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Suite 100
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Sharp curve

Owner steers
Club Auto Sport
in different
business
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Small Business STRATEGIES

Club Auto Sport owners shift gears to fill space

BY SUZANNE YADA

SAN JOSE — In a sputtering economy, Ralph Borelli decided to shift gears, and quickly.

He and partner John Davis built Club Auto Sport, originally to sell condos where automobile aficionados could store their Ferraris or Lamborghinis. The complex included concierge services, a social clubhouse, philanthropic events and other services for the car community. The idea was unique, the interest was high, but the timing couldn't have been worse. The economy tanked just a few months after the club's June 2008 grand opening, but with about 30 percent of the space pre-sold, Borelli and Davis were not about to back out of the project. Instead, they did what any sensible manager/gearhead would do in times of turmoil: steered the organization in a different direction.

The club now offers a condo-leasing program in addition to buying, a clean-fuel incubator, event venue rental space and a community of businesses under one roof that may not have anything to do with cars.

The hub of businesses includes a dash of the obvious — auto detailing, car sales, racing teams — with the not-so-obvious such as landscaping, home theater, graphics. The mix provides a one-stop shop for high-end services of all stripes. Think Santana Row for automobile enthusiasts.

"We thought we'd be collectors. We didn't anticipate we'd get the interest in the business community that we have," Borelli said. "If you're a gearhead and into motorsports, it's kind of a small world, and a lot of us have business interests."

Auto graphics business

Carrie Miller, a former NASCAR Pro-4 truck racer-turned-entrepreneur, will benefit from the new business model. She runs Miller's Vinyl Graphics, a company that provides racing decals, logo design, embroidery and other graphics work. Miller just got settled in at Club Auto Sport, and she said she couldn't be happier with the opportunity.

"We spent a lot of time looking at office space, and we weighed out the pros and cons about everything on the list," she said. "Here, I haven't come across anything that I've seen as a negative. The networking, the visibility, it's unbelievable."

Miller says her graphics business is doing \$100,000 in sales, and she forecasts making \$250,000 to \$300,000 with the expansions planned.

"We have access to the people, places and things that we didn't have where we were," she said.

Borelli says that's by design.

"We have a mentoring program we use with these businesses. It's much more than just a landlord-tenant relationship," he said.

Networking, brainstorming

Every Wednesday, the members of the club meet up for Team Auto Sport, a collaborative effort among the businesses to network, pool resources and share tips to make the Club Auto Sport brand stronger.

"We're taking these smaller firms and exposing them to a higher level of marketing sophistication they've never seen before," Borelli said. "When you take the cost and spread them out amongst a number of businesses, it's more affordable for everyone involved."

Dana McKissick, director of operations for Input Output Network Inc., says that collaboration is one of the most exciting things about being at Club Auto Sport.

"To listen to (them) talk, it's genius," he said. "They're all smart business people looking at ways the businesses can cross-promote."

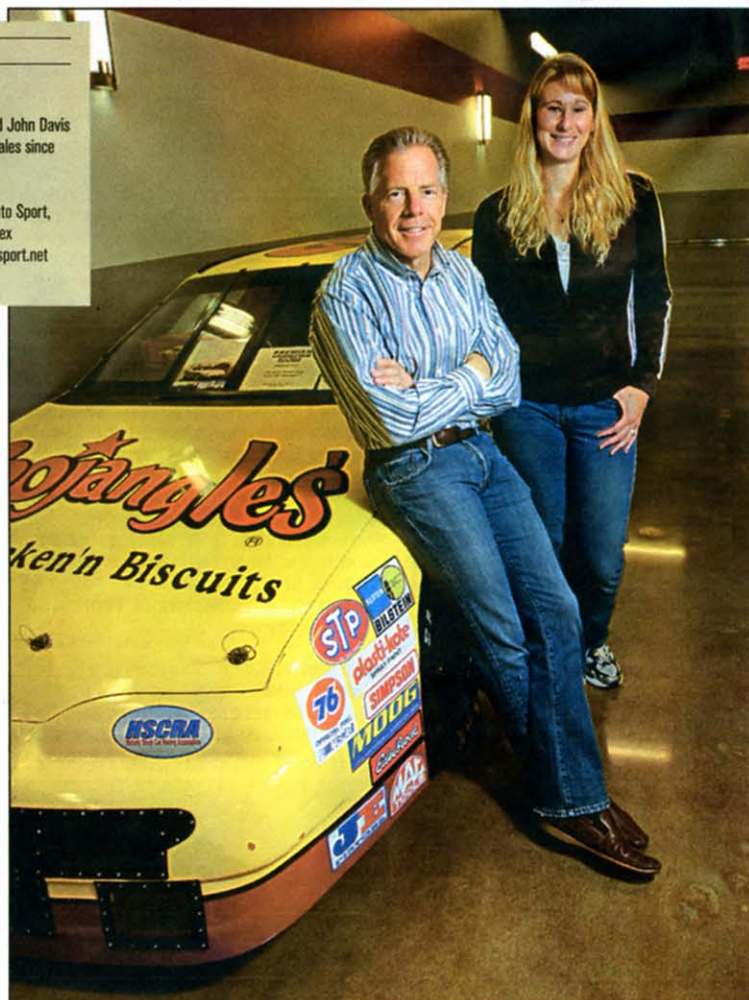
ION installs audio and visual equipment, security systems and other low-voltage amenities for homes and businesses. It's not exactly car stuff, but after ION installed the video and security systems in the Club Auto Sport facility, the company decided to move in.

"To us it was a no-brainer," McKissick said. "We are at this point next door to a superb job we did, so we have an amazing showroom built in."

ION leases a 1,600-square-foot space. Miller's Vinyl Graphics has an 800-square-foot space, the average size of a condo at Club Auto Sport. Prices start at \$249,000 to buy or \$2 per square foot per month to lease. Since starting

AT-A-GLANCE

Club Auto Sport
Headquarters: San Jose
Owners: Ralph Borelli and John Davis
Revenue: \$10 million in sales since its 2007 inception
Founded: 2007
Employees: 4 for Club Auto Sport, about 40 within the complex
Web site: www.clubautosport.net
Phone: 408.521.7123



VICKI THOMPSON

NEW APPROACH: Club Auto Sport co-owner Ralph Borelli has brought in businesses such as Carrie Miller's Vinyl Graphics to help fill space in the building he originally planned to sell as condos for luxury cars.

leasing late last year, Borelli said, Club Auto Sport has been able to lure an additional 16 tenants who fill 22,000 square feet.

The club is 60 percent occupied, and when it hits 70 percent — a milestone Borelli hopes to reach within the next few months — Phase 2 will begin, adding 35,000 square feet and bumping up the total square footage to 120,000. The

whole facility will cost around \$27 million when completed.

Miller said she wouldn't be anywhere else.

"It's like I'm in awe," she said. "Everyone seems to have the same ideas in mind. You kind of feel at home."

SUZANNE YADA can be reached at 408.220.1822 or syada@bizjournals.com.