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Driving Demand

Fiesta Time: One hundred five-door 2010 Ford Fiestas were shipped to the Dundalk Marine Terminal in late March from Ford's assembly plant in Cologne, Germany. The Fiesta, which will be offered in the U.S. in early 2010, was one of three finalists for the World Car of the Year award. The Fiestas are European-spec cars granted special dispensation by the EPA to ply U.S. roads as part Ford's "Fiesta Movement" marketing program. Ford is picking 100 young "trendsetters" from 3,300 online applications via social media sites to drive the Fiestas for six months. Those picked will share their experiences online through Facebook, FlickR, YouTube and Twitter as a run-up, creating marketing buzz before the vehicle's North American launch. Baltimore was picked as one of two ports of entry (the other is Oxnard, CA) because of its proximity to key Fiesta Movement distribution points in Washington, New York, Chicago and Atlanta.

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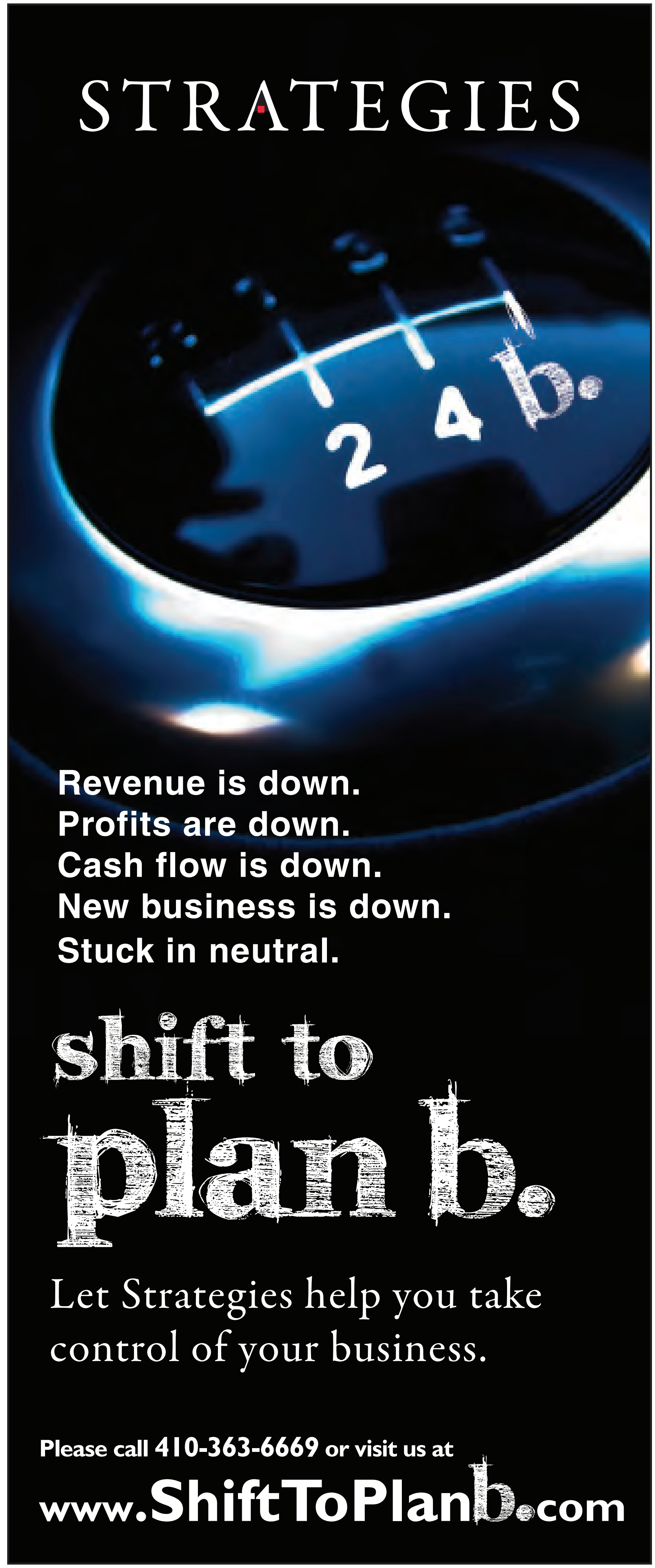

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MAY 2009 VOLUME 9 NUMBER 5

DEPARTMENTS

SPECIAL SECTION

Phillip Martien races Phillips Way to the front

By Jan Tegler
Cover photo by Bryan Burris

fast track

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listen up: listen down

What's the opposite of Twitter?

A wise old owl sat on an oak
The more he heard, the less he spoke,
The less he spoke, the more he heard
Why can't we all be like that wise old bird?
-Unknown

›› EDITOR'S DESK

About a year ago, I had lunch with an executive of a major local company. Among the things I wanted to inquire about was a potential problem I thought he might be missing with regard to some recent decisions his company had made. It was a very sensitive topic and I was a little hesitant to bring it up and somewhat nervous about how to do so without seeming presumptuous. But it was not long before this exec told me about a meeting he had with the CEO of a major Wall Street investment firm. He went to great lengths to stress how impressed he was by how generous the Wall Street executive had been with his time. It became clear to me that he was drawing a subtle comparison to our lunch meeting and patting himself on the back for his own generosity of time with me. The analogy annoyed me enough to convince me it was not worth the trouble to try to inquire about the problem I thought I might have spotted in his company. I thanked him for lunch and kept moving with my day.

All of us do this. We miss information or feedback because we lecture when we should listen. It's an especially sensitive problem in the print media world, where we use words to paint pictures about reality. If we listen well enough, we can get close to truth, but it's still just an interpretation and people closer to the reality always know what was gotten wrong and often won't tell you. Accurate writing is always a reflection of taking time to listen and then doing all the homework.

I walked away from my lunch thinking hard about what the executive was saying about time. To a large extent, business is about smart use of time. Employers pay workers for their time. Company efficiency is largely a measure of how well those workers are able to manage time. So, I don't dismiss the relative value of a CEO's time, but it's important to remember that the Wall Street CEO who was so generous with his time is also part of the crowd that just burned our economy down with unprecedented fraud. Perhaps it is misguided to be impressed when a crook spends a lot of time with you.

And that is the conundrum about managing time. The power above doles time out to everyone in equal measure incrementally, but unequal measure in totality. Wealthy people are commonly assumed to be more skilled at time management, but sometimes the unconstrained rich squander away their time, while the highly constrained poor manage it brilliantly (think Dr. Ben Carson's mother, Sonya).

There are 24 hours in a day in which to think and act. Using money to create action on your own behalf is easy. Rather than paint my house myself, I hire a painter. This is how people and companies use money to manage their time constraints. But what about the time constraints on thought and on listening? Such constraints are among the hardest of all things for CEOs to manage. Distractions ceaselessly compress deliberation, so delegation is the tool that CEOs harness to compensate for the time squeeze. But while most actions can be delegated away entirely, strategic thinking can only be shared, at best.

In this decision-making realm, what matters most is the quality and usefulness of information. Actual thinking still requires time, but a significant competitive advantage can be achieved if your systems of gathering good information are superior. Effective CEOs build networks where important information filters their way from trusted sources. The old rule of thumb here used to be that there were no shortcuts for building these kinds of networks. Most are built by developing solid personal relationships inside and outside the company. Technology purveyors say otherwise and have for the last few years been pushing the new god of information transfer: social networking.

The question for CEOs pondering the use of these media tools, I suppose, is whether or not online social networking represents some amazing new shortcut to creating a strong information base. Reports from the front lines of early-adopters suggest a bit of a mixed bag. The latest rage in this hyperventilated space is Twitter, a Web company that essentially offers users the ability to conduct a one-way instant-message conversation. If you are asking yourself what's so groundbreaking about that, I congratulate you on your question. The answer appears to be that Twitter pushes out data in such a way that it doesn't culturally burden the reader with any expectation of reply. As a personal publishing solution, Twitter appears to be the ideal print media channel for lazy and mildly illiterate narcissists. Companies see these sites as yet another marketing channel for belching out information about the company. In the parlance of sales strategies, it caters to the "show up and throw up" approach to selling where all that matters is the number of people you hammer with a message. Eventually, if most of the messages have no value, much of the audience will drift away once the novelty wears off.

On the other side of the coin, as a business intelligence solution, social media sites like LinkedIn, Facebook and Twitter have a more interesting value proposition.

The most obvious value these sites bring is in gleaning information about new acquaintances and potential hires. Facebook works so well for this purpose that NFL teams have allegedly even gone so far as to create fake profiles of attractive young women as a means of "friending" draft prospects to learn more about them. The NFL teams apparently hope to discover whether a potential recruit has put up a false front in the evaluation process. Facebook helps them do this by providing a covert means for being completely dishonest themselves, which I guess is what they mean when they say, "We're like one big family here."

If an NFL team turns to Facebook as a shortcut, it is because the scouts can't afford to spend the time getting to know every potential recruit. The old-fashioned methods of establishing personal contact and listening hard apparently aren't working well enough. But as a technique for talent evaluation, this is a parlor trick – and one that will soon evaporate.

Social networking isn't worthless, but finding the real value in the ocean of tech shortcuts that have popped up in the last decade is tricky. And none of it matters if it doesn't improve your own capacity to listen, think and strategize. If you can figure out how to harness new tools to create communication systems that bring valuable information to you and target your prospects with thoughtfully contrived information, then odds are you will be ahead of the game.

But in some ways, the old-world skills of taking time to listen to the needs of customers and partners matter more than ever. Failure to deploy that skill can't really be replaced by simply "spraying and praying" on Twitter. Just because you are not working harder does not automatically mean you are working smarter. One carefully considered handwritten thank you note to one important contact (see page 19) may eventually bring more business in the door than 100 tweets to everybody.

And if you listen – really listen – to the type of buzz surrounding social networking, you may find the chatter is laced with just a hint of fear about being left behind by an economic gravy train. It's the type of chatter you may recognize – it sounds vaguely like hot air rushing into a balloon.

The Internet didn't go away after the bubble popped. Neither did real estate or investment banking and neither will online social media, but the estimations of its value by its fiercest proponents might just be a little off. My advice? Listen harder than you shout.

-David Callahan

newswatch

By David Callahan

Observations and lessons from the news headlines

SHIVER ME TIMBERS

I nearly choked on my mixed greens on April 2, when ABC News anchor Charlie Gibson asked Bob Hormats (vice chairman of Goldman Sachs) and C. Fred Bergston, (Peterson Institute for International Economics) whether the actions of the recent G-20 meeting "represents a new world order." Bergston replied, "In a very important sense it does represent a new world order … it's the true globalization of economic decision making."

Gibson wasn't parroting the words of conspiracy buffs; he was parroting the words of the leaders of Britain and France. But give the conspiracy guys some credit: they've been predicting a New World Order coming-out party for years.

But let's not make too much of chatter – just because British PM Gordon Brown is getting chirpy about global governance doesn't mean that the real heavy lifting has been accomplished on that score. Before global institutions like the U.N. or IMF can gain any real teeth, they need to rebuild a vanquished old revenue mechanism and foist it back on the United States and other major democratic powers: taxation without representation. The pet proposal for accomplishing this has been the oft-hyped notion of carbon taxes, but so far, the very few countries that have ventured into the territory of actually implementing a carbon tax (Finland, Sweden, Norway) have not surrendered the revenues to an unaccountable international body.

Undaunted, some globalists think they see another international problem that could finally pave the way to tax revenues flowing into the U.N. – piracy. Yes, piracy on the high seas is back after being buried somewhere for 200 years. The practice was dug up by Somalia, a country that essentially collapsed in 1991. The Somali pirates are heroes at home partly because they claim to have political motives that extend beyond money. They charge that foreign interests have illegally heavily fished their territorial waters and that some European companies have taken advantage of Somalia's plight and dumped all kinds of hazardous waste (chemical, industrial, medical and nuclear) right off their shores, sickening people. Not that it excuses piracy, but both accusations appear to have some credibility, according to the *Times of London* and some other neutral reporting.

The Somali side of things isn't reported much by western news outlets, but don't be surprised if instead, you suddenly start hearing a revival of reporting on a left-for-dead treaty from the 1980s – the "Law of the Sea Treaty" (LOST).

The Reagan administration fought against joining the treaty on the grounds that it needlessly voluntarily surrendered U.S. sovereignty and violated free market principles, but the Bush administration championed the revival of the treaty and the Obama administration shows clear signs of this being yet another example of a policy stance where they are right on the same page as their predecessor. The treaty, which would empower the U.N. to regulate all human activity in international waters, was originally drafted as an idea for saving whales and other marine wildlife, but suppressing piracy may become the new tactical justification for a ratification push by the State Department.

The irony is that LOST might only make piracy worse, because once pirates made it back into their own territorial waters, an international tribunal could punish anyone who chased them. Most of the explicit provisions in the treaty are already observed by the United States with just a few meaningful exceptions and one very notable exception – U.S. ratification of the LOST treaty would represent the first time the United Nations was granted international taxing authority through license fees and direct taxes on economic activity in deep seabeds.

Where you stand on this issue probably depends on what you find scarier: Somali pirates with guns and speedboats or international bureaucrats with handshakes, smiles and fine print.

»THE *problem solver*

letting go is hard to do

WHY ARE YOU STILL RESISTING DELEGATION?

