

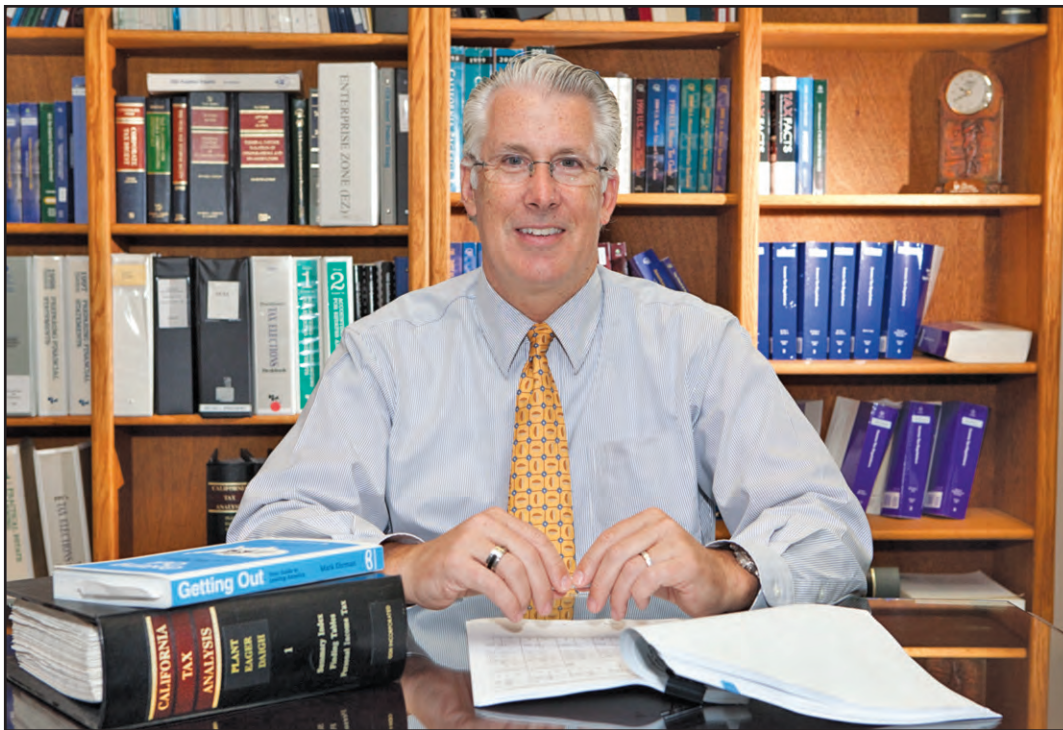
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With . . .

New Rotary President And EZ Champion Blake Christian



Blake E. Christian is a partner with the certified public accounting firm Holthouse Carlin and VanTright, LLP. The firm is based in Los Angeles and has six branch locations, including Downtown Long Beach, from where Christian works. (Photograph by the Business Journal's Thomas McConville)

As the new president of the Rotary Club of Long Beach, a recent recipient of the statewide 2011 Public Service Award from the California Society of Certified Public Accountants and a former chair of the Long Beach Chamber, Blake E. Christian finds giving back to the community a rewarding and elemental part of being a businessperson in Long Beach.

Christian, a certified public accountant (CPA) and tax partner at Holthouse Carlin & VanTright, LLP, started his working career in Downtown Los Angeles. He attended California State University, Long Beach for his undergraduate studies and earned his master's degree from USC in 1985. His connections brought him to Long Beach that year when "Big 4" CPA firm KPMG opened a new office in Long Beach. He soon became aware of the commitment and positive impact businesses in the International City were making on the community.

"I think 70 percent of Long Beach kids are being raised by single parents, so they don't even have enough time to interact with them," Christian told the Business Journal. "Here, again, is where the business community can step in and let these kids know that people care about them. We can give them some of our expertise.

We can guide them on some of what their career options are and tell them the importance of doing well in school."

Christian's maternal and paternal grandparents lived in Long Beach for different periods of time, and his father worked at Procter & Gamble when the company was in Long Beach. "I just always loved Long Beach even though I'm an Orange County resident," he said. "I have a lot of deep roots here."

As a tax man, Christian is also a champion of the Long Beach Enterprise Zone, part of a statewide program that provides hiring credits and tax incentives to business owners for operating in certain areas. Christian sat down with Business Journal Staff Writer Tiffany Rider to talk about the future of the enterprise zone program, as well as his recognition for community services and the future of leadership in Long Beach.

LBBJ: The state enterprise zone program has been saved from the governor's chopping block. How significant is that?

Christian: It's massive for the business community. This is a big win. It was really the result of the business community reaching out to the legislators to inform them on how important this pro-



gram is. With California having one of the highest tax rates in the country, this is the only bright spot in our California tax law. It allows a California company to at least be marginally competitive with out-of-state companies.

