

# Stanford SOCIAL INNOVATION<sup>Review</sup>

---

*Supplement*

## **Cross-Sector Leadership in Detroit**

Moderated by Jennifer Bradley, featuring Matthew Cullen, Kevyn Orr, & Rip Rapson

Stanford Social Innovation Review  
Winter 2017

Copyright © 2016 by Leland Stanford Jr. University  
All Rights Reserved

ROUNDTABLE

# Cross-Sector Leadership in Detroit

A roundtable discussion on the role that leadership from across sectors played in revitalizing Detroit—with **MATTHEW CULLEN**, **KEVYN ORR**, and **RIP RAPSON**, moderated by **JENNIFER BRADLEY**

**Jennifer Bradley:** In preparing for this conversation, I was reflecting on the concept of leadership and what it really means, particularly in the Detroit context. What I’ve noticed in my years in the field is the power of the hero narrative. People spend a lot of time looking and hoping for a single leader, whether it is the mayor, or the school superintendent, or the business leader who can turn around a city. But if you look at the research around complex problem solving and innovation, it suggests that as a problem or a system becomes more complex, you need more minds to solve the problem.

Detroit’s bankruptcy was not a one-day or even a one-year event. It was a long arc that was decades in the making. It was also a highly complicated problem, so it makes sense that the leadership needed to solve that problem would have to be multifaceted. When you consider the traits that leaders would need to embody to address this kind of problem, it’s hard to imagine finding that in one person. For example, it is not often the case that the visionaries are also the people who are hyperfocused on efficient execution. It’s not often that the stewards of a strategy—the ones who protect the long-term view—can also come up with a radical, out-of-the-box approach to the problem.

It makes sense, then, that the story of leadership in Detroit is resolutely plural. Once we acknowledge the importance of a pluralistic endeavor, then we can go a step further and ask whether we have everyone we need on the team or whether we’re leaving out the people who might have powerful insights into the real problems or bring the kind of creative solutions that were brought to bear on Detroit’s bankruptcy.

This is a great opportunity to have a conversation about multi-sector leadership and the different shapes and voices and perspectives that it can take. We have **Rip Rapson**, president and CEO of The Kresge Foundation; **Matthew Cullen**, president and CEO of Rock Ventures; and **Kevyn Orr**, partner at Jones Day and former emergency manager of the City of Detroit during the bankruptcy. [Jennifer Bradley, the moderator, is the director of the Aspen Institute’s Center for Urban Innovation.] I’m going to ask each one to speak to the idea of leadership, why broader or distributed leadership has been important to Detroit, and what it means for other cities.

Kevyn, I’ll start with you. What were some of the new or unusual traits that you saw Detroit leaders demonstrate during the city’s crisis?

**Kevyn Orr:** First, there was a high level of perseverance and commitment. Matt and Rip have both been at this for over a decade. Rip, along with his colleagues in the philanthropic community, pumped more than a billion dollars into Detroit 10 years before the financial emergency was declared. Matt, now at Rock Ventures, brought with him leadership skills from his time at General Motors, the creation of the M-1 RAIL, and the revitalization of both the Detroit Riverfront and Woodward Avenue. When people ask what role leaders served in Detroit, I respond by saying: Imagine what the city would have been like without them. Imagine the Riverfront without Matt’s guidance. Imagine the neighborhoods without Kresge, without Ford, Kellogg, or the Community Foundation for Southeast Michigan.

Second, there was a high level of collegiality and cooperation in that tier of philanthropic, business, and civic leadership—and during some very trying circumstances. I think Matt and Rip will agree that Mayor Kilpatrick’s reign was a trying circumstance. It was hard for these civic leaders to witness what was a historical level of defalcation and incompetence. But they persevered through that and over time worked cooperatively with others to change the city’s direction. Matt and Rip exemplify tremendous perseverance, cooperation, and courage.



Detroit’s bankruptcy was not a one-day or even a one-year event. It was a long arc that was decades in the making. It was also a highly complicated problem.

**Jennifer Bradley**

**Bradley:** Matt, as Kevyn pointed out, you’ve been at this for a while. Were there leadership traits that the bankruptcy called out in people that you hadn’t seen previously?

**Matt Cullen:** Yes, no question. What happened first was the unusual convergence of philanthropic and business leaders. We started working on significant projects together, in part because people in government were just not taking responsibility for things. We needed to take on a broader role than we typically would have chosen—or been allowed to take on, honestly.

