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©2012 Charter Communications. 25% savings claim based on average phone charges, standard data access Charter markets at $9.95 vs. Charter Business promoted offer. Internet speed comparing Charter Business Internet to DSL service. **In business setting. Rates for standard service not comprehensive Internet or phone service not comprehensive. Actual speed may vary based on line length, equipment, and other factors. Charter phone rates require acceptance of Charter direct deposit. Offer available to new customers. $135 setup fee required for $500 gift card. Offer subject to change. Restrictions apply. Call for details.
Future of Health Insurance Exchanges

Ron Goldstein, president and chief executive officer of CHOICE Administrators, joined with fellow executives from five of the state’s leading health plans to discuss the future of healthcare in California at a special forum recently hosted by the Inland Empire Association of Health Underwriters (IEAHU). Sharing the panel with Goldstein were representatives from Aetna, Anthem, CIGNA, Health Net and Kaiser Permanente.

Focusing his remarks on one of the most significant changes being brought about by the Patient Protection and Affordable Care Act (PPACA), Goldstein told the audience that health insurance exchanges provide new opportunities for brokers and health insurance agents to grow their business. “Employers and individuals are looking for a vehicle that provides affordable health insurance that meets their needs while providing choice and affordability, and for many health insurance exchanges will be the answer,” he said.

Goldstein said that while exchanges may be sold directly to the consumer, the critical role of brokers has been acknowledged by the state; and the broker’s expertise and knowledge will be more important than ever in this environment. “Brokers are best equipped to provide the information and unbiased recommendations employers need to make well-informed decisions,” he said.

California Amends Statutory Requirements for Employee Personnel Files

On Jan. 1, 2013, an amendment (AB 2674) to California Labor Code § 1198.5 goes into effect, changing California’s statutory requirements in regards to employee personnel file records. These changes are as follows:

Who May Request to Inspect and/or Obtain Copies of Personnel Records

Current law does not explicitly provide for inspection of personnel files by former employees. With this amendment, current and former employees, as well as an employee’s representative, have the right to inspect and receive a copy of their personnel records. A representative is someone authorized by the employee in writing (e.g., a lawyer or translator) to inspect or obtain a copy of their personnel records. The amended statute limits the employer’s duty to respond to no more than 50 requests from a representative in a calendar month, which protects an employer from being overburdened by a representative making requests on behalf of many employees.

In addition, employers may take reasonable steps to verify the identity of the current/former employee or representative.

Special Form

As a new requirement, employers must provide a request form for inspection or copies of personnel records upon a verbal request from the employee or a representative, and may designate a person to whom personnel records requests should be made.

Complying with a Request for Inspection and/or Copies of Personnel Records

Currently the law requires the employer to provide copies only of what employees had signed; under the new law, if an employee requests a copy of his or her personnel file, employers must provide a copy, subject to charges for the actual cost of reproduction.

The amendment specifically defines the time period for providing access to personnel files. Employers must provide the information within 15 working days of receipt of the request.

There is no time more fitting to say thank you and to wish you a happy holiday season and a new year of good health, happiness and prosperity.

Bill the publisher guy.
Ingrid the managing editor gal.
Jon the graphics’ guy.
Kileen, Mitch, Terrell, Brian, Camille and the entire team.

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Special Sections

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**News and Features**

**The End of Marketing As We Know It**  
A number of studies are showing that people no longer pay much attention to traditional marketing as they progress through the “buyer’s decision journey” says Bill Lee.  

**E-Commerce Business Stand to Lose More Without Asset Protection**  
Find out what differentiates commerce businesses from traditional businesses when it comes to asset protection.  

**Duct Tape My Software and Hope for the Best?**  
A redesign of a website is simply a repackaging. There can be only a handful of reasons to entertain the thought of it—and Joe Thomas gives us a handful of some of these reasons.  

**No Money, No Problem: Eleven Tips for a Start-up Business With Very Little Cash (and a Great Idea)**  
You have a new start-up and got a winning idea, but you have one problem—lack of funding. Michael Houlihan gives us some bootstrapping strategies that worked for him.  

**Ways to Manage High and Low Performers**  
As a manager, CEO or business owner, how do you identify the employees you should focus on, and how can you make the most of your lower performers? Dr. Marty Martin gives us some good lessons in helping acceptable performers move into the ranks of high performers.  

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**Quotations on Time**

The more sand has escaped from the hour glass of our life, the clearer we should see through it.  

Jean Paul  

The man who wastes to-day lamenting yesterday will waste to-morrow lamenting to-day.  

Philip M. Raskin  

God never imposes a duty without giving time to do it.  

John Raskin  

Take all the swift advantage of the hours.  

William Shakespeare

Vol. 24, No. 12, December 2012 — Inland Empire Business Journal is published monthly by Daily Planet Communications, Inc., 1801 Excise Street, Suite 111, Ontario, CA 91761. (909) 605-8800. Bulk rate U.S. postage paid, Ontario, CA, permit No. 1. Send address changes to: Inland Empire Business Journal, P.O. Box 1979, Rancho Cucamonga, CA 91729. Information in the Inland Empire Business Journal is deemed to be reliable, but the accuracy of this information cannot be guaranteed. The management of the Inland Empire Business Journal does not promote or encourage the use of any product or service advertised herein for any purpose, or for the purpose or sale of any security. “Inland Empire Business Journal” trademark registered in the U.S. Patent Office 1988 by Daily Planet Communications, Inc. All rights reserved. Manuscripts or artwork submitted to the Inland Empire Business Journal for publication should be accompanied by self-addressed, return envelope with correct postage. The publisher assumes no responsibility for their return. Opinions expressed in commentaries are those of the author, and not necessarily those of the Inland Empire Business Journal. Subscription payment must accompany all orders for the monthly journal or annual Book of Lists. Copyright 2012 Daily Planet Communications, Inc.
must make the records available for inspection or provide copies within a reasonable time not to exceed 30 calendar days from the date of a written request. A mutual agreement for an extension cannot exceed five extra calendar days. Employers may redact the names of non-supervisory employees from personnel records that are produced or copied.

For current employees, employers must make the records available for inspection where the employee reports to work, or another mutually agreeable location. For current employees, if the employee is required to inspect/receive a copy of the files at a different location from where the employee reports to work, the employer may not deduct from pay for work time lost in traveling to review the file.

For former employees, the employer must make the records available where the employer stores the records, or another mutually agreeable location, as agreed upon in writing. A former employee may receive a mailed copy of the records if they reimburse the employer for the actual postal expenses.

In contrast to current law, the amended statute requires that an employer retain personnel files for at least three years after an employee’s termination.

Penalties for Employers

Violation of the statute carries a per violation penalty of $750, in addition to injunctive relief and attorneys’ fees. Further, violation of this section is an infraction. Exceptions to the Production of Personnel Records

If a current/former employee sues the employer in a lawsuit related to a personnel matter, defined as a matter where the employee’s personnel records “are relevant to the lawsuit,” the right of the employee to inspect/copy copies of personnel records under this section ceases during the lawsuit, and the employee must proceed through regular litigation channels to obtain the file.

Also, the amended law does not apply to employees subject to a valid collective bargaining agreement that expressly provides for all of the following: (1) The wages, hours of work, and working conditions of employees; (2) A procedure for the inspection and copying of personnel records; (3) Premium wage rates for all overtime hours worked; (4) A regular rate of pay of not less than 30 percent more than the state minimum wage rate.

Significance for Employers

Employers should educate management personnel regarding these new requirements, prepare a written form for employees who make verbal inspection/copy requests, and designate an individual to respond to continued from pg. 3

High Desert Report

Snapshot Of The Commercial And Industrial Real Estate Markets In The High Desert

By: Ronald J. Borhner, Ph.D. and CPA - The Bracho Companies

Office Market

As of June 2012, the High Desert had almost 5.5 million SF of office space. The net absorption for the first half of 2012 was 17,524 SF compared to 26,287 SF absorbed in 2011 and 133,261SF absorbed in 2010. The vacancy rate at the end of the 2nd quarter of 2012 was 322,000 SF or 5.9% of the total inventory. There was only a slight increase in the demand for office space in 2011 and the first half of 2012, which resulted in a small decrease in the vacancy rate. Most of the increase in office space demand over the last two and one half years was from the expansion by local government and the medical profession. Because of budget constraints the demand for office space by the government sector is not likely to increase in the next two years.

There were 3,400 SF of office space in Apple Valley under construction as of June 2012. While the office space is only slightly over-supplied, there has been no significant increase in the demand for space in the High Desert under employment, and a half. This has caused office rental rates to decline over the last 18 months.

Retail Market

There was 15.6 million SF of retail space in the High Desert of which 3,900,000 SF was vacant at the end of the 2nd quarter of 2012. This represents a vacancy rate of 8.9%. The demand for retail space has been basically flat over the last 2-1/2 years. The High Desert experienced a net absorption of 56,000 in the first half of 2012, compared to a net negative absorption of (86,472) in 2011. In 2010 the High Desert absorbed 216,655 SF in 2010. The only retail space under construction is the 58,000 SF that Macy’s is adding to the vacant 70,000 SF former department store in the Victor Valley Mall. However, this will not be reflected in the absorption figures until 2013. Two super Walmarts in Victorville and Hesperia were under construction as June 30, 2012. Another super Walmart is likely to be built in Apple Valley by 2014, and two more are planned for Victorville.

Industrial Market

There was 204.0 million SF of industrial space in the High Desert at the end of 2011. The vacancy rate was 4.7% and 957,000 SF. The net absorption in the first half of 2012 was 294,000 SF. This compares to 969,000 SF in 2011 and 967,000 SF in 2010. There was no industrial space under construction as of the end of the 2nd quarter 2012. Most of the absorption over the last 2-1/2 years was in the large boxes. Substantial warehousing and distribution as well as manufacturing companies accounted for the increase in demand. The City of Adelanto absorbed 250,000 SF in 2012, which represented 85% of the increase in the demand for industrial space in the High Desert during the first half of 2012. A 170,000 SF addition to Rubbermaid’s existing facility at SCLA in the City of Victorville is under construction and a 75,000 SF expansion of True Blue’s facility has started in the Town of Apple Valley.

High Desert Real Estate Market Data By City - 2nd Quarter 2012

<table>
<thead>
<tr>
<th>Location</th>
<th>Sales Price</th>
<th>Vacancy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelanto</td>
<td>246,998</td>
<td>7.2%</td>
</tr>
<tr>
<td>Apple Valley</td>
<td>336,446</td>
<td>9.7%</td>
</tr>
<tr>
<td>Barstow</td>
<td>576,986</td>
<td>12.9%</td>
</tr>
<tr>
<td>Victorville</td>
<td>567,580</td>
<td>11.7%</td>
</tr>
<tr>
<td>Hesperia</td>
<td>355,902</td>
<td>11.5%</td>
</tr>
<tr>
<td>SCLA</td>
<td>380,000</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

The Bracho High Desert Report

760.951.5111 • Fax: 760.951.5113 • www.TheBrachoCompanies.com • email: info@TheBrachoCompanies.com
As the largest city in the High Desert, Victorville is leading the way towards a strong economic recovery for the region. Victorville’s population of 113,000 continues to grow and diversify faster than the national average. To keep up with that growth, several companies have located or expanded in Victorville in the past year. These signs point to a strengthening economy, with forecasts of more development in retail, industrial, and even housing in the coming year.

**Industrial**
Industrial development has been key to job growth throughout Victorville over the past decade. This year, companies such as United Furniture Industries and M&M/Mars have brought in over 150 jobs to the region. M & M/Mars relocated from their existing Victorville location to a larger and more modern facility at Southern California Logistics Airport (SCLA). Their former site was not vacant for long as it became a perfect location for Church & Dwight, the parent company of Arm & Hammer. Church & Dwight opened operations in July, manufacturing Arm & Hammer liquid laundry detergent, XTRA laundry detergent, and Arm & Hammer clumping cat litter onsite.

**Retail**
Retail has seen a resurgence in 2012 with activity taking place throughout the city. In September, a brand new 193,000-square-foot Walmart store opened to much fanfare and excitement. The new store is located just off Interstate – 15 and will provide a multitude of products, including a vast array of produce, meats, and other grocery products. Panera Bread began construction on a new restaurant in September, which will be located within the new Walmart shopping center off of Bear Valley Road and Interstate -15. The largest retail development is the transformation taking place at the Mall of Victor Valley. The mall itself is getting a makeover, with newly designed entrances and décor. The mall is also expanding, with construction taking place on two of its anchor locations. JCPenney’s is completing construction on its new 100,000-square-feet location that doubles its current size. JCPenney’s new site will be open just in time for the busy holiday season. Victorville residents are very excited about Macy’s plans for its first store in the High Desert, Macy’s will open a 103,000-square-foot anchor at continued on page 37
Consider for a moment the annoying, interruptive, often obnoxious nature of traditional marketing. Dinnertime phone calls from strangers in noisy call centers. Glossy pictures of the latest fashions worn by models who barely look human. Crowded store shelves with head-spinning arrays of options arranged in no discernable order (“I just need some toothpaste!”). Company websites that give us no clue what the business actually does. Hype. Pushy salespeople.

It’s hard to believe these are the methods and tools of a profession designed to attract and persuade us to become customers, says Bill Lee—especially when “we the buyers” increasingly ignore them.

“A number of studies are showing that people no longer pay much attention to traditional marketing as they progress through the ‘buyer’s decision journey,’” says Lee, author of The Hidden Wealth of Customers: Realizing the Untapped Value of Your Most Important Asset. “Instead, buyers are checking out product and service information in their own way, often through the Internet, their social network, or just plain word-of-mouth or customer reviews. It seems clear that marketing as we currently practice the discipline is on its way out.”

The inability of traditional marketing to engage buyers hasn’t escaped the notice of CEOs, the ones who approve its budgets. A pair of wake-up-call studies by the Fournaisa Marketing Group in London in 2011 and 2012 found that more than 70 percent of CEOs think that their chief marketing officers lack business credibility, lack the ability to generate acceptable growth, and lack the ability to explain how their programs will lead to increased business. Nearly four in five CEOs complained that CMOs can’t explain how brand equity can be linked to recognized financial measures such as firm equity.

A bitter pill for mainstream marketing executives, perhaps, but Lee says you can hardly blame the disgruntled CEOs when you consider the logic behind traditional marketing in light of today’s world.

“Think about it: Companies hire people who come from outside the buyer’s world and don’t share his interests—employees, agencies, consultants, and the like—and expect them to persuade buyers to hand over their money,” says Lee. “Yeah, right! There is no respected research on group behavior suggesting that such an approach is conducive to influencing people to take action or change.”

Of course, not everyone in the marketing world clings to worn-out methods, says Lee. In fact, he works with a pioneering group of C-level and forward-thinking marketing executives who are successfully replacing this increasingly dated model with something that customers actually welcome and respond to. For those who’d like to join them, Lee offers the following advice:

**Go retro: Cultivate a local buying experience.** It’s a myth that social networks and their technologies are creating new approaches to marketing. At their most effective, they’re doing the opposite: They’re allowing customers to re-create the experience of shopping and buying in their local communities.

