



**READY OR
NOT, STORM
SEASON IS
HERE**

Hurricane season has begun and the time to be prepared is before a storm hits the Gulf.

See page 5



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SUMMER CRUISE CONTROL? I DON'T THINK SO.

Yes! It's vacation time. Time for a trip to the Island, enjoy a local restaurant for the first time, shop at a neighborhood store you've passed 100 times. After all - it's another south Texas summer, and we take any chance to cool off in the water or be inside the air conditioning while the heat index is well over 100.

We all deserve a break. Summer family vacations are great memories. We all still have the kid in us that enjoys fireworks, waves crashing as we watch with amazement, backyard barbecues and a big glass of ice cold lemonade in the shade.

Yet, back at the office we've still got spreadsheets waiting on us when we return, fall events to plan, sales projections to make, and for many the fiscal year ends in 60 to 90 days. We've got a lot on our plate, but family time is more important. In fact, it's priceless.

It's all about balance. Of course, there's a big difference between summer vacationing and your business taking a break. The office, the clinic, the plant, the store, the property – all businesses still have to function, even during the summer. Arrange

to take quality time off so that when the whistle blows, the “engines have been refueled”, “pep is back in your step” and you're fully prepared to pour it on for the second half of the calendar year.

Just because it's summertime, do we set cruise control and coast? I don't think so. Upon your return from vacation, maybe fine-tune a production schedule. Maybe rethink the launch date of a new product or service. Whatever your business is, it's time to put the pedal to the metal and work smarter. With a new burst of energy, sharpness and determination, you can make your company more productive, efficient and profitable. The road won't be easy, but we have to get on the road and go somewhere. Will Rogers said, “Even if you are on the right track, you will get run over if you just sit there.”

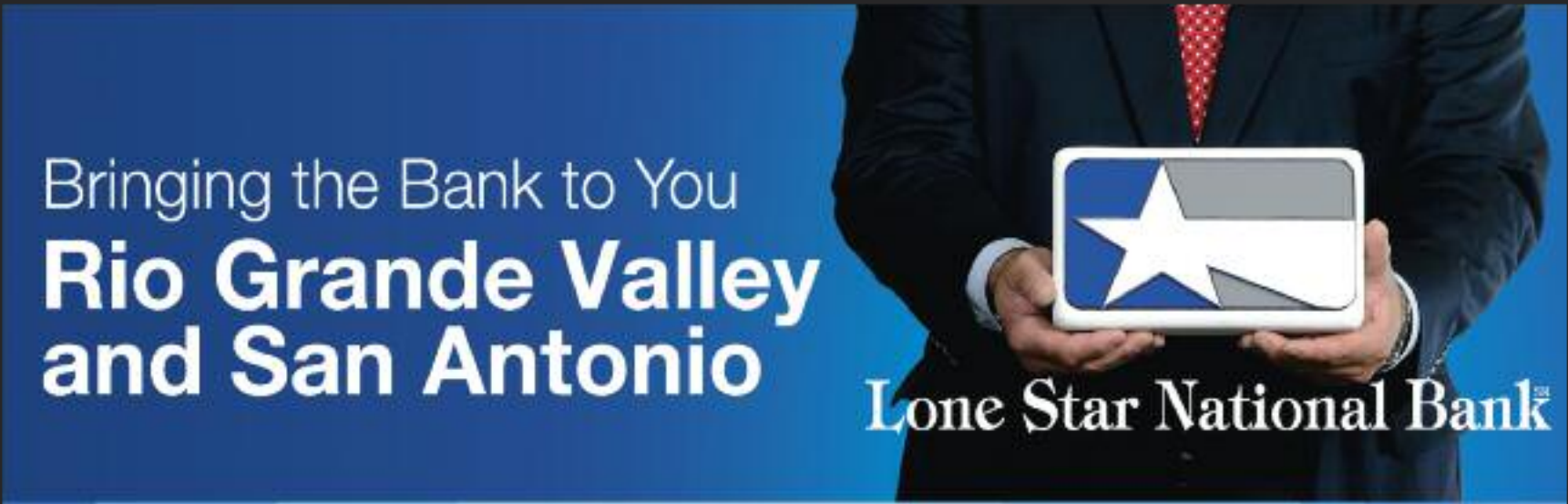
And the Rio Grande Valley is on the right track, and we're not sitting still. We're moving forward. It's very exciting to see our local economy faring far better than most markets in the United States.

At VBR, we've seen a lot of progress during

the first half of 2011. Construction is well underway with The Bass Pro Shops in Harlingen. South Padre Island tourism experienced one of its best springs in recent years. NAAMREI is getting closer and closer to becoming a reality in south McAllen. Downtown Brownsville is making great strides in retail revitalization. Mission is a major hot spot for new restaurants, residential subdivisions and commercial development. Weslaco is flying high with its new chartering services. Great things are happening Valley-wide!

We work hard so we play hard. Notice the order. Enjoy the rest of your summer. We at Valley Business Report are proud to serve you, the business community of south Texas.

Todd Breland
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Cover satellite photo of Hurricane Igor 2005 from the archives of NOAA.

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Philosophy

We are a pro-business publication providing in-depth perspectives on business trends and creating a forum in which business leaders can exchange ideas and information affecting the local community's economy.

Letters to the Editor

Letters of 300 words or less should be e-mailed to editorial@valleybusinessreport.com with the subject line: Letter to the Editor. Please include your full name and city of residence.

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KEEPING YOUR BUSINESS SAFE DURING HURRICANES AND FLOODS

By Eileen Mattei

Everyone who lived in the Valley in 1967 remembers Hurricane Beulah, the widespread flooding and the 100 mph gusts felt even in Hidalgo County. Category II Hurricane Dolly in 2008 battered and flooded Harlingen and parts of Cameron County. And 2010 was a disruptive hurricane season for Rio Grande Valley residents, even though Hurricane Alex and Tropical Storm #2 bypassed us. Torrential rains pushed the Rio Grande and diversion spillways to flood stage for more than a month. Then Tropical Storm Herminie blew through Brownsville.

So, are you feeling lucky this year? Did you and your business take any of last year's lessons to heart? If you are now a little wiser and want to be more prepared for the 2011 hurricane season, you can take steps to help your business weather a disaster.

The ability to manage emerging risks and to

bounce back from disruption has been identified as a competitive differentiator of companies and countries alike. One study showed that fifty percent of businesses that were closed down for more than a week because of hurricane-related damage were closed down completely within the year.

Recently hurricane preparedness workshops, conferences and webinars hosted by cities and counties, the SBA, Valley Baptist Medical Center, Anthelio Healthcare Solutions, Agility Recovery and insurance companies have addressed the most critical elements in the business owner versus nature confrontation.