QUESTION:

I have read all the books and articles about “letting go” and encouraging my employees to grow by taking responsibility. I have tried to set clear expectations, measure results and, hardest of all, recognize that my way may not be the only way to get something done. But things just don’t feel right. What am I leaving out of my process?

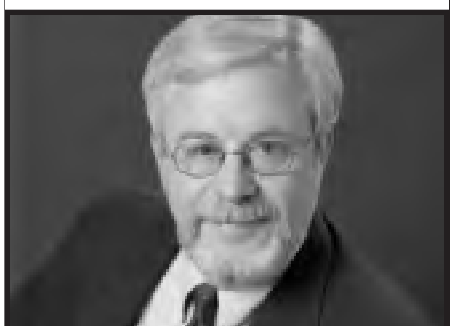
RESPONSE:

Most of the writing on delegation covers what you should do in delegating. There is another dimension to the issue that is just as important: the impact that trying to delegate has on you and what to do about it.

Loss of perceived control. Being in control of our own circumstances is something we all struggle with from birth. Psychologists are the people qualified to talk to this in much greater detail. But, ask yourself how you felt in those times in your life when you did not feel in control of things – being in a skidding car, dealing with a bureaucracy that did not respond to your complaint, being snowed in (without enough bread and toilet paper). Scary, or, at least, disturbing stuff. Now, how differently did you feel when you got control of the car, resolved the dispute with the bureaucracy or got to the store for supplies? Delegation is loss of control as we have become accustomed to it.

You need to do something to establish control: learn to shift your ownership of the process to ownership of the results. This sounds simple, but it takes discipline, clear communication of the results you expect from others and the patience to support their development. So, it is really not a loss of control at all, just a change of its location.

Loss of relevance. A second personal roadblock to delegation is dealing with filling the vacuum created by transferring duties to others. What will you do with your time after delegating? If what you did before trying to delegate defined to you your relevance in your company, then you have a decision to make: either re-define your relevance or keep doing what you are doing and accept the barriers to growth (and the exhaustion) that will result.



Paul*Riecks*

But there is a possible rainbow here: the need for delegation usually rises from a situation where the owner has let things other than his or her highest and best use eat up too much time. Often these things are administrative duties that can be transferred. Administrative duties can be very seductive – they are things you can do quickly, leaving behind a sense of accomplishment. They are necessary things – what can be more important than making appointments, making deposits, writing checks? They are also lousy reasons for you not doing what you do best, whatever that is, and letting the rest of the organization do the things you are not good at.

What are the things that really make you feel relevant to others and your company? Meeting with clients and prospects? Wandering the market and figuring out what’s coming next and then determining what your company will do about it? Determining the makeup of the organization you will need to support the next stage of growth? Whatever those things are, there is a close relationship between your highest and best use and your real relevance, to your business and to others.

Loss of the thrill of beginning. Sometimes, owners get stuck in the transition to the next stage of business that requires more delegation because they are bored. “Builder” entrepreneurs love to get something started and when it really gets rolling, they get bored because they miss the thrill of the struggle and overcoming the initial obstacles. This is a very dangerous time. Not only are things not being delegated, but there might also be a need to bring in a different type of leader to drive the company forward – a “manager” entrepreneur, someone who is good at taking someone else’s idea and making it better. Then the founder has a decision: is it possible to turn the company over to the new “driver” and still find something new in the company – a new product or service, a new division, a new location, or sell and start something new independently?

The gains. There is so much to be gained from dealing successfully with these issues: a more successful company for the owner and employees, more job fulfillment for the owner and the employees, the joy of developing others and seeing them grow by overcoming their own challenges. The bottom line is the willingness of the owner to recognize the situation and take action.

Paul Riecks is president of the Inner Circle Mid-Atlantic, which forms and facilitates peer groups of business owners and CEOs. www.innercirclemidatlantic.com.

10 ways to effectively CRITICIZE AND MOTIVATE

Let's clear up something right from the start. As a CEO, you want to be liked and respected by your employees. You don't want to treat them in the callous and negative way that certain managers you've reported to in the past have treated you. In fact, you vowed that if someday you were to become a CEO, you would be different – you'd try your best to not to criticize employees to avoid making them feel as you had in the past.

This sounds like a good idea but, unfortunately, it isn't feasible. The hard truth is that there are times when you will have to criticize your staff as well as your managers. By remaining silent and hoping that performance issues will disappear by themselves, you are helping to preserve the status quo and also shirking your responsibilities.

1>> FOCUS ON BEHAVIORS, NOT ON PERSONALITY

The best way to criticize others is to focus on actions that you have observed, not on their personalities. Instead of telling one of your direct reports that he or she is not dependable or reliable, you'd be a lot better off telling them that they "show up late for staff meetings," "make budget estimate errors," and "do not submit monthly financial reports on time." Using personality traits will typically elicit a defensive or angry reaction on the part of most employees – "I resent your saying that I'm not dependable or reliable person." Employees are much more likely to accept, without becoming defensive or angry, those behaviors that you have seen with your own eyes.

2>> GUARD AGAINST BROAD GENERALIZATIONS

A sure way to trouble is to use two deadly words – "always" and "never." Refrain from ever telling an employee that she "always shows up late for meetings," or that he "never submits monthly reports on time." Even if your statements are accurate, you're only asking for a hot debate over precisely how frequently or infrequently the individual is late for meetings and with reports. You'll get a lot more improvement out of the individual by saying you "frequently show up late for meetings," and you "rarely submit monthly report on time."

Douglas *Strouse* & Kenneth *Wexley*

3>> DON'T PLAY 'FREUD'

Unless you are a trained psychologist, don't try to be one. Stick to making your criticisms in the form of observable actions. Don't even try to make guesses as to what is causing an employee to do what he or she is doing. If you do, chances are that you'll be off-base. If an employee were to bait you by asking why you think they're suddenly making a lot of budget estimate errors, you might have your opinions (he's depressed as a result of his divorce; he feels bored and stiffled in his current position), but keep them to yourself.

4>> HELP THE MEDICINE GO DOWN

Criticism is like taking medicine — it doesn't taste very good, but it can be good for you. Nobody likes receiving criticism, especially from their manager. An excellent way of helping to make the medicine go down is to express your criticism as a question. For example, one CEO needed to inform a manager that he often embarrasses his employees in public and that he refuses to listen to their suggestions. This CEO knew that this particular manager had a great deal of respect for Terry Mitchell, one of the company's senior VPs. Rather than confronting this manager directly, the CEO simply said, "My question is this: Would Terry Mitchell ever treat his people in this manner?" At that moment, this manager got insight into his own actions.

5>> AVOID SANDWICHING

In his book, *Skills For New Managers*, Morey Stettner points out that some teachers are trained to give school children criticism by mixing it with positive comments. According to conventional wisdom, youngsters will be more receptive to criticism from teachers if it is blended with compliments. While this may prove true for youngsters, it is not a good way to handle your employees. If you try to sandwich criticism between two slices of praise to "soften its blow," you're getting nowhere fast. Don't play games. If you have something negative to say about an employee's job performance, just say it.

6>> INSTILL CONFIDENCE IN YOUR EMPLOYEES

Criticism will have its greatest impact on improving employees' job performance when the criticism is combined with your attempts to instill confidence in them. Highly confident employees have the deep belief that they can cause, bring about, or make something happen. High self-efficacy is, in a word, conviction. Your role is to not only inform employees when they are doing their jobs poorly, but to also instill in them the belief that they possess the wherewithal to straighten out. Here are a few ways that you can enhance employees' feelings of confidence:

- Make certain that employees get the training they need. This shows that you and the organization believe that the person has the ability to master the skill; it also sends a message that the employee is a valued resource.
- Model desired behaviors for employees. Seeing others perform a task successfully makes employees judge that they, too, possess the capability to master the observed activities.
- Work on changing employees' "self-talk" so that it becomes constructive, not debilitating. If you hear statements from employees such as, "I never make the tough sales," "I always get nervous when making presentations," and "I'll never be able to manage my time as efficiency as Terry does" – encourage them to think positively.

7>> SELECT AN APPROPRIATE SETTING

In his book, *Effective Coaching*, Marshall Cook points out that when it comes to delivering bad news to an employee, the setting may be as important as the message. First, for obvious reasons, criticism should never be given to any employee in the presence of others. Second, consider using the employee's own office or cubicle, so long as the setting is private. If this isn't feasible, then select a neutral site in your company. If you decide to meet in your office, don't retreat behind your desk. Instead, discuss the employee's job performance seated around a small table.

8>> CLARIFY WHAT YOU WANT

Since the major objective of criticizing employees is to improve their job performance, they also need to be told how they can perform better in the future. Discuss specifics with your employees and get agreement from them regarding what they need to do to improve their performance. It's critically important that the dialogue is collaborative so you get the "buy-in" from your employees.

9>> BE AWARE OF NONVERBAL COMMUNICATIONS

Be careful not to raise your voice or sound upset with an employee when providing criticism. Speak in your normal, conversational voice. Be aware of your facial expressions and body language. Take a few minutes prior to the meeting to calm yourself down so that you don't appear to be angry or frustrated.

Let employees know that you're "on their side" and that you simply want to help them to do their jobs better.

10>> PUT YOURSELF IN THEIR SHOES

Put yourself in your employees' shoes by doing the following things:

- Explain how your comments will help them make their jobs easier and more satisfying.
- Guard against the temptation to tell them how their actions are creating headaches and problems for you.
- Give them a chance to talk and explain, from their perspective, why this is happening.

Kenneth N. Wexley, Ph.D. is an organizational psychologist and president of Wexley Consulting - HRD, an Annapolis-based management consulting firm Douglas A. Strouse, Ph.D. is the president of the CEO Club of Baltimore and an organizational psychologist.

»power OF attorney

run for cover(age)

It was only 11 a.m., but I could not keep my mind on work. Not with those leftovers waiting for me in the refrigerator. Come on, noon! I'd slaved all weekend making a traditional Daube de Boeuf Provençale, or beef stew. This is not just any old stew with any old beef. This takes days to get right, to eek out all the flavors. So, there I was, trying to work, urging Father Time to shake his tail. And then the phone rang. At long last, a distraction!

"Julie, I've got Bob Finton on your line," my assistant chimed. "Hi, Bob, how you doing?" "Well, I'm still kicking, but I been better. I will say that."

Bob is the CEO of a commercial security devices company headquartered in Bel Air, MD, that employs about 20 people. A few weeks earlier, Bob's company had been sued by a former employee claiming violation of Maryland's wage and hour law for failure to pay overtime. Bob called me when he was served with the lawsuit and I advised him to contact his insurance carrier immediately. His company was hemorrhaging cash like every other business muddling through the economy and the last thing he needed was to spend precious money on legal fees. I was quite sure the company's liability insurance would cover this type of claim.

I was half right. The policy – a fulsome general liability insurance policy – did include wage and hour claims, but not my client's. The policy specifically says that coverage may be denied (1) if the "insured fails to demonstrate proof of a written policy covering the subject of the claim," and (2) if the insured could not demonstrate that the policy had been distributed prior to the events giving rise to the lawsuit. Basically, if Bob couldn't demonstrate that the company had, for example, an employment handbook that addressed overtime wages, and that the handbook had been distributed to employees before the events complained of in the lawsuit, insurance coverage could be denied. So much for cost cutting.

GET-OUT-OF-JAIL-FREE CARD

Bob had been referred to me when the lawsuit began, so I had not yet had time to get on my soapbox about employee handbooks. If only I had been his lawyer before all this hootenanny began. My clients hear "handbook" and a faraway, glazy stare comes over them. Employee handbooks are like watching wallpaper peel, I know, but – and if you're a regular reader, you've heard me say this before – employee handbooks can be your get-out-of-jail-free card.

Aside from providing valuable, practical day-to-day guidance on employee-management relations and workplace dos and don'ts, employee handbooks can be powerful defensive tools in discrimination and other employment legal claims. Trust me, I've got the stories to prove it (good and bad, alike). Not only do judges, the Equal Employment Opportunity Commission, and the Maryland Commission on Human Relations look favorably upon employee handbooks, handbooks have become nothing short of a legal necessity to avoid liability. Some courts have held that the absence of an employee handbook is akin to having no policy at all, which can cripple a company defending an employment lawsuit.

JulieRubin

The letter from the carrier denying coverage quoted the section of the policy regarding denial of the claim on the basis of the absence of a written policy, and enclosed a copy of Bob's signed application for coverage. The application specifically inquired: (1) "Does the Applicant have an employment handbook?" (2) "Does the Applicant have a written anti-discrimination policy?" (3) "Does the Applicant have a written wage and hour policy?" (4) "Does the Applicant have a written 'at-will' provision in the employment application or handbook?" and, my personal favorite, (5) "Does the Applicant use outside employment counsel for employment advice?" Bob answered no to all. Although the insurer had issued a policy to Bob's company (albeit at a heightened premium), the policy expressly disclaimed coverage obligations in the absence of a written policy on the subject of the claim. There was really nothing Bob could do. The language was plain and he did not have a written policy.

But not all was lost for Bob. The case settled out of court after documents exchanged during litigation revealed that, while still employed by my client, the plaintiff had started his own security company, diverted Bob's customers to his own company and pocketed the cash. Bob got lucky, but you might not. Insurers may issue your company a liability policy even if your company doesn't have its workplace policies in order, but read the fine print. Issuance of a policy is a far cry from extending coverage. Don't find out the hard way.