It all coalesced when Kevyn, the governor, and ultimately Mayor Duggan came in, because then we had a three-legged stool: philanthropy, business, and government. We suddenly were at a moment in time

when all three sectors were working together effectively. The governor took on the long-standing problem of insolvency and brought in Kevyn to drive the strategy. We had been kicking that can down the road for at least 20 years, so Kevyn's arrival was key.

**Rip Rapson:** What I find interesting about the last decade in Detroit is that it was divided into very discrete phases. What appears to be a moment in time actually wasn't. It was a stretch of time in which we had to move in and out and shape-shift according to the kind of complexity that we were facing at each phase.

During the first phase, 2005 to 2007, we had the luxury of being able to work at building relationships in a relatively low-stress environment. When I arrived at The Kresge Foundation in 2006, the "good" Mayor Kilpatrick was everywhere in evidence. There were cranes and construction projects Downtown and kinetic energy all around. I'll never forget some conversations Matt and I had with other civic leaders at that time about what constructive things we could do to supplement the city's relatively high level of performance. It took a couple of years for that to dissipate and fall apart, and it happened around the same time that the overall economy began to decline and the auto companies began their struggle with bankruptcy.

When the bottom fell out between 2008 and 2013, the conversation changed dramatically. We were suddenly caught in a crisis holding pattern. We asked ourselves what we needed to do—not what would be nice to do, but what we absolutely had to do to stabilize the situation so that we could move forward when everyone returned to their normal functioning. That's when we launched Detroit Future City, started the M-1 RAIL project, and augmented our commitment to the arts and cultural community. There was a whole suite of things that occurred in a crisis mode that we knew could not be fully realized at the time. They were in anticipation of normalcy returning.

The third phase, the bankruptcy, was its own creature, of course. All rules were thrown up in the air and fell back down again in a very different configuration. We're now in a fourth period. With the bankruptcy behind us and with the scaffolding that was created during that time of crisis, we can return to a new normalcy that permits us to build on what we started when times were most difficult.

**Bradley:** Rip, would it be correct to say that when the crisis occurred, there was already an infrastructure and a history of cross-sector collaboration that stood you in good stead?

**Rapson:** Yes and no. Matt may have a very different view, but my sense is that there were relatively few instances of true, hard-nosed collaboration in the pre-2008 period. We were definitely incubating relationships that would be important. General Motors and Kresge worked together very effectively to revitalize the Riverfront, for example. But corporate-philanthropic partnerships were still not the norm. There were also some formative collaborations among

foundations, but the foundation community as a whole was not particularly on the same page. We weren't meeting regularly or actively exploring joint projects. That higher level of collaboration was really precipitated by the crisis. It caused us to get together in a way that had not been typical.

**Cullen:** I agree, but Rip doesn't give himself enough credit for the degree of change he helped catalyze during the early phase. For a long time, foundations in Detroit were very passive in their engagement with others. In fact, foundation leaders seemed to pride themselves on staying in their office and responding to grant applications. They didn't bring their intellectual leadership into economic development discussions or other areas, nor did they seek to relate to other groups as partners. In fact, they almost viewed it as a conflict of interest to be engaged in the fray or to be immersed in problem solving.

All that changed considerably at the time that Rip came in, prior to the bankruptcy discussion. Foundations began to exercise new collaborative muscles, to act like true partners. Relationships grew stronger, and we gained confidence and trust in each other. That was certainly demonstrated with the M-1 RAIL line. When the third leg of the stool, government, was able to join the discussion with the same level of capacity and integrity, we were finally in a position to take on serious issues like the bankruptcy.

**FLEXIBLE LEADERSHIP**  
**Bradley:** It sounds like a key element of leadership was getting past the "That's not our job—we don't do it that way," mind-set. I've been reading Nathan Bomey's book, *Detroit Resurrected*, and it's clear that there were a lot of times when people could have said, "Judges and mediators don't act like that," or "Bankruptcy managers overseeing the workouts need to stay within their box." Kevyn, how do you think leadership roles need to be rethought going forward to build on the momentum and keep from sliding backwards?

