

News Pickup on Les Schwab Announcement 12.13.06

Articles with links

[Les Schwab moves company to Bend and appoints new CEO](#)

KATU Portland – Dec 12

Les Schwab Tire Centers announced Tuesday that it is moving its corporate offices from Prineville to Bend. The long-time Oregon-based company considered leaving the state but decided to keep its Oregon ties.

[Les Schwab Tires Makes Tracks For Bend](#)

Fox 12 Oregon – Dec 12

PRINEVILLE, Ore. -- Les Schwab Tire Centers announced Tuesday it will move its corporate office from Prineville to nearby Bend.

[Les Schwab to move headquarters to Bend](#)

BendBulletin.com - Dec 12 12:30 PM

The Bend City Council agreed this morning to a deal that would bring the headquarters of Les Schwab Tire Centers to Juniper Ridge. The headquarters, now based in Prineville with 320 employees, would move to a 12-acre parcel just northeast of Cooley Road and 18th Street.

[Les Schwab moving HQ to Bend's Juniper Ridge / Schwab moving HQ to Bend's Juniper Ridge](#) **[/Bend council approves land sale on 4-3 vote](#)**

By Barney Lerten, KTVZ.com

Les Schwab Tire Centers, the tire giant founded and based in Prineville for more than a half-century, will move its headquarters south to Bend, becoming the "anchor tenant" at the city's big Juniper Ridge project, under terms of a \$3.2 million, 20-acre land purchase sharply split city councilors accepted Tuesday on a 4-3 vote.

[Tire giant rolls hub out of town](#)

The Oregonian Wed, 13 Dec 2006 0:23 AM PST

Les Schwab Tire Centers said Tuesday it will pull up roots buried five decades deep in Prineville and transplant its headquarters 35 miles down the road to Bend.

[Les Schwab OKs new CEO, locale](#)

Salem Statesman Journal Wed, 13 Dec 2006 3:18 AM PST

PRINEVILLE -- Les Schwab Tire Centers on Tuesday announced a new chief executive and new location for the company. Les Schwab's board of directors approved Dick Borgman, 51, the president of the company, to serve as chief executive officer.

[Les Schwab moves company to Bend](#)

Seattle Daily Journal of Commerce Wed, 13 Dec 2006 0:14 AM PST (subscription required)

Les Schwab Tire Centers on Tuesday announced a new chief executive and new location for the company.

[Les Schwab Considers Leaving Oregon](#)

KOIN News 6 Portland Dec 13

PRINEVILLE, Ore. - **Les Schwab** Tire Centers announced Tuesday that it is moving its corporate offices from Prineville to Bend, Ore. The long-time Oregon-based company considered leaving the state but decided to keep its Oregon ties.

[Les Schwab Tires Makes Tracks For Bend](#)

Fox 12 Oregon Dec 12 4:40 PM

PRINEVILLE, Ore. -- Les Schwab Tire Centers announced Tuesday it will move its corporate office from Prineville to nearby Bend.

Articles in Full

Les Schwab Moving Headquarters To Bend

KBND Dec 13

Prineville officials are expressing disappointment with the announcement that Les Schwab Tire Centers is relocating its corporate headquarters to Bend. On Tuesday, the company and the Bend City Council finalized the \$3.2-million deal making Les Schwab an anchor tenant of Juniper Ridge, a 1500 acre commercial, industrial and housing development on Cooley Road off Highway 97. The company is expected to make the move in 2008 bringing 350 employees to the site. Prineville mayor Mike Wendell says he's glad the company will remain in Central Oregon, adding he hasn't given up on keeping the tire company in his city. The company will keep its retread facility and distribution center and 850 jobs in Prineville.

Les Schwab names new chief executive

Everett Herald Wed, 13 Dec 2006 0:49 AM PST

(Business News Roundup - starts with Boeing 777 story; entire story follows)

Les Schwab Tire Centers on Tuesday announced a new chief executive and new location for the company. Its board of directors approved the appointment of Dick Borgman, 51-year-old president of the company, to serve as chief executive officer. The CEO position is new at Les Schwab. The company also said it will be moving its corporate offices to Bend, Ore., from nearby Prineville.

http://www.heraldnet.com/stories/06/12/13/100bus_briefs001.cfm

Les Schwab corporate offices moving to Bend

Dick Borgman promoted to Chief Executive Officer

The Central Oregonian Wed, 13 Dec

The Board of Directors of Les Schwab Tire Centers announced that Les Schwab reached an agreement with the City of Bend to purchase land that will be used for new corporate offices.