PLANNING IS EVERYTHING

An emergency plan minimizes the impact of a hurricane on your company, helping protect your assets along with your connection to customers. A good plan also positions you for recovery. Free templates and checklists for businesses and families



Heavy clouds define the outer bands of rain as Hurricane Dolly approaches South Padre Island at sunset on July 23, 2008. (S. Campbell)



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are available online at preparemybusiness.org, texas-prepares.org, and ready.gov.

“This year in particular the word on the street is getting a little bit louder about preparedness,” said Matt Baker, Emergency Management Coordinator for Doctors Hospital at Renaissance. He is the only person holding that position full-time in any regional hospital, and has set up conferences bringing together Hidalgo County cities, EMS groups and hospitals to establish good relationships before an emergency.

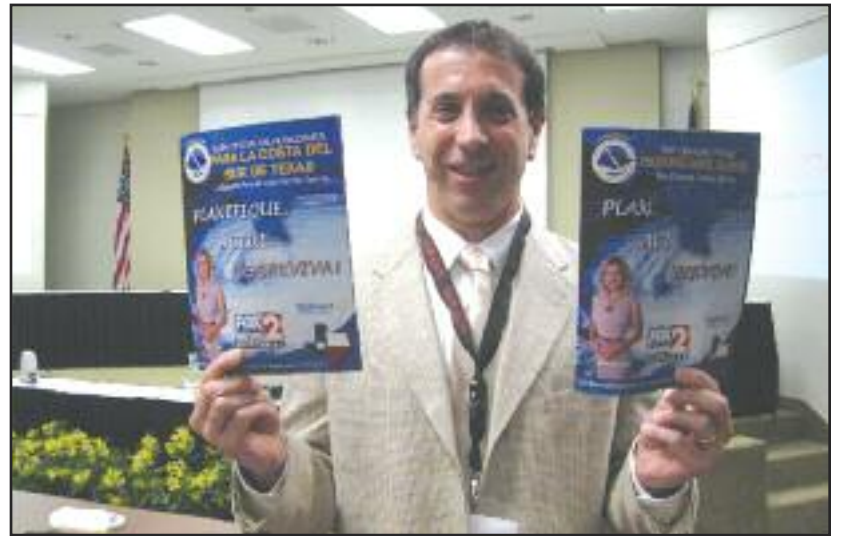
*What does H-48 mean?
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“Communication is the most important thing,” Baker said. To communicate, Doctors Hospital at Renaissance uses the VOLO system which within five minutes blasts a message to designated personnel in multiple ways: text message, office phone, cell

phone and email out system. “It tracks them everywhere and they have the information.” Baker’s advocacy has prompted county, city and other hospitals to adopt the VOLO system. He noted that the hospital uses microwave towers for backup communication. The Alabama and Missouri tornados decimated communications towers to the extent that recovery efforts were mainly coordinated through text messages.

Although Doctors Hospital runs emergency exercises throughout the year, Hurricane Alex led the facility to activate its emergency plan last year. That shifted the hospital into an alternate operating mode, Baker explained, and the top eight people met and determined how to address the event, set time limits and then coordinated with local, regional and state partners.

“Once you have a plan, trust it and exercise it,” Baker said. Following an exercise, review and fine tune the plan. Are more backup personnel required



Barry Goldsmith, NWS Warning Coordination Meteorologist, makes sure thousands of Hurricane Preparedness guides get to Valley residents. (courtesy)

when a disaster’s aftermath stretches for days instead of hours?

Nursing homes, rehabilitation centers and adult day cares are required to have emergency plans and contracts with bus companies and ambulances to enable them to evacuate and shelter patients, according to Harlingen Fire Chief Mike Rinaldi and city emergency management coordinator. “At this time of year we meet with all the nursing homes and a patient census is sent in every two weeks.” Voluntary evacuation for medical needs can begin as early as 72 hours prior to the tropical winds’ arrival.

WATCHING THE WEATHER

This hurricane season could look a little like last year’s since some of the same conditions exist, according to Warning Coordinator Meteorologist Barry Goldsmith of the National Weather Service in Brownsville. La Niña is only one of the factors conducive to hurricane development this season. In addition, we are in the middle of a 30 year cycle that brings more hurricane activity.

“Don’t focus on the exact storm track forecast,” Goldsmith advised, since storms stay within the cone of uncertainty only 67 percent of the time. While the accuracy of storm tracking has improved, predicting the strength of a storm is less precise, he added. Clues to developing storm strength are the storm’s movement into warmer waters and less wind shear. While eight hurricanes are projected this year, it only takes one to make the season memorable or miserable.

“Dolly taught us a lesson: don’t underestimate a Category II hurricane,” said Cameron County Judge Carlos Cascos. “People need to take responsibility

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The Main Floodway diverted million of gallons from the Rio Grande that otherwise would have caused extensive flooding of downstream cities.

(Eileen Mattei)

for themselves and not wait for the government to tell them what to do. Everyone should develop their own plan.” Dolly demonstrated, among other things, that gas stations and banks are basic services that need to have backup power sources. It also confirmed that people are reluctant to evacuate, that not many people have registered with the 211 system for evacuation transportation and that accommodations were needed for pets.

During a hurricane, you can count on one thing: emergency responders will not come to your aid during the most dangerous conditions. Hospitals must be prepared to be self-sustaining for a minimum of 96 hours. More realistically, they should be prepared for five to seven days without water and power, said Ingrid Steinbach, Emergency & Trauma Services Director at Valley Baptist Medical Center Brownville. “You have to be able to stand alone. It’s shocking initially. It forced us to work together more closely (with other hospitals.)”

POST-STORM

In the storm’s aftermath, pre-positioned assistance assets have to wait for the storm to pass them before they can come to the Valley. First, TexDOT has to approve the opening of the roads and then AEP crews do assessments of the damage. Selected businesses are expected to participate in the hurricane recovery effort: fuel companies, grocery chains with huge communications/logistics trailers, banking facilities and pharmacies.

A business’ emergency plan should delineate which employees are essential to restore critical business functions. How are you going to get evacuated personnel back to work if their houses are damaged? The plan should cover what you will do if your

building is damaged, such as carrying on in a mobile office, shifting operations to a sister company or furloughing employees. Isla Grande Hotel on South Padre Island was well-supplied with food and water during Hurricane Dolly when it sheltered employees. Those employees were involved in the clean-up of the property, and Isla Grande Hotel was among the first to reopen.

If a storm hit today like Beulah did, Judge Cascos predicted the Valley would be underwater. “I don’t think the levees can handle it,” he said, recalling that

Katrina’s main damage resulted from failed levees. The mantra is Shelter from hurricane winds; Run from hurricane water - storm surge and inland flooding.

Don’t become one of the businesses that Mother Nature closes down. Take the time to make an emergency plan for your business.

Business Must-do Tips

Backup your data in a remote location or in online storage.