**Orr:** The key is maintaining flexibility and non-doctrinaire positions in terms of what you're going to encounter. Matt was dead-on when he said that traditional role models, expectations, and ways of doing things in the political sphere—such as rewarding your friends and punishing enemies—have to be thrown by the wayside. You simply don't have time to engage in that sort of folly. You also don't have time to worry about staying in your lane or making sure other people stay in their lanes. You have to think flexibly. When it comes to actually doing that, frankly, I got to cheat when I was the emergency manager. I had a state statute that suspended the regular order. And when we went into bankruptcy, I had a federal law which preempted state law. So I had considerable latitude to cross lanes.

At my first meeting with the Detroit City Council, the elected officials and I had frank discussions about the fact that some people were advocating for civil unrest as a way to express their dissatisfaction with the bankruptcy declaration. We all agreed we didn't want



If we wanted to avoid civil unrest, it was extremely important to engage the long-term residents who had held firm in highly destabilized neighborhoods.

**Kevyn Orr**

that to be Detroit's story. We set out to create an environment where everyone could say whatever they had to say, but where we would never let conflict get out of control. For my part, I pledged to be an honest broker. Everyone might not agree with everything I did, but they needed to know I was doing it for the right purposes.

And if we wanted to avert civil unrest, it was extremely important to engage the long-term residents who had held firm in highly destabilized neighborhoods. From 2005 to the time I came in 2013, the citizenry had been traumatized. I'm not even talking about murder rates, fires, blight, or poorly performing schools. They were fatigued from the city's inability to perform basic functions. We heard things like "I've paid my taxes at the highest rate, but I'm not getting services" and "I call the police, but they don't show up."

You also had a faith-based ecumenical community. Many religious leaders were advocating to their flock to stay involved in constructive ways. Some were quite vociferous in their opposition, but the majority were saying, "Let's at least try to cycle through this. Even in a state with a white Republican governor and a city with an 83 percent African-American population; let's see what we can do to work together." Finally, there was the press. They were all over the story but trying to handle communication responsibly and keep everybody on a good course.

**Rapson:** I want to be careful that we don't create the impression that thoughtful institutions of high integrity and flexibility simply joined together and functioned as a well-oiled machine. Even though there wasn't necessarily a cult of personality or the elevation of a single hero, there were at least three or four folks who modeled such extraordinary behavior that it almost left no room for the rest of the community to sit on their hands. Kevyn was certainly one. Judge Rosen, the mediator of the bankruptcy negotiation, was another. And there was Matt and Dan Gilbert. The role Quicken played will be viewed in future generations as one of the most extraordinary acts of corporate leadership that America has seen.

Now, that's not to say that leadership wasn't distributed broadly in the community or that there weren't many acts of heroism and leadership. But we first needed a small number of people to step up in exceptional ways to create a sense of possibility and optimism that other people could then follow.

### THE LEADER AS COMMUNICATOR

**Bradley:** It sounds like a key element here was the ability of leaders to communicate both within the negotiating rooms and outside, keeping the public in the loop. Rip, was that an important element of what was going on here, the need to make sure people knew what was going on in a time when things were actually unpredictable?

**Rapson:** Philanthropy is inherently unaccountable. We have the enormous privilege and luxury of being able to mobilize assets of all kinds in ways that are essentially immune from shareholders or the electorate. What weighed heavily on our minds throughout this process was a set of challenges: how to make our intentions clear; how to listen as carefully as possible to community voices; and how to ensure that we were ultimately investing in the growth of community capacity, because we were going to need that capacity when we come out on the other side of the crisis.

It's no coincidence that in the midst of the most difficult time, we invested heavily in a citywide planning process, Detroit Future

City, that was designed to engage as many citizens as possible in re-envisioning the city and determining how to manage vacant, blighted, and underutilized properties. This planning process paid dividends well beyond land-use strategy. It created an avenue for longtime residents to have a sense of buy-in to a new Detroit and a belief that we can build new opportunities using existing assets. More generally, it established a new pattern of trying to make sure we were treating all of our work as a "top-down, bottom-up, meet-in-the-middle" kind of exercise.

**Cullen:** Jennifer, you framed the role of Rock Ventures in Downtown Detroit in the context of buying properties. We did ultimately acquire more than 90 buildings, and there is an ongoing discussion about the relative merits of having a single owner hold so much Downtown real estate. But we felt that this was an exercise not just in real estate purchases, but in contributing to the long-term health and stability of the community. I'd like to break down what we did into two components.

