

## Foreword

I ADMIRED JIM FLANIGAN as a business columnist with the *Los Angeles Times* and, later, as a member of my book club. Personally, he is a great comedian, an intellect, and most of all a curmudgeon. His book is the first to tell all about Los Angeles' great economy—the past, the present, and the future. Readers will be surprised at the industries in which Los Angeles is number one in the United States.

I was flattered when Jim asked me to write this foreword, although he criticized my first draft for being too cerebral: "People want to hear about Dick Riordan—they don't like this humility crap." Well, you asked for it Jim, and here I go.

I grew up in New York, where your life depended on how expertly you dodged automobiles. My first memory of Los Angeles is from October 9, 1956, when I took my first steps onto Sunset Boulevard. I remember how every car stopped to let me cross—a rare occurrence nowadays, but nonetheless, a great welcoming experience to the place I would call home for the next fifty-two years. It never would have occurred to me that I would be its mayor for two terms.

All my adult life I had dreamed of living in California, with its magnificent beaches, mountains, and open living style. I wasn't disappointed—I had made Shangri-La my home.

I was twenty-six years old and had just graduated from the University of Michigan Law School when the prestigious Los Angeles law firm O'Melveny & Myers recruited me to the West Coast. My salary was \$350 per month—not bad for those days. Today, young lawyers

start at \$13,000 per month (wow!). My wife and I paid \$105 per month for a furnished two-bedroom apartment. We lived so well on my salary that we were able to afford two \$3 dinners at Monty's Steak House once a month.

My first case at O'Melveny was to represent homeowners in Portuguese Bend, a small community on a hill inside the Palos Verdes Peninsula just south of Los Angeles. Their homes were (and still are) sliding down the hill as a result of the county government excavating with millions of gallons of water for an extension of Crenshaw Avenue, some five miles from Portuguese Bend. Proving negligence was difficult because we probably could not prove foreseeability. But I came up with the then-unique concept of inverse condemnation; that is, the government is liable for actions that cause a decrease in the value of property the same as if they had taken the property. Little did I realize that inverse condemnation would result in billions of dollars of judgments against cities and states for many years.

In addition to my position as junior lawyer with O'Melveny & Myers, I was often "lent out" as an executive assistant on civic projects, such as the annual meeting of the American Bar Association, Town Hall, United Way, and the Catholic archdiocese. These experiences introduced me to Los Angeles' most powerful and influential families—many of whom were directly involved in building Los Angeles into a great city, rather than just a bunch of "suburbs in search of a city." Then, it seemed as if overnight we had the Music Center, the MOCA and Getty museums, the Sports Arena, freeways, and high-rise buildings. The pseudo suburbs of Encino, Boyle Heights, Brentwood, Bel Air, Pacific Palisades, Watts, Van Nuys, etc., were brought together.

It's interesting that if you dig a little deeper and research some of these Los Angeles icons—many of whom rightfully have parks, schools, and streets named after them—you'll find that they were the descendants of devious minds. For instance, oil tycoon Edward L. Doheny was accused of bribing Secretary of the Interior Albert Fall in the Teapot Dome Scandal of the 1920s (his acquittal was just as surprising as that of O. J. Simpson), and *Los Angeles Times* publisher Harry Chandler was involved in the water and real estate scandals that inspired the 1974 Roman Polanski film *Chinatown*.

Their descendants were among my mentors and were great, ethical leaders, including Otis Chandler, who turned the *Los Angeles Times* into a newspaper of national prominence, and members of the Doheny family, whose achievements included founding Mount St. Mary's College and Immaculate Heart College.

As a young lawyer, I befriended many of the city's future magnates, including Eli Broad, Cardinal Roger Mahony, Harold Williams, Rob Maguire, Steve Soboroff, Bruce Karatz, Lew Wasserman, Arnold Schwarzenegger, Robert Lowe, Warren Christopher, Julian Burke, and Frank Gehry. These are the ones who added such great treasures to Los Angeles as the Disney Concert Hall, the Staples Center, the new cathedral, and the Getty Museum, as well as major shopping centers, homeless drop-in centers, and the Alameda Corridor. As Claremont Colleges economist Peter Drucker said, "All great projects start in the mind and the heart of a single individual." Los Angeles has had more than its fair share of such individuals. I attribute my successes as mayor (1993–2001) to these friendships and many others along the way. I accept accolades not for being brilliant, but for demonstrating brilliance in my ability to empower my staff and network of friends and acquaintances to make great things happen.

A lot of people have asked me why I ran for mayor of Los Angeles at a time when the city was at its lowest point, with soaring crime rates, the first economic recession in its history, and the Rodney King riots. Angelinos had lost their confidence, and the national media had fun tearing us apart. All my life I've been a problem solver with an addiction for filling vacancies. The soon-to- retire mayor, Tom Bradley, and the chief of police, Daryl Gates, had not spoken to each other in two years. Mayor Bradley, who deservedly gets most of the credit for the expansion of Los Angeles, had lost interest. Corporate lawyer and venture capitalist Bill Wardlaw talked me into running and oversaw my campaign. After being beat up in the media for all kinds of imaginative crimes (Bill's advice: "Keep your mouth shut"), I won by eight percentage points—not bad for a rich, white Republican in a three-to-one Democratic city.

