

## POLICY WATCH – April 2012

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### CALIFORNIA'S BRIGHT FUTURE: Yes, We Can!

NBLC's 2012 Economic Insight Conference: Good News from Industry Titans

Tired of hearing bad news about our economy? Fed up with naysayers saying America is in decline and not up to the challenge from China and India? So are we. North Bay Leadership Council is providing the antidote to all of that pessimism with its 2012 Economic Insight Conference focused on "California's Bright Future: Yes, We Can!" The breakfast conference will be held on May 31 at the Sheraton Hotel, Petaluma.

The conference will present compelling reasons for confidence in a bright future, optimism about our ability to compete in a global economy and how North Bay companies are transforming themselves to thrive in the post-recession economic world. Attendees will hear from industry titans on their outlooks for the future and how now is the time to be making smart choices to ensure success.

The conference will feature the following speakers who will have a lively discussion about their industry's positive positioning in these transformative times. Speakers will engage each other and audience members in the conversation.

Speakers include:

- **Rachelle Chong**, Regional VP, **Comcast**
- **Richard "Dick" Ghilotti**, Owner/President, **Ghilotti Construction Co.**
- **Neil Hennessy**, Chairman & CEO, **Hennessy Advisors, Inc.**
- **Jon Pittman**, VP, **Autodesk**
- **Mike Purvis**, CAO, **Sutter Medical Center** of Santa Rosa
- **Mark Wood**, Senior VP, **BioMarin Pharmaceutical Inc.**
- **Greg Steele**, VP, **Enphase Energy**
- **Allison Simpson**, VP, **Napa Valley Destination Council**

Brad Bollinger, Editor, North Bay Business Journal and Cynthia Murray, NBLC's President and CEO, will serve as moderators.

As an employer-led public policy advocacy organization, NBLC seeks economic competitiveness, educational excellence and better government.

The Economic Insight Conference will be held at the Sheraton Hotel, Petaluma, on May 31. Tickets are \$40 per person or \$320 per table of 8. A continental breakfast is included. Event registration begins at 7:00 a.m. The program will run from 7:30 a.m. to 9:00 a.m. To purchase tickets, please go to [www.northbayleadership.org](http://www.northbayleadership.org). Ticket purchase deadline is May 25 and must be purchased in advance. For more information, please contact [info@northbayleadership.org](mailto:info@northbayleadership.org) or (707) 283-0028.

## NBLC's Endorsements for June 5 Primary

North Bay Leadership Council (NBLC), a coalition of leading employers in Marin, Sonoma and Napa Counties, announces its endorsements for the June Primary. As the only employer-led public policy organization that represents the North Bay, NBLC advocates for a regional perspective when addressing community concerns. NBLC supports candidates that share the same values on improving education, increasing economic competitiveness, reforming public pensions and making government sustainable within today's fiscal realities, improving transportations, and regulatory reform.

The following candidates have been endorsed by NBLC for their balanced approach on key issues, knowledge, problem-solving skills and ability to address North Bay challenges:

Congressional District #2:

**Jared Huffman**

Congressional District #5:

**Mike Thompson**

Marin County Board of Supervisors:

District #4: **Steve Kinsey** and District #2: **Katie Rice**

Sonoma County Supervisors:

District #5: **Efren Carrillo**, District #1: **John Sawyer** and District #3: **Shirlee Zane**

Napa County Supervisor:

District #2: **Mark Luce**

NBLC also endorses **Proposition 28**, which makes term limits more flexible by allowing legislators to serve a total of 12 years in any office or combination thereof. It closes a current loophole that allows some legislators to serve up to 17 years in office. Prop 28 will allow for more experienced legislators to serve and hopefully, decrease reliance on lobbyists and special interest groups who fill the void of a lack of institutional memory.

NBLC believes in strong public/private partnerships and building relationships between business and government for the betterment of the community. For more information, call (707) 283-0028 or visit us online at [www.northbayleadership.org](http://www.northbayleadership.org).

## Losing Lucasfilm's Grady Ranch Spurs New Collaboration among Business Groups

What does Lucasfilm's decision to pullout of the Grady Ranch project mean for the North Bay economy? A lot. Lucasfilm has been the iconic company headquartered in Marin County. They put Marin on the map and sent a message to other companies that you could start and grow a business in the county. With Lucas deciding that pursuing the final part of his master plan that he started decades ago was not worth the brain damage of dealing with regulatory agencies that throw a wrench in the works at the last minute, neighbors who want to do anything to delay the project and are willing to drag it through the courts for years and the uncertainty of how long and how much, who can blame George Lucas from throwing in the towel? A quality company with a model project will be welcomed ANYWHERE but not Marin. Marin has

lost its chance for high-paying jobs, jobs that represent the future and would have been perfect for our talented young people. And the people of Marin have lost a lot of money in terms of taxes and the multipliers that a thriving business like Lucasfilm produces.

