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Things are looking up for Dallas area, local business leaders say at midyear

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Halfway through 2010, Dallas-Fort Worth is on a cautious mend.

Sales are slightly higher. Profits are holding their own. Hiring is beginning to pick up. And unless there's another unforeseen disaster or the current one in the Gulf of Mexico creates bigger problems here than expected, the year should shake out as a better one for D-FW than 2009.

That's the consensus of 80-plus business owners, executives, academics and nonprofit group leaders who represent a wide swath of our local economy.

More than 90 percent responded to my e-mail survey – especially remarkable because some were on business or vacations as far away as South Africa.

I asked for candor and got it. With few exceptions, they expect this year to be OK but nothing to write home about.

Interestingly, that's all right with them. Not one person expressed any interest in returning to the go-go days of 2007 and early 2008.

As John Crawford, chief executive of Downtown Dallas Inc., put it: "Our past experience has taught us that slow and steady wins the race."

Customer-centric is no longer a concept. It's a mandate.

"The economic events of 2008-09 fundamentally reshaped the customer's definition of value," says Stephen Butt, senior vice president of HEB's Central Market division, based in Dallas. "This requires retailers to be very nimble in adjusting assortment, merchandising and pricing to meet these new expectations."

People are doing adapting instead of amputating.

When many companies realized their bread-and-butter businesses wouldn't be returning, they launched lines better suited to the new reality.

"Most people have resigned to the fact that it will be a different economy, not a recovery," says Tom Niesen, president of Acuity Systems Inc., a sales consulting firm.

Cosmetics queen Christi Harris had a prototype ready to roll out nationally when retailing hit the skids in late 2008. So she formed a direct response company, made an infomercial, started selling on ShopNBC and hired a New York publicity firm. Things are rocking.

Milli Brown, chief executive of Brown Books Publishing, saw that people were turning to their faith in hard economic times, so she launched a Christian book division. "It has been on the drawing board for years, but I am comfortable that the time is right. Christian authors are coming out of the woodwork."

It's almost universally accepted that, yes, Dallas-Fort Worth is leading the recovery. We think we can, therefore we do.

Al Niemi, dean of the Southern Methodist University Cox School of Business, gives a startling statistic: In 2006 and 2007, the last two years of positive job growth, Texas created 52 percent of all jobs in the United States.

"The factors that underscored this phenomenal growth spurt are still with us and will guarantee that Texas and D-FW continue to lead the nation," he says.

I urge you to read more complete responses [here](#).

Here are the highlights.

Now that we're halfway through 2010, how is the year shaping up for your business?

Denis Boule, chief executive, de Boule

We have seen a big uptick in our business, particularly in the last four months – both for our U.S. and overseas clientele, who are still buying for that special occasion, but are also buying our pieces with a view of an increase in value over the longer term.

Chris Cook, chief executive, Sleep Experts

While traffic in our stores is down, people coming into the stores seem to be more confident about their purchases, which are reflected in a higher conversion and a higher average ticket.

Hamdy Shalabi, president, Maya Foods Inc.

Our business [El Rio Grande Supermercados] is better and about the same as we expected. We didn't grow in same-store sales, but as a company we grew 40 percent in sales due to opening multiple stores in the fourth quarter of 2009 and first quarter of 2010.

Naomi Fogel, Naomi Designs

I've learned that the limitations and constraints that force a business to lower costs can result in a business that's easier to run, leaner (but not meaner) and that less is sometimes more in doing the best job for your customer and actually being profitable at the end of the day.

Eugene Jabbour, co-owner, Competitive Cameras

Our 2010 is considerably stronger than 2009. But because of the economic pressures, the major hurdle we face will be that the consumers may forgo the quality of customer service we provide to try to save little bit of money online or forgo paying the sales tax.

Michael Malone, Michael Malone Architects Inc.

In 2009, we did not design a single new retail store. Everyone was frozen and scared. Now they seem to know we'll make it through, and, yes, folks will shop again, so they are moving forward cautiously. The year is shaping up appreciably better than 2009.

Steve Ivy, owner, Heritage Auction Galleries

There is a little less forced selling, but prices are up a bit. Most of our business is national and international, but our local trade is definitely improving on a relative basis compared to the nation as a whole.

Carl Sewell, chairman, Sewell Automotive Cos.

I never dreamed that GM would turn around so quickly. The Cadillac, Buick and GMC business is significantly better than even before the recession began.