The Bend City Council approved the purchase at a meeting held today. In addition, the Board approved the appointment of Dick Borgman as Chief Executive Officer.

"Les Schwab Tire Centers' history is rooted in this region and our Board of Directors is pleased to find a suitable location for our new corporate offices here in central Oregon," said Les Schwab Tire Centers Chairman Phil Wick.

This concludes a long process that I have been working on for the last year," Wick said. "We wanted to remain in Oregon but also looked at areas beyond the state. The Bend headquarters location provides the land and infrastructure needed to support our business and reinforces our commitment to the central Oregon region that has supported us. We look forward to drawing upon a skilled labor force that will help us grow further in the years ahead."

The new corporate headquarters will be approximately 120,000 square feet and located on 12 acres of land in the Juniper Ridge development, northeast of Bend. The company anticipates the building will be completed in the fall of 2008.

"We were excited to be approached by Les Schwab and given the opportunity to have a company of this caliber as an anchor in the Juniper Ridge development," said Andy Anderson, Bend City Manager. "This is a company that started in central Oregon and sets the standard for quality in our business community and commitment to the region."

Approximately 350 professional and administrative employees will work at the Bend office. An additional 800 employees will remain in Prineville at the Les Schwab tire re-treading, warehousing, transport and distribution center.

At its meeting yesterday the board also approved the appointment of Dick Borgman as the new CEO of Les Schwab Tire Centers. Borgman, 51, previously held the title of President, Les Schwab Holding Company Division.

"Dick worked closely with Les and me for the last 16 years," Wick said. "Both the Board of Directors and the Schwab family have complete confidence that he is the right person to lead the company over the next phase of continued growth and expansion."

Les Schwab founded Les Schwab Tire Centers in Prineville, Ore., in 1952. In 2006, Les Schwab's sales will exceed 1.6 billion dollars.

Prineville Mayor Mike Wendel said the city intends to keep the lines of communication open with Les Schwab Tire Company in an effort to keep the main offices in Prineville. "We will talk to them and see what we need to do to keep it here," he said. "We are listening to what their needs are, and if there is anything we can do to try to fulfill their needs we will do what we can to fulfill them."

"I believe Les Schwab's has been a large part of our community for a long time," he continued. "I think a move would be a big cultural hit to this community." Wendel emphasized the positive impact the Schwab family imparts on the community.

"Les Schwab and his family will always be a part of Prineville and we will always value them as people and as a great asset to our community."

Wendel added such a large relocation of staff will have an economic impact on the Prineville community in that those workers will likely no longer frequent Prineville's restaurants nor utilize other local services while working.

Wendel said he is confident in the future of Prineville no matter what happens. "Prineville is a community that can take on any challenge and rebound," Wendel said.

Prineville City Manager Robb Corbett was disappointed with the news. "I haven't heard anything officially," Corbett said early this afternoon, regarding the corporate move.

The city regrets the decision that they'll be moving their headquarters and the jobs associated with that," Corbett said. "However, they're still one of our top employers in the community and that their future success is critical to keeping their people employed."

Corbett said if this move is something that benefits the company, "then we're supportive of it."

For reference: <http://www.centraloregonian.com/PCONews0.shtml>

Prineville sad to lose main office, glad to retain others

Bend Bulletin Dec 13 (subscription required)

PRINEVILLE - After years of speculation about the future of Les Schwab Tire Centers in Prineville, the company officially informed city and Crook County representatives Tuesday that it will move its corporate headquarters to Bend.

In the wake of the announcement, local government officials said they are disappointed and worried about the possible economic impact - but things could be worse.

"I was glad to see that 800 employees are staying, that's probably the most positive thing that I got out of it, and I'm also glad to know that the company is going to stay in the region," Crook County Court Judge Scott Cooper said.

