

BUSINESS

C | THE PLAIN DEALER  UPDATED FINANCIAL NEWS AT CLEVELAND.COM/BUSINESS

Crowne Plaza hotel purchased, will be converted to a Westin



PHOTOGRAPHS BY PEGGY TURBETT | THE PLAIN DEALER

The Crowne Plaza Cleveland City Centre will be closed in November for a \$64.5 million renovation into a four-star Westin hotel. It will reopen in mid-2013. Sage Hospitality and Optima Ventures paid \$9 million in cash for the 472-room hotel and garage, at 777 St. Clair Ave.

\$64.5 million overhaul planned; new facility to open in mid-2013

MICHELLE JARBOE MCFEE
Plain Dealer Reporter

Downtown Cleveland's second-largest hotel will close next month and be converted into a four-star Westin hotel.

An investor group closed a deal late Wednesday to buy the Crowne Plaza Cleveland City Centre from defunct financial-services giant Lehman Brothers Holdings Inc. Optima Ventures and Sage Hospitality paid \$9 million in cash for the 472-room hotel and parking garage, at 777 St. Clair Ave. In November, the partners will start a \$64.5 million overhaul of the building, a money-losing property in need of dramatic renovations.

The Westin is to open in mid-2013, with a new exterior, a new roof, 481 remodeled hotel rooms, a restaurant, a fitness center and possibly a spa. The buyers hope to connect the hotel to Cleveland's historic Public Auditorium, creating an enclosed pathway to a new convention center and medical mart complex set to open in fall 2013.

The possibility of a Crowne Plaza purchase emerged early this year, as developers positioned themselves to benefit from the \$465 million medical

mart and convention center project and a planned casino on Public Square. Despite Cleveland's soft hotel market, a handful of hotel operators see opportunities to bring new brands downtown.

Of the half-dozen or so redevelopment proposals being tossed around, experts say only a few will get built. It seems the Westin project will be one of them, with the sale of the building complete and likely financing lined up.

"With the proximity to the convention center, the medical mart, the Rock Hall, Browns Stadium and PlayhouseSquare, we think there's pretty good demand today and in the future for an upscale hotel," said Chaim Schochet, an investment executive with Optima Ventures. "I don't believe there will be another downtown hotel that will mirror our hotel in terms of its proximity, its luxury."

Optima, a fast-growing player in downtown Cleveland, is an affiliate of Optima International, a private global conglomerate with outposts in Miami and New York, and roots in oil, gas, telecommunications and manufacturing in Eastern Europe.

SEE CROWNE | C4



The main entrance of the Crowne Plaza in downtown Cleveland. The money-losing property will be stripped down and remade as a 481-room Westin hotel.

Key remains largest bank in deposits

TERESA DIXON MURRAY
Plain Dealer Reporter

KeyCorp remains the largest bank in Greater Cleveland in deposits, and PNC clawed back to No. 2, according to a just-released report from the Federal Deposit Insurance Corp.

Key, which jumped to No. 1 last year, holds 21.7 percent of local deposits in 2011, up from 21.5 percent in 2010. PNC, which fell from No. 1 to No. 4 in 2010 following the controversial sale of National City to PNC, went from 10.4 percent in 2010 to 11.3 percent this year. PNC shifted from the National City name locally in early 2010.

The two banks that were in the second and third spots in 2010 — Third Federal and Charter One, respectively — both lost market share in 2011. The shift by those two allowed PNC to finish second.

"PNC focuses on building more and deeper relationships with our customers," said spokesman Fred Solomon. "That has brought us better than a 2 percent increase in the number of banking households in the Cleveland market this year."

"Across all markets, PNC added 74,000 checking relationships in the second quarter alone — not including 32,000 who joined PNC as part of the BankAtlantic Florida branch acquisition," Solomon said.

SEE BANKS | C4

City's chief of sustainability is leaving to take job with local consulting firm

JOHN FUNK
Plain Dealer Reporter

Andrew Watterson, Cleveland's chief of sustainability, is leaving Mayor Frank Jackson's administration to take a position in a private firm.

