January 2011

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The Beacon Employment Report December 2010
Seasonal Surprises: Construction Industry Gains, Retail Loses California Unemployment Rate Unchanged

- Unemployment Rate Remains Unchanged: California’s unemployment rate remained constant at a seasonally adjusted 12.4% between October and November of 2010, despite a small decrease in the number of employed (-1,800). According to the EDD’s Residential Survey, the number of unemployed Californians increased as many previously discouraged workers who had dropped out of the labor force—and were no longer being counted among the unemployed—returned, expanding the size of the labor force.

- Construction Industry Surprises: California’s industry employment (measured by the Industry Survey) showed gains between October and November with construction leading the pack. Construction, the sector that was hardest hit by the recession, posted a gain of 7,800 jobs. This is the second consecutive month of employment growth for the construction sector, but only the fourth month of gains in 2010. Also adding positions were information (5,200), professional and business services (3,000), government (3,000), and education and health services (2,900). Many of these gains were offset by losses in sectors such as retail and leisure and hospitality. Overall, California gained 3,500 jobs in farm employment and 1,600 jobs in nonfarm employment.

Inland Empire 2011 Forecast
By Grubb & Ellis

Inland Empire Office Space

Anemic employment gains will fall short of heralding a recovery; active tenants will be able to choose from their fair share of trophy spaces offered at discounted rental rates.

More than any commercial property subtype, a direct correlation can be made between the labor market and the demand for professional office space. With minimal white collar job losses during 2010, save for a few industries, the local core demand driver remained stunted; frozen demand, compounded by the fact that the national average of office square feet per employee has decreased in recent years as corporate tenants focused on space efficiency, translated to annual net absorption hovering close to zero. The vacancy rate concluded 2010 at 24 percent – virtually unchanged from 2009 – while monthly Class A and B asking rental rates dropped 5 and 7 percent, respectively, over the same timeline.

Looking to 2011, the sector is braced to ‘bottom out’ due to stagnation of its vacancy rate and flat absorption figures; tenant down-sizes and consolidations, once rampant in 2008, have progressively tapered off, putting the marketplace in a general lull. Also, tenant profiles on par with 2010s economy – namely, for-profit educators, federal government entities and medical-related firms – stepped in to better serve one of the region’s selling points: a 4.2-million population base. Such momentum will have a carryover effect into 2011 as companies favor Class A product – a subtype that was over-built in past years, which will remain available at highly competitive effective rental rates. Of this product, a significant portion will be available for sublease at discounted rents.

continued on page 21
Risky Business
David Shulman, Senior Economist
UCLA Anderson Forecast

With short-term interest rates already at zero, the measured inflation rate approaching zero and the unemployment rate stubbornly remaining near 10%, a deflation-haunted Fed decided to experiment with a policy characterized as quantitative easing. On Nov. 3rd, the Fed announced that it would expand its balance sheet by $600 billion dollars over the next eight months by buying intermediate-term Treasury bonds. Its purpose was not so much as to increase bank reserves, which it will do, but rather to lower long-term interest rates and as a consequence raise asset prices, thereby stimulating consumption and investment.

continued on page 6

SolarReserve Receives Final Licensing Decision for 150-Megawatt Rice Solar Energy Project in California

Key state permit approved for construction of California’s first commercial-scale molten salt solar power tower; thermal energy storage technology will provide firm, reliable power.

SolarReserve, a U.S. developer of utility-scale solar power projects, has received a final decision continued on page 12
We Are the Champions: Seven Tips for Turning Your Customers Into Fans for Life
There are tons of ways to win over your customers and create brand loyalists who keep coming back. Marieth Kuzmeski gives us seven tips and easy-to-implement ideas that will help you turn any customer into a fan for life.

The 2010 Execution Round-Up: Companies That Couldn’t “Get It Done” This Year and Those That Did
Rick Lepsinger outlines several world-known companies that either could or could not “Get It Done” in 2010 and the lessons learned by their mistakes or accomplishments.

The Future of Business Is Social: Seven Principles That Lead to Social Success and the Companies Already Getting Them Right
Instead of a monolithic one-way interaction, business is now being conducted through constant and meaningful two-way conversations between organizations and constituents—at every stage of organizational development. Barry Libert thinks it’s a good thing and tells you why.

Connecting With the “Overqualified” Job Candidate: Why the Highly Skilled Candidate May Be the Best One for the Job (and Five Ways to Connect With Her)
A recent Harvard Business Review article suggests that when you ignore “overqualified” candidates, you’re missing out on the opportunity to add highly qualified talent to your organization.

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CVEP Appoints Thomas Flavin
New President and CEO

Following an exhaustive and careful six-month search, the Coachella Valley Economic Partnership (CVEP) has announced the appointment of Thomas Flavin to the position of president and chief executive officer. Most recently the president and CEO of enterpriseSeattle in Washington State, where he directed a business development program to strengthen industry cluster opportunities in clean technology, interactive media and life sciences for the Puget Sound region, Flavin began his new CVEP role last month.

“Tom’s breadth of experience in business and economic development, emerging technologies and public/private partnerships will further define CVEP and keep it focused on its goals,” said Clifford Daniels, CVEP board chair, “He has the entrepreneurial spirit, drive and know-how the organization needs to continue fulfilling the economic potential of the desert region, as we have outlined and are actively pursuing with the Coachella Valley Economic Blueprint.”

At enterpriseSeattle, Flavin, a Vietnam veteran, led the rejuvenation and recapitalization of the regional economic development organization for King County and its 39 cities, encompassing a population of 1.9 million. Previously, as president and CEO of the Denver-based public/private partnership organization Southeast Business Council, he directed the development and implementation of programs addressing key community issues in the south Denver metro region—including economic development, transportation, workforce growth and policy formulation, as well as administrative, financial and personnel management.

“With nearly 40 years of progressive work in civic management, public/private business initiatives and marketing, Tom’s executive qualifications are rare,” said Lee Morcus, CVEP board member and CEO search team chair, as well as chair of the Palm Springs Desert Resorts Convention and Visitors Authority (CVA) Hospitality Business Council. “His background covers all of CVEP’s key development areas, and his leadership should help strengthen the working relationship between CVEP and CVA as the organizations foster sustainable and diversified year-round economic expansion—as measured by capital attraction/investment and job growth.”

Thomas Flavin additionally served eight years as mayor, councilman and planning commissioner for the City of Burbank. As president and CEO of Burbank-based Business Government Partnership, he spearheaded public and private community development projects for cities including Ventura, Camarillo and Alhambra.

Quotations on “Goals”

It’s all right to aim high if you have plenty of ammunition.

Hawley R. Everhart

He that would have fruit must climb the tree.

Thomas Fuller

If you don’t know where you’re going, you’ll end up someplace else.

Yogi Berra

How foolish you would be to start on a journey without knowing where you wanted to go. Have you ever sat down and seriously drawn up a plan for your life? Have you ever deliber-ately mapped out where you want to go during your life’s journey? Now, isn’t your life infinitely more important to you than any journey you may take? Why, therefore, not devote the most earnest effort to plan your life, to set for yourself a goal? We are now at the New Year season. Isn’t this a peculiarly appropriate time to look ahead, to indulge in solemn thinking, to formulate life plans, to lay down a definite course to follow?

B. C. Forbes
On Behalf of LNR Property Corporation

The Geraci-Chenoweth-Gutierrez-Wood Team, or GCGW, of Voit Real Estate Services, has announced the completed $18.1 million sale of 45 acres of industrial land in Riverside on behalf of LNR Property Corporation of Newport Beach.

The GCGW Team was with CB Richard Ellis at the time the deal was closed. Recently, the entire team has joined Voit as the founding members of Voit’s newest and tenth office, which is located in the Inland Empire. The team is comprised of industrial brokers Frank Geraci, Walt Chenoweth, Patrick Wood and Juan Gutierrez, as well as Senior Marketing Assistant Aditi McCann.

The buyer, Sysco Corporation, is the global leader in selling, marketing and distributing food products to restaurants, healthcare and educational facilities, and lodging establishments.

“Our team assisted LNR Property Corporation, a financially strong and experienced master developer, by marketing the property as the ideal platform for expanding Sysco’s business. The property is located in the center of rapidly growing Riverside County in the heart of the Inland Empire, within a mile of the 215 Freeway near three interchanges within close proximity to the Ontario National Airport—all of which are attractive components for a distribution company,” said Chenoweth, executive vice president of Voit’s Inland Empire office. “This particular deal was challenging, as the property was in escrow for a total of 26 months.”

The property is located at Opportunity Way and Meridian Parkway within the Meridian Business Park in Riverside. The Meridian Business Park is a master-planned property designed for company growth. Meridian Business Park is home to several other food users, including Tesco, McLane Food Service and 2 Sisters Food Group.

Sysco Corporation was represented in the transaction by Tim O’Rourke and Mike Fowler of Jones Lang LaSalle.

LNR Property Corporation is headquartered in Newport Beach, and is supported by five regional offices across the United States.

McCarthy Building Companies Constructing a New High School in Rancho Mirage

McCarthy Building Companies, Inc., one of the premier school builders in the U.S., is constructing the $99.3 million high school in Rancho Mirage for Palm Springs Unified School District (PSUSD). The 332,000-square-foot high school is being constructed on 60 plus acres near DaVall Drive and Ramon Road in the city of Rancho Mirage.

“The new 2,200 student capacity high school will alleviate overcrowding from other high schools in the district,” said Mike Sattley, PSUSD project manager. “Plus, constructing in the current economic climate is cost effective,” he added. Funding for the school is provided by local Bond Measures E and T. The school was also provided with a $3 million grant from the California Career Technical Education Program for construction of the culinary kitchen, multimedia/video classroom and mechanic/transportation lab.

Sattley added, “The District and McCarthy have been working well together on the high school, and the project is moving forward as scheduled.”

Serving as general contractor for the buildings and site package as well as construction manager for McCarthy, continued on page 9

Risky...

The unstated goals of this exercise in money printing are to lower the exchange value of the dollar and to lower real wages by causing inflation to increase relative to money wages. The former set off a fire storm of criticism at the G-20 meeting in Seoul, Korea increasing the risk of growth-dampening trade policies and as for the latter, although a theoretically appealing way of lowering the unemployment rate, it’s hard to see how a lower real wage in the construction industry, for example, will stimulate housing construction. Nevertheless, from an aggregate perspective a path to a more fully-employed economy could very well be through the wage adjustment process. That process is well underway in many sectors of the economy with the growing use of two-tier wage contracts and mandatory furloughs.

The risks associated with the policy are that by monetizing the Federal deficit, it could lead to far more inflation than the Fed forecasts; it could engender a dollar crisis that would make it far more difficult to fund our fiscal deficit and it could negatively impact the dollar as the world’s reserve currency. Obviously, the additions to the Fed balance sheet will make it more difficult to unwind the extraordinarily easy monetary policy of the past few years.

To us, a real risk is that the policy doesn’t work in reducing unemployment thereby lowering the Fed’s credibility. Indeed, clear signs of the Fed losing some of its credibility where a sell-off in the bond market more than undid the interest rate declines that took place in September and October and a surge in the prices of globally traded commodities that took place in anticipation of the quantitative easing policy.

In essence, market fears of future inflation and/or dollar weakness have offset much of the positive effects that were to come from rising bond prices. Although it wasn’t called quantitative easing at the time, the Fed followed a balance sheet expansion policy in the context of near zero short-term interest rates during the 1930s. Then Fed chairman, Marriner Eccles characterized the effectiveness of monetary policy as “pushing on a string.” All it did was increase bank reserves without altering the economy preventing something far worse. But, we must keep in mind a Fed without credibility is a clear negative for the economy, think the 1970s. While a Fed with credibility certainly aided the 25 year 1982-2007 boom.

Our Forecast

Our view is that the new Fed policy will be modestly helpful and the most recent economic data have been encouraging. As a result, we have revised up both our real GDP and inflation forecasts from last quarter, but unfortunately even with jobs gains averaging 150,000 a month in 2011 and 200,000 a month in 2012, unemployment will remain above 9% through the third quarter of 2012. We expect that real GDP will grow at a
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<td>820</td>
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<td>Public University</td>
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<td>Public, 4-Year and Grad.</td>
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<td>$226 Per Unit/Fees, Non-Res.</td>
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We Are the Champions: Seven Tips for Turning Your Customers Into Fans for Life
By Maribeth Kuzmeski

No matter what industry or profession you’re in, there are tons of ways to win over your customers and create brand loyalists who keep coming back. Below are a few easy-to-implement ideas that will help you turn any customer into a fan for life. And though these tips address specific professions and businesses, keep in mind that great customer service translates across industries. Carefully consider each of them and think about how you can modify them to improve the service you provide your customers:

Offer flexible office hours. If you’re an attorney, financial advisor, or other professional whose clients are small business owners or any other busy business-type, you might consider offering to meet with them on evenings or Saturdays rather than during regular business hours. In doing so, you show them that you understand the time they spend with their business is essential and make it easier for them to do business with you.

Handle problems quickly. This is especially important for hotels and other hospitality services. Understand that your guests don’t need you when everything is going as planned. It’s when something goes wrong that they need great customer service to right their proverbial ship. When you’re presented with a guest’s problem, provide solutions on the spot.

“For example, if a busy guest’s luggage zipper breaks, what can you do to help?” says Kuzmeski. “Well, you might offer a coupon for a new piece of luggage from the hotel’s store. Keep spare luggage on hand for guests with a problem. Or simply offer to tape the luggage shut to ensure it makes it home safely. Figure out what you can do to get it right when something is going wrong for your guests, and they will keep coming back.”

Show them what you’ve got...before the big day. If you are a caterer, baker, florist, wedding planner, or any other professional who helps plan the most important or special days of your clients’ lives, always give them an unexpected taste of what you have to offer before the big day.

For example, a wedding caterer might show up at the bride’s house a week before the wedding with a sampling of hors d’oeuvres. Or a florist might send the happy couple a bouquet of flowers two days before the wedding. If the bride is happy with the flowers, you’re likely to get the job. If you provide on the big day.

Offer friendlier skies (and waiting rooms). Many people today view airports, and flying in general, as the places where all great customer service goes to die. In fact, often you can walk up to a ticket counter or onto a plane and never even have the airline employee make eye contact. If you work for an airline, know that many travelers today would just like to be acknowledged. Show your customers you’re happy they chose to fly with you.

The same holds true, of course, for any business in any industry. “Medical office reception areas can also sometimes be low on great customer service,” says Kuzmeski. (continued on page 20)

Risky... continued from pg. 6

2% plus annual rate through the third quarter of 2011 and then ramp up to a 3% or so growth rate. With respect to inflation, we are less fearful of deflation than Chairman Bernanke and we expect consumer price inflation to be at or above the Fed’s informal 2% target by late next year. The higher apartment rents, now being reported by the publicly traded apartment REITs, will soon find their way into the consumer price index.

Why with such high unemployment is economic growth so sluggish? Historically, steep downturns are followed by steep upturns, but not this time. As we argued last quarter and previously, the economy is suffering from a debt hangover that will require many years of deleveraging to recover from. Consumption growth, instead of running at an historical 3% rate is now slogging along at a 2% clip as consumers increase their savings rate to repair their tattered balance sheets. Furthermore, with real wages stagnant, debt constrained consumers do not have the wherewithal to go on a consumption binge.