LBBJ: What are the statistics for the EZ program, such as the number of Long Beach businesses that use it? How many jobs have been created?

Christian: The job creation numbers are difficult to come by because the vouchers can be on existing employees. I know that Long Beach issued between 7,000 and 8,000 vouchers last year. That is a good indicator when you talk about jobs created or saved. More than 650 businesses in Long Beach use the program.

LBBJ: In saving the EZ program, were there any changes made to it?

Christian: Not yet. There are currently a couple of [State] Assembly bills working their way through the legislature that offer small modifications to the program. AB 1411 is a bill that proposes to increase transparency and accountability in the vouchering process, however this is an administrative change and will not impact enterprise zone businesses or available credits. AB 1278 proposes to limit enterprise zone credits for taxpayers that relocate to an enterprise zone to only employees that exceed the number of employees at the company's previous location. Therefore, this change would reward job creation versus job replacement for relocating companies.

LBBJ: Do you feel the city is doing enough to promote the value of the program?

Christian: Long Beach is one of the top three cities in the state as far as those actively marketing their program. Santa Ana and San Francisco also do a very good job. However, there's no specific city budget to promote it. One good thing that happened in the past 12 months is that the enterprise zone group was merged with the Long Beach Workforce Investment Board. With the merger, there are tremendous synergies in making sure that the 10,000-plus unemployed people in the city are matched up with the enterprise zone program, which promotes them to businesses as a means to get a credit of more than \$12,000 the first year they are hired. That's a pretty good selling point.

LBBJ: What else can be done?

Christian: Because of the region that we're in and the number of returning veterans, the city works a fair amount with organizations

like U.S. Vets to help them get acclimated to civilian life. That's another huge plus of having the workforce investment board and enterprise zone experts working together.

LBBJ: So these vets have access to be promoted through the enterprise zone, through the workforce investment board?

Christian: Right. I've always felt that one of the flaws in the system is that there are no state funds filtered back to the cities to help promote this. They should be promoting it statewide to let companies know that if they move here from other states, California can offer them

a very competitive tax structure compared to all other states. There are 42 other states with enterprise zone programs, and there are a handful of states with no state income tax. That is whom we are competing with.

LBBJ: Let's talk about the economy. What can the Obama Administration do to help businesses and thus create more jobs? For example, are there tax reforms that should be made?

Christian: I think it's a combination of broadening tax and financial incentives. Rather than just having the government write checks in terms of unemployment benefits and other entitlement programs, I would much rather see [the federal government] have a more liberal loan guarantee program for small businesses. These would be loans of \$50,000 to a couple hundred thousand dollars, which is critical for the small start-up companies. There are so many people who are unemployed who could probably start their own business. I would also require those same people, in order to get one of those loans, to go through Long Beach City College or one of the universities and work on a business plan. That [way] they have to come in prepared.

And if they met certain criteria, the federal government would guarantee that bank loan – maybe 50 percent of it or something. The banks, in that case, would loan a lot more money, because right now they are just allergic to those types of fact patterns. I think that would have a very stimulative effect. Then, if you layered into that situation incentive credits for buying equipment, for hiring employees and made those a little more broad based instead of having to jump through such narrow hoops, I think that would definitely get us back on the right path.

The third element is to, at least temporarily, back off some of the onerous regulations. Maybe if it's a pure start-up company – it's not a reformation of an existing company – they'd say, "Look, for the first two years, we'll give you a little bit more latitude on permitting." If you did violate something, have fines at half the rate.

Some of these environmental penalties are just unbelievable. At the state and local level, they're extremely aggressive. My wife is a hair stylist, and a salon down in Corona Del Mar just got fined \$5,000 for some violations. My response was, "In this economy, why wouldn't you cut back on the level of fines?" Go ahead and fine them if they're doing something wrong, but \$5,000 would put most small companies under. That kind of heavy-handedness while

local, state and federal governments are trying to balance their budgets, that's just not the way to do it on the businesses' backs.

LBBJ: The Long Beach unemployment rate is somewhere between 13 and 14 percent. In your opinion, what can the city do to create more jobs?

Christian: I think the city workforce investment board and the business community in general works reasonably well together, but we could still improve that considerably. Not that we want to exclude nonresidents as employees, but there are massive benefits for hiring in Long Beach. Number one, since 70 percent of the city is in the enterprise zone and roughly 70 percent of residents are going to qualify, if you are an enterprise zone business you have a huge probability of hiring somebody who is going to generate a credit for you. An additional benefit is that it keeps people off the freeway. If you're hiring someone from Torrance or Santa Ana who has to commute here, then you're clogging up the 710 Freeway and the I-405. From an environmental standpoint, that's a plus. Third, it's likely going to keep the spending dollars in our community. There's really a three-fold benefit of hiring within.