Les Schwab Tire Centers currently employs about 320 people in its corporate office out of approximately 1,150 total in the Prineville headquarters and distribution center, making it Crook County's largest employer. Cooper said company officials assured him Tuesday that the tire retreading, warehouse, transportation and distribution center will remain in Prineville.

"The whole issue speaks to the growing regionality of Central Oregon, the fact that people are comfortable with the idea that they can have their work force located in one place and their headquarters located in another," Cooper said.

"A decade ago, this would have been a Bend versus Prineville issue - I don't think that is nearly so much the case today."

Prineville Mayor Mike Wendel said he was upset by the news, but hopes to be able to convince the company to keep its corporate office in the same town where Les Schwab settled and founded his business.

"We're not going to give up," Wendel said.

"I believe Les Schwab has been a part of Prineville for a long time, and I believe that they will be for a long time to come."

The company grew out of an O.K. Rubber Welders tire store that Schwab purchased in Prineville in 1952. Today, the company employs more than 7,700 people at 410 locations throughout the West and Alaska.

Wendel said he thinks that many of the office employees who currently live in Prineville will stay in the town.

"We have a great community, it's a great place to live in and raise a family in, and even though some of them don't want to commute, they will commute," Wendel said.

But he added that the local hospitality industry could suffer if people flying in for meetings are no longer patronizing Prineville's hotels and restaurants.

"It's a large blow to our community, (but) will our community bounce back? Yeah," Wendel said. "We've seen (events) like this, maybe not on this scale, but Prineville used to be mill community and we've regrouped and revamped."

The county and city could also lose some tax revenues from the office building, which is located on U.S. Highway 26 near its intersection with state Highway 126 at the west entrance to Prineville. Cooper said citizens could see a slight tax bump, but County Assessor Tom Green said the commercial real estate market in Prineville is fairly vibrant right now and the building's assessed value probably would not change much.

Cooper said he wasn't surprised by the news of the move - rumors have swirled for years that the tire company would relocate - but he added that he "didn't think they'd do this while Les was still around."

Many community members have speculated that Schwab, 89, is in declining health. A spokeswoman at Pioneer Memorial Hospital in Prineville said she did not "have any information on that patient in our files."

Ann Hensley, 61, a local resident having lunch at the Tastee Treet restaurant in Prineville on Tuesday, said the news does not surprise her. She described Schwab as "almost like the father of this town."

Candice Dyer, 36, said that Schwab's decision to keep the company in Prineville for so many years showed his dedication to the community.

"I think it's a hometown establishment; they started here, they should stay here," Dyer said. "It's what Les Schwab was built on - family values, small-town values."

In his autobiography, first published in 1986, Schwab acknowledged that Prineville could be seen as an odd choice for the headquarters of such a large company.

"Prineville really isn't the greatest place to make our headquarters," he wrote. "Transportation in and out is poor by plane, by rail and by truck. I do think, in total, we get a higher class employee and a more loyal employee. That helps."

He added that, at the time he was writing, Les Schwab had become the largest independent tire company in the United States, "and (our company) is in the small town of Prineville, in Central Oregon, which is even more unique. I am proud of it."

Several residents said that the presence of Les Schwab Tire Centers in Prineville is important to the town's cultural and historical identity.

But Jim Kucera, 69, said he is not bothered by the change, as long as the company's operational staff remains.

"It's not going to matter to us, except a few office personnel," Kucera said. "If they took the distribution center, it would cost the town."

Phil Harrison, 65, took a more oppositional stand, saying Prineville residents "won't allow it."

"We'll park our four-wheel-drives there and block the bridge off," he said, chuckling. "It's just tradition, it started here and I'm sure they're doing it because it benefits them economically, but I don't like to see tradition just dashed."

For reference:

http://www.bendbulletin.com/apps/pbcs.dll/article?AID=/20061213/NEWS01/612130337/1011&nav_category=

16-year veteran Borgman replaces Les Schwab as CEO

The Bulletin Dec 13 (subscription required)

Dick Borgman, 51, has replaced founder Les Schwab as chief executive officer of the Prineville-based tire company, Les Schwab Tire Centers officials announced Tuesday.