In fact, the economy just might be suffering from a new version of Keynes’ paradox of thrift. In the 1930s, Keynes argued that whereas savings for an individual was a virtue, for an economy in recession it is a vice because if every household cuts back on consumption, the entire economy remains mired in a slump. Today, however, with very low interest rates, consumers and pension funds have to save more and/or increase their contributions to achieve their target stock of savings. Moreover, it goes without saying that those consumers who are already retired are being forced to cut back on consumption because of reduced interest income. Thus, one of the challenges facing the Fed’s quantitative easing policy is that lower interest rates could have the perverse effect of lowering consumption rather than increasing it.

Furthermore, much of the increase in consumption is going to imports. Where a year ago net exports were contributing to growth, it is now inhibiting growth. That is why a weaker dollar is necessary part of the adjustment process in that it would work to reduce imports and increase exports. Of course, the adjustment process would be made easier if China moved with greater alacrity with respect to the upward revaluation of its currency. Nevertheless, in order for net exports to structurally improve, the savings rate has to rise. Why? The U.S. now consumes more than it produces and borrows the difference from abroad. If consumption were reduced to equal production, the savings rate would rise and the trade deficit would disappear.

The Restructuring of State and Local Government

Although most business cycles have similar characteristics, each cycle is different in its own way. In the current one instead of the state and local sector gradually increasing throughout the business cycle, this time it is in decline. Simply put, the state and local government is now undergoing the same type of restructuring that the private sector has endured over the past two decades. As a result, we do not expect any meaningful growth in state and local spending over the next several years. That is to say, the tax base cannot keep up with the growth in public employee pension and Medicaid outlays, and as a consequence other sectors of state and local budgets will be squeezed. This phenomenon will be reinforced by the election of a flock of new budget cutting governors last November. Over the long run, the growth path of Medicaid and pension expenditures, of necessity, will be lowered.

Conclusion

Despite all of the issues outlined above, the economy will continue to muddle through with modest growth and distressingly high unemployment. The economy is healing, albeit at too slow of a pace, but we forecast there will be an

(continued on page 39)
**THE Gainers**

<table>
<thead>
<tr>
<th>Company</th>
<th>Current Close</th>
<th>Reg. of Month Close</th>
<th>% Change</th>
<th>52 Week High</th>
<th>52 Week Low</th>
<th>Exchange</th>
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<tr>
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<td>34.01</td>
<td>36.58</td>
<td>-7.0</td>
<td>39.61</td>
<td>31.20</td>
<td>NYSE</td>
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<tr>
<td>Hansen Natural Corp. (H)</td>
<td>53.84</td>
<td>53.22</td>
<td>1.2</td>
<td>54.75</td>
<td>24.01</td>
<td>NASDAQGS</td>
</tr>
<tr>
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<td>6.13</td>
<td>0.44</td>
<td>7.19</td>
<td>2.46</td>
<td>NASDAQGS</td>
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<tr>
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<td>48.74</td>
<td>5.5%</td>
<td>52.20</td>
<td>37.26</td>
<td>NYSE</td>
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**THE Losers**

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<tr>
<th>Company</th>
<th>Current Close</th>
<th>Reg. of Month Close</th>
<th>% Change</th>
<th>52 Week High</th>
<th>52 Week Low</th>
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<tr>
<td>American States Water Corp.</td>
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<td>-2.57</td>
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<td>31.20</td>
<td>NYSE</td>
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<tr>
<td>Provident Financial Holdings Inc.</td>
<td>6.76</td>
<td>6.70</td>
<td>0.06</td>
<td>6.70</td>
<td>0.07</td>
<td>OTCPK</td>
</tr>
<tr>
<td>Kaiser Federal Financial Grp. (H)</td>
<td>53.84</td>
<td>53.22</td>
<td>0.62</td>
<td>53.22</td>
<td>53.84</td>
<td>NASDAQGS</td>
</tr>
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<td>Physicians Formula Holdings Inc.</td>
<td>3.67</td>
<td>3.48</td>
<td>0.19</td>
<td>3.48</td>
<td>3.67</td>
<td>OTCPK</td>
</tr>
<tr>
<td>Watson Pharmaceuticals Inc.</td>
<td>51.41</td>
<td>48.74</td>
<td>2.67</td>
<td>48.74</td>
<td>51.41</td>
<td>NYSE</td>
</tr>
</tbody>
</table>

**Notes:** (H) - Stock hit fifty two week high during the month, (L) - Stock hit fifty two week low during the month, NM - Not Meaningful

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**Real Estate...**

The offsite package, McCarthy recently completed mass grading and is currently constructing the underground site utilities and the building foundations. Sattley said he expects the structural steel portion of the buildings to be topped-out by mid-2011.

With architectural design by HDA Group of Gilbert, Arizona, the two-level steel structure and plaster finish school consists of nine buildings—an administration building, library, math and science, performing arts center, athletic building, English and social studies, cafeteria and a central plant. Included on-site are a football stadium with concessions, basketball and tennis courts, baseball, soccer and softball fields, plus parking areas for students and staff. The offsite package includes permanent utilities and a new roadway.

“The extensive utility work on this previously undeveloped site offers some of the most challenging aspects of this high school project,” said Bonnie Martin, McCarthy’s project director for the high school. “McCarthy is working closely with the local utility agencies (water, sewer and power) to construct the project’s utilities. We are also in close contact with the Division of the State Architect to obtain timely approvals on deferred submittals such as steel joists and the fire sprinkler system.”

“The location of the project poses further construction challenges,” she added. “Site conditions such as extremely sandy soil, site access, maintaining compaction, dust control and erosion also add to the project’s complexity.”

Construction scheduling calls for the stadium and playfields to be built concurrently with the buildings. The performing arts center will feature a state-of-the-art sound sys-

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One of the nation’s leading investment banking and financial advisory organizations. All stock data on this page is provided by Duff & Phelps, LLC from sources deemed reliable. No recommendation is intended or implied. (310) 689-0070.
It’s that time of year again: time for business owners and senior executives to take stock of the past 12 months. What did 2010 look like for you and your company? Did you struggle to regain your post-recession footing? Were employees engaged and focused? Are financials on track? The questions you could ask during your year-end assessment are endless. But according to Rick Lepsinger, there’s only one that really matters: Did your company effectively execute its plans and initiatives?

“If an organization can’t get things done, nothing else matters—not the smartest strategy, not the most innovative business model, not even game-changing technology,” observes Lepsinger, president of OnPoint Consulting and author of “Closing the Execution Gap: How Great Leaders and Their Companies Get Results.” “And for many companies, there is a clear gap between intent and execution—we’ve seen plenty of evidence this year.”

Lepsinger’s research uncovered five characteristics and competencies, which he calls “The Five Bridges,” that enable people to traverse this execution gap. It is these bridges that differentiate the companies that are consistently able to get things done from those that aren’t. (Lepsinger calls the former “Gap Closers” and the latter “Gap Makers”—and he profiles some well-known examples of each in his book.)

**Execution Gap Maker #1: BP (Need we say more?)**

It’s obvious from recent events that BP experienced an enormous execution gap. (More like a chasm, really.) Had the company focused on recognizing and closing that gap, it would have prevented this year’s unprecedented disaster. Lepsinger says that while the oil spill is a complex and tragic event, the cause can be traced back to BP’s failure to build the critical bridges described in his book “Closing the Execution Gap.”

Lepsinger notes that leading up to and after the oil spill BP violated almost all the guidelines of effective execution, including lacking an effective structure and lacking clear accountability. These gaps created another problem for them: In the critical stages following the spill, BP was unable to get input from those who had the knowledge and experience to make the best decisions about how to handle it.

What’s more, BP failed to empower people to use their best judgment and take appropriate action. Consider that hours before the explosion the rig crew was arguing about the best way to finish the oil well and move the rig to the next site. A Transocean mechanic testified that he overheard a “company man” telling rig workers “how it’s going to be,” and that although the rig workers felt the plan was too risky, they reluctantly agreed. And just after the explosion, as workers were scrambling for safety, a worker was yelled at by the captain (who worked for the rig’s owner, Transocean) for pressing the distress button without authorization, and when another worker was asked if he had called to shore for help, he said he had not because he did not have permission to do so.

The “BRIDGE” that failed: Employee Involvement in Decision Making...among others.

**THE LESSON:** In order for any company to execute successfully, the right people have to be involved with the right decisions. BP provides a devastating example of what can happen when this isn’t the case.

“Obviously, this lesson is even more critical when there is as much at stake as there was in the BP disaster,” notes Lepsinger. “But really for any company trying to gain footing in a constantly changing business environment and tough economy, empowering the right people to make the right decisions can be the difference between landing that next great customer or account or not.”

**Execution Gap Maker #2: Nokia**

Nokia’s share of the worldwide market for mobile phones continued to slip in 2010. It may surprise you to learn that about five years before Apple introduced the iPhone and three years before it launched an online applications store, Nokia was ready to introduce its own Internet-ready touch screen handset with a large display and had an early design of an online applications store. So what happened? Why was this once-dominant player unable to execute and maintain its market position?

“It appears Nokia was not able to coordinate decisions and activities across departments or levels of management,” says Lepsinger. “Many innovative ideas became the victims of infighting among managers who had competing objectives. Plus, as a result of a lack of cross-organizational coordination and cooperation, Nokia wasn’t able to improve its proprietary operating system, Symbian, which would have allowed it to support a more sophisticated smartphone.”

It’s critical that organizations learn to coordinate and collaborate decisions across organizational boundaries. But doing so requires more than faith and words alone. “Shared goals and clearly defined roles provide the foundation upon which cooperation and coordination can be built,” notes Lepsinger. “In addition, people must be held accountable for results. This requires a combination of direct leader behavior and systems that encourage and reinforce the appropriate behavior among employees.”

**Execution Gap Maker #3: Johnson & Johnson**

It’s been a bad year for J&J. Since 2009 McNeil Consumer Healthcare, the J&J division that makes over-the-counter drugs, has had eight recalls, including popular children’s versions of Tylenol, Motrin, Benadryl, and Zyrtec. Most disturbingly was what has been called the “phantom recall,” in which contractors hired by J&J carried out a scheme to buy every package of Motrin by going store to store without informing the FDA.

“Poor execution doesn’t happen overnight,” states Lepsinger. “It can often be traced back to a pattern of behavior that gradually erodes a company’s ability to deliver consistent high-quality results. At J&J it may go back to 2005 when employees reported a lack of alignment between manager behavior and company values and policies. When one million bottles of St. Joseph aspirin failed a quality test after a sample did not dissolve properly, quality workers who blocked the distribution of the bottles claimed their supervisor ordered them to retest the drugs and then average the scores to get a passing grade.

continued on page 26
The County of San Bernardino Workforce Investment Board and Workforce Development Department is ready to assist your business at no cost with the following services:

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- Labor market information
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**CVEP Appoints Thomas Flavin**
New President and CEO

Extensive Economic Development, Community Leadership Highlight Experience

Following an exhaustive and careful six-month search, the Coachella Valley Economic Partnership (CVEP) has announced the appointment of Thomas Flavin to the position of president and chief executive officer. Most recently the president and CEO of enterpriseSeattle in Washington State, where he directed a business development program to strengthen industry cluster opportunities in clean technology, interactive media and life sciences for the Puget Sound region, Flavin began his new CVEP role last month.

“Tom’s breadth of experience in business and economic development, emerging technologies and public/private partnerships will further define CVEP and keep it focused on its goals,” said Clifford Daniels, CVEP board chair. “He has the entrepreneurial spirit, drive and know-how the organization needs to continue fulfilling the economic potential of the desert region, as we have outlined and are actively pursuing with the Coachella Valley Economic Blueprint.”

At enterpriseSeattle, Flavin, a Vietnam veteran, led the rejuvenation and recapitalization of the regional economic development organization for King County and its 39 cities, encompassing a population of 1.9 million. Previously, as president and CEO of the Denver-based public/private partnership organization Southeast Business Partnership, he directed the development and implementation of programs addressing key community issues in the south Denver metro region—including economic development, transportation, workforce growth and policy formulation, as well as administrative, financial and personnel management.

“With nearly 40 years of progressive work in civic management, public/private business initiatives and marketing, Tom’s executive qualifications are rare,” said Lee Morcus, CVEP board member and CEO search team chair, as well as chair of the Palm Springs Desert Resorts Convention and Visitors Authority (CVA) Hospitality Business Council. “His background covers all of CVEP’s key development areas, and his leadership should help strengthen the working relationship between CVEP and CVA as the organizations foster sustainable and diversified year-round economic expansion—as measured by capital attraction/investment and job growth.”

Thomas Flavin additionally served eight years as mayor, councilman and planning commissioner for the City of Burbank. As president and CEO of Burbank-based Business Government Partnership, he spearheaded public and private community development projects for cities including Ventura, Camarillo and Alhambra.

**Public Private...**
continued from pg. 3

investment with a sizeable price tag. City officials are increasingly looking to accomplish their project goals with a private sector partner.

Public-private partnerships (PPPs), often used interchangeably with privatization, are not revolutionary; they have been used in the United States long before it declared independence. They have, however, revolutionized the provision of public infrastructure-based services since the 1980s. Today, the average American city works with private partners to perform 23 out of 65 basic municipal services.

Thanks to a multi-prong (PPP), the $17.5 million Magnolia at Highland project transforms a blighted automotive site into 80 units of high quality, affordable housing for seniors, retains a one-acre parcel of land for future sale or development opportunities, and creates a future stream of income that... continued on page 18
FREEWAY LINCOLN MERCURY BUILDING GETS NEW OWNER

Activity continues at the San Bernardino Auto Center, as Toyota of San Bernardino’s President Cliff Cummings has just acquired the building that once housed the former Freeway-Lincoln Mercury car dealership, located at 1600 Camino Real.

Facing Interstate 215 at the entrance to the city, the former dealership consists of three buildings, which sit on a 3.31 acre parcel of land and employed approximately 45 people before ceasing its operations in the summer of 2008. In a current state of disrepair, the acquisition is yet another sign of the revitalization underway at the San Bernardino Auto Center.

“The location is in pretty bad shape and will take some time before we can actually make it functional,” said Cummings. “If you want to attract buyers, image is key and we want to do all we can to increase the visibility and awareness of the auto center.”

Stripped of everything imaginable, amid a sea of broken glass, restoration to the dealership will begin immediately. Cummings predicts the dealership will be operational by January 2011, utilizing the space for vehicle storage, display or perhaps another franchise, highlighting it as an entryway into the city.

With an increase of 17 percent in its workforce over last year, Toyota of San Bernardino is set to add even more members to its staff, due to the anticipated number of employees needed to make the location functional once again.

Cummings says that the signs of the economy rebounding from the recession are everywhere, and sees the auto center providing the Inland Empire as a source for a variety of well paying jobs, such as mechanics, landscapers, security, sales executives and other administration professionals.

“Our plans are to fuel growth and expand market share,” continued Cummings. “This is a prime location, which will go a long way in helping us to do just that.”

SolarReserve... from the California Energy Commission (CEC) for construction and operation of the Rice Solar Energy Project. This approval, the key state-level permit for the 150-megawatt solar power tower project, was achieved in the record time of less than 13 months from the initial application, a testimony to the state’s commitment to solar energy and other renewable energy solutions in California.

Located on previously-disturbed, private land 30 miles northwest of Blythe in eastern Riverside County, SolarReserve’s Rice Solar Energy Project will supply approximately 450,000 megawatt hours annually of zero-emission electricity to Californians—enough to power up to 68,000 homes during peak electricity periods—utilizing its innovative energy storage capabilities. The project, which has a 25-year power purchase agreement with Pacific Gas & Electric (PG&E) for the sale of the electricity generated by the project, is expected to employ nearly 500 skilled workers during construction and generate an estimated 5,300 direct and induced jobs for the region. In addition, the project has an annual operating budget estimated at more than $5.0 million, much of it expected to be spent locally, and the project is forecasted to generate $48 million in tax revenues for the state over the first 10 years of operation.