Keep passwords accessible and safeguard install disks.

Set up a communication system, including an emergency contact number, that keeps employees informed.

Review insurance coverage, including flood coverage.

Stock up on food, water, flashlights, gas and radios as well as essential cash.

Help your employees prepare plans for their families whether they shelter in place or evacuate.

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Q & A ON HUMAN RESOURCES

Roy Sheneman is Human Resources Manager for Valley Telephone Cooperative, Inc. and is pursuing a PhD in Leadership Studies with an element on generational differences in the workplace. He talked with Valley Business Report's editor about adapting to working with people who are your grandson's age or the age of your grandmother.

Q Why is the current generational mix different?

A For the first time in history, we have four generations working side by side in the workplace. The oldest were born between 1925 and 1945. Next are the Baby Boomers born between 1946 and 1965 followed by Gen X in 1965 to 1985. The Millennials or Gen Y are the youngest workers born between 1986 and 2005. All four have unique perspectives on what it means to have a career; on the meaning of work; and on the role of their manager in their lives.

Q What generational differences does a supervisor deal with?

A There are very different expectations. Millennials expect constant contact with their boss along with a cell phone, a laptop or iPad. If their boss doesn't stop in to check how things are going several times a day, the Millennial asks what's wrong. The older generations by contrast wonder what's wrong if the boss does stop to check them on repeatedly. While generally employing technology in their jobs, the older generations do not have the intuitive, quick rapport approach to new tech that the Millennials do.

A major difference is that Millennials see work as a source of personal growth and development. A career is a lesser part of their identity than it is for previous generations. In a survey employees ranked how important it is was to work for someone who actively helps develop one's skills. The youngest say it is number one

in importance; the oldest said it was the least. HR professionals ranked it in the middle. People frequently assume everyone looks at the world with the same glasses.

Q Why must workplaces adapt to the Millennial outlook?

A It goes beyond the younger generations having essential skill sets. Federal agencies are predicting a shortage of 20 million employees by 2020 as the huge Baby Boomer generation retires. Increased competition for employees is likely, so employers have to figure it out how to get and keep people. By 2035, we're in deep trouble if we haven't solved this. Right now, many younger workers think five or six years is a career and then they plan to move into another field.

Q A supervisor at major resort told me he hires competent university students and then



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Roy Sheneman, Human Resources Manager for Valley Telephone Cooperative, Inc. (Mattei)

spends his time training them in simple courtesies such as smiling, looking people in the eye and engaging in conversation. Is this common?

A Many of the Millennials have very poor social skills because they are used to twittering and texting. You have to teach them everything from how to shake hands in a respectful manner to how to dress and act like a professional. That

goes beyond image to safety issues. Remember this is the entitlement generation. They grew up playing soccer where you did not keep score and everyone got a trophy. They may be college graduates but no one has ever asked them to do this.

Q What conflicts are arising in the workplace?

A Older generations always look at the younger generations as lazy or disorganized. There may be some truth to that or maybe the younger ones are using different, faster techniques. The generations can annoy and misunderstand each other. The younger side says, Why don't you talk to me? (Tell me I'm doing a good job). The older replies, Why do we need to talk? You are supposed to do a good job.

Q What can be done?

A Everybody will have to adjust and appreciate each other's strengths. Older workers must get their heads around the fact that the younger ones are different, not worse and they are not afraid of anything. Employers need to find

ways to engage the young workforce, keep them interested and reward them for staying. It's not always financial reward that matters to them. Praise, recognition and the opportunity to do something different are incentives.

Q What's the future look like?

A Many businesses will have to recreate themselves to survive. In the old days it was top down management. Now it's going to be more communications during the day. It will lead to a different style of management, more touching base, maybe doing things more efficiently.

We'll see all the generations learning to adapt to a common language and sense of direction because they have to. Supervisors will discuss career planning with workers and help them gain skills and transition to new fields, hopefully within the same company.

Q How can I get more details?

A Tons of research have been done. *The 2020 Workplace* by Meister and Willyerd is a very good book.

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BY STAYING SMALL, IMS HOME HEALTH WINS BIG

By Eileen Mattei

According to a New England Journal of Medicine article, one in five Medicare patients is readmitted to a hospital within 30 days of a hospital stay. Up to 76 percent of those readmissions may be preventable. Reducing hospital stays (when a brief stay averages \$17,000) saves money and reduces the stress on the patients and their families. Working with Medicare to keep costs down is one way that home health agencies can help assure their survival and profitability.

IMS Home Health Care Inc. succeeded in achieving the Medicare goal of reduced re-admissions along with providing quality patient care, an achievement which has brought the small Donna company national and state recognition. IMS has been ranked in the top 100 home health agencies in the U.S. on the basis of its quality of care, quality improvements and financial performance for 2010. IMS also was one of

31 Valley healthcare providers who met the goal of reducing 30-day readmission rates: it reduced the avoidable 30-day readmission rate of its patients by 15 percent.

For IMS administrator Linda Gardner, being named to the top 100 by the industry's leading provider of home health care information was a major surprise. "We didn't apply for it. They found us. They had looked at financials and patient outcome. Part of the pride we feel in our accomplishment is that it makes the industry look good again," she said. Gardner acknowledged that home health has been an industry with a black eye. With well over 300 home health agencies in the four county region, less than 50 agencies participated with IMS in the National Care Transitions Project, funded by the Centers for Medicare & Medicaid Services, to reduce avoidable readmissions.

Gardner explained that Medicare doesn't intend for home health agencies to see patients as long term

clients, nor as long-term revenue streams. "The goal is to educate patients and make them self-managed. Most patients want to learn and to have their independence," she said. The majority of patients are taught how to administer their own medications such as insulin and to take the responsibility for monitoring their health and recognizing signs of disease.

IMS Home Health Care was founded in 1998 as a home medical specialist when President Bill Carlson and his brothers, each with years of experience with medical supplies, took over a troubled home health business following a cyclical Medicare shakeout. The agency focuses on geriatric and chronically ill patients.

Carlson, Gardner and Director of Nursing Cathy Vela agree that a big agency isn't necessarily a better or more profitable business. They strive to keep IMS's patient load small, typically around 100. They rely on three full time LVNs with others on call as needed.

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Linda Gardener and Cathy Vela believe in IMS' philosophy of Service above Self and in keeping the home healthcare agency the right size. (courtesy)

“Once you get too many patients, you lose control in the quality of the staff and the attention each patient receives,” Vela said. “We like to focus on individual patient care. We put service above self. Everybody at IMS has responsibilities for quality assurance, everybody. We cross train. We ask everyone’s opinions, because we are a team and work as a team.

Vela said, “but you need educated patients. Patients talk to the nurses who bring adverse changes to the doctors’ attention. We’re the doctors’ eyes and ears. Doctors look good if their patients are not back in hospital time after time.”

