

# BusinessPlus



## VIEW FOR VW

Automobile maker sees an increase of sales in the U.S.  
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## SECTION D

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**Debra Gruszecki & K Kaufmann**  
ALL ABOUT BUSINESS

## Olive oil shops on the way

The latest trend in gourmet retail in the Coachella Valley has landed, and — holy Popeye, Batman — it's olive oil.

Valley foodies will soon have their pick of eclectic oils and vinegars from two new shops — **Olive A'Sudden**, which opened recently in Palm Desert, and the **La Quinta Olive Oil Company**, coming next month to **Old Town La Quinta**.

Both will offer flavored and imported oils from around the world in classy, well-appointed tasting rooms where customers can sample their wares and mix and match flavors.

We're talking major yum here.

"My favorite one is the blood orange olive oil with dark chocolate vinegar," said **Rick Empie**, owner of Olive A'Sudden.

He got his first taste of a gourmet balsamic — black cherry — at a restaurant in Prescott, Ariz., and became an immediate devotee. Within months, the Rancho Mirage resident had come out of retirement and opened the shop on Highway 111 in Palm Desert.

At La Quinta Olive Oil, owner **Deb Degen** recommends orange olive oil with vanilla balsamic as a versatile combo that goes with salads, chicken or fish. She and her husband, **Pete Petrafeso**, a native of Calabria, got into gourmet oils and vinegars on their many trips to Italy.

With gourmet olive oil shops opening across the country, both Degen and Empie said what's driving the trend is a renewed interest in home cooking, which has put a premium on lively tastes and healthy eating.

And one other thing, Degen added.

"I think it's the fun of it."

### It's happening at the Coachella Valley iHub

**Julie Lappin**, the new transitional manager of the **Coachella Valley iHub**, takes success seriously in all areas of her life.

The 36-year-old native of Riverside County said she's never had a cavity and what she's looking forward to most in her new job at the valley's green incubator is working with the clients.

"I love helping them get successful," she said, taking time out from settling into her new office at the **Coachella Valley Economic Partnership's Rabobank Regional Business Center in Palm Springs**.

Born and raised in Riverside, Lappin, 36, has a resume almost custom-made for the job of getting the iHub — and valley's green economy — up and running, said **Wes Ahlgren**, CVEP operating officer.