Losing Grady Ranch is a wake-up call. Let's get over the shock of the loss and work together to prevent losing another Grady Ranch. It is time for reform of the California Environmental Quality Act to stop these abuses. It is time for tort reform so lawsuits aren't frivolous. And it is time for anyone who cares about the future of Marin County, to support our local businesses and work with them to create and save jobs. George Lucas is reminding us that businesses have a choice. And his choice is to walk away and take all that he has to offer someplace where they will appreciate it.

NBLC, with other Marin business organizations, has formed Keep Marin Working as a way to collectively work together to improve the business climate in Marin, educate elected officials and the public of the value of a job and what revenue each and every job brings to the government coffers of the cities and county, and remove barriers that keep Marin companies from creating, saving and attracting jobs. Remember Grady Ranch is our rallying cry!

## Creating Sustainable Serial Innovation: Applying the “Quad” Formula to the North Bay

In “How to Make a Region Innovative,” by Ernest J. Wilson (Strategy & Business, Issue 66, Spring 2012) there is a great synopsis of successful ways to sustain innovation in a region. The author’s insight into the need for collaboration of all four sectors points out and the peril of failing to have that collaboration, points out why Lucasfilm’s Grady Ranch project was pulled and what needs to be done to prevent those kinds of losses from occurring in the future.

The following is an excerpt from that article:

“To generate one groundbreaking technological development after another, innovation must be embedded within long lived social institutions and networks. Four different sectors must be linked together: government, business, civil society (not-for-profit organizations), and academia. This is what I call “the quad.” In such an environment, creativity needn’t wait for the unpredictable “aha” moment. It is continually nurtured. The decisions made at every level — investment funds, corporate engineering teams, regional planning boards, philanthropic councils, academic faculty reviews, and many more — are naturally aligned.



In most communities, this quad alignment can be deliberately developed if leaders put three measures into effect. First, they should construct cross-sector networks that are richer, more diverse, and more deliberately structured than those of the past. Building Silicon Valley took 30 years, but we now know how to accelerate the process by drawing on the collective efforts of leaders in all four sectors of the quad. Second, these leaders should continually reform the way their organizations are managed — creating a climate that fosters innovation, and adjusting the incentives and organizational structures to reward

creativity and collaboration. That's what venture capitalists provided in Silicon Valley. Third, leaders should invest in talented, innovative individuals, attracting, retaining, and empowering the right mix of people who can foster serial innovation. Silicon Valley and other clusters have benefited from having large demographic cohorts of young, gifted entrepreneurs; other places sometimes have to attract or develop them.

### **Cross-Sector Networks**

Collaboration between the public and private sectors is the most visible ingredient of a successful quad system. But the variety and quality of the stakeholders involved can make all the difference. Fairchild, Intel, Hewlett-Packard, Apple, Sun Microsystems, and Cisco were essential to the evolution of Silicon Valley, but so was the presence of great universities such as Stanford and the University of California at Berkeley. Frederick Terman, Stanford provost between 1955 and 1965 (and an engineering professor before that), is sometimes called "the father of Silicon Valley" for encouraging his students to start businesses. Two of his students were William Hewlett and David Packard. Government also played a critical role. Indeed, Terman came to Stanford in 1946 from the U.S. Office of Naval Research, where he had directed the staff that developed jammers to block enemy radar. In the early 1960s, the U.S. military was the market for the first wave of integrated circuits, which were largely made in northern California. The nonprofit sector was less visible, but it played a significant role in the 1990s — especially as computer firms began to invest in clean and healthcare-related technologies.

When all four sectors act together, they can pull and push one another into game-changing collaborations, beyond what any of them could achieve alone. The communities of practice that grow around them become creative havens where people build careers that transcend any one particular company or organization. At the same time, each plays a particular role:

- **Government agencies** provide the necessary infrastructure investment — for example, in transportation, schools, power transmission lines, and land — that can make or break a would-be center of innovation. Governments also provide the stable investment rules, regulatory incentives, and tax breaks that clusters need. In the U.S. in the 1990s, the Clinton administration's insistence on keeping e-commerce tax-free buttressed the bottom line of hundreds of innovative New Economy firms.
- **Universities** provide a steady supply of highly skilled people and experiments that feed the constant hunger for new knowledge. Most universities are established enough to take a long view in their investments and activities, beyond the quarter-to-quarter focus of many firms. The university environment also provides a high quality of cultural life.
- **Nongovernmental organizations (NGOs)** — a category that overlaps significantly with the nonprofit sector — provide a larger contribution than many people recognize, especially in emerging countries. They are the groups most familiar with conditions "on the ground" in rural and urban communities. As the financial crisis continues, NGOs are picking up some formerly commercial functions, such as retail banking and publishing.
- **Businesses** provide the cluster with its economic engine. Because they will close down if they fail to innovate successfully, they take the many risks that innovation entails. The private sector furnishes a large part of the capital needed to fund strategic innovation. Most fundamentally, it is a unique source of vitality and creativity, and the only sector that attracts customers in large enough numbers to support a growing economy. For all these reasons, business leaders have a particularly important role to play in moving an innovation cluster forward.