In fact IMS’ LVNs send text messages directly to the doctor when they have a concern about a

We are trying to be those people who keep them out of the hospital.”

Because Congestive Heart Failure (CHF) causes more hospital re-admissions than any other illness, IMS nurses talk to patients and their families about noting weight change or shortness of breath, indicators of CHF. “It’s a big collaboration,”

patient, and they get a rapid response. “We see ourselves as an extension of their office into the patient’s home,” Vela added.

IMS uses the CLOX test, an assessment not required by Medicare, to determine how well a patient is going to be able to follow instructions and stay healthy without intervention. Patients who can’t fill out a clock face reveal problems such as an inability to take medications on time. “To make sure a patient is safe, we have to figure out what will work for them.” IMS is dementia-certified.

While home health is a true hands-on sector, it is also increasingly technology-driven. “Electronic medical records is where we’re all headed. It’s the only way to get all the entities to communicate in timely fashion,” said Gardener.

IMS discharges patients regularly after stabilizing them and training them to assume responsibility for managing their health. Carlson and the staff continue to build relationships with doctors and therapy and medical equipment agencies who refer patients to IMS.

“Patients want to come back to us which is lovely. They trust us,” Gardner said.

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BI-NATIONAL SHOPPERS ARE ESSENTIAL

By Eileen Mattei

The International Council of Shopping Centers forum held in McAllen brought a near overload of information about the status of retail.

THE DEVELOPER'S OUTLOOK

It's no surprise to hear that a bi-national customer base has infused billions of dollars into the Rio Grande Valley. Simply consider that Monterrey has a zip code with the highest per capita income in all Latin America. Add the facts that the majority of Mexican shoppers enter the U.S. on short term visas, are above median income, stay within 25 miles of the border and frequently patronize upper tier stores and restaurants.

The result in McAllen, for example, is that about 25 percent of retail revenue comes from Mexican nationals. El Paso, Brownsville, McAllen and Laredo are the four largest, bi-national shopping destinations on the Texas border. Besides strong sales for retailers, the cities capture substantial revenue from sales tax thanks to the millions of Mexican shoppers.

Dr. Dave Jackson of UTPA's Center for Border

Economic Studies pointed out that in 2010 the number of border crossings fell by 14 to 18 percent, depending on the border city. Yet gross retail sales increased along the border. Jackson suggested that bi-national shoppers are perhaps spending more each trip but making fewer trips because of cartel violence along the highways among other factors. Currently 85 percent of bi-national shoppers drive to the Valley, although increasing numbers are opting to fly to South Texas. (See the Weslaco airport story in this issue.)

Eight years ago, a VISA card study revealed that when Mexican nationals used their credit cards in the U.S., sixteen percent of the time they were charging purchases in the Rio Grande Valley. Historically McAllen has had as much as 34 percent of its gross sales receipts attributable to cross border shoppers, according to Kevin Jones, leasing representative for Simon Properties, which owns La Plaza Mall and Palms Crossing. Because of that, the Mexican consumer plays a significant part in the search for tenants, Jones noted. "We're always looking for the latest trends, based on consumer demand. Every shopping platform is different. We must understand the audience. At Palms Crossing and La Plaza we have put in place things that make shoppers feel comfortable." He expects cartel problems to have a minimal

impact on the stores.

Bi-national shoppers are the reason La Plaza Mall's sales (among the highest per square foot in the nation) seemingly conflict with the projected retail volume for the American demographic. In terms of attracting new retailers, commercial realtors like Mike Blum believe that upscale stores like Nordstrom's, Saks and Niemen-Marcus could succeed in the Valley. "There are a whole bunch of stores that ought to be in the Rio Grande Valley, but they don't understand what we already know," that bi-national shoppers are such a huge part of the local market.

The best practice, it was mentioned, is to bring in retailers and let them talk to existing retailers who have done well and can share local data. Knowing the retailers, their needs and the locations they prefer is essential for growing the merchant base. But there is a little discussed impediment to bringing in new upscale retailers. Existing anchors have unpublicized powers that can include ownership of a mall parking lot which gives them control over who can set up pad sites. Other anchors may have right of refusal on competing retailers coming into a shopping center. On the other hand, some Mexican retailers are beginning to move north of the border.

THE ECONOMIST'S OUTLOOK

"The U.S. is still running a surplus in cross-border shopping. Mexicans spend more money here than Americans spend in Mexico," said Roberto Coronado, economist at the Federal Reserve Bank of Dallas in El Paso. He addressed the impact of cross border retail activity on the RGV economy, noting that Brownsville and McAllen are doing better than Laredo as "border business cycles are still bouncing around the bottom."

How does The Fed determine how much of border retail sales are attributable to Mexican shoppers? They estimate the amount that is spent on retail sales in non-border Texas cities in relation to population and then compare those numbers to border cities' retail sales. Currently, border cities retail sales run between seven and 30 percent above the norm. The McAllen area alone, Coronado said, took in \$2 billion last year in bi-national sales. The top sectors are automotive (including parts), clothing, sporting goods and motor vehicles. An interesting fact is that bi-national purchases of women's clothing were approximately \$50 million while men's clothing was \$1 million. The Fed's estimate does not take into account the amount of US border residents' retail spending in Mexico, a number which has plummeted recently.

Coronado said bi-national shopping is closely linked to the exchange rate and he had good news for border retailer. "The outlook continues to be good. The peso is expected to remain strong."

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FRANCHISORS SEEKING INVESTORS IN SOUTH TEXAS

By Eileen Mattei

The South Texas Franchise Showcase held in June brought together entrepreneurs researching investment opportunities and franchisors hoping to expand through new franchisees in the Rio Grande Valley. Organized by the Retail Strategy Real Estate Group, Harlingen Economic Development Corp, Southern Commercial Real Estate and P3Economics, the showcase touched on the key ingredients for a franchise: the right location, the investment required and the necessary business skills and traits.

“For the last five years, we’ve seen the need for something like this franchise showcase. There are a lot of entrepreneurs in the Valley and they need resources and opportunities,” said Lupita Gutierrez-Garza, of Southern Commercial Real Estate Group. “This is what we do every day: working with people who want to start a business but they don’t where know where to go.” Her company has been handling site selection for Panda Express, the Chinese fast food chain that is spreading across the region.

Franchisors are coming to the Valley attracted both by the region’s strong growth and the influx of Mexican nationals intent on investing in business.

Different visas are available to Mexican investors depending on their immigration goal, which can be permanent residency or temporary residency, as well as the amount of money they are prepared to invest. The EB-5 visa, known as the investor green card, requires the immigrant to invest a minimum of \$1 million in a new business and create at least 10 full time jobs. The benchmarks for attaining the investor green card are complex and lengthy and include plentiful documentation that proves the money being invested was legitimately obtained. In Targeted Employment areas with traditionally high unemployment, such as in the Rio Grande Valley, the investment minimum is \$500,000.