Ken Schnitzer, chairman, Park Place Dealerships

Overall, we expect our business to be up 10 to 15 percent this year. For the automotive industry, it will be a slow climb before we see sales at "normal" figures.

Paige Flink, executive director, the Family Place

We are seeing positive trends in donations from individuals and corporations. This was the first revenue stream where we noticed the downward trend, so to be up 60 percent year-to-date is extremely encouraging.

Benny Black, president, Platinum Motorcars

My year is only down 18 percent year-to-date from last year, but I had a phenomenal last year. At this time in 2009, I was up 62 percent from 2008. Our stadium has been a huge boost.

Eric Devlin, owner, Premier Transportation Services

We have hired eight new employees, and our revenue figures are up 32 percent year-to-date. Both our business and leisure travelers are back.

Mike Hernandez, chief executive, D&M Leasing, Mortgages USA

This year is so far three times better than '09 for us in sales and profitability – better than I expected.

Bob Elkin, executive director, L.B. Hunt Equipment

Our business [currently doing vacuum truck work, hose handling, decontamination work, beachcombing and offshore skimming in the Gulf of Mexico] is better than expected. However, the bottom line will be determined by our getting paid in a timely manner by BP and other clients.

Henry Billingsley, partner, Billingsley Co.

Business is good – not great, but better than last year. I thought at the beginning of the year business would be better by now.

Jackie Miller Stewart, president, Henry S. Miller Interests

We're doing better! Much better!

Peter Beck, managing director, Beck

Construction volume will be less than last year, but our development and architecture practices are considerably stronger than we expected and better than last year.

Jim Kirk, president, CorporateMagic Inc.

Last year was difficult for everyone, including all of the companies I know in the production/ creative business. While others are still having a rough go in 2010, we are having a very strong year.

Michael Jenkins, president, Dallas Summer Musicals

Our subscribers actually increased partly due to the fact that we have five blockbuster shows this season. Single-ticket sales have been sluggish and below budget.

Jim Appleton, chairman, Showcase Productions

Our video production business is much worse. Most projects were either killed or put on hold due to the economy. However, we have started a new business to utilize our expertise, and that business is doing very well.

Gail Davis, president, Gail Davis & Associates Inc.

The awesome news is our sales [of speaker placements] are up 49 percent over the same time period last year. Our annual revenue for 2010 is on target to exceed \$3.1 million, which is a record for our company's 11-year history.

Tom Corcoran, chairman, Felcor Lodging Trust Inc.

Business is getting better as compared to last year, but continues to be a challenge. Dallas is not as strong as some areas in the Northeast, but certainly stronger as compared to Phoenix. Recent local job growth should improve operating results in Dallas.

Will Taylor, president, the African Experience

Our business is better than 2009, but that is partly due to the World Cup. And business to other parts of the globe has come on stream for us, too. 2011 will be a breakout year in the travel business.

Robert Pearson, chief executive, Pearson Partners International Inc.

The retained executive search and coaching business has improved substantially year over year. Last year, hiring was at a standstill. It is still not robust.

Jim Hess, managing principal, Leapfrog Executive Search

2010 is in line with our expectations and considerably better than 2009. At the same time, the erratic nature of the economy is serving as a governor on consistent growth.

Dave Westberry, senior client partner, Korn/Ferry International

Companies are showing positive results requiring the addition of senior talent, and the top senior talent continues to be in short supply.

Bronwyn Allen, president, High Profile Inc.

Our second- quarter business was up about 65 percent over the second quarter 2009. Temporary employment comes back first as employers test the recovery waters before hiring full-time staff.

Shad Rowe, general partner, Greenbrier Partners Ltd.

Stock prices are about what they were at the beginning of the year and well ahead of where they were at the beginning of 2009, when nearly everyone thought the world was coming to an end.

Clark Durham, managing director, Jefferies

I've gone after beaten-down companies like Goldman Sachs, Qualcomm, Monsanto, Gilead Sciences, Exxon Mobil, Cisco and Macerich. It's still too soon on Transocean and BP.

Wilson Chu, partner, K&L Gates

While more deals were getting done in the first half of the year, the real story is the increased tire-kicking we saw. Corporate buyers beefed up their acquisition teams to deploy their mountains of cash. Private equity investors are hustling even harder to spend their relatively dormant mountains of dry powder.

Jeff Henderson, principal partner, Pony Express Printing

We are actually up 35 percent year-to-date. The issue is that the increase in [T-shirt] sales has been sporadic and slightly unpredictable.

