

# SAN FRANCISCO Business Times

SAN FRANCISCO  
OAKLAND  
PENINSULA  
NORTH BAY

Vol. 22, No. 42

May 16-22, 2008

\$2.00

## TIPPING ALLOWED ■ 5

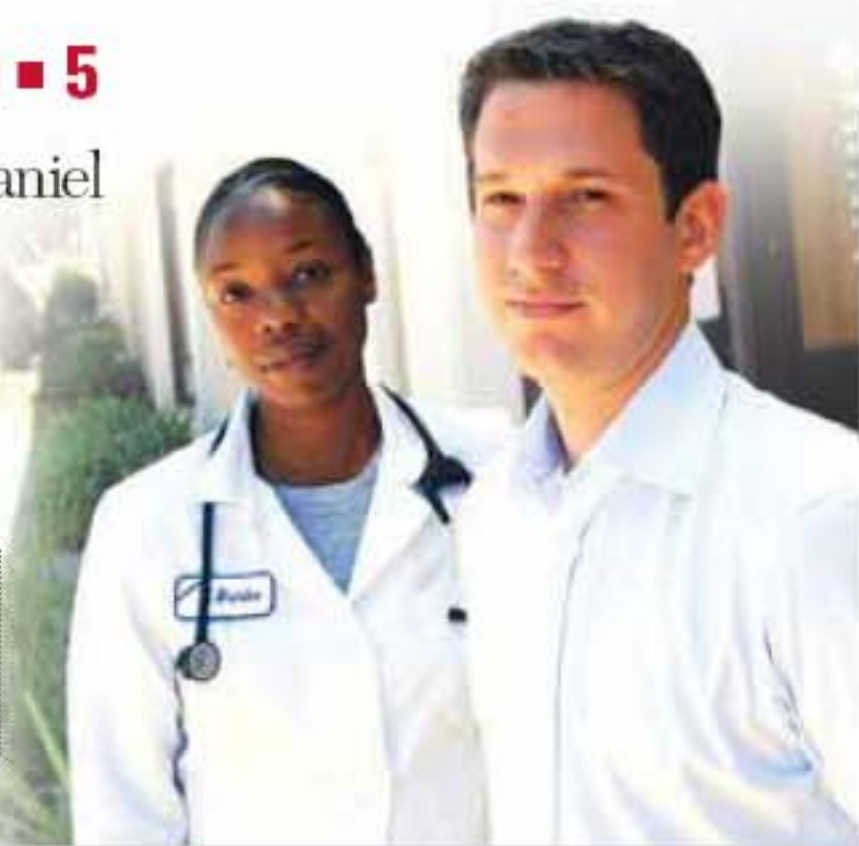
Dr. Nadine Burke, Daniel Lurie tackle poverty.

## PORT SHOWDOWN ■ 6

Oakland, trucking firms on a collision course.

## HOSPITALS BOND ■ 14

Kaiser, Sutter, CHW rush to save millions.



# Thomas Weisel Partners to slash jobs

## S.F. investment bank cutting 160 staffers as slump shrinks revenue

BY MARK CALVEY  
San Francisco Business Times

Thomas Weisel Partners is cutting almost a fourth of its workforce this year to cope with the economic slowdown.

The San Francisco firm said over the first half of the year it will let go of about 160 employees, bringing its total workforce to approximately 600.

Numbers tell the tale of woe at Weisel. The

red ink was flowing in the first quarter as the company's revenue plunged 47 percent, to \$48.9 million. The bottom line moved to a loss of \$17.8 million from a profit of \$5.4 million in the first quarter of 2007.

There's no sugar-coating the results.

"Near-term equity capital market conditions remain difficult and uncertain, and at this point, we have not experienced material improvements," Thomas Weisel, chairman and CEO, said in announcing first-quarter performance.

While the large Wall Street firms shed thousands in the wake of the credit crisis that began last summer, Bay Area investment banks are suffering as investors shy away from risk. And in an environment in which municipal bonds are seen as too risky for some, there's often little appetite for the securities of fast-growing companies.

"Due to the recent downturn in the market

SEE WEISEL, 53

### THOMAS WEISEL PARTNERS GROUP INC.

Headquarters: San Francisco.

CEO: Thomas Weisel.

Employees: 600\*.

2007 revenue: \$289 million.

2007 profit: Break even.

\*The company's workforce when planned layoffs are completed by June 30.