Until 2008, only 1,000 applicants per year sought the EB-5. In Fiscal Year 2008-09, that number jumped to 4,218 as drug cartel violence escalated in Mexico. Spouses and children under 21 are given the same immigrant status as the visa holder, according to attorney San Juanita Campos of Weslaco.

The E-1 visa grants temporary (two-year renewable) residency for vetted immigrants who invest \$100,000 in commercial enterprises. Approved Regional Centers establish a fund that investors go into it. McAllen has a new, privately owned Regional Center which directs investments from multiple parties and helps immigrants fulfill their investment requirements.

The dozen franchisors at the Franchise Showcase held in Harlingen provided specific information on franchisee startup costs and total investment, the training and support given by the mother company and qualifications required

from the franchisee. Spotlighted franchisors included Hurricane Wings, Pizza Inn, Boneheads Grilled Fish, Steak ‘n Shake, Spicy Pickle Sandwich Company, Papa Murphy’s, Boston’s Gourmet Pizza, Mad Dogs British Pub and Pollo Campero.

Each franchise participating described what made its restaurant a sure winner. “We’re looking for guys who want to be involved in a family-owned business,” said Travis Simonsen of Pollo Campero. The restaurant is known for grilled chicken with an authentic, Latin-based flavor. Terry Justin of Mad Dog said its British pub-restaurant on the River Walk is the biggest liquor seller in that venue. Steak ‘n Shake, one of the oldest restaurant franchises in the U.S., looks for “someone excited about the business.” Restaurant experience is not necessary, but the franchisee is expected to hire an experienced operator in that case. They frequently have financial equity partners.

Two Showcase franchises were home grown: City Bagels and Pronto Insurance. Gustavo Diaz’s love for bagels prompted him to open the first City Bagels shop in Brownsville’s Sunrise Mall. Diaz’s bagel paninis and sandwiches drew avid fans including one who requested permission to open a City Bagels franchise in McAllen.



Gustavo Diaz of City Bagels became a franchisor when someone wanted to adopt his bagel panini concept. (Mattei)

“Franchising is a faster way to grow,” Diaz said. He used the numbers from his first store to determine the costs for the franchisee. City Bagels receives a fixed monthly fee, not a percentage of sales as is common with some franchises. Pronto Insurance has been named one of the top 50 franchises for minorities to invest.

Investors seeking retail franchises don’t have far too look for willing franchisors.

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LANDING THE HIGH FLIERS

By Eileen Mattei

Weslaco's Mid-Valley Airport has secured the first new landing rights general aviation customs processing center that Customs and Border Protection has opened on the U.S.-Mexico border in 40 years. Because of its proximity to the Progreso International Bridge Port of Entry and the CBP agents stationed there, the airport's Federal Inspection Services (FIS) processing center now offers "on-call" landing rights to private and charter flights arriving from Mexico.

"We wanted to be able to reach out to customers, our neighbors in the south," said George Garrett, Mid-Valley Airport's Director of Aviation. "We felt there was a niche market we could attract, but we had to figure out how to get them to Weslaco. We wanted to capture the corporate traveler in the private plane and develop the facilities at the airport." The on-call FIS is projected to be a traffic generator for Mid-Valley. "We think we will see greater occupancy in our hotels not only from business travelers but from people coming here to shop. The FIS will help bring businesses and investments to the mid-Valley and ad-

ditional business to the outlet mall and mid-valley restaurants."

Mid-Valley Airport has long positioned itself as the Valley's airport for private aircraft, Garrett said. While Brownsville, Harlingen and McAllen airports catered primarily to air cargo and passenger flights, Mid-Valley was carving out and expanding its private aviation niche. Currently 106 planes are hangared or tied down there, more than at any other regional airport.

The Mid-Valley Airport board decided to pursue the on-call option. For the past nine years Weslaco's Economic Development Corporation (EDC) championed their effort to secure foreign customs clearance for general aviation aircraft. Once numerous federal approvals were secured, the CBP-FIS was designed, built and funded by the Economic Development Corporation of Weslaco. The facility was turned over to the City of Weslaco which leases the facility to the CBP. CBP agents stationed at Progreso International Bridge provide the aircraft inspection service on an on-call basis to arriving aircraft which have completed the required overflight notification process. Garrett explained the overflight procedure requires at least two hours' notice via website or the Progreso Bridge control in order for Customs to send an officer to the airport before the plane lands.

The initial forecasts on the volume of private aircraft using the on-call service have been revamped dramatically as cartel violence escalated in Mexico, Garrett said. "The whole dynamic has changed for people who come from Mexico to the U.S. to conduct commerce. People are flying now instead of driving from Monterrey and Saltillo." Only two years ago the idea of people chartering airplanes to fly to the border to shop was not given much priority.

The week after the FIS debut, the airport began receiving communications from Mexican charter companies interested in an accessible, low-hassle airport destination, Garrett said. Despite the fact that Weslaco had not marketed itself directly to south of the border aviation prior to the FIS inauguration, the news spread about the FIS.

"Our market is corporate aviation and general aviation. We are in the process of developing a solid marketing plan to reach our target audience not only in Mexico and Latin America but also American and international corporations flying to Latin America. This is a more convenient location for them," Garrett said. The airport has long-standing access to rental cars, a limo service and other amenities. "We can provide catering for outbound flights. We do that



George Garrett, Aviation Director for Mid-Valley Airport, is prepared for an influx of international charter and private planes. (Mattei)

now for American corporate customers."


Angel Hernandez of Gran Café de la Parroquia in Veracruz anticipated the airport's FIS service when he opened the American distribution center for the famous coffee and a coffeehouse next to the Weslaco airport earlier this year. He landed his Learjet in Weslaco as part of the late May grand opening ceremony for the on-call service.

With the airport located in an industrial park, Garrett said it's a natural choice for distributors like Hernandez, along with wholesalers and manufacturers seeking a location less than five minutes from the expressway.


Praat Aviation Service, which has been an airport tenant for two years, focuses on training Mexican nationals as pilots. The company, which also runs a Mexico City school, trains students from the novice up to commercial aircraft rating. Weslaco's draw includes excellent flying weather and less air traffic to contend with combined with less expensive cost of living and plane leasing costs for the trainees in residence.

Currently, the airport can handle up to medium size corporate jets. Mid-Valley Airport is planning to lengthen its runway by 1,000 feet. At 6,000 feet, larger corporate aircraft with international capabilities will be able to land there.