She did her undergrad at UC  
Please see **ALL ABOUT, D5**

## INSIDE BUSINESS

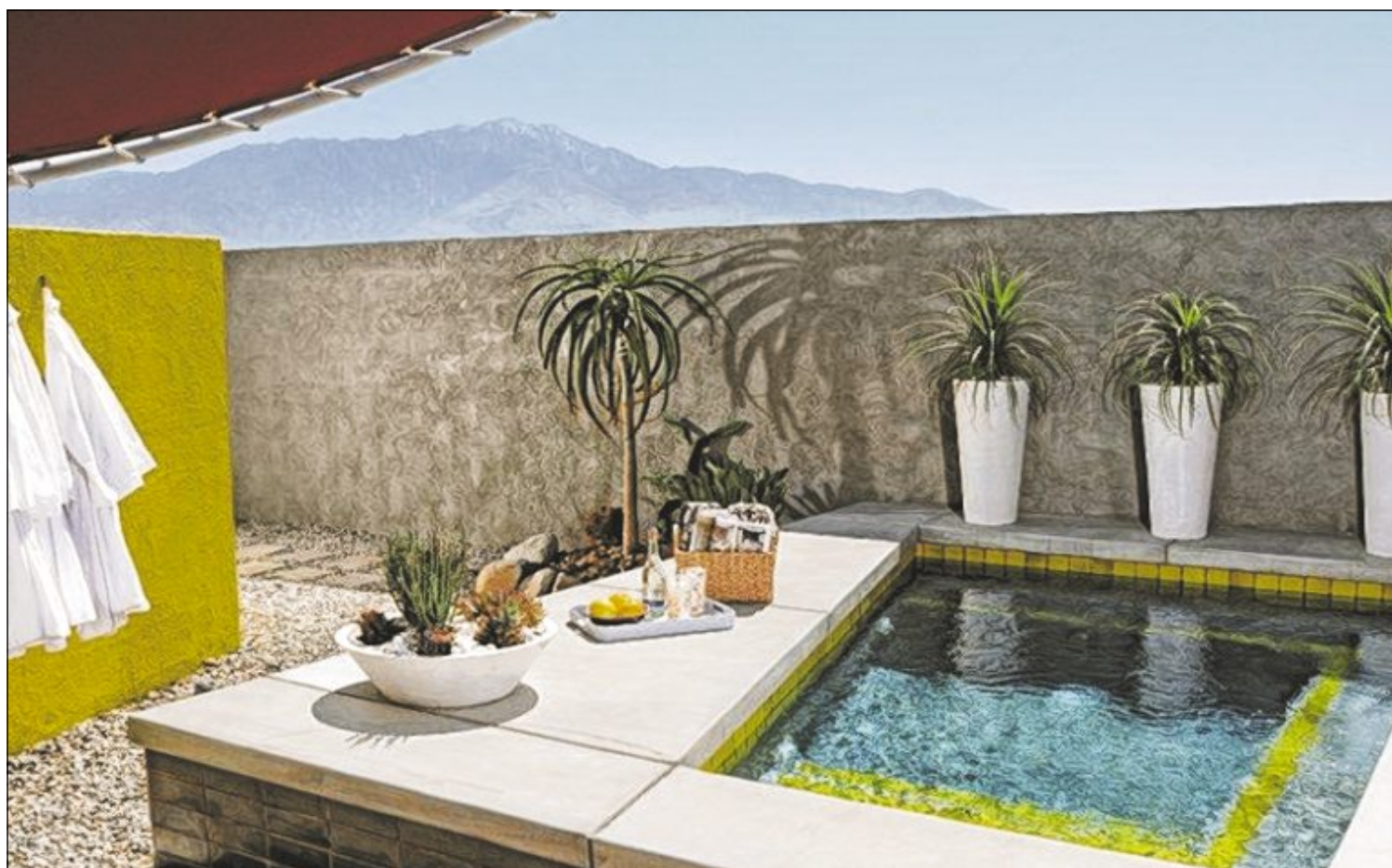
### HARD TO DO

The tough economic times are prompting many people to break up with personal trainers, hairdressers or others who provide some kind of personal service. **D4**

Business Calendar **D4**  
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### CORRECTIONS

We correct errors of fact promptly and courteously. If you have a correction or clarification, please contact Senior Editor for Business James Meier at (760) 778-4623 or at [james.meier@thedesertsun.com](mailto:james.meier@thedesertsun.com)



Hotel Lautner is a Desert Hot Springs hotel designed by famed architect John Lautner. PHOTOS BY DAN CHAVKIN PHOTOGRAPHY

## Designs on a historic hotel

### Desert Hot Springs facility gets makeover

By **Debra Gruszecki**  
The Desert Sun

**DESERT HOT SPRINGS** — Tracy Beckmann turns the key in the fiberglass door to Suite No. 4, and slips into a Warren Platner chair that seems to float inside the hermetically sealed oasis.

Miles Davis music plays softly in the background.

Clutching her pet chihuahua, Charlie, she looks across a room of redwood, concrete, steel and glass. No right angles anywhere. Outside is in.

True to form for famed modernist architect John Lautner, who also designed the Elrod House in Palm Springs.