Think about it this way: How do buyers prefer to pursue a lawnmower, a haircut, a good dining experience, a movie, a car, the services of a good assistant, or a good doctor? Do they pick up the phone and call a salesperson, or read through a bunch of business websites? No, they’re much more likely to talk to neighbors, friends, colleagues at work, and others in their peer networks and ask what they’ve used.

“Marc Benioff understood this when he was building Salesforce.com to compete against much bigger, entrenched competitors,” says Lee. “He was building a better enterprise software product, and to get the word out, he organized ‘City Tour’ events and neighborhood ‘street teams.’ The City Tour events would bring his customers together with prospects and a few other interesting people for presentations and group discussion.

“Benioff found that buyers were much less interested in hearing from him than they were in talking to his customers—their peers, other software programmers like themselves,” he adds. “When he studied the numbers, Benioff found that 80 percent of the prospects who attended such events wound up becoming customers themselves—in effect, an 80 percent close rate.”

**Cultivate customer sales and marketing people.** Business spends billions of dollars training salespeople to build relationships with prospects and customers. But no one has to spend a dime training a customer to build a trusting relationship with your prospects. Since they’re peers, they pretty much already have one.

Microsoft builds on this aspect of human nature when it pæntrates new markets, often in foreign countries where they don’t speak the language or understand the culture. The firm will engage with local software users—whom they call MVPs (Most Valuable Professionals)—many of whom have built substantial followings of their own through blogging and their social networks.

“One is known as ‘Mr. Excel’ to his followers, and on some days his website gets more visits than Microsoft’s own Excel page on its corporate website,” says Lee. “Many companies, when faced with the same situation, threaten lawsuits. Microsoft embraced Mr. Excel. In fact, they support his activities with ‘insider knowledge’ and the opportunity to get a sneak preview and to test new releases. In return, Mr. Excel, and thousands of other Microsoft MVPs, wind up providing invaluable input as the firm develops new releases, and produce its most effective marketing communications, as buyers realize that it comes from a peer they know and trust.

“In such ways, the MVPs are helping Microsoft penetrate and grow markets more effectively and cost affordably than the corporation could do using traditional marketing approaches staffed by hired outsiders,” he adds.

**Build strong customer communities.** Consider Harley-Davidson’s success in creating a sense of community around its bikes. Three decades ago, the public associated Harleys with gangs and outlaws, which turned off consumers. Harley-Davidson worked hard to change the image, first by getting police departments to start using them, and then by working assiduously to build a community of Harley riders.
### THE GAINERS
Top five, by percentage

<table>
<thead>
<tr>
<th>Company</th>
<th>Current Close</th>
<th>Beg. of Month</th>
<th>Point Change</th>
<th>% Change</th>
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<tbody>
<tr>
<td>Hot Topic Inc.</td>
<td>966</td>
<td>848</td>
<td>1.18</td>
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<tr>
<td>Provident Financial Holdings Inc. (H)</td>
<td>45.95</td>
<td>44.65</td>
<td>1.09</td>
<td>2.4%</td>
</tr>
<tr>
<td>Monster Beverage Corporation (L)</td>
<td>45.74</td>
<td>44.65</td>
<td>1.09</td>
<td>2.4%</td>
</tr>
<tr>
<td>Watson Pharmaceuticals, Inc. (H)</td>
<td>85.26</td>
<td>85.95</td>
<td>-0.69</td>
<td>-0.8%</td>
</tr>
</tbody>
</table>

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### THE LOSERS
Top five, by percentage

<table>
<thead>
<tr>
<th>Company</th>
<th>Current Close</th>
<th>Beg. of Month</th>
<th>Point Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplicity Bancorp, Inc.</td>
<td>14.10</td>
<td>15.43</td>
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<td>-8.6%</td>
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<tr>
<td>CVB Financial Corp.</td>
<td>9.94</td>
<td>10.82</td>
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<td>-8.1%</td>
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<tr>
<td>American States Water Company (H)</td>
<td>43.29</td>
<td>44.02</td>
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<td>Physicians Formula Holdings Inc.</td>
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<td>4.98</td>
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<tr>
<td>Watson Pharmaceuticals, Inc. (H)</td>
<td>85.26</td>
<td>85.95</td>
<td>-0.69</td>
<td>-0.8%</td>
</tr>
</tbody>
</table>

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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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The ReStore is a discount home improvement center, open to the public, that sells 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

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**Monthly Summary 11/21/12**

- Advances: 4
- Declines: 6
- Unchanged: 0
- New Highs: 3
- New Lows: 2

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**Five Most Active Stocks**

- Monster Beverage Corporation: 42,765,360
- Hot Topic Inc.: 12,243,470
- Watson Pharmaceuticals, Inc.: 12,143,900
- CVB Financial Corp.: 7,138,350
- American States Water Company: 1,414,860

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ASSET PROTECTION IN BUSINESS

E-Commerce Businesses Stand to Lose More Without Asset Protection
By Hillel Presser

What differentiates commerce businesses from traditional businesses when it comes to asset protection?

Potentially more assets in need of protecting.

Both types of business owners have assets such as homes, cars and bank accounts that need protection in the event of a lawsuit—whether it’s a personal suit or one targeting the business. E-commerce businesses may need more financial protection to cover their wealth of intangible assets, including domain names, website content, intellectual property, trademarks and patents. Additionally, an e-commerce business may prove to be more of a lawsuit liability because it’s vulnerable not only in the state where the storefront or warehouse is located, but essentially everywhere substantial connections are made, including internationally. In that sense, the need to create, maintain and regularly update an asset protection plan becomes more urgent.

To legally shield wealth from lawsuits and other potential threats, including divorce, business owners of all types should have an asset protection plan. This multi-layered strategy involves a range of techniques to title assets such as homes, savings and property (tangible and intangible) in the event that a claim is brought against the business or owner. It’s not a guarantee that the protected person will avoid lawsuits or other financial calamities, but it can guarantee they’ll lose fewer assets if the worst does happen.

I advise clients to work with an attorney to create a plan that’s the best fit for their specific financial situation. Clients should: 1) educate themselves, 2) inventory their wealth, 3) assess their liabilities, 4) decide the best asset protection tactic or strategy to use with each asset inventoried, and 5) execute the plan.

- **Educate yourself.** Clients should understand what’s going on when their attorney is creating their plan, how it relates to their life, and what changes will trigger the need for an update. They should learn what they can and can’t transfer as well as who they should and shouldn’t transfer assets to, even temporarily. For instance, if they “gift” a home to their children shortly after or in proximity to a civil claim filed against them, in the event of a judgment that gift may be looked upon as a fraudulent transfer. It could be reversed, making their home susceptible to the creditor judgment. Education is key to maintaining long-term asset protection. The Presser Law Firm, P.A. offers complimentary books on asset protection and an asset protection worksheet at www.AssetProtectionAttorneys.com; submit a request in the contact form.

- **Inventory your wealth.** They should include both tangible and intangible financial resources. Tangible assets include but are not limited to: their home, real estate, bank accounts, vehicles, boats, etc. Intangible assets include but are not limited to: patents, copyrights, franchises, goodwill, trademarks, domain names and trade names, etc.

- **Assess your liabilities, present and future.** Some present liabilities could include current creditors (whether or not they have claims against the client), personal guarantees on home or business loans, and the client’s marital status as well as longevity of the marriage. Future liabilities include unexpected potential financial risks. A failing business in an economy downturn is a good example. Surely many businesses didn’t contemplate their demise in the financial and economic crash of 2008. Those

continued on page 38
By Joe Thomas

The clients are different, but the question is always basically the same. Can you redesign my website?

It doesn’t matter how the question is phrased, every time it’s asked, I give the same response:

There is no such thing as a Re Design. It’s true; a redesign of a website is simply a repackaging. It’s taking the same content and putting it in a new dress. Or taking the same software or function and adding some make-up. Now seriously, why would you want to do that?

There can only be a handful of reasons to even entertain the thought of it:

1. The current site doesn’t work. It’s broken, kaput!
2. The current site is no longer effectively selling your product or service.
3. It’s outdated and ugly.
4. You just woke up and decided to change everything for the sake of changing things.
5. Somebody told you it was a good idea.

Here’s a breakdown of those reasons, and whether or not a redesign is the solution.

1. **If the current site is broken:** Well if it’s broke, you’ve got to fix it. And if it needs to be fixed, why use tape and glue? Building it correctly from the ground up is a smarter use of your money, and will most likely cost you the same thing—or less. And you can build it with the latest technology, optimized for search, easier updating and better functionality.

2. **If the site is no longer effectively selling your product or service:** Why repackage something that doesn’t sell? A good developer will tell you why it’s not selling—he just needs to look at the data. Let him show you why it’s a lame duck, then have him give you the alternatives.

3. **If it’s outdated and ugly:** Well this is pretty self-explanatory but I will say this: I’ve seen a lot of “ugly” sites sell a lot of product; don’t base your decision on ugly—that’s a matter of opinion. I’ve told many people with ugly sites NOT to touch them. Hey, if they sell, who cares what they look like, right? Outdated is a different story. You can’t compete with today’s sites using outdated technology. Just ask MySpace.

4. **If you just woke up and decided to change everything:** Go shoe shopping. Buy a new hat. But realize when you call a web developer, you’re not going to be happy with anything he does. You’ll be wasting your money and driving some poor developer nuts for nothing.

5. **If somebody told you to redesign your website:** Odds are, that person is a web designer—NOT a web developer, and trust me, there is a huge difference between the two. A web designer is going to give you exactly what you ask for—the colors, the content, the buttons, the pictures—the exact website you tell him to build. A web developer is going to tell you honestly if and why you’re wrong about all of those things. A developer is going to tell you that your bio is great, but it doesn’t sell you. Or that your photos make you look like an alien life form. A developer is going to tell you how and why to build it this way. And let’s be honest—if you knew the exact site you needed to have with the colors, content, buttons and pictures, you wouldn’t need to hire someone
High Desert Report - A Quarterly Economic Overview
A Shortage of Homes for Sale Has Caused a Significant Increase in the Price of Homes in the High Desert

During the 2004-2005 housing bubble, 600 new homes were sold each month in the Victor Valley area in addition to 500 previously owned homes. The vacancy level was low and builders were straining to meet demand, which was artificially inflated by the lax lending standards fostered by the federal government through Freddie Mac and Fanny Mae. The median price for previously owned single family homes in the Victor Valley area peaked in February 2006 at $322,000. By April 2009 the median price had declined approximately 68% to $103,000, which was the low point for this real estate cycle.

In March 2012 the median price for the area was only $110,000; however prices have increased consistently since May of this year. By September 2012 the median price reached $121,000. The table below titled the Victor Valley SFR Market Condition Report for September 2012 was prepared by Bob Thompson for Escrow Junction. It is the information source for this article.

In the last six months the financial institutions including Freddie Mac and Fanny Mae have further reduced the number of homes they release for sale. The number of homes listed has declined from a 2.2-month supply last March to only 1.4 months today. There were 641 homes available for sale in September 2012 compared to 451 closings. During 2004 and 2005 the number of outstanding listings averaged 2,500, which represented four to five months of sales. Real estate agents believe this is one of the factors causing the rise in home prices over the last few months.

A review of the second page of the Market Condition Report would reveal that only 77 REO properties were listed for sale at the end of September, which is less than the 209 units available at the end of March. There were only 97 “short sale” units available in September compared to 230 in March of 2012. On the other hand in the latest report there were 469 “Standard Sale” homes listed by non-financial institutions which was essentially the same number available last March. In the case of REO sales, the ratio of closings to listing is only 0.50 months. There is truly a shortage of REO listings. The inventory for short sale proper ties that could be sold in 1.1 months at the current rate of sales, while the ratio of supply to demand was 2.2 months for standard sales.

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Innovators Recognized at 10th Annual Spirit of the Entrepreneur Awards

The 10th anniversary of the “Spirit of the Entrepreneur Awards” program, presented by Cal State San Bernardino, honored top business entrepreneurs in the Inland Empire.

Mike Stull, founding organizer of the event and director of Cal State San Bernardino’s Inland Empire Center for Entrepreneurship, said the award is a nice reinforcement. “It’s nice to say ‘you’re doing a good job,’” said Stull, who is also a professor of entrepreneurship at the university.

Two awards went to Jerry Mall of K&K Engineering, Riverside for Lifetime Achievement, and Bob Burlingame of Burlingame Industries in Rialto for Master Entrepreneur.

Spirit awards were also presented to Robin Allen of Necessary Nutrition, Inc. for Emerging Entrepreneur; Isaac and Lucy Gallardo of Inland Empire Autobody & Paint, Inc. for Family Business Entrepreneurs; and Chris Ma of Vantage LED for Manufacturing Entrepreneur.

Additional winners were Kathy Walsh of Business Waste Management LLC for Consulting Entrepreneur, Terry Oelrich of Reverse Control Inc. of San Bernardino and Josiah Bruny of Music Changing Lives in Redlands tied for the Social Entrepreneur award; and Grey Frandsen of HG.
A Shortage Of... purchase a home.

The demand for single family homes continues to be artificially inflated, because of the policies of the federal government. Interest rates are extremely low and down payments are usually substantially below 20% of the purchase price for owner occupants. Individuals are purchasing homes in the High Desert with as little as 3% down. On the other hand the underwriting criteria and documentation requirements are far more rigorous and extensive than normal; and the requirements for home appraisals tend to place a downward pressure on home prices. The past appraisals could only include REO sales comps which are lower than standard sales comps. The effect of all this is to make home prices in the High Desert the most affordable in Southern California.

The requirement to use REO sales when doing an appraisal has been recently waived, which will make it easier for home prices to increase. This will be the case, not only for the High Desert but for all of Southern California. The second page of the Market Condition Report depicts the median close price for the 11 residential submarkets in the Victor Valley Area. In September of this year the median close price for the REO sales in the area was $108,000. This compares to a median close price of $116,000 for short sales and $130,000 for standard sales.

Home prices are expected to continue trending upward if the U.S. and California economies continue to expand, creating jobs that could support population growth and substantial household formations in both the High Desert and the Inland Empire. The good news is that the population of the High Desert increased since the U.S. Census and is currently slightly higher than it was at the beginning of 2009, before there was an out migration caused by the last recession. Recent population trends are discussed in another article on population in the Branco High Desert Report.

Reflecting on the election and its implications for the federal budget, I am reminded of the movie “Groundhog Day” in which Bill Murray wakes up on the same day over and over again until he finally gets it right. The big difference? Our budget problems aren’t funny. Still, like Murray’s character, we find ourselves in practically the same situation we’ve been in for some time, facing the same political divisions and the same budget challenges. In fact, we’re not just where we were right before the election, we’re where we were a year or two ago. Hopefully, in 2013, Washington will get it fixed.

Not that failure to fix it has been all bad, at least for the financial markets. Over the past three years we’ve watched Washington fail to fully consider the Simpson/Bowles and other deficit-reduction plans, struggle through the debt-ceiling crisis of 2011 and continue contentious tax and spending debates during the election of 2012. During that time, the S&P 500 stock index rose almost 23%, albeit with a lot of volatility. The debt-ceiling standoff alone set the market back nearly 18%, in addition to prompting the first-ever downgrade of the country’s credit rating.