Watterson is joining BrownFlynn, a Highland Heights corporate consulting firm that specializes in helping business adopt sustainable practices.

Watterson is the city's first chief of sustainability and has held the position for two years. He was the city's director of sustainability for the previous 4½ years, starting in April 2005.



Watterson

The administration launched Sustainable Cleveland 2019 in 2009 and has involved hundreds of corporate and institutional leaders with ordinary people to concentrate on sustainable initiatives, including energy efficiency, locally grown food, the elimination of manu-

facturing waste and a move to renewable resources and advanced energy technologies.

Watterson announced his decision Thursday morning at a meeting of the stewardship council of Sustainable Cleveland 2019. He will be leaving Oct. 31.

"I love what I am doing for the city," Watterson said in a brief interview. "I am not disengaging from Sustainable Cleveland 2019. The mayor has been so gracious about this. He has been a great person to work under. He wants me to continue to stay involved."

SEE SUSTAIN | C2

Columbus lands on Sears' short list for move

MARLA MATZER ROSE
AND MARK WILLIAMS
Columbus Dispatch

Whether Sears Holding ends up moving to Columbus or not, reports that the company has put the city on a short list for its potential headquarters relocation is bringing national attention to central Ohio.

Many observers are betting that the owner of Sears and Kmart will end up getting a better deal from Illinois and staying in the Chicago area following its months-long flirtation with moving. But several people with knowledge of the situation say Columbus has made it to the final

phase of a serious, multicity search — which in itself is an achievement.

It has been 30 years since Columbus attracted American Electric Power and Borden, the last time the city lured away a major headquarters operation.

Sears, with 6,200 employees at its headquarters in Hoffman Estates, Ill., would instantly become one of central Ohio's largest employers if it were to move here. It would trail only a handful of companies, including JPMorgan Chase & Co., Nationwide and Honda.

"Just being on a short list is a really good sign for Columbus," said Robin Holderman, vice president of

real estate for the Columbus Regional Airport Authority and a veteran central Ohio real estate executive.

It also would be a huge win for the local economy if it happened.

"Should Columbus entice Sears to relocate, we judge the economic impact to be pretty substantial," said Daniel Meges, an economist with Chmura Economics & Analytics in Cleveland.





Meges calculated that the addition of the headquarters would lead to the creation of another 10,000 jobs at supporting companies.

SEE SEARS | C2

The Ticker

THE MARKETS

See our Moneywise stocks report, **C3**

	chg	close	%chg	YTD%chg
 DOW JONES INDUSTRIALS	183.38	11,123.33	1.68	-3.92
 NASDAQ	46.31	2,506.82	1.88	-5.51
 NEW YORK STOCK EXCHANGE	153.48	6,997.64	2.24	-12.13
 STANDARD & POOR'S	21.31	1,165.34	1.86	-7.34

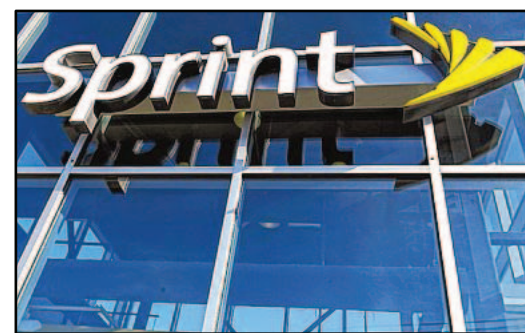
52-week low day's close 52-week high

Stocks rise on help for

European banks; Dow up 183

The Dow Jones industrial average rose by more than 100 points for a third straight day Thursday after U.S. retailers reported stronger September sales and the European Central Bank moved to support that region's lenders. The Dow jumped 183 points, bringing its three-day gain to 434. In Europe, investors cheered a promise from the European Central Bank to provide unlimited one-year loans to the region's lenders through 2013. **Moneywise, C3**

NATION & WORLD



LISA POOLE | ASSOCIATED PRESS

A sign hangs outside a Sprint store in Saugus, Mass., in this file photograph.

