

Thumbs Up, 'Hands Down' for New Merage School Dean

Eric Spangenberg must be feeling plenty flattered over the recruiting job done by UCI to land him as dean for its Paul Merage School of Business. Word has it that Spangenberg was the "hands down" choice from a field of candidates that included deans of bigger and better-known business schools—and Paul Merage himself helped lure him from Washington State. Another big UCI backer who pitched in:



OC Insider by Jerry Sullivan

Don Beall. Yet another, Chuck Martin, says he has big expectations based on Spangenberg's record of raising

\$70 million up on the Palouse, where he turned Washington State's business school into an innovative leader in online MBA education. Just think what he might do once he settles in at a campus that's smack-dab in the middle of OC's community of business—and just a stone's throw from the beach ... Full Circle: Tribune Publishing, soon to be spun off as the owner of the L.A. Times and seven other daily newspapers, finished up its own recent recruiting push with one of the more interesting hires when it comes to Southern California's newspaper landscape. Its new CEO is Jack Griffin, a veteran media exec who has a bone to pick with Aaron Kushner, now owner of the Orange County Register. Griffin names Kushner in a lawsuit in New York that claims more than \$13 million in damages. He contends Kushner touted him as a key adviser to get the door open for his successful bid for the Register in 2012—and later reneged on payments due and a promise of a director's position, among others. Kushner has been busy lately buying and selling some newspapers, shifting the frequencies of others, and consolidating Spanish-language weeklies in OC and the Inland Empire (see related story, this page). He's also laying plans for a new publication in Los Angeles, where he'll now find himself heads-up against the biggest newspaper in Griffin's new portfolio ... Going Up: the bar on frills for luxury homes, with elevators the latest trend, according to the March 7 edition of the Wall Street Journal's Mansion section, which featured two Orange County homes as part of the trend. One of them—ID'd only as a place in Dana Point—won honors as residential project of the year in Elevator World magazine ... CNBC's Jim Cramer caught up with Anaheim-based Questcor Pharmaceuticals last week, calling it "the ultimate cross-fire stock." The distinction stems from a host of shorts who work the Web to produce periodic hits on Questcor—a condition CEO Don Bailey managed to navigate well enough to pick up this publication's most recent Business Person of the Year honors for the healthcare industry. Looks like Bailey's still good for the ride despite the shorts: Questcor is closing in on a \$4 billion market cap, with its shares up more than 100% over the past 12 months and by about 18% so far this year ... The Orange County Museum of Art's 2014 cocktail reception and art auction will feature works by Peter Alexander, Karl Haendel, Rachel Lachowicz and Ed Moses, among others. Bidding is set to start at 6:30 p.m. on March 14. Previews of the pieces are available to visitors between 11 a.m. and 5 p.m. on March 12 and 13. Laurén and Trace Chalmers host; Andrea Ficzynski, chairman of Sotheby's West Coast, has signed on as guest auctioneer.

CORRECTION

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UCI Cancer Center Adds Trial, Treatment Options

HEALTHCARE: \$5M paves way for more advanced trials

By VITA REED

A new center for cancer research and clinical trials at the University of California, Irvine, has the potential to give patients who want to use advanced therapies a chance to stay in Orange County for treatments.

It's the only local institution where people with advanced-stage or treatment-resistant cancers can access early-phase clinical trials involving newer therapies.

Orange County philanthropists Sue and Ralph Stern gave \$5 million to the university last month to establish the Sue and Ralph Stern Center for Cancer Clinical Trials and Research.

It's part of the Chao Family Comprehensive Cancer Center, a unit of UC Irvine Health, and is intended to increase the number and complexity of clinical trials available for cancer patients who want to participate.

The center also could bring in extra revenue for UCI.

"The clinical trials could be cash-positive for the university," Ralph Stern said in an interview last week. "Pharmaceutical companies pay for these trials, generating revenues for the cancer center."

The Sterns' gift grew out of a personal experience with UC Irvine Health.

Sue Stern was diagnosed with spinal cancer in 2008 and sought treatment there.

"She's doing great," Ralph Stern said of his wife. "We are very grateful patients."

The Sterns made a pair of gifts to the university last month to establish the Sue and Ralph Stern Center for Cancer Clinical Trials and Research.



Ralph and Sue Stern: she was treated for cancer at Chao center

Ad Shop's Future Uncertain After Client, Staff Losses

MARKETING: 27-year-old Costa Mesa agency goes quiet

By MEDIHA DIMARTINO

A midday knock on Marshall Advertising & Design's front door last week went unanswered. So were calls to the Costa Mesa-based advertising agency. And its website was also down.

It appears that owner Diana Marshall has pulled the plug on her 27-year-old business, which had \$21.4 million in capitalized billings and employed 26 staffers, according to the Business Journal's 2013 list of ad agencies here.

The ad shop's decline started in July of 2012 when Marshall Advertising lost its first of three major account reviews.

San Diego-based Vitro took over as the agency of record for Cypress-based Toyo Tire U.S.A. Corp.