Our budget and economic woes haven’t disappeared, though. The biggest immediate concern is the so-called “fiscal cliff” – the package of hefty automatic spending cuts and tax increases scheduled to take effect beginning on Jan. 1, 2013. Uncertainty over whether Washington will allow us to go over the cliff or craft some alternative policy has made it difficult for businesses to have the confidence they need to fully invest.

The term “fiscal cliff” itself is a bit misleading. As I have previously noted, it would be more accurately described as a fiscal slope, since its impact will not hit us all at once. Nonetheless, it is the crisis of the moment, and everyone is wondering whether Washington will arrive at some grand bargain to resolve it, or our policy uncertainty, before the end of the year.

I doubt it. To me, a “grand” bargain means comprehensive tax and entitlement reform that puts our nation’s debt-to-GDP ratio on a downward trend. (GDP, or gross domestic product, represents the sum total of our nation’s output of goods and services.) Reform of the magnitude envisioned by a grand bargain would almost certainly take months to negotiate, so it is inconceivable to me that one will be struck by year-end.

I think a petite bargain may be possible, something that defers the start date for the spending and tax cuts for a period of months to allow time for real negotiation and reform. However, I put the odds of that happening during Congress’ lame duck session fairly low, too – perhaps at 50%. So what happens if we reach the end of the year without a petite or grand bargain? Not much, really, although the financial markets may not see it that way. On spending, President Obama has some latitude as to when to actually begin the spending cuts. In effect, he can stall. On the tax front, any changes enacted mid-year can be made retroactive to the beginning of the year, as has been done many times in the past.

There are Deadlines, and There are Deadlines

Deadlines are important, and continued on page 26
By Oliver Chi, Assistant City Manager

There is no doubt that the economic downturn has impacted the city of Barstow. Even today, the signs of economic distress can be seen throughout the community as Barstow still has an unemployment rate of 14.7%. Unequivocally, there is still much work that needs to be done.

However, in the midst of the Great Recession, the city has during the past few years taken proactive steps to position the community as the next big thing in the Inland Empire’s High Desert region.

The process began by focusing on improving the physical appearance of the community. An aggressive $21 million capital improvement campaign centered on the enhancement of city infrastructure has been initiated. Furthermore, the city implemented a new economic development approach by employing sophisticated research tools to assist with business attraction and retention efforts.

It is also important to note that signs of an economic turnaround can be found when looking at demographic data in Barstow. From a statistical perspective, one measure that illustrates how a community’s economic health is trending can be seen through tracking the area’s median income levels. In the 2000 census, the Barstow area had a median income level of $35,069. As of the 2010 census, the median income levels for the Barstow area had increased around 37% to $48,042. This data means that the quality of the jobs in the Barstow area is improving and points to a positive trend for the local economy.

In addition to the statistical data, the city has been working on several important economic development projects that have the potential to dramatically improve the overall quality of life in Barstow.

Current significant projects that are underway in the community include the following:

Barstow Casino & Resort Project

The Barstow Casino & Resort Project, which is being pursued as a partnership project between the Los Coyotes Band of Cahuilla & Cupeno Indians and Bar West Gaming, is still a viable initiative that is in the review process. In order for the initiative to move forward, both the Federal Government and the State of California will have to agree to allow the project to be constructed. Currently, the Federal Government’s Department of the Interior is evaluating the proposed Barstow Casino & Resort project and it is anticipated that a final ruling will be issued before the end of 2012.

If the Department of the Interior approves the project as meeting federal guidelines, the next step in the process would be negotiating a gaming compact with the Office of California Governor Jerry Brown. That agreement would also have to be approved by the California State Legislature. To assist with these efforts, the city recently engaged the services of the lobbying firm Joe Gonsalves & Son to assist with developing a comprehensive strategy aimed at gaining state approval for the project. If all the approvals are obtained, the overall casino project could be constructed in 2013 or 2014.

Barstow Community Hospital Project

During the past several years, the city has been coordinating with Community Health Systems, Inc., on building a brand new state-of-the-art medical facility in town.

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Listening for... continued from pg. 10

Read on for LePatner’s thoughts on why this essential issue continues to be ignored by the nation’s leaders and policymakers:

No political will. There is no Occupy Wall Street movement calling attention to the fact that politicians are blithely ignoring this national tragedy-in-waiting. One reason the issue doesn’t get much traction is that it’s overwhelming for citizens and policymakers. Many politicians simply don’t know where to start. Then they look at what has happened to leaders who have taken a leap of faith on solving big problems—for example, President Obama and his actions on reforming healthcare—and see the political backlash that comes with those actions.

“We need a bold leader to take action on repairing infrastructure despite its overwhelming scope and cost,” says LePatner. “Currently, no political leader in office has spoken up. That’s probably because there is very little money being made available to even start on the first repair. But to be blunt, no money is likely to become available in an atmosphere that has politicians signing vows not to raise taxes and ignoring proposals to provide stimulus money to restore jobs to the two million construction workers who would be needed to attend to these ailing facilities. We need a leader brave enough to take the all-important first step.”

Politicians go where the money is. Our politicians have, in the words of Thomas L. Friedman of the New York Times, become inhibitors, not enablers. They are ensconced in a system that makes them totally beholden to the lobbyist funding they must have in order to fund their reelection campaigns.

“It’s simply not true that there is no money for infrastructure investment,” says LePatner. “The truth is, states aren’t required to spend the federal funds they’re given on bridge repairs. They can, and do, allocate half of that money to other projects. Over the years, politicians have used these funds to build new projects that lead to ribbon-cutting ceremonies, publicity, and votes. Repairing infrastructure just isn’t sexy enough. Repair projects won’t get the attention of big donors, so politicians spend money on projects that will.”

Partisan bickering. Our politicians brook no interference by the rest of the nation when it comes to what they do in Washington and how they frame the national agenda.

“Throughout the election, we have been held in a political chokehold of two philosophies that are sure to guarantee gridlock for years to come, no matter who is elected,” notes LePatner. “It is a power play of the most enormous proportions and consequences. There is no give and take by either side: The GOP adamantly resists any attempt to increase taxes even on those who have been making over $1 million a year and who are paying the lowest tax rate in decades. The Democrats have totally failed to make a persuasive argument that cutting social benefits, raising taxes on the rich, and paying for needed stimulus for high-speed rail networks and other infrastructure improvements will not lead our economy into further ruin.”

“Job creation” = political buzzwords, not action. Not just the presidential candidates but many candidates in Congressional races and state and local races utter these words every chance they get. No matter what side of the aisle a candidate is from, he or she won’t hesitate to tell you how they’re all about job creation. But by ignoring our nation’s infrastructure, they’re all leaving an amazing opportunity to put people back to work on the table.

“Consider this: Estimates from studies show that every $1 billion of infrastructure investment creates 10,000 to 31,000 jobs,” says LePatner. “Therefore, if we estimate that the top 2,000 of these bridges can be fixed for an average of $20 million, then with an investment of $40 billion we can... continued on page 29
Barstow City...  

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Those efforts have culminated with the opening of the new Barstow Community Hospital. The ultramodern three-story, 82,500-square-feet facility features 30 private rooms, a high-tech emergency room, a modern intensive care center, a technologically advanced diagnostic imaging department, and innovative laboratories and surgical rooms. All told, building the updated facility required around 3,283 cubic yards of concrete, over 65 tons of concrete reinforced rebar, 476 tons of structural steel, and over 120,000 square feet of fireproofing material. When the new hospital is complete, the overall project will have constituted an estimated investment of around $80 million in the Barstow community.

Lenwood Grade Separation

The city has been working diligently with the County of San Bernardino and SANBAG to coordinate the construction of the Lenwood Grade Separation project. A number of design enhancements have been coordinated during the past several months and the project team is currently working on finalizing the engineering work and right-of-way coordination for the new bridge. In total, the Lenwood Grade Separation will cost an estimated $31.5 million and is on schedule to begin construction in 2013.

Wal-Mart Supercenter Expansion

During the past several months, the city has been engaged in an intensive review process with Wal-Mart representatives regarding the expansion of the current Wal-Mart store on Montara Road into a Supercenter format. Given the current project schedule, it is anticipated that the project will be considered for final approval in January 2013. The overall project includes building a new 184,000-square-foot Wal-Mart Supercenter along with an addition 55,000 square feet of new retail development.

Barstow Industrial Park

Another significant initiative that the city is coordinating is the revival of the Barstow Industrial Park project. In total, the Barstow Industrial Park spans over 1,174 acres and is located around 3 miles northwest of Interstate 15 and around 5 miles west of the Interstate 15 / Interstate 40 interchange. The city has been working very closely with the project developer and discussions are currently underway regarding infrastructure installation, utility coordination issues, and the construction of a rail spur for additional site access. There are several potential end users that the city and the developer are working with now in a joint effort to ensure that the Barstow Industrial Park becomes the High Desert’s premier logistics, manufacturing, and distribution hub.

Wal-Mart Distribution Center

The city has continued to stay in close contact with representatives from Wal-Mart regarding the proposed construction of a cold-storage distribution center located adjacent to the city’s planned Industrial Park. In every conversation that the city has had with Wal-Mart, the message has remained consistent. Wal-Mart is still planning on constructing the distribution center in Barstow; however, the project is waiting for approval from the Wal-Mart Logistics Department. Given the recent number of Wal-Mart Supercenter conversions occurring in the high desert and throughout Southern California, in addition to the announcement that Wal-Mart will be testing a small-store format called Wal-Mart Express, it is likely that the distribution center in Barstow will be approved for construction in the near future.

Redevelopment Dissolution Impacts Minimal for Barstow

On Dec. 29, 2011, the California Community Development Agency approved the dissolution of the Barstow Redevelopment Agency, which would have required the city to contribute up to $12 million to the state’s general fund. The city’s contribution would have been minimal, and it’s no longer an issue. Since the dissolution was approved, the city has continued to work with the state to ensure the smooth transition and to minimize any negative impact on the city’s economic development efforts.
NEW BUSINESS

No Money, No Problem: Eleven Tips for a Start-up Business
With Very Little Cash (and a Great Idea)

Many entrepreneurs kick off their ventures on a budget so lean it’s beyond shoestring; it’s dental floss! That’s especially true in an era where credit is almost impossible to come by. Michael Houlihan, one of the founders of Barefoot Wine, explains how to get the greatest possible bang out of very few start-up bucks.

You have a new start-up and you couldn’t be more excited. You know you’ve got a winning idea and you’re certain customers will love it. There’s just one problem, and it’s a doozy: lack of funding. Yes, even in the best of times it can be hard for cash-strapped entrepreneurs to pay for what they need. But now, with a sluggish economy and tough restrictions on who can get credit, your frustration is threatening to overwhelm your passion. More and more you’re starting to wonder, “Should I just cut my losses and throw in the towel now?”

Not so fast, says Michael Houlihan. While you do need some money to get started, you can seriously reduce the amount if you take advantage of some key bootstrapping strategies. It was the use of these very strategies that enabled him and his business partner, Bonnie Harvey, to found and grow Barefoot Cellars, the company that transformed the image of American wine from staid and unimaginative to fun, lighthearted and hip.

“Trust me, I know what it’s like to try to start a business when you’re basically broke,” says Houlihan, coauthor along with Harvey of “The Barefoot Spirit: How Hardship, Hustle, and Heart Built a Bestselling Spirit: How Hardship, Hustle, and Heart Built a Bestselling Spirit: How Hardship, Hustle, and Heart Built a Bestselling Spirit.”

Barefoot Cellars turned out to be a big success and it was sold to E&J Gallo in 2005. Now, Houlihan is passionate about sharing with other entrepreneurs what he and Harvey learned the hard way.

“Read on to learn about 11 cost-saving measures that helped Barefoot Wine survive and grow in its laundry room days, and that might just be lifesavers for your start-up, too:

Start in the garage. Hey, this strategy has worked for many aspiring bands (at least until Mom cut the electricity and silenced the electric guitar), and it can help your start-up to survive, too. Unless your company needs to operate in a specific type of space, wait until you have gained more momentum to start writing rent checks. Whether it’s an attic, a garage, a spare bedroom, or even the kitchen table, go anywhere that won’t make a dent in your bank account.

“As I said earlier, Barefoot’s first office was a laundry room,” reminds Houlihan. “It wasn’t glamorous. It certainly didn’t scream, ‘The people who work here are a force to be reckoned with!’ But it held our files and a desk—which, by the way, was an old door laid on top of a couple of old sawhorses. And most importantly, it allowed us to get the job done without spending any extra money.”

Get your family to help. The same people who cheered for you at Little League games and came to your annual piano recitals when you were a kid haven’t changed the way they feel about you. As long as you are humble and appreciative, you might find that they would be more than willing to help your start-up succeed. So even if you have to swallow some pride in order to admit that you aren’t Super Businessperson and can’t do it all by yourself, ask family members to stuff envelopes, put together email lists, file paperwork, catalog inventory, and more.

“Retired grandmas, aunts, and uncles would love to make a difference in your life, and they’ll probably be thrilled to do something new and help the family business get started,” confirms Houlihan. “Remember, each relative who offers to help out takes the place of an employee you’d otherwise have to pay. And who knows, they may do a lot more for your start-up than just add manpower. Family members can also provide objective opinions and commonsense insight,” he adds.

“In our case, Bonnie’s mom came up with the term ‘Barefoot Bubbly’ for our champagne—and it was a huge hit.”

Assume someone else’s excess inventory. Who says you have to start from scratch when it comes to producing your product? If it’s feasible in your industry and for your particular product, try to acquire another company’s unsold merchandise. If you can repurpose it, improve it, or otherwise incorporate it into your product, you’ve just saved yourself time, effort, manpower, and money.

“At Barefoot, we bought bulk wine in tanks, juice from grapes before it was fermented, and grapes themselves,” explains Houlihan. “We would do whatever was needed to make each batch into a wine that fit the Barefoot specifications. Sometimes, we would even contract with other wineries to make wine to our specs! Since we did not rely on owning and maintaining our own vineyards, we saved a ton of money, which is one reason that Barefoot became known as an affordable, yet quality, wine.”

“If you go this route, just be sure that you never, ever compromise on quality when working with someone else’s inventory,” he adds.

Outsource everything except quality. Yes, you’re passionate about your business, and it’s natural for you to want to control and oversee every aspect of it from day one. But look at it this way: Until your financial balance sheet is more stable, what little money you have will be best spent on marketing your product so that you can make

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Why I Despair
By Charles C. W. Cooke

An apocryphal tale tells of an American who claimed to own George Washington’s axe. “Three times,” he exclaims, the axe has “had its handle replaced, and twice had its head replaced!”

This is a joke that has been rendered in more serious form by philosophers throughout the ages — perhaps most famously in Plutarch’s Life of Theseus — and it may be time now to consider it in relation to the United States. People and countries change, as they must. But, as with Washington’s axe, to change too much is to invite the possibility not merely of alteration, but of replacement.

Predicated, as it is, on an established set of principles — rather than merely on geographical or racial fact — America could presumably reach a point at which it could no longer usefully be called America. How close to that point are we?