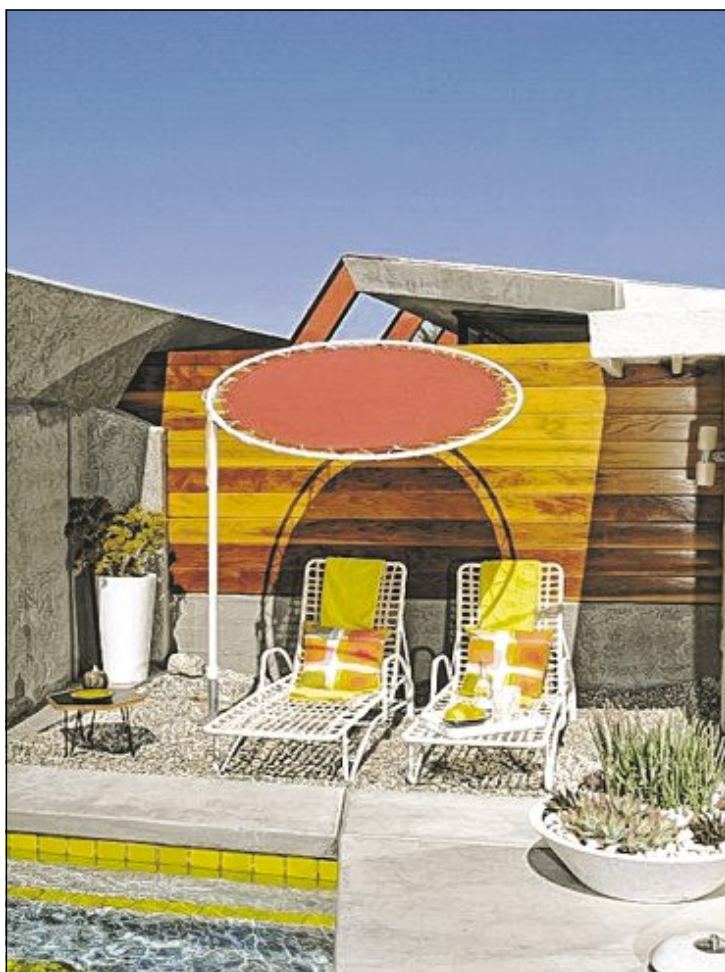
Once called the Desert Hot Springs Motel, the Hotel Lautner was rescued by Los Angeles-based interior designer Beckmann and her partner, furniture-maker Ryan Trowbridge, in 2008 — days after they spotted the architectural relic in the real estate listings.

"When we opened door No. 3, we heard the voice of god," she says, and so began the the odyssey to restore the four-suite Hotel Lautner.

For the duo, their timing was perfect: The hillside property built in 1947 for Hollywood film producer Lucien Hubbard was listed for a mere \$625,000.

"That's nothing when you're talking Lautner," Beckmann says. "Most Lautner properties can't be touched for less than \$1.5 million."

When the pair returned to L.A., they made a ridiculous offer of \$300,000. The agent countered at \$575,000, she says. "We shot back



A pair of chairs is seen by the poolside at the Hotel Lautner in Desert Hot Springs.

\$375,000, and settled somewhere in the middle."

The next four months were a blur.

"We partied in it, drank a lot of wine and dreamed about what it would become."

The entire property has since been restored to a state the John Lautner Foundation deemed fitting of the architect's name.

Opened officially in September, Hotel Lautner was feted just weeks ago with the 2011 commercial renovation award at Hotel

Zoso by the Palm Springs Modern Committee.

Students from the Vienna School of Architecture have toured it.

Travel writer interest is growing: "We're getting calls from Architectural Digest, Wallpaper Magazine, Vogue Australia, and Condé Nast in Russia."

"We're thrilled," Beckmann says.

Remaining true to the gestalt of the original Lautner construction, stucco walls and concrete floors

### ABOUT HOTEL LAUTNER:

**History:** The four-unit motel, designed by John Lautner, was built in 1947 for Hollywood film producer Lucien Hubbard, as part of a vision to turn 600 acres of barren land into "The Grove," a desert oasis replete with swimming pools, spas and restaurants. Plans fizzled with World War II. The property was converted to apartments until 2000. The new owner, Steve Lowe, returned it to its original use — operating the units as Desert Hot Springs Motel. After his death in 2007, the motel fell into disrepair and on the selling block. Tracy Beckmann and Ryan Trowbridge bought the motel in 2008. After a 3-year renovation, it opened officially in September. This month, Palm Springs Modern Committee presented Hotel Lautner with a 2011 commercial renovation award.  
**Address:** 67-710 San Antonio St., Desert Hot Springs  
**Phone:** (323) 363-8697  
**Website:** [www.hotellautner.com](http://www.hotellautner.com)

were stripped down to the original look. Redwood panels and floor-to-ceiling glass windows were replaced or restored.

The electrical, plumbing and air handling systems were modernized.

"Those horrible swamp coolers were taken out," Beckmann said, and the linoleum-styled bathrooms of the 1960s were removed. Think Heath tile wraps in the bath, and around the Scola sink.

"Our goal was to remain true to Lautner's vision for the property," Beckmann said.

Mission accomplished, said Nickie McLaughlin, executive director of Palm Springs Modern Committee.

"Tracy and Ryan took it back to how it was originally built by  
**Please see HOTEL, D5**

## Fewer seeking help with debts

By **Christine Dugas**  
USA TODAY

Even as more Americans are piling on debt, fewer are seeking counseling or other kinds of relief to try and get their finances back in order.