Cal State Long Beach, Long Beach City College and workforce investment each has a system of tracking job candidates. I would love to see all of those merged into one database that the public could go into and search and identify candidates. With the enterprise zone being part of the workforce investment board, candidates could be prescreened and flagged in their system with, "If you hire this person, certain credits are available." It's easier said than done, but I don't think it would be that hard to merge those three databases. I think they would get a lot more action that way.

LBBJ: Among your community involvements, you are a past chair of the Long Beach Area Chamber of Commerce and you are the new president of the Rotary Club of Long Beach. The California Society of CPAs recently honored you with its 2011 Public Service Award. How important is community involvement to you?

Christian: Long Beach is the perfect place to make you a public servant, so to speak. When I first came here almost 30 years ago, Long Beach had an amazing, in-depth community of very active business people who are extremely active in virtually every not-for-profit entity in the city. So it was very easy to get involved, and once you've had a taste of helping out others, it's a good feeling and you want to do more. I had a lot of role models with people like Skip Keesal and Jack Hinsche and the Windes & McClaughry partners. I think it changes the way you do your business. You're much more accountable to the community. You're not just here to make money, but you want to make the city better than when you came. Fortunately, throughout the city there are great people to work with that have the same vision.

LBBJ: What goals have you established for your year as president of Rotary?

Christian: The primary community service goal is to increase both student and veteran mentoring and career counseling. You hear a lot of the business community complaining, "We don't have the right students coming out of school," "We have too much crime," or "We have ethical issues out there." I feel that, and I've always felt living in Long Beach, the business community is the solution. It's not solely the responsibility of the police department or the schools. The business community – we are the beneficiary – so we can improve that experience and get those students, veterans and others into the workforce better skilled with better attitudes and the right makeup. We benefit. It goes back to if you hire locally and you're getting a great student out of the system, we all benefit. We reduce crime. We reduce poverty.

The problem is, the business community is strapped for time, so they don't always invest. They may write checks here and there,

but they don't invest [time]. So we (Rotarians) have to help mold these kids. It's not when they're a high school senior – it's getting them as a freshman or a sophomore. They're not always getting the career guidance they need at home.

One of the Rotary programs that has been extremely successful for us is Camp Enterprise. Each year, we take between 40 and 60 kids up to the mountains for an entrepreneurial workshop. They live up there for three days while we teach them about team building, how to write a business plan, about banking, accounting and how to run a business. [It's] very impactful for Rotary members as well as for the kids. A lot of them have never been to the mountains, so it's a new experience there. A lot of them have not interacted with the business community at this level, and they just don't know that much about how to start a business. Most of these kids have a very entrepreneurial spirit. It's really eye opening for them, to realize that it's not easy to start a business but they understand they need these skills if they seek a loan someday and are going to employ people.

LBBJ: Do you feel more business executives should be involved in giving back to the community?

Christian: I truly think that what I do outside of my job is the most important thing I'm doing. It's taken me a few years to realize that, but I really think it's much more important. And it's much more satisfying, to tell you the truth. . . . To, say, write a check to the Red Cross that's going to go wherever is a great thing, but I like to do something where you're interacting with and get to see the face of the people you are impacting. The other thing is, I think it softens you. Politically, I'm a very conservative person. But when you interact with people in need, when you get into a situation where there's a political issue where aid is going to be cut off from this group or that group, you're going to know someone in that group. You're going to make a decision that's not just based on your pocket book. You've seen the other side of that. It rounds you out in a very positive way. . . . I would encourage other people to do it if they're not doing it.

LBBJ: Do you feel Long Beach is developing leaders for the future, or is there a void in leadership?

Christian: That's a great question. It's almost a barbell situation. There are people like me who are a little further on in their career and are retired, who get involved in community service toward the end of their careers. And then you've got this middle ground of the 30 to 45 year olds where I don't see a massive amount of activity of public service. But when you go downstream to the younger people, high schoolers, they're much more focused on community service. The Long Beach school system requires a certain level of community service to graduate, and I absolutely think that's good foundationally for these kids. It certainly carries on into their adult years. I'm seeing great things coming from the Generation Y group. They are very active in Long Beach.

LBBJ: Is there anything else you would like to discuss?

Christian: My final advice in the public service area is, since the business community has limited time and limited financial resources, you do have to do your due diligence on which organizations you are going to support with your time and money. If you're going to make a substantial investment, you should ask for their financial statements. You should understand how much of the dollars you give actually get to the end cause versus being absorbed by overhead costs. There are well-run organizations that are lean and mean, and there are some bloated ones, so you have to do your homework. ■