

# Long Beach Business Journal

## Long Beach Corporate Executives Identify The City's Strongest Assets, Greatest Weaknesses

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Over the past few years, Long Beach has seen a growing presence of regional operations for major corporations and, in some cases, even headquarters. Business executives from several industries weighed in on the city's strongest assets in interviews and email exchanges with the Business Journal, from the prestige of Douglas Park to the city's central location, to built-in assets like the airport and port, to access to a diverse and educated talent pool.

On the flip side, executives also shared what they consider to be Long Beach's greatest weaknesses and where they hope to see improvements, from a lack of a cohesive self-image, to crime and infrastructure issues. Despite these concerns, however, all expressed a positive attitude towards the city where they work and, in many cases, where they also live.

### Long Beach's Strongest Assets

Among responses from 15 business executives from the local oil, health care, retail, engineering, aviation, international trade, automotive, technology and financial services industries, common perspectives about Long Beach's strongest assets emerged. Most frequently cited were an overall business-friendly climate, easy access to local government officials and staff, the city's built-in trade and transportation infrastructure in the form of its port and airport, as well as the city's educated and diverse talent pool.

"I consider Long Beach's greatest asset from a business standpoint to be that it is a business-friendly city with an entrepreneurial spirit," James Callahan, chairman, president and CEO of Nautilus International Holding Corporation, told the Business Journal in an email. Callahan's company is building its new headquarters at Douglas Park, where it will relocate early next year from its current headquarters in Wilmington.

"There is a definite buzz about Long Beach from a business lens, and having been born and raised in the city, I'm proud to see it," Callahan wrote. "That is a major reason why I suggested to my board of directors that it would be good for the corporation to relocate to Long Beach from its current location in Los Angeles [County], where the company has been since 1923," he explained.

"Long Beach is a business-friendly environment with a long history of support for the energy industry." Frank Komin, executive vice president of southern operations for California Resources Corporation, a spin-off company of Occidental Petroleum, said in an email. He also pointed to the accessibility of city staff, the mayor and city council and other government officials as one of Long Beach's strongest points from a business perspective.

Ralph Combs, manager of corporate development for The Termo Company, a Long Beach-based oil and gas business, also highlighted the accessibility of public officials and city government as a whole as one of Long Beach's strongest assets. Also of importance to Combs is Long Beach's location, which he noted is "central to many areas in Southern California."



"One of the greatest strengths of Long Beach is that we do have such great diversity. . ." -- Russ Hill, chairman and CEO of Halbert Hargrove. (Photograph by the Business Journal's Evan Patrick Kelly)

Long Beach's central location between Orange and Los Angeles counties is helpful in that it enables businesses to reach out to more potential employees, according to Paul Lin, CFO of United Pacific Industries Inc., which has its headquarters at Douglas Park. The company manufactures automotive parts. "This helps human resources in recruiting from a larger pool of candidates," he said.

United Pacific's location in Douglas Park has also proven to be helpful. "[The] high corporate image of Douglas Park allows my company to be associated with Virgin Galactic, Boeing and Mercedes-Benz," he said, referring to prominent tenants in the business park. Douglas Park's location next to the Long Beach Airport and near multiple hotels also "makes hosting corporate events easier," he pointed out.

Lin also cited the Port of Long Beach as one of the city's strongest assets that is key for his business. "Close proximity to the port helps reduce trucking fees per containers and [facilitates] faster deliver of containers," he explained.

Headquartered in the Westside Long Beach industrial area, SnugTop, a global supplier and manufacturer of camper shells for autos, also benefits from quick access to the port. "We are an exporter," explained Hartmut Schroeder, president and CEO of SnugTop. "I have always felt that the proximity here to the port for our container shipments was a big asset," he said, noting that SnugTop ships its products all over the world. With its headquarters just blocks from the port, SnugTop has an advantage over its competitors, most of whom are landlocked further inland, Schroeder noted.

