

Toyota to move from Torrance to Texas; Automaker plans to create new American headquarters with jobs shifting to Dallas area.

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Toyota Motor Corp. plans to move large numbers of jobs from its sales and marketing headquarters in Torrance to suburban Dallas, according to a person familiar with the automaker's plans.

The move, creating a new North American headquarters, would put management of **Toyota's** U.S. business close to where it builds most cars for this market.

North American Chief Executive Jim Lentz is expected to brief employees Monday, said the person, who was not authorized to speak publicly. **Toyota** declined to detail its plans. About 5,300 people work at **Toyota's** Torrance complex. It is unclear how many workers will be asked to move to Texas. The move is expected to take several years.

Toyota has long been a Southern California fixture. Its first U.S. office opened in a closed Rambler dealership in Hollywood in 1957. The site is now a **Toyota** dealership. In 1958, its first year of sales, **Toyota** sold just 288 vehicles -- 287 Toyopet Crown sedans and one Land Cruiser. Last year, **Toyota** sold more than 2.2 million vehicles in the U.S.

The U.S. branch picked Los Angeles for its first headquarters because of proximity to the port complex -- where it imported cars -- and easy airline access to Tokyo. As **Toyota** grew, it opened its national sales and marketing headquarters in Torrance in 1982. The complex, built where its parts distribution warehouse was once located, now has 2 million square feet of office space.

But today, about 75% of the **Toyota** branded vehicles sold in the U.S. are built in America -- many of them at plants in Texas, Mississippi and Kentucky.

The automaker won't be the first big company Texas has poached from California.

Occidental Petroleum Corp. said in February that it was relocating from Los Angeles to Houston, making it one of around 60 companies that have moved to Texas since July 2012, according to Texas Gov. Rick Perry.

Perry last month visited California to recruit companies. The group Americans for Economic Freedom also recently launched a \$300,000 advertising campaign in which Perry contends 50 California companies have plans to expand or relocate in Texas because it offers a better business climate.

Like these other companies, **Toyota** could also save money in an environment of lower business taxes, real estate prices and cost of living.

Frank Scotto, Torrance's mayor, said he had no warning of **Toyota's** decision. He said he did know that the automaker planned a corporate announcement for Monday.

"When any major corporation is courted by another state, it's very difficult to combat that," Scotto said. "We don't have the tools we need to keep major corporations here."

The mayor said businesses bear higher costs in California for workers' compensation and liability insurance, among other expenses.

"A company can easily see where it would benefit by relocating someplace else," Scotto said.

Both New York and Texas have aggressively pursued major California corporations by promising a number of financial incentives to get them to relocate, he said.

Toyota to move from Torrance to Texas; Automaker plans to create new American headquarters with jobs shifting to Dallas area. Los Angeles Times April 28, 2014 Monday

Toyota's move to Texas comes in the wake of its crisis with sudden-acceleration incidents. Some accidents were linked to floor mats jamming the gas pedal, causing the car to accelerate out of control. Those problems started **Toyota** on the path to reorganization.

Toyota was slow to disclose and address the problems, but it eventually recalled millions of vehicles to fix the floor mat issue, along with another mechanical defect that caused sticking gas pedals. This year, **Toyota** paid a \$1.2-billion federal fine for misleading consumers, regulators and Congress about the safety problems.

A special panel convened by the automaker concluded that **Toyota's** management responded slowly and ineffectually to the growing sudden-acceleration crisis because it was hampered by a top-down management style that gave short shrift to customer complaints. The panel also noted that **Toyota** had developed an adversarial relationship with federal safety regulators.

The automaker has worked to reorganize its management structure to address those problems and give more autonomy to its regional operations. **Toyota** named Lentz, a longtime U.S. sales executive, chief executive of its North American operations, in charge of manufacturing, research and development, sales and marketing.

Lentz is now overseeing the establishment of a new North American headquarters, close to its U.S. manufacturing hubs.

The company is well established in the South. Its primary factories are in Kentucky, where it builds the Camry and Avalon; Mississippi, where it builds the Corolla; and Texas, where it builds Tundra and Tacoma pickup trucks. It also has a big engine plant in Alabama. **Toyota** next year will launch assembly of its first U.S.-built Lexus, the automaker's luxury brand, in Kentucky.

Moving the U.S. corporate headquarters to Texas puts senior management closer to those factories.

Toyota isn't the first automaker to leave Southern California. In late 2005, Nissan announced it was moving its North American headquarters from Gardena to Franklin, Tenn., just outside of Nashville. About 550 employees left for Tennessee; an additional 750 left jobs at Nissan to stay in Southern California.

"The costs of doing business in Southern California are much higher than the costs of doing business in Tennessee," Nissan Chief Executive Carlos Ghosn said at the time. He cited cheaper real estate and lower business taxes as key reasons for the move.

Fritz Hitchcock, who owns several **Toyota** dealerships in Southern California, said **Toyota's** decision won't affect local car sales. But he said it represents an "indictment of California's business climate."

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GRAPHIC: PHOTO: ABOUT 5,300 people work at **Toyota's** Torrance complex, above. It is unclear how many will be asked to move to Texas. The move is expected to take several years. **PHOTOGRAPHER:** Anne Cusack Los Angeles Times

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