Polish Up Jewelry District, but Keep It Intact

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Los Angeles’s historic jewelry district – long considered an essential thread in the city’s richly woven economic fabric – is the second-largest jewelry district in the world, employing more than 10,000 people in over 3,000 businesses. It also generates about $11 million in taxes each year that goes into the city’s coffers, and provides a wellspring of opportunities for both workers and entrepreneurs.

But, like all industries, the jewelry district must change to meet the challenges that arise from new regulatory, technological and global market forces – or it will perish. Not all manufacturers will be able to make the transition to a different way of doing things that may be costly. Some will go out of business, others will be forced to move to other neighborhoods, where property values and regulatory standards are less stringent. Some fallout is to be expected. But too much displacement will destroy the district.

Today’s realities call for a new prototype for the jewelry district – one that not only permits jewelry-related firms to stay together geographically but also incorporates emerging principles of eco-industrial development and sustainability.

In pursuing this idea, a diverse team of USC graduate students has examined the technical, social, economic, safety, health and environmental issues affecting L.A.’s jewelry district. The students, in fields such as engineering, physical sciences, anthropology, economics and urban planning, built a case for an inventive way to revitalize the district: Create a cohesive “Green Diamond” district of industrially sound, ecologically compliant businesses, some sharing the same buildings and manufacturing processes, to replace aging or woefully outdated operations.

This is a do-able solution if businesses, manufacturers, city managers, planners, developers, and politicians work together to keep the district geographically intact. And that is the key. Los Angeles’s jewelry district thrives because it is functionally connected, all the way from raw materials assembly to manufacturing to retail sales. Businesses will languish if they are broken up or forced to move to other parts of town.
Cohesive group
These firms operate in harmony and mutual respect, thanks to well-established ethnic networks. So that becomes the basic playing field on which we must work to revitalize the district. Bringing operations up to snuff will involve, of course, some fairly Draconian measures. It will mean significant alterations to both historical manufacturing methods and the buildings in which these companies are housed. Because of the potential costs involved in upgrading older buildings, some jewelry businesses will have to leave the downtown area. But with the right mix of economic incentives – and the city working together with the business owners – others may find the resources to transition over time.

Our research predicts, in fact, that manufacturing operations are likely to become consolidated into about 15 to 20 buildings, whose owners will have retrofitted and brought them up to code. Costs will be passed down to tenants, triggering some turnover before the market adjusts.

First and most importantly, we need to refine our attitudes about regulatory policy, so that the mentality is not one of complete, absolute “enforcement,” but rather one of regulatory “partnership.”

Let’s reduce regulatory burdens by offering an on-site “one-stop” agency, whose personnel can provide information and guidance on a variety of regulatory institutions, policies and procedures with jurisdiction over jewelry production and facilities.

Let’s also develop and integrate flexible regulatory approaches that are sensitive to the range and size of jewelry manufacturers, which range from one-person operations to several hundred employees.

In addition, a jewelry materials exchange system should be established to reduce energy consumption and waste, and introduce best practices in materials handling, recycling and disposal of unused materials.

And jewelry firms must be allowed to continue to cluster together to minimize costs and retain cultural and professional trust-based networks – something the industry depends upon.

Finally, let’s highlight effective local and global marketing of eco-friendly jewelry products through the establishment of trade associations and collaborative public-private economic development partnerships.
This sounds like a tall order to accomplish in a short amount of time. Fortunately, the city of Los Angeles, recognizing the problem, recently established a jewelry district task force aimed at bringing all of the parties together to address the issues. And we know of at least one downtown Los Angeles property development company seeking grants to build an exemplary “green” building for jewelry manufacturing and retail. USC architecture and engineering students would jump at the chance to be involved in the design of that first model “Green Diamond” building.

We think that’s a lot of progress toward safeguarding a way of life for many people and a vital part of our city’s economy.

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