Executives identified Long Beach's academic institutions as a vital asset for recruiting educated employees.

"For me, the best part of having our business in Long Beach is the quality of talent in Long Beach and close proximity to talent from Long Beach State, Long Beach City College and other Cal State [Universities] and UCs down the road," Aaron Leon, founder and CEO of LD Products, Inc., wrote via email. LD Products, which sells

printer supplies online, is headquartered at Douglas Park. “Our talent pool is great.” Leon added that, in comparison to other nearby beach cities like Santa Monica, Long Beach is more affordable.

“We have a growing economy complemented by outstanding educational resources, including a state university, a community college and numerous technical training institutes,” Chris Wing, CEO of Long Beach-based SCAN Health Plan, wrote to the Business Journal. Wing is also a Long Beach native and resident. “Long Beach is blessed with many tremendous assets, but perhaps greatest of all is our citizens and the pride we take in knowing what a wonderful community this is in which to live, work and raise a family,” he reflected.

Although The Boeing Company is approaching the closure of its C-17 Globemaster III manufacturing program in Long Beach, the company retains operations here, and recently added about 1,000 jobs spread across Long Beach and Seal Beach. Tom Croslin, vice president of the Southern California Engineering Design Center, pointed to the city’s long history as a hub for the aviation and aerospace industry as a valuable resource for his company.

“California’s highly skilled workforce and availability of future talent is a strong asset not only for the City of Long Beach, but also for our company and the industry as a whole,” Croslin said in an email. “Tapping into the talent pipeline, here at Boeing, enables access to a competitive and adaptive workforce that will carry us through another century of innovation and success.” He continued, “Long Beach has a rich aerospace history and much of the talent and supply base has remained.”

A defining positive aspect of Long Beach’s community and workforce is that they are diverse, many executives pointed out. Long Beach is known as “the international city,” after all.

“Long Beach’s strongest asset is its diversity . . . the people, food, arts, neighborhoods and industries in this city are amazingly vibrant and unique, yet come together to create a rich community fabric,” John Molina, CFO for Long Beach-based Molina Healthcare, told the Business Journal.

This characteristic was key in attracting Forever 21, a major international retailer, to recently open its first location in Long Beach at the Pike Outlets. The store is a new concept by Forever 21 called F21 RED, which offers a deeper inventory of the company’s basic fashion staples such as camisoles, leggings and shirts.

“Long Beach is one of the largest cities in Southern California. From students to young adults to mothers, Long Beach is home to a diverse community,” Linda Chang, vice president of merchandising for Forever 21, said in an email to the Business Journal. “This is part of what makes the city a prime location for our new F21 RED store.”

The diversity of Long Beach is an asset for fiduciary investment management firm Halbert Hargrove, which was founded in Long Beach in 1933, according to Chairman and CEO Russ Hill. “One of the greatest strengths of Long Beach is that we do have such great diversity and we have a way to channel it because of the education compact that takes kids through high school, city college and Cal State Long Beach,” he said, referring to the Long Beach College Promise. “We have a very active internship program, with usually as many as seven [students] at a time from Cal State,” he added.

“Working with California State University, Long Beach to hire interns “has been extremely effective for us in recruiting a broad ranges of ethnicities, but also a lot of women into the business, which is very difficult otherwise to find,” Hill said.

Nancy Froom, vice president and director of Wells Fargo’s California Trust Center, located in Downtown Long Beach, also said Long Beach’s diversity is valuable to her company. “The diversity that the Long Beach business community offers is of the utmost importance to remain competitive,” she said. “Wells Fargo specifically encourages a diverse culture and Long Beach is the perfect location to foster that type of culture.”

Michael Miller, president and CEO of International City Bank, headquartered in Downtown Long Beach, explained that Long Beach is diverse in many ways – not just because of its inhabitants. The city’s strongest asset, he said, is “The diversity that the city as a whole represents, not only in terms of culture but [also] business and the attractions like the Queen Mary and the Aquarium and the coastline itself.”