Poverty has increased. Unemployment stubbornly hovers around 9 percent. Meanwhile, consumers accumulated \$18.4 billion in credit card debt in the second quarter, according to a new study from CardHub.com. That is up 66 percent from the same quarter in 2010 and up 368 percent from two years ago.

"People need help more than ever, but they are not coming to us," says Gail Cunningham, spokeswoman for the National Foundation for Credit Counseling.

"I think some are just tired of trying and have given up."

Consider:

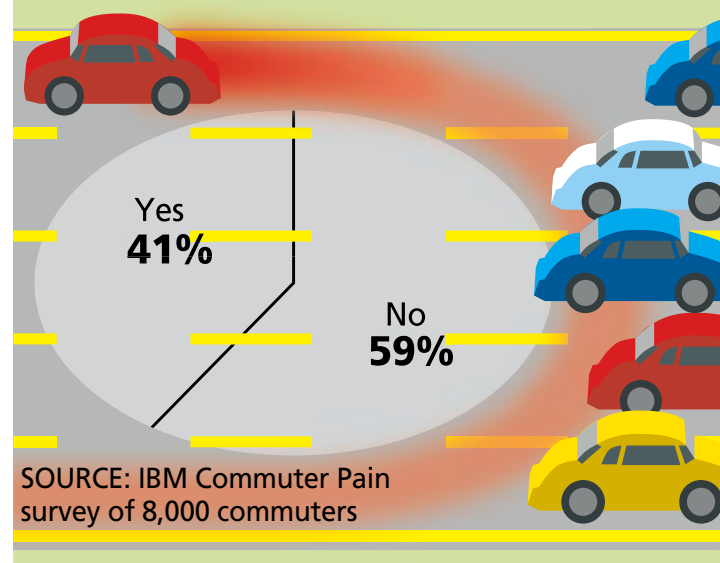
■ The number of people who went to a credit counselor declined 20 percent last year from 2009, and the downturn has continued so far this year, the NFCC says.

■ Fewer consumers are signing up for a debt repayment plan at the Association of Independent Consumer Credit Counseling Agencies. In the first half of the year the number dropped by 38 percent compared with 2010, the AICCCA says.

■ The number of people resorting to bankruptcy protection to escape onerous debt loads is down. The first nine months of 2011, consumer bankruptcy filings were 10 percent lower than  
**Please see DEBTS, D5**

### BUSINESS FACT

In the past three years, has road traffic ever been so bad that you turned around and went home?



GANNETT NEWS SERVICE

# VW enjoying American renaissance

By James R. Healey  
USA TODAY

A car company hoping for mainstream success in the U.S. has quality problems and earns a sales-damaging reputation for unreliable vehicles.

Fighting to keep a handhold in America, the automaker does a deep dive into American tastes and rolls out some larger, better-equipped, but also value-priced vehicles that sell like crazy.

That sounds like the saga of South Korean automaker Hyundai, which evolved from invisible in the 1980s to seemingly unstoppable now, after improving the quality and jazzing up its designs.

But it also describes Volkswagen. "VW is one of the most promising brands for the rest of this year and next year," says Jesse Toprak, in charge of forecasting market trends for auto researcher TrueCar.com.

The purveyor of interesting, German-flavored vehicles that are getting more American all the time is riding a streak of hefty monthly sales increases.

In the first nine months of this year, VW brand sales are up about 22 percent, more than twice the overall market rise of 10 percent, according to tally master Autodata.

And VW just launched two high-profile 2012 redesigns — Passat and Beetle — that should keep the pot boiling.

VW also swears its quality and reliability are improving quickly, though that's not fully reflected yet in third-party report cards from Consumer Reports magazine and consultant J.D. Power and Associates.

Warranty costs are dropping 10 percent a year, VW says, and other arm's-length studies show that owners love their VWs, even if something might still go wrong.

VW also has the mainstream diesel market to itself. Fuel-stingy diesels are 22 percent of its U.S. sales. The only other way to get a fuel-efficient diesel in the U.S. is to pay Audi/BMW/Mercedes-Benz prices, or buy a truck.

Most important, the VW brand will make an operating profit in the U.S. this year for the first time since 2003, according to VW U.S. CEO Jonathan Browning.