One component involved us stepping into roles government would typically play: land planning, tenant recruitment, blight abatement, and place-making work. Since these were traditionally public sector roles, we needed to communicate to the public why we were now playing those roles. We had to be able to respond to questions like, "Why are these guys even developing the Downtown?"

The second component involved communicating a general sense of optimism. I think it was Napoleon Bonaparte who said, "A leader is a dealer in hope." Dan took a leap of faith, because he believed that the turnaround of Downtown could be real and could have broad public benefit. It gave people a shot in the arm to think that smart people were spending billions of dollars to acquire vacant buildings. It also signaled to the market that there was a genuine investment opportunity. As we attracted more business activity, people began to realize that economic development did not have to be a zero-sum game. We could actually expand economic opportunity for all, and Detroit could have a future.

### CREATING VALUE PROPOSITIONS

**Orr:** I don't think we can overstate the importance of that value proposition [investing in Downtown Detroit] from a business standpoint. When I first came in as the emergency manager, I was immediately thinking ahead to the exit strategy: Once we did the balance sheet transactions of straightening out the budget and rightsizing revenue to expenditures, what was going to follow? There needed to be a value proposition that attracted economic activity and rebuilt the tax base.

Every city has patrons: Dan Gilbert and the group at Quicken as well as the Ilitch family are patrons for Detroit. They viewed their profit motive as part of a much broader value proposition, something that went beyond traditional return on investment. Their concern for attracting others to help rebuild, provide jobs, and lift the tax base had an almost philanthropic bent. That is a sustainability model that will last beyond anything I did as emergency manager.

**Rapson:** The other factor that enlivened market activity was the fact that philanthropy funded improvements in infrastructure and public space. At The Kresge Foundation we got involved in funding this work, because the government couldn't do it; and we knew someone needed

to. These improvements encouraged, reinforced, and made slightly safer those market investments. I think it's no accident that the Quick-En folks chose to invest in Downtown after we had completed a thorough revitalization of the Riverfront, established a public spaces maintenance fund, and invested in a light rail system to connect employees into the larger region. Philanthropy can't create jobs. That's not our role, and we don't know how to do it properly. But we do know how to invest in public goods that over time can be an inducement to private sector investment. It was important that we step up and do that.

We received criticism nationally, as well as concerns from our own board, about why we were investing so heavily in infrastructure. If the private sector had not followed on those moves, those critiques would have been justified. We might have been left with a lot of brick-and-mortar projects that did nothing to prime the pump. To have Rock Ventures immediately demonstrate the value of those investments was an enormous affirmation of the role philanthropy can play.

### FALLING OFF A CLIFF TOGETHER

**Bradley:** It sounds as if everyone operated on the mind-set of, "Okay, somebody took the first step, so now I can come in and get us a little further down the line." You weren't sticking your neck out because you knew that others would support you.

**Cullen:** I'm not sure that's exactly right. We experienced success because we all had a deep trust in the integrity and capacity of our partners. That's true. But there wasn't a road map. There was no logical justification to buy a bunch of empty buildings or move 1,700 of our employees into the Downtown area. There was no way for Kevyn to know that he had an exit strategy with sustainable revenue. These were leaps of faith. Rip took flak from elected officials who felt philanthropy shouldn't be playing public sector roles. None of us said, "Hey, you built the first quarter mile of road, so I'll do the next quarter." It was more of a moment-by-moment decision-making process that, to be honest, often felt illogical at the time. A better analogy is that it felt like we all stepped off the cliff together and then tried to figure it all out before we landed.

**Bradley:** Let's turn to where we are now. As Detroit's government returns to equilibrium, how do the various sectors recalibrate their roles? The urgent moment has passed. But the city is still not where you hope it will be. Matt, where does the private sector start to draw back? Where does it want to press a little farther?

**Cullen:** To be successful in the long run, we shouldn't attempt to define rigid, permanent roles again. We should focus on building good working relationships with each other that allow different leaders to carry the baton at different times. That's easier said than done, especially with strong-willed people who are accustomed to being in charge.