## Safeway stocks up

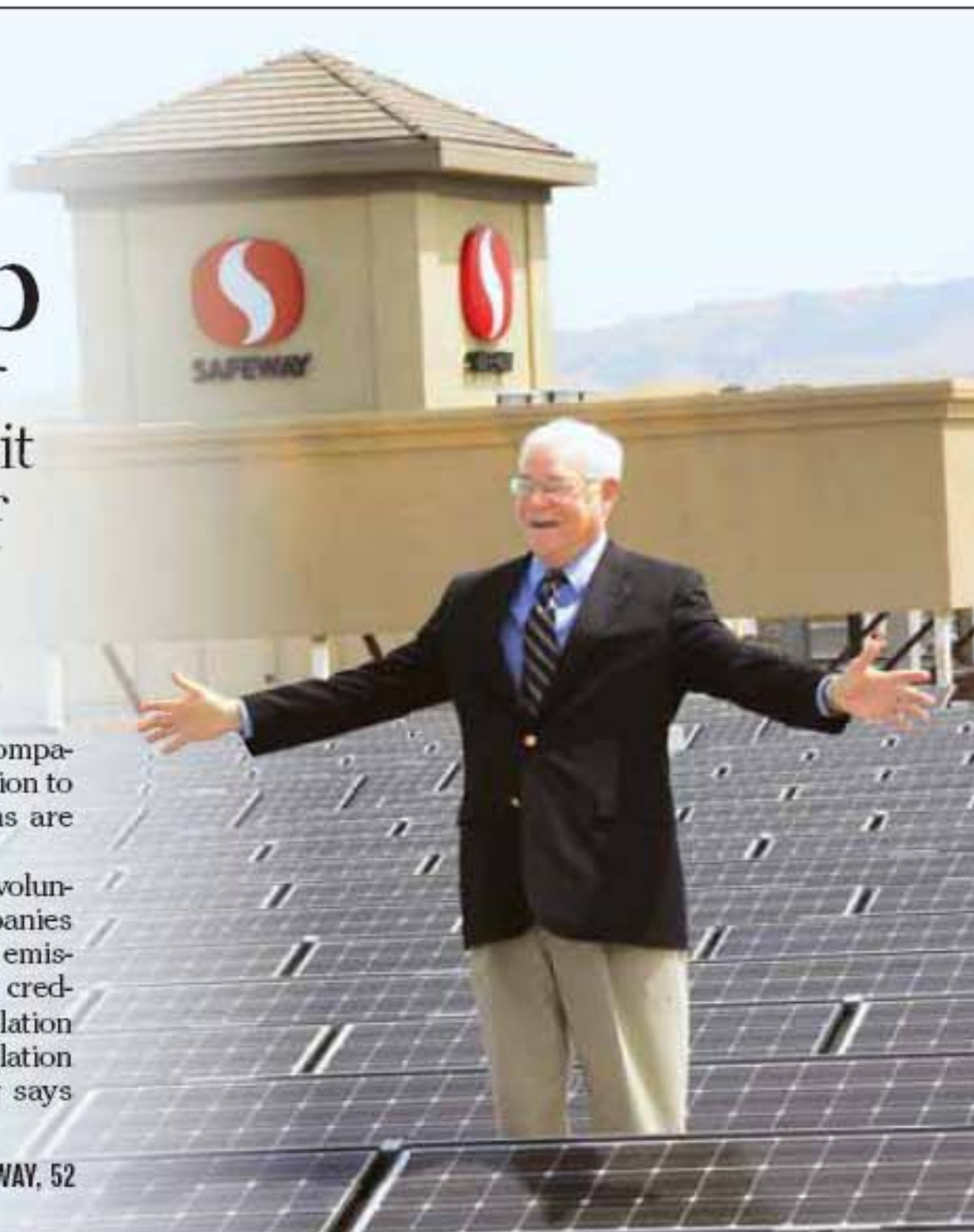
### Early carbon-credit push could pay off

BY LINDSAY RIDDELL  
San Francisco Business Times

Safeway Inc. and other large companies that have taken early action to reduce greenhouse emissions are seeking extra credit for it.

Safeway and fellow members of a voluntary carbon-trading group say companies that have been out in front in cutting emissions should qualify for more carbon credits under federal cap-and-trade legislation than companies that wait until legislation is adopted — and a key lawmaker says they are likely to get them.

SEE SAFEWAY, 52



SPENCER BROWN

Feeling the power: "If I beat them (emissions caps), I would like credit for that," says Safeway energy czar Pettus.

## \$200M fund to link region with China

### Bay Area Council eyes ties

BY RON LEUTY  
San Francisco Business Times

As it builds a \$150 million to \$200 million China fund, the Bay Area Council is forging deeper links with China and billionaire developer Vincent Lo.

The fund and a May 22-23 venture capital conference in Shanghai are part of a larger strategy by the local business group to build an economic bridge between the Bay Area and China, specifically the Yangtze River delta area.