“Today is a bright day for California,” said California Energy Commission Chairman Karen Douglas. “By approving the Rice Solar Energy Project, California continues to demonstrate its leadership and commitment to support clean, renewable energy. These solar projects will reinvigorate our economy and bring jobs to hard-hit communities. As we look to harness more renewable sources of energy by 2020, California leads the nation by embracing the power of the sun.”

Regarding today’s favorable announcement, SolarReserve CEO Kevin Smith said, “We are extremely pleased that the CEC has authorized us to move forward on our Rice Solar Energy Project, and recognize the commitment from the state to ensure reliable, clean energy for all Californians. SolarReserve is a California-based company with American technology that was developed here in the state, so it’s even more gratifying to be building this project in California, creating significant economic benefits and new jobs for the region.”

Utilizing an advanced molten salt system technology under exclusive worldwide license to SolarReserve from Pratt Whitney & Rocketdyne, a division of United Technologies Corporation, the Rice Solar Energy Project has the ability continued on page 39

The 2011 Street Banner Program is Back!

Ten Months of Exposure on Major Montclair Streets dine Montclair

The Montclair Chamber of Commerce is now taking orders for the sixth annual street banner program. The 2011 banner will continue to encourage the idea of shopping and dining in Montclair so that the tax dollars can be put to work in the Montclair community.

Your business or family name will be imprinted on both sides of a professional grade, vinyl fabric, 84” x 36” banner, which will be hung on pre-selected light poles along major thoroughfares throughout the city for 10 months between January & November. You can choose either option for imprinting and Chamber staff can assist you with this.

The Montclair Chamber of Commerce street banner program supports the Montclair Online to College program which offers Montclair high school students the opportunity to attend Chaffey College at no cost. Your sponsorship of a street banner will directly benefit a student in Montclair.

There are a limited number of banners available, so act now. Your contribution may be tax deductible - contact your tax professional for details.

Price Per Banner - Ten months of Exposure
Chamber member $500 Non-member $550

Shared Banners may be available for $250 members and $275 non- members, in the print style only. If you are interested in sharing a banner with another business, please let us know.

For questions, information or to reserve your spot please call 624-4569.

Banner placement is based on first right of refusal, Chamber membership and first come, first served. The Montclair Chamber of Commerce reserves the right to change the style or graphics of the banner or cancel the campaign. Any money collected will be returned.
The Future of Business Is Social: Seven Principles That Lead to Social Success and the Companies Already Getting Them Right

More and more, companies are realizing the revenue-driving value of connecting socially and collaboratively with their customers.

Let’s face it: The business world is changing. Rapidly. While the object of the game is still to drive revenue, the methods have changed. Instead of a monolithic one-way interaction, business is now being conducted through constant and meaningful two-way conversations between organizations and constituents—at every stage of organizational development. And it’s a good thing, too.

Not so long ago, the object of the game was to be cutthroat and dictatorial about business, and it helped if you could check your emotions and personality at the door. Deep down, did most of us really buy the old “nothing personal—it’s just business” line? Of course not! After all, building a thriving business is all about making lasting, personal, reliable connections inside and outside of your company, points out Barry Libert.

Libert knows what he’s talking about. He is the chairman and CEO of Mzinga®, a company that provides social software to businesses. Quite literally, it’s his job to be social media savvy. And he’s adamant that building your own Social Nation is increasingly necessary in the business world.

“It’s true. Your employees and your customers want to be engaged on a very personal level, and not just through a survey or an annual conference,” confirms Libert, author of the new book “Social Nation: How to Harness the Power of Social Media to Attract Customers, Motivate Employees, and Grow Your Business.” “And here’s the clincher: If you choose not to engage with these folks, they’ll do it without you—and you definitely don’t want that.”

Examples of Social Nations are everywhere. Today, customers want to rely on what other diners have to say to help make decisions about where they should eat next, rather than relying on traditional restaurant advertising. Open Table has brought together a nation of diners who connect online. Amazon has brought together a nation of readers who want to share their feedback about books and help influence the choices of other readers. A community of travelers help us select hotels that meet our personal preferences thanks to TripAdvisor. TheStreet.com steers us toward the stocks we should buy.

And it does not stop there. These and many other companies are all beginning to understand the power of creating friends, fans, and followers to build their businesses.

“Building your Social Nation means changing what you think it means to build a company,” Libert explains. “This emerging social era is about engaging everyone around you to redefine what you do and how you do it—including sales, marketing, R&D, customer support, and product development.”

Still skeptical? Then take a look at the hard numbers. A 2009 study by the Nielsen Company revealed that employees, partners, and customers spent 17 percent of their online time social networking or blogging—and 83 percent more time in online social networks than the year prior. What’s more, these constituencies are driving advertisers to spend an expected $2.6 billion on these social sites by 2012.

Essentially, these statistics tell us that companies need to embrace and capture the voices of their employees and customers if they want to innovate and thrive. And at the same time, customers and employees want to impact all aspects of business by sharing their opinions, criticisms, and praise with companies—and with each other.

“It’s becoming increasingly clear that building communities for customers, employees, partners, and investors is critical to the future vitality of business,” confirms Libert. “In this new era, you can’t underestimate how important and social connections are, and how crucial it is to fulfill the needs of others and the desires of customers. When you embrace the Social Nation revolution, you’ll create a better, more profitable, and more viable company or organization.”

Excited to learn more? Then read on to learn about Libert’s seven rules for implementing a successful social media strategy...

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California’s recovery from the recession of 2008/2009 is going much as we had predicted, and that is unfortunate because it means that there has been very little growth in jobs and only slow growth in income. It is still the case that the factors restraining growth: U.S. consumers repairing their balance sheets; a slow recovery of California’s international trading partners; too much housing in the inland parts of the state; too few home buyers in the coastal regions; and unresolved state budget issues will remain with us over the next 12 months and will dampen any job growth until the latter part of 2011.

However, in two of California’s most problematic sectors, housing and government, the last few months have seen interesting developments. In housing, population pressures continue to build and it is evident that we are getting closer to a take-off point. In government, a series of reforms has put the state on the path to providing more certainty and clarity with respect to government services and spending. In the very near term we do not expect these factors to have much impact. Developers of residential properties remain nervous about the state of the housing market, and in Sacramento the state legislature has another big shortfall to address. But as we move towards the end of 2011 and into 2012 they bode well for the beginning of a more robust recovery. In this California Report we will examine these two sectors more closely for the impact these changes will have on the shape of the recovery.

In other important sectors progress has been tangible. In trade, there was a jump in imports during the critical pre-holiday season inventory accumulation. This brought the California logistics industry part of the way back to pre-recession levels. Current indicators are for a good, though not great, December. If that is the case, then this may be the beginning of the recovery of the logistics industry in Los Angeles, Riverside and San Bernardino Counties.

In manufacturing growth, there has been some increase in output, particularly for California’s largest export sector, computers and electronics. The composition of demand in the fall of 2009 and winter of 2010 was heavily weighted towards inventory rebuilding. With this mostly complete and a summer hiatus in the growth of export demand, the expansion of manufacturing output slowed. Further growth required increased domestic and foreign consumption demand. The third quarter growth of exports signals a return to manufacturing growth, and ultimately ought to lead to more manufacturing employment.

While the longer term prospects for California look bright, it is difficult to be very optimistic about the near term. On the job front, California has yet to make meaningful progress. As the year closes out it looks as if the decline in employment from 2009 to 2010 will be close to -1%. Private sector payroll job growth occurred in 2010, but compared to the evaporation of 1.3 million payroll jobs in 2008 and in 2009, the net addition of 66,700 jobs is miniscule. If the unemployment rate is to drop to an acceptable level, job growth in California is going to have to accel--
Connecting With the “Overqualified” Job Candidate: Why the Highly Skilled Candidate May Be the Best One for the Job (and Five Ways to Connect With Her)

These days, any position that becomes available generates a deluge of résumés. If your policy is to automatically discard those belonging to candidates you deem as “overqualified,” it’s time to rethink your strategy. Maribeth Kuzmeski explains why.

When a job opens up in today’s economy, it receives a lot of attention. And no wonder: Over 15 million Americans need work. And if you’re a hiring manager, you may have found that the best way to shrink that pile of résumés on your desk is to weed out the seemingly “overqualified” workers first. After all, you reason, those candidates will want too much money and will jump ship the minute they find a better offer. Right?

Not necessarily, says Maribeth Kuzmeski. In fact, she adds, a recent Harvard Business Review article suggests that when you ignore these candidates, you’re missing out on the opportunity to add highly qualified talent to your organization.

“The article points out that ‘overqualified’ candidates tend to show a better work ethic, stay on average, longer than less qualified candidates, and as long as they are empowered, are actually happy workers,” says Kuzmeski, author of “The Connectors: How the World’s Most Successful Businesspeople Build Relationships and Win Clients for Life” and the new book “And the Clients Went Wild! How Savvy Professionals Win All the Business They Want.”

To back up these assertions, the HBR article cites studies from folks at the University of Connecticut, the University of South Carolina, St. Ambrose University, and Portland State University, respectively, which show that overqualified workers are high performers, less likely to quit, and value autonomy.

“One thing is ‘overqualified’ is basically saying he or she is too skilled or too experienced,” says Kuzmeski. “The truth is, candidates with well-developed skills, a lot of working world experience, and the right attitude are exactly what you should want. When you ignore candidates based on your own assumptions or perceptions about what you see on their résumés, you run the risk of missing out on great employees.

“Instead, take the time to connect with these candidates,” she suggests. “Invite them in and learn what motivates them.” Kuzmeski is an expert at helping companies and individuals create strong business relationships that will help them get ahead regardless of their professions. She teaches her clients how to connect with their customers in order to win business and build loyalty. These same relationship-building skills can help hiring managers connect with the candidates who are the right fit for their companies.

Below Kuzmeski offers advice on how best to approach the highly qualified hire:

Be open and honest about your concerns. If you have concerns about certain elements of the candidate’s experience, ask about it. If you see that a candidate has an impressive list of achievements, acknowledge them.

“Don’t chuck someone in your ‘no’ pile simply because you might be a little intimidated by his achievements,” stresses Kuzmeski. “Ask the candidate how he plans to use the skills that led him to his past achievements in the position you’re offering, but don’t focus too much on the past. Instead, find out about his current motivations and the goals he has for the position.”

Connect with the candidate’s why. Your worries about a highly qualified candidate can be decreased when you connect with her why. Most candidates are not applying for jobs they seem more than qualified for because they are simply desperate for work—but many hiring managers never find this out because they discard these candidates’ résumés rather than invite them to come for an interview.

“By connecting with the candidate’s why, you can learn her motivations for wanting a position,” notes Kuzmeski. “Even if a person was downsized, maybe she was burned out on what she was doing and wants to jump-start a new career. Or she may want to give herself a higher level position in order to get back to something she enjoyed doing earlier in her career. You’ll be able to tell when she is explaining her reasoning and her motivations whether or not she truly has a passion for the job in question or whether she is simply willing to take the first job that is offered to her.”

Recognize that highly qualified people require less training. If a job candidate has been around the block a few times, his adaptability to new situations and responsibilities will be better. That’s good news, because you and your managers will spend less of your own valuable time training him.

“Plus, once you have him on board, it’s likely that you’ll find he is a great help to your other employees,” says Kuzmeski. “Highly qualified candidates bring with them more life experience to pull from when challenging situations arise with clients or other coworkers. You will probably also find that you have added peace of mind knowing that someone who is highly skilled and experienced is hard at work for you.”

Hire based on attitude. This might be the best piece of advice to heed with any hiring decision. As long as a candidate has the basic skills and knowledge required to get the job done, don’t spend time wringing your hands over whether or not she might be too qualified. If the person has a great attitude and is highly motivated, then you might want to give her a chance, especially if the other candidates are less qualified and don’t seem like they will fit in with the company culture.

“Hiring is a tricky business,” notes Kuzmeski. “Sometimes it’s okay to go with the person you like the most. If that person also happens to be highly qualified, then it will only benefit you and your company in the long run.”

Once you have them, empower them. As touched on above, the study from Portland State University found that overqualified employees who are given decision-making power tend to be more satisfied with their jobs. The study performed by assistant professors from the University of Connecticut, the University of South Carolina, and St. Ambrose University examined data on more than 5,000 Americans. Those examined, according to the Harvard Business Review article, were high-intelligence workers in...
Live Life Enthusiastically

By Richard Bonar

Dale Carnegie often called this principle the little-known secret of success. It will make you happy. If someone is enthusiastic, it’s an energy builder. They can sell their ideas and ultimately accomplish more than they could with sheer intellect.

I know it is not always easy to be enthusiastic. Sometimes life becomes unbalanced and work or family literally drain your energy. There are many things we cannot control, such as the economy or other people, but we can control our thinking. It is possible for us to create enthusiasm. Try the following strategies:

1. Act Happy. Too many people condition themselves to be negative. They are afraid they will be seen as too gung-ho. Some negative people say they’re just being realistic by not getting their hopes up. Yet I find that if I simply act enthusiastic, it eventually becomes real. Others pick up on my enthusiasm, become excited themselves and then feed their enthusiasm back to me. It becomes a beautiful circle of energy.

2. Give people the opportunity to be enthusiastic. In a tough economy employers expect us to get more done, in less time, with fewer resources. It is one of the times in life when we must choose to see the glass of water half-full instead of half-empty. Let people know their ideas are important. For example, the facilities-maintenance manager at a hospital had only a sixth grade education yet he saved the hospital $15,000 by inventing a new way to open the operating-room doors. He never knew the hospital cared about his ideas until he was encouraged by his supervisor to contribute his ideas.

3. Don’t criticize, condemn or complain. Don’t put up with people who do. Just walk out of the room and refuse to let another’s negativity affect your enthusiasm. Consciously decide to generate positive enthusiasm. Be “enthusiastically present” and smile. You’ll be pleasantly surprised by the response you get from people.

4. Keep perspective. Life is too short to just put up with negativity. Have some fun with life. Grab the gusto. See the excitement in every situation. Be enthusiastic about the chance to make a difference with even your smallest actions. Smile, hold the door open for someone, let another driver into your lane of traffic, etc. Even these simple actions can make a difference in others’ lives. That’s something to be enthusiastic about.

When a positive person walks into a room full of people, the room seems to light up. Conversely, when a critical, negative person leaves a room...the room lights up.

If you act enthusiastic, you will be enthusiastic! Here’s to a positive 2011.
5 Myths Every Business Must Avoid to Survive the Recovery

By: Vivian Hairston Blade

Recession Plagued
At a recent stockholders meeting, the vice president of sales for a global manufacturer, reported: “The economy has been tough on our industry. Sales volumes significantly declined and have not nearly returned to pre-recession levels. The company has laid off employees, cut expenses, and, unfortunately, has had to cut prices to remain competitive. Competitors have cut prices as much as 40% on some products. We’re ‘under-water’ on critical components our customers need. But, we have no choice.”

Sound familiar? Could this be your company?
Like so many businesses during the recent recession, this company is having a tough time bouncing back. Consumers’ wallets and businesses’ checkbooks continue to be tight. In fact, the Price Index for personal-al-consumption expenditures, excluding food and energy, had bottomed out in late 2009, but is showing signs of being unstable again.