Don Clampitt, chief executive of Clampitt Paper Co.

Paper distribution is a mature business, so the recovery is going to be slower. Although we have seen some improvement over 2009, it's far from robust.

Randy Bowman, co-founder, MW Logistics LLC

From a profitability standpoint, we're where we projected. However, from a revenue standpoint, we're behind projections (reflecting a more sluggish recovery than our customers projected). Overall, it's a mixed bag in comparison with 2009.

Albert Black, chief executive, On-Target Supplies & Logistics

New strategies, additional business units and different service lines are all helping attract new customers and more talented managers. On-Target has to achieve a lot to recover from this terrible

economy. If we continue to perform as we have the first half of this year, we will mark 2010 as the turnaround year we seriously need it to be.

Tom Niesen, president, Acuity Systems Inc.

Our company should end up 20 percent over last year, but it's much harder to predict the trends. One month we will be up 30 percent, the next month even. Monthly billings are up, but cash flow is very erratic. Today there is no consistency in getting paid.

Matt Adamczyk, regional sales consultant, TriNet

My business [human resource outsourcing services to small companies] is getting steadily worse since the first of the year. We are greatly affected by health insurance reform, which is causing an unjustified and outrageous increase in health insurance premiums. I can get appointments and talk with business owners, but they don't believe that my products and prices are competitive. It will take time for small businesses to develop a frame of reference for where the health insurance market is and where it is heading.

Carol Glendenning, chairman, Strasburger & Price LLP

2010 is not as improved as we thought it would be. A combination of continuing tight credit and uncertainty about the value of businesses in a recovering market is holding back recovery in business transactions. We have hopes for an improvement in late 2010, but it may be 2011 before significant change is seen.

Larry Friedman, principal, Friedman & Feiger LLP

We have added lawyers, legal assistants and support staff to meet our clients' needs. We have taken on another floor in our office building, and we expect things to keep getting better for the U.S. economy, with Dallas and North Texas leading the way.

Pat Mitchell, managing partner-Dallas, Hunton & Williams LLP

Our business and the business of the clients that we represent appear to be ahead of last year. There is still uncertainty and concern in areas like commercial real estate, but I think that on balance things have picked up.

Mike Androvett, principal, Androvett Legal Media & Marketing

An increasing number of law firms have responded to the recession by implementing marketing programs – often for the first time. Existing clients [are] being even more aggressive as a strategy to gain market share.

Tom Yenne, chairman, Highlands Bank

The banking sector is still under stress. The direction of the regulatory reform bill currently in Congress and the proposed consumer protection agency could have a material impact on bank profit margins. A very strong capital base is required to compete and win in the current landscape. Nevertheless, the D-FW market is outperforming the national market. As local companies regain their financial footing, credit will be available and the returns in the banking sector will improve locally.

Norm Bagwell, chief executive, Bank of Texas

We entered 2010 with cautious optimism, and all signs point to a strong 2010. The business climate is improved vs. last year. Consumers and businesses alike are adjusting to the current environment and are making decisions, investing and looking long term. As a result, we are now seeing more activity across all our business lines – consumer, commercial and wealth management

Connie Beck, executive vice president, Comerica Bank

We are seeing more opportunities here in Texas and plan to capitalize on them. Things are definitely better than they were in 2009. You can feel our customers' confidence growing by the day.

Al Niemi, dean, Southern Methodist University Cox School of Business

The economic prominence of D-FW is bringing outstanding students to SMU and the Cox School of Business from all over the world. We currently have students from all 50 states and more than 100 countries at SMU. Most of them plan to launch their careers here when they complete their education. This is particularly true of our students from California and the Northeast.

Daniel Short, accounting professor, Texas Christian University

As an educator, I see seeds being planted with a positive change in the attitudes of Generation X. To paraphrase Kennedy, they now understand: "Ask not what employers can do for you, but what can you do for employers." This fall, we expect to have the largest and most talented MBA class in TCU history. They are coming back to campus to build stronger skills.

Mary Frances Burleson, chief executive, Ebby Halliday Real Estate Inc.

First half of 2010 is better than when the year started and significantly better than 2009. Some of the improvement was influenced by first-time buyers' tax credit, but mostly due to general improvement in area economy.