I was born in England in 1984, two days before Ronald Reagan was elected to a second term. As a small child, I watched the Space Shuttle take off from Cape Canaveral in Florida. I had an Apollo 11 lunchbox. With varying levels of awareness, I saw the United States defeat Communism, come to Kuwait’s aid in 1991, and rise to hyper-power status. During the 1990s, I watched in awe as Silicon Valley revolutionized the world. Once, my father told me that the difference between the average Briton and the average American was that a Briton looks at a man driving a Ferrari and thinks, “What a b******d,” while an American thinks, “I’ll be him one day.” This my father considered a great virtue — as do I. By the time that I was 10 years old, I didn’t just think that America was the world’s great hope, I knew it.

On frequent visits across the pond, I saw little to disabuse me of these notions. America was just different: There was no crushing class system, and it had a genuine and unique scope for immigrants to integrate fully, and the virtue of living under the protection of the greatest constitution in the history of the world. There was opportunity, too. Christopher Hitchens, by no means short of talent, once wrote that he had been compelled to move to America because “life in Britain had seemed like one long antechamber to a room that had too many barriers to entry.” Britain treated me well in a great many ways, but I understand what Hitchens meant: America is mercifully lacking in gatekeepers.

Inevitably, this translates into politics. British elections are mean-spirited and meretricious affairs that reveal what the country has become in its post-imperial form. In them, the focus flits between mercenary discussion of what the government is going to give the people and petty bickering over inconsequential details such as which schools the candidates went to and how much money they have. Few principles are at stake because classical liberalism is largely dead, so debates ultimately boil down to the question continued on page 20
People who invest their money wisely spend more time focusing on the investments with the greatest chance of turning out to be winners. Do you do the same when managing the performance of your employees? If you are like most managers, sadly the answer is that you get caught up spending too much time with low performers who have a fair chance of being acceptable, but not stars. What would happen if you dedicated more time to your employees who are acceptable performers yet exhibit clear signs of being high performers? The answer is that many of these acceptable performers will move into the ranks of high performers.

So, as a manager, CEO or business owner, how do you identify the employees you should focus on, and how can you make the most of your lower performers?

Be Selective About Who to Focus Upon

The first lesson is to carefully select who will be important for you to invest time, energy, and other resources in to developing their performance. This decision is incredibly important; if you choose a low performer, then your likely payoff will not be as great as if you had selected a high performer. This may seem at odds with what you have learned in the past, or it may even seem to go against the grain of democracy or fighting for the underdogs. But, if your goal is to maximize performance, then this approach is more likely to yield greater results quickly.

As humans, we can only really improve 2-3 things at a single time, no matter what multi-taskers tell you. Deliberate practice on 2-3 things is what drives high impact gains in performance and productivity. Deliberate practice can be enhanced with explicit, targeted feedback from managers. It is far easier, more rewarding, and more effective to leverage strengths, rather than solely focusing upon weaknesses. The key is to find strength in one area and get the performer to use that strength in an area that requires improvement. Real, sustained improvement takes time. This requires patience on your part as a manager focusing upon the long term and not just the quick fix. The quicker the fix, the less sustainable the result.

Keep Hope Alive for All Performers

The second lesson is keep hope alive for all performers, even those who are chronically low. What does this mean? As a manager or CEO, you want to make investments, though not equal investments, in all performers. But, do not potentially waste too much time, energy and other resources in your employees who, at their very best, will only be an average or acceptable performer. This does not mean that they are not a good person, that they are not worthy of their salary or that they are a slacker. It may simply mean that they are comfortable in their current position and have no desire to become the company superstar, or that they are a bad fit for your organization. A manager that wants to improve performance should demonstrate what psychologists call “Unconditional Positive Regard.” This means that you accept where your staff begins their performance improvement journey. For some, they may then begin behind, for others at the right place, and some are even ahead. Assess the starting place but do not judge. Then, you can identify the signature strengths of all of your staff, even chronic low performers; it is unlikely that they are not doing well in all aspects of their job.

Watch out for the “Pygmalion Effect.” This means that your staff rises or falls to your expectations. In other words, if you have low expectations, then they will move to meet your low expectations. The opposite is also true; if you have high expectations, then your employees will move to meet your high expectations.

Focus on making progress toward a longer term goal, and reward that progress, even if it is only one baby step after another. By rewarding small steps to the larger performance goal, you will also feel less frustration because you know your efforts with the low performers are paying off.

Reassign or Fire Chronic Performers

The third lesson is to cut your losses relatively early. Our country’s goal is to increase employment, but as a manager or CEO you also have a responsibility to your boss or stockholders, to your company, and your customers.

There are two ways to address chronic low performers. First, if after setting clear expectations, monitoring their performance, giving feedback about their performance, coaching them, and then letting them know about the consequences of underperforming, you see no improvement, you should let them go.

Second, if your company cannot afford to let any employees go in order to keep the operation running, you should reassign the chronic low performers. When you reassign an employee continued on page 37
The Top 5 Pitfalls that Derail Corporate Decision-making  
By Michael Menard

Despite the wealth of information available to us these days, many of today’s best and brightest business leaders still make poor decisions. This is unfortunate, because sound decision-making is at the heart of every company’s success.

Even if you have the best education and years of experience, it’s still possible—and common—to make poor decisions. Why? Today’s decision-makers are up against a long list of pitfalls and obstacles that prevent them from making sound decisions. Fortunately, once you know what you’re up against, you can take the proper steps to correct it. Here are the top five decision-making pitfalls that get in the way of organizational success.

1. “We need to change, only not today.” (Avoiding the decision)

Saint Augustine (b. 354 – d. 430) prayed, “Lord, make me chaste, but not yet.” It’s one thing to know about change and imagine future benefits, but we often avoid deciding to take action right now because change means some level of immediate discomfort. Realize, though, that no business or individual grows without change and risk. However, risk aversion is basic human nature. The paradox is that we want something different without having to change. This is like the teenager who wants her parents out of her life but first wants to be dropped off at the mall.

With the recent economic downturn, many companies are employing a bunker mentality. They’re staying put and not taking action. Instead of playing to win, they are playing not to lose. Without a realistic vision of what’s both possible and probable, organizations will continue to play it safe and delay making decisions. But this so-called safety is an illusion. Organizations must keep moving, employ their assets, and create value. That value comes from the decisions they make and the projects they implement.

Remember, any decision is a choice. Choosing not to choose is a choice.

2. “It’s such a simple decision.” (Oversimplification of the challenge)

Telephone numbers are seven digits long because most of us can only keep this much information in our short-term memory. We naturally chunk information into intelligible bites. Likewise, difficult and complex situations can overwhelm us, so we unconsciously and erroneously make them simpler. However, this natural tendency to simplify information can hinder decision-making.

Of course, let’s not confuse oversimplification with the highly valuable ability to reduce a problem to its essentials. After all, decision-making needs to be both effective and efficient. But we must distinguish between these two words. We can be efficient without being effective by doing the wrong task well.

No matter how well-intentioned we are, under pressure our desire for simple answers to complex questions increases dramatically. The red flags go up. When we imagine we don’t have time or resources to correct it, Here are the top five decision-making pitfalls that get in the way of organizational success.

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Many Thanks, Melissa A.
Why I Despair...

continued from pg. 17

of who is going to run the welfare system more efficiently. The candi-
dates’ arguments are full of nebula-
ious, slippery words, such as “fairness” and “investment” — and the never-ending substitution of the word “community” for “government.” You would never hear Kennedy’s famous “Ask not what your country can do for you” line in a British political context because nobody would understand what he was talking about. Only in America. Anyone can make it there!

But, consider this: A president of the United States just ran a reelection campaign based on the promise of government largess, exploitation of class division, the demonization of success, the glorification of identity politics, and the presumption that women are a helpless interest group; and he did so while steadfastly refusing to acknowledge the looming — potentially fatal — crisis that the country faces. And it worked.

Worse, as David Harsanyi has observed, “the president’s central case rests on the idea that individuals should view government as society’s moral center, the engine of prosperity and the arbiter of fairness.” This stunted and tawdry vision of American life was best summed up in his campaign’s contemptible Life of Julia cartoon, which portrayed the American Dream as being impossible without heavy cradle-to-grave government, and in which the civic society that Tocqueville correctly saw as the hallmark of the republic was wholly ignored — if not disdained outright. “Government is the only thing we all belong to,” declared a video at the opening of the Democratic National Convention. In another age, this contention would have been met with incredulity and confusion; in ours, it was cheered.

So, too, were the two central achievements of Obama’s first term: the spending of an unprecedented amount of borrowed money on the president’s political allies, and the turning of the health-care system over to the bureaucracy in a “reform” that, inter alia, stipulates that to be alive is to owe something to Washington. The latter move involves a claim on the people that no free government should ever make, and that no American government has ever made before. For these grave missteps, the president suffered an epic loss in Congress in 2010. The revolt looked promising, but then — for whatever reasons — he was reelected. Now, Obama has the chance to remake the Supreme Court and remake America’s Constitution, too. Who doubts he will take it?

If we are to lose America as it has been, could we not ask that it be lost to something better than this? Our president, a Narcissus masquerading as a Demosthenes, makes big speeches packed full of little ideas, and he is applauded wildly for it. His, says Marco Rubio, “are tired and old big-government ideas. Ideas that people come to America to get away from. Ideas that threaten to make America more like the rest of the world, instead of helping the world become more like America.” I will vouch for the verity of these words. I have watched how these sorry ideas play out in the real world, and it is not pretty: They make people’s lives worse, and yet simultaneously con-
vince them that any reform will kill them — a fatal combination. Americans should avoid this path sedulously, for that way lies decline.

Rubio is correct in another assessment. How small Barack Obama’s politics are! How deficient and outmoded are his ideas; how limited his understanding of America’s value; how dull his magnilo-
quence. The president has an ample library of ideas from which to choose, and yet he raids the Old

High Desert Report - A Quarterly Economic Overview

Reviving California Is Going to Take a Revolution

By Assemblyman Tim Donnelly, 59th District ISU

“You can send everyone else home; this is my job.”

That is what a woman told an employer when interviewing for a job that received hundreds of applicants right here in San Bernardino County. When asked why she was so confident, the woman told her interviewer that she wanted it more than anyone else—that unless she found work that day, she and her young son would be living out of their car. She isn’t alone.

When I was walking door-
to-door meeting constituents, one man stepped away from our conversation mid-sentence to take a phone call, then rushed out the door and took off in his car. His wife nearly broke out into tears explaining that he got a call offering a half-day’s work. They had been living on a wing and a prayer, hoping against hope to keep their home, and every little job was a god-
send. I wish every elected official in this state could have stood with me on that porch. These are the people we repre-
sent. We were not sent there for the lobbyists and special inter-
est groups who try to buy power.

People all over this state are doing everything they can to get back to work. I wish I could say the same for the legislature. Instead, the people who are sup-
posed to represent us are doing everything they can to stay in the good graces of the green police and union bosses to keep their pet projects running. They have done so at the expense of our business climate, job market and overall economic health.

In the last week of session, the Assembly tried to pass 550 new bills in just five days. Most Californians don’t think we need any new laws at all. Governor Brown just finished going through the mess of hun-
dreds of bills the Legislature sent him this year. Among them was a brand new tax on timber, which, of course, he signed. This means that the Sacramento majority and the Governor, both looking at double-digit unem-
ployment and a state that is hemorrhaging businesses, decided that taxing the literal building block of the recovery was the answer.

I disagree.

I regularly have the pleasure of meeting business owners from across the state. Recently, a gentleman explained to me that because of California’s heavy regulatory hand, he is unable to expand his business and hire more employees, although he would otherwise do so. In the midst of the greatest recession since the Great Depression, it is a devastating and offensive reality. It’s offen-
sive because it is 100% prevent-
able. The vast majority of busi-
ness owners in almost every industry tell me that their num-
ber one problem is not the econ-
omy; it’s government interfer-
ence.

While other states are rolling out the red carpet for businesses to open or expand, California taxes materials, penalizes energy users (aka manufacturers) and punishes production. These backwards policies have chased business owners out of our state, with manufacturers leading the charge. It’s as if the so-called leaders of our state don’t want anything to be built in California! When they drive sta-
bile, high-wage jobs out of our region, they create a hole in the budget, which always dispro-
portionally affects education, the largest state expense.

Instead of trying to attract new businesses or incentivize employers to hire people, California is literally extorting continued on page 28

continued on page 28

continued on page 37
High Desert Report - A Quarterly Economic Overview

The Demand for Industrial Space in the High Desert Has Increased Substantially Over the Last 18 Months

By Ronald J. Barbieri, Ph.D., CPA - The Bradco Companies

There are two different classes of industrial tenants and users in the High Desert. One class consists of the large box users. They typically are warehousing and distribution firms, such as Wal-Mart in the town of Apple Valley, or large manufacturing operations, such as United Furniture Industries at SCLA in Victorville. Such companies usually occupy buildings in excess of 50,000 SF. The second consists of smaller manufacturing or distribution firms that for the most part cater to the local population and businesses or are niche manufacturing players in the regional market. They are typically small space users that occupy single or multi-tenant buildings of 50,000 SF or less. The average floor area of the small buildings is 10,200 SF.

The graph below categorizes the industrial inventory in the High Desert by city as well as by whether or not the structures are greater than 50,000 SF. It also segregates the industrial space in the city of Victorville into the inventory at SCLA and the non-SCLA portion of the city. Of the 20.5 million SF of industrial inventory in the High Desert, 8.5 million SF is associated with buildings of 50,000 SF or less. The remaining 12.0 million SF is in buildings greater than 50,000 SF. The city of Victorville has almost 8.4 million SF of industrial space, of which 4.5 million SF is located at SCLA. The balance of 3.9 million SF is in the Foxborough Industrial Park, which the city developed, and in several other industrial sub-markets throughout its incorporated area. The city of Hesperia is home to 4.6 million SF of industrial inventory, much of which is in the older industrial area north of Main Street between the railroad tracks and I Avenue. Adelanto accounts for 3.3 million SF while the town of Apple Valley has 2.8 million SF. Barstow has 1.4 million SF of industrial space.

As of June 30, 2012, the vacancy rate in the High Desert for buildings 50,000 SF or less was 5.4%, while for larger buildings it was 4.2%. The city of Barstow had the highest vacancy rate for buildings over 50,000 SF. It was 36.2%. The vacancy rate for the smaller buildings in Barstow was 6.8%. The non SCLA portion of Victorville had an 8.1% vacancy rate in the smaller buildings, but...
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High Desert Report - A Quarterly Economic Overview

Real Estate Market Outlook

By Dr. Alfred J. Gobar Chairman, Alfred Gobar Associates

Over the past 50 years, increase in nonagricultural wage and salary employment as reported by public agencies has correlated closely with house-
hold formation and, therefore, housing occupancy. Employment growth is a good thing for real estate markets. An index of nonagricultural wage and salary employment for Southern California as a whole (Ventura, Los Angeles, Orange, Riverside, San Bernardino, and San Diego Counties) is illustrated in Exhibit A in comparison with a similar index based on the 1990 recession. As indicated in order to identify attractive real estate market opportunities. From August 2007 until August 2009 (about the bottom of the decline in nonagricultural wage and salary employment), total job base in the six-County Southern California area decreased by about 800,000 jobs. Recovery since August 2009 through August 2012 has amounted to almost 200,000 jobs. Currently, therefore, the total employment base is about 600,000 jobs below the peak prior to the onset of the current recession. Theoretically this amounts to an improvement in demand from the low point of the cycle on the order of 135,000 dwelling units. Concurrently, however, despite modest new construction, approximately 140,000 new units have been added or are in the pipeline to be added to the total housing stock in Southern California; i.e., new development is at about the rate of demand growth.

