Business People of the Year

Margin Call

It’s All Good in Monie’s Case as Ingram Micro Shares Climb

Ingram Micro Inc. Chief Executive Alain Monie took the helm of the world’s largest electronics distributor two years ago with an eye toward improving the company’s razor-thin margins and moving into new markets. His vision took shape last year as the Santa Ana-based company rode the wave of strong mobile device sales, thanks to its $640 million buy of Indianapolis-based wholesale distributor BrightPoint Inc. in late 2012. The integration of the largest buy in its 35-year history is one of several moves by Monie (pronounced Mone-YAY) that helped him garner the Business Journal’s “2013 Business Person of the Year.” They’ve also brought Wall Street kudos for Ingram Micro—the largest publicly traded company in OC based on sales, with annual revenue of more than $37 billion.

Monie on recycling: “we’re trying to capture the whole life cycle of that device”

2014 Board of Achievement

—By CHRIS CASACCHIA

Boost Mobile Cofounder to Move Headquarters for Latest Startup Here

TECHNOLOGY: OC tech talent ‘not as transient’ as LA pool

Peter Adderton, who co-founded Boost Mobile LLC and grew its revenue to more than $500 million before its sale to Nextrum Communications, is planning to move his publicly traded technology company from Los Angeles to Orange County. The Newport Coast resident and chief executive of Mandalay Digital Group Inc. is eying new headquarters near John Wayne Airport, the Irvine Spectrum and Aliso Viejo as the company expands its workforce and product offerings.

“I’m relocating the headquarters and everybody down into Orange County,” Adderton said during a recent lunch at Pelican Grill. “We don’t need to be in Hollywood.”

Mandalay Digital primarily targets wireless carriers.

—Adderton: Newport Coast resident eyes Mandalay Digital Group headquarters

Local Executives Regain Optimistic Viewpoint

ECONOMY: CSUF index back up after last year’s late dip

Orange County’s executives have regained some optimism as they head into 2014, according to the latest business expectations index published by the Mihaylo College of Business and Economics at California State University, Fullerton.

The quarterly index, which is based on a survey of 60 local executives conducted in mid-December, reached 88.8 for the first quarter, up from 85.2 three months ago and 75 a year earlier.

A level above 50 generally indicates positive expectations.

—By JANIE YU

High Hopes for Hot Dogs

Wienerschnitzel Parent Looks to Grow Again With Galardi Culpepper at Helm

There’s a warmth in Cindy Galardi Culpepper’s voice when she speaks about the atmosphere that’s come from restaurant operator Galardi Group Inc. being privately held and family owned—even if it sounds a bit Pollyanna.

“The entire thing, it may sound idealistic, but the way I view the company as a whole, it’s one big family, and we treat everyone as though they’re our family and what can we do that’s the very best for them,” she said in a recent interview with the Business Journal about the parent company of the Wienerschnitzel fast-food chain.

Irvine-based Galardi Group had about $230 million in sales last year, according to a Business Journal estimate, with Wienerschnitzel accounting for most of the revenue.

Galardi Culpepper, 65, took the reins as only the second chief executive in the company’s 52-year history following the death last year of Wienerschnitzel founder and her ex-husband, John Galardi, at a critical time.

Galardi Group is staging a comeback after a few quiet years brought on by the recession. The company took over as chief executive after ex-husband died.

—By KARI HAMANAKA

Q1 Climb

OC Business Expectations

(50 or higher indicates positive expectations)

10/11 77.9
11/12 79.6
12/12 75.6
1/13 76
2/13 91.6
3/13 92.9
4/13 85.2
5/13 88.8
6/13 1/14

Local Executives Regain Optimistic Viewpoint

ECONOMY: CSUF index back up after last year’s late dip

—By JANIE YU

Orange County’s executives have regained some optimism as they head into 2014, according to the latest business expectations index published by the Mihaylo College of Business and Economics at California State University, Fullerton.

The quarterly index, which is based on a survey of 60 local executives conducted in mid-December, reached 88.8 for the first quarter, up from 85.2 three months ago and 75 a year earlier.

A level above 50 generally indicates positive expectations.