The contract included brand and product strategy, creative development and production, and media planning and buying.



Marshall: "enjoyed incredibly long-lasting relationships" over past 27 years

Another setback came last summer when the San Joaquin Hills and Foothill/Eastern Transportation Corridor Agencies in Irvine put its advertising contract up for review. Marshall Advertising had been the agency of record on the toll roads account since 2003.

Irvine-based ELA Advertising won the business, landing a three-year deal worth an estimated \$7 million to \$10 million. It included general market and Spanish-language campaigns, along with media planning.

Marshall Advertising lost its third major account last month, a hit that came after several key staffers left to form their own shop and pitch Cypress-based Yamaha Motor Corp. U.S.A.

Marshall 25



Irvine World News: will publish on Thursdays

Freedom Community Papers Weekly Again

MEDIA: Two had gone daily in circulation push for Register

By MEDIHA DIMARTINO

Santa Ana-based Freedom Communications Holdings Inc. is reverting to a weekly publication schedule for its community newspapers that serve Irvine, Newport Beach and Costa Mesa.

The changes in frequency for Irvine World News and the Current come less than a year after Freedom relaunched them as Monday-through-Friday supplements to its Orange County Register. The new publication schedules for the community newspapers were billed as a way to provide more local coverage as an additional value to Register subscribers as the daily made a push to increase circulation.

The shift back to weekly schedules is a part of the "normal course of business to examine all aspects of our newspapers and

Register 8

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Marshall

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The exodus included Account Director **Thomas Blinn**; Digital Creative Director **Norm Tribe**; Creative Director **Eric Cwiertyny**; Creative Director/Brand Strategist **Roger Feldman**; and Production Manager **Nevin Safyurtlu**.

All five worked on the Yamaha account while at Marshall Advertising, which had been the agency of record for the motorcycle brand since 1988.

They left in December to form **GearShift Advertising** in Costa Mesa, according to their

LinkedIn profiles.

Yamaha put its ad account up for a review at about the same time and eventually chose GearShift to replace Marshall Advertising.

Neither Marshall nor the GearShift executives could be reached for comment last week.

"I'm proud to have attracted some of the best and brightest people in the industry that make solving new challenges fresh and exciting," Marshall wrote in a LinkedIn profile post. "I'm equally proud to have earned the trust and confidence of some amazing clients with whom we've enjoyed incredibly long-lasting relationships. And it's these connections that we value the most." ■



GearShift team: five formed Costa Mesa shop to pitch Yamaha business

Cancer Center

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versity to support Drs. **Mark Linskey** and **Daniela Bota** for ongoing research covering potential treatment for malignant spinal cord and brain tumors.

"As far as I'm concerned, he has the magic touch," Ralph Stern said of Linskey. "He did a phenomenal job with her surgeries."

Richard Van Etten

The Sterns' gift also played a role in the hiring of the **Chao center's** new director, **Dr. Richard Van Etten**, a hematologist and oncologist who specializes in treatment of leukemia and other blood disorders. He was most recently the director of the Tufts Cancer Center in Boston.

Van Etten said in a news release that the Sterns' gift "will be a catalyst for changing what it means to be diagnosed with cancer" and that philanthropists and others "are stepping in to fill the void left by declining government support."

Ralph Stern said that the matter of hiring

Van Etten came up in a discussion with **Dr. Ralph Clayman**, who's retiring from his position as the dean of UCI School of Medicine but is remaining on faculty.

"Dr. Clayman told me that the result of the search identified this 'doctor's doctor' they wanted to hire, but the university just didn't have the resources to pay for it," Stern said. "So I saw an opportunity there for my wife and me to make the gift."

He said he's hopeful the new clinical trial and research center will trigger more collaboration among existing cancer centers in Orange County, most of which are affiliated with hospitals.

"It's very little collaboration amongst the various cancer centers," he said. "Hospitals have this great expertise that's not being shared."

More collaboration among local hospitals would raise the possibility that "we could avoid having the patients leave the county for treatment," Stern said.

He said he's had talks with Van Etten and **Dr. Richard Afable**, chief executive of Irvine-based **Covenant Health Network**, about collaboration. Covenant is a joint ven-

ture of Irvine-based **St. Joseph Health** and **Hoag Memorial Hospital Presbyterian**. It has locations in Newport Beach and Irvine.

Steri-Oss

"They both agree that there really are opportunities for collaboration," said Stern, a native of South Africa who founded and served as chief executive of **Steri-Oss Inc.**, an Anaheim-based dental implant manufacturer.

Bausch & Lomb Inc.—now part of **Valeant Pharmaceuticals International Inc.**—acquired Steri-Oss in 1993 in an effort to enter the dental implant market.

Steri-Oss now is part of Swiss dental products maker **Nobel Biocare AG**, which has an operation in Yorba Linda.

Stern also founded **CareCredit**, a company that provided financing for dental implants that was eventually bought by **GE Capital**, a unit of Stamford, Conn.-based **General Electric Co.**

Stern and UCI have emphasized that commercialization of drug research and the creation of companies isn't the clinical trial and research center's primary goal.