While sales and profits continue to struggle, employment will remain stagnant and the economy will be slow to recover. It’s a vicious cycle. Every company feels the trickle down effect. Customers have reset their expectations. And, companies attempt to cut prices to retain customers, grow share and increase top-line revenue.

But is this really a viable business strategy? Focus on short-term revenue hinders investment in substantially improving the quality of your business for the future. Though not sustainable, many companies still operate on this short-term view.

5-Myths Every Business Must Avoid
It’s time for you to take a look at 5 Common Myths that keep companies ‘sprinting’ to the finish line. If you want to survive the recovery, avoid these failed strategies to stay ahead in the ‘marathon.’

• Myth 1: Customers demand lower prices during a recession.
  When customers stop buying, the first reaction is to drop prices to jump start spending. When price is the carrot, buying behavior changes and customers wait for even deeper cuts.

• Myth 2: You have to follow competitor price moves during a recession to stay competitive.
  Competitors use price wars to protect share. You soon find that suffering profits can’t sustain the business for long. Rarely does volume make up for the loss in revenue!

• Myth 3: We’re good at what we do. Customers are privileged to do business with us.
  Sorry to disappoint you. But, it’s not about you! Companies with this attitude find that customers don’t stick around long.

• Myth 4: Customer retention initiatives are a cost that won’t pay back.
  Companies that treat customer retention as a cost will allocate only a few resources to protect their greatest asset. Their efforts fail to improve retention or increase sales and, therefore, support dwindle.

• Myth 5: Customer retention is the responsibility of the sales and customer service departments.
  Service Recovery is not a customer retention program. Only 1 out of every 19 unhappy customers complain. That’s just 5%. And of the 95% of unhappy customers who don’t even complain, more than two-thirds decide to buy elsewhere. Recovery as a retention strategy just doesn’t work!

A Look in the Mirror
Do any of these myths plague your company? Where do you feel the effects?

• Does the number of customer defections surprise you? What are these defections worth in revenue? Margin?

• Are you spending more on new customer acquisition? How much more does it cost to win a new customer vs. retaining current ones?

• Are your customers really “price conscious” or are they really “value deprived?”

Studies show that when customers believe they get more “value” for their money, they are much more loyal and spend more with those brands.

Why Invest in “Value-Based” Customer Relationships?
 Companies that take a long-term view of investing in “value-based” customer relationships are rewarded with double-digit growth and profitability that compounds over time.

Does this mean higher costs? More often, investing in “value-based” customer relationships means reducing your costs or being able to charge more for highly valued products and services.

“We’re not fighting for the highest volume but for the best reputation, customer satisfaction, and the best profit,” says Dieter Zetsche, CEO, Daimler, on the prospects of surpassing Toyota’s Lexus as the No. 1 luxury U.S. brand, Business Week, Aug. 2, 2010.

“Most marketers and corporations are now looking to reduce costs in order to improve the bottom line. While they do, it will be important to remember the favorable economics of keeping and growing customers vs. finding new ones.” Donovan Neal-May, executive director, CMO Council, Forbes.com.

VALUE is about how you make your customers successful. Don’t forget that customers define VALUE and expect you to deliver VALUE, at a minimum, to meet their fundamental expectations if the relationship is to continue.

Keep in mind that a change in the economic climate causes the needs of your customers to change, which requires a change in how you respond to their needs.

Your tools - 5-VALUE Creating Imperatives™

How do you effectively deliver greater VALUE in this tougher environment and remain profitable to survive the recovery? Integrate these 5-VALUE Creating Imperatives into your business operations.

Take a closer look at each imperative. As you review these brief descriptions, challenge your current thinking, culture and processes!

V - Voice - Give your customers one! Be disciplined about listening to their challenges and needs.

A - Accountability - Hold leaders accountable for customer voice and for action that responds to customer voice.

L - Levers - What is most important to your customers in how you help them succeed? How do they depend on you?

U - Unbelievable Experiences - Create experiences that surprise and elate your customers.
Real Estate... continued from pg. 9

tem, acoustical balance, orchestra pit and supporting cast areas. The classroom buildings and the library will incorporate audio-visual equipment such as projectors and electric motorized screens and high speed data. The math and science building will house labs to support current technology, built in case-work, chemical resistant countertops, sinks, gas and additional power.

The areas being built as part of the California Career Technical Education Program fund include a complete culinary kitchen with a dining/classroom area as well as a full commercial kitchen to practice real world application. The students will learn to prepare and plate food and then serve it to “customers” in the dining/classroom area. The mechanic/transportation lab includes two instructional classrooms adjacent to two full “garage labs” for hands-on training in auto body and auto repair. The video technology classroom will be arranged like a recording studio, and multimedia labs will be built for video editing.

McCarron is using Building Information Modeling (BIM) technology for the coordination of the underground utilities and the building’s MEP (mechanical, electrical and plumbing) systems. Design consultants involved with the Rancho Mirage High School project include: HDA Design Group, Inc., architect; Kathy Davis & Associates, interior designer; Paragon Structural Design, Inc., structural engineer; and Kraemer Engineering Inc., mechanical engineer.

Construction began June 2010 and the school is scheduled to open in Fall 2013. McCarthy is also building the new Painted Hills Middle School in nearby Desert Hot Springs, which is scheduled to open in Fall 2011.

CT Realty / Behringer Harvard Venture Acquires 800k Square Feet Inland Empire Portfolio

A joint venture of CT Realty Investors and Behringer Harvard has obtained financing of $21.5 million for the purchase and lease-up of an 802k-square-feet, four-building Inland Empire industrial portfolio that is currently just 29% leased. Located within the Interchange Business Center, adjacent to I-215 in San Bernardino, the Class A buildings are occupied by two tenants, both 3rd party logistics providers that have taken 234k square feet of the portfolio’s total space.

The buyer purchased the portfolio in an off-market transaction at a significant discount to replacement costs. Senior financing was provided by PCCP LLC.

The property was built in 2007 and consists of four, one-story, concrete tilt-up industrial buildings ranging in size from 94.1k square feet to 354.1k square feet. They are part of Interchange Business Center, an industrial park that has a total of six buildings.

The other two buildings in the industrial park that were not included in the buyer’s purchase are 100 percent occupied by Michelin Tires (801k square feet), and Dollar Tree (449k square feet). The buildings offer direct access to the I-215 and newly complet-ed I-210 freeways, which lead directly to the I-15, I-10 and State Route 60 freeways—all major transportation routes serving Southern California and the Western United States. The property is approximately six miles north of the BNSF Intermodal Facility that transports warehouse goods to and from the ports of Long Beach and Los Angeles.

Industrial Firms Acquire Riverside Manufacturing and Distribution Facilities

A.M.A. Plastics Inc purchased a 150,1k square foot warehouse/distribution property continued on page 31

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can be used for future developments including senior or single-family housing.

Located on the South West corner of Highland and Medical Center Drive, the project is declared to be a milestone for the City of San Bernardino and was the result of a study conducted in 2008 that revealed the city was approximately 1,000 units below what is needed for an aging population in the form of affordable senior housing.

Carrying a total development cost of $19 million, the San Bernardino Economic Development Agency Economic Development Agency

Consultant Proposals Requested

Request for Proposals No. 10-03 Construction Management Services for San Gabriel Trench Grad Separation Project

The Alameda Corridor-East Construction Authority (ACE) is seeking qualified consultants to provide Construction Management Services for the San Gabriel Trench Grade Separation Project in the City of San Gabriel. The UDBE Contract goal for this Proposal is 7%.

Request for Proposal (RFP) No. 10-03 will be available for downloading on our website, www.theaceproject.org. The RFP can be accessed from the “Bulletins” section of the home page.

Key dates for this solicitation are:

• Pre-Proposal Conference (Mandatory for Prime Consultants) will be held on Jan. 12, 2011 at 10:00 a.m. at the San Gabriel Mission Playhouse located at 320 South Mission Drive, San Gabriel, CA 91776. All prospective Prime Consultants are required to attend the Pre-Proposal Conference. Parking is available at the parking lot adjacent to the Mission Playhouse.

• DBE/UDBE Networking Event (Mandatory for Prime Consultants) will be held immediately following the Pre-Proposal Conference. All prospective Prime Consultants are required to attend this event. It is strongly recommended that subconsultants, especially DBE/UDBE firms attend as well to network with potential primes and to foster teaming opportunities.

• There is no site walk for this project.

• Proposal submittal date is Feb. 3, 2011.

To request a copy of the RFP, please fax your request to (626) 962-3552 or e-mail to ccardenas@theaceproject.org, and reference RFP No. 10-03.
Laying the...
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horizon.

As compared to our forecast of last June, the current forecast is slightly weaker in the near term and slightly stronger in the longer term. We remain concerned about the impact of uncertainty, particularly in the national and international arenas. International tensions over competitive currency depreciation and the possibility of retaliatory barriers to trade have increased since our last forecast. For the California economy this means that while the forecast is marginally stronger, the margin of error of the forecast is higher.

Slow growth in the California economy in the near term means the unemployment rate will remain at the elevated rate of 11.4% next year. The latter part of our forecast calls for the health care, professional and business services, export, and technology related manufacturing sectors to generate a bit more robust growth in California. Job creation, though more rapid in late 2011 and in 2012, will not be fast enough to push the unemployment rate below double digits until the end of 2012.

Housing

The housing market in California remains in the doldrums. There are indications that some of the markets are ready to turn, but we have been saying that for six months. The real issues are too many homes inland, and too few buyers on the coast. The former has been well explored in previous California reports and we will not re-hash the issues. Suffice it to say that the rapidly rising home prices of the 2004-2007 bubble, induced developers to build housing in inland communities for a population which was not to materialize. "Build it and they will come,” was a mantra which did not play out very well.

In the coastal markets the situation is quite different. The mid-decade building exuberance was not acute in the coastal communities. Although the recession forced the price of homes down as the demand for existing homes dried up, there were not the wholesale foreclosures and extreme stressed housing markets seen inland. Today inventories are low, home prices are up on a year-over-year basis, and sales are marginally better than last year. Still the coastal housing markets remain sleepy and it appears that potential buyers are sitting on the sidelines.

The clue to what is happening with potential demand for homes lies in the behavior of households over the business cycle. When labor markets are not providing enough jobs, the young and the old are hardest hit. From both sides of the demographic spectrum comes a solution to the need to cut living expenses. Move in with the middle aged, employed parents or children. On move-in day the demand for housing units, rental and purchase, declines, and there is simultaneous downward pressure on real estate and apartment markets.

What is important about this phenomenon is that while Mom and Dad might want the kids, parents and grandkids around, these doubling up living arrangements are economic and not socially driven. That is to say, if the family wanted to be a large extended family under one roof, this would happen regardless of economic conditions. So the increase in household size we see in a recession represents potential demand for housing units, a demand that become effective demand once economic conditions improve.

To measure the magnitude of the potential demand for housing units we examined the change in household size over the last decade. When the kids don’t move out at a normal rate, or grandma and grandpa move in at a greater than normal rate, or singles double up at a greater than average rate, then the average size of households increases. There are two data bases...
We Are... continued from pg. 8

“Theyir busy employees usually have to look at a computer most of the day, and they are trying to cycle patients through as quickly as possible. But by doing something as easy as making eye contact and smiling, you can begin to alleviate a sick patient’s stress—or in the case of the airline, a passenger’s travel worries.”

Fix it first. This one goes out to anyone who has ever gotten their freshly dry-cleaned clothes back only to find that a button has broken off of their favorite blouse or dress shirt. Or who has gotten their car back from the repair shop only to have another problem a week later. If you are a dry cleaner, fix the button—at no charge—before your customers pick up their clothing items. By doing so, you eliminate what could become a huge inconvenience for them and ensure they won’t have any qualms about bringing their next round of dry cleaning to your business.

For car repair shops, contact your clients if you see that there is something else wrong (or that could soon be wrong) with their car. Ask if they would like for you to go and ahead and fix it and offer a discount on your labor time. It is a great way to build goodwill in an industry where there is a lot of competition.

Provide worth-the-wait service, without the wait. For doctors, hospitals, veterinarians, or other medical service providers, a wonderful way to win the love of your patients is to ensure short wait times and flexible appointment times. For example, one hospital ER in Florida sponsors a billboard that shows its wait time in LCD real-time—as well as the ER wait times at other local hospitals. The sponsoring hospital has significantly lower times. By doing so, they show their patients that they understand wait time is a huge concern, and that most people fear they’ll end up spending hours and hours sitting in the waiting room if they ever have to go to the ER.

This tactic could easily be modified by other businesses where long waits are often a customer deterrent—for example, “big box” chains and popular grocery stores, phone companies like Verizon and AT&T (where the transactions take a long time), or at coffee shops that want to show they have short wait times during the morning rush. Or you can do this on a smaller scale in your own medical office or small business by having your staff let clients/patients know exactly how long it will be before they can be seen.

“Obviously, the shorter the wait time the better, but by providing patients or clients with the wait length, you can show that you haven’t simply accepted that long wait times come with the territory at hospitals, medical offices, and some businesses,” says Kuzmeski. “Show them that you don’t think it’s okay if they have to wait a while to be seen, and that you understand that people want and deserve better.”

Give it away for free. Vistaprint, a global printing company, made jaw-dropping value their hallmark. They did so by offering 250 business cards for free, with a nominal $5.67 shipping and processing charge, to appeal to their target market: cost-conscious small businesses. Today, 66 percent of Vistaprint’s business comes from returning customers. In the first quarter of 2010 alone, they acquired 1.4 million new customers—many who started with a free order.

“Offering freebies might also be a great way to get customers into a new restaurant or boutique,” suggests Kuzmeski. “Give first-time customers a free appetizer or special discount—along with great service, of course!—and they will be happy to recommend more first-timers and to come back for more themselves.”

Laying the... continued from pg. 19

which measure household size. They are the U.S. Department of Census data which comes from the American Community Survey (ACS) and the California Department of Finance Demographic data which merges a variety of sources, including drivers license and school enrollment data in a demographic model.

While both data sets purport to measure population and households, they have very different characteristics. The overall population estimates differ by about 1 million between the two surveys. The ACS survey methodology tends to be more conservative in counting residents. On the other hand, as we shall see, the DoF estimates tend to be closer aligned to expected demographic changes while the ACS estimates tend to be somewhat volatile year to year. There are pros and cons to each data set and therefore they are both incorporated into the analysis presented herein.

The period 2001 to 2004 incorporated a recession and a “job-less” recovery. One would then expect to see an increase in household size over this period. The DoF data show household size increasing from 2.92 residents per household to a bit over 2.93 residents. The ACS data show a decline during this period. The difference between the two can be traced to estimates of a higher rate of migration out of California in the ACS data.

From 2004 to 2010 the patterns in both data series begin to look alike. As mortgages became as easy to obtain as bread, household formation as measured in the DoF data accelerated and household size declined. The ACS data, which did not pick up an increase in household size in the previous years, also did not pick up a decline in household size. However, in both data, a low in household size over the decade was achieved in 2007 immediately before the 2008/2009 recession. In subsequent years both data sets show a sharp rise in household size. From 2007 to 2009 the ACS data shows an increase in household size to 2.958 and from 2007 to 2010 the DoF data shows an increase to 2.957.

How this plays out in the market depends on the supply of housing. Over the study period (2002 to 2010) there were new homes added to the stock of housing at the same time as the population and the number of households grew. To the extent that the newly built homes just satisfied the growing need, the market would be in equilibrium. But the housing bubble distorted these markets. The prevalence of “liar loans” brought buyers into the market who could not otherwise afford to own homes and the bubble gave the appearance of a market with excess demand. As the market crashed, the number of households fell faster than the supply of housing and we had another imbalance, one of seeming excess supply.