When the Disney family spent \$50 million on the Disney Concert Hall with no plans to raise the \$300 million needed to complete it, I summoned my close friends Eli Broad and architect Frank Gehry to

the challenge. Eli and I often rode bikes and hiked through the Santa Monica Mountains, while Frank and I joked that we were the oldest hockey players in the world. The decision to resurrect the concert hall was made after Frank blindsided me during an ice hockey game. As I got up from the ice in pain, Frank gave me his evil smile and said, "Let's make up and make Disney Hall happen." Through Eli Broad's leadership, we raised \$300 million, and Frank designed what is perhaps the greatest architectural masterpiece of the past century. I was proud that I brought these two great men together; in fact, until then, they hadn't talked to each other in ten years.

People joked that I was an expert at empowering others and then taking credit for what they did. Actually, there is a lot of truth in this. I am not a man who claims to have all the answers; I simply know where and how to find them. There is no problem for which I cannot find an expert to solve it: Eli Broad and Frank Gehry made Disney Concert Hall happen; Steve Soboroff made Staples Sports Center and the Alameda Corridor happen; Bruce Karatz made the first homeless drop-in center in the country and the computerization of the Los Angeles Police Department happen; Julian Burke, who made a fortune restructuring Penn Central Railroad and other companies, turned the stagnant Metropolitan Transit Authority around; Bob Lowe rolled out a marketing program that turned around the nation's opinion about Los Angeles; and on and on.

Perhaps the biggest lesson I learned was on January 17, 1994, when I was knocked out of bed at 4:31 a.m. by the Northridge earthquake. I immediately reached for the phone, only to find silence on the other end. No dial tone. I pulled on the first pair of sweatpants I could find and jumped in my car, heading for the Emergency Operations Center four stories below City Hall, which was fifteen miles from my home. Driving down the vacant Santa Monica Freeway at ninety miles per hour through the early morning darkness, I was suddenly stunned by two bright lights heading straight for me. I swerved slightly and hit the brakes to avoid a large truck heading down the wrong side of the freeway. I soon realized that the truck had saved me from sailing off the collapsed bridge over La Cienega Boulevard. I looked at the bridge debris, did a U-turn, and cautiously drove back on the wrong side of the freeway to the nearest exit. Fortunately, no other cars were on the freeway.

At 5:05 a.m., I arrived at City Hall and descended the four floors to the Emergency Operations Center, where there were cubicles for forty of the city departments plus rooms for the police and fire departments. Bob Yates, my head of transportation, arrived moments later, and together, we assessed the damage and discussed detours around the five fallen freeway bridges. The only reasonable detour around the bridge over La Cienega included three intersections in Culver City. Bob explained that before we took over these intersections, state law and regulations required that environmental studies, traffic mitigation reports, actions by both city councils, and more had to happen. The Santa Monica Freeway is the busiest and economically most important road in the United States. We couldn't wait. At that moment, heaven inspired what is now called Riordan's first Law: "It is much easier to get forgiveness than to get permission—so just do it!" I told Bob he had ten minutes to take over the intersections, and if anyone complained, he was to give them my home telephone number. No one called. I never had to ask for forgiveness.

The morning after the quake, I met with California governor Pete Wilson and executives of the California Department of Transportation in the governor's Los Angeles conference room. I learned that state law or regulations required that we use Caltrans state employees to repair the damaged bridges. I asked them whether they had architects and engineers looking at the bridges on the day of the earthquake. It took almost an hour for these bureaucrats to admit that they didn't, but they had plans to do so. It took another half hour for them to admit that they didn't know when they would implement these plans. Meanwhile, each day the bridges went unrepaired cost the city of Los Angeles and its citizens more than \$25 million. I asked the governor's chief of transportation, Dean Dumphy, and the head of federal highways, Rod Slater, to adjourn with me outside the conference room, where I lost my temper, yelling: "Those sons of a bitch bureaucrats are playing mind f---ing games with us. Let's get private architects and engineering firms at the fallen bridge sites this afternoon." From there, Dumphy picked up the ball and carried it over the goal line. Within one day we hired private contractors to repair the bridges and included bonus offerings for every day under three months that it took to complete the project. The bridges were all repaired in sixty-six days.

It had taken San Francisco and Caltrans more than fourteen years to repair freeways after the 1989 Loma Prieta earthquake. But San Fran learned a lesson from Los Angeles and repaired in record time the 2007 damage to the Bay Bridge caused by a tanker explosion. My good friends at the *Los Angeles Times* criticized us for paying the bonuses—“Long Live Bureaucracy!”

I’ve learned many lessons throughout my years both as mayor of Los Angeles and as a private investor. Along with “It is much easier to get forgiveness . . .,” I also remember: “Don’t do other people’s thinking for them”; “I couldn’t agree with you more”; “Empower others and give them credit”; “Beware of immediate reactions”; “Only a mediocre person never makes a mistake”; and while you’re at it, “Beware of committees, working groups, and consultants.” Most of all: “Children above bureaucrats” and “Just do it!”

Now, turn the page and learn from Jim Flanigan about the secrets of what makes Los Angeles a great city, and what some of its entrepreneurial stories can teach us about business today and the economy at large.

*Richard Riordan*  
*Former mayor of Los Angeles*