There may be a light at the end of the tunnel. It is likely, however, that we are looking into a fairly long tunnel.

During the 12 months ended August 2012, nonagricultural wage and salary employment as reported by the California Employment Development Department for the six-county area grew by approximately 158,000 jobs. This is a significant increase. Employment trends for California recently have been outperforming the general trends for the U.S. overall.

Employment growth over the 12 months ended August 2012 shows increases in most sectors including construction. Of significant interest is the increase in employment in the finance sector amounting to 9.2 percent of the overall job growth. Within that category, employment in real estate-related activities—rental and lease—continued on page 26.

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Business Brokerage Firms Serving the I.E.

Listed Alphabetically

| Company Name | Address | $ Sales Volume: WTD Sept. 2012 Year 2011 | # Officers I.E. # Offices Total | # Agents I.E. Year Founded | Specialties | Headquarters | Top Local Executive Title Phone/Fax
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<td>9431 Haven Ave., Ste. 104 Rancho Cucamonga, CA 91730</td>
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<td>1</td>
<td>4</td>
<td>2007</td>
<td>Wholesale, Distribution, Manufacturing, Medical, Technology</td>
<td>Rancho Cucamonga</td>
<td>Edward L. Faison President (909) 855-2296/855-381-7257 <a href="mailto:ed@businessquestbrokers.com">ed@businessquestbrokers.com</a></td>
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<td>Century 21 Wright</td>
<td>308-10 Rancho California Rd. Temecula, CA 92591</td>
<td>$45,010,960</td>
<td>1</td>
<td>55</td>
<td>1992</td>
<td>Residential Real Estate, Land, Commercial Lease, Small Business Management Sales/Property</td>
<td>Temecula</td>
<td>Ruth &amp; Jerry Wright Broker/Owner (951) 694-5401/694-5401 <a href="mailto:foundholm@21wright.net">foundholm@21wright.net</a></td>
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<tr>
<td>Professional Practice Sales</td>
<td>18410 Irvine Blvd. Tustin, CA 92780</td>
<td>$10,000,000</td>
<td>0</td>
<td>5</td>
<td>1996</td>
<td>Practice Appraisals, Practice Sales, Professional Business Sales</td>
<td>Tustin</td>
<td>Thomas M. Fitterer President (714) 832-0230/832-7088</td>
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<tr>
<td>Suntel of Coachella Valley</td>
<td>71-717 Fred Warne Dr., Ste. B Palm Desert, Ca 92260</td>
<td>$5,000,000</td>
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<td>250</td>
<td>2004</td>
<td>Business Brokerage for All Types and Stages of Businesses &amp; Professional Practices</td>
<td>Palm Desert</td>
<td>Richard Steutens President/Owner (760) 568-1511/777-4608</td>
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<td>Sundish Business Brokers</td>
<td>9036 Pulsar Ct., Ste. J Corona, CA 92883</td>
<td>$1,698,000</td>
<td>1</td>
<td>212</td>
<td>2005</td>
<td>Manufacturing, Distribution, Prof. Services, Food Services, Automotive, Daycare, Gas Stations</td>
<td>Cleveland</td>
<td>D. Joe Achimou President (951) 277-4022/777-4083</td>
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Note: All California Business For Sale provides business for sale information on their Web sites at www.allcalifbiz.com and www.bizben.com, or phone (925) 831-9225.
Real Estate...

continued from pg. 25

ing, etc.—amounted to 4.9 percent of the 158,000 jobs increase. The finance sector represents less than 6.0 percent of Southern California’s employment base. The real estate portion of the finance sector amounts to about 2.0 percent of the total base. These categories of employment, therefore, are growing substantially faster than the general economy and faster than their overall role in the economy.

Employment in leisure and hospitality accounted for a substantial portion of job growth during the 12 months ended August 2012, amounting to 23.3 percent of the increase. This sector accounts for less than 12.0 percent of the total employment base in the six-county area.

Government employment grew little during the most recent 12 months for which data are available, accounting for 2.2 percent of the net increase. Overall, government employment is about 15.0 percent of the total employment base in Southern California. If government employment were to be increasing consistent with the other categories, total increase in nonagricultural wage and salary employment over the 12 month interval would have been above the long-term average for Southern California as a whole and job growth would have exceeded the long-term average trend.

When Harry Truman was President, he was said to have pushed for “one-handed economists” so that economists could avoid tempering their projections by saying “on the other hand.” Similarly, we should point out that for the past several years, employment estimates from government agencies have been subject to revision and to rather erratic behavior on a month-to-month basis contributing to some queasiness regarding the validity of the data. Since the recent employment figures have been so positive, however, until they are revised, we will continue to act like we fully trust their validity.

In the most recent 12 month data, the most significant growth in nonagricultural wage and salary employment occurred in Los Angeles County, followed by San Diego County, Orange County, and the Inland Empire, in that order. The level of nonagricultural wage and salary employment in Ventura County declined slightly during the 12 month interval. The pattern of housing development in Southern California derivative of building permit activity for 2011 is fairly consistent with the relative growth in nonagricultural wage and salary employment among the five study areas (Riverside and San Bernardino Counties are grouped together as the “Inland Empire”). A comparison of the percent of nonagricultural wage and salary employment growth accounted for by each of the five areas relative to the percent of new units authorized by permit in each of the five areas is shown below:

The specific data indicate that San Bernardino County represented 5.9 percent of the new units authorized during 2011 and Riverside County for 13.3 percent. Riverside County’s housing market benefits from its proximity to San Diego County, which experienced the recession sooner than the rest of Southern California and has been doing somewhat better than much of the rest of Southern California. In addition, Riverside County serves a national market for second homes and retirees.

The trend of building permit activity for residential development in Southern California since 1985 is illustrated in Exhibit B. There has been a modest increase in residential building permit activity since 2009. Actual numbers of new units authorized by permit since 1985 for Southern California overall are summarized in Exhibit C. Projections for full-year 2012 suggest building permit activity for Southern California will total about 29,000 units. Interestingly, this is roughly 14.0 percent of the level of
Real Estate Notes... is leased to California Patio, Payless Shoes, Desert Gateway Dental Group and Mathis Brothers Sleep Center.

Positioned at the highly trafficked intersection of the I-10 Freeway at Monterey Avenue and Dinah Shore Drive, the property is part of the Desert Gateway Power Center, which covers more than 70 acres of land. The center is anchored by Wal-Mart Super Center, Sam’s Club, Kohl’s Department Store, and Ashley Furniture.

Alan Krueger, senior vice president investments, Kevin Boeve, vice president investments, and Kevin Le, associate in Marcus & Millichap’s Ontario office, had the exclusive listing to market the property on behalf of the seller, a limited liability company.

MURRIETA INDUSTRIAL PARK ACQUIRED BY FROME DEVELOPMENTS OMEGA

Frome Developments Omega purchased an 82k-square-foot, multi-tenant industrial park in Murrieta for $5.5 million ($67/sf). The property, which was built in 2006, is a five-building complex and is centrally located just east of the 15 and 215 Freeways.

The property is at 38340 Innovation Court, east of Winchester Road and just south of French Valley Airport. Built with recent institutional quality improvements, the industrial park, made up of 44 units ranging from 1k square feet to 3.5k square feet, is in excellent condition and was over 85% occupied at the time of purchase.

Rob Socci and Jack Faris of Voit Real Estate Services’ Anaheim office represented the buyer and the seller, a lender that had taken ownership of the property after a loan default. Escrow closed within 45 days.

Based in Costa Mesa, Frome Developments Omega owns and manages approximately 2 msf of multi-tenant business parks throughout Orange, Riverside, San Bernardino, and Los Angeles Counties. With this latest acquisition, Frome has acquired close to 300k square feet of multi-tenant industrial parks within the last 15 months.

CAMDEN PROPERTY TRUST CLOSES 469-UNIT INLAND EMPIRE APARTMENT BUY

Landmark at Ontario Towne Center, a 469-unit multifamily community located in Ontario, was purchased by a subsidiary of Camden Property Trust, one of the largest publicly traded multifamily companies in the United States. The asset was 95% occupied at the time of the sale.

Landmark at Ontario Towne Center offers 15 modern floor plans averaging 982 square feet in size. Interior amenities include cherry wood finish cabinetry, nine foot ceilings, crown molding, trendy kitchens, French doors, washer/dryers and beautiful mountain, pool and courtyard views. Landmark residents enjoy resort-style community amenities such as a relaxing pool area, modern clubhouse, internet café, executive business center, manicured putting green, children’s play area and dog park.

Landmark is located within the master plan development known as Piemonte at Ontario Center. This 89-acre mixed-use urban center includes residential, business, entertainment, retail and restaurant uses. Landmark is conveniently accessed from the 10 Freeway via the Haven Avenue exit north to 4th Street east, at the southeast corner of 4th Street and Duesenberg Drive.

CBRE’s Paul Runkle, senior vice president in the Ontario office; Tyler Anderson, vice chairman in the Phoenix office; and Laurie Lustig-Bower, executive vice president in the Beverly Hills office; represented the seller, a fund advised by Prudential Real Estate Investors. The transaction value was not disclosed.

The Top 5... Oversimplify and we set ourselves up for poor decision-making.

3. “Everything is GREAT!” (Happy talk)

Project advocates would never get the ear of senior management without predicting optimistic outcomes. Politicians would never be elected if they didn’t promise a sunny future. Optimism is ingrained in American culture. Attempts to confront it with reality are consistently dismissed with the discussion-ending judgment of negativity.

But who wouldn’t rather think they are going to enjoy a positive future rather than pain, suffering, and gnashing of teeth? However, due to unrealistic optimism, who hasn’t miscalculated how long it will take to get to a destination? Who hasn’t underestimated the real cost of time and effort to reach a particular goal? The optimism bias shows up every time a company has to restate its earnings. Project-cost overruns, delays, and benefit shortfalls result from this combination of wishful thinking and the inability to recognize complexity.

Of course optimism is not a bad thing. It can stem from genuine responsible confidence, and confidence may lead to bold, necessary, and effective action. But optimism without a foundation sunk into the ground of reality is unstable and self-deceiving. The optimism bias underestimates necessary contingent factors—as any insurance salesman would be happy to point out to you.

4. “I can’t wait that long.” (The time factor)

Given the choice, would you prefer to have $100 today or $300 tomorrow? Most of us can defer immediate gratification and wait an extra day for a significant monetary increase. However, studies show if we have to wait one year for $300 or we can take $100 today, most of us demonstrate what’s called present bias and go for the $100 right now.

The perceived length of time to realize a benefit has a significant impact on our selection, so let’s change the time factor. Imagine you are given the choice between gaining $100 one year from today or $300 in one year and one day. Most people given such a choice can wait the extra day. Studies show that under similar conditions, as the time to realize the benefit is increased, the majority of us would reverse our decisions. Without short-term reinforcement of long-term goals, our objectives remain mirages and greatly affect our decision-making ability.

5. “According to my Magic 8-Ball...” (Magical thinking)

"Mirror, mirror on the wall, who’s the fairest of them all?" The evil queen in “Snow White” wanted to know about the future, and so do we. She had a magic mirror. We have educated guesses. While any prediction about the future or how a decision will turn out is a guess, educated guesses are more likely than magical thinking to deliver results we want. However, we should be aware of our tendencies to oversimplify, as we discussed, by focusing only on what we think is relevant.

Cognitive scientists call this bias anchoring. Once this anchor has securely fixed itself in a crevice in the seabed of your mind, it’s not easy to shift. Then you interpret information based on this what-you-think-is-relevant anchor. It gets worse. You ignore other possible relevant factors. Not only are you focusing on wrong information, but you’re ignoring information that could be vital to long-term success. Falling prey to magical thinking and not testing your assumptions—not anchoring—can capsize the whole enterprise.

It’s Never Too Late

If you’ve ever realized that a decision you made was less than stellar, don’t feel bad. It happens to us all. But by understanding the top five things that get in the way of...
Why I Despair...
continued from pg. 20

World. Compare Barack Obama’s entire oeuvre to a single line from Thomas Jefferson or Emma Lazarus or Frederick Douglass—or even Ronald Reagan. Does it stand up? Only in a society that has lost touch with the ancient and is reflexively in love with the new could such a man be considered to be an inspiration.

And yet, he has now won twice. To paraphrase Oscar Wilde, to elect such a man once may be regarded as a misfortune, but to elect him twice looks like carelessness. (Or, rather, criminal negligence.) This year, certainly, was not the perfect storm of 2008. Then, novelty and redemption played a role; this time, an insipid bore ran on an openly statist platform and won the day in a country that is supposed to be “center right.” Maybe it no longer is. In 1980, when faced with a set of policies that demonstrably hadn’t worked and a president who wanted to take America leftward, America chose a different path; in 2012, it doubled down. That says a lot about a people.

The central problem, then, is not that Obama will be president for the next few years, but that the American people — knowing him — chose to reelect him. Even if this is put down to a failure of Romney’s turnout operation or Hurricane Sandy or Obama’s brilliant targeting, it does not say much for their commitment to classical liberalism that a significant group of Americans stayed away from the fight because they didn’t like Mitt Romney. That this was not a clear-cut repudiation of the president should sound the alarm.

Many had hoped that Tuesday would be 1980 revisited. It was not. Instead, in its effects at least, it was more like 1945 in Britain, in which year the Labour party was elected and began to put into place the foundations of a government-owned and -run health-care system that would quickly displace the established church as Britain’s national religion. (If you question the believers’ zeal, take a look at the frenzied NHS worship at the Olympic opening ceremony.) As Mark Steyn has correctly observed, in Britain as elsewhere, the National Health Service paved the way for a “permanent left-of-center political culture” that obtains regardless of who wins office.

Obamacare will now go into effect, and Americans will soon feel entitled to its fruits. Those who doubt that this will have a deleterious effect on American republicanism have clearly never been bribed with their own health care. Almost certainly, Obamacare will fail. And then, as always, it will be replaced by something even further left. For the model, see Obama’s record on student loans.

Economic gravity will prevail, as it always does, and it will eventually yield another conservative president. Indeed, the nature of the two-party system all but guarantees it. But this won’t do much good in and of itself. The growth of the state continued on page 39
No Money, No...

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money, develop a customer base, and build momentum. Then you can start funding a production facility if you so desire. Just remember that oversight is critical—anything you outsource will ultimately bear your company’s name, so never compromise on quality.

“With outsourcing, you usually pay only when the product is produced—and produced to your quality specs,” confirms Houlihan.