Sprint to offer iPhone

Sprint Nextel Corp. will offer Apple Inc.'s iPhone with unlimited data, distinguishing itself from larger rivals AT&T Corp. and Verizon Wireless. Sprint, the No. 3 wireless carrier and third to get the iPhone, will charge \$99.99 for unlimited data, calling and text messages on the iPhone 4S and older iPhone 4, plus a \$10 extra required charge. **cleveland.com/business**

Mortgage rates down: The average rate on the 30-year fixed mortgage this week fell below 4 percent for the first time ever, to 3.94 percent. **Details, C4**

Settlement reached: Del Monte Foods Co. and Barclays Plc agreed to pay \$89.4 million to settle investor lawsuits over the buyout of the pet-food maker by private-equity firms led by KKR & Co. **cleveland.com/business**

Long-term unemployment: For more Americans, being out of work has become a semi-permanent condition. Nearly one-third of the unemployed — 4.5 million people — have had no job for more than a year. That's a record high. And their prospects aren't likely to brighten much even after the economy starts to improve and hiring picks up. **cleveland.com/business**

Jobless claims: The number of people who applied for unemployment benefits rose slightly last week, only partially reversing a sharp decline two weeks ago, U.S. data showed Thursday. Initial jobless claims in the week ended Oct. 1 increased by 6,000 to a seasonally adjusted 401,000. **cleveland.com/business**

Bank of England program: The Bank of England decided Thursday to restart its program of asset purchases, highlighting its concern that global economic tensions threaten the U.K. recovery. **cleveland.com/business**

NORTHEAST OHIO

Invacare trims staff

Elyria-based Invacare Corp. said Thursday that it is laying off about 30 of its 1,200 local employees as part of a global cutback of between 40 and 50 workers, less than 1 percent of the company's 6,100-member workforce. The trims were necessary "to make sure we are running as efficiently as possible," said a spokeswoman. Invacare is one of the world's largest manufacturers of home health products like beds and wheelchairs.

Thompson Hine honored: Thompson Hine LLP has been named 2011 Best Law Firm for women by the National Association for Female Executives and Flex-Time Lawyers. Thompson Hine said it was praised for its commitment to promoting women's professional growth and well-being.

Long recovery ahead: The economy is not slipping back into recession but will face a long, slow recovery as political gridlock in Washington and Europe makes businesses wary of investing, according to General Electric Co.'s Jeff Immelt and other top executives.

ONLINE

News in your inbox

You can get The Plain Dealer's business newsletter every weekday at 4:30 p.m., after the markets close. You'll also get special alerts as news warrants. Subscribe to all of The Plain Dealer's email newsletters at no charge. **cleveland.com/updates**

Jobs was marketing genius focused on profits

A Silicon Valley legend: He quit college after only one semester, but he's now considered one of the premier American innovators and CEOs of the past 50 years, building Apple Computer into a global high-technology powerhouse and leading the design and manufacture of culture-changing digital devices.

1955: Steve Jobs is born Feb. 24; he is adopted by machinist Paul Jobs and accountant Clara Jobs, of Mountain View, Calif.

1972: He graduates from Homestead High School in Cupertino, Calif., and enrolls at Reed College in Portland, Ore., but drops out after one semester

1974: He takes a job at Atari in Sunnyvale, Calif.; leaves to travel through India and joins a farm commune

1975: He joins Homebrew Computer Club, headed by Steve Wozniak; Jobs persuades him to go into business to pursue Wozniak's design for a new computer logic board dubbed Apple 1

1976: Apple Computer is founded

1977: Apple incorporates and introduces the Apple II

1980: Apple goes public and its first day's trading brings its market value to \$1.2 billion; at age 25, Steve Jobs is worth \$239 million