Being on the coast is a big selling point for the city's hospitality and tourism industry, according to Steve Goodling, president and CEO of the Long Beach Convention & Visitors Bureau (CVB). According to Goodling, "Long Beach's waterfront location and being central to both L.A. and Orange County," are the city's most appealing assets. Also crucial to the hospitality and tourism industry is quick access to local airports. "We have great lift, both international and domestic, between LAX, John Wayne and Long Beach Airport," Goodling said.

The City of Long Beach's staff and elected officials also wield a positive influence, Goodling pointed out. "The other big component beside the physical components [of the city] is the cooperation and the desire to help others establish themselves in Long Beach by both elected officials and city management," he said. "There is a strong desire to help people succeed here, because as they succeed, the city succeeds. And it is a very genuine desire."

Joel Yuhas, a Long Beach resident and president and CEO of Dignity Health St. Mary Medical Center, took a bird's-eye view when expressing what he finds to be Long Beach's strongest asset.

"Long Beach has most of the resources of a large world-class city to support its progressive business climate: active chamber of commerce, organized business community, excellent higher education systems that build a rich and diverse workforce to draw upon, diversified and evolving economy, and relatively affordable market compared to other cities in California," he stated in an email to the Business Journal.

Joel Farrier, senior vice president and Los Angeles metro area leader for the international engineering firm AECOM, also responded with a broad perspective. The firm has a branch in Long Beach. "With its global maritime port, natural resources, manufacturing and commercial strengths, Long Beach's economic basis is among the nation's top echelon of cities," he said.

### **Long Beach's Greatest Weaknesses**

Discussion about Long Beach's greatest weaknesses varied among local business executives, but a few were united in the opinion that the city needs to have a more cohesive self-image and should be more well-known nationally, given its merits.

"I really think it is our self image, or lack thereof," Hill of Halbert Hargrove said when asked to identify Long Beach's greatest weakness. "We don't know if we are [identified by] the Queen Mary or oil wells or tourism, and we're kind of sandwiched between Orange County and Los Angeles," he said.

While Long Beach's central local between Orange and Los Angeles counties is considered an asset by many businesses, it also causes Long Beach to be overshadowed, Hill pointed out.

"If we were almost any place else in the country, we would be a standalone city . . . considered of greater significance," he said. "When you think about the port and all the other things that actually come out of Long Beach, we ought to think more of ourselves than we do," he explained. "When I go around the country and I say this is where we're headquartered, I frequently have to explain what that means."

Leon of LD Products had a similar perspective on Long Beach's self image. "The biggest weakness for Long Beach might be its branding in the general L.A. area," he wrote. "If you aren't from the local area, the most you usually know about Long Beach is the port and Queen Mary. It doesn't say much for a city that its claim to fame is an 80-year old ship."

Leon also pointed out that Downtown Long Beach is "off the beaten track" from other cities due to its location at the end of the 710 Freeway. "Possible talent we could hire that is unfamiliar with Long Beach in the Greater L.A. area and might choose a company in Santa Monica or Irvine before digging deeper into who we are and what a great development we are in at Douglas Park," Leon said.



"Long Beach is blessed with many tremendous assets but perhaps the greatest of all is our citizens and the pride we take in knowing what a wonderful community this is in which to live, work and raise a family." Chris Wing, CEO of Long Beach-based SCAN Health Plan. (Photograph by the Business Journal's Evan Patrick Kelly)

If candidates make it far along in the interview process to visit LD Products onsite, "they are often wowed after exiting the 405, passing the new airport facilities, seeing the huge Mercedes facility and then Virgin Galactic on their way to our new LEED Platinum headquarters," Leon noted.

AECOM's Farrier pointed out that, while the city has strong diversity, cultural traditions and environmental assets, those qualities are "less known" than perhaps they should be. "Long Beach has become such an attractive city with a great waterfront experience, that its livability qualities merit more attention," he wrote.