Robbie Briggs, chairman and chief executive, Briggs Freeman

2009 was one of residential real estate's worst years going back to the '80s. The actual volume that our company saw was down 30 percent from 2008. 2010 is about 30 percent above 2009, so we're seeing a much better sales market. Prices are still low, and there's a lot of inventory on the market.

Is Dallas-Fort Worth outperforming the nation?

Jim Futterman, owner, In Bloom Flowers

D-FW seems to be on par with the rest of the country from what we can tell. We do keep in touch with large florists throughout the country, so we have a pretty good handle.

Craig Schwimmer, owner and medical director, the Snoring Center

For my sector (elective medical spending), Dallas is outperforming the rest of the country.

Hamdy Shalabi, president, Maya Foods Inc.

The rise in Hispanic population due to changes in state laws made D-FW a preferred area, which translates to more money.

Todd Carter, president, Panda Power Funds

Being in the power business gives us unique insights as electricity consumption is a basic barometer of a region's relative financial strength. There are many communities across the U.S. that we do not do business in because power demand is down.

Michael Malone, Michael Malone Architects Inc.

I just returned from the National AIA Convention in Miami where the prevailing opinion was that we are faring much better than the rest of the nation. Based on my profession, I know we are doing much better than the norm.

Trisha Wilson, chief executive, Wilson Associates

The ideal geographic location of Texas, its industry diversification and the unfailing optimism of its people make me cautiously optimistic about the future of our economy. We are not necessarily out of the woods, but I believe we have bottomed out and on our way back up.

Connie Beck, executive vice president, Comerica Bank

Dallas-Fort Worth is leading the nation in population growth, based on the latest Census Bureau information. That's a real positive and hopeful sign.

Bill Shaddock, president, Shaddock Development Co.

Relocations to the D-FW area are down in part as a result of the inability of people outside of Texas to sell their houses so they can move to Texas. Thus, as the economy improves nationally, the pace of relocations to Texas will markedly increase.

Steve Player, program director, Beyond Budgeting Round Table

You see it in gradual growth in employment, steadier housing prices, more entrepreneurial activity and higher optimism. [But] D-FW has lost control of some stalwarts of business: Service firms EDS and Perot Systems are now owned by companies headquartered in other cities. We almost lost the Big 12 Conference headquarters. Sports teams formerly controlled by Hicks are up for sale. Who will step in to take their leadership roles?

What troublesome spots do you see in D-FW's recovery? Is there one bugaboo in particular?

Ray Clark, chief executive, Marketing Arm

I worry that the commercial real estate market won't really recover for 10 years. My casual opinion is there are 20 percent too many strip centers, and if stores like Borders go out of business and chains start cutting back stores dramatically, it's going to get really ugly.

Rita Cox, principal, Rita Cox & Co.

There are so many indicators of failures and fire sales [in real estate]. Money for new projects is still tight. I believe there's more to come and for a significant period. However, there are some good indicators that rental markets are improving.

Bill Bayne, president, Fish City Grill

Looming tax increases and more regulations are not a recipe for whetting the risk appetite for small businesses. We need more people going back to work if the recovery is to stick, and small businesses create those jobs.

Glen Agritelley, owner, T Bar M Racquet Club, Mercy Wine Bar and Sebastian's Closet

Small businesses like ours will be forced to increase [health care] deductibles to maintain affordable benefits. It will cost our employees more should they need health care. This obviously cuts down on discretionary spending, which hurts the overall economy.

Donald Zale, investor and former chief executive, Zale Corp.

I am very bullish on America! I am very bearish on our current administration and see an out-of-control and bloated federal bureaucracy only poised to get worse.

If we can get past that great big issue and rekindle the American creativity, opportunity abounds. Just walk by an Apple Store and see the possibilities that innovation and aggressive marketing can achieve!

Bobby Haas, principal, Haas Wheat & Partners

The deterioration of the political scene in Washington to one of partisan bickering and re-election obsession has become so poisonous that the ability to forge bipartisan solutions to problems that are national or global in scope has virtually disappeared. The ability of the president (regardless of party) to lead a somewhat united Congress on key issues (or the ability of Congress to lead when there is a leadership vacuum in the White House) has been undermined to an extent that is paralyzing.

This state of affairs undermines the national ability to deal with major problems, and it undermines the position of the United States as a global leader in dealing with international problems of scope and substance.

Matt Adamczyk, regional sales consultant, TriNet

I still know at least 150 people who are unemployed and have been for more than a year.

Tom Buxton, chief executive, Buxton Co.

