

INSIDE



Family Business Conference

It takes a special blend of talents to make a family-owned business successful, says consultant Otis Baskin. **page 5**

Industry News Briefs

page 7

Business Calendar

page 6

Real Estate Section

pages 14-15



Investment in Utah's education system is among the priorities listed by the Salt Lake Chamber in advance of this week's beginning of the Utah Legislature's 2014 session.

Chamber's legislative priorities: schools, transportation, economy

Brice Wallace

The Enterprise

Improved education leading to a larger skilled workforce, transportation infrastructure investments and measures to help bolster the economy are among legislative priorities spelled out by the state's largest business association.

In the lead-up to the Jan. 27 start of the general legislative session, the Salt Lake Chamber released and presented to legislative leadership its 2014 Public Policy Guide. Available at www.slchamber.com/PPG2014, the guide spells out the chamber's position on a variety of policy issues.

The chamber represents 7,850 businesses that employ about 500,000 Utahns, or nearly half the Utah workforce.

"The 2014 Public Policy Guide is a chamber publication, but it represents the broad-based support of chambers of commerce across the state as well as other important business associations," said Lane Beattie, the chamber's president and chief executive officer. "These are the priorities of

Utah's diverse business sectors from across the state, and it's critical that we speak with one voice."

Regarding economic development and job creation, the chamber supports the "Your Utah, Your Future" strategy, initiated by Gov. Gary Herbert and Envision Utah, which takes a long-term view on public policy issues.

The chamber continues to oppose general tax increases not supported by the public, supports eliminating harmful regulation and calls for a collaborative challenge to enhance Utah's competitiveness through attracting regional corporate headquarters to the state.

"Utah's economy is extremely well-positioned for continued growth in 2014," said Natalie Gochnour, chief economist of the chamber and associate dean of the University of Utah David Eccles School of Business. "The private sector is set to accomplish the significant goal of creating 150,000 jobs since the recession — more than a year ahead of schedule. However, Utah's econ-

see PRIORITIES pg. 10

Investors sue Nu Skin over China setback

John Rogers

The Enterprise

A group of investors in Utah's Nu Skin Enterprises has launched a class action suit against the multilevel marketing provider of skin care products and dietary supplements, claiming the company concealed that its China operations were running afoul of the country's law.

The suit alleges the Provo-based company, which is heavily dependent on China for a significant amount of its growth and revenue, issued glowing statements on multiple occasions about its rising sales in Greater China, but hid its fraudulent sales practices and noncompliance with Chinese law.

The controversy was spawned earlier this month when China's *People's Daily* newspaper, which serves as a mouthpiece for the country's ruling Communist Party, published a report saying that Nu Skin is operating in violation of Chinese law and is suspected to be an illegal pyramid scheme. The paper further claimed that Nu Skin brainwashes its trainees and is selling 20 more products than allowed by the Chinese government. Following the report's publication, China's State Administration for Industry and Commerce announced an investigation into Nu Skin.

On the news of the Chinese probes, the share price of Nu Skin common stock plummeted more than 40 percent earlier in the month.

"Nu Skin painted a materially misleading picture with regard to its prospects because so much of its revenue was based

see NU SKIN pg. 5

UEC sees another good economic year for Utah

Fresh off a year they described as "solid," "relatively robust but below potential" and "a good year," a panel of economic experts recently predicted the 2014 state economy in similar terms.

"Improvement," "growth," "potential" and "good" were the one-word summations for this year presented by members of the Utah Economic Council at the annual Utah Economic Outlook event.

"I think that many would agree that Utah is just very well-positioned for an economic expansion, so most of the risk lies in

what happens at the national level," said Juliette Tennert, chief economist in the Governor's Office of Management and Budget.

Those elements include "all of the uncertainty" of the federal budget and the debt ceiling again coming up for debate. Those can be "a great drag on the national economy" and could weigh on the state economy, she said.

"I think that we're set up for a continuing, strengthening expansion. It's all there. It's just these national pressures are what I'm most worried about," Tennert said.

Gov. Gary Herbert later told the crowd that challenges facing the Utah economy include federal measures that take away incentives from "wealth creators," an "over-reaching" government, uncertainty in the marketplace because of government rule changes, and the federal \$17.25 trillion debt.

But Utah is in a good economic position, he said, in part because it provides a good environment for businesses and state

see ECONOMY pg. 10



Obamacare's medical device tax will hit industry hard, say critics

Brice Wallace
The Enterprise

Obamacare has prompted a lot of negative chatter in the business world, but opponents say one component will hit one industry especially hard.

The medical device excise tax, which supporters contend will raise \$30 billion for Obamacare, is a 2.3 percent tax on gross sales in the U.S. of certain medical devices, leading U.S. Sen. Orrin Hatch to describe the tax as "a whopping, whopping tax" that is "dumb," "stupid" and "useless."

Its ramifications are already having impacts on medical device manufacturers, he said, as Obamacare and the tax are leading companies to cut research and development by 18 percent.

"That's not only a stupid tax, [but] it really does injure all the innovative companies that do medical devices," Hatch said last week following a tour of BD Medical's manufacturing operations in Sandy.

"As a consequence, a lot of medical device companies are going overseas. They're moving their operations overseas. So we're losing big-time so they (Obamacare supporters) can make that phony claim that they're going to get \$30 billion – and that's with a "b" – and make Obamacare self-sufficient, which it certainly isn't and that's been proven to be a lie, too."

Gary Shearer, vice president of manufacturing for infusion therapy for BD Medical, said the tax will cost the company \$55 million annually. The tax will apply to most of BD's products, which include those produced in Sandy, which is home to BD's infusion

therapy business headquarters, which includes manufacturing operations that produce intravenous catheters, blood collection devices and surgical products and has about 1,000 manufacturing employees.

In a competitive marketplace, the impact of the tax "certainly then takes away right from our revenues and then hurts our funding for research and development and also for U.S. manufacturing capacity," he said.

"It's a very competitive environment. We have to be very cost-conscious. We have to be leading-edge with our technology to be able to compete, especially against foreign countries that don't have the tax."

Richard Scott, business director at BD, said the company is the world leader for infusion devices but has competitors in Germany and the United Kingdom that also sell products in the U.S. They also will face the tax on U.S. sales.

"However, that's a relatively small portion of their business that's in the U.S., where about 40 to 45 percent of our business is in the U.S.," Scott said. "So we would be disproportionately punished, if you will, by having to pay higher taxes in relation to this excise tax than our No. 2 and No. 3 worldwide competitors that are not based in the U.S. and have a smaller business base here."

Kimball Thomson, president and chief executive officer of industry association BioUtah, said the tax is "absurd."

"It doesn't respect whether a company or a product is profitable. It is a tax on gross revenues. For innovative companies such as we have in Utah, it makes just zero

sense to almost anybody who is well-informed about these issues," Thomson said.

Perhaps 120 Utah companies could be affected by the tax, the impacts of which can make companies unprofitable, lead to job cuts or prohibit them from being able to get products to market, he said.

"Some of them may not be able to stay in business or they will have to take on Draconian cuts within their business that will make them not the same company and not allow them to offer the same things that they were able to offer to the marketplace," he said.

"It's not only unreasonable, it hurts every one of our innovative companies, and we're finding that many of them are shipping their work overseas," Hatch said. "So it hurts jobs, it hurts gross national product, it hurts tax collecting. Just so they could patch up that one \$30 billion hole in Obamacare, they use this phony tax against medical devices and medical device companies."