“Remember our laundry room? Well, it was only an office—a command center, if you will. Bonnie and I outsourced wine production, bottling, and manufacturing the logo that went on the bottles. If we’d had to pay for all of that space, equipment, and manpower up-front, we would never have gotten Barefoot off the ground.”

Use “worthy cause marketing” to advertise your product or service. No matter how unique or useful or amazing your product is, your company will never succeed unless potential customers know you exist. In other words, you need to advertise. This, says Houlihan, is one area in which he and Harvey “stumbled” into a stroke of genius. In a nutshell, since Barefoot didn’t have the budget for traditional marketing, they spread the word about their wines by partnering with nonprofit organizations (NPOs).

“Specifically, we sought out organizations that believed in causes close to our own hearts—environmentalism, civil rights, education, the arts, and more,” explains Houlihan. “In this way, we gained access to huge numbers of potential customers and gave them a ‘social reason’ to buy Barefoot wine.

“When Barefoot Wine was starting out, Bonnie and I donated wine and manpower at our partner NPOs’ events,” he recalls. “We were able to help the NPOs, talk up our product, and conduct market research by talking to attendees. We also recognized the NPOs on our website and publications, and vice versa. It was very much a grassroots effort, and because we worked hard, had fun, and believed in what we were doing, it paid off for us and our partner NPOs.

“Consider adopting this strategy for yourself,” he suggests. “Start by seeking out NPOs—small, local ones are best—that resonate with you and your product.

Trade the goods and services you have for goods and services you need. If you think that bartering is a thing of the past, think again! When you look in the right places, you’ll find that there are still many entrepreneurs and companies that are willing to accept goods and/or services in lieu of a cash payment. Many start-ups besides yours, especially in their early days, will actually prefer this option to spending money, just the way you do.

“Find other start-ups that have what you need and need what you have,” recommends Houlihan. “Specifically, a good place to start might be any suppliers that are also start-ups. They are cash-strapped like you and probably need to spend money they don’t have. Find out what they need and see if it’s something you can provide. Perhaps your product is something their supplier needs.

“If your own inquiries don’t yield any results, there are many barter companies that specialize in these kind of trades,” he adds. “The main thing is to remember that your product can be valuable to someone who is willing to trade to get it. Just be sure that any trade you make is legal, and realize that there can be tax consequences.”

Forge strategic growth alliances with suppliers. This one comes down to plain old common sense: There are no drawbacks and many advantages to having a good relationship with your suppliers. Remember, as your company grows, you’ll become a bigger and bigger customer, which in turn will help your supplier to succeed.

“It never hurts to remind your suppliers of this fact,” points out Houlihan. “And when you’re on good footing with them, you’ll find that they’re willing to help you by providing special discounts and extending your credit because they like the way you pay your bills.
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building permit activity observed in 1986 when Southern California was emerging from the 1980 recession. It is also interesting to note that during 1985—at the end of the 1980’s recession—building permit activity in Southern California totaled nearly 150,000 new units, while current building permit activity on the High Desert currently stands at about 30,000 units a year.

Although the 1980’s recession had the special features of extraordinarily high inflation and interest rates, the recovery from the current recession has been minimal, suggesting that economic growth that occurred during the 1980s supported a strengthening housing and real estate market, while the tepid economic growth observed currently is influencing substantially by 205 multi-family units authorized by permit in Victorville. Absent this atypical level of activity in multi-family housing construction, overall building permit activity on the High Desert would probably be on the order of 350 units for the full year, or less than 4.0 percent of the more than 8,000 new units authorized in 2005.

Based on the average building permit value per unit, much of the new construction of single-family housing on the High Desert recently has apparently been custom homes. This is not a product that lends itself to high-volume activity. Much of the real estate activity observed recently has been of a qualitative nature—purchase of distressed assets that lend themselves to enhanced value. The whole process of flipping foreclosures has attracted increasing levels of interest on the part of real estate professionals who have limited opportunities in tract developments, land entitlement, or other large-scale endeavors which typify opportunities in a strong market. Although interest rates are at record lows—a factor which should encourage real estate development or real estate investment—uncertainty associated with the expense of turnover fees continues to be reworked for enhanced value. The whole process of flipping foreclosures has attracted increasing levels of interest on the part of real estate professionals who have limited opportunities in tract developments, land entitlement, or other large-scale endeavors which typify opportunities in a strong market. Although interest rates are at record lows—a factor which should encourage real estate development or real estate investment—uncertainty associated with the expense of turnover fees continues to be reworked for enhanced value.
Barstow City...
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Supreme Court upheld the legislation that effectively dissolved redevelopment agencies throughout the state. However, in Barstow, the city had created contingency plans over a year ago in anticipation that redevelopment agencies could be eliminated. The strategy that the city developed was focused on developing enough capacity within the General Fund to absorb necessary RDA expenses. For example, several employee positions that were previously paid for with redevelopment monies were transitioned to General Fund roles as part the FY 11/12 Budget. In addition, a new cost allocation formula that was instituted with the budget called for the RDA to pay for fewer General Fund expenses than in prior years. When the Supreme Court ruled that redevelopment agencies in California were to be dissolved, the city of Barstow was ready to address the situation. While the dissolution of the RDA does create a financial impact on the city, overall, the elimination of redevelopment will not require any reductions or modifications to the city’s current operations.

Fort Irwin Projects

Fort Irwin and the United States Military have made a concerted effort to involve the local community in a variety of currently planned projects. While there are numerous improvements being coordinated by Fort Irwin, the two most significant initiatives include the construction of a $100 million water treatment plant and a $400 million hospital facility. These two projects, which will total an investment of over half a billion dollars in the greater Barstow area, are scheduled to break ground within the next year and are both scheduled for completion in 2015. While the overall economic situation is still challenging, the current projects in the Barstow area illustrate that:

• Barstow is strategically situated midway between Los Angeles and Las Vegas.
• Barstow is a major transportation corridor that serves more than 60 million travelers and 19 million vehicles each year.
• Barstow is where the Interstates 15 & 40 and Highways 58 & 247 all converge.
• Barstow is home to the Tanger Outlets and Barstow Outlets, which provide shopping options that are usually only found in metropolitan areas.
• Barstow is where an eclectic mix of railroad, military, high technology, and mining employers have located.
• Barstow is home to a vibrant and caring community.
• Barstow is positioned to be the next big thing in the High Desert.
• Barstow is at the crossroads of opportunity... where the best is yet to come.

Any individual who would like to learn more about all that Barstow has to offer is encouraged to visit the city’s website at www.barstowca.org or to contact Oliver Chi, assistant city manager, via email at ochi@barstowca.org or by telephone at (760) 577-4510.

The Demand...
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zero in the larger structures. In the town of Apple Valley there was no vacancy in the larger buildings but the rate for the smaller buildings was 8.2%. The smaller buildings in the city of Adelanto had a vacancy rate of 3.1% while the larger buildings had no vacancy. The vacancy rate for smaller buildings in the city of Hesperia was 3.6% compared to 11.6% for larger buildings. For an area the size of the High Desert the stabilized vacancy rate is approximately 5% so long as the demand for industrial space is expanding.

From January 2011 through June 2012 the High Desert experienced a net absorption of 1,281,000 SF. SCLA accounted for 1,067,000 SF, of which 1,113,000 SF was in the larger industrial buildings. The city of Adelanto gained almost 121,000 SF in industrial demand; all of which was associated with smaller buildings. During the same period, the town of Apple Valley had a net absorption of 25,000 SF, somewhat evenly split between smaller and larger sized buildings. The city of Hesperia absorbed over 94,000 SF, in spite of the fact that there was a slight decrease in occupancy in the larger buildings. The city of Barstow experienced a decline in industrial occupancy of approximately 54,000 SF, all in larger buildings, while the non SCLA portion of the city of Victorville recorded 27,000 SF of positive absorption.

Budgetary...
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now may be unpleasant to watch. Make no mistake, this is a colossal negotiation, and the parties involved will deploy all the strategies and tactics at their disposal, including, among other things, anchoring, currency creation, and time management. Since the election, we have already seen negotiators trying to establish anchoring points, or places from which to start discussions. We have seen them trying to create currency, or something they can trade in exchange for what they want out of a deal. Undoubtedly they will soon be posturing on time, too, in a bid to put pressure on their opponents.

Because of the complexity of these negotiations, it is difficult to predict what the exact outcome will be, including how badly the spending cuts will really impact the economy if they are allowed to go through. The Congressional Budget Office, which is the official evaluator of policy, has projected that if all the fiscal tightening takes effect as scheduled, inflation-adjusted GDP will contract by 0.5 percentage in 2013. That figure assumes an economic decline in the first half of the year, followed by renewed growth at a modest pace later in the year. The first-half contraction of the economy would push the unemployment rate up to 9.1% by the fourth quarter of the year. (It was 7.9% last month.) After next year, the CBO estimates, economic growth would pick up and the labor market would strengthen, returning economic output to its potential level and shrinking the unemployment rate to 5.5% by 2014.

Well, that doesn’t sound so bad if the alternative is continuing on the path to becoming Greece, which is suffering through disastrous debt problems. It almost sounds more like a fiscal bump than a fiscal cliff. Some in Congress may conclude that it would be better to go that way than to continue toward a Greek tragedy. Willingness to go down the fiscal-bump path would give them a lot of leverage in negotiating a better plan. Undoubtedly there are some in both parties who see it that way, though I don’t know how many.

Meanwhile, what about the impact of our current political disharmony? As I’ve noted, policy uncertainty is already holding back our economy. Economists at the Federal Reserve Bank of San Francisco believe that without
The End of...

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tomer community of middle-class (law-abiding) customers that morphed into today’s famous million-person HOGs (Harley Owners Group). Today, Harley-Davidson HOGs, far from being outlaws, position themselves as family: the brothers (and now sisters) you never had.

It’s not just sexy products like Harleys (and iPads) that can create large communities of customers—which in turn attract large numbers of buyers. One of the most successful customer communities is Procter & Gamble’s BeingGirl community of teenage girls, formed around, of all things, feminine care products.

“The key to forming customer communities is not to try to build them around your brand—a common and obvious mistake marketing departments make,” notes Lee. “Rather, ask, ‘What does our product or service mean to our customers?’ Or, ‘What could they mean?’ P&G realized that its feminine care products could symbolize the difficult, scary, exciting transition its teenage customers are making into becoming young women.”

Get customers involved in the solution. When toy maker LEGO launched its robotics building-block kits, Mindstorms, a few years ago, hackers almost immediately started altering the code to allow the robots to do more. In circumstances like this, most firms call their legal departments and start issuing cease and desist demands. Indeed, faced with a similar response when it issued a comparable line of toys, Sony did just that. But LEGO took a smarter approach, says Lee.

“Basically, LEGO executives did the math,” he explains. “One thousand or so hackers—or more to the point, enthused and technically advanced customers—were coming up with robots that could do amazing things that the firm’s seven internal developers had never thought of. One of the hacker-created robots could solve a Rubik’s cube. As they—and their other customers—realized the value the hackers were creating, LEGO further embraced them. Now its customer community numbers in the tens of thousands and continues to develop amazing arrays of robotic toys—far beyond anything the company might have developed on its own.”

Meanwhile, 3M and other companies are systematizing customer-led innovation. Rather than wait passively for customers to begin altering or hacking their products, they’ve learned how to proactively pursue and find customers, or “users,” who would be most likely to come up with breakthrough innovations. MIT professor Eric von Hippel has coined the term “lead users” to describe them, and worked with 3M’s healthcare business to develop a system for finding them. The result was an eightfold improvement in revenues from innovations developed with the help of such customers vs. innovations developed by 3M’s ordinary, internally developed process.

“What makes this particularly significant, of course, is that 3M’s product developers are among the most innovative in the world,” says Lee.

Help customers build social capital. Why do customers engage so enthusiastically in helping companies develop, market, and sell their products—in effect, growing their businesses? Many pundits think you need an incredibly sexy product like an iAnything developed by a once-in-a-century genius like Steve Jobs. But that misses the point: All it takes is a business that changes customers’ lives for the better—which is something far more replicable—even if you’re making feminine hygiene products.

What all these companies—and others that Lee features in his book—do is help customers build their social capital by helping them affiliate with their peers in customer communities, build their status and reputation, and learn and grow in the process. Often, they also include service to a larger purpose.

“Enterprise software maker SAS Canada, for example, addressed an unexpected decline in its customer retention rates by engaging some of its leading customers, called ‘Customer Champions,’ in the effort to hold on to customers and bring the defectors back,” notes Lee. “The Customer Champions organized live forums in more than 20 market areas around the country, presented and brought in local speakers, contributed to an e-newsletter that SAS started, and more. The result was to completely restore the firm’s retention rates to its previous high levels.

“Why did the Customer Champions put forth such an effort?” he adds. “Because it gave them a chance to affiliate more deeply with their peers—other software managers and engineers. It gave them a chance to play a leadership role in their peer community. It gave them substantial status and recognition as well. And of course, it increased their knowledge and expertise by more deeply understanding how to address the needs of other SAS customers.”

If you think all of this sounds more appealing than the old manipulate-them-into-buying techniques, you’re not alone, says Lee.

“When companies commit to

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High Desert Report - A Quarterly Economic Overview

Town of Apple Valley City Update
By Orlando Acevedo, Economic Development Manager

Get a Slice
The town of Apple Valley continues to carry forward its economic development objectives. A team led by Town Manager Frank Robinson recently exhibited an Apple Valley booth and marketed a number of available commercial properties at the International Council of Shopping Centers retail conference in San Diego. The list of hot properties included a 40,000-square-foot former Ralphs’ grocery store in the geographic and civic center of town; the Fountains at Quail Ridge, a planned mixed-use center at a major intersection along the Yucca Loma Bridge Corridor; and, finally, a prime 4,300-square-foot restaurant on a 47,000 square foot site, for lease at the most successful non-freeway intersection in the region, at Bear Valley and Apple Valley roads.

Proving the local retail market is rebounding, Jess Ranch Marketplace recently confirmed the regional commercial center has attracted the high desert’s first Ulta, a beauty retailer with nearly 500 stores nationwide. The 10,000-square-foot store will open adjacent to Best Buy, Bed Bath and Beyond, Cinemark Theaters, and 24 Hour Fitness and will feature skin and hair care, cosmetics, fragrances, and a full-service salon. In addition, a new Denny’s restaurant will soon open adjacent to Red Robin. Dollar General recently held its grand opening, one of the first seven to open in California, in a neighborhood lacking grocery and general merchandise stores.

As Walmart Supercenters open around the High Desert, a court challenge still remains regarding Apple Valley’s approved store. Although a firm start date has not been set, the store is expected to open in 2013 on Dale Evans Parkway directly across from Lewis Retail Center’s Apple Valley Commons, anchored by Super Target. Randall Lewis, EVP of sales and marketing, 31 recently interviewed in Globe Street, said of the close proximity of these two retailers, “It’s definitely a positive because it will bring more retail (critical mass) to the intersection, and we expect that it will also attract new customers from some of the outlying areas of the High Desert, such as Barstow, which should help create new tenant interest in Apple Valley Commons from those retailers looking for a more regional draw. As a side note, this is also a relocation of an existing Walmart that is currently across the street from our center.”