Julie Rubin is a principal of Astrachan Gunst Thomas. Names and circumstances have been changed to protect privacy. www.agtlawyers.com

black swan moments

WHY YOU SHOULD PICK UP THE PHONE RIGHT NOW AND CALL A CUSTOMER

"A key to our business model was driven by an offhand comment by a friend," exclaims Naomi Simson, founder and CEO of Sydney-based Red Balloon. It was a similar set of "customer clues" that drove a 60 percent increase in revenue for Roger Hardy's Vancouver-based Coastal Contacts.

It's these "Black Swan" moments that drive the success of your company – these few-times-in-a-lifetime events when the entire fate of the company is changed forever. Your only hope is to up the odds of bumping into these moments and preparing yourself to recognize and act when they present themselves.

This requires a relentless pursuit of your market involving numerous direct conversations with your customers over a sustained period of time. It involves getting on more airplanes and on more phone calls than you've done since the launch of your business – especially during turbulent times.

And it involves stomaching what many perceive as a lot of wasted time and effort in conversations where you must endure a monotonous rehash of issues that risk boring you to tears. In short, you must suck it up and "stay in the game." I implore top executives to formally talk to one customer each week, a critical routine easily jettisoned if the power of the black swan moment isn't appreciated.

Verne*Harnish*

STAYING IN THE GAME

The term "Black Swan" comes from Nassim Nicholas Taleb's in-your-face book by the same name – a book that uber guru Tom Peters has already declared the best book of the decade, and the decade is not even over, In short, Taleb drives home the point that the really important events in life and the marketplace are rare and unpredictable and what you must do is protect yourself from the downside while giving yourself a chance at the wild upside.

Which brings me back to my two opening examples. Naomi Simson, a former corporate marketing executive for Apple, already understood the importance of listening to customers when she launched her business in 2001. So when a friend of hers made an off-hand comment that he loved her company's Web site (Red Balloon is a gifting service that today offers over 1,500 unique experiences across Australia) – and that he used it as a free directory for locating interesting experiences and then would book directly with her supplier, Naomi's heart sank.

It was at that moment her business model was reformulated, resulting in what is called a "Pleasure Guarantee" – you pay no more booking through Red Balloon than you would if you went direct. And given the added convenience, service, packaging and branding Red Balloon provides, it's become a powerful value proposition that has driven phenomenal growth, including over 60 percent in 2008.

THE EPIPHANY

A similar epiphany came to the executive team of Coastal Contacts, a global provider of contact lenses. Using SurveyMonkey.com, they survey their customers instantly after a purchase and update the management team weekly on the scores. They have adopted Fred Reichheld's Net Promoter Score (NPS) methodology, which basically involves asking two questions: 1) would you recommend us to a friend? and 2) if you didn't rate the answer a nine or 10 on a 10-point scale, may we give you a phone call?

> The game of business is constant, direct, firsthand interaction with your customers on a weekly basis.

The NPS score gives Hardy's team an overall gauge if they are "wowing" their customers. From this data the executive team calls 20 customers each week, which gives them insights into how they can deliver what Hardy calls a "quantum leap value proposition."

"The process of calling customers each week lets us see the patterns and trends of our market," Hardy says. "For instance, we realized overnight shipping was a big deal, so we started over-nighting everything and sales grew 60 percent in one of our markets."

Hardy's team has stuck to this weekly process of measuring "wow" and calling customers for over two years. And though there is a large amount of repetition in the feedback they receive and the stories they hear, they know they must keep at it relentlessly or they risk their competition picking up the clues and Black Swan moments before they do.

You have to stay in the game – and the game of business is constant, direct, firsthand interaction with your customers on a weekly basis. So pick up a phone right now and call a customer.

Verne Harnish is the CEO of Gazelles and founder of Entrepreneurs Organization (EO). www.gazelles.com.

iNDIVIDUALS. iDEAS. iNFORMATION.




If it costs less to keep a client than to get a new one, why are so many companies falling short when it comes to retention? Especially in this economy, it is more important than ever to maintain existing relationships with the customers who already know the value of your product or service. But how do you show your customers how much you care? In this month's i3, [illegible] asked local CEOs to explain how they keep their clients satisfied and coming back for more.






With so many investments competing for your limited dollar in this economy, it is tempting to write off office space improvements as a frivolous spend. However, some companies view their company offices as more than just a place to plug in a computer. They see their space as a physical manifestation of their brand, a place that imbues employees with the company culture and speaks to clients about your values. [illegible] asked business leaders to explain the return on their office space investment.

iNDIVIDUALS. iDEAS. iNFORMATION. on COMPENSATION

COLA now?

DITCH COST-OF-LIVING ADJUSTMENTS AND TRY THESE CREATIVE SALARY SOLUTIONS

BY KAREN LEHR, SPHR

For seven years, salary increases have averaged about 4 percent per year. With the worsening of economic conditions, salary increase plans for 2009 have been revised sharply downward. Various surveys report that 35 percent to 50 percent of companies will reduce their planned salary spending in 2009, and another 25 percent are considering doing so. Some have eliminated previously planned salary increases, freezing salaries for 2009 or waiting until later this year to decide.

The overall result is that 2009 salary increase budgets are expected to be at least 1 percent lower than in the recent past, an average of about 2.9 percent. With reduced salary increase budgets, is this the time to consider "cost of living adjustments"? A so-called "COLA" is an across-the-board salary adjustment intended to offset price increases experienced by employees in their personal lives. This provision is found in union contracts, more so than in general industry. When salary increase budgets are small, executives might feel that rewarding excellent performers with only half a percent more in pay (for example, 2.5 percent increase for "Meets Expectations" performers versus 3 percent for "Exceeds Expectations" performance) is meaningless.

So should you resort to using COLAs in 2009? Here are three disadvantages of COLAs that may dissuade you:

- COLAs undermine the "performance matters" message. If you've worked hard to motivate and reward employees, stay with that message. Performance matters as much now as ever, maybe more. A company becomes what it rewards.
- COLAs may discourage high performers that you want to retain. Most employees can understand that business is tight and executive leadership needs to spend prudently on salary increases. Take care of your best performers – you need them now more than ever.
- Inflation is negligible. Actually, for the last four months, the 12-month change in the national Consumer Price Index has been 1 percent or less. Compared to the July 2008 peak, energy costs are way down in 2009.

Instead of resorting to COLAs, consider these creative approaches to stretching your company's salary increase dollars.

- Reduce Merit Increases. With a smaller budget for salary increases, you'll need to devise a less-generous plan for merit increases. The increase for each performance evaluation rating will be smaller than in past years, but this approach continues to communicate that performance matters.
- Flat Rate Increase. Award all employees with the same performance rating the same dollar amount increase, for example, $1,000 for "Meets Expectations" and $1,500 for "Exceeds Expectations." This approach favors lower-paid employees because $1,000 is a larger percent of salary for lower-paid employees than for higher-paid employees. A $1,000 increase is worth 4 percent for employees making $25,000 and 2 percent for employees making $50,000.
- Merit-Based Lump Sum. A one-time payment that is not added to an employee's annual salary. Merit-based lump sums are awarded based on performance, preserving the notion that performance matters, but without permanently increasing ongoing operating costs. Options include allowing employees to defer the lump sum into the 401(k) or a similar plan, and if financial conditions improve, adding the lump sum to annual salary later.

It's advisable to select a salary increase approach tailored to meet your company's needs, and that parallels the actions of your industry's competitors. Multiple approaches can be combined for maximum effectiveness – for example, a 2 percent merit increase for employees whose performance is at "Meets Expectations" and higher, along with additional merit-based lump sums to reward your company's top performers.

As always, ensure that managers don't skew performance ratings to give higher increases to their favorites. Protect the integrity of performance evaluations, which provide valuable communication and feedback to employees in any economic climate.

Karen Lehr is President of Clear Management, a human resources consulting firm specializing in compensation consulting to small and mid-size organizations. www.clearmgmt.com

iNDIVIDUALS. iDEAS. iNFORMATION. on CLIENT RETENTION

keeping your customers

CEOs SHARE THEIR BEST CLIENT RETENTION STRATEGIES

BY JEANINE GAJEWSKI

You've heard it time and again: It costs less to keep a client than to get a new one. And in this economy, it is more important than ever to maintain existing relationships with the customers who already know the value of your product or service. But how do your best customers know how much they mean to you? These CEOs explain what they are doing to retain their clients and offer advice to other business leaders who want to keep their customers satisfied and coming back for more.

"We've increased account management staff to reach out to customers and prove our value more. We've spent time clarifying what our promise was so everyone on staff was delivering on it. I know myself, I have set aside some time to reach out to my best customers more than I have in the past. Shame on me, but we were all fat and happy for a while and adding services and people, but I think one of the benefits of the recession is we go back to what is really important, which are the great customers you have, and showing them gratitude makes a big difference."

MICHAEL MACNAIR, president and CEO, MacNair Travel Management

"We do a couple different things throughout the year to boost client retention. We host a summer social and invite many of our clients – both new and longstanding – as a way to thank them. Also, throughout the year, we visit many of our clients and surprise them with coffee, lunch or a snack. Currently we are sending out a three-part postcard series. The second postcard advertises a contest where the 100th person who joins our e-mail list will receive a $100 gift certificate. We made a point to include our current, potential and longstanding clients on that mailing so that they all have the opportunity to win."

VALENTIA MCVEY MUNDELL, founder, FatCat Studios, Inc.

"Customers are very busy, and if you demand or touch them too often – especially if nothing is wrong – if you ask them too many times, 'How am I doing? Pat me on the head,' then you can annoy your clients. It is a balancing act. To the CEO, my advice is get involved. It gives you an accurate barometer, where stats can only go so far. Being able to talk to prospects and customers and former customers gives the CEO the greatest insight into the business. And seeing the CEO in the deal flow makes customers understand that from the top down, this company has a vested interest in my satisfaction and is willing to do what it takes."

STACY HAYES, co-founder and COO, DS3 DataVaulting

"The biggest thing I'd say is focus. If it is important that you retain clients – and it is hard to imagine a business in which it isn't – I would say providing a focus on retention is critical. It is easy to lose focus, particularly in these difficult times. You have to be organized to be successful; for example if you have a fully staffed customer service area, consider a unit that specialized in troubled clients."

L. JOHN PEARSON, chairman, president and CEO, Baltimore Life

"There is certainly a patience aspect. Some clients aren't spending money right now, and the worst thing you can do is pressure them or make them feel guilty. You have to be sensitive because you want them to trust you once they figure out the plan that is right for their business. As much as we are focused on the short-term, you can't forget the long-term goals of running your business."

JEFFREY GOLDSCHER, president, and SCOTT MIKOLAJCZYK, partner, Havit Advertising

"Sales people quite often make the worst account managers. You have some that are good at getting new customers, and then you have some who are good at keeping and farming existing customers. You can't think a sales person can do both because it is rare. That's why team account management is so important. When we manage a large account, we make sure we have a team that can do client support work, manage senior-level relationships, and do project management. And account managers need to be measured and managed differently than sales people."

DENNIS CHAPMAN, founder and president, The Chapman Group

"Planning a successful client retention strategy is very difficult to do after an unsuccessful quarter, which is what so many companies try to do. It's definitely one of the biggest mistakes companies make, and it's because the decision to create a client retention strategy becomes reactive, not proactive. Emotion fathers reactive strategies, causing some companies to feel personally neglected by clients."

CHRISTINE M. EPPS, owner, Epps Consulting

"We send customer surveys out in invoices quarterly that ask brief multiple-choice questions. If we get one that says, 'I don't like you,' we are picking up the phone immediately to do everything we can to improve their experience. We also just started a courtesy call campaign. When there is downtime on the phone, we have a list of all our customers and we're calling to allow them to address problems and give them a way to get in touch."

GREG VAN ALLEN, executive vice president and general manager, and RYAN TELLE, marketing director, CloseCall America

"You have to recognize how your clients are growing, and if you can become part of a solution for them, you'll keep them. We polled our clients about what else we could do to help them and we found they wanted to use us in other cities, so we created a network that covers 600 cities. We turned one reservation into four, and that has dominated our growth."

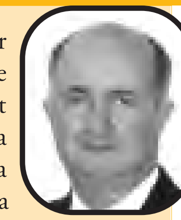
RICHARD KANE, president and CEO, International Limousine Service

"Feedback from your customers is a gift from them and you need to acknowledge it and make good use of it. That means making sure you create listening posts in your organization so you can pick up on that feedback and incorporate that into the way you do business."

SID BANERJEE, CEO, Clarabridge

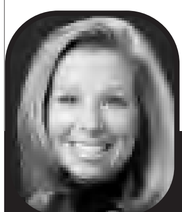
"Don't make any presuppositions and chalk it up to the economy. You have to start with a blank slate and then go to your clients and get the feedback, and get it from your internal people, as well. Are you focused on customer service all the way through the organization, or are you just expecting your front line folks to be service-oriented? It starts at the top."

HEINAN LANDA, president and CEO, and DAVID CAMPBELL, COO, Optimal Networks



"We've had a number of customers that have asked us to extend credit terms. We are typically a net 30 business, and in a few cases have extended a net 60. If your cash flow can handle it, it certainly shows good will in difficult times and most companies will remember that for a long time to come. A broad client retention strategy doesn't work. The strategy is personal. You can't take one and apply it the same way to everyone you have. Each client has a different set of challenges."