According to the Department of Finance data there is currently a deficit, not a surplus, of housing in California. This deficit of realized demand amounts to 2.5% of the number of households. Since this does not appear as realized demand in the market, the DoF data may be understimating the current size of households.

The ACS data show a slightly different pattern with the number of houses built from 2002 to 2010 being slightly larger than the number of new households. So the market has an excess supply of 1%. Since both the -2.5% and the +1% housing surplus figures are estimates, the truth is probably somewhere in between. That is, the aggregate market in California is more or less in balance today, with some markets being stronger and others being weaker.

However, for our purposes it ends up not being important, because housing markets are everywhere local and we have previously documented that there is an excess supply in the inland parts of the state. So the coastal region is either nearly in balance or in deficit.

In fact it is the potential demand continued on page 29

Maribeth Kuzmeski, MBA, is the author of five books, including...“And the Clients Went...” and the Clients Went... continued on page 39

January 2011

BUSINESS JOURNAL • PAGE 20
Expect the bulk of this user activity to be centered in the area’s core business districts of Ontario, Rancho Cucamonga and Riverside.

New leasing activity will remain generally anemic through 2011, and the occasional consolidation move will tug on absorption gains. Although local employment is estimated to grow by 1.2 percent this year, such encouraging news will not be enough to trigger a recovery. In the end, the new year will be a slight improvement over 2010 since many local businesses are currently operating at skeleton crew capacity – any sustained uptick in the local economy (i.e. housing sales) will have a trickle down effect, encouraging new payroll additions.

This year, asking rental rates for Class A and B spaces are expected to realize a 3 and 4 percent decline, respectively. Minimal job growth here and in Orange County (where, historically speaking, many corporate tenants expanded their presences inland before the housing market’s correction) will generate flat net absorption activity in 2011. During ‘the good years,’ annual net absorption for office space averaged 900,000 square feet; by this logic (and imagining for a moment the economy is at full-steam momentum), the Inland Empire has a 7-year supply of office space on-hand.

**Inland Empire Industrial**

Favorable market conditions for buyers and tenants will encourage new activity; leery retailers and additional consolidations to streamline costs will present challenges.

U.S. consumers remained fear-continued on page 23
Jack H. Brown, chairman of the board and chief executive officer of Stater Bros. Markets, has announced the promotion of Mike Slaton to the position of vice president of real estate of Stater Bros. Markets. Slaton’s present position of senior director of real estate will be eliminated.

Slaton has over 27 years of real estate experience. He first joined Stater Bros. in 1981 as a courtesy clerk at the company’s North Redlands supermarket. Later that year he was promoted to a clerk at the same store, and in 1984 he was promoted to the position of real estate analyst at the corporate offices.

In 1988, Slaton accepted a position with a major real estate developer. For the next 20 years, he held a variety of operational and managerial positions in the Western United States with increasing levels of responsibilities.

In 2008, Slaton returned to Stater Bros. as director of real estate, and in 2010 he was promoted to his most recent position as senior director of real estate. He reports to Jim Lee, president and chief operating officer.

Slaton has a bachelor of arts degree in marketing, with a minor in economics, from California State University, San Bernardino. He currently serves on the Southern California Program Committee of the International Council of Shopping Centers (ICSC).

“Mike has done an outstanding job of leading our real estate division,” stated Brown. “His management and real estate expertise will help Stater Bros. meet our present and future real estate needs.”

partnered with Optimus Construction, Inc., Wells Fargo Bank, Chase, California Community Reinvestment Corporation, Western Community Housing Management and Meta Housing to reach their goal.

“This partnership showcases San Bernardino’s commitment to connecting cutting-edge companies to our citywide revitalization goals,” said Johnson, who represents the city’s 6th Ward.

“We don’t have the funds to bankroll major infrastructure projects, yet there’s a bottom line,” he said. “We can’t afford not to address our aging infrastructure. Public private partnerships like Magnolia at Highland provide a chance for important revitalization projects like the Westside commercial corridor to finally bloom.”

“This was the easiest city we ever worked with,” said John Huskey of Meta Housing, Inc. “The work we do in partnership with local governments exemplifies the true value of redevelopment, as we provide...continued on page 39
ful about their ability to find and hold a job, which was a clear threat to consumer spending in 2010. Weak expectations for personal incomes and low buying plans directly impacted Southern California’s industrial markets, with previous years being categorized by move-outs and tenant consolidations, as once robust international trade levels and retail sales dwindled. The focus for 2010s inland user was on streamlining operating costs, which prompted significant movement in the big-box arena: by mid-year, 46 transactions were signed for spaces in excess of 100,000 square feet. Twenty one such transactions occurred during the first half of 2009.

One’s loss was another’s gain as industrial landlords endured declining sale prices and rental rates, allowing users to reap the benefits. By 2010s close, user sale and leasing activity surpassed 26 million square feet – a total that, historically speaking, hints at a strong-performing market. While true at first glance, there was a disconnect: net absorption (the change in physically occupied space) was half of sale and leasing momentum, suggesting a fair portion of activity within the marketplace was self-contained. Simply put, many companies with an existing presence in the Inland Empire consolidated their operations, in turn, leading to several distributors, previously based in cities west of I-15, relocating east to submarkets such as Redlands/San Bernardino to access first-generation buildings at competitive rental rates.

Net absorption gains came from two sources: user expansions within and distributor relocations from outside the region. On the former, Kohl’s, for instance, purchased a 970,000-square-foot warehouse in San Bernardino to support its growing e-commerce business – a site within walking distance of the company’s existing distribution center. On the latter, Summer Infant Inc., previously based in two Los Angeles County facilities, committed to a 459,000-square-foot distribution center in Riverside, tripling its space. Desired momentum of this variety brought the vacancy rate to 10 percent in 2010, a 240 basis point drop from one year prior. Monthly warehouse asking rents, challenged by intra-market consolidations, were $0.30 per square foot triple net, down $0.02 over the same timeline.

The market will be the perfect embodiment of the term ‘contrasts’ in the first half of 2011. Sale prices for top-tier distribution facilities will slowly increase, yet asking rental rates will stay flat; sale and leasing activity will remain strong, although net absorption may prove minimal; rents will be at record lows, though many prospective tenants will be reluctant to execute due to uncertainty with regards to the general economy. This uncertainty comes in the wake of mixed economic indicators – namely, consumer confidence, which ended 2010 at a low reminiscent of 2009, while...continued on page 34
As We Enter 2011
By J. Allen Leinberger

There was a time when Apple and PC people were like the Hatfields and McCoys. Although the two companies had come up in the industry at about the same time in the late seventies, they acted as if an ancient tribal blood feud existed between them. (Think Yankees - Red Sox or Browns-Steelers.)

By the late nineties Bill Gates and Steve Jobs had smoked the peace pipe and Microsoft invested some much-needed money into Apple. Then, low and behold, a Macintosh version of Microsoft Office was released. At last, a Rosetta Stone for cross communications. A document, spreadsheet, slide show, etc. program that could be read by anyone.

Oddly enough, the Mac version appeared to work better—especially against the PC version of Word. Well, it kept the Seattle programmers on their toes. Now on alternate years, rather like the Summer and Winter Olympics, a new Office package comes out. One time for PC, and the next for Mac. This New Year, 2011, is the Mac year.

So, what does Office for Mac 2011 have that the 2008 version did not? For sure, the old standards are there. Word, Excel, PowerPoint, and the e-mail management tool, Outlook (which replaces Entourage).

Now Communicator allows audio and video calls that can link applications with other computers. Messenger, another communication’s program, acts as whatever you want it to be, from an interoffice web to an IM (Instant Message) system, have way too much time on your hands, emotions can be created in JPEG, BMP, PNG GIF and animated GIF. Communicator is a more businesslike program, allowing you not only audio and video connections, but also contact with your calendar, notes and other info in your computer without dropping out to look for it. It even lets you create conference calls. You can even use your computer as a telephone.

In general, for the Big Four, the news is better compatibility. I cannot tell you how many times the letters I write to others just won’t open, even though we are both using Office. There are few things more frustrating than being told that my letter won’t open and could I send it in Word, when that’s what I had just done.

In fact, I can work on a document in Word or PowerPoint at the same time as others in different locations that are using Office 2011 on a Mac or on Office 2010.

One other big thing that Microsoft is proud of is The New Ribbon. That would mean the bar above your work that has buttons for any number of functions, including such basics as font and size. Now it also allows you to browse your iPhoto library and iTunes playlists directly from the Media Browser. You can even pull up your film projects from iMovies.

At this point I need to remind you of my First Law of Diminishing Technology, which states that the five move functions of any feature in Version 1.0 becomes a one move function by Version 5. Such is the case of the New Ribbon. At first glance it looks like a lot of techie stuff hanging over your document. It gradually becomes a convenient place to have the tools you need, right where you need them. True, there are usually some buttons over your work in just about any program. Here there are many more tool buttons that work quickly with just one click.

All of that being said, there are still a few bugs, or should I say, design flaws. No one program is ever perfect or there would never be a Version 2.0 of anything.

You will still get a call from your insurance company that your e-mail to them didn’t open. You will still attend presentations where the speaker has to apologize for the wrong slide up on the screen. Nothing is perfect, but Office 2011 for MAC is good. Ironically it is better than Apple’s own iWorks, which has its own document, slide show and spreadsheet programs.

Microsoft continues to outdo Apple, at least in these most basic of computer functions.
## Hotel Suites in the Inland Empire

**Ranked by Total Number of Suites**

<table>
<thead>
<tr>
<th>Hotel Name Address</th>
<th>Number of Suites</th>
<th>Rate Range * May Be Seasonal</th>
<th>Year Built</th>
<th>Owner Headquarters</th>
<th>Number of Employees</th>
<th>Amenities</th>
<th>Top Local Executive Title Phone/Fax E-Mail Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hyatt Grand Champions Resort</td>
<td>46-800 Indian Wells Lane 49185 Indian Wells, CA 92210</td>
<td>$200-800</td>
<td>2005</td>
<td>Grand Champions LLC 300 Grand Champions Way, Indian Wells, CA</td>
<td>800</td>
<td>B.C.F.P.G.S.J.H.L.K.</td>
<td>Allen Farrell General Manager (760) 602-6000/602-6001 <a href="mailto:allfarrell@hyatt.com">allfarrell@hyatt.com</a></td>
</tr>
<tr>
<td>Sheraton Hotel Fairplex</td>
<td>2475 E. Fairview Dr. Ontario, CA 91761</td>
<td>$129-229</td>
<td>2004</td>
<td>L.A. County Fair Assoc. Pomona, CA</td>
<td>200</td>
<td>B.F.P.N.C.D.B.R.S.O.</td>
<td>John Gilbert General Manager (909) 396-2500/396-2501 <a href="mailto:john.gilbert@sheraton.com">john.gilbert@sheraton.com</a></td>
</tr>
<tr>
<td>Ayres Suites at the Mills Mall</td>
<td>1350 Mills Circle Costa Mesa, CA 92626</td>
<td>$109-179</td>
<td>2009</td>
<td>Ayres Hotel Group Costa Mesa, CA</td>
<td>50</td>
<td>B.C.R.L.X. C.B.R. S. In-Room Refe., Miscellaneous.</td>
<td>Carlos Mendosa General Manager (909) 481-0700/481-0744 <a href="mailto:cmendosa@ayreshotels.com">cmendosa@ayreshotels.com</a></td>
</tr>
<tr>
<td>Country Side Suites (by Ayres)</td>
<td>1260 Griffin Way Corona, CA 92879</td>
<td>$79-195</td>
<td>2001</td>
<td>Ayres Hotel Group Costa Mesa, CA</td>
<td>35</td>
<td>F.P.P.C.R.H.</td>
<td>Alex Unick General Manager (949) 937-9700/977-2070 <a href="mailto:alexunick@ayreshotels.com">alexunick@ayreshotels.com</a></td>
</tr>
<tr>
<td>Ayres Inn</td>
<td>2200 Griffin Way Corona, CA 92879</td>
<td>$79-99</td>
<td>2003</td>
<td>Ayres Hotel Group Costa Mesa, CA</td>
<td>25</td>
<td>F.P.P.C.R.H. J.L.X.</td>
<td>Garrett Kramer General Manager (949) 240-7342/734-4016 <a href="mailto:gkramer@ayreshotels.com">gkramer@ayreshotels.com</a></td>
</tr>
<tr>
<td><strong>ReBusiness Service PPVFree Parking NoNon Smoking Rns.</strong></td>
<td><strong>Concierge Golf Course POool On Site</strong></td>
<td><strong>Complimentary Cont. Booking InRoom Shop InRestaurant</strong></td>
<td><strong>Comp. Cockt. Hour BldgHandicapped Rooms T Tennis</strong></td>
<td><strong>Corporate Rates InRoom Movies WWeekend Packages</strong></td>
<td><strong>Fitness Facility LoLounge Transfers to/from Airport</strong></td>
<td><strong>RVR = Not Applicable WND = Would not Disclose na = not available. The information in the above list was obtained from the companies listed. To the best of our knowledge the information supplied is accurate as of press time. While every effort is made to ensure the accuracy and thoroughness of the list, situations and typographical errors sometimes occur. Please send corrections or additions on company letterhead to: The Inland Empire Business Journal, PO Box 375, Rancho Cucamonga, CA 91729-0799. Copyright 2010 by IEBJ.</strong></td>
<td></td>
</tr>
</tbody>
</table>
“Fortunately, there was not a problem with the batch that was released, but it appears that the misalignment of leader behavior with company values in this situation laid the foundation for poor execution, and a potentially dangerous situation, in the future,” he adds.

The "BRIDGE" that failed: Alignment Between Leader Actions and Company Values and Priorities.

THE LESSON:
Leader behavior must be aligned with company objectives and values. While Lepsinger admits this phrase has been said so often that it’s become a cliché, he says companies can’t afford to ignore it.

“You don’t really understand how important value alignment is or the impact it has on effective execution until you see what happens when it’s not there,” says Lepsinger. “That’s why stories like the Johnson & Johnson one are so important. They remind us not to take it for granted or assume it’s a ‘no-brainer.’”

Execution Gap Maker #4: Toyota
During 2010 Toyota recalled millions of cars due to a variety of defects. This was an extraordinary number for a company once recognized for the quality of its vehicles. What went wrong? It appears Toyota’s decentralized structure, which served it well for many years, turned into a liability as the company continued to grow and dominate worldwide markets.

“For example, some of Toyota’s former U.S. senior executives believe that keeping the U.S. operations separated in a functional structure—rather than reporting to a single headquarters—forced each to report back to Japan,” says Lepsinger. “This required customer complaints to first make their way through the U.S. operation and then over to Japan where they were reviewed by a special committee—which would then have to communicate back to the U.S. All this had to happen before a recall could be issued.”

The "BRIDGE" that failed: A Structure That Supports Execution.

THE LESSON:
Make sure you have a structure that supports execution. Lepsinger notes that a good structure enhances accountability, coordination, and communication. Plus, it ensures that decisions are being made as close to the action as possible. Toyota’s structure slowed down decision making and the company’s ability to effectively respond to the recall crisis.

“The Toyota breakdown also illustrates that the five execution bridges are not permanent,” notes Lepsinger. “In fact, they are quite fragile. Once you’ve built them, you must keep vigilant watch over them and work hard to maintain them over time. It’s quite possible for a company to have a bridge in place one year, only to discover that over time it has weakened or even crumbled and is no longer able to help your people traverse the gap.”

