

# From the Desk of the CEO



Dear CALED Members and Friends,

Over my 12 years in economic development, I've been amazed at all the California haters out there. While they take shots at our business climate, love of the environment, tax structure and regulations, we rise above the hype to stand as the sixth largest economy in the world:

We created more jobs in the first six months of 2016 than Florida and Texas combined.

We're home to a market of almost 39 million people. The quality of life enjoyed by Californians is the envy of the world. We're the start-up and tech center of the universe. America dominates the world in FDI attraction. We dominate America in FDI attraction.

I admit it: I'm biased. I'm also right. So, I guess I can understand the haters. I wouldn't want to have to compete with California, either! It's always gratifying to watch entrepreneurs learn how much more there is to California's awesomeness than our quality of life. Finding the right place to locate or expand a business is not just about which community has the best brand, coolest tag line, or greatest quality of life—the community must be able to make a clear and concise business case with substantive, compelling reasons to invest.

## California is No. 1 for overall FDI in 2015

New York led in greenfield, with California in third place. But in terms of overall foreign direct investment, "The largest expenditures, \$119.0 billion, or 28 percent of the total, were for investments in California," said the US Bureau of Economic Analysis in July. Moreover, the largest numbers of employees benefiting from that FDI were in California, with 107,300, up from 77,100 in 2014.

Source: US Bureau of Economic Analysis

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**California is the perfect home for a socially and environmentally responsible company like Dr. Bronner's. With strong support from our local economic development officials, we are able to implement innovative projects that help maximize our triple bottom line — people, profit, planet — and continue to invest in our community and contribute to the high quality of life here.**

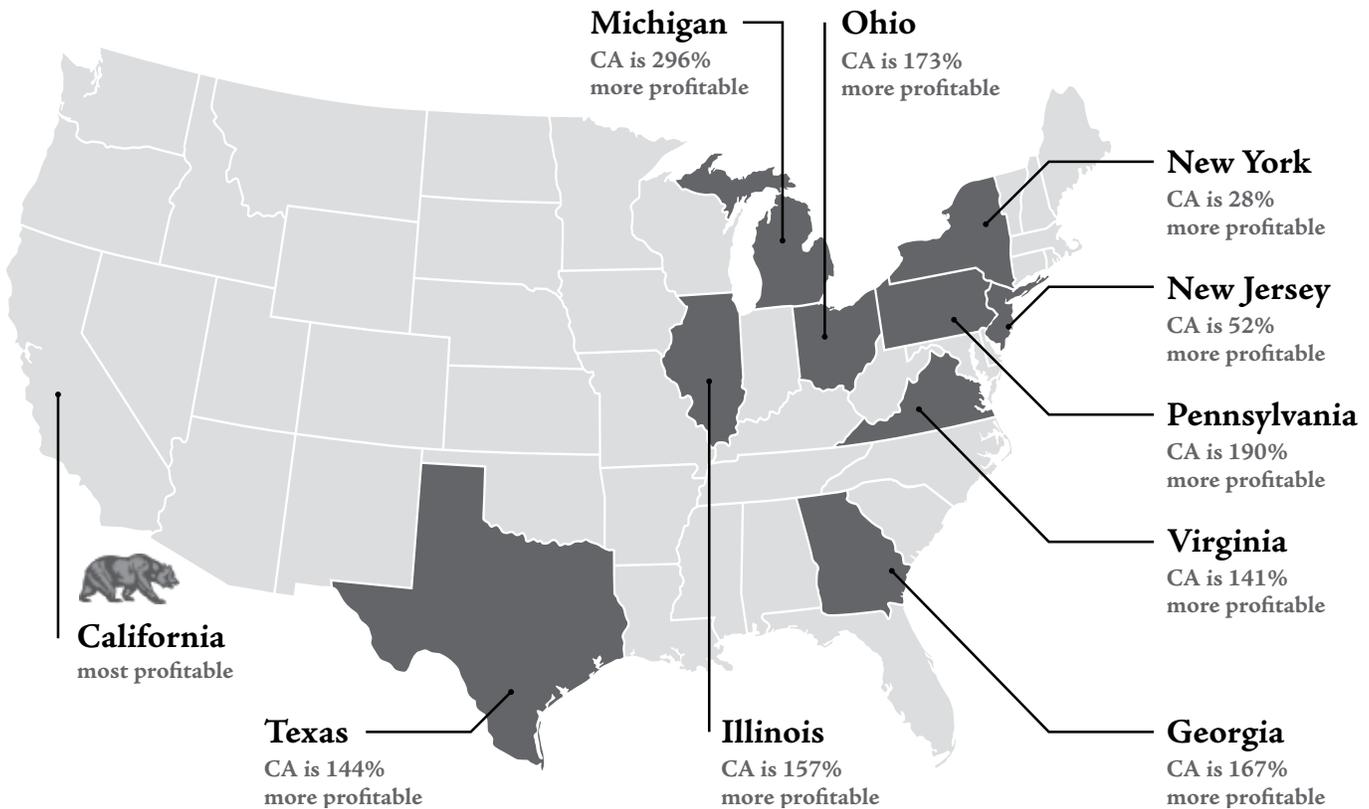
*Kris Lin-Bronner, Strategic Advisor & CSR Manager,  
Dr. Bronner's - Family Soapmakers Since 1858*

So here ya go:

- ♦ **A large and productive workforce:** California's workforce is approximately 19 million. While the size of California's economy is similar to that of France, it required 9 million more workers in France to produce the same economic output as California in 2015, according to data from the US Bureau of Economic Analysis and the International Monetary Fund.
- ♦ **A culture of supporting new business:** The five largest MSAs in California contributed 36,945 patents in 2015, according to the U.S. Patent and Trademark Office. That accounts for more than one of every four patents in the all US metropolitan regional areas last year.
- ♦ **Demonstrated business profitability:** California's Fortune 500 companies, according to Fortune itself, are 144 percent more profitable than Texas companies and 28 percent more profitable than New York companies.
- ♦ **Most venture capital investment:** As reported by Pricewaterhouse Coopers and the National Venture Capital Association, California received more venture capital than all other states combined in the second quarter of 2016.
- ♦ **Best business survival rate:** A recent study by SSTI analyzing data from the Bureau of Labor Statistics determined California had more business starts than any other state with nearly 80,000 new businesses in 2007 (Texas was second with 46,304). Seventy-one percent of these businesses survived the next six years, and California was the only state to have a 10-year survival rate over 50 percent, at 54.8 percent.

## Fortune 500 Companies

10 States with the most Fortune 500 HQs



California has 53 Fortune 500 HQs, while New York has 54. California companies are 144% more profitable than New York companies. This profit amount includes California state taxes and regulations.

Source: Fortune 500, 2015

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**California is a great place to do business because the wide diversity of companies provides opportunities for all. Our prime location in the Santa Clarita Valley positions us to work with large and small businesses in industries ranging from aerospace and manufacturing to entertainment and IT, with the great Southern California lifestyle on top.**

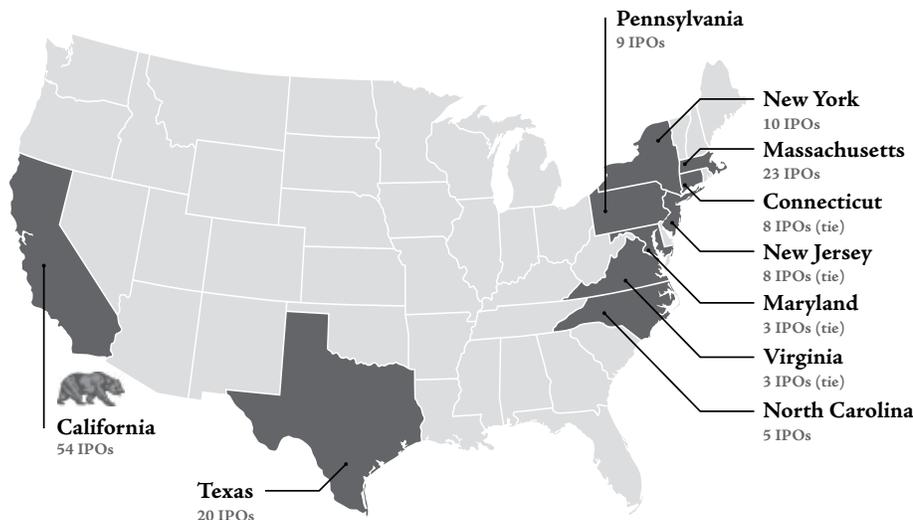
*Calvin Hedman, President, Hedman Partners*

As James Reid, VP of Customer Logistics for QVC, shares, "QVC conducted an exhaustive site selection process where several factors were taken into consideration. We chose Ontario, California as the home of our first West Coast distribution center because of its thriving industrial growth, proximity to our customers, strong transportation network and attractive talent pool. Not only did the City of Ontario provide the best overall opportunity, QVC also had exceptional support from the California Governor's office, Mayor Paul Leon and the Ontario City Council, San Bernardino County, and collaborative partners like Southern California Edison."

The list of sound, measurable business reasons to locate in California goes on, and we'd love to talk to you about it. But without a doubt, it's the people of California — our diversity, drive, and culture of creation — that sets us apart from others.

## Initial Public Offerings (IPOs)

By State



**California's economy continues to grow thanks in part to CALED, which helps GO-Biz facilitate job creation across the state. I agree with Ms. Sahota's sentiment and echo the Governor's words — the rumors of California's demise are greatly exaggerated. Our best days are ahead of us.**

*GO-Biz Deputy Director Brook Taylor*

California's Initial Public Offerings (IPOs) are ranked first in the nation.

Source: WilmerHale, 2015

### Most populous states added the most jobs

Despite a less attractive business climate, California led the way with the creation of over 1.8 million jobs and an 11.2-percent increase. California got hit really hard during the recession with a lot of lost jobs in the tech sector. With this growth, the current demand for software developers and other IT positions will make it challenging to continue such growth. Texas and Florida were behind California and each added approximately 1 million new jobs.

Source: Site Selection Group, [info.siteselectiongroup.com](http://info.siteselectiongroup.com)



As explained by Mark Garrett, executive vice president and chief financial officer for Adobe Systems, in an editorial for CNBC, "California has always attracted people who want to do something new — whether it's panning for gold or founding the next great start-up. This same spirit has driven decades of researched innovation in Silicon Valley, fueled by some of the best universities in the country, the nation's top venture capital firms, and companies on a mission to change the world."

California is more than great weather, amazing tourist destinations, and a robust film and entertainment industry — it's a place where dreamers go to implement, researchers go to discover, and entrepreneurs go to be successful. And, while each community and state have their own competitive advantages and disadvantages, California is fortunate to have so many strengths that — despite our challenges — we continue to set the standard for economic development excellence. But don't take my word for it. Come see for yourself.

Gurbax Sahota

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