Hatch said he doubts the tax will produce \$30 billion anyway. He said many in Congress want it repealed – a Senate repeal vote had 79 votes in favor – but Democrats do not understand that the tax's harm to industry will total far more than \$30 billion.

"They're losing a lot more than that with companies moving work overseas [and] with 18 percent less innovative research and development," Hatch said. "And it just shows the stupidity of some of these people who, to patch one hole in Obamacare, they've hurt a whole industry that is finding itself not well-received here in the United States of America."

Clyde wins major projects

W.W. Clyde & Co. has been awarded a pair of significant construction projects in Utah. The Springville-based civil construction contractor will build the Victory Pipeline Phase I project and the I-15 and South Davis Operational Improvements Project.

The Victory Pipeline is a \$12 million dollar water transportation job that will serve seven water districts in Duchesne County. Clyde will provide both design assistance and construction services for the project, which is slated to start immediately and be completed by the end of 2014.

The Operational Improvements Project is designed to increase mobility in south Davis County to meet current traffic needs. Work includes building an additional lane in each direction from US-89 in Woods Cross to Farmington and rebuilding portions of the 2600 South and 500 South surface streets. The project will also replace seven aging bridges on a section of I-15 at 2600 South, 1500 South, 500 South and 400 North.

The Victory project consists of building a new water pipeline from Starvation Reservoir to Roosevelt City, and has been described by the Utah Permanent Community Impact Fund Board as a necessary resource to provide increased capacity for Duchesne County's economic and population growth. The project will directly

benefit the populations of Duchesne, Roosevelt, Myton, the Johnson Water District, East Duchesne Water District, Neola and other areas of Duchesne County. Ballard in Uintah County also would benefit from the pipeline.

Project work has been divided into two phases and includes installation of 29 miles of 20 inch to 30 inch diameter HDPE pipeline. Additional work includes excavation and backfill, surface restoration, the Duchesne River crossing, canal crossings, stream crossings and wetland restoration.

Construction will begin later this spring on the Davis County project with completion expected in July of 2015. Clyde has teamed with Parsons Brinkerhoff to provide design services for this project. Clyde's proposed interchange concept at 2600 South improves function over the concept plan and is designed to better accommodate the heaviest traffic movements to and from the Salt Lake Valley. "This project is designed to significantly reduce the current congestion and delays experienced along this passage of I-15," said Clyde project sponsor Jeff Cochran. "Our phased approach to rebuilding the structures carrying I-15 traffic does not require any closures of I-15 over these bridges."

W.W. Clyde is an 85-year-old member of the Clyde Companies family.

Vision opens SLC office

Denver-based Vision Home Buyers has announced that the company has expanded its home buying services to the Salt Lake City area. The company buys homes "as-is" through a proprietary pricing and service model. Earlier this year company own-

er Greg Geller began expanding through the licensing of qualified individuals and companies in several U.S. cities including Phoenix/Mesa; Austin, Texas; Tampa-St. Petersburg, Fla.; Richmond, Va.; and Las Vegas.

"Our approach is to make the home selling process as simple as it can be," said Geller. "Some people who are ready to sell, especially those who have been in their home for many years, are concerned about listing agreements, commissions, remodeling and repairs, open houses and showings and all of the other things that can be challenging when selling a home. We help them avoid those issues by buying the home as-is and on their schedule."

Greer Hanlon will represent the company in Salt Lake.

Vision sellers are not required to make any improvements to the property before the sale, are able to set their own closing and moving dates, pay no commissions and are free to leave whatever they want behind for Vision to donate or dispose of after they move.

RC Willey expanding Utah Co. store into University Mall

Utah-based furniture retailer RC Willey has announced plans to move its Utah County store to the University Mall in Orem. Targeted to open in the fourth quarter of this year, RC Willey will become an anchor tenant of the mall by remodeling and expanding the space that formerly housed Nordstrom.

"We are thrilled to be moving into a larger and newly designed store to better serve our customers in Utah County," said Scott Hymas, CEO of RC Willey. "The Woodbury Corp. has exciting plans in place for the Univer-

sity Mall, turning it into a mixed-use development, including retail, office space, a park and outdoor event space, and housing. Another prominent Utah company, Ivory Homes, will be developing the housing portion. University Place, as it will be known, will truly be the center of retail business in Utah County."

The RC Willey store in the new University Place development will be approximately 150,000 square feet, making it the second largest in the company. The company is also building a new

160,000 square-foot store in Draper. The Draper location will be the largest in the company and is slated to open this spring.

As part of the deal, the Woodbury Corp. will take over the existing RC Willey location in Orem just a few blocks away on University Parkway.

"RC Willey will be a wonderful addition and a great partner in the evolution of University Place," said Jeff Woodbury of Woodbury Corp.

"Over the past 15 years RC Willey has expanded into Califor-

nia, Idaho and Nevada and become a significant presence in those markets," said Hymas. "Now we are focused on investing in our home market of Utah. The addition of these new stores in Draper and Orem will show our customers a whole new side of RC Willey."

Founded in 1932 in Syracuse, RC Willey has grown into one of the nation's largest and most successful retailers of home furnishings, electronics, appliances, mattresses and flooring. RC Willey operations employ more than 2,300 people.

CPI drops again along Wasatch Front

Although gasoline prices have begun rising again along in Wasatch Front in January, they were still responsible for another slight decrease in the cost of living for the period ending in December. The Zions Bank Consumer Price Index (CPI) decreased 0.2 percent from November to December on a non-seasonally-adjusted basis. Over the past 12 months, prices have increased in Utah by 1.8 percent. The national CPI was unchanged from November to December but has increased 1.5 percent over the past 12 months.

Utahns paid about 5 percent less for gasoline in December than they did in November. The average price for gasoline during the month of December was about \$3.06, compared to November's average of \$3.21, and the average price had fallen for five of the past six months until they began to climb in January. Unlike last year's gasoline price decline that continued through January, this year's gasoline prices appear to have troughed in December. Early reports from AAA have shown that gasoline prices in Utah have

been increasing modestly in January. The average price of gasoline in Utah was \$3.07 per gallon at the end of 2013, and through the first week of January, the average price had already risen to \$3.13 per gallon.

Housing prices — which include rent, hotel room rates, and the purchase of common household appliances — fell 0.3 percent due to lower hotel room rates and a slight decrease in rent. Housing prices have now declined for two straight months after increasing each of the prior four months. Although housing prices experienced a small decline, there is still significant reason to be optimistic about Utah's housing sector as a whole, and prices will likely begin to rise again in the coming months. Zillow, an online real estate marketplace, included Salt Lake City at the top of its list of 10 housing markets likely to see heavy demand for homes and increasing home values in the coming year. Zillow based its rankings on unemployment rates and population growth, along with proprietary systems for forecasting home

values. Greater demand for homes will not only increase home values, but also could lead to an increase in rental costs and the prices of household appliances across the valley.

Offsetting the declines seen in transportation and housing to a degree, food prices jumped in December. Food at home, up 0.6 percent month-over-month, increased primarily due to rising prices for produce. This marks the second month in a row where prices for produce products have risen, and is likely due to frosty weather in Chile. Chile is one of the largest suppliers of fresh fruit in the world, and is an especially important source of fresh fruit for the United States during the winter months. The country experienced the coldest fall temperatures in 80 years, which damaged several fruit farms and sent fruit prices soaring. According to a report by AccuWeather and the Chilean Fresh Fruit Exporters Association, the unexpected frost damaged about 20 percent of the winter fruit crop and cut the volume of certain fruit exports by half.