LARRY BLUE, CEO, Hi-G-Tek



BY HEIDI KALLETT

Thank You
THE OLD-FASHIONED WAY

OK, I'll admit it. I have been optimistically trying all the new social media outlets to try and improve our business. From blogs and Facebook, to Twitter and YouTube – we've just about covered them all. But most of these mediums haven't done a darn thing to increase how frequently our cash register rings. As a stationery store owner, a traditionalist at heart, and a small business entrepreneur, I hereby issue an alternative and a challenge to other business professionals that I believe is an affordable and more impactful way to increase sales: write a handwritten thank you note.

Seriously. That's it.

True story: Last year, I proposed this same challenge to a group of fellow small business owners. I asked all of us to commit to writing 52 thank you notes in a year. There weren't any hard and fast rules. Some wrote their notes once a week and others wrote their notes in one month. Some of the group wrote to clients and prospects, while others wrote to employees and vendors. The fact is that after one year, we found that while some of our businesses were up year over year, all of us had posted better sales than our competitors. Additionally, our best clients spent more, our employee turnover dropped, our relationships improved, and overall we unanimously felt that we had improved our quality of living by focusing on being grateful. All for the cost of a 42 cent stamp and some nice stationery.

Here a few tips of the trade so you can get the most ROI for your effort:

1. Yes, you must handwrite the letter. Sure, I understand the temptation for e-mail. But then again, everyone is doing that. Stand out from the crowd and become a pleasant distraction from the bills.

2. You are a professional. Write the part! You know how your mom told you to dress for the position you want to be? Same for your stationery wardrobe. White and ivory may sound dull. But unless you work as a graphic designer, those choices are always safe bets.

3. Remember: less is definitely more. Now is not the time for a long story. Keeping it short and sweet will have the greatest impact. To maximize success, use this simple template:

   a. Name the giver
   b. Say something nice about the "gift" or "act"
   c. Say why you think the "act" was nice or what you will do with the "gift"
   d. Sign your name

4. Beware of TMI! If you wouldn't say certain comments in person, trust me, they won't go over well here either. Leave the casual tone and banter at home.

So far, I'm not convinced that social media can provide the same outcome and contribution to my own P&L as the social grace of the written word. I've learned that sometimes doing things the "old way" and sending a message via "snail mail" is worth the wait.

Heidi Kallett is the President and CEO of The Dandelion Patch. www.thedandelionpatch.com

refer me

HOW TO FIND NEW CUSTOMERS WHILE KEEPING EXISTING CUSTOMERS ENGAGED

BY CRYSTAL UPPERCUE

A referral campaign can be a win-win approach to finding new customers and keeping existing customers engaged in a relationship without breaking your budget. A referral occurs when you ask customers to relay their success with your company to colleagues who might be interested in your company's goods or services, sometimes called viral marketing or word-of-mouth marketing.

When you ask for referrals, you learn of prospective customers – qualified, warm leads – you might not have otherwise known. If your customer agrees to introduce your company to peers, you've managed to break through the clutter of 2,999 marketing messages that bombard consumers every day. Your chances of a close have just increased.

Referral campaigns also inspire customer loyalty. By promoting your customer's success, you build a partnership and strengthen your relationship. Success-story case studies also become free publicity to help your clients market their own product or service. When a customer refers you to another department within the company, that initiative supports your customer's reputation as a forward-thinking team player.

WHOM SHOULD YOU TARGET?

Start by looking at your top customers for possible referrals. Which customers have had the most success in using your products? Create a referral campaign to see if these people are interested in helping you spread the word about your services. Contacts can either refer you to their peers or provide you with testimonials.

Build your "mid-level" customers into the referral campaign, as well. For example, persuade these customers to refer you to other departments within their organization. Also ask them to provide introductions to contacts at a higher level within their company. In this way, mid-level customers may become some of your best referral sources. Always remember that customers probably network with peers who can use your services. You also never know when your contact may change jobs. Finally, don't forget your prospects or not-yet-customers. Just because you didn't get the work from them, doesn't mean there's not another contact they may know within their company or another organization that could use your product.

LAUNCHING A REFERRAL CAMPAIGN

Referral campaigns can employ a multitude of media options. Direct mail works well when asking your customer for a list of referrals with contact information. E-

Another One Bites the Dust WHY DO YOU THINK COMPANIES LOSE CLIENTS?

"Companies lose clients because they lack structure, focus and passion for what they do. It all boils down from the top. If there is structure, focus and passion at the top, it resonates with your company and is communicated as such to your clients through your team. The reverse is also true. You are as strong as your weakest link and clients see and feel it quicker than you realize."

LISA MARTIN, CEO, LeapFrog Solutions

"Why companies lose clients boils down to the fact that they over-promise and under-deliver. Our mantra is to deliver the promise of the proposal. Also, businesses don't get personal enough. They rely on e-mail and phone, and there is not enough face time. We make sure our account reps meet with our clients in person at least once a month. Good communication is the core of any retention program."

ROBYN SACHS, president and CEO, RMR & Associates

"I think ultimately people lose clients because those clients are finding a better value elsewhere. When they make the comparison of where they can spend their money, if they are finding that other places are giving better product or service for the money they are spending, then I think the places where the value isn't there fall off the map."

SHEILA LADERBERG, co-owner, Punk's Backyard Grill

"You can do a few things well or everything badly. A lot of times, companies take too much on and can't deliver all of it, which aggravates customers more than saying no in the first place. Managing expectations is something that takes a long time to develop and more so to manage in the long haul."

CHRISTIAN SULLIVAN, CEO, FedConcepts

"Companies lose touch with their customer's needs and a better product or service is offered by another company. They don't stay relevant. In difficult economic times, such as now, companies begin to trim unnecessary or irrelevant expenses. If you don't stay relevant to your customers, you become expendable."

GARY PICK, president and CEO, Connectus

"They don't listen, actively listen, and hear what their clients are saying. Companies that aren't open to change are not going to be able to hang in there and continue to improve. I think the key is listening and asking clients what they need and then doing something about it. You can talk all day, but you have to act."

DETRIA COURTALIS, vice president of operations, Celebree Learning Centers mails, which are a less intrusive referral request, work best when asking your constituent to forward your company's information on to anyone who might need your services. Appointments and customer visits also afford a great opportunity to ask for referrals. This personal touch will usually elicit a positive response from your contact.

TIMING YOUR REFERRAL CAMPAIGN

The best time to ask for a referral is when you've completed a sale to an existing customer. With your company top-of-mind, a customer can easily translate the benefits of your product or services. Even if your contact has not yet done business with you, that doesn't mean there will be an unwillingness to refer an acquaintance. Remember to ask for the referral even at the gut-wrenching moment when the client in front of you says "no" to your services.

As soon as possible, follow up with both your customer and the person to whom they referred you. Customers who gave you a referral deserve a personal thank-you call or letter as soon as they send a list of contacts. Let them know you appreciate their confidence in your business. Likewise, contact referrals within a day or two so they remember being approached. The quick response also creates a positive impression.

ENTICE AND MOTIVATE

While your best customers might sing your praises without the need for a $25 gift card, some customers might need a nudge to offer up friends and colleagues. Keep in mind that a more extravagant incentive can cheapen the quality of referrals. Could you offer a discount on a customer's next purchase or a complimentary upgrade? Some companies give gift cards or special perks like sporting event tickets to those who refer. Larger rewards are given if the referral then becomes a customer. Whatever you decide, make sure you calculate the ROI of any incentive you select.

Sometimes, noncommittal referrals work better. For example, rather than providing colleagues' information to you directly, some customers might prefer to pass your information along themselves. This approach makes it more difficult for you to track the source of referrals, but it could be an easier pitch to your top customers.

THINK OUTSIDE THE BOX

You can break from traditional referral campaigns and create a unique program that works best for your organization. Perhaps your customers would be interested in presenting an educational session sponsored by your organization and describing to peers how they benefited from using your product or service. Maybe your customer would be willing to show a link to your Web site on the organization's internal intranet, thereby exposing your brand to more of the customer's employees. You can use your top customers' success stories as case studies in lead handouts and your customers can use them in board presentations. Many times, before testing your services, a potential customers will ask to speak to one of your clients. Be sure to routinely ask for customer testimonials. Leave product samples for your customers to hand out; samples may pique the interest of a friend or coworker.

Crystal Uppercue is marketing manager at EU Services, a 400-person, full-service direct marketing production facility in Rockville, MD. www.euservices.com.

WHAT'S ON YOUR BOOKSHELF?

SmartCEO is looking for CEOs and C-level executives in the Baltimore-Washington area to answer the following question for our annual Summer Reading issue:

What business book would you recommend to another CEO and why?

Send your responses to managing editor Jeanine Gajewski, jeanine@smartceo.com, by May 18. Please include the name of the book, the author, and why you think it's a valuable additon to a CEO's library. Select responses will be published in SmartCEO's July issue.

iNDIVIDUALS. iDEAS. iNFORMATION. on BOOKKEEPING

small biz bookkeeping tips

10 PRACTICAL STEPS TOWARD CONSISTENT FINANCIAL TRACKING

BY GREG S. JONES

Recognizing the positive impact that consistent bookkeeping can have on the U.S. small business community, following are 10 practical bookkeeping tips:

1. MAINTAIN DAILY RECORDS

If you don't have time to do a little bookkeeping each day, when will you find time to record a month's or a year's worth of records? Different people have different systems, but what matters most is that you have a system and use it daily.

2. BANK STATEMENTS AND CREDIT CARD STATEMENTS

These statements should always come to the business owner or cardholder unopened. Review them thoroughly before passing them to the bookkeeper or other employee, thereby preventing unauthorized checks or credit card usage. Unnoticed errors on these documents represent the biggest losses within the small business community.

3. PETTY CASH BOX

Set up a petty cash fund for small purchases rather than charging a credit card or personally paying for the smaller items in order to gain control of the small charges that can add up to big expenses. Using a metal cash box, add in currency and coins that total $50 or $100 as a starting point. When a small item needs to be purchased, use the money from the petty cash box and replace the money with the receipt, keeping the value of the box at the starting amount. When all of the cash in the box is gone, replenish it by writing a check to cash and expensing all the receipts.

4. NEW STORAGE BOX

Keep all records for one year in one box, including the tax return for the year, bank statements, cancelled checks, paid bills, financial statements and any other backup files in case you are asked to review your books.

5. SWITCHING COMPUTER SYSTEMS

When switching from paper books to software or between software packages, do so at the end of the quarter. Run both systems for the next quarter simultaneously to make sure both systems are equal before disposing of the old method.

6. DON'T OVER-CATEGORIZE

When categorizing expenses, don't make it harder than it needs to be. For example, for office supplies, you don't need to separate fax paper, copy paper, letterhead, printer cartridges, etc. All of these items can be listed under "office supplies."

7. SEPARATE ACCOUNTS

Have a separate checking account and credit card for your business. Not only will you be able to track expenses more efficiently, but if something goes wrong or the IRS wants to review your books, you will only need to review the one account.

8. SAVE ALL RECEIPTS

The IRS may only need receipts for expenses over $75; however, by not tracking the smaller items, you could be losing potential expenses that can be written off.

9. CLASSIFYING EMPLOYEES

The proliferation of independent contractors, consultants and freelancers has made it difficult to determine who is on staff and who is not. This results in misfiling when it comes to filing taxes, since there are different rules and regulations for employees and non-employees.

10. CHART OF ACCOUNTS

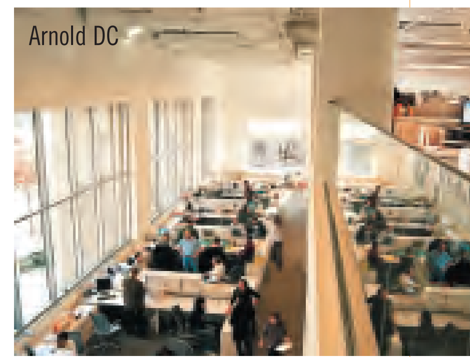
Determine what expense categories to track by taking a look at the tax return you will need to follow. If you are required to file a Schedule C, list the categories that apply to your business as your expense items on your Chart of Accounts.

Greg S. Jones is CEO of Bookkeeping Express. www.bookkeepingexpress.com.

iNDIVIDUALS. iDEAS. iNFORMATION. on OFFICE SPACE

official business

BY JEANINE GAJEWSKI


Arnold DC


ServRight

INVESTING IN YOUR SPACE CAN BE A STRATEGIC MOVE

With so many investments competing for your limited dollar in this economy, it is tempting to write off office space improvements as a frivolous spend. However, some companies view their company offices as more than just a place to plug in a computer. They see their space as a physical manifestation of their brand, a place that imbues employees with the company culture and speaks to clients about their values. These business leaders explain the return on their office space investment.

WOODY KAY, managing partner and chief creative officer, Arnold DC

My Goals: Transparency and Efficiency

My Space: "The move was very strategic from the standpoint of building a business, attracting talent and reflecting our culture. We have no offices, no cubicles – it's a European benching system idea. It's a transparent culture physically and intellectually. The openness allows everyone to see where everyone is; everyone sees everything going on. Part of the design of the space was an efficiency play. While the open environment reinforces the collaborative nature of advertising, from a dollar standpoint, it is a more efficient way to build out space. We moved in our space on time and on budget and I think it has been a worthwhile investment."

