



EXECUTIVE ROUNDTABLE

Companies grow with remote employees, technology

By **TIERNEY PLUMB**, The Daily Transcript
Friday, August 2, 2013

When it comes to growing business, companies are willing to look outside the box for new employees and technologies.

With this in mind, a group of real estate, engineering and manufacturing experts gathered at a recent **Wells Fargo**-sponsored roundtable at *The Daily Transcript* to talk shop.

"We've been growing, and one of the things we've started to do is implement additional tools to manage business better," said Diane Law, vice president of marketing at **D&K Engineering**.

That means investing in new enterprise resource planning systems and tools in manufacturing lines. The company makes various pieces of equipment -- such as **ecoATM's** kiosks -- from its facility in Rancho Bernardo.

Jeff Bunker, president of **Wermers Companies**, says his company is focused on growth in a different way.

"It's not so much numbers. Our entire senior management group is turning 50 this year at the same time," he said.

It's important to start prepping a fresh crop of employees now, or 10 years before management is set to retire, he said.

D&K takes advantage of its age mix by matching fresh-faced employees with experienced pros at the company, where 70 percent of the engineers have 20 years of experience.

"We are working with universities to bring them in and mentor them so they have an experience level when older guys decide to retire," Law said.

Surprisingly, companies have found much success in hiring folks from outside their industry. Veterans, for instance, are prime candidates.

"They are still at an age where they are not close to getting to the end of their careers. Also, they have leadership skills. They are perfectly molded to come into the business and aren't afraid to work hard," Bunker said.

Same goes for young college graduates, he added.

"We have more success than bringing people from another company who is already set in their ways," he said.

McKinney Advisory Group handpicked employees from outside the real estate industry to turn around a business hotel in Hawaii. Many of the employees are based in New Zealand, New York and Orlando, Fla. "They are driving the culture of the company," said Damian McKinney, CEO and founder.

Allowing employees to work remotely is key.

"Let them work from homes in Colorado -- wherever they like their lifestyle to be. Embrace that instead of having them show up at mothership everyday," McKinney said.

Many companies agree it's hard to lure solid engineers into state lines.

For companies such as **Indus Technology Inc.**, whose primary customer is the budget-conscious government, it's not feasible to offer top-dollar salaries to attract engineers to California.

"In order to move to California, they want lots of money because the state takes lots from them. The sunshine tax to live here is enormous. And we are not a business-friendly government," said Jim Lasswell, president of Indus.

Bill Bacon, executive vice president of global corporate services at CBRE San Diego region, says planning for the future has never been as difficult as it is now.

“There's a real challenge getting arms around technology deployment and how it will affect your business,” he said.

Figuring out how much money to put into IT budgets can be tricky.

“(Companies) are trying to look creatively at how much money they allocate to office space rent and how much they allocate to technology deployment,” he said.

When many companies study their use of office space, they determine -- at best -- that they may only peak at 60 percent occupancy levels.

That means office configurations that don't include assigned private offices and cubicles are popping up.

“They are trying to decrease rent and increase IT (spending) and create, in the process, a mobile workforce,” Bacon said.

As a result, San Diego companies won't have to just look for talent inside its county lines.

“You are going to start hiring engineers in Omaha. They are going to be working online and not necessarily living in a community you are, quote unquote, headquartered,” Bacon said.

Going forward, employees are going to be technology-enabled at a much higher level but work in a nontraditional office environment.

The young workforce is comfortable using technology that increases efficiency, such as video conferencing.

The “neat thing about Millennials,” notes Ric Vandermeulen, vice president of Government Satcom at **ViaSat**, is they come into the workforce knowing how to find things out.

“They won't go to a corporate manual on a shelf,” he said. Instead, they go to Wikipedia or other online sites for the information.

“That's ingrained in them,” he said.

Lasswell says that experienced mentors at companies should not be replaced with go-to information portals such as Wikipedia, however.

“There is room for us gray-beards,” he notes. “So you need to be talking to guys who have screwed it up before and learned stuff. If you don't do that, you are going to have lost a very valuable resource.”

Guidelines and structure need to be in place so that new employees can learn from the company's past and have guidance, notes Michael Lea, lecturer of finance at The Corky McMillin Center for Real Estate.