...And Its Execution Gap Closer Round-Up

Execution Gap Closer #1: Netflix
Netflix received considerable media attention this year as it demonstrated its ability to successfully execute its strategy to provide video over the Internet. The company began streaming movies to TV-connected devices such as the Nintendo Wii, Microsoft Xbox 360, and a new Blu-ray Disc player, and the strategy is already showing signs of paying off. Although the ability to deliver streaming video has just recently become a...
INLAND EMPIRE People and Events

Helping People Hear Again

Buy some ice cream, help someone hear!
Helping People Hear Again, a nonprofit organization that provides refurbished hearing aids for free to low-income people, benefited from a fundraiser held by Ben and Jerry's ice cream at the River, 71-800 Highway 111, Rancho Mirage.
Twenty percent of all ice cream sales were donated to Helping People Hear Again.
For more information on Helping People Hear Again visit www.helpingpeoplehearagain.com.

$900 million toward a natural gas power plant gets green light—
the estimated $900 million CPV Sentinel Power Plant, which is privately funded, will serve as a backup power source for wind and solar to ensure uninterrupted service. The natural gas power plant should be up and running by 2013.
The plant also is expected to create some 350 jobs, produce $2.6 million in new business taxes and $6.4 million in annual property taxes.
For more information on CPV Sentinel Power Plant visit www.energy.ca.gov.

Twelve students awarded College of the Desert scholarships
Twelve students received the Dumont Foundation Scholarship: Brenda Beets-Brown, Amanda Emmett, Betty Hill, Salle Kirby, Michael Navarro, Virginia Santillanes, Dominic Serna and Lynda White ($500 scholarship each); Josiah Bolth, Andrew Toscano and Lazaro Sanchez ($1,000 portfolio scholarship each) and Saoirse O'Sullivan ($1,000 merit and portfolio scholarship).
Students must attend COD full time and maintain a 3.5 GPA in their major and a 3.0 GPA overall to qualify.
For more information on College of the Desert scholarships visit www.collegeofthedesert.edu.

Grand opening and chamber ribbon cutting
The Coachella Chamber of Commerce held a ribbon cutting for Liberty Tax and Farmers Insurance of Coachella Valley.
For more information on Liberty Tax and Farmers Insurance of Coachella Valley visit www.libertytax.com or call (760) 390-2832.
Rule 1: Develop Your Social Skills. Leaders in this new Social Nation are expected to follow as much as they lead, collaborating with their colleagues while still providing structure and support. In boardrooms and offices around the world, leaders are starting to become more interconnected, to put others’ needs first, and to find motivation in helping others succeed. They facilitate rather than control.

“You can’t expect your organization’s Social Nation to be successful if you as a leader don’t think about the needs and wants of your employees and customers,” Libert cautions. “I’m reminded of Andrea Jung, CEO of Avon. She strives to make Avon a ‘company for women,’ and feels that it’s very important to empower the company’s saleswomen by talking with them about what matters to them as well as to Avon. And guess what? Avon was one of the few companies to chart growth during the 2008-2009 recession.”

Rule 2: Let Culture Lead Your Way. When building your social organization, remember that the DNA of the company is very important, so let an open and honest culture be a guiding principle. After all, culture defines your company because it tells employees what to expect and lets customers know who you are and what you stand for. For a great example, look at Zappos—a company whose success is due largely to an emphasis on culture. Zappos is based around 10 core values, which all employees know and understand. Beyond that, working at Zappos is fun, personal, and social. For example, there’s a Dance Dance Revolution machine in the lobby! Most importantly, though, employees are encouraged to connect authentically with each other and with customers. They feel good about where they work—and that shows in their engagement and performances.

Rule 3: Mind Your Online and Offline Manners. How you say something—be it online or off—is as important as what you say, and can help make the difference in gaining fans, friends, and followers. And remember that technology connects people in faster and more transparent ways than ever!

“Social media can definitely propel your company forward, especially when employees are excited and involved,” Libert reiterates. “Australian telecom company Telstra gets this concept. In fact, at Telstra, social media participation is mandatory! However, the company trains each employee on how to appropriately participate, basing its guidelines on responsibility, respect, and representation. Very, very smart.”

Rule 4: Listen, Learn, Adapt. Social intelligence enables your company to benefit from all that is happening around you—including the conversations of your constituents—so you can adapt what you do and how you do it to better meet the needs of your customers, employees, and market demands. After all, it’s a good thing to understand what your customers need and want and how they interact with your products and services.

If you have a younger child, you’ve probably heard of Webkinz, which has turned out to be a brilliant concept by Ganz. Kids receive avatars of their stuffed animals in an online community, which allows them to interact with other children and to care for their “pets.” But more importantly, Ganz is able to keep tabs of how many customers it has, how long they spend online, and how they feel about the products they’ve bought. Using this information, Ganz is able to improve its product and its customer interac-

“Time Out” With Bill Anthony

Join Bill “The Ambassador of Good Taste” as he reviews gourmet food, travel and world famous restaurateurs—plus guest interviews with award-winning chefs and renowned wine connoisseurs each Saturday at 3:00 p.m. on “Hot Talk” 1510 AM KSPA Radio.
Laying the... continued from pg. 20

which is of most interest. This is the demand that will hit the market when labor markets rebound, and this is the demand which will generate new construction jobs. Taking the 2002 to 2007 period as normal on average, we compute the number of new households that would have been created but for the kids and parents moving home. Using either data set the number is around 140,000 units. This is approximately the number of units California needs to build each year to keep up with population growth and replacement requirements.

Breaking down the potential demand by geography yields an interesting picture. While the data at the county level are not credibly accurate due to sampling error, the overall pattern is clear. Potential demand is most pronounced in the coastal cities. While this might seem counter intuitive given that the unemployment rate inland is much higher than the coast, it admits a simple explanation. In land there is ample housing stock. The foreclosures simply changed owners into renters and the excess housing drove down rents. So, two earner families who became one earner families may have lost title to their house, but they can still afford to rent. In Coastal cities rents are higher. Therefore when a two earner family becomes a one earner family they are less able to rent a suitable place. They can move further out, and some surely did, or they can move in with friends and family. It is this latter phenomenon which shows up in the data. Thus while coastal markets have very little inventory and little new housing, they have the bulk of potential demand.

The implications of this fact are profound. If this potential demand becomes realized demand in a short period of time, the annual demand for new housing units will be double what is experienced in normal times. This will force more rapid home price appreciation and a quick turn-around in real estate and residential construction. If the conversion of potential into realized demand is driven by employment, and our employment growth forecast is correct, then there will be a smaller augmented demand for new construction and a slower, but healthier recovery in residential housing. With 12.4% unemployment in California, and the demographics of this potential demand heavily weighted towards the Echo-Boomers in their early 20’s, the slow addition to demand seems more likely. But it is intriguing that housing markets could take off once again.

Government

The election yielded a new administration in the State House in Sacramento, but did not change the old story of budget shortfalls and potential spending cuts. However, the severity of the current budget crisis, due in no small part to the current legislative and executive branches kicking the can down the road, is not indicative of the future. Nevertheless, the cutting which will occur in the early part of the 2011 fiscal year will be greater than it might have been if the current legislature had not used one time transfers to fill the 2010 budget shortfall. What that means is a loss of public sector jobs in the third quarter of 2011 and a slower, albeit marginally so, growth of the California economy in the coming year.

Now we turn to the good news. The changes in how the state does business as a result of the recent election may have profound and positive implications for California. The voters were very clear in informing Sacramento that it would have to make do with the resources that are available from current tax and fee sources. The vehicle surcharge to fund parks was turned down, the state’s ability to tap into particular funding of local governments was prohibited, and the legislature’s ability to increase revenue through the enactment of new or higher fees was severely curtailed. In other words, until the state is able to demonstrate

BB&K Hires Four Associates for Southern California Offices

Best Best & Krieger LLP recently hired four associates to join the firm’s growing municipal and redevelopment law practice in its Los Angeles, San Diego and Ontario offices.

The new attorneys include Robert M. Shaw and Hannah Schartiger, as well as Rebecca Andrews and Curtis R. Wright, both of whom were summer associates with BB&K in 2009.

“We welcome the new attorneys to a growing and thriving practice here at BB&K,” said attorney Dean Derleth, a BB&K partner who oversees the firm’s municipal and redevelopment law practice and serves as city attorney to Corona and Colton.

Attorneys in BB&K’s municipal law practice serve as city attorney to more than 30 cities across California. The firm most recently became town attorney of Mammoth Lakes in the eastern Sierra mountains, with Andrew Morris of the Sacramento office serving in that position.

BB&K’s municipal law practice was recently infused with 14 attorneys from the Sacramento law firm of McDonough Holland & Allen, which wound down operations earlier this year. All together, 19 former McDonough attorneys joined BB&K’s Sacramento office in September. In addition, three veteran litigators from Akerman Senterfitt recently joined BB&K’s municipal practice in Los Angeles.

Shaw, a recent addition to BB&K’s Los Angeles office, also came from Akerman Senterfitt, where he focused on construction litigation, arbitration and mediation for public and private clients, subcontractors, contractors and design professionals. Shaw graduated from the College of Law at Syracuse University in May 2004 and, at the same time, received a master’s degree in public administration from the university’s Maxwell School of Citizenship and Public Affairs. Previously, Shaw worked as the assistant to the director of public works at the city of Long Beach where he researched environmental impacts and land-use restrictions for proposed projects.

Wright, a former Army captain who fought in Iraq as part of Operation Iraqi Freedom, is based in BB&K’s Ontario office. Wright graduated from the University of La Verne College of Law in May 2010.

Schartiger, a civil engineer turned attorney, joined the firm’s San Diego office. She graduated from the University of San Diego School of Law in December 2009. Prior to BB&K, Schartiger worked for the Naval Facilities Engineering Command in San Diego as a senior environmental impact analyst and serves as city attorney to Corona and Colton.

The 2010... reality, Netflix has been preparing to replace its original business model of delivering DVDs through the mail since the company was formed in 1997.

“The company’s readiness for change is incredible,” observes Lepsinger. “A decade before the technology was even a commercial reality, it recognized that the delivery of movies over the Internet would eventually replace mail. Even the name they chose for the company reflected this awareness. They named the company ‘Netflix’ and not ‘Mailflix,’ which would have been an easier concept to understand more than a decade ago.”

Execution Gap Closer continued on page 32
New Player... continued from pg. 14

Player Development manager, Keri Downs, came to Fantasy Springs from another Palm Springs area casino in 2009 and helped Dan London build the team. Originally from Pittsburgh, PA, Keri and her family moved to the Palm Springs area in 1987.

Teresa speaks English, Mandarin, Cantonese, and Taishan.

Northern California native Rae-Ann Terry was promoted from Player Development host to the position of special events assistant in the fall of 2010. She traveled nearly across the country to take the position of Asian Player Development executive, leaving the cold winters of Chicago and the Ameristar Casino East Chicago. Originally from Taipei, Taiwan, she moved to the United State in 1998 and attended the University of Illinois, Chicago. Karen speaks English, Mandarin, Taiwanese and Cantonese.

Kevin Kim joined Fantasy Springs in late 2010 as one of its Asian Player Development hosts. Prior to working for Fantasy Springs, Kevin spent six successful years in commercial real estate sales. He was born in Korea and moved to the United States with his family at the age of 19. Kevin speaks English and Korean.

Teresa Aquino has been providing above-and-beyond guest service since 1996 when she started as a cocktail server at a local casino. She was promoted to casino host in 2003 and joined Fantasy Springs Resort Casino in February 2010 as a Player Development host. Teresa speaks English and Spanish.

Israel Esmeralda, or “Izzy” as he’s known at the casino, joined Fantasy Springs in its sales and marketing department in 2006. In late 2010, he was promoted to the position of Player Development host. Israel was born and raised in Palm Springs and attended College of the Desert. He speaks English and Spanish.

Player Development Host Steve Titleman has actually been with Fantasy Springs, he worked at the Ameristar Casino East Chicago as the Asian Player Development Manager. He speaks English, Mandarin, Cantonese, and Taishan.

Player Development manager, Keri Downs, came to Fantasy Springs from another Palm Springs area casino in 2009 and helped Dan London build the team. Originally from Pittsburgh, PA, Keri and her family moved to the Palm Springs area in 1987.

Rose Huang, Asian Player Development manager, was born in Shanghai, China and moved to the United States in 2000, making her way to the bright lights of Las Vegas, Nevada. She studied hotel management at University of Nevada, Las Vegas. Before Fantasy Springs, Rose was the Asian executive casino host at the Rio and Paris Las Vegas. Rose signed on at Fantasy Springs in October 2010. She speaks English and Spanish.

Southern California native Rae-Ann Terry was promoted from Player Development host to the position of special events assistant in the fall of 2010. She traveled nearly across the country to take the position of Asian Player Development executive, leaving the cold winters of Chicago and the Ameristar Casino East Chicago. Originally from Taipei, Taiwan, she moved to the United State in 1998 and attended the University of Illinois, Chicago. Karen speaks English, Mandarin, Taiwanese and Cantonese.

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Since Merry Hoffman joined Fantasy Springs Resort Casino in 2007, she has held positions including administrative assistant in transportation marketing, and has been promoted twice, most recently to the position of Player Development host. She was born in Houston, TX and educated in Southern California.

Fantasy Springs Resort Casino provides an oasis in the desert, featuring 30 “Best of Gaming”... continued on page 39
Real Estate... continued from pg. 18

Avenue, south of Center Street and east of I-215, was built in 2007.

A.M.A. is a plastic injection molding and tooling organization that plans to occupy the entire building as its corporate HQ location. The company is relocating from Corona.

Milo Lipson and Ryan Velasquez of Grubb & Ellis brokered the transaction for the seller, Oakmont Industrial Group. Walter Fronc of Voit Commercial Brokerage L.P. represented the buyer in the deal.

In another recent Riverside industrial sale, Crystal Windows paid $4.2 million for a 111.3k square foot ($38/sf) freestanding building on 10 acres at 1850 Atlanta Avenue, just east of the confluence of I-215 and the 60 and 91 freeways. The buyer, a window and door manufacturer, is looking to expand its manufacturing operations on the West Coast.