JEFF BROUSE, membership director, The Tower Club

My Goals: Brand Enhancement and Recognition

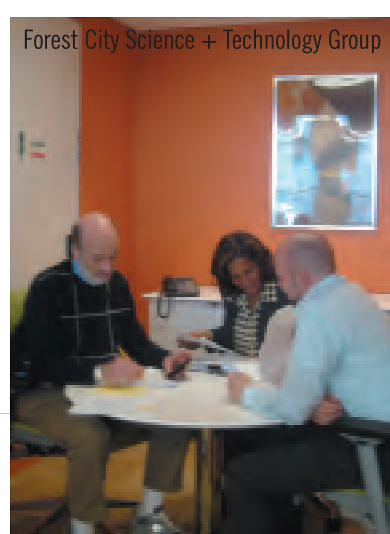
My Space: "We needed something timeless that would work for a number of different tastes, because we have younger and older members. It needed to convey the branding and image of high-end. We wanted them to feel good about the place. We upgraded the walls and fixtures, and brought everything more up to date. To enhance our brand, we did simple things like when you walk off the elevator, you see 'The Tower Club' written on the marble wall. That image does make a huge difference."

SCOTT LEVITAN, senior vice president, development director, Forest City Science + Technology Group

My Goals: Equality and Flexibility

My Space: "We decided to go 100 percent workstation. There is no hierarchy at all within the work stations, so we were allowed to get very high quality and spacious work stations. I sit at one, just as everyone in the office sits at one. Because of our cost savings with the open office stations, we have three conference rooms, and a nice kitchen with a [high-end] coffee machine. We have a serenity area and two telephone 'booths' – brightly colored, well-furnished rooms for conference calls. The office is a great marketing tool in terms of how client see us when they visit our office. They see that this is a physical manifestation of the culture."


The Tower Club

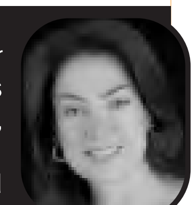

Forest City Science + Technology Group

STEVE RIDENHOUR, CEO, ServRight

My Goals: Sustainability and Employee Morale

My Space: "We wanted to do as much sustainable elements as possible. And now, those elements are not only affordable but also high quality. Since I was buying it, my sense of responsibility was very tangible. I believe this green movement is an ethical issue. I also felt a responsibly to my 70 employees. Morale is very important and if you want excellence from your employees, you have to provide them an excellent home."

Space Age HOW A MULTI-GENERATIONAL WORKFORCE IMPACTS OFFICE DESIGN



Environment is one of the top three reasons why employees choose to stay or leave, according to JACQUI HIGGINS, president of Accents by Design, so CEOs would do well to provide an office space that speaks to their workforce. However, with four generations in the workplace, pleasing everyone can be difficult.

"The Traditionalists are used to the cubes from hell with the gray-haired executives in the corner office," Higgins explains, adding that AARP estimates that 70 percent of people age 43 to 65 plan to work into their retirement years. "For the Boomers, their jobs defined them and the size of their office was a reflection of their worth. X-ers and Millennials are more comfortable with technology and used to working on their laptops in a crowded Starbucks."

To encourage the generations to collaborate, Higgins says it is important to understand the makeup of your employee base. "Create pockets or communities within the space to reflect those needs," she says. "Create areas where people can collaborate, as well as spaces where employees can be alone. Create a space for games, such as Foosball."

If you have a population of older employees, consider their physical as well as cultural differences. "Employees in their 60s or 70s aren't as agile as younger employees," Higgins says. "Will hardwood floors work? Do you need to have handrails?"

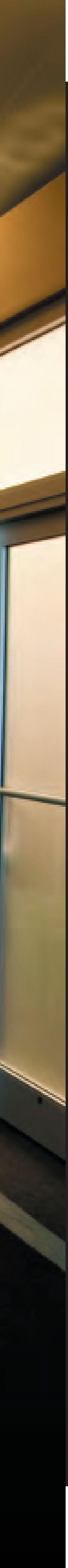
To balance the older generation's wish for privacy with the younger generation's desire for a bright, open space, Higgins suggests creating office walls out of partially frosted glass instead of daylight-blocking drywall.

And remember to include employees in the process of designing your new space. "Most people are reluctant about change unless they can see the direct benefit," Higgins says.

fast track

Phillip Martien races Phillips Way to the front

By Jan Tegler
Photo by Bryan Burris



Construction and professional auto racing. What connects them?

More than you might think. For Phillips Way president Phillip Martien, the link might be expressed best by a date and time: 3:35.04 p.m., Jan. 25, 2009.

At that moment, the Porsche racecar he was co-driving crossed the finish line at the conclusion of one of the most famous races in the world, the Rolex 24 at Daytona. The Phillips Way-sponsored sports car not only survived 24 hours at speed – an impressive feat by itself – it finished third in its class. A podium finish by car and team in their first outing, at a marquis event on a fast track. That's an achievement.

Magnificent though it is, it's not the first time Martien has found success on a fast track. The company he started in 1993, Phillips Way (PW), flourishes in the competitive fast track construction industry. Granted, the firm may be news to you, but if you live in Baltimore area it's likely that you or your family have come into contact with a facility that PW has touched.

That's because PW specializes in fast track renovation projects for a multitude of institutions, from public schools, colleges and universities to hospitals and private healthcare facilities, private schools and state transportation hubs. A little off the beaten path in Finksburg, MD, the $50 million company ranks 16th among Baltimore area construction and general contracting firms and was ranked among the 5,000 fastest growing private companies in America by *Inc*. Magazine in 2008.

Still not ringing any bells? Truth is Phillips Way surprised me a bit too. A $50 million firm in Finksburg? To be sure, business gets done in this small community between Baltimore and Westminster but who knew there was such a sizeable organization there?

I didn't. But I should also admit to being an avid fan of auto racing, sports car racing in particular. And when I read of a new team (Wright Motorsports) joining the hotly competitive GT class of the Grand Am Rolex Sports Car Series co-led by a businessman-turned racer from Finksburg, I took notice.

That's intentional, says Phillip Martien. It just so happens that his new-found fast track passion – racing – can help bring attention to the fast track business he is passionate about. And according to Martien, you'll be hearing about Phillips Way in 2009.

RAPID RENOVATION

The kind of work Phillips Way undertakes is not something your ordinary general contractor is capable of or even interested in tackling. Martien and his employees refer to the projects they engage in as "mission impossible" jobs.

"That's our niche," Martien quips. "The more difficult, the dirtier the job, the better it is for Phillips Way. Our slogan is, 'we make the impossible possible.'"

Curiously, fast-track construction has a lot in common with racing. Both place a premium on the ability to process information quickly, make decisions rapidly, multi-task and perform consistently. And while no one would mistake construction for sport, the action can be similarly fast paced.

In vogue for at least three decades, the practice now accounts for as much as 40 percent of building projects, according to industry associations. The basic idea is simple: Fast tracking compresses a project schedule by running design and construction phases simultaneously. For example, in a typical fast-track project, foundation and steel packages are purchased before a building layout is fixed. Design can run as little as a week ahead of construction and many design decisions are made in the field. Cost is almost always the driver for such projects even though final outlays are often unknown during the process. It can be a risky proposition, but done right, it pays dividends for those who choose it.

Fast-track renovation follows a similar logic – time is money. Organizations that have a small window of time in which to improve or remake a space, or those that cannot afford to suspend operations or suffer business interruption, choose fast track renovation. Smart, aggressive project management is key to success along with a willingness to accommodate customers that have special or unusual needs.

PW's customer base includes public institutions that fit this profile. Since its inception, the company has worked with county schools systems throughout the Baltimore-Washington area, renovating educational facilities under the pressure of tight deadlines.

"It's called systemic renovation," Martien explains. "Typically, you perform a range of infrastructure upgrades. Architecturally, you remove all asbestos and lead. You change all windows, put in brand new floors, new doors, plumbing, repaint everything and add new sprinklers. Electrically, you provide new electric fixtures, new power outlets, new data ports and new fire alarms. And then you have brand new HVAC systems. Sometimes you completely demolish everything inside a school including walls."

Success is measured by the ability to perform projects as quickly as possible on-budget with minimal impact to customers. That means working at odd hours (nights, weekends) or working around ongoing operations. A willingness to adapt, whatever the situation, is what sets PW apart, Martien says.

"The thing is that you have a job to do in an occupied setting, whether the occupants are students or patients," he says. "It's a case where renovations are desired but there can't be any impact to everyday operations. People contact Phillips Way because they know we're capable of working around the clock and around the operations of schools and healthcare institutions so there is no interruption. We'll sit down with a school administration or the doctor in charge of a department at a hospital and ask them what they require. When do they need their space? Can we perform our work over the summer break? Can we furnish temporary classrooms at a school and rotate students through as we complete renovations of their actual classrooms? It's the same in a hospital. We try to relocate operations to a temporary space or simply do renovation at night. We make sure everything is clean wherever we are and that the work has minimal impact."

It's a challenging business and a sector of the construction industry in which relatively few companies operate. Those that do, however, vie for work. To succeed, one needs a competitive spirit and, it turns out, a passion for creativity.

OUVERTURE

Smoke floats lazily upward from a Cohiba cigar as PW's president and I chat around a coffee table in his contemporarily furnished office. The space is just one small part of the company's sleek 40,000-square-foot facility. Completed in late 2007, the split-level building combines the firm's corporate offices on its upper level with a 20,000-square-foot warehouse below.

At the present, Phillip Martien is talking about the past. The pleasant French accent with which he speaks gives a clue to his background, or at least the paternal side of it. In the early 1950s, his mother, a Baltimore native, went to France. There,

> "Really, the way I did business just starting out is the same way I do business now. When you do difficult renovations where time is of the essence, you have to deviate from normal procedures. You do things personally."

she met and eventually married Martien's father. The couple had two sons but divorced when Phillip was 8 years old. His mother returned to Baltimore but the children remained in France with their father.

At the age of 14, Martien discovered music. He found a passion for percussion and began studying and playing drums. He also started a band called "Ouverture" – French for "Overture." The combo specialized in contemporary jazz fusion and slowly gained a reputation. Meanwhile, Martien continued his education, earning a degree in mechanical engineering from Maxmilien Perret University in Paris. It wasn't a subject he had much interest in at the time.

"I got the degree just to please my parents," he remembers. "But I was playing music all the time and wanted to go on the road as a professional."

As the 1980s dawned, Ouverture was gigging consistently, but its leader wanted to undertake more formal musical training. In 1980, the French-American crossed the Atlantic to attend the renowned Berklee College of Music in Boston.

"I brought my French girlfriend and married her so she could get her Green Card here in Maryland in 1980," he says. "We stayed in Boston in 1980 and 1981. I was 19 and 20 years old and had a great time. Then she got homesick and wanted to go back to France and my father wanted me to come back. So we went back to France and my band did a record."

As any musician knows, performing is only one half of the music business. Financing a recording takes capital. To get it, Martien used his engineering degree to land a job with a French construction company, one that just happened to specialize in fast-track construction.

"It's difficult to make money in music, so while I was playing music as a real business, I was making money on the side doing engineering work," he says.

To his surprise, the young musician found he was good at his "day gig." "I was a very social person and I could talk to people easily and make things happen," Martien says. "In construction, making things happen is a must. If you say you're going to do something, you have to go through with it. That's number one."

Four years later, Martien had gained enough experience and confidence to strike out on his own. Part of the reason for this entrepreneurial move was to raise additional capital to publish music. To aid him in this non-musical venture, he did what many musicians might do: he turned to his band.

"In 1985, I started my own company doing the same kind of fast-track construction I had learned about," Martien says. "I said, 'OK, we'll have my keyboard player as the accountant, the guitarist will be the warehouse manager' and so on. We had fun for three years until 1988. The company had a lot of clients due to my contacts but it got way too big way too quickly and there was no cash flow. So it went bankrupt because we didn't know what we were doing."

A MISTAKE

When Phillip Martien describes how the company he now guides came about, he half-jokingly refers to it as the result of a "mistake."

By 1989, the drummer's first entrepreneurial adventure had come to a less-than-satisfying end. To add to his frustration, Ouverture has also ceased to exist. The declining fortunes of Martien's construction company caused a rift among the band members and when the company went south, so did the jazz-fusion combo.

Martien, on the other hand, went west – again. "I was 30 and my mother really wanted me in Baltimore so I decided to move here in June 1989, just before the recession hit in 1990," he says.

He felt lucky to find a position with Baltimore-based mechanical contractor, Southern Mechanical Inc., doing the kind of work he'd done in France. But after 18 months it was clear to Martien that his future with the company was very limited. So he called head-hunters in search of something better. They advised him that, with a recession in full swing, he should be happy simply to have a job.

Perseverance paid off though and by early 1992 he was hired as an executive by general mechanical contractor MJ Engineering & Construction. Still, it didn't take long for Martien to become restless. By 1993, he had more than 10 years of fast-track construction experience behind him. Lessons learned both as an employee and entrepreneur were stored in his memory and he was ready to go out on his own again. But to get started, Martien would have to raise capital. An easy solution was within reach, but to his credit, he opted to act independently. That was the decision that led to the mistake that resulted in Phillips Way.