Borgman previously was president of the Les Schwab Holding Company Division and has worked with the company for 16 years, Chairman Phil Wick said in a press release. "We are all excited about Dick's appointment," Wick said in a prepared statement. "Over the last few years, he has led the company through several initiatives. With Les' retirement and my reduced work schedule, Dick's appointment reaffirms our commitment to Les Schwab's customers and employees and ensures we will continue to deliver world-class customer service."

Les Schwab representatives refused to comment any further, referring all questions to the press statement.

The press release did not address the reasons behind Borgman's appointment, details of Schwab's retirement or Wick's reduced schedule, or the implications for the company.

The announcement came with news that the company plans to move its headquarters to land in north Bend's Juniper Ridge development. Juniper Ridge is a 1,500-acre parcel that Bend officials hope will someday house a university, a research and development park, and light industrial development.

Borgman, an attorney, will head a company that boasts \$1.6 billion in yearly sales, but also is facing several sexual harassment lawsuits.

In the last seven years, a number of Les Schwab establishments in Bend have been hit with cases alleging the company violated an employee's civil rights, according to the Oregon Bureau of Labor and Industries.

The bureau received the most recent complaint last month from former Les Schwab tire technician Teia Erickson, who worked at the Bend South U.S. Highway 97 store from April to June 2006. Erickson alleges her employer subjected her to sexually hostile working conditions and different treatment because of her gender.

Company officials have declined to comment on any cases under investigation.

In January, two Washington state Les Schwab employees filed a sexual harassment class action lawsuit against the company, alleging Les Schwab Tires has a history of denying women from promotions and other opportunities because of their gender.

Four months later, the U.S. Equal Employment Opportunity Commission filed a lawsuit against Les Schwab Tires on behalf of the women.

"We disagree with the EEOC and are disappointed it has reached this stage," company Human Resources Director Jodie Hueske said in a statement released in June. "... We are committed to equal opportunity practices in all aspects of our business."

Les Schwab Tire Centers has been in Prineville since 1952 and now has more than 7,700 employees in 410 locations throughout Oregon, Washington, Idaho, Montana, California, Nevada, Alaska and Utah.

Les Schwab has 1,500 employees in Central Oregon, according to Economic Development for Central Oregon, and is the region's second-largest employer behind Cascade Healthcare Community.

For reference:

http://www.bendbulletin.com/apps/pbcs.dll/article?AID=/20061213/NEWS01/612130335/1011&nav_category=

Les Schwab headquarters moving to Juniper Ridge

The Bulletin Dec 12 (online) and Dec 13 (published) (subscription required)

In a contentious decision, the Bend City Council agreed Tuesday to a deal that would move the corporate headquarters of Les Schwab Tire Centers to Juniper Ridge.

The City Council agreed to sell 12 acres of land at Juniper Ridge at a discounted price to the company, whose corporate office is based in Prineville with about 320 employees. In return, the company would be the first tenant to move into the 1,500-acre Juniper Ridge, which the city hopes will spark interest from other businesses. City councilors someday want a university, research and development park, housing and light industrial uses at Juniper Ridge.

After an hourlong executive session Tuesday morning, the City Council adopted the agreement in a 4-3 vote. Mayor Bill Friedman and councilors Bruce Abernethy, Dave Malkin and Chris Telfer voted for the agreement.

Councilors Jim Clinton, John Hummel and Linda Johnson voted against it.

Councilors and city staff supporting the agreement said the deal was an opportunity to keep roughly 350 jobs in Central Oregon, noting Les Schwab was looking to move out of the region to Sacramento, Calif., Reno, Nev., or the Portland and Vancouver, Wash., area.

“Les Schwab will be an incredibly good business to start off our operations at Juniper Ridge by bringing in 350 jobs to Bend,” Councilor Dave Malkin said.

“They are one of the leading employers in Central Oregon and one of the strongest national businesses in the West. I am just pleased to get them and to retain them here in Central Oregon.”

Several councilors said they were told there was little room for negotiations with Les Schwab and the deal was “all or nothing.”