—By JANIE YU

Galardi Culpepper: took over as chief executive after ex-husband died

Bill Link
Financie, page 4
Don Bailey
Healthcare, page 5
Ed Fuller
Hospitality, page 6
Doug Baur
Real Estate, page 8
Steve Milligan
Technology, page 8

Selanne Steak Tavern

High Flyer

page 11

EXECUTIVE DINING

ADVERTISING

Gallery of Fine Homes
PAGES A-15–A-28

CEO of the Year Awards
PAGES B-29–B-30

Investment Properties
PAGES 84–85

Business Services .......... 87, 90, 91
Executive Suites ............. 88–89
OC Law Guide ................. 92

MAIL TO:

PHILANTHROPY

High Flyer

page 11

EXECUTIVE DINING

ADVERTISING

Gallery of Fine Homes
PAGES A-15–A-28

CEO of the Year Awards
PAGES B-29–B-30

Investment Properties
PAGES 84–85

Business Services .......... 87, 90, 91
Executive Suites ............. 88–89
OC Law Guide ................. 92

MAIL TO:

PHILANTHROPY

High Flyer

page 11

EXECUTIVE DINING

ADVERTISING

Gallery of Fine Homes
PAGES A-15–A-28

CEO of the Year Awards
PAGES B-29–B-30

Investment Properties
PAGES 84–85

Business Services .......... 87, 90, 91
Executive Suites ............. 88–89
OC Law Guide ................. 92

MAIL TO:

PHILANTHROPY

High Flyer

page 11

EXECUTIVE DINING

ADVERTISING

Gallery of Fine Homes
PAGES A-15–A-28

CEO of the Year Awards
PAGES B-29–B-30

Investment Properties
PAGES 84–85

Business Services .......... 87, 90, 91
Executive Suites ............. 88–89
OC Law Guide ................. 92

MAIL TO:

PHILANTHROPY

High Flyer

page 11

EXECUTIVE DINING

ADVERTISING

Gallery of Fine Homes
PAGES A-15–A-28

CEO of the Year Awards
PAGES B-29–B-30

Investment Properties
PAGES 84–85

Business Services .......... 87, 90, 91
Executive Suites ............. 88–89
OC Law Guide ................. 92

MAIL TO:

PHILANTHROPY

High Flyer

page 11

EXECUTIVE DINING

ADVERTISING

Gallery of Fine Homes
PAGES A-15–A-28

CEO of the Year Awards
PAGES B-29–B-30

Investment Properties
PAGES 84–85

Business Services .......... 87, 90, 91
Executive Suites ............. 88–89
OC Law Guide ................. 92

MAIL TO:

PHILANTHROPY

High Flyer

page 11

EXECUTIVE DINING

ADVERTISING

Gallery of Fine Homes
PAGES A-15–A-28

CEO of the Year Awards
PAGES B-29–B-30

Investment Properties
PAGES 84–85

Business Services .......... 87, 90, 91
Executive Suites ............. 88–89
OC Law Guide ................. 92

MAIL TO:
**Monie**

“That’s the most significant achievement under his watch,” said Matt Sheeren, managing director of equity research in the New York office of St. Louis-based Stifel Financial Corp., referring to the BrightPoint buy. “They’ve done a good job of recognizing the synergies.”

Improved operational efficiency and continued gains in higher-margin business lines reshaped Ingram Micro’s story last year on Wall Street from a plodding giant that prompted little investor excitement to a big mover eyeing new markets.

Its stock climbed nearly 40% over the past year to a market value of more than $36 billion, outpacing the S&P 500, which reached a 16-year high with a gain of about 30%.

Monie also has Ingram Micro on track to put its long-standing operational troubles in Australia—a mess he inherited when he took the top job in 2012—in the rearview mirror. The region is on target to post its first annual profit in years, as revenue has improved in three consecutive quarters.

“This is millions of dollars of improvement quarter over quarter,” said Monie. “We’re not yet where we want to be, but we’re well on our way.”

Ingram Micro has been on a multyear campaign to regain profitability and customers in Australia following a major operational glitch more than two years ago. Problems with a new electronic logistics system there first surfaced in early 2011, causing the company to miss Wall Street profit targets in the first quarter of that year and hampering earnings since.

“I feel like we’ve made some good progress in the last 18 months,” Monie said. “We’re not home yet, we still have to continue the execution.”

**BrightPoint Buy**

BrightPoint, which brought more than 25,000 customers and 100,000 distribution points across the globe, is projected to add nearly $52 million in profits to Ingram Micro this year.

Monie, known for crisp execution and a detail-oriented management style, was attracted to BrightPoint because of its leadership position in the growing segment; its footprint in South Africa, the Middle East and other countries, such as Portugal, where Ingram Micro had little market share.

“Mobility was one of the areas we wanted to get into, simply because of the financial profile around services, better margins, less working capital,” Monie said.

One example: Ingram Micro has been quietly acquiring repair centers and recycling outfits in an effort to catch more mobile business.

“We’re trying to capture the whole life cycle of that device,” Monie said.

**CloudBlue**

That strategy led to the October buy of CloudBlue Technologies Inc. Financial terms of the deal weren’t disclosed.