"When I started my business it would have been easy for me to go see my grandmother and ask for some capital," he recalls. "But I didn't do that."

Martien comes from a moneyed background, particularly on his mother's side of the family. His maternal grandfather was the principal in a Baltimore commercial property firm called Industrial Realty Company.

"They made partnerships with (commercial real estate moguls) Leroy Merritt and Edward St. John and my grandfather was a millionaire in the 1960s," Martien says. "Unfortunately, he passed away in the 1980s. But my grandmother was left all of the money. It's an old blue-blood family."

Instead of going to his family, the reborn entrepreneur sought out business-owning friends in the industry (suppliers, vendors, subcontractors) and asked them to loan him $2,500 to $5,000 apiece over two years. Quickly, he was able to raise $120,000 from 14 different people. With that, he resigned his position at MJ Engineering, bought a car and rented a small office in Owings Mills. But there was a snag. Of the 14 investors, only two came through with money.

"I learned that I should have never given my resignation until I had the checks in my hands," he laughs. "But then I decided I had no choice. I only had $10,000 so I went to see my grandmother."

After recalculating his budget, he decided to ask his grandmother for $50,000. She refused him. "I said, 'What do you mean, no? I'm your grandchild, your blood!' She told me, 'If I give you $50,000 then I have to give the same amount to all of the grandchildren. And that's not fair. But tomorrow we'll go to my bank and I'll co-sign a loan for $50,000.'"

The transaction took only 10 minutes and with $60,000 in working capital Phillip Martien began Phillips Way.

THE FORCE OF PERSONALITY

The decision to start a company in the midst of a recession might seem unwise, but PW's president has a positive outlook.

"For me it was as good a time as ever," he says. "I had the experience I had gained in France with a failed company so I knew what I could do better. I also thought, 'If I can succeed at a time when the economy is not doing well, I should do very well when the economy improves.'"

Ironically, that view has just as much relevance today as it did in 1993 when Phillips Way was a one-man show. But Martien wasn't looking quite that far forward at the time. Uppermost in his mind was winning a job big enough to give his company momentum. It happened in the summer of 1994 when he learned of project in the Anne Arundel County school system. The job's demanding parameters didn't deter Martien. Moreover, it almost perfectly represented the work Phillips Way does to this today.

"The job was impossible," Martien remembers. "What needed to be done was a complete renovation of the air conditioning system of Rippling Wood Elementary School. There was just 90 days to do the job and there were three bidders. What made it so difficult was that they wanted custom air conditioning units on the roof of the school. Building those in 90 days was not considered possible. You would have to fit lots of new equipment includ-

Photos courtesy of Phillips Way

ing a gas-chiller and brand new piping all over the roof. I was the 'little guy' and it was an $880,000 job, which for me was big. The county was so worried that they couldn't get the school open over the summer due to the work that they had a bonus clause. If the contractor failed to perform the work in 90 days, there was a $1,500 liquidated damage penalty per day. But if the contractor finished early they could get a $1,500 bonus per day. I finished the job in 60 days so I got a $45,000 bonus."

How did he pull it off? By sheer force of personality and a willingness to operate with slim margins for error.

"Really, the way I did business just starting out 16 years ago is the same way I do business now," Martien says. "It's mostly about having relationships with people. I'm an entrepreneur. I take risks. I always think outside the box. When you do difficult renovations where time is of the essence, you have to deviate from normal, traditional procedures. There's no sending submittals through the mail. You hand-carry them. You do things personally."

In this case, Martien sprang into action as soon as he knew the job was his. He ordered the equipment he needed immediately and even flew to California to get the ball rolling with the maker of the air conditioning units that would be required.

"Instead of waiting 30 to 60 days to get submittals for this equipment approved, we got it in one weekend," Martien says. "I flew out on a Friday and got the submittal done during the weekend. On Monday, I met with the engineer and got his stamp of approval and on Monday night the submittal was released. The equipment was fabricated and the units came on time."

Martien stresses the value of personal relationships in his business – with project owners, municipal authorities, architects, engineers and consultants – anyone involved in the work PW undertakes. It's a philosophy he infuses the PW team with and one he demonstrates consistently.

"A lot of owners see me on the job, walking the job sites," Martien explains. "Many times, they ask, 'What are you doing here?' I tell them I'm making sure the job is proceeding as planned, that my people are OK and that the customer is satisfied. This is a service business. If the customer is not pleased, they'll go get someone else. It should never be an adversarial relationship. We should have the same goals: getting a job done on time and within budget. 'Let's work as a team.' That's the Phillips Way approach. We maintain great relationships and we're aggressive."

That personal touch, along with the ability to perform very difficult renovations under tight deadlines, has gone a long way in attracting new business. Success on a number of public school renovations early on led to a good reputation for PW with county school systems around the state. The firm's "go-to" status has allowed it be pre-qualified for many projects, avoiding the challenge of going through the formal bid process.

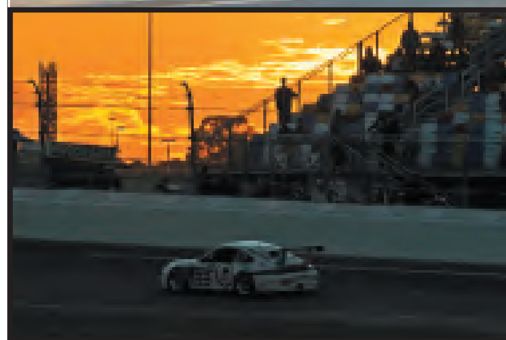
"A lot of the schools systems pre-qualify contractors and it's the relationship that counts because they trust you," Martien says. "You've built the trust by doing good work. I love Baltimore for that because it's a big city but small enough for you to make a name for yourself. If you do good work, everybody will know it. [But], if you're not a man of your word, everyone will know it."

COMPETITIVE ADVANTAGE

Walking along with Phillip Martien as we toured the PW building in mid-January, I was struck by a number of things. On the top level, a large mahogany trophy case in the corridor connecting the company's lobby to its office suites holds several of the trophies Martien has won in his brief racing career. A Swiss-made Breitling chronograph on his left wrist flashes as gestures toward various office spaces. And down below in the company's warehouse, two exotic German sports cars (Porsche 911 Turbo, Audi R8) shelter along with the company's inventory of supplies. All are emblems of Martien's success and his latest passion.

But the warehouse itself is also a symbol of success, integral to a competitive advantage that PW has capitalized upon. One of the reasons for the company's steady growth has been its ability to bid competitively for work. This is enabled in part by Phillips Way's ability to self-perform vital mechanical work. Not having to outsource this part of the renovation process helps the company control costs, lowering its final bids, Martien says.

"The fact that we self-perform 50 percent of the work because we have the capability to do mechanical and plumbing jobs in-house makes a big difference," he explains. "In the hospitals and schools we work in, 35 to 40 percent of the job is mechanical work. So when there's a $10 million job for example, the mechanical



Photos courtesy of Phillips Way

portion is $4 million. We do not mark up that $4 million because we self-perform it. That allows us to give very competitive prices. We also benefit by accelerating the schedule on a given job because the mechanical portion of most projects is what really moves them along."

Phillips Way's modern facility is well thought out. Interestingly though, it wasn't the product of long-term planning.

Phillip Martien's firm moved from Owings Mills to its current location in Finksburg in 2002. The move was prompted by a need for greater space, the desire to build a facility tailored to its business and happenstance. PW's president, already a resident of the community, discovered an existing building large enough to accommodate his company just four miles from his home. When it became available for purchase, he jumped on it.

PW shared the structure with a tenant. Cary Insulation Company, an insulation supplier, rented the lower level of the 40,000-square-foot building. A large portion of the tenant's space was devoted to storage of pre-cut insulation panels. In fact, the company had an overstock of the flammable material on hand in the fall of 2006 when one morning a forklift working in the firm's storage area touched an electrical cable, creating a 10,000-degree arc. Sparks from the arc touched off a blaze. The conflagration was to become the largest fire in Carroll County history. It was a morning Martien will never forget.

"It was 11:20 a.m. on Sept. 5, 2006, and suddenly the fire alarm sounded," Martien recalls. "I was in my office and wondered whether there was a fire. I didn't notice anything so I asked my people to check everywhere. They checked downstairs and said, 'Yes, there is a fire at Cary Insulation.' We called 9-1-1 and thought one fire truck would take care of it. After 105 fire trucks and 80 firefighters, the building went down. At first, they ran out of water and the insulation fueled the fire causing it to reach 2,000 degrees, melting the I-beam spine of the building. It came down in about two hours. When I saw smoke coming out of my office, I made two phone calls. The first was to my bank so I could get temporary checks to make my payroll. That's important. Second was my insurance company."

Martien's swift action resulted in almost no interruption of the company's activities. The same afternoon he arranged for a space to which the firm could temporarily relocate. "The fire was on a Tuesday, we signed the lease on Wednesday and Thursday morning we were moving to the new offices."

One big challenge remained, however. When PW's computers burned up along with everything else, the company lost data critical to its daily operations. Luckily, employees were able to find one hard drive damaged by smoke but not melted. Martien sent it to a NASA hardware recovery center.

"It cost a fortune but we got all of the data back," Martien says. "We were lucky. Now I tell everybody I talk to make sure they protect their data. Back it up and send it to an outside location, as well."

ON-TRACK

"I'm a fast driver on the street," Martien admits. "People would make fun of me because I could scare cab drivers in New York City. I was raised in Paris and they

drive like nuts over there. After 20 speeding tickets, some of my close friends and family said, 'Why don't you go to the track?'"

It was an idea that hadn't occurred to the fast-track renovation specialist, even though he had recently purchased a Porsche. But he saw reason and decided in 2006 to take his new sports car to Summit Point Raceway in Charles Town, WV, for some driving instruction and a taste of speed on a different kind of fast track.

Almost immediately, the racing bug bit. Martien discovered he had a talent for going fast on-track and his progress through the amateur ranks of racing with organizations like the Porsche Club of America and the Speed World Challenge (SWC) series was fast-track and then some. After racing and finishing well in just six PCA events, the novice racer transitioned to SWC, an upper echelon series featuring many top professional drivers. He excelled as a rookie and caught the attention of the pros.

One, a Cincinnati, OH-based driver named B.J. Zacharias, became Martien's mentor. After a partial season in SWC, he and Martien decided that what the construction pro could really use was more track time, so they looked toward one of the top two professional road racing series in North America – The Grand Am Rolex Sports Car Series.

For those unfamiliar with auto racing, it's difficult to explain just what a step up that is. Let's try a business analogy. With less than two years of actual on-track experience, Martien has managed the equivalent of going from working as an unskilled day laborer to managing and coordinating major construction projects.

Racing in the 24 Hours of Daytona was just a dream a year ago. Before the race, Martien told me he had three goals. Number one: finish all 24 hours. Number two: place in the top 10. Number three: earn a spot in the top three in class. Amazingly, after a full day and night of racing and roughly four hours behind the wheel of Wright Motorsports' Porsche GT3 Cup racer, he achieved all goals.

The triumph, executed on his 50th birthday, has relevance outside the cockpit of a racing car as 2009 rolls on. In the midst of recession, Phillip Martien is fighting to keep the company he started during another economic downturn on-track and in front of the competition.

RACING AS INSPIRATION

"In 2000 when [Paris] Glendenning was governor, he put $1.2 billion into school construction and renovation," Martien says. "That was a big opportunity for us, so from 2000 to 2008, 80 percent of our business was school construction. When I saw the economy changing, I said, 'Let's diversify Phillips Way and change its image a little bit.'"

By early 2008, PW's president could see the writing on the wall. Money for public infrastructure projects was dwindling quickly as declining tax revenues and the souring economy put the squeeze on local government. Up until that point, his company never really had to market itself because of its solid reputation. But today the need for marketing is obvious.

Never one to sit idly, Martien hired a marketing firm and remade PW's image. Employing racing analogies embedded in the company's brochures and new Web site, and capitalizing on the exposure racing on TV can bring (Martien and Wright Motorsport are racing a partial schedule in Grand-Am this year), Martien is guiding his firm toward the healthcare and commercial renovations markets.

"Our plans are still the same but the emphasis is a little bit different right now," he reveals. "More than ever, we are looking at the healthcare business because tax revenue and funding for the public sector are getting worse and worse. Only the good companies will survive. People will need to have good management skills and cut where they need to cut to preserve their bottom line."

Not only does Phillip Martien plan to survive, he plans to race Phillips Way to the front of the pack among mid-sized local contractors with a goal of $100 million in revenue in the next three years. Judging by his record of turning passion into success, Phillips Way seems to have good potential.

"As a professional driver you have to be very fast but very patient," Martien reflects. "It's funny to me to see how calm I am in the car. It's the complete opposite of the way I am in business. Everybody will tell you that impatience is my virtue. But it works in construction when you're doing it fast track!" **CEO**

> "Only the good companies will survive. People will need to have good management skills and cut where they need to cut to preserve their bottom line."

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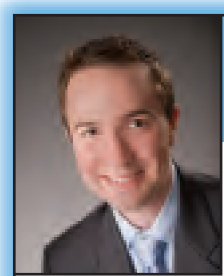

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CAN YOU MEASURE YOUR COMPANY'S DNA?

