

**San Fernando Valley Business Journal**

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### **How to Steal Businesses from the Valley**

By Jason Schaff, Staff

Bob Potter is out there right now in the Valley stealing our businesses.

Potter, a man who has a second home in La Canada Flintridge, is director of the Inland Northwest Economic Alliance. What's that obscure little agency, you ask? Well it's a small organization that is the economic development agency in of all places northwest Idaho and southeast Washington. And it's cleaning our clock more or less in recruiting businesses from the Valley.

He wouldn't tell me the name of the company, but Potter is working on recruiting a North Hollywood business right now. He's taken many businesses over the past several years because in part he knows his Washington-Idaho area as well as the L.A. area (he worked for AT&T here). He knows our weaknesses and attributes and his Idaho-Washington area's weaknesses and attributes.

But I'll tell you, we make it really easy for him to steal firms.

He talked with me recently about his job and his strategy.

Potter makes calls to small-to-medium sized companies in the Valley, sends them information about doing business in his area and then hopes to get a meeting at some point with a company's owner or manager to tout the benefits of moving from perfect weather to what can only be described as a challenging cold climate. Once he gets enough face-to-face meetings he makes a trip down here and goes to work.

His job seems easy to me even if he has to cajole companies to move to such a cold and isolated area (Spokane, Wash, and Coeur d'Alene, Idaho are the big cities covered by the Inland Northwest Alliance).

What does he tell these companies?

Their utilities will be cut in half. This can mean thousands and thousands of dollars for some manufacturing companies in the Valley. Workers' comp costs will be cut in more than half. Even though California has done better in this area in recent years, workers' comp still is a lot cheaper in Idaho.

There's also no sales tax when you buy a piece of equipment.

Public schools are good there. Most businesspeople here must send their kids to private schools in the Valley to have a sense of security for them.

OK, that makes sense, but what about ties to the Los Angeles area for generations especially with Latino workers? Why would they just get up and move to Spokane?

Potter says the second generation of immigrants doesn't want to live in L.A. anymore. They don't feel as close to the area and are more comfortable with moving to some place totally different. They're not willing to deal with the inconvenience of living in L.A. like their parents were.

Did I say that you still can get a really nice home for \$170,000 in the Idaho-Washington area?

There's no personal income tax in Washington either.

Some of the businesses he's taken from the Valley over the years are LCF Enterprises, U.S. Products, Edmo Distribution.

Since Potter is very familiar with the L.A. area, he's keenly aware of the benefits of running a business here – and there are benefits of running a business in our Valley. The only problem is we never seem to market this properly.

Our workforce in the L.A. area is our best asset, he says. Our Latino base is very loyal for the manufacturing sector. There are many, many workers here too. The unemployment rate is pretty low up in the Spokane area so once a company is up there it may be harder to replace employees.

I asked Potter what he thought was the main problem with the California business climate.

"No one cares up in Sacramento," he said.

Why is that? I asked.

"Beats the hell out of me," he responded.

I asked him another question that I've been dying to ask any business recruiter who comes to our area to steal our companies. There are a lot of them from many different states.

I asked him if any Valley-area economic organization tried to head him off at the pass with a local business he was trying to recruit.

He said no.

That's just amazing to me.

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