

CAREERS

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**States Recruit Worried Californians**

**By Stephanie Simon**

*...For all its difficulties, California retains some distinct advantages -- and not just the beaches. Zach Nelson, the CEO of software firm NetSuite Inc., recently opened a regional hub in Denver and says it has been great for his sales. But he wouldn't consider moving his headquarters out of San Mateo, Calif. "From a DNA standpoint, all people do in Silicon Valley all day long is think about starting a company," Mr. Nelson said. "They don't think about skiing."*

Several Western states are launching aggressive efforts to poach jobs, talent and industry from California, sensing an opportunity to capitalize on the Golden State's current political and financial woes.

Colorado is the first out of the box with a Valentine-themed banner that will trail behind an airplane circling rush-hour traffic in Los Angeles on Friday morning, urging Californians to give Colorado a try. Ads in newspapers from San Diego to San Jose will feature a Cupid in ski boots over a bold-faced tease: "California, can you feel Colorado's love?"

Hundreds of California CEOs will receive flowery Valentine's Day cards proclaiming, "Mile High State Seeks Sea-Level Executive." The campaign even includes a YouTube video of Tom Clark, executive vice president of the Metro Denver Economic Development Corp., kissing the envelopes before depositing them lovingly into a mailbox.

Gov. Schwarzenegger, with Sacramento Mayor Kevin Johnson, right, said progress was being made Thursday in resolving the budget stalemate.

Right behind Colorado are Arizona, Nevada, Oregon and Utah -- all planning to make similar runs at luring corporate executives, venture capitalists and manufacturers who might be fed up with California's political gridlock or anxious about potential tax hikes and deep cuts to schools, parks and other services.

"What's going on in California is very exciting for us because it looks like a tipping point will soon be reached," said Somer Hollingsworth, president of the Nevada Development Authority.

During California's energy crisis a decade ago, when executives feared the state might not be able to provide reliable and affordable power, Oregon reaped a bumper crop of recruits. Such instability "is really good for our state," said Tim McCabe, director of Oregon's economic development department. His recruitment budget is tight, but Mr. McCabe said Oregon won't let California's current struggles go to waste: "We're redoubling our efforts."

California's business boosters say they will be hard-pressed to respond. At the Los Angeles County Economic Development Corp., Jack Kyser is preparing to mail thousands of postcards to local business owners, offering the services of a "business ombudsman" to help them cut red tape or find trained workers. He has never taken such a step before, he said, adding that he hopes it will build loyalty to California.

Ads in newspapers from San Diego to San Jose will feature this ad, with a Cupid in ski boots asking readers to "feel Colorado's love."

But he isn't betting on it. In this atmosphere of uncertainty, with the state facing a staggering \$42 billion deficit, Mr. Kyser said he has little ammunition to beat back crossborder raiding parties. "We know they're out there," he said. "California offers rich pickings. It definitely is a concern."

States have been vying to lure businesses from one another for decades, and California has often made a tempting target. But John Boyd, a corporate relocation consultant based in Princeton, N.J., says he senses a new eagerness among his California clients to look for greener pastures.

"The tilt of corporate investment out of California is accelerating," he said.

Colorado hopes to attract some of that exodus with the \$100,000 Valentine's Day campaign, which included a Valentine, written in red ink, tweaking California Gov. Arnold Schwarzenegger for his state's troubles. "Get well soon!" it said. "Colorado loves California." Mr. Clark, the economic development official, said he hoped the tone would come across as whimsical, not mean-spirited. "Burn and pillage is not really how we want to portray ourselves," he said.

Over the years, many states have lured jobs and investment from California. But economist David Neumark has concluded that corporate moves accounted for only a fraction of the total jobs lost in California earlier this decade.

Especially in this recession, with major corporations shedding jobs by the tens of thousands, poaching a company here or there won't show up as "anything but a drop in the bucket," said Mr. Neumark, a professor at University of California, Irvine.

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