Mapping your company's DNA. Studies show that assessing behavioral traits can improve the hiring success rate to 38 percent. When both thinking abilities and behavioral traits are assessed, the right people are hired 54 percent of the time. And, when an assessment of occupational interests is added, successful results improve to 66 percent. The most impressive results are achieved, however, when an integrated assessment is used (such as the ProfileXT) - one that measures behavioral traits, thinking, occupational interests, plus "Job Match" or as I like to call it - company DNA mapping.

Companies that use assessments have seen extraordinary increases in productivity while also reducing employee relation's problems, employee turnover, stress, tension, conflict and overall human resources expenses. Several factors contribute to the failure of traditional hiring methods. Résumés often contain false claims of education and experience while omitting information that would help employers make better hiring decisions. Business references are of little value because most past employers will tell you nothing but "name, rank and serial number."

It's not easy to correct a poor hiring decision. No amount of money can solve the problems created when you hire or promote the wrong person. Traditional hiring methods fail to give you the essential information you need to make your best hiring and promotion decisions. You know the problems created and the costs involved when the wrong person is placed in a position of responsibility – whether through external hiring or internal promotion. You know, too, that the costs related to turnover, such as lost productivity and training expenses, can have a significant negative impact on your bottom line (estimated as high as 3x annual salary).

Job match (or DNA Mapping) outranks all other factors. A well-documented study, published in Harvard Business Review concludes that "Job Match" is by far the most reliable predictor of effectiveness on the job. The study considered many factors including the age, sex, race, education and experience of approximately 300,000 subjects. It evaluated their job performance and found no significant statistical differences, except in the area of "Job Match." The conclusion: "It's not experience that counts or college degrees or other accepted factors; success hinges on a fit with the job."

The right assessment or DNA information helps you quickly understand, manage and improve people related challenges (current or future). What's more, it can be an integral component to improving overall employee productivity. Through careful assessment you can identify whether you have the right DNA (people) in the right positions and what adjustments (think of this as an alignment process) need to be made to ensure the success of your employees and ultimately your business. The goal is good employee retention, productivity, and high performance in support of meeting department or company business growth objectives.

Eric Miller is the Managing Partner of Smart Performance Strategies, LLC bringing 36 years of experience in guiding and advising leaders toward improving their company's performance through people versus just systems. His focus is working with a company's leader in building that company's team and developing better leadership and management practices. Eric brings a holistic approach to helping organizations create better performing teams. He is end state vision driven and recognizes the impact that people performance has on the bottom line. Smart Performance Strategies represents companies of many industries including Healthcare, Services/Consulting (IT services, Marketing/Advertising, Architects), Publications, Calibration, Legal, Distribution, Accounting, Insurance, Fuel Management, Technology, and Non-Profits. You can reach Eric at 410-453-9591, eric@smartperformancestrategies.com or www.smartperformancestratgeis.com

The Atlantic Remodeling Corporation

Bertram Lebhar IV, Chief Executive Officer
www.atlanticremodeling.com

WHAT'S NEW?

Backed by a nationwide initiative to "go green" and government stimulus in the form of tax incentives for reducing energy costs, Atlantic Remodeling will be offering two new classes of solar roofing products. Unlike former solar alternatives, which made roofs look more like a celestial tic-tac-toe board than a roof, advancements in the industry have allowed homeowners to maintain curb appeal, and save money on those unrelenting energy bills. Until these breakthroughs, homeowners had limited options as far as energy efficient roofing was concerned. Most popular amongst green-focused homeowners was the white-painted roof. Less enthused, however, were neighbors still holding onto any sense of aesthetic value on their homes. With these innovations, going green no longer means going white.

Systems called Building Integrated Photovoltaics (BIPVs) integrate thin-film PV shingles with regular asphalt shingles for a seamless blend. The solar shingles collect sun light just like the old solar panels, but now look more like a regular roof. Whether the roof is slate, metal, or even asphalt, BIPVs can be installed. To the naked eye, these systems are unnoticeable. Homeowners have the option to attach as many (or as few) solar powered shingles to their roofs. Adding BIPVs, which last 20-30 years like any good roof does, not only can cut energy bills by up to 60% , but the work also qualifies for a 30 percent federal tax credit. This means that homeowners are getting up to $1500 back for the job, and can also look forward to the job paying for itself in less than a decade. During the day, a BIPV upgraded roof usually generates more electricity than is being used inside its house. For those living underneath, that means actually making money off of one's own roof. A south-facing roof is ideal for PVs, but with these newest innovations, east and west-facing roofs can now generate more than 90 percent of the power that a south-facing roof would.

In addition to BIPVs, other roofing manufacturers have perfected the process of solar reflection, imbedding in each shingle the potential to cool a roof's surface temperature by up to 60 percent. Unveiled last November, the CertainTeed, Landmark Solaris option couples energy efficiency and aesthetic preservation, as the shingles are identical to non-reflective, ordinary roofs. Solaris shingles feature roofing granules that reflect solar heat far better than traditional asphalt shingles, thus reducing the roof temperature. It is a completely wireless way to cut energy costs, without actually having a solar powered roof. While not qualifying for the $1500 tax credit, yet, these shingles meet Energy Star and United States Green Building Council criteria for green building.

An industry leader in energy-efficient window, siding and roofing solutions since 2000, Atlantic Remodeling is looking forward to meeting the green initiative head-on, while offering Maryland homeowners options they not only can afford, but will put money back in their own pockets with cutting-edge technology. And as always, every roof installed by Atlantic Remodeling is backed by their red cent guarantee.

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GET SERIOUS ABOUT YOUR EMPLOYEES' HEALTH

Unhealthy employees are costing you more than you think!

- 74% of health care costs are from preventable/reversible chronic diseases (Purdue University).
- 34% of workers 18 to 65 have at least one chronic medical condition (Center on Aging Society, Georgetown University).
- Health care spending is $5,500/person/year in the US, but $13,000/year for someone with a chronic condition.
- A tobacco user costs a company $5,893 more per year than a non-tobacco user (PACT Report).
- Workers Compensation costs are 6.8 times higher for the most obese workers (AMA April 2007).
- Obese employees medical costs are 36% higher than those of normal weight (American Journal of Health Promotion).
- Full cost of employee absences is equal to 36% of total payroll.

If you are like many employers, you might be asking the following:

Q: Can I make an impact on the health of my employees? If so, would it really translate into savings for my company?

A: Evidence shows that the answer to that question is an irrefutable "yes". But a top down, company-wide commitment is critical or else your efforts will be marginal. Doing something meaningful does not have to cost a lot of time and money. Case studies show the ROI on investing in employee health ranges from $2.50 to $6.20 for every dollar spent.

Q: Should I be playing 'Big Brother', trying to influence choices my employees make outside of work?

A: To say no to this question is to say "I am not going to manage an enormous expense that is bleeding my company's bottom line".

Strategies to address employee health can be compared to risk management/safety/loss control measures that have for so long been successfully applied to managing workers compensation costs, and other liability exposures. **So how do you get started?**

Research shows that lifestyle decisions create risk factors, which lead to cost. You must first identify cost drivers/prevalent risk factors in your population. Without a good handle on this, you cannot intelligently develop strategies that yield meaningful impact. The best way to find out is by having employees (and their dependents if possible) complete a Health Risk Assessment (HRA). This is a questionnaire that asks about their health and medical history, daily diet, exercise and weight management habits, tobacco use, and even how they handle stress. Often, these questionnaires are accompanied by measurements of employees' blood pressure, blood sugar, cholesterol, and body mass index. Employees receive their results in a personalized health report. Individual results are confidential but employers receive aggregated data which, when combined with health plan utilization data, will identify the most prevalent health issues and how to target these issues with education and prevention programs.

Your employees' health has a huge impact on many identifiable costs to your business. Be committed to doing something about it. The first step is determining what the most prevalent risk factors are in your group, so you can set up targeted campaigns that will address the key cost drivers.

PSA is at the forefront of the health management movement. Talk to us today to learn how our proven methodology can help keep your company a step ahead of skyrocketing benefits costs.

Vision Multimedia Technologies, LLC

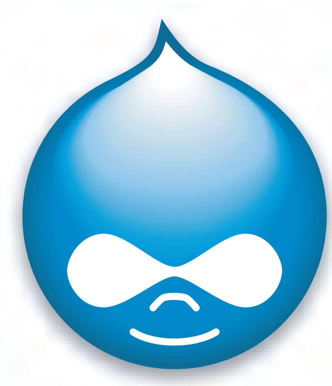
Brian Razzaque, President
www.vmtllc.com

COMBINING SALES, MARKETING, AND TECHNOLOGY TO INCREASE REVENUES FOR SMALL BUSINESSES

Small businesses have always been envious of large enterprises that have the resources to invest in technology that increase the effectiveness of their sales and marketing efforts. Fortunately, the cost of acquiring and implementing this technology has decreased dramatically. Combined with the revolution occurring with social networking, small businesses are now poised to recognize significant gains in their own sales and marketing efforts.

From a technology infrastructure perspective, there are two key components to maximizing an organization's sales and marketing efforts:

1. Website – It is imperative that you have a website that effectively communicates the organization's products and services and can capture prospect information. Websites today are able to be maintained with minimal technical expertise, have a professional look-and-feel, and engage the user with standard features such as blogs, newsletters, e-commerce, discussion forums, surveys and polls, online forms, and more. These sites are built using a software tool called a Content Management System, or CMS. There are a number of proven solutions that are available with no licensing fees and reasonable implementation costs, including: Drupal (www.drupal.org), Joomla (www.joomla.org), and DotNetNuke (www.dotnetnuke.com), to name a few.



Drupal is a free enterprise website content management system.

2. Customer Relationship Management System – Known as a CRM, this is a system for managing the interaction between sales teams, customer service representatives, and the customer. The current generation of solutions is web-based and has a wide array of features, including: prospect and lead tracking, client issue management, quotes and sales orders, and advanced reporting. The most well-known CRM system is www.SalesForce.com , available for a monthly per-user fee. Microsoft's Dynamics CRM (www.microsoft.com/crm), is also available as a hosted solution, or can be run in-house. Another option is SugarCRM (www.sugarcrm.com), which has a feature-rich free version as well as commercially supported versions. Implementation is most successful with professional support and configuration.

Marketing methods have evolved to the point where online marketing is the number one choice for small businesses, especially those that have traditionally relied upon personal networking and word of mouth referrals to generate sales leads. Every small business owner should understand these four key online concepts:

1. Search Engine Optimization – Known as SEO, this is the art of getting your website to appear high in the rankings when people search online for your product or services. SEO pertains to organic search results, which means that the results have not been paid for as advertisements. Many users view these results as more relevant or useful. While there are many tricks relating to getting high rankings, there are three key concepts:

a. How high a site ranks is related to how many other sites reference it. Search engines assume that if other sites reference a particular site, then that site must be "more relevant."

b. Content is key. The more content your site has, the more likely it is to be relevant. If a website has meaningful content, it is likely to be referenced by other sites, and is more valued by search engines. This is why frequent blogging, posting updated case studies and whitepapers, and having discussion forums available are critical to improving a site's rankings.

c. The site should conform to certain technical standards. This is where it helps to have a good CMS. A good CMS (along with professional setup and design), will help to ensure that a site conforms to certain key technical constraints, without requiring any technical knowledge on the part of the site administrator.

2. Search Engine Marketing (SEM) / Pay-Per-Click (PPC) Advertising – Different from SEO, SEM involves purchasing ad space from search engines or through sites that cater to your audience. Online advertising can be much less expensive than traditional advertising. The most popular way to advertise is through Google AdWords (www.google.com/adwords) where you define a daily advertising budget and bid on keywords. Once set up, your ad will appear in the paid results section of search results on Google, or on related web pages that are part of the Google AdSense network.

3. Connect With Your Audience – Having good site content not only ensures that search engines will notice you but will also ensure that visitors value what you have to say. Providing RSS (Really Simple Syndication) feeds on your site allow people and other websites to receive your updates automatically. Having an electronic newsletter is a great way to stay in touch with your customer base. Your site should also be configured to allow your visitors to share your content with others, such as by emailing them a link, or by posting to a social networking site such as Digg.com or Facebook.

4. Social Networking Sites – Social networking sites have been receiving a tremendous amount of buzz lately, and most business owners are still wondering why. Two important reasons:

a. sites allow a person to build their own personal brand and generate top-of-mind awareness by enabling them to deliver frequent information "snippet" updates to those they are connected with.

b. These sites allow an individual to leverage personal relationships to build their own credibility, and to create credibility in whatever they might be promoting.

Most social networking sites are free, making them extremely appealing. However, effectively using social networks does take effort, such as posting frequent, meaningful updates and setting up groups and getting employees, partners, and customers to participate in those groups. And it requires learning and navigating a number of different sites and services, such as Facebook.com, LinkedIn.com, and Twitter.com.

The challenge facing small business owners today is one of education. The tools and techniques previously available only to larger organizations are now affordable, but an owner must learn about them in order to implement them. The returns for having done so, however, are quite significant and well worth the effort, particularly in today's economy.

Brian Razzaque is the President and Founder of VMT, and for nearly 11 years has worked to assist clients with the development and implementation of web-based business solutions.

