First Look at Spectrum Tower
Irvine Company Goes With Glass for ‘Iconic’ Plan

The newest office tower planned for the Irvine Spectrum is expected to gain attention for more than its size. Newport Beach-based Irvine Company is aiming to build “an iconic structure” in the heart of the Spectrum with its design of the 8055 Irvine Center Drive office tower, according to filings with Irvine’s planning department.

Open spot: office building on the drawing board would rise five stories higher than neighbor on Irvine Center Drive (see page 41 for rendering).

Women’s Work: Revenue Growth, New Hires
Female-Owned Businesses Top $3B, 26,000 Jobs

Orange County’s biggest women-owned businesses combined to grow revenue by 7% last year, notching a fourth-straight year of top-line gains for a total of $3.1 billion. The 88 companies on this week’s Business Journal list nearly matched their jump in sales with job creation, combining to employ 8,824 in Orange County, up nearly 5% from a year earlier. They have more than 26,000 workers when companywide operations are counted, a 14% increase.

The women-owned enterprises outpaced the largest private companies based here in terms of the percentage increase in local jobs. The 103 private companies—each of which had a minimum of $100 million in revenue and were listed by the Business Journal last month—combined for a 2% gain in local workers, for a total of 48,600. This week’s list features locally based companies with a minimum of $5 million in annual revenue and at least 51% ownership held by females, a standard for certification by the Women’s Business Enterprise National Council.

The list reflects the wide variety of industries in which local female business leaders operate. The 2014 edition: 88 companies with at least $5 million in annual revenue.

How Zee Sees It
Allred’s Career Brings Business, Family, Community Together

Name a challenge that could faze a businesswoman. Zee Allred probably has overcome it during the course of her career. Her roles as a wife, mother and a divorcée at one time or another led her to what could have been viewed as roadblocks for a female executive.

Her sense of entrepreneurship, determination and leadership took her down a different path, though, building Irvine-based Pool Water Products into one of the top companies in the pool industry.

Commercial Plans for Great Park Look Fit For Broadcom Campus

REAL ESTATE: Preliminary plan calls for 8 buildings, 2 million square feet

The developers of the Great Park Neighborhoods in Irvine have filed plans for the first batch of commercial construction at the former El Toro Marine Corps air station, a 2-million-square-foot office park that appears designed to hold the headquarters and expanded operations of Broadcom Corp.

RESTRAINED VIEW ON Q3
OC Business Expectations

Quarterly index shows slight dip on mixed sentiments

CSUF Survey Shows Trim on Q3 Outlook

ECONOMY: Quarterly index shows slight dip on mixed sentiments

Orange County business executives are feeling less optimistic about the local economy heading into the third quarter, according to the latest quarterly index of business sentiments published by the Mihaylo College of Business and Economics at California State University-Fullerton.

The index, which is based on a survey conducted late last month, hit 83.8. That’s down from 88.1 for the second quarter and 93.9 a year ago, which was the highest reading in nearly a decade.

A level above 50 indicates a positive outlook for the local economy. The index is at its lowest level since the start of 2013, when it reached 75.

“I did not expect such a drop,” said Anil Puri, dean of the business school and director of the Orange County Business Expectations Survey, as the index is known.

Puri pointed to some macroeconomic elements that likely played into the dampened sentiments. “Some factors might have been the bad report on the first-quarter GDP growth, which had a 2.9% decline,” he said. “And the deadlock of Washington, regarding the critical situation in the Middle East, along with the increase in the minimum wage.”

The latest survey is based on responses of 72 businesses.
CSUF Index

local business owners, executives and managers. About 39% of the sample pool were representatives of companies with more than 100 employees. Businesses that have between 20 and 100 employees accounted for 36% of the pool, and those with fewer than 20 workers made up 26%.

The quarterly survey primarily checks the pulse for a general outlook on the local economy. It also measures other variables, such as sales estimates, hiring plans and biggest concerns.

Growth

A smaller portion of participants—65% versus 71% in the second quarter—said they expect some growth in their own industries. About 11% of respondents—up from 8%—said they expect weaker business this quarter.

Dan Struve, chief executive of Irvine-based Helpmates Staffing Services, said there’s been steady growth in the staffing industry, where there is a sense of optimism, “albeit a cautious one.”

“The staffing industry has been very solid, partly because there’s been an increasing pressure on finding qualified candidates,” Struve said. “There is a shortage for qualified people. There are enough people based on a raw count, but the skills are the issue.”

“That Filter”

The challenge in finding the right employee means employers seek out the help of temporary staffing firms, such as Helpmates.

“When our clients post job openings, they get inundated with hundreds of resumes, and we’re that filter they need,” Struve said.

The majority of the survey participants said they expect to hold on to their current work forces for the next three months. About 35% said they expect to add workers, compared with 40% last quarter. About 7% said they are likely to make job cuts, versus 5% last quarter.

“People have found that they can get more production with fewer people than they thought they could, so hiring has been kind of slow,” said Vic Hausmaninger, founding partner of Irvine-based accounting firm HBLA Certified Public Accountants Inc., based on observations of his clients and other businesses. HBLA works mainly with privately owned companies.

“I see a little bit of growth, but there are always sectors that are stronger than some others,” he said. “The healthcare sector, leisure and hotels sectors have been good. Manufacturing … and the financial areas have sort of been flat. But there is some increases in compensation.”

Revenue Expectations

Expectations for revenue generally declined for the second quarter in a row. About 61%—versus 66% last quarter—said they expect sales to increase. And 14%—versus 10%—said they expect lower sales.

Profit expectations were mixed, as the proportions of respondents expecting higher or lower profits increased. About 58% of the firms surveyed said they expect stronger profits, up from 51% last quarter. About 14% said they expect lower profits, up from 10%.

The bulk of the respondents—63%—said they expect to keep their inventory and equipment investments about the same.

Uncertainty

“Some of the uncertainties that exist today are tax-related,” Hausmaninger said, referring to the Small Business Tax Relief Act, which deals with the amount that small businesses can expense for tax purposes if used for investing in new capital assets. “Clients are asking, ‘What’s going to happen with the equipment expensing rules?’ For the past few years, businesses could expense a heck of a lot of expenses. Now we’re back down to $25,000 unless Congress changes it, and Congress isn’t going to act until after the election.”

Those questions likely played into the survey respondents marking “government regulation” as the second-biggest point of worry, at 38% versus 33% last quarter. The state of the overall economy remained the top concern, at 43%, down from nearly 48%.

Labor Costs

Labor costs were the third-largest concern for business executives here, at 10% versus 12% three months ago.

“It’s the increase in the minimum wage,” Puri said. “There’s also the fact that in this sample [of survey participants], there are more of the smaller-size firms, so the labor cost could affect them more.”

The survey concluded with a question that called for executives’ opinions on the pace of economic growth in California against that of the U.S. A smaller group of participants—35% versus 41% last quarter—said the state will grow faster than the U.S. Approximately 38%, about the same as last quarter, said California will lag the nation. Nearly 28%, up from 21%, said the two economies will move similarly.