"We looked at it as a unification — like two big companies merging," said Skip Whitney, a principal in the San Francisco office of real estate

SEE CHINA, 53



'Like two big companies merging.'

Skip Whitney  
Co-chair, Bay Area Council China committee

sanfrancisco.bizjournals.com  
Breaking business news daily



## PROFILE ■ 22

Woodside Hotels CEO Greg Alden checks in.

## SMALL BUSINESS ■ 27

Pizza-maker Amici's reveals secret sauce.

## ARCHITECTURE ■ 33

Architects redesign firms to fit economy.

## THE LISTS ■ 40, 42

Top office furniture dealers, architects.



# CHINA: Bay Area Council seeks \$200 million to build a bridge to China

CONTINUED FROM PAGE 1

brokerage GVA Kidder Mathews and one of the co-chairs of the Bay Area Council's China committee.

The China Councils Fund, unveiled in April 2007 as the centerpiece of a cooperative venture between the Yangtze Council and the Bay Area, is actively seeking out funding. As a result, said spokesman John Grubb, the council is in a quiet period about the fund.

The fund will invest in Chinese companies as well as Bay Area companies working in China, particularly those in Shanghai's Yangpu district. It will be managed by SVB Capital, the investment arm of Silicon Valley Bank.

Just as important in the long term,

however, is building and maintaining relationships between the two regions, said Elizabeth Ferguson, executive vice president of the Bay Area Council. That's the focus of the two-day venture capital conference in Shanghai.

The conference includes sessions on Chinese government strategy for the venture capital industry, the role of universities and the changing legal and accounting landscape for venture capital in China. It also will have panels focusing on biotech, cleantech and digital media/social networking.

About one-third of the nearly 300 people at the conference will be from the Bay Area, Ferguson said, but the event is expected to tap into Chinese business people's desire to connect with the Bay

Area's entrepreneurial culture.

"The core San Francisco industries are those that the Yangtze wants to grow," Ferguson said. "Because of the venture capital business growth, (Silicon Valley) has many treasures to share with the Yangtze region. And there's the opportunity for Bay Area companies to invest in China. We think it's a real partnership."

Conference speakers will include Lo, who is president of the Yangtze Council and chairman and CEO of the Shui On Group, a property development and construction company based in Hong Kong; Richard Kramlich, general partner for Menlo Park-based venture capital firm New Enterprise Associates, who recently moved to Shanghai; San Francisco Assessor-Recorder Phil

Ting; Barry Klein, vice chancellor for research at the University of California, Davis; Alan Tien, COO of Ebay and Paypal; and Ken Wilcox, CEO of SVB Financial Group.

The Bay Area Council's China initiative is meant to nurture an "innovation economy," Whitney said, with a particular focus on the knowledge and innovation community, which was developed in Yangpu by Lo's company and the Yangpu district government.

Other co-chairs of the initiative are Kramlich and Mark Edmunds, vice chairman and regional manager partner of accounting and consulting firm Deloitte & Touche LLP.

rlauty@bizjournals.com / (415) 288-4939 ■



CEO Weisel pointed to a slowdown in investment banking for the cutbacks.

## WEISEL: S.F. investment bank to cut a quarter of its employees

CONTINUED FROM PAGE 1

and the possibility of an economic recession, client activity levels have decreased resulting in, among other things, lower overall investment banking activity," Weisel Partners said in a filing with the Securities and Exchange Commission. "It is difficult to predict when conditions will change."

The firm plans to hire "selectively" in revenue-generating areas of the business.

Other Bay Area investment banks, such as Merriman Curhan Ford & Co., say they're feeling the effects of the downturn, but have not resorted to layoffs. And interest remains high for some sectors. Merriman's cleantech conference this week in New York, for instance, saw almost twice as many companies making presentations this year as last year. About 700 institutional investors attended this year's conference, more than double last year's attendance.

Still, much of the capital markets activities of these firms remain chilled. Merriman's parent MCF Corp., for instance, lost \$7 million in the first quarter vs. a small profit a year ago.

"We lost money in principal transactions primarily due to unrealized losses in proprietary trading positions, even though we took significant chips off the table last year," said Jon Merriman, CEO of MCF Corp.

"The first quarter of 2008 was one of the toughest periods I've seen," he said.

mcalvey@bizjournals.com / (415) 288-4950 ■



SECOND HARVEST FOOD BANK  
of SANTA CLARA and SAN MATEO COUNTIES



## Summer is the Season of Childhood Hunger.

[www.ShareYourLunch.net](http://www.ShareYourLunch.net)

866-234-FOOD (3663)

PRESENTING SPONSOR



SILVER SPONSOR



BRONZE SPONSOR



GOLD SPONSORS



BRONZE SPONSORS

96¢ of every \$1 donated is used to feed hungry people in our community.