"If that happens, that's great, [but] I wouldn't say that's our driving motivation," Stern said, adding that if new technologies and drugs based on research by UCI faculty are developed, they could also benefit the school through licensing agreements.

UCI has a relatively short history of fostering companies compared to other private and public universities in California. The website for its Office of Technology Alliance lists 38 companies founded to commercialize research done at the university.

Examples of drug companies that came from UCI research include a drug developer, **Cortex Pharmaceuticals Inc.**, that started in the 1980s and is still headquartered in Irvine, and **Thesan Pharmaceuticals Inc.**, a dermatology drug maker in Carlsbad.

The announcement about the new center for clinical trials and its director came shortly before UCI announced it had recruited another high-level hire, naming **Eric Spangenberg** the next dean of its **Paul Merage School of Business**. He's held the same position at Washington State University's College of Business since 2005 (see related OC Insider item, page 3). ■

Pacifica

► from page 1

tween \$110 million and \$125 million in 2013 revenue, shifted its headquarters staff of 35 to Irvine last year, a move intended to boost its prospects for recruiting top talent, according to the company.

Now it's beefing up marketing for the hotel management services it offers to other operators. That's part of a growth plan that comes as its continues to work its way through a raft of improvement projects and switches from branded hotels to boutiques for several properties in its portfolio of 25 hotels that are mostly in California.

"We've always focused on coastal assets, and that's been our bread and butter in the hospitality business," said Pacifica President **Matt Marquis**. "We're into more of the coastal, beachy motel-hotel feeling, where you go into a room and there's seashells and seashells. We wanted to take that up to a more modern feel, definitely capitalizing on the boutique aspects and pumping our brand to three-plus diamond or star."

Three Properties

Three of those properties are undergoing major renovations this year, a to-do list that's expected to cost more than \$40 million.

About \$22.5 million is being spent on the 160-room Marina del Rey Hotel to transform it into an upscale boutique with a full-service restaurant, a pool facing the marina, and an outdoor space for weddings.

The renovation is expected to be completed by summer.

Pacifica also is in the midst of a \$13 mil-



Rendering: Pacifica plans to spend \$22.5 million on renovation of Marina del Rey Hotel

lion renovation of the 111-room Sunrise Hotel in Redondo Beach, also expected to be completed in the summer. It's taking the Best Western flag off the property—a trend that's being noted across all major brands as operators look to add value by going independent. That "de-flagging," as it's known in the industry, was also done last year to Pacifica's Fireside Inn, formerly a Best Western, in Cambria. In San Diego, \$5.2 million is being spent on room renovations, among other improvements, at the 126-room Blue Sea Beach Hotel, another former Best Western. That project is slated for completion in May.

The point is to give each of the properties points of distinction in their markets—something with a one-off feel compared to a chain, at a lower price than high-end competitors.

"A lot of our stuff has been perceived as a good value and still is," Marquis said.

"We're still giving value to our customers

and clients for an amazing room, amazing locations. They're just not all the frills of a Ritz."

Marquis' father, **Dale**, started Invest West in 1970 and eventually consolidated its hotel investments and management business in the spinoff of Pacifica. Marquis' brother **Adam** serves as vice president of the two companies.

Pacifica's 14% revenue growth last year sets a high bar, and the plan is to continue the strong growth by offering up its management services to other hotel operators.

The company currently has two third-party management contracts, both at properties it sold.

This year is the first time it's focused on growing that segment of the business.

"Brand Experience"

The company's experience with boutiques and brands should work in its favor, Matt Marquis said.

"We have a lot of brand experience," he said. "We believe we can do all types of hotels and

apply our management strategy."

They'll likely stick to the western U.S., with a particular focus in their home state.

"We're very opportunistic," he said. "I think we have found the greatest success in California, and I think that's where our primary focus is opportunistically."

Going outside the U.S. and partnering with a foreign investor or operator is more of a medium- to long-term possibility with nothing currently being considered, Marquis said.

The plan is to stay near the coast in any case.

"Coastal is a fairly small niche when it comes to hospitality and a very desirable niche, so it makes it very competitive in trying to acquire these assets," Marquis said.

Financing is easier than it has been in the past, he said, and investors are "salivating for California coastal hotels."

Spending on future acquisitions will vary. For example, historically the company has spent as little as a couple of million dollars for a 30-room hotel in Cambria to \$75 million for a 450-room property in Corona, Marquis said.

Pacifica is currently working on a deal to buy a 100-bed hotel in downtown Santa Barbara that, if purchased, would be redeveloped into a higher-end hotel.

Marquis thinks the investments the company is making this year should bear out amid an overall growth trend for the industry (see related stories, page 1).

"Last year was a phenomenal year for growth in the hotel industry, and we anticipate strong growth this year," Marquis said. "We expect the hotel industry to probably be a 5% increase, and I think we're very optimistic about our ability to perform above the market, no matter what the market's doing." ■