Some councilors raised objections to the lack of time they had to make the decision, Les Schwab’s demand for secrecy after the details of the agreement were reached, the effect the company’s plans would have on the vision of Juniper Ridge and how the deal would affect the city of Bend’s relationship with Crook County and Prineville.

“To me the contract is remarkably bad, unacceptably bad,” Councilor Jim Clinton told the City Council on Tuesday morning.

The agreement

At the crux of the agreement, the city agreed to sell a 12-acre parcel just northeast of Cooley Road and 18th Street. Les Schwab also has the option to purchase another 8 acres in the next 12 years.

The company plans to build a 120,000-square-foot office building for the 350 employees it expects to hold.

The city agreed to either sell the land for \$6 a square foot and cap the amount of system development charge fees Les Schwab would pay at \$525,000, or charge \$7 a square foot and have the city cover the system development charge fees.

City Economic Development Director John Russell said the price of industrial land in Bend runs around \$10 to \$15 a square foot.

The city has until March 31 to decide how it wants to sell the land. If the city decides to sell the land for \$6 a square foot, it would get \$3.1 million.

The city has yet to calculate how much extra money a 120,000-square-foot office building would bring in property taxes. Russell said it would be significant, but noted the taxes from Les Schwab would go to the urban renewal agency, which has formed a district around Juniper Ridge as a way to generate money for the infrastructure the city has to build there.

This summer Les Schwab plans to start construction on the site and the city plans to begin working on building roads, and water and sewer lines into the undeveloped land, city officials said. In a prepared statement, the company noted it anticipates the headquarters to be completed by the fall of 2008.

“This concludes a long process that I have been working on for the last year. We wanted to remain in Oregon but also looked at areas beyond the state,” Les Schwab Chairman Phil Wick said in the prepared statement. “The Bend headquarters location provides the land and infrastructure needed to

support our business and reinforces our commitment to the Central Oregon region that has supported us.”

Les Schwab spokeswoman Jodie Hueske said the company would not comment on its decision beyond the information provided in the press release.

Negotiations begin

In May, the executive director of Economic Development for Central Oregon, Roger Lee, approached Russell and City Manager Andy Anderson about a company potentially looking to move to Juniper Ridge, Russell said. Later in the summer, the two learned the company was Les Schwab.

“We didn’t go to recruit them. The company approached us,” Russell said.

This fall, city councilors were told a company was interested in moving its headquarters to Juniper Ridge and that it was asking for some concessions as an incentive to come there. However, councilors said they did not receive the details of the agreement or the name of the company until early last week.

On Tuesday, city councilors met for the first time with city staff to discuss the agreement in executive session, Councilor John Hummel said.

The council had little time — less than 25 minutes — to delve into the meat of the agreement, before Les Schwab representatives said they needed an answer, Hummel said.

“John Russell came into the room five minutes to 10 and said he just spoke to Les Schwab representatives and he said if we didn’t make a decision by 10 o’clock the deal was off,” Hummel said.

The City Council knew a decision was expected Tuesday, Hummel said, but he believed the councilors would have three or four hours to discuss it.

“I think 25 minutes wasn’t enough,” Hummel said.

The city’s decision to accept the agreement coincided with a corporate meeting Les Schwab held Tuesday where the company planned to make the announcement in Prineville, Russell said.

Councilors weigh in

In a public meeting directly after the City Council’s executive session, Mayor Bill Friedman cast the deciding vote. After listening to the comments, Friedman said he heard both affection for Les Schwab and excitement that the company wants to come to Bend. But he also heard worries about the secrecy of the negotiations, which conflicted with the image many held of the company.

“I’ll vote yes, in hopes that the real Les Schwab emerges,” Friedman said.

His fellow councilors had concerns that the company was placing far too many restrictions on what the council could discuss about the agreement, some of which might be against state public records law. Part of the agreement stated that all the parties were to “keep this agreement and all subsequent discussions strictly confidential and not to disclose the existence or the contents of this agreement.”

Clinton, who worked for months to negotiate a deal with the master developer at Juniper Ridge, said he understands the need to keep the discussions private during the negotiations.