1981: Jobs becomes Apple chairman

1983: Jobs recruits John Sculley from Pepsi to be CEO of Apple

1984: The Macintosh, an all-in-one desktop computer with a graphical interface and a mouse, is introduced

1985: Jobs clashes with the Apple board and is ousted and replaced by Sculley; Jobs launches NeXT, a Redwood, Calif.-based company seeking to build a breakthrough computer that will revolutionize

research and higher education

1986: Jobs buys Pixar Animation Studios for \$10 million from filmmaker George Lucas

1991: Jobs marries Laurene Powell, whom he met in 1989 when she was doing graduate work at Stanford

1995: "Toy Story," the first Pixar movie with Disney, is released and is a huge success; Jobs becomes a billionaire when Pixar goes public

1996: Apple buys NeXT for \$400 million and rehires Jobs as an adviser

1997: Apple CEO Gil Amelio is ousted and replaced by Jobs as interim CEO

1998: Apple releases the iMac, which becomes the

fastest-selling personal computer in history

2000: Jobs becomes permanent CEO of Apple; he introduces the Mac OS X, its current operating system, based on the NeXT operating system

2001: Apple launches the Apple Store to bolster its retail sales; later in 2001 it introduces the iPod, a music player that revolutionizes the digital music industry

2003: Apple launches the iTunes Music Store

2004: In an email to Apple employees, Jobs says he underwent successful surgery for a rare, treatable form of pancreatic cancer

2006: Jobs sells Pixar to Disney in \$74 billion stock deal; he becomes Disney's

largest shareholder and joins its board of directors

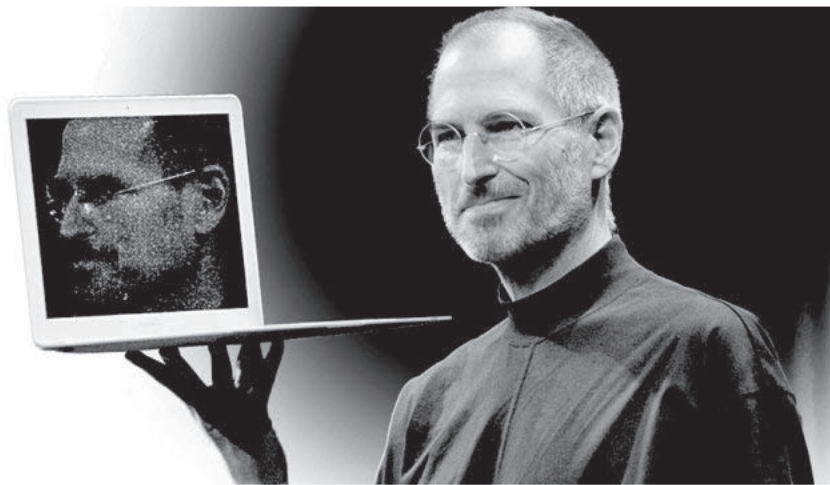
2007: Apple introduces the iPhone, a smartphone with a touch-screen keypad that revolutionizes the cellphone industry

2009: Jobs takes a six-month medical leave, during which he undergoes a liver transplant

2010: Apple releases the iPad touch-screen tablet

2011: In a January memo to Apple employees, Jobs announces another medical leave with no set duration; on Aug. 24, he resigns as CEO and is replaced by interim CEO Tim Cook but remains chairman of the board

Oct. 5: Apple announces that Jobs has died, at age 56



"Steve was fond of saying that he lived every day like it was his last. Because he did, he transformed our lives, redefined entire industries, and achieved one of the rarest feats in human history: he changed the way each of us sees the world."

— President Barack Obama

"It was an enthusiasm that Steve always had. He'd get really lost in a new product and he'd pause and say, 'Oh, that's so cool.' Even in the dark days, he once said to me 'I love what I'm doing and I want to keep doing it.'"