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TRANCASA BRIDGES THE BORDER

By Rebecca Sweat

After 15 years of success in Mexico, logistics company president Carlos Canales has expanded the Trancasa brand to the United States. Trancasa USA began operations in Pharr six months ago and now offers its customers freight transportation from Mexico and the Rio Grande Valley to cities across Texas, including Dallas, Houston and Laredo.

Since the formation of Trancasa in 1994, the company has grown to a fleet of over 300 trucks that operates out of two ports in Rio Bravo, Tamaulipas, and Monterrey, Nuevo Leon, and employs 500 individuals. The company currently transports freight for Fortune 500 companies such as Wal-Mart, Home Depot and Sanyo to cities across Mexico.

Canales was born and raised in Rio Bravo, where he attended primary and secondary school. As a teenager, his family sent him to Bay St. Louis, Mississippi to the prestigious prep school St. Stanislaus College to complete his junior and senior years of high school. After graduation in 1989, Canales joined the family business in Rio Bravo, where his family has a long history in farming grains and cattle.

"We started the trucking business so that we could move the grain and cattle to the stores we sold to in cities like Monterrey and Guadalajara. In 1990, we started with five trucks and by 1994 we had grown to 20 trucks. But the economy in Mexico was coming down, and the dollar was very high compared to the peso, so I sold everything and kept just two trucks to start over again," Canales said.

The second time around, Canales changed his strategy and decided to move his focus from the farming industry to the maquiladora industry. In 1997, Seagate became his first maquiladora client and he continued to gain more clients from Reynosa, growing to 20 maquiladoras by 2011, including Motorola, Nokia and LG.

Prior to establishing Trancasa USA, Trancasa specialized in helping the maquiladoras transport their products from Reynosa to the trade zone, where another carrier would then carry the goods to the next destination in the United States. Now, under Trancasa USA, they are able to move goods across the border and on to its next destination in Texas.

"Our goal right now is to grow right here in the Rio Grande Valley and build the success that we have built in Mexico," Canales said.

Canales said that he brought the company to the U.S. because of his love for the country and the lifestyle. After graduating from high school in Mississippi, he knew that he wanted to live and work in the U.S. Canales also said that the current violence situation in Mexico was a part of the decision to expand the company now.

The strategy that Canales uses to set his business apart from competitors is Trancasa's investment in safety and security. All drivers are equipped with two GPS devices – one on the truck and one on the trailer - as well as cellular

phones. To ensure product and driver safety, Trancasa houses a control center that monitors trucks, check points, loading and unloading 24 hours a day.

All trailers are also equipped with scales along the truck bed to monitor the weight of the freight inside the trucks, and the trailers are monitored with sensors that track the opening and closing of doors. With these features, Trancasa gives its clients the ability to know exactly where each truck is at any given time. Transportation managers regularly receive updates that provide the exact location of their freight.

Canales believes this security and communication approach that made Trancasa an industry leader in Mexico will lead to similar success in the U.S. Many transportation companies use some similar safety and security measures as Trancasa, but not many use all of them. "Many companies call Trancasa because they know that we are always investing in safety and new technology," Canales said.

The biggest challenge for Trancasa USA is finding drivers that meet the standards that Canales sets for his operations. In addition to the usual licensing requirements, Trancasa USA uses the same model that has been successful in Mexico, requiring its drivers to have background checks, possess mechanical knowledge of the trucks they drive and adhere to Trancasa's strict safety requirements.



Trancasa is a family owned company. (Mattei)

Trancasa USA currently operates 10 trucks from the Pharr terminal to carry freight across the state. Canales said that business is steadily growing and that the demand for Trancasa USA's services exists as he adds more drivers and trucks to the fleet.

"We want to do a lot of good things here, and we want to do the same things that we are already doing in Mexico. We want to provide a good place for drivers and people who work for Trancasa USA, and I think this is going to be a good opportunity for other companies to work with us," Canales said.

For more information about Trancasa USA, contact Ilse Fernandez at 702-4167 or visit www.trancasa.com.

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RGV DOWNTOWNS – SAN JUAN

By Eileen Mattei

Downtown San Juan is being revitalized from the ground up. Make that from below the ground up.

A 2009 feasibility study revealed that small and antiquated clay water lines and sewer lines impeded growth in San Juan's historic heart downtown, said Miki McCarthy, Executive Director of the city's Economic Development Corp.

"Downtown revitalization is a must because of the draw we have in the Basilica of Our Lady of San Juan del Valle. It gets 30,000 visitors a week," McCarthy said. But with no hotels or restaurants nearby catering to Basilica visitors, the tourism leakage (lost annual sales) total around \$16 million, one survey reported. The religious tourists eat, shop and spend their money outside of San Juan. "We knew we needed to retain some of this. There are only three basilicas in the entire state. We are a pilgrimage tourist destination."

In order to grow, San Juan had to upgrade its infrastructure, starting below ground by installing 12 inch water and sewer lines. "Everyone gets excited

about lights and awnings on stores," McCarthy said. "But if you don't have a solid foundation underground, you can't support (the needs of) restaurants and hotels." San Juan already has an enviable flow of tourists, so tapping into that stream warranted investing and borrowing.

Appropriately, San Juan's downtown is in the shape of a cross, although the Basilica sits just outside the historic downtown which runs down Nebraska Street from Expressway 83 to three blocks south of Business 83. Following the six-month long infrastructure study, the EDC borrowed \$2.1 million to upgrade water, sewage, fire hydrants and storm drainage under Phase I of the infrastructure update that is a work in progress. The cost of the full project is estimated around \$10 million. Set up in five-year models, the revitalization plan includes a pedestrian friendly corridor designed to retain visitors. "It only makes sense for us to create activities for them," McCarthy said. With visitors unwilling to travel to Mexico, they are looking for more local things to do in the Valley.

"This is a restoration of our history. We plan to become a Main Street community," McCarthy said. The city is re-submitting its application for the Texas Main Street program, now that its *San Juan: Images of America* book has been released. Historic preservation efforts have increased, including collecting information on the historical structures. San Juan was established in 1910 on land previously owned by John Closner's San Juan Plantation. The new town hosted numerous land excursion parties in its early years and a lively destination. Visitors stepped off the train and, after 1920, stayed at the Spanish colonial-style San Juan Hotel, now a historical landmark. A private railway spur about eight miles long serviced by the locomotive "Old Flossie" linked San Juan to the town that became Edinburg.

Before the official revitalization work began, pharmacist Javier Garza, owner of Martin Drug, undertook an exterior makeover of his pharmacy's building which dates to 1919. "I've been in this building for 31 years, and it was time for us to change, to do something outside," Garza said. "We had a basic design and kind of copied City Hall. We've had lots of positive comments." Garza had not realized he would serve as a revitalization catalyst, but he inspired used car dealer John Phillips to invest in fixing up his corner on Nebraska Street. "I hadn't thought about helping revitalization, but this area could use a more," Garza added. "I hope the plan develops so we have a place where people like to visit and shop."