Northrop Grumman moving to Ogden's airport center

Northrop Grumman has committed to establishing a facility at the Ogden-Hinckley Airport Kemp Center, according to a release from Ogden City.

"We are thrilled with Northrop Grumman's decision to set up shop here in our city at the Kemp Center. We can't thank the Kemp family enough for their vision," said Mayor Mike Caldwell. "Our hope is this is the first of many announcements we will be able to make about the technology and aerospace business cluster we are building here in Ogden."

Ogden has been working in recent years to expand and recruit aerospace business to the city. Northrop Grumman's director of engineering, Mark Parson, initially became aware of the Kemp Center opportunity through a tour provided to him by Ogden's business development staff during a non-destructive testing industry meeting hosted in December of 2012 at the center.

"Northrop Grumman is excited to be the anchor tenant for the Ogden Gateway Center aero-

space development project," said Lori Belnap, director of Northrop Grumman Engineering & Systems Integration (ESI). Northrop Grumman plans to relocate approximately 250 people currently located in Clearfield and Hill Air Force Base into the building beginning in March.

John Parker, director of Northrop Grumman's Weapon System Sustainment and Modernization Business Unit, said, "Our Engineering and Systems Integration team looks forward to relocating these folks to the Gateway Center. This synergistic facility will provide a dynamic mixture of our traditional engineering system support functions with a new engineering lab."

Utah corporations report recent earnings results

The following are recent financial reports as posted by selected Utah corporations:

Fusion-io

Fusion-io, based in Salt Lake City, reported a net loss of \$21.3 million, or 20 cents per share, for the fiscal second quarter ended Dec. 31. That compares with net income of \$1.7 million, or 2 cents per share, for the same quarter a year earlier.

Revenue totaled \$94.5 million, down from \$120.6 million for the same quarter in 2013.

The company produces platforms and storage products to accelerate virtualization, databases, cloud computing, big data and performance applications.

"I am pleased with our execution this past quarter as well as our progress in rounding out a world-class executive team with strong operational experience," Shane Robison, chairman and chief executive officer, said in announcing the results.

Ted Hull, chief financial officer, noted that the company delivered 10 percent revenue growth over the prior quarter while maintaining "a healthy gross margin due to a strong mix of enter-

prise customers in the quarter. We added \$19 million in cash during the second quarter, bringing our total of cash and cash equivalents to \$244 million. We believe these results underscore a solid foundation from which we can continue to focus on capturing the opportunity flash creates for data center transformation."

BSD Medical

BSD Medical Corp., based in Salt Lake City, reported a net loss of \$1.5 million, or 4 cents per share, for the fiscal first quarter ended Nov. 30. That compares with a net loss of \$2.2 million, or 7 cents per share, for the same quarter a year earlier.

Revenues totaled \$1.3 million, up from \$660,000 a year earlier.

The company provides medical systems that treat cancer and benign diseases using heat therapy.

"We are very encouraged with our significant reduction in net loss, when compared to the first quarter of fiscal 2013," Harold Wolcott, president, said in announcing the results. "Revenues more than doubled versus the first quarter of fiscal 2013, driven by increas-

ing sales of our MicroThermX Microwave Ablation products and by the sale of two hyperthermia systems. Our gross margin improved to 52 percent of total revenue while operating expenses simultaneously decreased, compared to the same quarter in fiscal 2013. This is evidence we are executing our strategy and moving toward our goal of profitability."

Pioneer Oil and Gas

Pioneer Oil and Gas, based in South Jordan, reported a net loss of \$1.3 million, or 23 cents per share, for the 2013 fiscal year ended Sept. 30. That compares with a net loss of \$1.1 million, or 15 cents per share, for fiscal 2012.

Revenues in fiscal 2013 totaled \$926,843, down from \$968,038 in fiscal 2012.

Varian Medical Systems

Varian Medical Systems, based in Palo Alto, Calif., but with operations in Utah, reported net earnings of \$98 million, or 91 cents per share, for the first quarter of fiscal 2014. That compares with \$95.3 million, or 86 cents per share, for the same quarter a year earlier.

Revenues totaled \$712 million, up from \$678.4 million a year earlier.

Varian manufactures medical devices and software for treating cancer and other medical conditions and is a top supplier of X-ray tubes and digital image detectors for X-ray imaging in medical, scientific and industrial applications. It also supplies X-ray imaging products for cargo screening and industrial inspection.

Salt Lake City is headquarters for its X-ray products manufacturing. X-ray products contributed \$145 million in first-quarter revenues, up 9 percent year-over-year.

"We are pleased with our first quarter earnings performance," Dow R. Wilson, chief executive officer, said in announcing the results. "Continued demand for oncology services and X-ray imaging components drove growth in revenues during the quarter. Product mix and improved quality costs contributed to strong gross margin performance for the quarter. Operating earnings rose slightly, even with a significant increase in R&D investment."

Enterprise

UTAH'S BUSINESS JOURNAL

USPS # 891-300

Published weekly by:

Enterprise Newspaper Group

825 North 300 West Ste. 309

Salt Lake City, Utah 84103

801-533-0556 FAX 801-533-0684

www.slenterprise.com

PUBLISHER & EDITOR

R. George Gregersen

PRESIDENT

David G. Gregersen

david@slenterprise.com

VP/GENERAL SALES MANAGER

Dale Dimond

dale@slenterprise.com

MANAGING EDITOR

John M. Rogers

john@slenterprise.com

CONTROLLER

Richard Taylor

richard@slenterprise.com

OFFICE MANAGER

Dionne Halverson

dionne@slenterprise.com

REAL ESTATE SECTION

Rhonda Bachman

rhonda@slenterprise.com

ART DIRECTOR

Ann Johnson

ann@slenterprise.com

CIRCULATION

Natalie Lujan

natalie@slenterprise.com

ADVERTISING INQUIRIES

david@slenterprise.com

TO CONTACT NEWSROOM

john@slenterprise.com

ART SUBMISSIONS

ann@slenterprise.com

Subscription Rates:

Online only, \$55 per year

Print only, \$65 per year

Online and Print, \$75 per year

Any opinions expressed by the columnists are not necessarily the opinions or policy of Enterprise, its owners or managers. Reproduction or use of contents without written consent of the publisher is prohibited. All rights reserved.

© 2013 Enterprise Newspaper Group Inc.

Periodical postage paid at Salt Lake City, Utah

POSTMASTER: Send address corrections to:

P.O. Box 11778, Downtown Station
Salt Lake City, Utah 84147

LOSE THE LEASE, OWN YOUR BUILDING.

bankaf.com/losethelease



Bank of American Fork

BIG CITY BANKING ~ SMALL TOWN SERVICE™

MEMBER FDIC

Employee recognition essential to happy staff

Few management concepts are as solidly founded as the idea that positive reinforcement — rewarding behavior you want repeated — works. In fact, in today's climate, rewards and recognition have become more important than ever for several reasons:



DIANNE THEURER

- Coercion is no longer an option. Managers must increasingly serve as coaches to indirectly influence rather than demand behavior.

- Employees are increasingly asked to do more on their own. Managers need to create work environments that are both purposeful and motivating.

- The new pool of employees has different values and expects work to be both purposeful and motivating.