The suburban Atlanta company handles information technology equipment disposal for large banks, system integrators and other companies with thousands of devices and equipment. CloudBlue wipes out sensitive data from the devices and determines if they have value on secondary markets.

It has more than 1,000 data center, retail and original equipment manufacturing customers and operates more than 40 offices around the globe.

“We bring the small, medium-sized business capability, so it’s a very complementary set of customers,” Monie said. “The margins are much better because it’s a service.”

The mobility segment’s benefits are starting to show up on the balance sheet, too, as gross margins improved to 5.9% in the third quarter, up from 17.5% a year earlier. Sales were up 12% to $10.2 billion.

The integration of BrightPoint and CloudBlue underscores Ingram Micro’s success at bringing different-sized companies under the fold without losing key customers or market share.

“One of the things we’re careful of is the ability to leverage the rest of the organization but at the same time keep the autonomy, speed and flexibility of the smaller organizations,” Monie said. “I’m personally in favor of keeping those businesses somewhat independent.”

**Santa Ana HQ:** home to biggest company in OC in terms of sales, with more than $37 billion

**CSUF Index**

The index reached a peak of 93.9 at the beginning of the third quarter in 2013, just prior to a year-end dip.

**Shutdown, Healthcare**

“I think last quarter’s sentiment may have been a result of the government shutdown that happened at the same time as the survey,” said Anil Puri, dean of the Mihaylo College and director of the quarterly research project.

“Going forward, I think that we have some momentum building, and business sentiments will continue to get better over 2014,” said Puri, adding that uncertainties and costs related to the “healthcare fiasco” continue to temper the outlook among local executives.

The survey included greater representation from larger companies than in prior reports. About 40% of the respondents, versus 34% in the fourth quarter, were managers or owners of companies with more than 100 workers. Smaller companies, with fewer than 20 employees, made up about 23% of the survey pool, compared with 31% last quarter.

The index reflects the general outlook on the economy and also measures a range of variables, such as prospects on revenues, profits, inventory and hiring.

About 92% of survey respondents said they expect overall business activity to improve or stay the same, compared with 90% a quarter earlier.

Executives’ views toward their own industries also improved over the past three months. More than 66% of the respondents said they are projecting stronger business from now through March, compared with 61% last quarter. Nearly 9% of respondents said business could slow down, a drop from 12% a quarter earlier.

About 70% of firms said they expect sales to grow, while nearly 7% said they anticipate weaker sales. Quarter-earlier figures were 67% and 10%, respectively.

Companies appeared careful about projecting profitability, as a larger share of the respondents said they expect steady levels of operating profits. About 50% of executives predicted increases in quarterly profit, down from 53% last quarter. The proportion of respondents anticipating decreases in profits shrank from 15% to 10%.

More companies are looking to make changes to their workforces this quarter, with 39% of survey participants—compared with 32% in the fourth quarter—indicating plans to hire. Those intending to cut jobs also increased to 12% from 7%.

**Inventory, Equipment**

A larger share of the executives surveyed held a conservative outlook regarding their inventory and equipment levels. More than 10% of the companies said they plan to reduce inventory, versus 7% last quarter. About one-third, nearly the same proportion as last quarter, said they plan to increase inventory-related investments.

The study asked executives about macroeconomic factors that could significantly affect their businesses. The state of the overall economy and government regulation remained the two biggest concerns, while other worries surfaced more prominently in the latest survey.

The proportion of survey participants who are concerned about credit availability nearly doubled to 10%, and alarm over labor costs rose to 5% from 2%.

“I think that is a reflection that the economy is improving, and therefore, credit is going to be tighter with higher interest rates,” Puri said, citing the Federal Reserve’s recent announcement that it will start tapering its bond-buying program, which has helped maintain interest rates at near zero for the past five years or so.

Local business executives showed more confidence about California’s pace of economic growth than they did three months ago. Half of those surveyed—compared with 39% last quarter—said California could grow faster than the U.S. overall, and 31% said the state will lag the nation, down from 35%.

“There’s quite a reversal about the state of California’s economy versus the national economy,” Puri said. “Overall, the state’s unemployment levels have fallen, and there’s a definite sense of a much better economic condition throughout California.”

The jobless rate for California was 8.3% in November, down from 9.6% year-over-year, based on the latest data available. That remains higher than the U.S. jobless rate of 7% in November, but it reflects a more significant change, considering the nationwide level was 7.4% a year earlier.

OC’s unemployment rate was 5.6%, down from 6.9% a year ago.

Expectations for housing prices in Orange County continue to soften, according to the study. About 65% of respondents—up from 56% last quarter and 37% two quarters ago—said they expect prices to fall over the year.