McCarthy is happy to see private investment like



Pharmacist Javier Garza remodeled Martin Drug, a 90 year old San Juan landmark. (Mattei)

Garza's. "He did a really nice upgrade. You want that buy in and motivation from everybody," she said. She submitted the Martin Drug makeover to the Texas Main Street program. As a result, Javier Garza received the President's Award for downtown revitalization from the group.

San Juan's retail sales have already taken a big jump thanks to the new Ron Heller Mercedes-Benz dealership which opened in December 2010 adjacent to the downtown district.

"Mercedes Benz is destination-oriented retailer. Their customers find them," McCarthy said. A competitive location and affordable land was what drew them to San Juan. "The EDC is aggressive with providing incentives. We understand infrastructure may be a caveat. We do fast track permitting and usher them through the city process. We are a pro-business city, and the city participates in helping us structure deals, helping in getting things done."

McCarthy showed the Boerne-based Mercedes-Benz dealership owner a few other San Juan properties, "planting the seeds for additional opportunity." The opportunity materialized rapidly. The company will open an Audi showroom in San Juan in December 2011.

The revitalized downtown retail corridor is slated for tract development suitable for retail, restaurants and hotels near the basilica as well along Business 83. In the not too distant future, the long-awaited enhanced lighting, awnings, and sidewalks will be giving San Juan visitors a warm welcome.

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EXPANDING A BUSINESS

by Rick Carrera

Expanding a business can be a tempting and daunting idea for the successful business owner. Most small business owners who are at the point of expansion are doing so because their businesses are doing extremely well, their clientele is growing and their present situations may not provide them with the means to capitalize on their growing markets.

While the potential to increase profits and market share exists for these types of businesses, unfortunately so do the risks associated with expansions.

Before taking the plunge, the small business owner should consider some important factors to mitigate some of the risks involved. The first question the entrepreneur should ask is: will the expansion generate enough increased profit to justify the expansion? Expanding can mean adding a wing to an existing structure, renting the available space next door or moving to a completely new building, all of which come at a price.

The cost of any development can range from very inexpensive to very costly. Whatever the case may be, the business owner must account for the cost of the physical expansion and for any associated costs to determine if the expected increased revenues from the expansion will cover the increased costs. Some associated costs may include:

- Wages – Will the expansion of the business require more staff? Staff may be required to fill a customer service department in newly expanded areas, to sell new product lines, to handle larger amounts of inventory or to cover more territory. Wages and salaries are typically among the highest expenditures for a business, so this expense must be considered.

- Utilities – What is the increased expense on utilities due to the expansion? An addition of square footage may likely bring with it an increase in utility expenses. How much more will this extra square footage add to the utility expense each month?

- Insurance, Maintenance, Vehicle - If the business is a service provider, how much would any additional service, product lines, or

territory cost in terms of maintenance and repairs, fuel costs and/or insurance costs?

A larger form of expansion may mean a complete re-location of the business to a bigger facility. The new facility will likely bring with it higher insurance premiums, higher utility costs and greater maintenance and repairs.

An additional concern associated with complete relocation is the possible loss of customers if the business relocates far enough from the established clientele that it is no longer convenient and feasible for them to visit the business. For some, the potential for greater market share and new clientele at the new location may outweigh this particular risk. In any case, this concern should rank as one of the highest for businesses looking to expand by re-location.

Lastly, it is important that the business owner assess the existing location. It may be that the current location allows for low overhead costs that ultimately spur the profitability and success

of the business. Expanding into a new location may eliminate this competitive advantage and reduce profits for the business – an outcome that is contrary to the reasoning for the expansion.

These are just a few factors that must be considered for a business looking to expand. A business advisor at the UTPA Business Development & Innovation (BDI) Group can help business owners determine the cost effectiveness of potential expansions and with demographic information on potential locations.

Rick Carrera is a Procurement Specialist with the Rio South Texas Regional Procurement Technical Assistance Center (PTAC). PTAC is a component of the UTPA BDI Group and provides technical guidance for business owners who desire to do business with the government. Contact the UTPA BDI Group at (956) 665-7535, for additional information on business counseling and training.

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IS IT POSSIBLE TO FIND A WORK-LIFE BALANCE?

By Eileen Mattei

Finding a satisfying work-life balance is like sitting on a seesaw. The happy medium can be elusive for people who must divide the time and energy allocated to earning a living on one hand, and the time and energy for life outside of work on the other. Achieving harmony between work and personal time has grown more difficult with technological advances. Or has it? Cell phones have blurred the lines between personal and work time and led to more overlap. Yet technology has added more flexibility, too, making it easier to shift between the two. In many instances an acceptable work-life balance boils down to flexibility.

Work-life balance is a matter of looking at the big picture and understanding that personal and business priorities change as demands vary from each sector. The teeter-totter here is usually in motion, moving from one side to the next. Usually work must come first: you must earn the money to care for your own or your family's basic needs. The verbs associated with work life balance—juggle, navigate—imply the difficulty inherent in the process. The language used shapes our

perceptions, according to Mary Hoffman and Renee Cowan, who gave the endowed Hauser communications lecture at UTPA earlier this year.

In fact, businesses benefit when their employees are happier and less stressed because they are don't feel torn between their work obligations and their life outside of work. The results have been seen in higher morale, lower absenteeism and lower turnover.

"People who communicate about work at home and about home at work show greater work satisfaction, higher work function and higher satisfaction with home and family activities," Hoffman noted. "And they have more functional families."

Boundaries typically exist on what people talk about at work, but undeniably home chat has helped establish relationships at work. Nevertheless, work-life needs and solutions are private concerns, usually individually negotiated.

Managers are the single biggest factor in work life balance, according to the communication specialists. Managers should monitor the potential contradictions between a business' work life policy and its informal message. It is critical that they avoid making some em-

ployees "fill-in" for others who take personal time without some form of compensation for the additional work. Gender plays a huge role, Hoffman agreed, with family requests facing less resistance: "I have to do this for my family." On the other hand, it is important to confirm that the work unit will not be harmed by an employee's absence. People who understand their organization's culture are aware of which requests are 'safe.'

Businesses can recognize and aid employees who want flexibility during the work day to take care of personal issues, most often involving children. One strategy is to evaluate employees on their production and their success in meeting deadlines, rather than on how they achieve the stated goals. Flex time and telecommuting have been adopted by various businesses, depending on their turnover (with fewer concessions in a short-term employment relationship) and the office culture.

Flexibility flows both ways. Smart phones have set up expectations of a rapid response away from the workplace, at all hours. That has unveiled new parameters in the quest for work life balance.

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- ✓ The department has successfully managed the City's finances through the regional economic downturn, while producing a balanced budget with no layoffs.
- ✓ Congratulations to the Pharr City Commission, City Manager Fred Sandoval and City Finance Director Juan Guerra.