"In tight financial times, rewards and recognition provide an effective, low-cost way of encouraging higher levels of performance from employees," said Rob Nelson, author of *1001 Ways to Reward Employees*.

While money is important to employees, what tends to motivate them to perform and to perform at a higher level is a thoughtful, personal kind of recognition that signifies true appreciation for a job well done. The motivation is all the stronger if the form of recognition creates a story the employee can tell to family, friends and associates for years to come.

Some of the most effective forms of recognition cost nothing at all. A sincere word of thanks from the right person at the right time can mean more to an employee than a raise or a formal reward of a whole wall of certificates or plaques. Part of the power of such rewards comes from the knowledge that someone took the time to notice the achievement, seek out the employee responsible and personally deliver praise in a timely manner.

Consider a catered event where employees are not only recognized for their service but served a great meal. Nothing brings a group together better or creates a better forum for employee involvement than food. Your preferred caterer can help you create an event that will be both memorable and effective in recognizing outstanding service.

Dianne Theurer is the director of catering for Temple Square Hospitality in Salt Lake City.

Allstate wants to open 45 new Utah agencies

If you're an insurance agent and have \$50,000 to invest, Allstate is looking for you — a bunch of you. Allstate Insurance Co. is looking to expand in Utah and plans to appoint 45 new insurance agents in 2014.

"Utah's strong economy is fueling this expansion plan; we target cities and areas that show growth and increasing demand as a part of a broader strategy to expand Allstate's presence in Utah," said Allison Williams, Allstate's Utah sales leader. "We are aggressively targeting qualified professionals. If they don't have an insurance background, we'll provide them with comprehensive education and the resources to help them get off to a strong start."

Allstate is looking for mid-career, mid-level managers who want to own and operate their own business in Utah, specifically in the Greater Salt Lake City area.

The addition of the new agencies will have a compounding effect on the Utah job market since each new agent typically opens with a minimum of two employees to help ensure customers are served with courtesy and efficiency. Of the 45 insurance agents, 15 appointments will be agency owners and the remaining 30 will be licensed sales producers. Existing agency owners are also seeking licensed sales producers.

To help with the recruiting efforts, Allstate is offering a \$6,000 award to anyone who refers a qualified candidate to Allstate. The referral award is payable upon the appointment of the candidate as an Allstate agency owner.

Candidates interested in becoming an Allstate agency owner need a minimum of \$50,000 of liquid capital to invest in their agency.

Gen Y making mark on office market

A new force is exerting its power in the office building realm.

No, it's not some new type of structural steel or special cladding or fancy signage. Instead, the force is inside the building.

The new powerful influence is Generation Y, the group of people born between 1980 and 2000.

"They're the boss of today's office market," Wesley Tab Cornelison, senior vice president of CBRE, said at the NAIOP Utah Commercial Real Estate Symposium. "They're transforming the office market because they represent the future and the talent [that] companies need to engage with."

Simply put, in today's scramble for those workers, offices are having to make adjustments. "Salary alone will not attract them," Cornelison said. That generation wants flexible work hours, more recognition, and work environments that are more "social" and conducive to collaboration. He described it as "cool, creative and inspirational space."

And they're getting what they want, with older generations running the offices conforming to their needs and desires, he said. "They really don't have much choice," he added.

The burden is falling on building owners to accommodate their tenants' needs, as tenants are "customer and king" in the commercial real estate office market, he said.

Cornelison said he has visited several office companies and found that one of their greatest challenges is finding and retaining talent, and facilities can help solve that problem. "For this reason alone, office space is now more important to businesses than ever before," he said.

Office space needs to be attractive to Generation Y so its members will want to work there. The space must be efficient, yes, but also needs to be conveniently located and "stimulate cooperation." Baby boomers, by contrast, still want private offices.

Among buildings that are making such accommodations are

the Gateway Tech Center and the Boston Building.

"These two buildings continue to achieve higher rates than other competitive Class B buildings and are evidence that tenants will pay more for cool and creative space if they understand they can use this space to attract and retain talent," Cornelison said.

"Who is going to thrive and who is going to merely survive? We now understand who the boss is in today's real estate market," he said. "It's Generation Y, and the businesses that are going to thrive are the businesses [with] landlords and tenants that work together, because if the landlord understands what the tenant needs to appease the Generation Y workforce and they work in tandem to meet these needs, the end result will be a successful deal. The businesses that are merely going to survive are the businesses that are slow and resist the change of today's new workforce."

UCAIR awarding clean air grants

UCAIR, the Utah clean air partnership, has awarded more than \$350,000 in grants to 13 organizations for funding education, energy and transportation and home retrofit projects in an effort to improve air quality in the state. The funding was provided through UCAIR's grants program.

Additionally, the Utah Department of Workforce Services (DWS) in partnership with UCAIR is making grants available for small businesses through its new Assist program. These grants — totaling \$1.3 million dollars through mid-2015 — will be available for small businesses with fewer than 100 employees to assist them in making federally mandated air-quality adjustments and improvements to reduce emissions.

The 13 organizations receiving UCAIR grant funding were chosen based on the measurable impact their programs or projects would provide toward reducing emissions at home, in the community and at work.

The UCAIR grant recipients and their focus are:

- Breathe Utah, to change out five wood burning fireplaces in Wasatch Front households.
- GREENbike, to install a new bike station at 250 S. 300 E., the first in a residential area.
- KUED, for the documentary "The Air We Breathe."
- National Energy Foundation, to support an air quality debating program serving 5,000 students in grades 4 to 9.

- Provo City Municipal Council, to develop an educational kit for the city.

- Salt Lake Chamber of Commerce, to support the 2014 Clear the Air Challenge.

- Salt Lake City Corp., for its "Smart Trips" bus, bike and S-Line streetcar program.

- University of Utah, for development of an air quality video game to be distributed to schools.

- Utah Clean Cities Coalition, for promoting idle-free education.

- Utah Transit Authority (UTA), for its "Ride Clear" free rider pass program.

- Salt Lake County Government, for one electric vehicle charging station and, in partnership with the Utah Office of Energy Development, an additional two electric vehicle-charging stations.

- Utah Clean Energy, to conduct educational clean energy workshops for businesses and prepare Commercial Property Assessed Clean Energy (C-PACE) financial packages for qualifying clean energy building upgrades.

"UCAIR is focused on educating, encouraging and empowering everyone to take actions that can improve our air quality," said Ted Wilson, UCAIR executive director. "We recognize that emissions-reducing and energy-efficient technologies are an investment, and our focus with this program is to help bridge the gap between having a great idea and fiscally being able to bring that idea to fruition."

This is the inaugural year of the UCAIR grants program. UCAIR has plans to award additional grants to mid-to-large businesses, government and nonprofit organizations in 2014.

Foreclosure rates decline in Salt Lake

Foreclosure rates in Salt Lake City decreased for the month of November over the same period last year, according to newly released data from CoreLogic.

The CoreLogic data reveals that the rate of Salt Lake area foreclosures among outstanding mortgage loans was 1.02 percent for the month of November 2013, a decrease of 0.42 percentage points compared to November of 2012 when the rate was 1.44 percent. Foreclosure activity in Salt Lake City was lower than the national foreclosure rate, which was 2.18 percent for November 2013.

Also in Salt Lake City, the mortgage delinquency rate decreased. According to CoreLogic data for November 2013, 3.42 percent of mortgage loans were 90 days or more delinquent compared to 4.70 percent for the same period last year, representing a decrease of 1.28 percentage points.