— Longtime Jobs friend Regis McKenna

SOURCES: Current Biography; Atari; Apple; Reuters; Associated Press; San Jose Mercury News

McCLATCHY-TRIBUNE

He knew what was cool, but also how to make it pay

MICHAEL HILTZIK
Los Angeles Times

LOS ANGELES — Everyone knows that Steve Jobs pulled off one of the outstanding corporate turnarounds in U.S. history and that he did it on the strength of cool products.

What they may not realize is that Jobs was a master of bare-knuckled business strategies from the old school.

It's true that Jobs' legendary perfectionism and insistence on simplicity and elegance for Apple's products were the qualities of an aesthete. But his goal was to create products that could command premium prices and ensure rich profits.

Apple's reputation for nearly flawless manufacturing quality, not merely its svelte engineering, is what enables the company to make premium pricing look like a value proposition. Apple devices may cost more, but they always seem to work. In its most recent fiscal year, Apple's profit margin was more than 21 percent; at Hewlett-Packard, the world's biggest PC manufacturer, it was 7 percent.

Jobs pushed the principle of "planned obsolescence" to new heights. Apple's annual upgrades of its products — "refreshes" in the language of its fans — generate sales of millions of units as owners of one year's MacBook or iPhone line up to buy the newest version, even when the changes are incremental.

But it's the unique combination of Jobs' showmanship, eye for detail and instinct for business strategy that may make it hard to identify his rightful place in business history. After his retirement as Apple CEO in August, you could hear him being compared to Thomas Edison and Henry Ford.

The human factor

The truth is that, although his name appears on hundreds of Apple patents, Jobs was not known as an inventor. Unlike Ford, he didn't develop a revolutionary manufacturing model. But that's not to say he didn't cast a very long shadow.

His legacies include making the human factor — the way a device looks, feels, weighs and insinuates itself into our lives — an indispensable element of consumer electronics design, refining the distribution and display of digital content to the point that he disrupted a business

Commencement speech, Stanford University, 2005

"Remembering that I'll be dead soon is the most important tool I've ever encountered to help me make the big choices in life.

Because almost everything — all external expectations, all pride, all fear of embarrassment or failure — these things just fall away in the face of death, leaving only what is truly important.

Remembering that you are going to die is the best way I know to avoid the trap of thinking you have something to lose. You are already naked. There is no reason not to follow your heart. Your time is limited, so don't waste it living someone else's life.

Don't be trapped by dogma — which is living with the results of other people's thinking. Don't let the noise of others' opinions drown out your own inner voice."

Steve Jobs,
former CEO of Apple Inc.

model for entertainment and information that in some respects had lasted for a century, and showing that high manufacturing standards don't cost money, but make money.

As a technology executive, Jobs was always on the lookout for something new. In 1979, he accepted a small investment in Apple from Xerox in return for a guaranteed look inside Xerox's famed Palo Alto Research Center (PARC), where brilliant young scientists had developed the first personal computer and other revolutionary technologies.

Learning that he had been kept from seeing PARC's best stuff, he pitched a fit and got a second tour, which introduced

him and his engineers to graphical computer displays and other innovations that promptly were incorporated into Apple products.

The original iMac illustrated the peculiar virtues and drawbacks of Jobs' approach to new technology. It was the first consumer PC to ship without a floppy-disk drive. Instead it had a high-speed Internet port, reflecting Jobs' conviction that the network was supplanting the disk as a storage medium.

But it was far ahead of its time, for neither Internet connections nor capabilities were yet up to the task. The first iMacs also lacked CD burners because the make-your-own-CDs revolution

cleveland.com/nation

See a Steve Jobs photo gallery of memorials from Cleveland to Hong Kong.



had escaped Jobs' notice.

He would soon leapfrog the CD era with iTunes — which led to the iPod, helping to usher in the digital music era.

The closed approach

Jobs' well-known control-freak ethos accounts for the closed approach binding Apple's mobile devices and their content — songs purchased from the iTunes store can't be played on competing companies' devices, for example.