“However, there comes a time where a line is crossed and after that line is crossed, the public has a right to know what kind of contracts the city is entering into with their money and assets at stake,” he said.

Clinton, along with Hummel, said he also was worried that nothing in the agreement mentioned Les Schwab’s commitment to follow the city’s vision for Juniper Ridge.

The city has consistently said that it does not want Juniper Ridge to be a traditional office park with isolated buildings surrounded by a sea of parking lots. Instead, the city wants Juniper Ridge to have more buildings on less land with businesses close to housing and retail shops, so people can walk to work and the stores.

Clinton said Les Schwab’s proposal to put a 120,000-square-foot building on 12 acres “scares” him.

“It looks like we are embracing a model that is different than what the city’s vision for Juniper Ridge is,” Clinton said.

Russell said Les Schwab’s interest in Juniper Ridge shows its commitment to the city’s vision.

“I think the choice of Juniper Ridge speaks highly of their vision,” Russell said. “If they didn’t want to be there, they wouldn’t have approached us.”

Hummel and Clinton also are concerned about a section of the agreement that would exempt Les Schwab from following the building design standards established for the rest of Juniper Ridge. The city is still working on those standards, which should be finished by May.

The master developer the city picked to help build Juniper Ridge, Ray Kuratek, said Les Schwab is a fine company for the project, but was disappointed that it was not a company from outside Central Oregon that would bring in new high-paying jobs.

“Not to knock on Les Schwab, but it is not as exciting as I hoped it might be with a company coming out of the area,” he said.

Kuratek said he found out about the headquarters move late Tuesday morning and was not involved in any of the city’s negotiations.

Not everyone in the community was disappointed.

Bend Chamber of Commerce Executive Director and President Mike Schmidt said Les Schwab is a great fit for the kind of companies Juniper Ridge should attract.

“This is a good first move, and we’re tickled pink,” Schmidt said. “We welcome Schwab and their people.”

In a memo to the City Council, staff noted that about 60 percent of the jobs relocating from Prineville would be salaried positions. The average salary is around \$73,100. For those employees who work for hourly wages, their average annual compensation is \$26,800.

Despite their concerns over the agreement, Hummel and Clinton said Les Schwab is the kind of company they want to see at Juniper Ridge.

“From everything we have heard in the past, Les Schwab is a model company,” Clinton said. “A company that any city would be proud to have. But the way this has come together, it has put some very serious question marks in my mind — and they are shared by a number of councilors — that are at odds with everything we know about Les Schwab.”

Les Schwab Timeline

1917: Les Schwab born in Bend, his family lives near Fife.

1935: Schwab graduates from Bend High School.

1936: Schwab marries Dorothy Harlan.

1942-51: Schwab works in circulation at The Bulletin.

1952: Schwab buys the O.K. Rubber Welders in Prineville.

1953: Schwab opens second store in Redmond.

1954: Schwab begins profit-sharing plan.

1955: Schwab opens third location in Bend.

1956: Schwab changes his store names from O.K. Rubber Welders to Les Schwab Tire Centers, separating from the O.K. franchise.

1957: Les Schwab Tire Centers opens John Day store.

1963: Starts “Free Beef in February” program.

1966: Harlan Schwab, Les Schwab’s son, joins the tire firm.

1966: Schwab purchases a chain of tire stores in northern Idaho, expanding the company to 17 retail tire centers, two re-treading plants and two warehouse and wholesale centers.

1971: Harlan Schwab, now vice president of the company, dies in an early morning car accident. He was 31.

2000: Schwab receives national Dealer of the Year award from Modern Tire Dealer magazine.

2000: Les Schwab Tire Centers breaks \$1 billion sales mark.

2003: Schwab recognized by Gov. Ted Kulongoski in first Governor’s Gold Awards.

2005: Margaret Denton, Les Schwab’s daughter, dies of cancer. She was 53.

2006: Les Schwab Tire Centers has more than 7,700 employees in 410 locations. Sales expected to exceed \$1.6 billion.

2006: Les Schwab Tire Centers announces its corporate headquarters will move to Bend.

Sources: Bowman Museum, Crook County Historical Society, The Central Oregonian