Speaker: Family firms require special talents

Brice Wallace
The Enterprise

Owning and running a family business requires a special blend of talents to keep the family, business and ownership elements happy, but Otis Baskin sometimes has seen representatives of those companies have trouble with self-esteem.

"So often as we work with clients, we find sometimes they're a little bit embarrassed to admit that they're a family business," Baskin, a consultant with The Family Business Consulting Group Inc., said. "It's kind of a 'Well, yes, our family owns the business,'" he said as he lowered his head and trailed off his voice.

Speaking at the Zions Bank Family Business Conference, Baskin said many family-owned businesspeople tend to differentiate their operations from those considered to be "professionally managed businesses."

"Just so you know, you're in the right place. Family business is indeed good business," he said.

In fact, a Harvard Business School study of 4,000 firms indicated that companies in which families hold control outperformed their counterparts by 6 percent in market returns and 10 percent in profits.

"This really refutes the long-held concept that family businesses somehow are defective and are

underperforming," Baskin said.

Still, throughout the conference, speakers repeatedly cautioned that family-owned businesses can be fraught with troubles. Sometimes the company executives have trouble balancing the needs of the company with the needs and desires of family members, for example. Often, the landmines are discovered as the company transitions from one generation to the next. Complicating matters is the worldwide phenomenon that wealth from family-owned businesses does not go beyond the third generation, which typically is far removed from the hungry entrepreneur who made the endeavor a success.

"These transitions from one generation to the next have the potential for great opportunity as well as great conflict," said Scott Anderson, president and chief executive officer of Zions First National Bank.

Baskin outlined a model that featured overlapping components of family, business and ownership. "The three have to work together in order for them to be successful. Each depends upon the other," he said.

An Oxford study of multigenerational family businesses in Europe concluded that the best ones had well-defined processes, transparency in planning and consistency in application – essentially, "everybody knew the deal," with no surprises, he said.

They also required a change in mindset from "mine" to "ours" and a concept of stewardship for future generations. Successful transitions, he said, are well-planned, having a consensus of family, board and key executives, with "expected, anticipated and understood" components.

"It's really the transition that makes a family business a family business," Baskin said. "That's what takes it from an entrepreneur-owned and -run business to a true family business."

Still, he said, each generation and each family member has a different "expression" of the business.

"Each family is unique. They have many commonalities but there are unique things about every family, and each business is unique. No matter how much you're like your competitors and how fiercely you fight with them, you're still unique."

"The reality is ... it's a complicated world," said Dana Telford, also with The Family Business Consulting Group. "It's hard enough to be successful as an entrepreneur or as a business owner managing the relationships with clients and employees and stakeholders, but then you add to that relationships with people that you really care about deeply and with whom you're going to have a relationship, whether you're working with them or not, and it just becomes complicated."

Leaders unite to form Utah Economic Club

Gov. Gary Herbert has joined more than 400 business and community leaders and economists to launch the Economic Club of Utah. This new formal association of economists, business professionals and public policy analysts is intended to provide a forum to share research, data and analysis important to the success of the Utah economy. Economic clubs are prevalent in major metropolitan areas such as New York, Chicago and Washington, D.C. Community leaders felt it was time for Utah to organize a club of its own.

"Great American cities have prestigious forums for intellectually motivating and deeply relevant economic discussion," said Dean Taylor Randall of the University of Utah's David Eccles School of Business, which will serve as the organizing entity for the new club. "We will bring together leading economists and business leaders to better understand the Utah economy and cultivate the next generation of economic leaders."

The club will be statewide and replace what was previously known as the Wasatch Front Economic Forum. Membership is free. The David Eccles School of Business will serve as the backbone organization, and the Utah Governor's Office of Management and Budget and Salt Lake Chamber will serve as partnering entities. The club is led by a board of directors composed of public and private sector economic experts and a slate of officers who oversee the daily management of the organization.

"Economic performance is foundational to the success of our community," said Natalie Gochnour, an associate dean at the David Eccles School of Business and co-chair of the Utah Economic Council, which will lead the new club. "By improving our understanding of the Utah economy we can make better individual and collective decisions about how to keep it prosperous. This new club will promote a greater sense of economic purpose in our state."

NU SKIN

from page 1

on its sales and success in China, and Nu Skin's business there could not be sustained because it violated local law and regulations," the complaint says.

Also named in the lawsuit were Truman Hunt, president and CEO, and chief financial officer Rich Wood. "We believe the allegations are without merit and intend to defend ourselves vigorously," NuSkin said in a statement. In statements issued when the news broke about the *People's Daily* article, the company blasted the story, saying it contained inaccuracies and exaggerations that aren't representative of Nu Skin's business in China. Nu Skin has acknowledged that the investigation by Chinese regulators would likely have a negative impact on its revenue and said it had initiated a province-by-province review of its China operations.

The suit alleges two counts of violations of the Securities Exchange Act of 1934. The investors are seeking compensatory

damages.

The NuSkin shareholders are represented by attorneys from the law firms of Barrack Rodos and Bacine of New York and Anderson & Karrenberg of Salt Lake City.

Nu Skin is a global direct selling company with operations in 53 markets worldwide. The company purports to develop and distribute premium quality anti-aging personal care products and nutritional supplements under its Nu Skin and Pharmanex brands.



Come in and try our famous green chili smothered burritos and incredible homemade food, made daily.

Catering available, dine in-take out.

3540 So. State Street
Salt Lake City, UT 84115
801-281-3272

THE Enterprise
UTAH'S BUSINESS JOURNAL

WHY SHARE?
GET YOUR OWN COPY!

To Subscribe
Call: **801-533-0556**
or go online to:
slenterprise.com



Calendar



**BANK
of UTAH**

Equal Housing Lender | Member FDIC

**BUSINESS
LENDING
IS OUR
BUSINESS**

• SBA Loans •

• 504 •

• Commercial
Mortgage •

• LOC •

2309 S. Redwood Rd.
Salt Lake City, UT
84119

(801) 455-9271

Dan Bradshaw
Business Banking
Sr. VP Team Leader
(801) 562-5375



Jan. 28, 11:30 a.m.-1 p.m.

Sandy Area Chamber of Commerce Women in Business Luncheon. Speaker Gary Acevedo will discuss building business relationships. Location is Christopher's Steakhouse, 1122 Draper Parkway, Draper. Cost is \$20 for chamber members, \$25 for guests. Details are available at <http://business.sandychamber.com/events>.

January 28, 8:30-11 a.m.

Business Growth Workshop, presented by The Growth Coach. Presentation will focus on ways to slow down and reflect on your business, better manage your priorities, develop a strategic plan, generate an action plan to increase revenues and learn ways to dramatically grow your business. Location is Sandy Area Chamber of Commerce, 9350 S. 150 E., Suite 580, Sandy. Free. Reservations may be made by calling (801) 900-6962 or emailing j.kirkham@thegrowthcoach.com.

January 30, 8 a.m.-noon

"Tax Implications: LLC & S Corporations." Workshop is designed to help business owners understand and comply with federal and state statutes' reporting requirements. Location is Salt Lake Small Business Development Center, Salt Lake Community College's Miller Campus, 9690 S. 300 W., Corporate Partnership Center Building, Room 333, Sandy. Free. Details are at <http://www.mbreslcc.com/slsbdc>.

Jan. 30, 9:30-11:00 a.m.