### Financial Brokerage Firms Serving the Inland Empire

**Ranked by Number of Offices in Inland Empire (Riverside and San Bernardino Counties)**

<table>
<thead>
<tr>
<th>Company</th>
<th>Address</th>
<th>City/State/Zip</th>
<th># Offices</th>
<th>L.E. Registered Brokers</th>
<th>Services</th>
<th>Headquarters</th>
<th>Year Established</th>
<th>Top Local Executive</th>
<th>Title</th>
<th>Phone/Fax</th>
<th>E-Mail Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edward Jones</td>
<td>5240 Philadelphia St., Ste. 4D</td>
<td>Chula Vista, CA 91913</td>
<td>1</td>
<td>2000</td>
<td>Stocks, Bonds, Mutual Funds, Life, Insurance, Estate Planning, 401(k), and other Retirement Plans</td>
<td>St. Louis, MO</td>
<td>1871</td>
<td>Jamie Hearwood</td>
<td>Financial Advisor</td>
<td>(909) 921-3555/3563</td>
<td>245-6505</td>
</tr>
<tr>
<td>Merrill Lynch &amp; Co.</td>
<td>4141 Inland Empire Blvd., Ste. 150</td>
<td>Ontario, CA 91764</td>
<td>4</td>
<td>18</td>
<td>Financial Planning, Stocks, Bonds, Annuities, Mortgages, Real Estate, Insurance Products</td>
<td>New York, NY</td>
<td>1886</td>
<td>Henk Fisher</td>
<td>Residential Manager</td>
<td>(909) 478-5010/478-5163</td>
<td><a href="mailto:hfenkfisher@ml.com">hfenkfisher@ml.com</a></td>
</tr>
<tr>
<td>Wells Fargo Advisors</td>
<td>3650 Vio St., Ste. 100</td>
<td>Riverside, CA 92507</td>
<td>2</td>
<td>15</td>
<td>Retail Brokerage, Public Finance, Corporate Finance</td>
<td>St. Louis, MO</td>
<td>1887</td>
<td>Brian Mooser</td>
<td>Complex Administrator</td>
<td>(915) 764-3790/642-2017</td>
<td><a href="mailto:wfpasa@wellsfargo.com">wfpasa@wellsfargo.com</a></td>
</tr>
<tr>
<td>UBS</td>
<td>3801 University Ave., Ste. 300</td>
<td>Riverside, CA 92501</td>
<td>3</td>
<td>40</td>
<td>Full Service Brokerage</td>
<td>Wochnekson, NY</td>
<td>1879</td>
<td>Scott Morris</td>
<td>Complex Manager</td>
<td>(915) 644-3300/642-5488</td>
<td><a href="http://www.ubs.com">www.ubs.com</a></td>
</tr>
<tr>
<td>Smith Barney Inc.</td>
<td>450 W. Foothill Blvd.</td>
<td>Claremont, CA 91711</td>
<td>2</td>
<td>40</td>
<td>Investment Brokerage</td>
<td>New York, NY</td>
<td>na</td>
<td>Jack Johnson</td>
<td>Branch Manager</td>
<td>(909) 625-0781/625-6866</td>
<td>smithbarneyinc.com</td>
</tr>
<tr>
<td>Gerian Investments</td>
<td>1209 California St., Ste. 220</td>
<td>Redlands, CA 92373</td>
<td>1</td>
<td>6</td>
<td>Full Service Stock &amp; Bond Brokerage, Retirement Plan, Mutual Funds, Full Managed Accounts</td>
<td>San Bernadino, CA</td>
<td>1884</td>
<td>Charles Painter</td>
<td>President</td>
<td>(909) 885-7549/645-1647</td>
<td><a href="http://www.ameriprivateclient.com">www.ameriprivateclient.com</a></td>
</tr>
<tr>
<td>National Planning Corp.</td>
<td>222 E. Olive Ave., Ste. 2</td>
<td>Redlands, CA 92373</td>
<td>1</td>
<td>1</td>
<td>Investment Advisory, Financial Retirement Planning, Full Service Brokerage</td>
<td>Santa Monica, CA</td>
<td>na</td>
<td>Eddie Ngo</td>
<td>Broker</td>
<td>(909) 307-1150/307-1193</td>
<td><a href="mailto:ednigo@verizon.net">ednigo@verizon.net</a></td>
</tr>
<tr>
<td>RPM Insurance &amp; Financial Services</td>
<td>301 E. State St., Ste. 458</td>
<td>Redlands, CA 92373</td>
<td>1</td>
<td>1</td>
<td>Investment Advisors, Full Service Brokerage</td>
<td>Redlands, CA</td>
<td>1974</td>
<td>William A. McCalmon</td>
<td>President</td>
<td>(909) 792-6754/792-6758</td>
<td><a href="http://www.rpminvest.com">www.rpminvest.com</a></td>
</tr>
<tr>
<td>Thomas &amp; Associates, Inc.</td>
<td>422 E. State St.</td>
<td>Redlands, CA 92373</td>
<td>1</td>
<td>4</td>
<td>Full Service Brokerage, Stocks, Bonds, Mutual Funds, Retirement Plan &amp; RSA</td>
<td>Redlands, CA</td>
<td>1986</td>
<td>John T. Thorens</td>
<td>President</td>
<td>(909) 315-5440/315-5458</td>
<td><a href="mailto:thorens@thorensfirm.com">thorens@thorensfirm.com</a></td>
</tr>
<tr>
<td>Triton Asset Management</td>
<td>777 E. Tahquitz Canyon Way, Ste. 200</td>
<td>Palm Springs, CA 92262</td>
<td>1</td>
<td>3</td>
<td>Full Service Brokerage</td>
<td>San Diego, CA</td>
<td>1973</td>
<td>Ken McDonald</td>
<td>Regional Branch Manager</td>
<td>(760) 323-1411/323-1412</td>
<td><a href="mailto:kmcnrod@ch1516.ax.com">kmcnrod@ch1516.ax.com</a></td>
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N/A = Not Applicable WND = Would not Disclose na = not available. The information in the above list was obtained from the companies listed. To the best of our knowledge the information supplied is accurate as of press time. While every effort is made to ensure the accuracy and thoroughness of the list, omissions and typographical errors sometimes occur. Please send corrections or additions on company letterhead to: The Inland Empire Business Journal, P.O. Box 1979, Rancho Cucamonga, CA 91789-1979. Copyright 2010 by IEBJ.
Rule 5: Include Others in Everything You Do. An organization that is seeking to benefit from membership in the Social Nation, relying on others in every part of your company is the only way to alter what you do and how you do it to generate new revenues and increase profits.

“Ducati really personifies this strategy,” Libert asserts. “In 2003, the company did away with its traditional marketing in high-end magazines and the like, and re-centered itself around community members, their needs, feedback, and conversations. Ducati made sure that fans and owners could attend plenty of rallies, races, parties, and bike shows, as well as become involved in an online community. Now, Ducati has become even more popular due to fan enthusiasm—and its products and services have improved due to customer feedback and suggestions!”

Rule 6: Rely on Others for Growth and Innovation. Friends, fans, and followers are instrumental in achieving growth in today’s connected world. Instead of the “old” method of relying on focus groups that meet behind two-way mirrors, it’s time to engage customers in a two-way conversation to innovate new products and services that matter.

Take Mountain Dew, for example. Instead of traditional product development efforts, PepsiCo created a “DEWmocracy” campaign to decide what the next Mountain Dew flavor would be. Anyone could log on to Mountain Dew’s website and play an exciting multi-leveled game, through which they could rack up points toward their preferred soda being chosen. Essentially, the company’s next soft drink was in the hands of its Social Nation. Power to the people, indeed!

Rule 7: Reward Others and You Will Be Rewarded Too. As organizations focus more and more on connections and relationships, customers want to be rewarded emotionally as well as financially. Successful businesses have to meet both needs.

“Apple is the poster child for rewarding fans,” Libert contends. “Anyone can develop an app for the iPhone or iPad. Now, just three years after the release of the iPhone, the app craze has become a $2.5 billion yearly earnings extravaganza for the company—and that’s just Apple’s share of the rewards. In fact, individual developers are offered a 70/30 profit division—in their favor!—to create apps based on their individual views of the community’s wants and needs. You’d better believe that these folks are emotionally and financially connected to Apple, as well as socially connected to each other!”

“When you follow these Social Nation-building rules, you’ll achieve the results you desire based on customers who care and employees who enjoy what they do every day,” concludes Libert. “It’s true: With open communication and all-around engagement, your company’s social media and new technologies will realize new revenue sources and transform your business.”

Barry Libert is the author of “Social Nation: How to Harness the Power of Social Media to Attract Customers, Motivate Employees, and Grow Your Business.”

The Future... continued from pg. 28

Lepsinger would like to classify Barnes & Noble as a success, but it’s just not clear yet whether the company really fits in that category. The move to electronic books has caused booksellers to take a close look at how they do business, but the jury is still out on whether Barnes & Noble’s response to the dramatic changes in the publishing industry will be successful.

“The ability to manage change is critical. Yet, despite all the effort and resources that have been devoted to helping them achieve this, managers and organizations still often get poor marks in this area. That said, yet another change management process or program is not the solution, emphasizes Lepsinger.

THE LESSON:

When Planning Your 2011 Advertising Budget, Consider...

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# For Planning 2011 Advertising, Marketing, and Publicity With The Inland Empire Business Journal

## 2011 Editorial Schedule

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<th>Month</th>
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<th>Supplements</th>
<th>Lists</th>
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| **February** | • Commercial R.E. Developers  
• Residential Real Estate  
• Architecture/Land Planning  
• Redevelopment | • 2011 Economic Forecast  
• Building and Development-Who’s Building  
• Business Banking | • Banks  
• Commercial/Industrial Contractors  
• Residential Builders  
• Architectural Engineering, Planning Firms |
| **March** | • Major/Multi-Event Venues  
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• Women-owned Businesses |
| **April** | • Meetings & Conventions  
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• Malls & Retail Stores | • Women Who Make a Difference  
• Meetings/Conventions  
• Travel/Hotels/Tourism  
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• So Cal Vacation Spots  
• Hotel Meeting Facilities  
• Visitors and Convention Bureaus |
| **May** | • Economic Development (Riverside Cty.)  
• Marketing/PR/Media Advertising  
• Insurance Companies | • Women-owned Businesses  
• Chambers of Commerce  
• Who’s Who in Law | • Environmental Firms  
• Employment/Service Agencies  
• Law Firms  
• IE Based Banks |
| **June** | • Financial Institutions (1st Quarter, ’11)  
• Travel and Leisure  
• Employment Agencies  
• Home Health Agencies  
• Economic Development (San Bernardino County) | • Health Care & Services  
• High Technology  
• Golf Resorts  
• Senior Living Centers  
• What’s New in Hospital Care | • Hospitals  
• Savings and Loans  
• Motorcycle Dealers  
• Medical Clinics |
| **July** | • Manufacturing  
• Distribution/Fulfillment  
• Credit Unions  
• Event Planning  
• High Desert Economic Development | • Marketing/Public Relations  
• Media Advertising  
• Casual Dining  
• Building Services Directory | • CPA Firms  
• Commercial Printers  
• Ad Agencies/Public Relations Firms  
• Largest Insurance Brokers  
• SBA Lenders  
• Staff Leasing Companies Serving the IE |
| **August** | • Personal/Professional Development  
• Employment/Service Agencies  
• Health & Fitness Centers  
• Caterers | • Environmental  
• Expansion & Relocations  
• Women in Commercial Real Estate  
• Who’s Who in Banking | • Largest Companies  
• Small Package Delivery Services  
• Tenant Improvement Contractors  
• Credit Unions |
| **September** | • Mortgage Banking  
• SBA Lending  
• Independent Living Centers | • Health Care & Services  
• Airports  
• Who’s Who in Building Development | • Largest Banks  
• Largest Hotels  
• Golf Courses |
| **October** | • Lawyers/Accountants-Who’s Who  
• HMO/PPO Enrollment Guide  
• Economic Development Temecula Valley  
• Financial Institutions (2nd Quarter, ’11) | • Telecommunications  
• Office Technology/Computers  
• International Trade  
• Holiday Party Planning | • Internet Services  
• Long Distance/Interconnect Firms  
• Copiers/Fax/Business Equipment  
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| **November** | • Retail Sales  
• Industrial Real Estate  
• Commercial R.E./Office Parks  
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• Executive Gifts  
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• New Communities | • Commercial R.E. Development Projects  
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• Mortgage Companies  
• Title Companies |
| **December** | • Financial Institutions (3rd Quarter, ’11)  
• Top Ten Southern California Resorts  
• Temporary Placement Agencies | • Health Care  
• Professional Services Directory | • 2012 “Book of Lists”  
• Business Brokerage Firms |
Inland Empire... continued from pg. 23

national annual retail sales were up a modest 2 percent from 12 months prior. Retailers will closely monitor their inventories in 2011 as the anticipated majority delay increasing order purchases until mid-year or into 2012. This ‘wait-and-see’ strategy will have a direct impact on world cargo volume growth projections, which are anticipated to record a 6 percent annual gain in 2011 – a rate that falls short of 2010s 10 percent increase. Last year’s higher growth rate was due to retailers replenishing their inventories after operating with just enough to stay in business during 2009, while taking advantage of China’s devalued yuan, which equated to more U.S. dollar buying power.

Any growth in world trade volumes will have a positive impact on Southern California’s industrial markets, since 40 percent of the U.S.’s imported containers come through the ports of Los Angeles and Long Beach. Roughly 50 percent of these imports are bound for local markets to serve the basin’s 18 million residents, translating into an increased demand for industrial space to warehouse these goods. Since the Inland Empire is an extension of Los Angeles – where the vacancy rate is under 5 percent – many distributors will move inland to access a wide selection of first-generation, Class A warehouses available at highly competitive rental rates. Some may even tap into the region’s available land supply, opting for build-to-suit or owner-built projects. This year, for instance, SKECHERS will complete construction on a 1.8-million-square-foot facility in Moreno Valley, Castle & Cook will take occupancy of its new 520,000-square-foot center in Riverside and WinCo Foods has plans to eventually build a 2-million-square-foot facility in Beaumont.

Southern California’s ports might lose market share due to aggressive competition from Gulf and East Coast ports along with some from the Northwest (Seattle, Prince Rupert, British Columbia and Vancouver). The loss in market share can be attributed to increased shipper costs and potential issues at Los Angeles’ ports – chiefly, the Clean Truck programs; western railroads charging high intermodal rates; the International Longshore and Warehouse Union’s rising pension costs; and negotiations with the Maritime clerical workers, which continued on page 36
Roscoe’s Famous Deli

By Bill Anthony

Peanut shells on the floor.....shells on the floor......drop your shells on the floor.......hope you are catching on! Yep, this is a fun, fun place——a deli——a Roscoe’s Famous Deliber——and great selections of old-fashioned East Coast sandwiches——thick and delicious. Don’t be tempted to eat the peanuts off the floor, they serve free peanuts when you are seated. The decor is also as outrageous as the big portion sizes of their menu. Look up and see a car hanging from the ceiling, look at the wall and see a motorcycle——better yet, look at all the giant-screen TVs for great sporting events and more.

The service is super friendly and fast with background music dating back to rock and roll of the ’50s, ’60s and ’70s.

A few not-to-miss menu items are Rod’s StairMaster Beef Brisket ($11.95)......Italian Beef ($11.95)............The “Capone” ($11.95).....and St. Louis-style Pork Ribs ($19.95).

Go on a Friday and Saturday night, after 9:00 p.m., and you can listen to live music (bands) along with having a great meal.

Go to their Web site at Roscoesfamousdeli.com then head over to the deli in Chino Hills——but, go “Hungry.”

Roscoe’s Famous Deli is located at 14700 Pipeline Avenue in Chino Hills and the phone number is (909) 597-3304.
may cause a dispute and shut down much of the seaport complex. To date, West Coast ports have already lost market share to the Gulf and East Coast ports before the economic crisis, which may increase when the widening of the Panama Canal is complete in 2014 and Southeast Asian Cargo is routed via the Suez Canal. A dramatic impact to Southern California is questionable, however, since competing ports will have to expand their terminals to accommodate larger ships. When the economy recovers, cargo traffic increases are consistent and shippers expand their operations, this rerouting of traffic away from Southern California may decline – few North American ports have the facilities and deep water drafts required to accommodate supertankers, unlike the Port of Los Angeles. Additionally, many Southern California-based distributors use the region as an access point to funnel their goods locally and to the Midwest.

The new year will present mixed tones. On the one hand, most retailers are reluctant to increase inventory orders based on lackluster consumer confidence figures in 2010, which limits the demand for additional warehouse space. On the other hand, rents are at historical lows and sale and leasing activity was strong in 2010 (suggesting landlord and tenant expectations were in sync); the region is ranked 23rd among the nation’s top 100 metropolitan areas for exporting activities; and the Inland Empire is Southern California’s last stop for companies looking to establish massive distribution centers within reasonable proximity of one of the world’s busiest port systems. Although the first half of 2011 may prove tepid, activity is projected to improve in the second half as cost-effective sellers new and used building materials and furniture. All items sold at the ReStore are donated by local businesses and residents. All proceeds are used in funding the construction of Habitat homes.