During the last seven years the town attracted more than 3.5 million square feet of new retail, created by leading development companies, including Lewis Retail Centers and Malcom Riley and Associates. Most recently, Apple Valley has seen eight consecutive quarters of sales tax revenue growth and since July 2011 issued 110 certificates of occupancy for new establishments, improvements, and expansions.

Yucca Loma Bridge
While the dissolution of redevelopment agencies in California was a potential roadblock to this key piece of the High Desert regional transportation plan, Apple Valley was successful in keeping the funding intact. Although some details remain to be finalized with state and county agencies, the town expects to award the contract for construction management in October 2012. The next steps will be the approval and issuance of bid documents.

Once under construction, the $31 million dollar Yucca Loma Bridge over the Mojave River will...

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all the policy uncertainty we’ve had, unemployment would be about 2 percentage points lower right now.

Business investment, which normally contributes strongly in a recovery, would likely be stronger, too. It has averaged zero this year, in part because small businesses, which account for virtually all of the net job growth in the economy, have been hunkered down. Their mood is reflected in that a very small percentage of small businesses surveyed by the National Federation of Independent Business think this is a good time to expand.

It seems pretty clear that the only real path to a stronger economy is to get some policy clarity. Again, we can only hope Washington gets fixed in 2013 what it couldn’t get fixed in 2010, 2011 or 2012.

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Waffles Are the New Buns

By Ashley Bennett (Inland Empire Weekly)

Bruxie reinvents the waffle and there’s no way you’ll be able to pick just one.

You can eat a breakfast biscuit or dainty lemon tart in its regular form but there’s a world of difference when waffles replace the buns and biscuits of an otherwise normal meal. Bruxie has promoted the waffle from its previously limited career as a breakfast item soaked with maple syrup. While we hate to admit that the idea originated outside of the IE in Old Town Orange, the illuminated culinary greatness of gourmet waffle grilling goes to none other than Dean Simon and Kelly Mullarney. Is the use of waffles in place of bread a sign of the apocalypse? If it is, who cares; these waffle sandwiches are addicting.

The Bruxie location that we can call our own is in Chino Hills, now operating in what used to be a Johnny Rockets. The only thing shared between the two franchises is the recreated memories to diners of old. While Johnny Rockets forced its employees to dress like ’50s busboys, Bruxie brings you back solely with the taste. Back before Coke and Pepsi were mainstream, a simple “cola” would successfully quench your thirst. Now you take gulp of a carbonated drink today and you’re rewarded only with a lingering and unpleasant aftertaste. To solve this problem, Bruxie hires local artisans to make Old Fashioned Pure Cane Sugar Sodas in the flavors of cola, diet cola, orange, lemon-lime, vanilla cream, root beer and a current new addition, grape. Bruxie’s cola tastes how I imagine modern-day Coca-Cola should when I watch the company’s Christmas commercials. Add a scoop of Bruxie’s exclusive Wisconsin Frozen Custard and you get an equally sweet float.

Bruxie’s food menu on the other hand mixes the old with the new. While drinks send you back in time, the main dishes will force you into a waffle-loving future. I was lucky enough to get to try a bit of Bruxie’s breakfast, lunch, dinner and dessert inspirations prior to its grand opening. One the strongest of the group is the Green Eggs and Ham with a bright green arugula pesto sauce covering the top of a jumbo-sized egg and beneath that, a few thick slices of cooked ham (is a throwback to generations of Seuss-lovers). Don’t worry; the ham is still pink like it should be. The light, unsweetened waffle holds its crunch pretty well against the thin pesto sauce and sogginess won’t set in because everything will be eaten way before it gets the chance.

Even more exciting than reimagined breakfast waffles are the desserts. Honestly, dessert will always blow everything else out of the water. The Lemon Cream & Berries is a tantalizingly tart waffle dish. I’d cave for a Nutella and Bananas or S’mores Bruxie any day but the Lemon Cream Bruxie is more than just a sideline dessert. Described as housing an “intense lemon cream,” from the first bite to the last you’ll taste a
Real Estate... continued from pg. 30

ated with the tax environment, the risk of a double-dip recession, and general unease about an uncertain fiscal policy in light of the potentially inflationary impact of the current monetary policy contribute to an aura of uncertainty that makes real estate decisions particularly difficult, even for those intrepid individuals who somehow chose to make their living in this field.

One thing that makes this recession different from previous ones is that heretofore we generally relied on the housing market to lead the country into an economic recovery. Because of efforts through the Community Reinvestment Act and encouragement of Fanny Mae and Freddie Mac, we induced marginal buyers into real estate ownership prior to the recession. The reservoir of pent-up demand represented by potential first-time homebuyers was severely eroded and is not readily available to stimulate an economic recovery associated with lower interest rates and more moderate-priced housing. Significant portions of the housing market (which is the largest proportion of the real estate market) have been overexploited because of the interference of government policy, making this recession atypical relative to past experience. Basically, we have already shot that arrow and no longer have it in our quiver. This implies that the recovery is likely to continue to be slow, and that the real estate market will not begin to be vibrant for quite some time. Opportunities, therefore, will continue to be in rearranging real estate assets better to conform to the demand profile or exploiting market imperfections associated with limited understanding of the characteristics of demand and supply for real estate products. Raw demand is not likely to drive a strong real estate market for a number of years.

Brand You

By Ruben Estrada

Sounds simple doesn’t it? The trouble is that often when we look at our branding strategy we put our products and our service in front of us. Ultimately, of course, the product or the service is what our customers receive.

But a lot of companies offer similar products and services. Do you really want to brand your product or your service or should you be branding you? Here is a great example. Think about Nike. Think about their brand. Ask yourself, what is a Nike? It is certainly not the name of a product or a service, but their brand has become one of the most recognizable in the world. We know from the brand that they sell sports clothing and equipment. Obviously, they’ve done a good job branding Nike.

Here’s a tip: Look again at your Branding Strategy. Are the image and language you use focused on your products and services, or are you branding you? Take a fresh look at the messages you’re sending out through your e-mails, pushing out through your marketing collateral, even what your sales people might be saying. Make sure that what your customers hear leaves them knowing you. If they know you, they will have no trouble remembering what it is you do and what you sell.

Sponsorship is a Business Expense—Charity is a Philanthropic Initiative

However, it’s good to let your sponsor know how funding your charity will help their business.

1. Cause-Related Marketing Benefit Social responsibility is really social opportunity. People like to buy from companies that give back to their communities. Do your research because sponsors have different approaches to philanthropy. Some companies do only one yearly charity event and others build their charitable partners into every part of their company DNA.

2. Promotional Opportunities The sponsor can do promotions with your charity by selling specific items to raise money, spotlighting your charity on their Internet, social campaigns and marketing. In turn, your charity can also promote the sponsor to your followers and donors.

3. Strategic Alliances Sponsors can introduce your charity to key players in funding and you can introduce the sponsor to influential people in your industry.
A truly unusual book about business, “Into the Storm” offers the team-building lessons that can be learned from wind-powered yacht racing, in this case the 1998 race from Sydney, Australia to Hobart, Tasmania. This race has always been a difficult one. Although this race had earned the nickname of the “Mt. Everest of boat racing” early in its history, the 1998 race gave the nickname new and deadly meaning. Author Dennis Perkins points out why quite clearly:

“The 1998...Race proved to be the most perilous in the event’s 65 year history. As the fleet sailed down the coast of Australia, boats were hit by an unexpected weather bomb—a massive storm that created 80-foot waves and 92-knot...winds.”

While many crews tried to maneuver around the storm, the 35-foot AFR Midnight Rambler chose to head directly into its path. After battling mountainous waves and hurricane force winds in the Bass Straight, the tiny boat arrived in Hobart, three days and sixteen hours later.

“They decided to head into the eye of the storm—along with extraordinary tenacity, optimism, courage, and teamwork—enabled this crew of amateur sailors to beat professionals on much larger and better financed boats. The skipper, Ed Psaltis, and his crew of six were proclaimed the Overall Winners and awarded the coveted Tattersall’s Cup. They were the smallest boat in 10 years to win the race.”

While nearly everyone else focused on the storm, the deaths, and missing boats, author Perkins concentrated on how skipper Ed Psaltis survived and won. The result is that his book is primarily divided into parts. The first half is a very fine adventure tale that also explains how Psaltis put his team of six together so that they survived an incredibly destructive storm to become Overall Winners.

The second part of the book concentrates on how wise leaders put teams together and assure that they work together no matter how difficult a situation may be.

Surprisingly, this second section takes a thorough look at several factors, including the one everyone thinks of first: the “flipping coins” factor: pure luck. The author puts this way:

“To win...in a hurricane, the team would have had to flip those coins for 700 miles in Force 12 hurricane conditions. And they would have to keep winning the coin toss for a decade. In any particular race, of course, there is an element of chance, and other boats were close competitors...But it is this sustained record of success in difference racing conditions and different time periods that gives me confidence that they are doing much more than capitalizing on chance.”

In Part Two of the book, Perkins elaborates on 10 strategies that are essential to developing effective teams. These are:

“Strategy #1: Make the team the rock star”
“Strategy #2: Remove all excuses for failure”
“Strategy #3: Find and focus on the winning scenario”
“Strategy #4: Build a gung-ho culture of learning and innovation”
“Strategy #5: Be willing to sail into the storm”
“Strategy #6: Cut through the noise of the wind and the waves”
“Strategy #7: Find ways to share the helm”
“Strategy #8: Step up to conflict—and deal with the things that slow you down”
“Strategy #9: Master the art of rapid recovery”

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.

How to motivate individuals and build them into successful teams.
2. “Clients First: The Two Word Miracle,” by Joseph and JoAnn Callaway (John Wiley & Sons...$21.95(4)
Why and how to putting your clients first helps build success.
3. “Why I Left Goldman Sachs,” by Greg Smith (Grand Central Publishing...$27.99(6)
The reasons why a top manager resigned from a leading firm. (6)
4. “Reverse Innovation: Create Far From Home, Win Everywhere,” by Vijay Govindarajan and Chris Trimble (Harvard Business Review Press...$30.00(2)
How to make innovation happen in emerging markets.
5. “Bailout: An Inside Account of How Washington Abandoned Main Street While Rescuing Wall Street,” by Neil Barofsky (Free Press...$26.00(3)
How and why TARP saved banks while abandoning everyone else.
6. “Three Simple Steps: A Map to Success in Business and Life,” by Blake Cory (BenBella Books...$12.95(5)
Why some people succeed in any economic conditions.
7. “Leading Culture Change in Global Organizations: Aligning Culture and Strategy,” by Daniel Denison, Robert Hoogberg, Nancy Lane, and Colleen Lief (John Wiley & Sons...$34.95(9)
How and why business culture impacts on business performance.
8. “It Worked for Me in Life and Leadership,” by Colin Powell with Tony Koltz (HarperCollins Publishers...$27.99(8)
How to succeed in the workplace and elsewhere.
9. “Unintended Consequences: Why Everything You’ve Been Told About the Economy is Wrong,” by Edward Conard (Penguin Group...$27.95(8)
An explanation why economic planning rarely works as planned.
10. “Steve Jobs,” by Walter Isaacson (Simon & Schuster...$35.00(10)
The story of a modern Thomas Edison.

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

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billions of dollars from compan-
ies under the guise of “Cap &
Trade.” And what are they going
to do with all this new-found
money? Are they going to pay
down the deficit or restore K-12
funds? No. Instead, the
Governor just signed AB1532,
removing all constraint on how
those funds can be used. No
constraint. That describes the
legislature’s actions through the
last session. AB1532 is a recipe
to fund every hare-brained scheme
and pet project they can
dream up, all under the guise of
reducing greenhouse gases.

The inescapable reality in Cali-
fornia is that no matter what
business you are in, govern-
ment, not greenhouse gas, is the
greatest threat to your liveli-
hood. The good news is that we
can change our government.
The founders created a peaceful
process of revolution that takes
place every two to four years.
Beginning in November 2012, I
believe the people will con-
found the experts and reject
these wrong-headed policies
that threaten to strangle our
future.

Apple Valley...

continued from pg. 33
take approximately 24 months
to complete. With the required
improvements to Yucca Loma
Road and Yates Road scheduled
to be completed simultaneously
with the new bridge, opening
day should occur in 2015.

Duct Tape...

continued from pg. 10
would you?

If I want to build a house, I’m
going to call a guy who
builds houses, not a guy who
paints them.

So, when is it time to
redesign? If your site isn’t sell-
ing, it’s possible that tweaking
the content, navigational tools
or other elements will help. But
before you decide a paint job is
the answer, consult a web devel-
oper, who can provide an objec-
tive opinion based on quantifi-
able data.

When is it time to build
anew? If your site is broken or
 outdated, it may be time to tear
it down to the studs and start
fresh, using all the new wisdom
and whirligigs that have become
available just in the past five
years or so.

In either case, I suggest stay-
ing away from the duct tape.

For additional information
visit www.leftbraindigital.com.

The End of...

continued from pg. 32
depending on authentic cus-
tomer advocacy to grow their
firms, it not only improves their
marketing results, it also
improves their organizations,”
says Lee. “That’s because it’s
hard to mask substandard per-
formance and customer discon-
tent with your products and
services if they’re the ones you
rely on to tell the world how
great you are.”

Ways to...

continued from pg. 18
be, you protect the majority of
those that are performing well
from a smaller group that could
persuade them to lower per-
formance across the board or
distract the higher performers.

Picture yourself three to six
months from now after experi-
menting with these three recom-
mandations. Not only will you
have a plan for all performers
but you will have dedicated
more time, energy and resources
to those performers with the
greatest payoff. Your time is
precious; you can only focus on
so much. You have to be selec-
tive about what you focus upon.
You have to prioritize. Be sure
to do this when you are manag-
ing performance in your compa-
ny and feel confident that your
investment will pay off for you,
your company and your cus-
tomers.

For more information or to
contact Dr. Martin, please visit
his website at www.drmarty-
marin.com.

The Top 5...

continued from pg. 27
most decision-makers, you can
analyze your decision with a
new perspective and make the
best choice for you, your organ-
ization, and your future.

To learn more about Mike
Menard please visit

Victorville...

continued from pg. 6
the former site of Gottschalks in
2013.

Southern California Logistics
Airport

Southern California
Logistics Airport continues to
grow as the largest develop-
ment project in the region.
Several tenants have extended
their lease agreements to
remain in Victorville, including
Leading Edge Aviation
Services, Boeing, and the U.S.
Army National Training Center.
The Air National Guard also
completed construction on a
state-of-the-art $5 million
hangar in June for its MQ-1
Predator program.

Future Growth

The future is even brighter
for Victorville. Next year,
SANBAG and CalTrans are
expected to complete construc-
tion on the Nisqualli/La Mesa/Interstate – 15 inter-
change, alleviating traffic on
other major thoroughfares in
Victorville and nearby cities.
Another very exciting develop-
ment that will impact
Victorville and the surrounding
communities is the construc-
tion of a new hospital. St. Joseph,
St. Mary just broke ground on
construction of a $260 million
facility that will include 128
beds and a level 3 trauma cen-
ter. This will be the first trauma
center in the Victor Valley and
the only one between the San
Bernardino Valley and Las
Vegas.