In iPod's earliest days, many thought this would doom the device to irrelevance: "Five years from now, Apple will have 3 to 5 percent of the player market," Rob Glaser, the founder of RealNetworks, predicted in 2003. At the time, Glaser's company owned the competing digital music service Rhapsody.

But there was strategic method in Jobs' madness: Simplicity and consistency, he perceived, would draw customers to legal digital music downloads.

The App Store, through which Apple keeps a vise grip on outside software written for the iPhone, iPad and iPod Touch, is the ultimate expression of Jobs' desire for order. Programs can be distributed through the App Store only after they're approved by Apple, which takes a 30 percent cut of their revenue — another Jobsian exploitation of a very un-Zen business strategy.

This walled-garden approach to consumer applications is harshly at odds with the open architecture of the Web. It has given makers of less constricted smartphones and tablet computers a selling point — possibly their only selling point — against the iPhone and iPad.

Has it worked? Apple's iPods still account for about 75 percent of the player market. iTunes accounts for 25 percent of all U.S. music sales, encompassing digital downloads and CDs.

What we think of Steve Jobs five or 10 years from now may have a lot to do with how his heirs at Apple manage the inevitable transitions ahead in digital technology.

bly starting to expire, he said.

"If anyone thinks they're not serious about kicking the tires in any deal that they can get, that person would be stupid," he said.

Besides lower costs, Lampert may have another reason to consider Columbus after he bought a stake in Columbus-based discount retailer Big Lots. According to a filing with the U.S. Securities and Exchange Commission, the 1.3 million shares of Big Lots that Lampert acquired early this year were valued at \$56.5 million.

"It sounds like a stretch to me, but not impossible," Swinand said, noting that Lampert has investments in other retailers, including Auto Nation and Auto Zone.

The additional factor that Lampert has to consider is the disruption that would be caused by any move for employees, he said.



PAULSAKUMA | ASSOCIATED PRESS

Apple CEO Tim Cook is shown during an announcement at Apple headquarters in Cupertino, Calif., on Tuesday.

Jobs' successor intense but not as emotional

Tim Cook called demanding, focused on detail

ADAM SATARIANO
AND PETER BURROWS
BloombergNews

Apple Inc. Chief Executive Officer Tim Cook, the hand-chosen successor of Steve Jobs, faces the challenge of crafting the company's strategy following the death of a man he called "a visionary and creative genius."

Cook, who became CEO on Aug. 24 after Jobs switched to the role of chairman, announced his predecessor's death Wednesday in a message to employees.

"Apple has lost a visionary and creative genius, and the world has lost an amazing human being," Cook, 50, said in the memo. "Those of us who have been fortunate enough to know and work with Steve have lost a dear friend and an inspiring mentor. Steve leaves behind a company that only he could have built, and his spirit will forever be the foundation of Apple."

The announcement came one day after Cook took the stage to introduce a new iPhone, marking his first product unveiling since taking the reins. To maintain Apple's growth, he will have to push into more new markets, continue the company's Asian expansion and execute a shift to cloud computing.

Jobs hired Cook from Compaq Computer Corp. in 1998, and the deputy soon proved his mettle as an operations expert. Cook transformed inventory management to enable Apple to ship the iconic iMac in a rainbow of colors, deviating from the typical plain beige box. He later was able to orchestrate the speedy delivery of iPods, iPads and iPhones — often within 48 hours — to help forge an army

of Apple loyalists.

Cook must now take up the mantle of charting Apple's creative vision, something he was less involved with in his previous job as chief operating officer.

Following Jobs' retirement as CEO, Cook said to employees that "Apple is not going to change" and he reiterated that thought: "We will honor his memory by dedicating ourselves to continuing the work he loved so much."

Cook led the company when Jobs was out during three medical leaves. Though he's a counterpoint to Jobs' more emotional personality, the men are two sides of the same coin, said Mike Janes, who used to run Apple's online store. Both are demanding leaders with an attention to detail.

"Despite their style differences, their intensity is basically equal," Janes, now the CEO of tickets search engine FanSnap.com, said in an interview earlier this year. "They are both perfectionists."