A successful quad system needs organizations that are willing to continually reform themselves, and to collaborate on building the cluster’s capabilities as a whole, spreading good management practice from one organization to another. Managerial innovation also spreads through funding institutions — either government-based like the U.S. National Science Foundation or nonprofit philanthropies — which increasingly require grantees to create partnerships across sector boundaries. University researchers, for example, may be asked to work with local communities, the private sector, and the media.

As with all puzzles, the most difficult part is meshing together and leveraging the separate pieces of the model to create an integrated, mutually reinforcing whole. The quad becomes successful when a shared set of values and norms emerges, forming a common culture that welcomes innovation. The ones that succeed will be those that deliberately cultivate talented, creative people; foster management reforms that promote innovation; and build networks among key leaders. By focusing on those three leverage points, leaders of a cluster can bring together the four critical sectors — public, private, civil, and academic — nurturing a community that becomes, in itself, an engine of sustainable innovation and economic growth.”

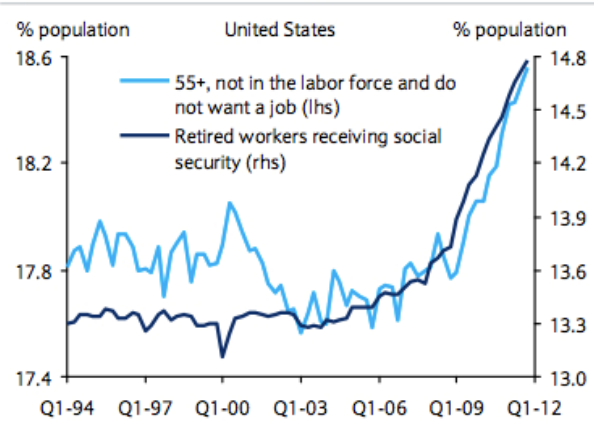
## The Shrinking Workforce – Boomers are Retiring Early

Figure 12: Most leaving the US labor force do not want a job

Population share (%)	Q4 07	Q4 11	Change
<b>In the labor force</b>	66.0	63.9	-2.1
<b>Not in the labor force</b>	34.0	36.1	2.1
<b>Do not want a job</b>	32.2	33.5	1.4
16-24	6.1	6.5	0.4
25-54	8.2	8.4	0.2
55+	17.8	18.6	0.8
<b>Want a job</b>	1.8	2.5	0.7
16-24	0.6	0.8	0.1
25-54	0.8	1.1	0.3
55+	0.4	0.7	0.3

Source: BLS, Haver Analytics

Figure 13: Retirements have surged in recent years



Source: BLS, SSA, Haver Analytics

## MEMBERS IN THE NEWS

### LucasFilm withdraws Grady Ranch studio project from Marin

Filmmaker George Lucas has dropped plans to build a 270,000-square-foot digital movie studio northwest of San Rafael and will take the project elsewhere, his real estate company announced this afternoon.

### Agilent to acquire part of Centellax

Agilent Technologies, Inc. (NYSE: A), whose Electronic Measurements Group is based in Santa Rosa, announced it signed a deal with Centellax to acquire the 11-year-old Santa Rosa company’s test-and-measurement business.

## **Sonoma State University's School of Education Earns Stellar Re-accreditation Review**

School of Education at Sonoma State University successfully completed its national and state accreditation review with a stellar performance that the university president described as "hitting a home run with the bases loaded." The School of Education prepares teachers and principals for the North Bay Region.

## **St Vincent de Paul Society of Marin honored as "Hero of the Year"**

The St. Vincent de Paul Society of Marin was named by the American Red Cross, Marin County Chapter as their "Hero" for 2012! The Society was recognized for its vital efforts in providing food, clothing and shelter for Marin's struggling citizens and for for our numerous community partnerships which strengthen the "safety net" here in Marin.

## **Sutter Health plans more green measures for new Hospital**

The list of environmental requirements that Sutter Health must meet to open its \$284 million hospital north of Santa Rosa is set to grow longer — again. The additions are to include a free shuttle linking the 82-bed hospital, under construction next to the Wells Fargo Center for the Arts, to the nearest SMART train station.

## **Buck Institute for Research on Aging welcomes new Board Members**

Fay Hartog Levin, the former Ambassador to the Netherlands, and local civic leader E. Lewis Reid have joined the Buck Institute Board of Trustees.

Read more online at [www.northbayleadership.org/news](http://www.northbayleadership.org/news)



### **Who We Are**

Twenty one years ago, business leaders founded the North Bay Leadership Council on a simple premise: We can accomplish more by working together. Today, the Council includes over 43 leading employers in the North Bay. Our members represent a wide variety of businesses, non-profits and educational institutions, with a workforce in excess of 25,000. As business and civic leaders, our goal is to promote sound public policy, innovation and sustainability to make our region a better place to live and work. For more information: Call 707.283.0028 / E-mail [info@northbayleadership.org](mailto:info@northbayleadership.org)

[www.northbayleadership.org](http://www.northbayleadership.org)