Building Owners and Managers Association (BOMA) of Utah Vendor Brunch. Event will feature a discussion covering what property managers look for in vendors, how to best use BOMA membership, using the website to help promote a company, and more. Registration by Jan. 27 is available at www.BOMAUtah.org.

Jan. 30, 11:30 a.m.-1 p.m.

"How to Define, Develop and Keep Profitable Relationships" Workshop, a Sandy Area Chamber of Commerce event. Presenter will be Charles J. Machinski, founder of The Coaching Box LLC. Location is Salt Lake Community College's Miller Campus, Miller Free Enterprise Center Building, Room 223, 9750 S. 300 W., Sandy. Free. Details are available by contacting Jaymie Osborne at (801) 727-4503 or jaymie@sandychamber.com.

January 30, 6-9 p.m.

"Stars Across Murray" First Annual Murray Chamber

Gala, presented by the Murray Area Chamber of Commerce. Event will include entertainment, cocktail hour, dinner, silent auction, awards, guest speakers and more. Location is the Gathering Place, 1100 W. 7800 S., in Gardner Village. Cost is \$50 per person or \$90 per couple. Tickets at the door will be \$60 per person. Non-chamber members are encouraged to attend (please, no young children). Details and RSVPs are available at (801) 263-2632 or by emailing Stephanie@murray-chamber.net.

Feb. 5, 11:30 a.m.-1 p.m.

2014 Peak Awards, presented by the Sandy Area Chamber of Commerce. Awards recognize business professionals and companies "who have risen above and beyond the level of service." Awards include Distinguished Corporate Partner, Ambassador of the Year, Community Service Award, Small Business Woman of the Year, Small Business Man of the Year, Clark & Barbara Stringham Volunteer of the Year, and President's Excellence of the Year. Location is Salt Lake Community College's Miller Campus, Karen Gail Miller Conference Center, 9750 S. 300 W., Sandy. Details are available by contacting Jaymie Osborne at (801) 727-4503 or jaymie@sandychamber.com.

February 6, 8 a.m.-5 p.m.

30th annual Investors Choice Venture Capital Conference, presented by the Wayne Brown Institute. Designed to present opportunities for early-stage and/or high-growth companies to participate in the angel/venture capital process. Location is Zermatt Resort & Spa, 784 W. Resort Drive, Midway. Cost varies. Details are available at eventbrite.com.

Feb. 24, 12:15-1:45 p.m.

Utah Manufacturers Association Annual Membership Luncheon. Featured speaker will be Lt. Gov. Spencer Cox discussing the importance of manufacturing in Utah. Location is Little America Hotel, 500 S. Main St., Salt Lake City. Cost is \$50, \$350 for table of eight. Reservations may be made by contacting Annette at (801) 363-3885.

February 26, 6:30-9 a.m.

Building Owners and Managers Association (BOMA) of Utah Legislative Breakfast. Event is the organization's first legislative breakfast on Capitol Hill with state legislators. BOMA Utah will provide transportation to the Capitol for members and guests. Registration can be completed before Feb. 21 at www.BOMAUtah.org.

BOMAUtah.org.

Feb. 28, 11 a.m.-9 p.m.

The Utah Latin Expo, sponsored by the Latin American Chamber of Commerce. Activities include an Hispanic Economic Summit Luncheon, 11:00 a.m.-1 p.m.; a Safety & Excellence Awards Gala, 7-9 p.m.; and business workshops, 9 a.m.-6 p.m. Location is the Salt Palace Convention Center, 100 S. West Temple, Salt Lake City. Free. Details are at www.utahlatinexpo.com.

March 6-8

Hearth, Patio & Barbecue Expo, owned and managed by the Hearth, Patio & Barbecue Association. Show will feature more than 350 manufacturers and suppliers, new product pavilions, a celebrity cook-off competition, and product demonstrations. Location is the Salt Palace Convention Center. Details are at www.hpexpo.com. Open to trade representatives only.

March 6-7

Intermountain Sustainability Summit 2014. Features keynote speaker Interior Secretary Sally Jewell and five workshops. Location is Weber State University. Details are at <http://intermountainsustainability-summit.com>.

March 13

ACG Utah Intermountain Growth Conference and ACG Capital Connection. Event will feature industry experts and other tools to help people find the tools they need to make sourcing deals happen. New this year will be a "Deal Link" in which private equity groups and intermediaries active in the Intermountain region can schedule meetings in private executive suites for 30 minute blocks to discuss deals. Location is Grand America Hotel, 555 S. Main St., Salt Lake City. More information and registration are available at www.acg.org/utah.

April 3

Utah Economic Summit, organized and produced by the Governor's Office of Economic Development (GOED) and MediaOne. Speakers include Gov. Gary Herbert; Clayton Christensen, Harvard Business School professor; and Richard Marriott, chairman of the board of Host Hotels & Resorts. Location is Grand America Hotel, 555 S. Main St., Salt Lake City. Cost is \$150. Registration can be completed at www.UtahSummit.com.

April 25-26

Utah Investment, Business & Career Expo. Event is designed to showcase Utah businesses

and investment opportunities in the public equity and real estate markets and to introduce businesses and financial services and career and business opportunities to the public to help people plan their financial futures, build their careers or start their own businesses. Location is South Towne Expo Center, 9575 S. State St., Sandy. More information is available by calling (801) 688-8929, emailing FortuneExpoUSA@gmail.com or visiting www.fortune-expo.com.

Deer Valley tops resort lodging costs

If your ski vacation includes lodging, better not choose Utah's Deer Valley. The resort, located in Park City, has the most expensive rooms in North America. That's according to a new survey from CheapHotels.org. The survey specifically compared all important ski resorts in the U.S. and Canada based on the cost of their lodging. The month of February served as the basis of comparison.

To stay in the Deer Valley Resort, ski bunnies will have to spend \$395 per night during February. Even at that price they'll be able to stay in only the most affordable double room. Second most expensive, also in Utah, is the Snowbird Resort, with an average per-night rate of \$312. Following in third place is Colorado's Beaver Creek, where overnight visitors will have to spend at least \$289 nightly for a double room.

What about the other two resorts in Park City? Canyons, Utah's largest resort, ranks sixth most expensive (\$214 per night) in the survey, while Deer Valley's neighbor, the Park City Mountain Resort proves itself much more affordable. In fact, at an average of only \$111 per night for the most affordable double room, Park City Mountain is not even among North America's Top 20 most expensive resorts.

The following table lists North America's 10 most expensive ski resorts. The rates indicated reflect the average price for the most affordable double room at each respective resort during this upcoming February.

1. Deer Valley (Utah) \$395
2. Snowbird (Uah) \$312
3. Beaver Creek (Colo.) \$289
4. Vail (Colo.) \$221
5. Squaw Valley (Calif.) \$215
6. Canyons (Utah) \$214
7. Aspen Snowmass (Colo.) \$186
8. Jackson Hole (Wyo.) \$178
9. Kicking Horse (B.C.) \$176
10. Copper Mountain (Colo.) \$174

Industry Briefs

ACCOUNTING

• **HJ & Associates LLC** has announced that **Jayne McWidener** has accepted the invitation to be a partner. McWidener joined the firm in 2004 as a member of its Audit and Assurance team. She previously worked as an auditor in the healthcare industry.