While the city's recognition outside of the area may need improvement, Hill said that Mayor Robert Garcia is moving in the right direction through positive messaging and outreach.

Long Beach's size – about 52 square miles – is also a challenge for some businesses, as pointed out by Chang of Forever 21. "Given the magnitude of Long Beach, business owners are also presented with the challenge of identifying the best real estate location . . . and whether a secondary location is needed to ensure they are touching the whole city," she said in an email.

Other weaknesses identified ranged from issues related to the cost of doing business to aging infrastructure to community issues, such as crime.

For Lin of United Pacific, Long Beach's greatest weaknesses revolve around costs, including the high cost of real estate, quarterly association fees for Douglas Park and a "higher business license tax than other cities." He also cited "an inability to get other telephone carriers except Verizon" as an issue.

Yuhas of Dignity Health St. Mary Medical center touched on a hot topic in Long Beach at the moment – whether or not to add a customs facility to the Long Beach Airport.

"One opportunity for the city to leverage its many assets would be to expand its accessibility at the Long Beach Airport," he said. "The airport is definitely an asset but underutilized for its capacity. International and increased commercial flights would help support business, increase tourism and trade, and showcase our great city."

California Resources Corporation's Komin and Termo's Combs both identified maintenance as a citywide issue. "[The] aging infrastructure that led to the recent power problems affecting the downtown area" is one area of weakness for the city, Komin said.

According to Combs, Long Beach's greatest weakness is, "Not keeping up with public maintenance of our parks, libraries and other public spaces, and not building out more across a wide range of neighborhoods." He also wrote that "not appreciating/taking advantage of its natural resources such as the waterfront, our oil reserves, [and] our beach" is another area of weakness for the city.

"Correcting these weaknesses would contribute to public well-being and happiness, and in turn create a better business environment," Combs concluded.

Callahan's concerns were related to public safety and well-being. "I consider Long Beach's greatest weakness at this point to be crime and its visible homeless situation," he told the Business Journal. "With the exciting redevelopment of the civic center . . . it will be important for the city to solve effectively the difficult problem of homelessness in the civic center area."

An issue of public health was of particular concern to SnugTop's Schroeder. "The city has been good to us over the years. My biggest issue is with the air quality. That has more to do with the port than with the city itself," he said. "Air quality issues are a problem here."

Schroeder also lamented the loss of the Enterprise Zone and redevelopment agency, both of which provided incentives for business growth and development, but he emphasized that these programs were lost due to decisions made at the state level.

Croslin of Boeing didn't identify an area of weakness of concern in Long Beach, but he did point to pressures at the national level that are making things uncertain for the company's future.

"The future of the defense and aerospace industry is in a constant state of flux," Croslin wrote. "It is difficult to predict the outcome of the FY16 defense budget and the future of the U.S. Export-Import Bank Reauthorization, and how the ripple effect will impact programs and jobs in the region." In August, Boeing announced layoffs at an El Segundo satellite manufacturing facility due to business lost as a consequence of the shutdown of the U.S. Export-Import Bank.

While Wing didn't identify a weak point for Long Beach, he did have a few words of caution for the city.

"Long Beach owes its roots and heritage to our deep water port," he said. "While that will always be our foundation, we need to be careful not to become too dependent on that, which is why it is so marvelous for longtime residents like me to see the leadership role Long Beach has developed in technology, aerospace, trade engineering, telecommunications and health care."

Moving forward, Miller of International City Bank said he hopes the city remains focused on attracting more businesses. “Going out and trying to attract and seek new businesses that are not a part of the landscape right now, I think is critical,” he said.

“For me, the yellow flag is the constant vigilance to ensure that the communication lines remain open between elected officials, the city and the businesses so that we don’t become like other cities,” the CVB’s Goodling said. “I don’t think we should ever forget that, because that is what really separates us from others.”