
Motorola Mobility keeping HQ in Libertyville

By: John Pletz May 05, 2011

(Crain's) — Cell phone maker Motorola Mobility Holdings Inc. is staying put in Libertyville.

Gov. Pat Quinn, accompanied by CEO Sanjay Jha, will make the formal announcement Friday at the company's northwest suburban headquarters.

Motorola Mobility had been considering moving its head office to more high-profile tech centers, such as Silicon Valley, San Diego or Austin, Texas.

The state of Illinois has been scrambling to keep Motorola, one of the state's few large tech companies, with 3,000 local employees, and has been negotiating with the company for months.

It's not clear what incentives the state is offering. But Mr. Quinn has been willing to open the state's checkbook, despite Illinois' \$13-billion deficit. He has offered \$175 million in incentives to keep the headquarters of truckmaker Navistar Corp., wireless carrier US Cellular Corp. and online-coupon company Groupon Inc., as well as an expansion at Ford Motor Co.'s assembly plant on the South Side.

Many people inside and outside Motorola assumed that Mr. Jha would move the headquarters to California. Mr. Jha, who took over the phone business in August 2008, came from San Diego-based chipmaker Qualcomm Inc. and has never moved to Chicago. He made clear that one of his top priorities is to change both the image and culture of the company, two goals that could be furthered by relocating to the Golden State.

But Mr. Jha also is under intense cost pressures. The mobile phone and set-top box producer still isn't consistently profitable — it posted a loss of \$81 million on \$3 billion in revenue in the first quarter — and can ill-afford a headquarters move. Even if the company moved only the 150 to 200 top execs and support staff, it would have cost about \$15 million to \$20 million, based on normal relocation costs.

Keeping the headquarters in Libertyville won't prevent Motorola from expanding in Silicon Valley and San Diego. Motorola recently signed a lease on a high-profile office building in Sunnyvale, Calif., just down the street from Google Inc., and it continues to rapidly expand its engineering staff there. Mr. Jha continues to live in San Diego, where Motorola employs about 1,000 people and has added some senior managers.

"The official HQ could stay in Libertyville, but the technical folks and new recruits could be hired elsewhere," says John Boyd, principal with Boyd Group Inc., a relocation consultancy in Princeton, N.J. "You can still have a migration of jobs even if the head office hasn't moved."

Motorola Mobility was created as a freestanding company when Motorola Inc. split in two in January. Greg Brown runs the other half, Schaumburg-based Motorola Solutions Inc., which sells police radios, bar-code scanners and handheld computers. Motorola Solutions did not seek state incentives and is staying put.

The state of Illinois has shelled out for Motorola before, offering \$30 million in incentives for a \$100-million cellphone plant built in Harvard in 1998. It employed 5,000 but was shuttered five years later.