Job growth drives the demand for commercial real estate, so if this area can't continue to create jobs, commercial real estate is going to prove to be a thorn in our side.

Jim Kirk, president, CorporateMagic Inc.

While there are absolute financial dynamics that are having a real effect on our economy's lackluster performance, a lot of this malaise is a state of mind where companies and individuals alike are nervous about where our government is taking us.

Jo Staffelbach Heinz, chief executive, Staffelbach

Confidence fuels recovery. And this "Age of Anxiety" has a way of permeating thought processes and stalling action. I just hope we don't let the wave suck us under and take away our motivation.

Mary Poss, Ebby Halliday Realtor and former Dallas mayor pro tem

The biggest obstacle to D-FW's recovery is probably the property tax base, which is not increasing at a rate needed to keep pace with the needs of cities and school districts.

Ken Schnitzer, chairman, Park Place Dealerships

There is not enough available credit in the marketplace for small businesses, which is vital to fuel our economic recovery.

Jerry Meyer, chairman, Walls Industries Inc.

Worries: real estate – commercial and residential. And no matter what we read and hear, credit markets remain extremely tight.

Albert Black, chief executive, On-Target Supplies & Logistics

The [education] data scares me. We are graduating less than half of the students that should be. Then there's unemployment. Companies have to believe that they are operating in an environment that promotes growth to have the confidence to hire.

Al Niemi, dean, Southern Methodist University Cox School of Business

As growth continues, it will also aggravate environmental issues such as air quality and an adequate water supply.

Mary Frances Burleson, chief executive, Ebby Halliday Real Estate Inc.

Foreclosures are higher than normal, and the delinquency rate is up. However, this may be changing as the postings for July sale are actually down.

Do you see the oil spill in the Gulf of Mexico affecting D-FW's economy?

Larry Friedman, principal, Friedman & Feiger LLP

D-FWites have lost jobs in the oil industry, shipping, fishing, canning, food, transportation, restaurants and service. All you have to do is track the destruction from the BP oil rig in the gulf to the dining table at your favorite restaurant.

Dee Lincoln, founder, Dee Lincoln's Tasting Room & Bubble Bar and the Dinghy Bar & Grill

The oil spill will impact restaurants serving seafood in Dallas-Fort Worth and in most of the South, though some will suffer throughout the country. Pricing and availability of seafood will become challenging.

Bill Bayne, president, Fish City Grill

Obviously it affects our business directly, not because we are dependent on gulf seafood (because we are not), but because it will affect the overall supply and demand of shrimp, oysters and many types of fish. That may drive our costs up at a time when we are very leery of passing on price increases to our customers.

Tom Corcoran, chairman, Felcor Lodging Trust Inc.

The oil spill does impact the overall mood, which is very critical to our recovery. Nevertheless, I expect people to travel and find alternative vacation spots.

Judy Pesek, managing director, Gensler Dallas

We were in Rockport early June and were surprised to see crowds of people from all over. People who traditionally go to Florida were coming to the Texas coast and beaches instead.

Jim Appleton, chairman, Showcase Productions

For the lack of proper safeguards, which were available, this spill will change how we think about our environment and its economic impact on our lives. Only a fraction of the impact has yet to be determined.

Michael Boone, principal, Launch Agency

The worst is yet to come in the gulf. We've heard "we don't know" from the experts for two months. That is never good.

Ray Clark, chief executive, Marketing Arm

When considered on the huge scale of the USA, the oil spill appears to be a gigantic media and political story, a large environmental story and a small economic story.

Robert Pearson, chief executive, Pearson Partners International Inc.

The oil spill will eventually be cleaned up, and BP will pay several more billions. People will forget, and it will have no long-term effect on the economy unless the politicians overreact and take dumb actions that spike oil prices. That will, of course, put additional burden on an already weak outlook.

Norm Bagwell, chief executive, Bank of Texas

The gulf disaster is a national travesty. Being from Louisiana and having spent much time along the Gulf Coast, this one really hits close to home. I think it would surprise people to know how much of our nation's GDP is generated or flows through the states and ports from Galveston to Pensacola. Those who relied on the shores and waters for livelihood will feel it first and the longest. Tourism, fishing, real estate and possibly energy services come to mind. Conversely, the recovery and cleanup

will present opportunities for Texas business to assist. Hopefully, the dollars spent to rectify the situation can repair the damage and give the region an economic shot in the arm.