And it will report a full, all-in profit in 2013, he says, even counting the U.S. brand's share of costs for the new \$1 billion Chattanooga, Tenn., factory that now makes Passats and will make other vehicles to be identified in the future.

Do the monthly sales jumps and the developments make VW the new Hyundai? "They could be. They have the potential to gain market share, pull in first-time buyers sitting around in the netherworld of pent-up demand," says Rebecca Lindland, veteran auto-industry analyst at consultant IHS Automotive.

The obvious difference between the two automakers' market trajectory is that Hyundai earned its way up the ladder of success in the U.S. over just more than two decades.



Ellen Hays (left) talks with Frank Fischer, CEO of Chattanooga Operations for Volkswagen, as she takes delivery of the first Chattanooga-made Passat sold in Chattanooga, Tenn., at Village VW on Sept. 19, 2011. Volkswagen's North American production facility is based in Chattanooga, Tenn. AP PHOTO/JOHN RAWLSTON

VW, in this market more than half a century, had it, lost it and wants it back.

## But can VW's newfound success methods last?

And it seems to be succeeding — but for how long?

"You take volume from everybody. That's how you grow," Lindland says. "I'm not sure Volkswagen is used to do that."

For one thing, other automakers won't make the mistake they made with Hyundai: paying too little attention to a small blip on the radar that quickly became a big threat to their sales.

For another, VW might run out of ammo. By the end of this year, dealers will be well-stocked with the redone Passat that hit the market a few weeks ago and is selling about three times as fast as the old model in recent years.

The full remake of the iconic Beetle, also now on sale, seems quick out of the gate, though it's too soon to judge.

Next year, VW will roll out the headline-grabbing hybrid version of the hot-selling redesigned Jetta compact that's been on sale a year.

Then, for a few years, it will have to depend for buzz on introduction of some specialty models, such as high-performance "R" versions of some cars and a Beetle convertible, plus some mild updates to other vehicles.

"You almost have me taking out the handkerchief, it's so negative," Browning says sarcastically, dismissing such a dire scenario.

He acknowledges some troublesome dead spots in VW's product array: "There are cer-

tain opportunities in our lineup, but those are quite some way in the future."

Still, he says, "I expect our growth rate to be at least as high again next year" as this year.

Browning, 52, was promoted from running VW's national sales operation to CEO of Volkswagen Group of America and president of the VW brand in the U.S. Oct. 1, 2010. He worked for General Motors and Ford Motor before that, mainly with their European operations.

VW Group, which in the U.S. also includes Audi, Bentley and Lamborghini, has 3.4 percent of U.S. sales — mostly VWs and Audis. Audi is doing well and made money last year, Browning says. "The Volkswagen brand is the missing piece."

Continuing the VW brand's sales momentum is critical to him. He's under orders to boost the brand's U.S. sales to 800,000 by 2018 — from a predicted 330,000 this year — as part of parent VW AG's drive to sell more vehicles than any other automaker on the planet.

VW AG, based in Wolfsburg, Germany, was No. 3 in 2010. It lagged behind only General Motors and Toyota Motor, which were virtually tied for first, according to the International Organization of Motor Vehicle Manufacturers. Based on midyear sales trends, VW might wind up in second place globally when the trade association's yearly tally is announced next summer.

## Volkswagen's versions of love, American style

The Americanization of VW models seems successful so far.

■ The 2011 Jetta compact sedan, on sale

since last October, was the first Yank-mobile.

It started at about \$17,000, some \$1,700 less than the 2010. It was stretched about 3 inches, providing more legroom.

Sales jumped about 30 percent immediately, and have been close to twice those of the old model in some months.

■ The 2012 Passat, on sale in September, is nearly \$7,200 less for the base model, and is 4 inches longer for much more leg and knee-room.

Even though it wasn't in showrooms the entire month, its September sales of 3,176 were four times the old model's a year ago. If that rate continues for a full year, the new model will triple the past year's Passat sales.

■ The 2012 Beetle, on sale in September, is 7 inches longer, 3 inches wider than the old model called New Beetle and discontinued in 2010.

Its base engine has 20 more horsepower, and the base price of about \$20,000 is unchanged.

VW says the Beetle is a mixed blessing. It's the reason many people know VW. But if it's too much of VW's identity, buyers will dismiss Volkswagen as a quirky boutique brand and not notice the value-price, mainstream models.