**Rapson:** It's impossible to overstate how complex it is to redefine civic roles and relationships after emerging from a crisis. The ten-

dency is to think that the crisis was such an aberration from the norm that you ought to revert to the norm when you've gotten through it. But that belief isn't going to serve Detroit well. We can't revert to the command-and-control system we've been accustomed to. There will be times when we just have to mud-wrestle this. In any given circumstance, there are certain things you do well and certain things I do well. Sometimes, I will need to hold back while you push forward. It may be a more complex metaphor than a relay race.

A good example is Mayor Duggan's suite of creative approaches to promote home ownership as a way of growing back urban space and repopulating the city. Low property valuations make it difficult to get loans against those properties. So he articulated a need for new financing instruments that could enable people to buy homes. He knew, though, that he didn't have the wherewithal to figure that



We should focus on building good working relationships with each other that allow different leaders to carry the baton at different times.

**Matthew Cullen**

out alone. So he went to philanthropy, local banks, and Treasury and asked them to use their tools to solve the problem. In response, Kresge put guarantee money on the table, small banks put together some rather unconventional loan capital, and Treasury waived regulations that were hamstringing the people trying to get the deals done. At the end, it required equal doses of the mayor's vision, Kresge's risk capital, and the flexibility of banks and Treasury. More and more, that's the approach that's required.

**Orr:** This kind of flexible role negotiation can only occur if you set aside a period of time that allows for breathing room. The whole restructuring effort was intended to give Detroit a hiatus from the regular order, to be walled off from the capital markets, and to suspend pension and health-care payments.

Home ownership has been an important issue to work through during this period. Before the crisis, Detroit had an exemplary level of home ownership, particularly in minority communities. Experiments like the one Rip just described are critical, because they produce sustainable models adapted to the current environment. Home ownership is also a way to ensure that recovery isn't just a Downtown, white-collar recovery, but that it is also a gray-and blue-collar recovery. From a political standpoint, residents need to feel invested, that they are circulating money in the local economy, and that they are getting the benefit from economic resurgence and the social covenant.

### PUBLIC ENGAGEMENT AND ECONOMIC INCLUSION

**Bradley:** Does this new phase create opportunities to be more inclusive and bring in people whose voices had previously not been heard, or only heard in an oppositional way? What's happening now to incorporate the communities that might not have been at the table previously, but who in many ways remain the most vulnerable and who have the most to lose—the residents who have stayed in Detroit through all of the ups and downs and who are being asked to make what for them are huge investments in home ownership and in the future of this city?

**Cullen:** For starters, we're seeing a deeper level of political engagement by longtime residents who are taking it upon themselves to have a voice. As Kevyn observed, in 2014 they selected Mayor Duggan, both a write-in candidate and the first white mayor in predominantly black Detroit since 1974, and they did it because they had concluded that he was the right guy to get better outcomes. They also chose to change their city council elections from at-large to districts. They did that, I think, because they wanted a voice. And they elected a council that has a lot of talented people. They're going to have the opportunity to do it with a school board, too. Now residents are demanding outcomes and accountability, and they're using their franchise better. Without capable and willing elected officials who are backed by the people, we can't get much done.

**Orr:** I'd add that voter expectation of accountability directly translated into better government performance. Before the bankruptcy, the City of Detroit wasn't doing a very good job at ensuring public safety. In eight months, Police Chief Craig managed to get crime levels down by double digits. He didn't do this by hiring 2,700 new police officers. He did it by bringing leadership and accountability to the force he had. That to me is a tremendous testament to how important it is to have the right people running things in the right ways—and how responsive rank-and-file employees will be.

**Rapson:** The economic growth Kevyn and Matt referred to provides opportunities for a different kind of inclusion—economic inclusion—but it will be complicated. We are now in a position to pivot to address the complexities that attend to equitable neighborhood-based development and ensure that this inclusion occurs. It's tempting to think economic growth can just expand outward in concentric circles from the central business district to all neighborhoods. Even though we have to do some of that, it is not the complete answer. We need to leapfrog around Detroit in order to find nodes of strength where we can reinforce existing energy.

It is the purpose of the Detroit Future City plan—and the animating principle behind what we will be doing at Kresge in the coming years—to move capital, talent, and whatever resources we can into these nodes or neighborhoods to give them a fighting chance to get back on their feet and redefine their destiny. It's going to be more disruptive, louder, messier, and more halting. There's just no two ways about it. But it is the only path forward that makes any sense to me.