For delivery or pick-ups call 909.399.0202

Visit the ReStore today at 4609 Holt Blvd. Montclair, CA 91763
Open: Tuesday—Friday, 10 am—6 pm
Saturday, 9 am—5 pm
in the total vacancy rate, the industrial sector will show signs of improvement in 2011.

**Inland Empire Retail**

Enduring the fallout associated with a battered housing market and high unemployment in 2010, next year will be a slight improvement at best.

While the Inland Empire’s economy will begin to show signs of improvement in 2011, soft conditions for retailers will linger as high unemployment and a battered housing market restrain space demand. The unemployment rate in both Riverside and San Bernardino counties was 14.8 percent in September 2010, one of the highest rates in the country. Anticipated job growth in 2011 will serve as a crucial first step leading to an eventual recovery, though it will likely take a few years of more robust employment gains to fuel significant increases in retail spending. Taxable retail sales reached $32.4 billion by year-end, a 4 percent annual increase from 2009. Though an improvement, 2010’s tally was 20 percent below peak levels recorded from 2005 to 2007.

Consumers focused on necessary rather than discretionary purchases last year, increasing profitability at major discount retailers, including Wal-Mart, Costco, Kohl’s and Forever 21. New jobs will be added in 2011, but hiring will be anemic with 12,800 new non-farm payrolls. This will under-cut consumer spending and moderate annual retail sales growth – especially in a region where some economists predict the unemployment rate will remain in the double-digits until late 2013. The area’s average personal income is also of concern. The poverty rate in the Inland Empire surged about 31 percent from 2007 to 2009, according to the Brookings Institution, validating what is common knowledge—the region was at the front lines of the Great Recession after its housing market collapsed.

Major retailers, such as Nordstrom, will tailor their stores’ inventory to appeal to regional consumer demand. A focus on streamlining inventory orders, sales and store-space-efficiency will also evolve into new formats. For instance, Toys R Us opened four local Toys R Us Express stores that were operational during the 2010 holiday season. The outlets, averaging 4,000 square feet, featured value-oriented products unique to their locations as well as an abridged selection of items available in the company’s traditional stores. Given the success of this demographic-flexible format, Toys R Us will expand the Express model, and some outlets will remain open year-round.

The National Retail Federation estimated a 2.3 percent annual increase in holiday retail sales during 2010, better than 2009’s 40 basis point rise and a drastic improvement from 2008’s 3.9 percent drop. Although the U.S. economic outlook was generally lackluster during the second half of 2010, consumer spending was up. For 2011, the Inland Empire is anticipated to post $34 billion in total taxable retail sales, up 5 percent from 2010; total personal income will grow by 4.5 percent over this timeline. Though an improvement, ‘necessary over discretionary’ will be a recurring theme in 2011. Most inland retail leasing activity in 2011 will continue to involve local businesses taking advantage of rare opportunities offered by high vacancy levels to either improve their location or right-size existing stores rather than to expand their business.
learn to the way all learning takes place, even within the evolving future of artificial intelligence. He is in effect saying that all intelligence, biological or artificial, essentially learns in very similar holistic developmental patterns. His point is that the next step for both people and their intelligent avatars, lies in the area he calls The Age of Explanation.

Many people will find this book to be a difficult reason. In some ways it pre-supposes an awareness of information technology people outside the fields of education, business management, and government policymaking that most people simply don’t have. It is, however, worth the effort to understand the importance of what Dr. Lewis is saying. Understand fully or not, “The Explanation Age” points the way to the future, and that’s always an important thing to learn.

---Henry Holtzman

Best-selling Business Books

Here are the current top 10 best-selling books for business. The list is compiled based on information received from retail bookstores throughout the U.S.A.

1. “All the Devils Are Here: The Hidden History of the Financial Crisis,” by Bethany McLean & Joe Nocera (Penguin Group…$32.95) **


3. “Strengths Finder 2.0: A New and Updated Edition of the Online Test from Gallup’s Now, Discover Your Strengths,” by Tom Rath (Gallup Press…$22.95) (1)

4. “Aftershock: The Next Economy and America’s Future,” by Robert B.Reich (Alfred A. Knopf…$25.00) (2)


A business book that’s so juicy Hollywood made it a movie.


Does the size of a failing company dictate government rescue?


The prominent economist who saw the financial crash coming.


What you thought you knew about motivation may be wrong.

*(1) -- Indicates a book’s previous position on the list.

** -- Indicates a book’s first appearance on the list.
SolarReserve... continued from pg. 12

to collect and store enough thermal energy each morning to operate at full power all afternoon and for up to eight hours after sunset. The game-changing technology featuring inherent energy storage affords utilities with a generator that performs with the reliability and dispatch-ability of a conventional power generator without harmful emissions that are associated with burning coal, natural gas and oil.

The final step in the approval process involves receiving National Environmental Policy Act (NEPA) approval from the Bureau of Land Management (BLM) and Western Area Power Administration (WAPA), which SolarReserve hopes to receive by the end of the first quarter of 2011. SolarReserve has released the manufacturing of some long-lead equipment items already and anticipates concluding financing arrangements by mid-2011 in order to begin full on-site construction in the third quarter of 2011.

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Wild! How Savvy Professional Win All the Business They Want.”


Public Private... continued from pg. 22

safe and affordable quality housing for people who need it most.”

Johnson identified a number of areas that could utilize PPPs for long-term job growth. He says, “While the recession is diminishing the municipal pocketbook, it is also lowering building and equipment costs, making large-scale infrastructure projects more cost-effective. 

“Not only does investing in infrastructure provide for better bridges, buildings, subsidized housing and services, but it creates much-needed jobs. In fact, infrastructure expenditures have the highest rate of return on employment numbers: for every $1 billion in infrastructure spending, an estimated 18,000 jobs are created.”

Johnson cited the need for more enterprise zones and tax incentives to keep businesses from leaving California, and he stressed collaboration among government entities. He said local municipalities, particularly small cities, should not have to feel that they are competing against larger cities to attract businesses to generate jobs and tax revenue.

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acceleration of growth in late 2011 that will gradually work to lower the unemployment rate. Inflation will pick up quicker than the Fed now expects and as a consequence the extraordinary policy measures taken will gradually be reversed and a gradual tightening cycle might begin in early 2012.

Laying the... continued from pg. 30

speed up in 2012 as the recovery takes hold. Real personal income growth is forecast to be 1.6% in 2011 and 3.6% in 2012.

The unemployment rate has been stuck between 12% and 13% throughout this year. Employment growth in 2011 and 2012 will only push unemployment down marginally and we do not expect it to reach 9.9% until the 4th quarter of 2012.

Real Estate... continued from pg. 31

Bruce Springer and Vince Anthony of Lee & Associates represented the seller, Fleetwood Enterprises Inc. Formerly based in Riverside, Fleetwood Enterprises is a motor homes and manufactured housing producer. Brad Yates of Grubb & Ellis and Jeff White of Lee & Associates brokered the deal for Crystal Windows.

5 Myths... continued from pg. 17

tomers! Focus on those levers that drive your customers’ success and relationships.

E - Engage & Empower - Customers and Employees are your two most important assets. Engage them. Empower and trust employees to take good care of customers and build collaborative relationships.

How well do you execute in each of these areas? How much VALUE do your customers really feel?

Each of these VALUE Creating Imperatives requires a discipline to become part of your organization’s DNA. These are critical to your success for improving your customer retention and making your business more profitable, no matter what the economic environment.

Be unequivocal about creating promoters who sing your praises….customers who know you are committed to their success and who are committed to your success!!

Connecting... continued from pg. 15

jobs such as washing cars and collecting garbage. With those studied, high performance was the norm.

“By giving these employees autonomy, you show them that you have confidence in their abilities and respect the skills and qualifications they bring to the table,” says Kazmieski. “As a result, they stay with the company and often outperform their fellow employees.”

For more information, please visit: www.eiglconsulting.com or contact: vivian.blade@eiglconsulting.co

New Player... continued from pg. 30

awards from Casino Player magazine. Offering 2,000 of the hottest slots, world-class table games, entertainment, hotel, dining and golf at Eagle Falls, Fantasy Springs Resort Casino stands to meet and exceed the needs of its guests and the community. Fantasy Springs is conveniently located right off Interstate 10, only minutes from Palm Springs and the Palm Springs International Airport. Fantasy Springs is a privately operated business of the Cabazon Band of Mission Indians.

The 2010... continued from pg. 32

“Change is made one person at a time,” he says. “And our research, as well as the research of others, indicates that successful change is connected more to the individual and collective mindsets of employees than any process. People change when they are ready—not just when they understand the need for change. The most successful companies facilitate change-readiness and don’t just rely on making the business case to drive people’s motivation to change.”

Yes, as these stories illustrate, execution is the real bottom line and Lepsinger’s constant battle cry. It’s what he pushes his clients to focus on as they seek to improve organizational performance—and it’s the lens he urges all leaders to look through as they review 2010 and make their “business resolutions” for 2011.

“Execution is not a single-point event,” says Lepsinger. “It’s an ongoing process. But since your ability to execute well and consistently is the very fabric of success, I can think of no better place to focus your time and energy.”

For more information, please visit www.onpointconsultingllc.com.
A California...

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ed. Those shows included “Sea Hunt,” “Daktari” and “Flipper,” among others. Peter met Nancy — where else— while on an African safari and, at the time, she was the curator of the San Francisco Zoo’s avian collection. And, if you’ll pardon just one more reference to Jurassic Park, Nancy happens to be a raptor specialist.

The Langs chose to locate Safari West near Santa Rosa because the weather is ideal and the combination of forest and grassland is quite similar to Africa. An added bonus for visitors is that the Santa Rosa area is well known for its high-quality wineries.

Guests who stay overnight at Safari West also have dinner and breakfast on the grounds, although we arrived too late for dinner. The continental breakfast is plenty to get you going and the park also serves up sandwiches and other lunch items you can order if you’re spending the day at Safari West.

In addition to the safari truck tour there are other things to do while you’re staying at the park. You can make arrangements to get private access to the animals or attend educational presentations. Swedish pressure-point massage is offered and you can even go hiking with Nancy Lang around Watusi Lake.

But most of all, an overnight trip to Safari West is about the overall experience of being in the wild, sleeping with the animals almost like you would if you were on an African safari. The difference is you’re never in any real danger — until, that is, Nancy figures out a way to study real, live raptors.

AT A GLANCE

WHERE: Santa Rosa is just 55 miles north of San Francisco on Highway 101 and is in the heart of Sonoma Wine Country. With its hills and fertile valleys, the region is one of the most beautiful in California and offers quick access to Sonoma, Napa and coastal areas.

WHAT: Safari West is an unusual opportunity to be able to visit and spend the night with wild animals and will appeal to visitors of all ages. The park’s size allows it to raise and nurture a wide variety of mammals native to Africa.

WHEN: Any time of year. Be prepared for much cooler weather in the winter and the rains can be intense at times. Tours still go out on rainy days, but dress accordingly.

WHY: This is a family attraction that is both educational and easy to reach, and staying overnight at Safari West will make you feel like you’re a million miles from civilization.

HOW: For more information on Safari West, visit www.safariwest.com or phone 707-579-2551.
A California Weekend Getaway
By Cary Ordway

There are sounds of the jungle just outside your tent’s thin canvas walls, the incessant birds, the occasional shriek by creature unknown, the rustling of trees. You’re frozen in place under your warm blankets not anxious to stick your head out of the tent door because you don’t know what might happen to lunge at you from the darkness. It sure would be good to have that bear gun cocked and loaded but, of course, you don’t.

One reason you don’t is that the owners of Safari West really frown on guests bringing guns along on their weekend getaways to this unique outpost just a few miles outside of Santa Rosa. The other reason is that none of the wildlife you hear during your overnight stay is going to get you. All the really dangerous animals are fenced off or caged. But that in no way diminishes the feeling that you are—well—on a safari.

By day, Safari West is a beehive of activity with numerous day visitors and tours, especially on weekends. By night, Safari West turns to black with absolutely no outside lighting to spoil the illusion you are in Africa. Guests are advised to bring flashlights if they plan to walk the grounds after dark. But the creature sounds make it clear you are not alone and we’re guessing most people just hunker down after dark and read a good book.

The accommodations do lend themselves to just that. They’re cozy and inviting and when we say tents, we really mean tent cabins that are tent walls erected over a solid foundation that comes complete with an indoor bathroom and shower. The big beds are warm and luxurious and the layout inside the cabins, while a bit Spartan, is really quite comfortable. No television or radio, but there are hardwood floors, a few shelves and benches and reading lights. What else do you need when you are on safari?

We arrived after dark which just added to the feeling we were some distance from civilization. We actually were only a few miles outside Santa Rosa, but the road to Safari West seems longer than it is with its twists and turns and with trees and hillsides shutting out even the stars and whatever moonlight there might have been. In darkness it’s easy to drive right on by the entrance to the park but our trusty GPS alerted us that we were close. We only went by it once.

Checking in at the main gate around 9 p.m., we were greeted by what seemed like the only living soul on the premises and he quickly and helpfully parked our belongings onto his jeep and drove us to our tent cabin, one of a few dozen spread throughout the property. He loaned us flashlights, which came in handy for the exceedingly brief walk around the grounds before settling in for a night in the wild. The sounds were constant and mainly, we’re told, coming from a particular type of bird. But it was not so noisy we couldn’t get a comfortable night’s sleep.

The next morning we awoke to a fuller sound— it was like the evening animals had been playing as a quartet but, by morning, had been joined by the full orchestra. We walked our front door and the first thing we noticed was two giraffes, side by side, directly across the road from us, doing some sort of mating ritual or play thing with their necks. Giraffes, if you’ve spent any time with them, are incredibly tall animals and they seemed to tower over the fence that was separating them from us. But since we haven’t heard too many stories about man-eating giraffes, this was not of major concern.

The sheer size of them, however, made this feel like a kind of—Giraffic Park—and our movie memories were brought to mind once again as we hopped on board one of the Safari West tour vehicles to be driven out into the furthest reaches of the park where we would observe wild animals in their own habitat doing their own thing, as it were. Maybe you remember what happened to those people in the movie who thought they could get up close and personal with dinosaurs.

Fortunately, no dinosaurs here — just creatures like the cape buffalo and the rhinos, who both seemed to be on their best behavior as our informa-

tive guide parked our two-level jeep-style safari vehicle where we could observe the goings-on. The park has 85 species of animals altogether, 700 individual animals, roaming on more than 400 acres of hills and forests. The mammals are all native to Africa, while the birds come from different places all over the globe. There are no lions, tigers and bears but there are cheetah, lemur, zebras and many other fascinating species.

The two-hour tour goes by quickly and the safari vehicle takes you through some rugged back country where the animals you see can vary from tour to tour. It just depends on which ones are out in the more visible areas. For example, the zebras are often congregating well off the tour path but the day of our tour there were more than a dozen we spotted in different locations.

As you can imagine, it had to take some effort to put all of this together — to buy the land and animals, build the structures and hire knowledgeable staff. The owners are Nancy and Peter Lang and it’s interesting to note that Peter has a connection with animals dating back to the television shows his father, Otto Lang, once directed.

Safari West tent cabins are warm and accommodating.