Browning also sees VW's Tiguan compact crossover SUV as a potential home run in the U.S. Even before a 2012 freshening and despite prices starting at \$25,160 for two-wheel drive with automatic — versus \$22,705 for a similar Honda CR-V rival — Tiguan sales had begun to jump.

A fully Americanized Tiguan, meaning enlarged and priced lower, will take a full remake. That's likely to be several years from now and require a shift of production from Europe to Mexico or the U.S. to allow VW to bring down the price.

Browning has his eye on expanding the line, such as with a version of the Bulli concept model that's been displayed at auto shows. It resembles the old VW Bus, but is smaller and has conventional sedan doors, not side sliders.

"A reinvention of the Micro Bus — it's a program that I'd like to see the light of day in the marketplace," he says.

## VW is serious about its future in the U.S. market

That would require a decision from VW AG, which he says is more interested and committed than ever to U.S. success.

About three weeks ago, "We had the whole of the global leadership team at Chattanooga, all brands, all divisions; 400 of them, in Chattanooga, focused on what does it take to win in America," he says.

That gathering of the brass "only happens every two or three years," and the U.S. focus "is an indicator of how serious the company is" about North America.

Perhaps heretical in the product-obsessed auto business, Browning says VW's success in the U.S. "isn't just about bringing product into the marketplace."

## DEBTS

Continued from D1

the same period last year, the American Bankruptcy Institute says.

So why aren't more people getting help?

Cost may be a factor. Debt-settlement companies can't charge upfront fees under a new Federal Trade Commission rule. But consumers still have to pay for a portion of their debt and a fee for service once a settlement is reached.

"Now consumers are saying they can't even afford a debt-settlement payment," says Andrew Houser, a board member of the Association of Settlement Companies and CEO of Freedom Debt Relief.

Bankruptcy is considered a last resort, and the cost of lawyers and other fees have gone up since the bankruptcy law changed in 2005.

Also, filing for bankruptcy is a way for financially strapped people to protect their remaining assets from creditors.

"For people who have no income and assets, there is no point in filing for bankruptcy," says Robert Lawless, law professor at University of Illinois.

Finally, others may have "a bailout mentality," says Dave Jones, president of AICCCA. If they lost their jobs, they may be counting on unemployment benefits to be extended.

"There is a huge segment of the debt-burdened population that is teetering on the edge of bankruptcy," he says.

## HOTEL

Continued from D1

Lautner," McLaughlin said. "They went above and beyond what the average person does to bring it back to as original a state as possible — and, at the same time, provide standards the average hotel guest expects in 2011."

"It's adaptive reuse at its best to make the building work in modern times," she said.

Vintage furniture and artwork also captures the provenance of the property. Custom-built redwood and steel beds by Trowbridge, decked with Frette linens, lend a modern twist. Glass skylights offer bedtime stargazing opportunities. A sleek-designed kitchen area, equipped with stainless appliances, hasn't skipped a beat.

Each has its own eclectic assortment of party glassware.

Exotic desert landscaping was installed along the private courtyard patios, the fire pit and freshly poured concrete paths. A dipping pool was put in, too. Even it has an angled edge.

Attention to detail was not lost on the committee.

"It's so tiny, and they spent \$60,000 on cactus alone," McLaughlin said. "That's insanity."

That's pure Lautner hero worship.

What was it about John Lautner that grabs Beckmann and Trowbridge?

"When you walk into a room, you can't tell where it begins and where it ends," she says. "Here we are in a 600-square-foot space. Yet, it feels so big, so spacious — so much like being outdoors."



The Hotel Lautner in Desert Hot Springs was designed by famed architect John Lautner. PHOTOS BY DAN CHAVKIN PHOTOGRAPHY

## ABOUT JOHN LAUTNER

A contemporary American architect, he was born in 1911. His work, practiced more than 55 years, is unique. The John Lautner Foundation in Los Angeles is celebrating Lautner's body of work through Nov. 13, to mark what would have been his 100th birthday. Exhibits, tours and screenings have taken place in California and Michigan since July 16, 2011. It showcases the relationship of people-to-space and space-to-nature. Notable designs in Palm Springs include: Bob Hope's home; the Elrod House.

So different from the rush-rush existence in L.A.

## Extensive portfolio

Beckmann is a prodigy of Kelly Wearstler, a woman she describes as the "Angelina Jolie" of fashion and interior design. Trowbridge has made a name for himself in furniture and metal fabrication design.