**Cullen:** Ultimately, Detroit Future City is about reengineering a city that has only a third of its peak population occupying the same sprawling land mass. If Detroit were a car factory, it would be operating at 30 percent efficiency. We're taking on issues that I don't believe have ever been taken on at this scale. Focusing on the nodes Rip mentioned means that we need to approach different parts of the city differently, figuring out how to convert blighted and abandoned properties to more productive uses and how to create areas of density where we can more effectively provide city services. Hopefully, we can maintain the confidence and trust we've built up, because it's going to be twice as difficult to take on these next challenges. These are decisions that affect people's homes and the neighborhoods they live in. I hope we can bring this same kind of leadership and this same kind of doing-good-while-doing-well approach.

**Orr:** I would add three points to what Rip and Matt have said. First, opposition is natural and a normal outcome within a democratic process. Some of that is appropriate and helpful, because it lends legitimacy to voices that otherwise would not be heard. I think that's a good thing as long as it's civil. Second, some opposition can yield productive solutions and working relationships. The Honorable Reverend Minister Malik Shabazz, who was quite vocal when I first came into the city, is now regularly seen with Police Chief Craig. The police chief has been trying to tamp down the plague of inner-city violence, particularly young male black-on-black crime. Shabazz wants to be a productive member even if his role remains outside of the formal political structures. That's a positive development. Third, people who start in opposition often evolve to become part of the orthodoxy, bringing their perspectives in constructive ways.

**Rapson:** It's tough for people to go toe-to-toe with an engineer who wants to run a road through their community or an official who wants to close a school. We've got to figure out what resources we can give people in communities they're going to need to engage constructively in the rebuilding of their community. We also need to double down on efforts to sustain the belief that we can all get along. Mayor Duggan has been very assertive in trying to make sure that folks stay positive in finding a different way forward.

**Orr:** That's why the mayor created the Office of Community Outreach. People need to feel they have a voice, access, and dignity throughout the process. What is sometimes needed is a cultural translator who can make sure that government and citizens understand that they are working toward the same goal, though possibly in different ways, and then broker a solution. As Eldridge Cleaver said, "You're either part of the problem or you're a part of the solution." We need to find ways that everybody can be part of the solution.

#### LESSONS FOR OTHER CITIES

**Bradley:** Let's pivot now to the lessons Detroit has for other cities. As you have said, Rip, Detroit is in some ways unique and in some ways a template for what's happening in a lot of places. Most cities are not going to be in bankruptcy. That's a good thing, of course; but it also means that they don't have this obvious reset point. Matt, what can other cities learn from Detroit's experience?

**Cullen:** Obviously, all cities won't go through bankruptcy. But I do think Detroit is still the canary in the coal mine for many cities—especially those experiencing the same systemic, structural issues we have. One of the key takeaways is understanding the kind of leadership that is necessary to ensure that a city does more than survive, but in fact thrives. We need capable people who can play nonrigid roles, collaborate across sectors, and create opportunities for inclusivity.

However, in sharing the lessons of Detroit, we need to be really clear—as we certainly are locally—that we're not at the end goal yet. We have yet to reach the Promised Land. Most of the exciting things we've been talking about are concentrated in eight or 10 square miles, while our city is comprised of 139 square miles. We have neighborhoods that are still losing population, we have job scarcity, and so on.

The ultimate lesson for other cities is to pay attention to what's going on around you, because these situations can creep up. And when they do, they hit like a freight train. Furthermore, even if you

don't have a crisis, it's sometimes important to act as though you do. Make sure you're pulling people together to tackle problems on a proactive basis, so you're not waiting for crisis to happen. And make sure you have the kind of collaborative, inclusive leadership that it takes to be successful whether you have a crisis or not.

**Rapson:** Almost all cities have blight and land-abandonment issues, small business and economic diversification issues, public space issues, and on and on. The equation varies from place to place, but the fact that certain roles need to be played doesn't change. Someone needs to set the table. Someone needs to facilitate the conversation. Someone needs to take the first step in de-risking complex transactions. Someone needs to build capacity where there is inadequate capacity. Getting different communities to talk about how they shape and sort those different responsibilities is of enormous value. Maybe what Detroit does is give people an opportunity or an excuse to get together and compare notes. We're [Kresge] now trying to create a cohort of a dozen or so cities so that folks can get together and throw some of these ideas around, realizing they will need to customize approaches.

