

# San Francisco Chronicle

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## Fortune bullish on Corporate America



*San Ramon's Chevron Corp. concentrated on core strengths and made \$26.2 billion in 2012.*

Ben Margot, Associated Press

"The animal spirits are back," says Fortune magazine, surveying its latest list of the nation's 500 biggest companies by revenue. Corporate America has rediscovered its "urge to action," it enthuses.

Evidence: "Profits near record high" in 2012, driven largely by a wave of mergers and acquisitions and the spinning-off of lesser performing business units "to concentrate on their core strengths."

The broader economy had little to do with it, it seems. Dipping into massive corporate cash reserves while "growing modestly ... without rehiring the workers they laid off in the panic of 2008 and 2009," were the key factors, says Fortune.

A prime example of concentrating on core strengths would be San Ramon's **Chevron Corp.**, America's third biggest company by revenue in 2012. It made \$26.2 billion last year, primarily from its fossil fuels, and says it will be spending on exploration and development of oil and natural gas resources in the coming years.

At the same time, Chevron is downgrading its clean-energy initiatives, moving 400 Bay Area employees, mostly in the clean-energy units, to Houston later this year.

"We are always assessing our business needs and deploying positions to meet those objectives," a Chevron spokesman explained in December.

Another Bay Area company sticking with its core (sorry!), is **Apple**, whose tightly integrated ecosystem of hardware and software (OK, forget Apple's maps app) pushed it to No. 6 on Fortune's 500, up 11 places over last year.

Pronounced "pretty much dead in the water" in these pages on Monday, Apple on the same day regained its position as the world's most valuable company by market cap: \$433 billion versus \$415 billion for **ExxonMobil**, Fortune's No. 2 in terms of revenue. **Walmart** (\$443.9 billion in sales) is No. 1.

Animal spirits might have been a bit premature for **Hewlett-Packard**, however. Down five spots, to No. 15, HP took a shellacking - \$7.1 billion profit one year, \$12.7 billion loss the next - thanks to its ill-chosen acquisitions of software maker Autonomy in 2011 and IT company Electronic Data Systems in 2008.

That's the single biggest loss on the Fortune 500 list, which won't make the Palo Alto company any happier than being served with a shareholder suit on Friday accusing it of deception and lack of due diligence in the Autonomy matter.

Unscathed so far by lawsuits is San Francisco's **Wells Fargo** (see my colleague Kathleen Pender's column), No. 25 on Fortune's list with profits up 20 percent last year. As part of the financial services industry, along with **JPMorgan Chase**, **Bank of America** and **Citigroup**, Wells Fargo is a member of "the comeback sector of the year," according to Fortune.

Another local achievement of note: **Google**, No. 55, has once again been judged best place to work, and not just for "the 100,000 hours of free massages it doled out in 2012." Think 7-acre sports complex, wellness centers and a horseshoe pit.

Summing up its latest 500 list, Fortune wonders: "For the future the overriding question is whether the era of abundant profits will continue." And can it continue in the same way much of the Fortune 500 currently do business?

**Hiring hall:** Walmart, the No. 1 in revenue generator, has been a model for doing more with less.

In the last five years, the world's largest retailer has opened 455 U.S. stores, a 13 percent increase, while laying off 20,000, a 1.4 percent reduction in workforce.

As Bloomberg News reported in March, that has prompted loud complaints from both underpaid staff and frustrated customers. "You cannot keep cutting labor hours and expect the shelves to get filled," an analyst with New York research firm **Sanford C. Bernstein** told Bloomberg.

Let's see if the message has been received by the time Walmart opens its new, smaller-format Neighborhood Market in Pleasanton in July.

Last week, the Bentonville, Ark., company put out the word that it was hiring 65 "associates" - full time and part time, average wage \$12.93 an hour - to "bring good jobs with great career opportunities to the area." A temporary hiring center has been set up at the Meadow Shopping Center in Pleasanton, and you can also apply at [www.walmart.com/careers](http://www.walmart.com/careers).

The proof will be in the pudding.

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