Purchase your very own South OC-based
Advertising/Marketing Company

• Focused on a lucrative B2B sector [business owners interested in
reaching a demographically-unique consumer audience] with minimal
direct competition.

• Well-established turn-key business with a documented ‘success
formula’ that includes a current business plan & SOP.

• A strong local brand—in print & online—along with
significant growth opportunities based on two well-
defined expansion models position this company
to be sold in the low $100’s.

• Current owners retiring out of the area.
For info E-mail CoastComMarketing@gmail.com
No Money, No... continued from pg. 29

off the bat, they can chalk up a win because they’ve saved money, and you can too because you’re ahead of your bills.

This strategy continues to pay off over time, too,” promises Houlihan. “Say a buyer has just received a large shipment of your product. Chances are, he or she will want to put them on special and advertise them in order to sell them faster. After all, until the products are sold, they’re just taking up valuable warehouse space. It’s easy to see how this benefits both parties: Your product becomes more visible and (hopefully) draws in new repeat customers, and the retailer makes money from sales. Now that you and the customer are smiling, you can start the process over again.”

Sell your product overseas. “Going international!” with your product is another good way to make cold, hard cash that you can then reinvest into your business. Giving credit to overseas buyers is so risky due to legal challenges, so most international transactions are cash sales based on a signed ocean-going bill of lading through a letter of credit. It’s kind of like an escrow account where you get paid when the buyer takes possession.

“Admittedly, this strategy will take a significant amount of research and preparation up-front,” says Houlihan. “But if you determine that selling your product overseas is a viable option, your work can pay off big time. Remember, the trick is to juggling payables and receivables is timing. If you have negotiated longer terms with your suppliers, you can actually get paid through international sales before you have to pay your own bills. And if you can negotiate it, you can then pay the supplier earlier for a discount.”

Produce just-in-time inventory. Just-in-time inventory is (as the name suggests) a product that is produced just in time for the sale rather than one that is produced ahead of time and stored in a warehouse. The advantages of this strategy are obvious. First, you don’t have to spend as much money up-front creating a product stockpile. Second, if you play your cards right, you won’t have to spend money renting or buying storage space.

“Third, if you are able to get a purchase order from your customers up-front, you can manufacture only the amount of product that will be sold, thus keeping you from wasting money on excess production,” adds Houlihan. “If an up-front purchase order isn’t practical, operate with the minimum inventory you need to satisfy your customers, assuming a reasonable growth factor that you reassess every month.”

“At Barefoot, we bottled our wine just before it was shipped so that we didn’t have numerous cases waiting for orders and racking up storage costs,” he explains. “By the time the wine was bottled, we knew it would be paid for and shipped quickly.”

Ask a lot of questions. When you’re starting a business with a tight budget, you literally can’t afford to make mistakes—and that means there’s no such thing as a dumb question. Before making any kind of commitment that will cost you money, ask lots of questions (and then ask some more) ahead of time until you’re sure you’re moving in the right direction. You’ll save money because you aren’t guessing or making incorrect assumptions. For instance, Houlihan and Harvey asked many questions so basic that many in the industry had stopped thinking about them: Which demographic buys the most wine? How do you sell it? How does this work?

The answers allowed them to get a fuller picture of the wine industry than many longtime professionals had, explains Houlihan. He and Harvey learned that it would be smart to aim for supermarket customers who wanted a solid, reliable wine, but who were put off by fancy labels and French terminology.

“We asked questions on a more granular level too,” he says. “I’ll never forget asking one supermarket chain’s gruff wine buyer what E-Commerce... continued from pg. 9

owners without an asset protection plan in place prior to 2008 were out of luck when their life savings, homes, real estate and other wealth were jeopardized by creditor lawsuits. The best advice for e-commerce business owners is to be proactive—the threat of a suit can bring a business to its knees and the best way to protect themselves is to practice financial self-defense and lawsuit-proof their assets.

• Decide whether or not to re-title their assets, what entity formations to use, and whether equity stripping is appropriate for assets still inadequately protected. Only non-exempt assets need to be re-titled. Exempt assets are those that cannot be seized in the event of a judgment. All non-exempt assets should be re-titled as exempt assets and/or transferred to more protected entities such as a Limited Liability Company, Limited Liability Partnership or Family Limited Partnership, to name a few. Each entity has its own advantages and disadvantages, and each person may have specific needs that make one of these entities more advantageous than the others. Alternatively, these assets can be titled to either domestic or international trusts. International trusts, such as the NEVIS trust, are especially protective because the laws of most preferred international trust locations favor the owner of the trust over creditors. Any unprotected assets can be stripped of their equity. For example, taking out a loan on a home that the client owns free and clear would make them more undesirable to a creditor than if they had full equity in the home.

• Implement the plan and maintain the protection over the years. Asset protection plans should be reviewed at least once a year and whenever there is a potential for litigation. Also, integrating an estate plan into an asset protection plan is essential because an unexpected death intestate could tie up an estate in litigation for years. Asset protection is important for all business owners in today’s litigious society. E-commerce businesses are even more vulnerable to lawsuits and potentially have more assets to protect. Business owners should enlist the assistance of an asset protection attorney to create, implement and help maintain a lawsuit-proof plan, and they should have an estate plan as well.

our logo should look like. He told me, ‘Don’t make it a hill or a leap or a run or a valley or a creek…Don’t put a flower on it. And for crissakes, don’t make it a chateau. Make the logo the same as the name…And whatever you do, put it in plain English…And, Houlihan, make it visible from four feet away. [The shopper] has to see it when she’s pushing her cart down the aisle. Now get outta here. I got work to do.’

“Turns out, that advice was solid gold, and I didn’t have to pay a dime for it,” adds Houlihan. “All I had to do was ask a question.”

“Ultimately, launching and growing a successful business isn’t so much about how much money you have as it is about identifying the resources you have and using them as effectively as possible,” concludes Houlihan. “And once you do build up momentum, the cost-saving measures and innovations that helped you to survive in the early days will help your company to continue to operate as efficiently and effectively as possible.”

About the Authors:
Michael Houlihan and Bonnie Harvey, authors of “The Barefoot Spirit: How Hardship, Hustle, and Heart Built a Bestselling Wine,” started the Barefoot Wine brand in their laundry room in 1986, made it a nationwide bestseller, and successfully sold the brand to E&J Gallo in 2005. Starting with virtually no money and no wine industry experience, they employed innovative ideas to overcome obstacles and create new markets.
Waffles Are The... strong zing akin to the first sip of less-than-sweet lemonade (but in a much more pleasant way). Lightly goopy on the inside and littered with seasonal blackberries, strawberry and powdered sugar, this sweet waffle is worth every bite.

There are no online or over-the-phone orders which will force you to crave a waffle dish so much that you won’t be able to resist driving out to Chino Hills to get it yourself. Bruxie seems to be doing everything right; it’s got a good crew, knowledgeable owners, and the bonus of creative and delicious menu items that work so well with waffles. Start holiday shopping and grab a waffle from Bruxie while you’re in the area. The cola will certainly help bring you back to the days when Santa made sure that there was no bad aftertaste following a drink.

Bruxie, 13865 City Center Dr., Chino Hills, (909) 334-4162; www.bruxie.com. Open 8am-9pm. AE, D, MC, V.

California... requests. Further, employers should make sure to calendar both the three-year retention requirement for personnel records and the thirty day deadline for responding to an employee’s inspection/copy request. For the retention of records, employers may want to consider retaining personnel records for more than three years, as some causes of action have a longer statute of limitations.

If you have any questions regarding this update, please contact the Sidley lawyer with whom you usually work.

The Employment and Labor Practice of Sidley Austin LLP

Our Employment and Labor Practice has decades of experience in litigating virtually all types of employment and traditional labor claims before federal and state courts and agencies, ranging from single-plaintiff cases to complex class actions. We also provide comprehensive counseling to our clients on a wide variety of employment and labor issues.

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"In August 1914," wrote the historian A. J. P. Taylor, “a sensible, law-abiding Englishman could pass through life and hardly notice the existence of the state, beyond the post office and the policeman. He could live where he liked and as he liked. He had no official number or identity card.” A century later, he does not even expect to have to tend to his own family’s garden. That’s some shift in the Overton window. I quite earnestly believe in all of the stuff that I’m not supposed to, I believe that America is exceptional; that it is an objective—better nation than any other that has ever existed; and that it is, as it was explicitly designed always to be, the last, best hope for mankind. As Winthrop’s sermon poetically put it, America is the “Shining City upon a Hill,” there so that men without liberty have somewhere to turn and a light that they might follow. I followed that light—3,500 miles from my friends and my family—because I believed that my life would be better here, because I wanted to be free, and because I felt that under American liberty I would be able to be myself more honestly and more fully. There is nowhere else I could have gone. Alas, there is nothing written in the stars that says that America will always be America. “Rome,” as Joseph Heller truculently reminded us, “was destroyed, Greece was destroyed, Persia was destroyed, Spain was destroyed. All great countries are destroyed. Why not yours? How much longer do you really think your own country will last? Forever? Keep in mind that the earth itself is destined to be destroyed by the sun in 25 million years or so.” There will be little virtue in America if it becomes a larger version of Britain, but with free speech and the right to bear arms.

On Tuesday, America took another giant leap away both from its revolutionary mission and from the classical liberalism that it has successfully incubated for so long. This is a rotten thing for America, and also—though it might not realize it—for the world; for, like Anthony Blanche, Evelyn Waugh’s “aesthete par excellence,” should the United States descend into the mire, it will “take something away from the United States.”

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The views expressed in the above opinion do not necessarily reflect the political opinions of the Inland Empire Business Journal or any of its staff. Comments are welcomed, send to williamj@busjournal.com. Note: Managing Editor does not agree with this opinion.
The Renaissance Las Vegas Hotel—a Place of Serious Business in Las Vegas

By Ingrid Anthony

You have a business related trip that is being held in Las Vegas. You probably think to yourself, “How is that going to happen with all the noise, smoke and the racket of slot machines?” This is a very important business trip, and I don’t want the excess of Las Vegas’ distractions with neon lights and loud music.

The good news is there are some hotels in Vegas that offer peace and tranquility for those who want and need it for those occasions. One such hotel is the Renaissance Las Vegas Hotel. It is part of the Marriott chain and is the largest non-smoking and non-gambling hotel in the area. If your business is associated with the Las Vegas Convention Center, it is a stone’s throw from that site. Actually, it is the perfect choice for the business traveler with its ideal location and calm environment—and if your family has to accompany you, it offers an ambiance of family-friendly surroundings without the smoke and mayhem of the casinos located in the lobbies of the other hotels.

However, if one does want to see a show and gamble, the hotel is located just off the Las Vegas Strip—so you do have a choice. You can enjoy the proximity to everything Las Vegas has to offer and return to your refuge from the hustle and bustle of The Strip. If you wish to travel by the Monorail, it is found right outside the hotel.

The Renaissance Las Vegas is a contemporary hotel with luxurious rooms. Their deluxe standard room includes a 42” flat panel LCD TV, refrigerator, coffee-tea maker, bathtubs, and even Egyptian cotton bed linens with down comforters and duvets. The bathrooms are spacious with walk-in showers and separate full-size bathtubs.

The hotel includes a state-of-the-art health club and fitness center which is open 24-hours a day, a lush pool area and a 24-hour business center which you can even receive deliveries and coordinate all of your business needs.

Gourmet enthusiasts will also take pleasure in their fine selections of restaurants. An award-winning steakhouse, Envy, offers fine dining from Angus filet to bone-in rib eye. Their specialties are, of course, steaks; however, if you are not a steak lover, other options are available such as Tuscan veal chop, Dijon crusted lamb chops, broiled lobster tail, chicken breast, jumbo shrimp and pan-seared sea bass. Their signature sauces add to the delight of the meal such as pinot noir reduction, béarnaise, spicy chipotle-gorgonzola and a mushroom sauce. Desserts include grand Marnier and orange brulee, warm sticky toffee pudding and bittersweet warm chocolate cake and other exceptional selections. For a less formal and a relaxed dining experience, try Grill 55 which offers comfort food dishes such as BBQ chicken, BBQ ribs, fish tacos, prime rib along with favorites as hamburgers and turkey wraps.

Renaissance Las Vegas Hotel offers wedding packages for those couples who want a more sophisticated venue in Las Vegas. Special packages for corporate meetings or other social occasions are also available.

If you do not want having to fight through a casino to get to your room and long for a somewhat peaceful time in Las Vegas, but close to the action if you so wish, the Renaissance Las Vegas Hotel is a great choice for your stay in Vegas.

The Renaissance Las Vegas Hotel is located at 3400 Paradise Road, Las Vegas, Nevada 89169. For more information visit their web site at www.renaissancelasvegas.com or call 702-784-5700.
Future of Health...

continued from pg. 3

informed decisions,” said Goldstein. “Trusted, licensed and qualified brokers can also provide guidance and important perspective on everything from routine issues to serious policy interpretation.”

Health insurance exchanges create an online, one-stop shopping mall where employers, consumers, insurance brokers and others can easily view competing health plans side by side, comparing benefits, costs, provider networks and other features and choose the one that best fits their needs. The PPACA mandates that all U.S. states and territories establish and launch their own health insurance exchange by Jan. 1, 2014, or default to a federal fall-back program.

For the past 16 years, CHOICE Administrators has operated CaliforniaChoice, the nation’s most successful small group private exchange. CHOICE Administrators is also working in partnership with Xerox to provide support to the Florida Health Choices program and the Nevada Silver State Health Insurance Exchange and is in final discussions with other states as well.

In addition to examining the future of health insurance exchanges, the IEAHU Carrier Panel Forum also discussed industry issues like the emergence of accountable care organizations, the importance of promoting a culture of wellness in the workplace, and the challenges California’s health plans face in handling the influx of newly insured citizens as a result of the PPACA.

Founded in 1990, the Inland Empire Association of Health Underwriters was formed to serve the needs of health insurance agents and brokers in Riverside and San Bernardino counties. It also has a satellite chapter, the Desert Empire Sub-Chapter, which serves the membership of the low desert and the Coachella Valley. Representing approximately 200 agents, brokers and industry representatives, IEAHU is affiliated with the California Association of Health Underwriters and the National Association of Health Underwriters, which boasts more than 18,000 members.

CHOICE Administrators Exchange Solutions is part of The Word & Brown Companies, the nation’s leading developer and administrator of consumer-choice insurance exchange models. Among the exchanges currently operated by CHOICE Administrators are the CaliforniaChoice® small group (2-50 employees) and mid-market (51-199 employees) private exchanges currently serving more than 10,000 employers and more than 150,000 members; HSA California; Choice Builder, the nation’s first ancillary benefit exchange; and Quotit, one of the nation’s largest individual/family proposal and online enrollment systems that generated 22 million individual health quotes in 2011. Other CHOICE Administrators products include Kaiser Permanente Choice Solution and Contractors’ Choice.

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