**Bradley:** Kevyn, I can imagine people coming to you and asking, "What do we need to know from Detroit to avoid this pitfall, and how do we get ourselves in a more sustainable fiscal position?"

**Orr:** I'd have to start by reiterating the uniqueness of Detroit. For instance, I have yet to see the level of cooperation between different groups and subject areas that you've seen in Detroit. To see a predominantly white business community have the level of interest and commitment to Detroit, which is largely low- and middle-income African-American, is unique. Detroit was fortunate enough to have a number of people that were willing to do that at exactly the right time and in the right way. It remains to be seen if other communities will be as fortunate to have Detroit's profiles in courage.

But even so, I'd point to five things that are relevant to cities around the country: First, leadership is a function of courage and risk. Governor Snyder took up the issues facing Detroit starting in 2011. Many of his political supporters warned against it, claiming Detroit was the third rail of Michigan politics. But he asserted that it was his obligation to address the city's issues.

Second, I would point to the high level of cooperation. Matt's analogy of jumping off the cliff together and figuring it out before we hit the ground—that's pretty much the way it worked! When I got to Detroit, I had over 200 different stakeholder meetings. When they were over, I was left exhausted and wondering if I could run away. But we knew we all had to figure it out, and what made that possible was the tremendous level of cooperation.

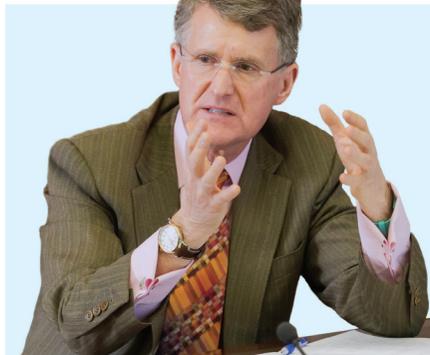
Third, transparent communication and a continual process of pushing out information to the public is important. Some of that information may be arcane and technical, but you want it all to be out

there and available. Judge Rhoads and Judge Rosen were critical in updating people at every stage of the bankruptcy.

Fourth, there is a need for an exceptional level of talent across the board—creative people who are dedicated to coming up with solutions and who are willing to think out of the box. Fifth, a commitment to follow through even during the darkest days. People just kept pushing forward, determined to reach the end.

#### NATIONAL URBAN POLICY

**Rapson:** It's also important to recognize how extraordinary federal leadership was in Detroit. It's tempting to think that the Obama administration singled out Detroit as its one and only intervention, but that is actually not the case.



What Detroit has created . . . is a set of distributive structures for innovation. New ideas are coming from all parts of the community.

**Rip Rapson**

I do think they sought to model certain behaviors in Detroit. They created a multidepartmental team housed in Detroit that later became the basis for the national Smart City/Smart Community initiative. They experimented with lifting regulatory constraints, like CDBG [Community Development Block Grant] deployment rules. These policies were later extended to other communities. Even when it can't offer deep pots of resources, the federal government can still be a partner. This was particularly true under HUD Secretary Shaun Donovan. His team actively searched for ways to make federal agencies more directly connected to the problem-solving apparatus of the local government.

**Orr:** When I first came to Detroit, more than \$35 million in federal funding was being held up because the city had insufficient capacity to administer grants. Sonya Mays, on my team, took the lead to rectify this. By November, the federal government turned the spigots back on. But as Rip mentioned, it wasn't just going back to CDBG funds. They also started finding creative ways to loosen restrictions on how other funding could be used. They actually allocated some returning TARP money back to the city to help with blight.

**Rapson:** What Detroit has created over the last number of years is a set of distributive structures for innovation. New ideas are coming from all parts of the community. I worry, though, that we don't confuse recognition of that energy with a glamorization of it. There are a thousand points of light, and we're innovating up to our neck, but each and every one is a heavy lift.

And unless there is some attempt to create an organizing frame, it can be chaotic and spin out of control. That's why it's important that we understand that we've worked hard to put in place some vessels to help hold that creativity, giving innovators confidence that somebody is paying attention to their ideas and is committed to helping propel them forward. The combination of the bankruptcy, a highly effective and focused municipal government, intermediating structures like the Detroit Future City plan, the leadership role in the central business district—particularly of Quicken—all provide a frame into which that creative energy can flow. ●