“It seems like Gen X is more efficient working offsite. Their whole style of working is just different.

They are used to carrying their tech stuff with them all the time,” Bacon said.

That quick transition from work mode to Facebook mode is an unconventional office environment, but it's here to stay.

Letting employees work offsite doesn't work for every business, however.

For **GET Engineering Corp.**, whose company creates hardware for the U.S. Navy, in-person collaboration is lost when employees are Skyping.

“The software engineers need to be sitting there,” said Greg MacNeil, CEO of GET.

Law sees the same issue at her workplace, where employees build and design products.

“We need people sitting here and building prototypes to see if it works. They don't necessarily see it over Skype -- there could be something so minute they don't notice that way,” she said.

Still, technology is becoming a game changer for parts of the industry. For McKinney, technology has given everyone the same advantages in real estate.

“I can be boutique firm and compete with big boys because of technology we have today. I have that knowledge at my fingertips to create workplace optimization,” he said.

The cloud has enabled businesses to outsource storage functions, he said.

“With Amazon, you can buy computing power,” Bacon said. “The same plug in the wall that delivers bandwidth with a tablet delivers computing power that turns the tablet into a desktop.”

The tech revolution that will continue to accelerate, but the challenge is how to plan for the future.

“The pace of technology is so fast right now. How do you plan for what you are going to look like in five years not knowing where technology is going to be?” Bacon asked.

For Vandermeulen, staying on top of technology and offering highly advanced products is part of the business strategy.

In the smartphone industry, for example, it's tough getting people to sign two-year contracts because they want to trade up for a newer model in just six months.

"Who would buy last year's computer today, let alone three years from now?" Vandermeulen said. He sees the same customer reaction in the broadband industry.

"The entire business structure is about presenting solutions that create more value for the customer without an increase in revenue to the company," he said.

Just because something is old doesn't mean it's bad, and just because assets start aging doesn't mean they are trash. His satellites have 15-year lives, and acquired buildings have much longer ones.

"If you're not prepped to repurpose your capital investments, you are static in the industry. It's not necessarily a computer or ship you bought that got bad; you might have to update its purpose over time," he said.

Dan Adams, a business banking manager at Wells Fargo, said when the economy crashed, companies weighed down with fixed assets and expenses couldn't respond quickly enough.

"Are you feeling like you are going to take the plunge in investing in fixed assets?" he asked the group.

"Are we there yet with the economy?"

In the past four years, increased spending from clients has driven Law's company to expand from leasing one to four buildings.

"Then you also need more equipment," she said.

EcoATM, for example, is engineered and manufactured by Law's company in Rancho Bernardo.

"When they expanded, they said, 'We want you to build 30 of these a week.' All of a sudden, we needed more space," she said.

Diving Unlimited International makes drysuits and diving equipment in San Diego and exports the products worldwide.

"We need a lot of space because everything is hand-sealed," said Susan Long, president and CEO.

The company is taking a chance on buying a \$100,000 machine to make heating undergarments -- what some say is the next wave in diving attire.

"It's a gamble. How many people in the world want this? We think it's the future so we are making the investment," she said.

ViaSat can make bigger bets now that it's a 2,500-person company as opposed to three-person company.

For instance, this year, the company announced the ViaSat-2 satellite.

"A commitment to hundreds of millions of dollars," Vandermeulen said.

Having the courage to make big decisions is essential to being in business, he said.

"And you have to do things you believe are right -- even if other people in the market tell you it's not right," he said.

Roundtable Participants

Dan Adams, Business Banking Manager, Wells Fargo (sponsor)

Bill Bacon, Executive Vice President of Global Corporate Services, CBRE | San Diego Region

Jeff Bunker, President, Wermers Companies

Gregg Cantor, President, Murray Lampert Design, Build & Remodel

James Lasswell, President, INDUS Technology Inc.

Diane Law, Vice President of Marketing, D&K Engineering

Michael Lea, Lecturer of Finance, The Corky McMillin Center for Real Estate

Susan Long, President & Chief Executive Officer, Diving Unlimited International

Greg Mac Neil, Chief Executive Officer, GET Engineering Corp.

Damian McKinney, Chief Executive Officer/Founder, McKinney Advisory Group

Ric Vandermeulen, Vice President of Government Satcom,

ViaSat