Jayne McWidener

ASSOCIATIONS

• The Executive Board of the **Davis Chamber of Commerce** has selected **Jean Madsen** to receive its **Legacy Award**. The presentation was made at the chamber's Annual Awards Banquet Jan. 24 at the Davis Conference Center. The Legacy Award is presented to an individual or entity that has had a positive impact on Davis County, sustained over years. Madsen served as an elementary school principal in the Davis School District; became the catalyst that visualized and later led to the construction of the Weber State University Davis Campus; served other student populations by her volunteer efforts to enhance the vocational education received at the Davis Applied Technology College; worked in the Soroptimist Club and the Lions Club, where she immersed herself in charitable work locally and abroad; worked in the South Davis Arts Council, where she affected the arts as well as international relations; was a member of the Mormon Tabernacle Choir for 18 years; and has spent time in the Davis Chamber, where she continues to be involved in quality of life issues, encouraging young women in their careers, and welcoming new businesses.

CONSTRUCTION

• **BHB Consulting Engineers** has hired **Andrew Van Hook** as a project engineer. Van Hook is concurrently finishing his B.S. in Civil Engineering and starting on his Master's Degree from the University of Utah.

• **Method Studio** has promoted **Basil Harb** to associate principal and hired **Joshua Greene** as vice president and senior designer. Harb has worked with the partners of Method Studio for more than 10 years. He is a longtime senior designer at the company. Greene is a designer and project manager with 18 years of experience in architecture. His work spans a range of clients and product types, from small neighborhood visitor centers to large-scale university buildings.



Basil Harb



Joshua Greene

EDUCATION/TRAINING

• **Shane Schvaneveldt**, a Weber State University professor of supply chain management, recently was honored for research with colleagues in Japan that examines the relationship between perceived quality, customer satisfaction and market share. Their research paper, "A Cross-country Comparison of the Mechanisms Relating Customer Satisfaction and Market Share," received the **2013 Nikkei Quality Management Literature Prize** from the Deming Prize Committee in Japan. Schvaneveldt, who received his Ph.D. at the Tokyo Institute of Technology before joining the faculty of the John B. Goddard School of Business & Economics at WSU, is a co-author of the award-winning paper that was written in Japanese and published in the *Journal of the Japanese Society for Quality Control*. The Deming Prize, established in the 1950s, is named after W. Edwards Deming, the American quality guru who is credited with jump-starting Japan's quality revolution in the decades following World War II.

the firm's litigation department in the Salt Lake City office, and concentrates his practice on commercial, banking and real estate law. He graduated from the University of Utah with a J.D. degree in 2006 and a B.S. degree in 2002. Sinclair is a member of the litigation department in the firm's Salt Lake City office and concentrates his practice on antitrust, intellectual property, commercial litigation and damage-related issues. He graduated from the University of Utah with a J.D. degree in 2006,



David Heinhold



Cory Sinclair



Dana Herberholz

a Ph.D. in economics in 2003 and a B.S. degree in 1998. Burns is a newly hired shareholder in the Boise office and will lead the firm's real estate practice in Idaho. His practice includes the acquisition and sales, financing, development, leasing and conflicts over entitlement issues and commercial and residential property interests. Herberholz, a registered patent attorney and member of the litigation department in the Boise office, focuses on intellectual property matters and litigation, with emphasis on patent litigation.

• **Kirton McConkie**, Salt Lake City, has announced that five associates recently were elected shareholders: **David Conklin**, a member of the firm's Intellectual Property section; **Geoff Germane**, a member of the Tax and Estate Planning practice section; **Bryant Keller**, a member of the Intellectual Property section; **Thomas Schofield**, a member of the Real Estate, Natural Resources and Energy, and Corporate sections; and **Jeffrey Steed**, a member of the Tax and Estate Planning and International Law sections.

MEDIA/MARKETING

• **Method Communications**, Salt Lake City, has appointed **Rachel Kaseroff** as senior vice president and promoted **Brad Plothow** to vice president of strategy and **Joshua Heath** to vice president. Kaseroff has nearly two decades of public relations experience, including more than a decade in representing IT security companies. In the newly created position of vice president of

strategy, Plothow will oversee the development of new services and guide overall strategic direction for the agency. He previously was an account supervisor at Method. With more than a decade of experience, Heath was one of the first employees at Method and was an account supervisor.

OUTDOOR PRODUCTS/ RECREATION/SPORTS

• **Powdr Corp.**, Park City, and **Neff Headwear** have agreed to a four-year partnership to expand Powdr's one-of-a-kind themed Neffland terrain parks to other Powdr resorts. Introduced at **Park City Mountain Resort** during the 2012-13 season, Neffland will expand to Powdr resorts in California and Vermont for the 2013-14 season. Each Neffland will have a unique theme and will be a working collaboration between Neff's design team and the resort's innovative terrain park teams. Park City Mountain Resort's candy-themed Neffland, located off of Eagle Lift, has returned this season with its iconic candy cane rail and oversized cupcake, plus a few new features.

REAL ESTATE

• **Stein Eriksen Lodge Management Co.** has launched **Chateaux Realty**, a full-service real estate company located in the lobby level in The Chateaux Deer Valley. Chateaux Realty offers representation and a portfolio of real estate purchase or sale options for The Chateaux and The Residences' owners and guests, as well as the Park City community at large for all types of real estate investment transactions. **Sara Werbelow** is leading Chateaux Realty as its principal broker. Werbelow has an MBA degree and 13 years of local residential and dedicated project sales experience. She brings a vast background in commercial real estate, acquisitions and property management. **Melissa Band** joins

see BRIEFS page 10

CENTURY
EQUIPMENT COMPANY

Everything for the
Contractors

We rent the best

4343 Century Drive
Salt Lake City, UT 84123

801- 262-5761

www.centuryeq.com

CASE
CONSTRUCTION

SEMI SERVICE INC.

For all your truck equipment needs
If it goes on a truck we probably do it!

Service bodies, flatbeds, dumps, plows
Tool boxes, cranes, van interiors & much more.

CALL US FOR A QUOTE

4285 West 1385 South
Salt Lake City, Utah 84104
1-800-442-6687
www.semiservice.com

UNDERSTANDING
FUTURE RISK IS LIKE
WALKING A TIGHT ROPE,
while standing on an elephant.

BUSINESS INSURANCE
SURETY BONDS
EMPLOYEE BENEFITS
PERSONAL HOME AND AUTO

Buckner
LONG STANDING. DEEPLY ROOTED.

CALL FOR A CONSULTATION TODAY
801.973.6700
www.buckner.com

LAW

• **Parsons Behle & Latimer** announced that **David K. Heinhold** and **Cory D. Sinclair** have been named shareholders in the firm's Salt Lake City office and that **Robert B. Burns** and **Dana M. Herberholz** have been named shareholders in the Boise office. Heinhold is a member of

Loyalty is the highest level of the customer relationship

What is the tell-tale sign of negotiation? No loyalty!

Salespeople tell me that these days, "price" is all that matters. What do you think?

Me? I think price doesn't matter, if value and relationship are solid.

Ask yourself this: When price becomes the focus, do you find your sales presentation turns into wallet wrestling?

Who is your opponent in this match? Are you getting strong-armed by your customer? Is that dreaded statement, "Your price is too high," the force you're wrestling against? Or could all of this resistance be your own fear of rejection?

Let's face it — you are afraid of losing the deal to price.

Yes, you want to win the deal. And closing a deal does bring in the money that feeds your family and supports your lifestyle. But the key is a profitable sale, and making a deal that creates a repeat customer. Which deal do you want? A price deal, or a profit deal? Which deal do you want? A one time deal, or a relationship deal?