"There's no way to replace Steve Jobs — and there were times during the performance that you felt that," said Gene Munster, an analyst at Piper Jaffray Cos, referring to Cook's announcement of the new iPhone.

Still, Cook is the right man to carry on the vision, Munster said.

"Jobs' final act as CEO was another of his many great accomplishments," Munster said in a report. He reiterated his endorsement of Apple's stock. "Cook is capable of running Apple, but his rare combination of extreme humility and insatiable motivation make him uniquely suited to continue Jobs' work as CEO and carry on his vision with a peerless executive team."

SEARS

FROM C1

Columbus lands on short list

Retailers, which are largely in the distribution business, often prefer to locate along major highways outside the urban core. Sears moved out of the iconic Sears Tower in downtown Chicago years ago and now occupies 2.4 million square feet in suburban Hoffman Estates.

Locally based retailers such as Limited Brands, on the northeast side, and Limited spinoff Abercrombie & Fitch in New Albany are examples of campus-style headquarters paired with warehousing operations.

Commercial real-estate experts say the most likely place for a re-

tailer such as Sears to land would be a suburb such as New Albany or the Polaris area. Though the far west side and the Rickenbacker Airport area are key distribution hubs, Holderman said top management typically prefers that a headquarters location be based in an upscale suburban area closer to where they're likely to reside.

New Albany has been one of the most successful Ohio communities at attracting businesses in recent years. Scott McAfee, a public-information officer for New Albany, said about 60 percent of the city's designated business park area is developed or in the process of being built out, but plenty of space remains for new companies.

If Sears were to relocate to Columbus, it would find out what other companies have learned by locating operations here, said Bill LaFayette, owner of local economics consulting firm Regionomics.

"It's certainly a whole lot cheaper to get good talent here than in Chicago," he said, whether it is jobs in information technology, finance or back-office operations.

Thomas Seward, assistant to Mark Kvamme at JobsOhio, said Kvamme and Eddie Lampert, Sears' chairman and billionaire hedge-fund manager, "have met, but they do not have a significant relationship." The two investors, for example, have spoken at investment conferences in recent years along with dozens of other presenters.

Paul Swinand, a stock analyst who covers Sears for Morningstar, said Lampert's threats about moving the company should be taken seriously, especially after Illinois raised income taxes on workers and corporations. Also, incentives that Sears would have received for moving out of Chicago are proba-

bly starting to expire, he said.

Besides lower costs, Lampert may have another reason to consider Columbus after he bought a stake in Columbus-based discount retailer Big Lots. According to a filing with the U.S. Securities and Exchange Commission, the 1.3 million shares of Big Lots that Lampert acquired early this year were valued at \$56.5 million.

"It sounds like a stretch to me, but not impossible," Swinand said, noting that Lampert has investments in other retailers, including Auto Nation and Auto Zone.

SUSTAIN

FROM C1

Chief of sustainability taking another job

Jackson said Watterson had made a real difference in the city. "Andrew has helped to change the way the city looks at its internal operations and how we are shaping our local economy," he said in a prepared statement. "We wish him luck in his new position and know that he will remain engaged in efforts to advance sustainability in Cleveland."

Jackson intends to fill the position by the end of the year.

Margie Flynn, founder and principal of BrownFlynn and a member of Sustainable Cleveland's stewardship council, said

both she and Watterson will be available to help the city find a replacement.

"We certainly want to reaffirm our commitment to the city and its efforts to drive economic development through sustainability," she said in an interview. "Andrew's coming on board will heighten our dedication to making sure the vision of Sustainable Cleveland 2019 continues."

BrownFlynn has recently announced it is relocating to downtown Cleveland.

Watterson is active in a number of professional sustainability organizations, including the Urban Sustainability Directors Network and Planning Committee, Entrepreneurs for Sustainability and the Green City Blue Lake Institute.

To reach this Plain Dealer reporter: jfunk@plained.com, 216-999-4138