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A Case for Content

Why you should let prospects sample your intelligence

BOOKSHELF
by Doug Davidoff

Get Content Get Customers

How to use content marketing to deliver relevant, valuable, and compelling information that turns prospects into buyers

By Joe Pulizzi and New Barrett
200 pages

★★★★☆

Why should people buy from you? If you're like most companies that are growing, your list will have two things in common: it's long, and it deals with special insights, expertise or intelligence you provide that your competitors do not.

In today's hyper-commoditized "flat-world," the only opportunity you have to effectively differentiate yourself from your competition is your intelligence.

Here's your challenge: Your competitors have answers that are very similar to yours. So, how are your best potential customers – and even your current customers – supposed to be able to tell that you are a better alternative than your competitors? According to Joe Pulizzi and Newt Barrett, authors of *Get Content Get Customers: How to use content marketing to deliver relevant, valuable, and compelling information that turns prospects into buyers*, the answer is "content."

According to Pulizzi and Barrett, the Internet has transformed buyer behavior. Customers have access to vast amounts of online information from a broad range of sources. They can find almost anything they want in order to make an intelligent buying decision. They want plenty of information from you, too, but they want it on their terms. They expect to gather the information they need without being interrupted by unwanted marketing messages. Content marketing is the art of understanding exactly what your customers need to know and delivering it to them in a relevant and compelling way.

Content marketing takes various forms, and is by no means new. Since the beginning of marketing, growth executives have tried to find new ways to develop and package their wisdom in a manner that is innovative, entertaining and effective. The struggle for growing firms was that distribution was the content bottleneck. It didn't matter if you could create great content if there was no way to distribute it. Therefore, companies relied on traditional advertising and PR to "get their message out."

Today, the Internet allows companies to become their own publishers, and not only has this empowered companies that are taking advantage of this trend – it is punishing companies that aren't. Technology such as blogs, podcasts, You Tube, Facebook, LinkedIn and Web site content management systems allow any company or individual to bypass traditional publishing limitations and let the world know what they really have to offer.

Simply put, you can no longer rely on claims to drive and create demand for your products and services. Today, you must prove it; you must "napsterize" your knowledge. This means that if you want people to treat your offering as anything other than a pure commodity, you must allow your buyers and potential buyers to sample your intelligence.

This thought scares most traditional business people – and that leaves a wide-open opportunity for companies that are ready, willing and able to embrace the world as it is. It means letting the world know what you think – and yes, that includes your competition. Whatever risk is associated with releasing your intellectual capital is overcome by the ability such a release has to make true connections with prospective clients, to clearly demonstrate just how different you are (or are not), and to shorten the sales cycle.

In my blog, I've written about The New Marketing Funnel, which describes the approach businesses must take to create awareness, cultivate their market, convert opportunities, and ultimately to close business. The most critical piece of The New Marketing Funnel puzzle is content.

Get Content Get Customers provides the outline of how to develop and implement an effective content strategy for both beginners and the advanced. *Get Content Get Customers* is really two books in one. The first part builds the case for content, what it is and isn't and how to create an effective strategy. This part of the book is written in a breezy, effective style that will keep the attention of experts and non-experts alike. Everyone should read the first part.

The second part focuses on a series of case studies of actual content approaches used by large, mid-sized and small companies. While this part was a struggle to keep my attention, the examples used are highly effective. My recommendation here is if you are involved in growing the business from a strategic standpoint, you don't need to read this section, so long as the person who is responsible for executing an effective strategy does.

Today's condition is best summed up by Puluzzi and Barrett, "All the rules have changed. You need to relearn the marketing game with a brand-new marketing mindset. Those who can adapt will flourish. Those who don't – well, think of dinosaurs."

Doug Davidoff is founder and CEO of Imagine Business Development. www.imaginellc.com.

PROJECT

Mary Catherine Bunting Center, Mercy Medical Center

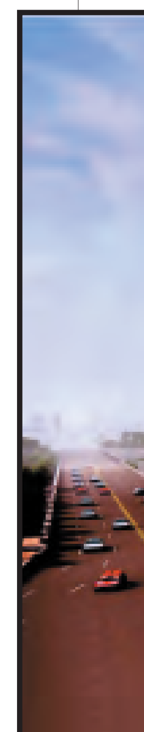
Mercy Medical Center is set to break ground in June on a new $400 million facility directly adjacent to its current campus. The 134-year-old downtown Baltimore hospital, founded by Sisters of Mercy, demolished its 1970s-era Pleasant Street Garage to make way for the 688,000-square-foot, 18-story Mary Catherine Bunting Center at Mercy.

"Our main structure was approaching 50 years old, so in our 2004 strategic planning cycle, so we determined, based on the mission of the hospital being committed to Baltimore, that it made sense to rebuild next to the current hospital," says Thomas R. Mullen, president and CEO of Mercy Health Services, Mercy Medical Center. "We plan to move out the majority of the services to the new building, and we will be evaluating how to utilize the older building."

The new facility – which will be connected by bridge and tunnel to Mercy's existing facilities – will offer 300-square-foot private rooms for all patients. About 30 percent of Mercy's existing rooms are private, Mullen says. The Bunting Center facility will feature 229 licensed beds and 15 state-of-the-art operating suites.

"The rooms give you a zone for the patient, the clinicians and the family," Mullen says. "Having all private rooms is something the healthcare industry is recommending due to quality and safety issues – you don't want to be boarding with someone who might have certain communicable diseases and infections."

The Bunting Center also will feature technological advancements, such as RFID technology that allows staff to monitor the location of a piece of equipment, a patient or a specimen, Mullen says. "Technology, more space, consideration of the family, focus on quality and safety – that's what will differentiate us," he says.



Several "green" elements will be incorporated into the facility, including a rooftop garden and a two-story lobby with spiritual and customer service

ADDRESS: 345 St. Paul Place, adjacent to Mercy's current campus

WEB SITE: www.mdmercy.com

DESCRIPTION: 18-story inpatient hospital facility

TOTAL SQUARE FOOTAGE: 688,000 square feet

ESTIMATED COST: $400 million

DEVELOPER: Whiting Turner

ARCHITECT: Ellerbe Beckett

GROUNDBREAKING DATE: June 2008

COMPLETION DATE: Fall 2010

INTERESTING FACT: The facility's namesake, Mary Catherine Bunting – granddaughter of Dr. Avery Bunting, who founded the first Noxzema Chemical Company – made the largest philanthropic gift in the hospital's history, according to Mercy Medical Center administrators.

to WATCH

Downtown hospital to construct new signature building

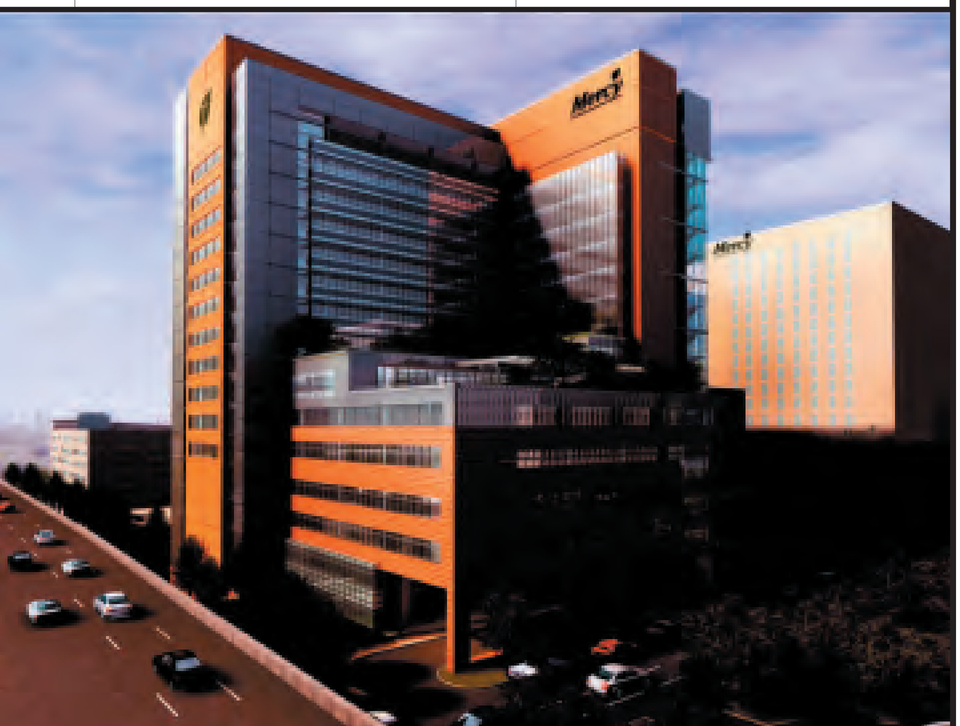


Image courtesy of Mercy Medical Center

amenities – part of Mercy's efforts to treat the "whole" person. "We are looking at ways to conserve energy," Mullen says. "We feel the building meets a contemporary vision for a green hospital. Our architects took a major focus in that direction."

To make way for the new facility, Mercy demolished its 800-space parking garage and opened a new 1,400-space garage on the corner of Gilford and Pleasant streets. The garage will be bridged to the new facility, as well, Mullen says.

The $400 million facility is financed with cash from hospital operations, the sale of tax-exempt bonds and a capital campaign. The Bunting Center is named in honor of Mary Catherine Bunting, who contributed an undisclosed amount that constituted the largest philanthropic gift in the hospital's history.

"We went through the financing window in the fall 2007, which is right when the banks started having problems, and if we were trying to do it today, it would be nearly impossible." Mullen says. "Actually, the slow-down has helped us on our bidding and we've seen savings that way. Many projects were over budget for years and it looks like our project will be under budget."

The new center will generate $123 million annually in economic activity for Baltimore City, at least 1,000 jobs and $73 million in increased salaries and benefits, according to a report from The Jacob France Institute, Merrick School of Business, University of Baltimore.

"This project will be an economic engine in that we expect revenues to grow and expect to have a significant impact on the economy as more services are coming through, and more visitors," Mullen says. "That means more hotel rooms booked in Baltimore, and more spending. So if we are healthy and doing well, it helps the downtown Baltimore community."

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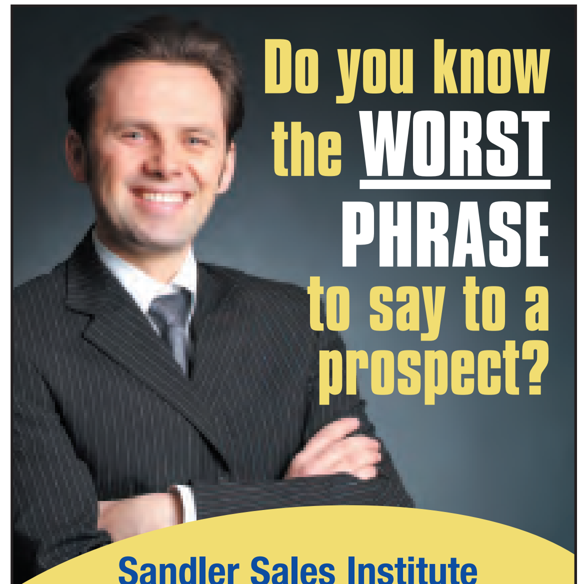

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WHAT IT MEANS IS ANYONE'S GUESS

By Barnaby Wickham

$25.9 million

Value of the University of North Carolina men's basketball team. Forbes

1

National value rank of the Tar Heel team, the same as the year before. Forbes

$16.7 million

Value of the University of Maryland men's basketball team. Forbes

9

National value rank of the Terrapin team, an eight-place improvement from the year before. Forbes

$1.1 million

Additional giving to the Terp program last year that spurred the ranking increase. The gifts were a result of a new policy that assigns seats based on contribution levels. Forbes

"We know visitors [from other states] come into our parks because they can bring alcohol."

Nita Settina, Maryland Park Service superintendent, explaining why the Maryland Department of Natural Resources recently approved a ban on drinking alcohol without a group permit at any of the 65 state parks. AP 3-17-09

1,036

Arbitron employees in Howard County, MD. *Sun* 3-10-09

6

Rank of Arbitron among the county's largest private employers. *Gazette* 3-13-09

4

Additional full-time employees that will be added in the county, with the move of Arbitron's headquarters from New York to Columbia. *Sun* 3-10-09

7%

Interest rate that Pennsylvania charges for back taxes. *Sun* 3-16-09

9%

Interest rate that Virginia charges for back taxes. *Sun* 3-16-09

13%

Interest rate that Maryland charges for back taxes. *Sun* 3-16-09

$118m

Interest on delinquent taxes Maryland collected in fiscal 2007. *Sun* 3-16-09

62

Percent of the income that derives from individual income taxes. *Sun* 3-16-09

679

Numbers of households for every one household in foreclosure in Virginia in February. RealtyTrac

730

Numbers of households for every one household in foreclosure in Maryland in February. RealtyTrac

750

Numbers of households for every one household in foreclosure in the District of Columbia in February. RealtyTrac

70

Numbers of households for every one household in foreclosure in Nevada in February. RealtyTrac

60,062

Numbers of households for every one household in foreclosure in Nebraska in February. RealtyTrac

"It makes no sense."

Six Flags Inc. CEO Mark Shapiro, on the refusal of one of the company's principal noteholders to even meet to discuss refinancing the theme park operator's debt. The company faces default if it can't refinance. *WBJ* 3-16-09

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