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HARLINGEN MANUFACTURING IN UPTURN

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The Harlingen Manufacturers' Association represents a small but strong community primarily located in industrial parks on Harlingen's east side. Most of the manufacturers have expanded in the last two years and are getting a new lease on life, according to Don Hubbard, director of Business Retention and Expansion of the Harlingen EDC. "We poll members at the HMA meetings. Everybody says things are picking up."

HMA member Norwood Fedie said, "In the Rio Grande Valley, we've seen a transformation of manufacturing from hands-on, labor intensive plants like we had in textiles at the Hagar, Fruit of the Loom and Levi facilities to fully automated operations like Prism." Prism is a Harlingen injection molding factory where robots predominate. "The automated and machine-dependent plants are a reflection of what is going on in whole country. Even Mexico manufacturers are less labor intensive than they were."

Penn Aluminum, which idled its extruded aluminum plant in 2008 because of the economy and auto industry conditions, restarted production in January. The company, which hired back many of its former employees, now has clients in the appliance and refrigeration sectors.

Tyco Valves & Controls has completed a \$5.7 million, 30,000 square foot expansion in Harlingen after the parent company closed an Illinois plant. The maker of flow control valves for nuclear power plants, oil fields, chemical plants, and other industrial uses



Penn Aluminum (Mattei)

has added 90-plus jobs and two new product lines Pennberthy and Yarway.

Cardone Industries, a remanufacturer of car parts, now fully occupies the 600,000 square feet of the former Fruit of the Loom plant and has 183 employees. A privately held Philadelphia-based company, Cardone expanded its product line as demand increased because more old cars were remaining on the road in a sluggish economy. Cardone recycles parts such as alternators which are sold under its own brands as well as packaging them for major private labels found in auto parts stores.

ULA, known for producing Atlas and Titan nose cones and launch vehicles, is gearing up for new orders and has begun hiring to fill vacancies. "Ordering drives manufacturing," Fedie said.

Aloe Labs has adding 20,000 square feet to its plant in addition to new employees in order to meet the demand for its aloe products, 85 percent of which go to Japan. Independent sales reps who meet sales goals are taken on a group tour to Harlingen where they visit the plant and South Texas.

Mexican Snacks is the Valley's only remaining potato chip and snack chip manufacturer. The Encanto-brand company is based in Monterrey and chose Harlingen for its only U.S. plant.

ITD Precision has gone from 39 to 74 employees. The metal stamper invested in a \$2.2 million dollar expansion, nearly doubling the plant's size, and added a heat treating operation to their services. The company reportedly plans a further expansion.

Fox Valley Molding manager Don Haig has said the injection molding company "is going great guns," according to Fedie, and is seriously contemplating an expansion since the market is in better shape. Fox Valley produces plastic components for consumer and household products as well as for the construction industry.

Three manufacturers are located outside the industrial park area. TriPak began making fruit and produce sorting and packing systems in 1934. Now run by the third generation, the company sells its equipment globally. The highly-automated Spring Dynamics produces any type of commercial spring. It is located across from the Prism plant along North Highway 77.

During the manufacturing slowdown, HMA members took advantage of WIRED grants to upgrade employees' skills, Fedie said. HMA, founded in 2001, has associate members in the logistics and supply sectors. The organization maintains a showcase of locally made products—metal stampings, molded



Aloe Laboratories of Harlingen (Mattei)

plastic components, aloe products, valves—at Valley International Airport's baggage claim. A large flat screen TV, donated by its regional manufacturer, runs a DVD about the area's manufacturing plants. HMA participates in a Career and Education EXPO to acquaint and interest students in manufacturing careers.

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TALES FOR THE TROPICAL TRAIL: REFUGIO

By Eileen Mattei

In 1795 the Spanish mission Nuestra Senora del Refugio was established along the Guadalupe River and soon populated by Spanish soldiers and their families and local Indians. The mission was abandoned in 1830, but Irish immigrants settled at the site in 1834.

The Texas battle cry of ‘Remember the Alamo! Remember Goliad!’ omits a major segment of Texas Independence history, according to Bart Wales, curator of the Refugio County Historical Museum. Between the time of the fall of the Alamo and the Goliad massacre in 1836, two battles were fought at Refugio, delaying the Mexican army. Approximately 1,500 Mexican attackers were briefly held off at the old mission by less than 100 defenders, many of whom were later captured and killed. Why is Refugio omitted from history’s roll? No one knew how to pronounce the name, Wales asserted. The town’s name is most often heard as Re-furr-ee-oo.

Nevertheless, in 1936 Refugio erected a centennial monument to the defenders of the town. Unfortunately, the townspeople detested the heroic statue to the men who had lost their lives nearby. They planted a grove of trees to hide the statue which had been created by a nationally known sculptor. Finally in March 2011, a large marker was unveiled, dedicating the 74-year-old monument and noting the populace’s resistance in the 1800s and 1900s.

When Highway 77 was widened in 1999, preservationists reinterred graves from the original church cemetery to the modern Catholic church on the river bank. Archeologists also recovered Spanish ceramics, loom shuttles and other colonial artifacts, many of which are now in the log cabin-style county museum building, built in 1985, that fronts Highway 59. The interesting and well-tended museum showcases the bell from the mission and the town’s early history. It’s well worth a stop. Inside, a saloon’s massive, 30-foot-long back bar boasts a mirror framed by carved wood columns that rise ten feet tall. A photo exhibit



The bell from the Nuestra Senora del Refugio mission is showcased in the Refugio County Historical Museum. (Mattei)

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notes that Refugio was the site of Texas' first legal liquor distillery.

The museum's refurbished displays include Remington bronze sculptures (representing the Bronze Age in Refugio, Wales quipped), a blacksmith's door with the brands he crafted burned into it, a Model T, old typewriters and a nicely-labeled shell collection. An interactive exhibit of 'What is it?' gets visitors puzzling over a WWI code transmitter, an oil field seismograph and more odd tools.

Past the oil patch Christmas Tree is another museum building, the Linney House built in 1876, the oldest family home in the town. Built of pine and cypress, fashioned with high windows in dog-trot style, the house withstood the hurricane that destroyed Matagorda only 12 miles away.

Before leaving the museum pick up the Parade of Homes self-guided driving tour CD. It leads you past 12 Victorian era houses and briefs you on their history. One new stop is the Braman Winery, the only Texas winery bottling a ready-made mimosa. White merlot, zinfandel, meritage and sparkling wines are available in the tasting room which is open Thursday to Saturday noon to 7 p.m. The wines are available online and in stores in Refugio and Victoria.



The Linney House with a windmill for water tell part of the story of Refugio's past. (Mattei.)


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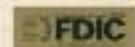


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