Together, their portfolio is extensive and prestigious.

Beckmann's recent credits: Mas Malo and The Tar Pit restaurants; the historic Los Angeles Athletic Club; and Rydges Hotel in Australia. She collaborates with Trowbridge on all her projects.

This is a place of quiet — where one can get their thinking done.

Outside the gated walls of Hotel Lautner lie a bumpy cactus-studded set of

foothills. Next to it, a vacant lot the owners bought with the hope to build a spa for the Lautner Compound.

Unobstructed views are so important, Hotel Lautner bought a home above it. "It was zoned for horses and chickens," Beckmann says, and guests can see the rooftop from a window in Suite No. 1.

"We used the house as base camp," she said, and when it's paid off, it will be torn down.

What's the motivation beyond her passion for one of America's greatest architects? "I like projects that scare me," she says, as long as they are — true to pure Lautner style — balanced against the calm.

Debra Gruszecki covers tourism and Indian gaming for The Desert Sun. She can be reached at Debra.Gruszecki@thedesertsun.com or (760) 778-4643.

## ALL ABOUT

Continued from D1

Riverside and has a law degree from the University of New Hampshire, where she specialized in intellectual property law. Her most recent gig was working at California State University, San Bernardino's Office of Technology Transfer and Commercialization.

"It acted like an accelerator for companies," she said. "We gave them a little product development. We also offered business plans; we introduced them to angel and venture capitalists."

Lappin has already zeroed in on the main challenges for the valley's green businesses: finding investors and growing a skilled high-tech workforce.

On the plus side, she said the valley's business network is "amazing."

"People, other businesses are willing to step up and help," she said. "Everyone seems to know everyone. (Businesses) don't have to go at it alone."

The region's wind and solar resources are another big asset, she said.

"I love the fact that it's already such a green community; all the cities are into it. I haven't experienced that," she said. "I think it's a perfect environment to bring

## MORE INFORMATION

■ **Olive A'Sudden:** 72-270 Highway 111, Suite B3, Palm Desert. Information: (760) 565-7561.

■ **La Quinta Olive Oil Company:** 78-075 Main St., Suite 102, La Quinta. Opening in November. For information, email laquintaoo@aol.com.

■ **Coachella Valley iHub and CVEP Rabobank Regional Business Center:** 3111 E. Tahquitz Canyon Way, Palm Springs. Information: (760) 340-1575

■ The Association of Fundraising Professionals (AFP), Desert Communities Chapter event, Oct. 21, will be held from 8:30 a.m. to 1:30 p.m., at Agua Caliente Casino Resort Spa, 32-250 Bob Hope Drive, Rancho Mirage. To learn more about costs of the event, contact: Joy Short at (760) 485-5986 or afpcadesert@gmail.com

green tech."

## Woman-kind

The passing of three grand dames of the desert who enriched the lives of many in the Coachella Valley over the past three months has been deeply felt on many fronts.

To that, the **Desert Communities Chapter of the Association of Fundraising Professionals** on Friday will memorialize **Jackie Lee Houston, Betty Ford and Dolores Hope**. The association will also beg the question, "Now what?"

In the symposium, "Women's Philanthropy: Giving with Meaning," get ready for heart-to-heart talks about ways to inspire the next generation.

**Lydia Kremer**, a symposium spokeswoman, said the first session at **Agua**

**Caliente Casino Resort Spa** in Rancho Mirage gets right to the point. Open only to women, it's set up to help women engaged in charitable giving from other women philanthropists and professional women advisors, among them: **Joan Busick**, founder of **Girlfriend Factor**; **Kathie Browne**, an estate planning attorney; **Tammy Fox**, a trust officer; and **Pamela Plick**, a certified financial planner.

**Gloria Greer**, TV host and social life editor of Palm Springs Life, will moderate the 11:45 a.m. to 1:30 p.m. luncheon portion of the symposium with a panel of prominent women engaged in charitable giving: **Annette Bloch, Helene Galen and Barbara Keller**.

All fundraising pros, guys and gals can attend the second portion of the event.

**Going on vacation?** To temporarily halt the delivery of The Desert Sun because you're going out of town, call (800) 834-6052 from 7 a.m. to 4 p.m. Monday through Friday and 7 a.m. to 10 a.m. Sunday.