

OC LEADER BOARD

Opinion, Analysis, Insight

How OC Can Go from Good to Great

Those of us who spend time working or living in Orange County understand why it's a unique place.

OC has breathtaking natural environments at the beaches and the hills, incredible diversity in arts and cultural experiences, as well as intriguing academic and professional opportunities and people committed to bettering our communities.

Nonetheless, we unfortunately can't say Orange County has it all. Not yet.

As we think about the future, there are obstacles to building and growing businesses and careers. Among them:

- Well-intended rules from government that lead to an unattractive business climate.
- A lack of local funding for startups.
- Expensive housing with limited affordable living spaces.
- A prevailing image of Orange County as simply a vacation resort community.

The good news is that, locally, we have passionate and talented leaders from many sectors who are committed to building a better future.

In the past two years, a group of local business leaders has come together to form the **CEO Leadership Alliance of Orange County (CLA-OC)**. Our members represent a variety of industries, from real estate to food services to multiple sectors of technology. We seek to serve as a catalyst and collaborator to help the county move forward around a common purpose: build a thriving OC for all.

To do that, we know we need to be strategic and focus our resources on a future centered on opportunities better suited for a growth economy.

We know we can't do everything. However, one of the most important things we believe we can do is to help OC move from being a good economy to a great economy focused on innovation.

We believe OC has the right ingredients to grow into a distinct top-tier innovation region in America, separate from L.A. and right in the heart of Southern California. If we can accomplish that vision, we can likely secure a better future and help build a thriving OC.

What Makes a Great Local Economy?

Basing our approach on facts is critical, and CLA-OC has examined studies from **McKinsey & Co.**, **Chapman University** and **UCI** to help understand what makes a "great" economy and why Orange County just falls into the "good" category.

We've studied clusters in the U.S. and grouped them by "troubled," "good" and "great." They were evaluated in areas such as job growth, higher wages, presence of companies with global leadership and new business creation.

Analyzing the last 10 years, we found "great" economies in Seattle, Austin, Boston, San Jose and Raleigh. Over a 10-year period, the "great" regions grew jobs anywhere from 16% in Seattle to 66% in Austin.

By contrast, Orange County fell into the "good" category, growing jobs at 8%, below the U.S. average of 10%.

The "great" economies grew total jobs on average four to five times more than Orange County.

Why an Innovation Economy?

In studying these regions, we believe the strength of the "great" ones is rooted in what can be called innovation economies.

In economic growth, an important factor is the job multiplier effect. For example, a manufacturing job has a multiplier effect of creating 1.6 additional new jobs.

Today, the success factor in these great regions includes jobs in innovation, which have a multiplier effect of five additional jobs (three of which are service jobs and two that are high-paying professional jobs).

Innovation jobs are often generated in fields that require skills in science, technology, engineering or math (STEM). These are the types of jobs that help economies grow and flourish and provide a foundation for a diversity of other important professions in the arts and humanities. These are also jobs that are defined as those that bring money back into a region for reinvestment and growth.

Currently, about 46% of future job growth in Orange County is projected to pay less than \$40,000 annually and 66% less than \$60,000. We cannot grow a thriving OC for all if this is our future. Instead, people will either need to leave the county, or, if they choose to stay, will be forced to take measures such as doubling up in their housing, commuting long distances to work and living month-to-month with low wages.

We know we can do better.

Simple, Long-Term Strategy

In recognition of this, CLA-OC, in partnership with multiple stakeholders, envisions a "flywheel strategy" that focuses on growing innovation jobs in sectors where we have a distinct local advantage and, at the same time, growing the talent we need to fill these jobs.

Our approach recognizes that as the flywheel starts to spin, the momentum builds on itself. It also recognizes that we must work together with the strong community leaders from businesses, nonprofits, universities and government to help build momentum.

In the coming months in the Business Journal's Leader Board, members of our group will describe in greater detail the four distinct strategies that can help move us forward as a county. These strategies include:

- Growing an evergreen talent pool linking K-14 schools to OC companies, by **Kimberly Chavalas Cripe**, CEO of **CHOC**, and **Robin Shanahan**, co-chief operating officer, **PIMCO**
- Retaining, attracting and developing our needed job-ready talent for OC, by **Jim Morris**, CEO of **Pacific Life Insurance Co.**

- Branding OC as a nationally recognized innovation region, by **Doug Holte**, lead division president, **Irvine Co. Office Properties**.

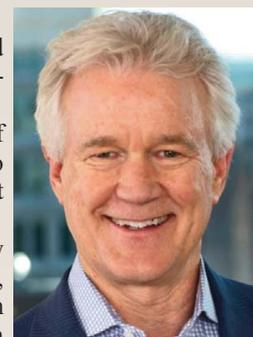
- Building deep pools of local capital and talent to grow our innovation clusters, by **Dick Gochnauer**, retired CEO of **Essendant**, and **David Pyott**, retired chairman/CEO, **Allergan**.

We are confident that if we can work together as leaders and champions of our county and focus our efforts, we will become a top-tier innovation region in America. This will create more opportunity for all to thrive in OC.

Editor's Note: Mike Mussallem is chairman and CEO of Edwards Lifesciences Corp., the largest publicly traded company based in Orange County. Doug Wilson is co-founder and chairman of the CEO Leadership Alliance (CLA-OC). Additional information about CLA-OC is available at claoc.org and envisionyouroc.com.



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