harder to find in the future.

In reality, job seekers may be increasingly facing a choice between a service job that is available and a manufacturing job that isn't.

Given the vitality of the sector, service entrepreneurs aren't prepared to take a back seat to anyone. They point to the service sector's high growth rates, the value of

their services and their ability to quickly pump money back into the community. They also say they derive great satisfaction – usually – from direct client contact.

Most important of all, a good service firm can make a client company more competitive, whether it's in manufacturing, technology, health care or some other field. They are frequently their clients' hidden advantage, according to service sector entrepreneurs.

Bob Sowerby, sales manager for Ace in the Hole Floor Care, a new firm, considers service firms to be a type of “business extender” – a way for companies to concentrate on their core activities and farm out unrelated work.

“Sometimes companies want to bring services in-house, but what they don't realize is that they are saving on their staffing, their insurance and workers' comp when they use an outside company,” Sowerby said.

There are also advantages on the business-management side: Ace in the Hole gives its clients access to proprietary software to track project costs and progress.

Sometimes the full extent of the benefits isn't that obvious. While the medical benefits of exercise remain clear, the Gold's Gym on Ann Arbor-Saline Road is taking personal fitness and health in new directions. With corporate programs designed to improve employee's health, this should translate directly to clients' bottom line, the company says.

“What we want to do is have companies buy memberships for their employees, so they can reduce their health care costs and therefore their premiums,” said sales director Bart Aniolczyk.

The corporate push coincides with Gold's Gym's more family-friendly orientation over the last few years, making facilities more inviting to a women and out-of-shape non-athletes, he said.

Personalized service

Personalized, concierge-type services also play an important business role, extending the reach of busy executives and professionals, McRill said.

She said her company is prepared to handle many of their clients' time-consuming chores and projects, from pet care to relocation services and party planning.

“A doctor may make \$300 an hour. Is it worth it for them to take a break in the middle of the day, come home and let in a guy to fix the dishwasher? No, it's not worth it. They see our service as the way to get more done.”

Similarly, a good personal services firm also can make a big difference in whether an executive accepts a promotion that involves business travel or a young mother feels she can create a support system that would allow her to go back to work.

McRill also points to accomplishments that even the most seasoned business analyst can appreciate: After starting up as a solo practitioner four years ago, she now has a staff of five and has begun franchising her business.

In many cases, local firms say their services increase the life span of manufactured products. With a good maintenance schedule, a purchase becomes a better investment, whether it's carpet, floor tile, or a computer network.

Chaith Roopchand, technical manager with Ace in the Hole Floor Care, says, “A commercial carpet maintained on a regular schedule could last 14 years. That could mean buying new carpeting half as often.”

Another advantage is that service firms with clients across Michigan, or even the country, add to Ann Arbor's financial strength by pumping money from other areas into the community, Sowerby said. Ace in the Hole has worked in Adrian and West Bloomfield, for instance.

"Everybody benefits from our being able to spend our bucks in Ann Arbor," he said.

Jeff Daniels, a member of Great Lakes Network Consultants, develops and maintains computer networks for small- to mid-sized firms and organizations.

Their work often involves maximizing the performance of existing computer systems. Their networked solution can be every bit as valuable as a newly manufactured piece of hardware, leveling the playing field in the products-versus-services debate.

The firm also gives its clients advice on when it makes sense to upgrade to new hardware. "Part of what we do with our customers is that, if they are planning an upgrade, we make sure it is really necessary," Daniels said.

"In a sense, the business we are in is not so different from any other business. You have a good relationship with the customer, and they trust you. Part of our business model was that we really didn't want to be in the business of selling products. If we recommend that they purchase something, it's because we think that is the best solution."

That trust is the sign that companies respect their service providers' opinions. That is roughly how Tom Denk, investment specialist with Thomas Denk Financial Services, sees things.

He started his own financial services company in 2005, hoping to broaden his portfolio of offerings and exercise greater control of his business operations.

He dismisses arguments disparaging the service industry as political rhetoric. "Politically speaking, at the national level, I don't think services get the respect they deserve," he said.

At that level, the issue of the service industry's value gets mixed up with the broader debate over the loss of manufacturing jobs overseas, he said.

Locally, the picture is different, e said. "I think that entrepreneurial types in the service industry are very happy about what they are presenting to the community."