You must be prepared to defend your price in a way that you

don't have to drop your price. That does not mean fighting with it. That means negotiating the value of it. You get rid of your fear of rejection by deepening your belief and creating tangible value. It is time to turn the price struggle into a win for both you and your customer. Stop the price wrestling, and turn the match into negotiating the value. When you do it right, you both reach a new level of agreement that translates into a better deal for everyone.

Negotiation means a suggested meeting of the minds. But it begins with your own mind. It doesn't mean lowering your price. It doesn't mean beating the customer. It means raising your customer's awareness of the value in your product or your service, and YOU.

Here's a deep question for you: Do you believe in the value of what you're selling? If you don't, no one will.

So, here's the secret: Believe in yourself first. Believe in your company second. And then you can have total belief in your product or service. Knowing the value is one thing, believing in it is quite another. And if you want to win price, they have to perceive value.

P. T. Barnum never said, "There's a sucker born every minute!" But you think he did. The reality is you don't want suckers and neither did he. You want loyal customers. Loyal customers aren't guaranteed. You create them. You nurture them. You respect them. You honor them. You give value to them. And, if you're lucky, you make friends with them.

Your customers will accept and respect you, if you accept and respect them first. Yes, they expect your honesty. Yes, they expect great service. But they will be loyal to you if you enhance their profit margin and deliver the value you promised. If you do that consistently, they'll become loyal, and ignore your price.

Your self-confidence and your self-belief are at the core of your ability to create loyalty. This belief will become transferable. One great way is to tell them how thankful you are for their business and what a great choice they made in selecting the right product or service.

The object of negotiation is: only have to do it once. The more you eliminate the negotiation process, the more you will realize the presence and the value of loyalty.

The final power to win the order rests with the quality of

your relationship with the customer. Are they satisfied, or are they loyal? Satisfied customers negotiate price. Loyal customers pay the price because they understand and appreciate the value.

Loyalty is not only the highest level of customer relationship; it's also the highest level of profit. And if you learn how to master

negotiation one time, you will never have to do it twice.

Jeffrey Gitomer is the author of 12 best-selling books including The Sales Bible and The Little Red Book of Selling. His best-selling 21.5 Unbreakable Laws of Selling is now available as a book and an online course at www.gitomerVT.com.



UofU adds online MBA program

The University of Utah's David Eccles School of Business has announced a major addition to its MBA programs with the launch of a new online Masters of Business Administration degree. The MBA Online program will give students the opportunity to pursue a University of Utah MBA in a convenient, interactive, on-demand format.

The new program will require the same application standards and will be taught by the same faculty as the university's other highly ranked MBA programs.

"We are very excited to launch the MBA Online program here at the U," said University of Utah President David W. Pershing. "Our part-time MBA programs have consistently ranked among the top 10 programs in the West, and, as equally impressive, in the

top 40 in the entire U.S. The MBA Online program will provide students who can't attend traditional on-campus courses the opportunity to earn a degree from our prestigious business school off campus."

The MBA Online program will provide a highly interactive learning experience for students. Each course will combine on-demand, multi-media enhanced lectures and team projects with in-depth discussions between students and faculty using video conferencing and other online multimedia forums.

"The introduction of our new MBA Online program shows that we understand how important choice is to our students," said business school Dean Taylor Randall.

Join Us...

**VISTAGE
WORKS**

Sound Advice from Proven Leaders

If you are a Salt Lake City area chief executive or business owner, join us for the opportunity to experience how a Vistage Private Advisory Board can help you seize opportunities and take action.

Tuesday, February 11, 2014

**Register now by calling 801.441.2541
or visiting vistage.com/SaltLakeBiz**

You Must Register to Attend. Seating is limited to chief executives and business leaders.

VISTAGE

©Vistage International. 221_3034.SLC/A

HELPING YOUR BUSINESS SUCCEED REQUIRES VISION, HARD WORK AND AN INTERNET CONNECTION.

Transform your small business into the next big thing. Our newly redesigned website and 14 Business Resource Centers can help take you from raw idea to reality.

Existing businesses can learn how to grow, get funding as well as expand nationally and internationally. To help start or build your company, visit business.utah.gov/start.

UTAH
LIFE ELEVATED™



Utah Governor's Office of
Economic Development

BUSINESS • TOURISM • FILM

Industry Briefs

BRIEFS

from page 7

Chateaux Realty as the associate broker. Band moved to Park City in 1994 and offers experience working with buyers and sellers throughout Salt Lake, Utah, Summit, Wasatch and Weber counties. Band has also worked as a property manager and offers insights to the vacation-home market and rental values. Agent representatives of Chateaux Realty include **John Vrabel** and **Noelle Strong**. Vrabel began selling real estate in 1971 after graduating from the University of Utah. Vrabel was on the original sales team of Greater Park City Co.'s real estate operation formed by Edgar Stern's Royal Street Corp. Strong, a third generation Realtor, has lived in Utah for 15 years and began working in the real estate industry five years ago.

• **Kip Wadsworth** has begun serving as the full-time CEO of **Wadsworth Development Group** (WDG), Draper, after serving more than 30 years with Ralph L. Wadsworth



Kip Wadsworth



Ed Waldvogel

Construction (RLW), including time as CEO. Wadsworth has been splitting his time between the two companies since 1996. He has nearly 20 years of experience in commercial real estate, including developing, constructing, operating/managing, owning, leasing, acquiring and disposing commercial real estate. WDG currently owns and manages 29 real estate assets and has another 15 projects in development. Also, WDG has hired **Ed Waldvogel** as a project manager. He specializes in site evaluation, entitlements,

due diligence, design and construction management, and financial feasibility. In previous roles with The Boyer Co. and Newmark Grubb, he worked as a property manager, ARGUS financial analyst and broker. His education includes a Master of Real Estate Development (MRED) degree from the University of Utah.

TECHNOLOGY/LIFE SCIENCES

• **Allegiance**, Salt Lake City, has named **Al Nevarez** to the newly created position of vice president of data science. He previously was vice president of product management. In his new role, Nevarez will focus on the next generation of intelligent products designed to quickly uncover actionable insights in customer data. Nevarez is inventor of Allegiance's Spotlight data mining product. He started his career at Ford Motor Co., where he worked in the U.S. and Japan in engineering and marketing on several advanced vehicles.

• **Opengear**, Sandy, has appointed **Gary Marks** as president. Marks has senior executive leadership experience in data center infrastructure management and will have full authority and global day-to-day responsibility for planning, implementing,



Gary Marks

managing and controlling all sales and marketing activities of the company. In addition, he will undertake executive leadership responsibility for all of Opengear's operations and staff in the United States. Marks most recently was senior vice president of global sales and marketing for Raritan. He also held senior executive leadership positions that focused on enterprise sales, marketing and channel growth with Dialogic, Conner Peripherals, AT&T and Western Digital.

KENNEDY

from page 13

401Ks, IRAs or Roth IRAs and you can even have your health savings account own property. How cool is that? Have your HSA own a rental property and when you get sick, or need an operation down the road, your tenants pay the bills.

Hank Kennedy is the owner/broker of Custom Realty in Salt Lake City. He can be reached at 801-599-6299 or hank@hankkennedy.com.

PRIORITIES

from page 1

omy faces economic headwinds from our nation's capital and risks economic hardship if we do not address our education system and transportation infrastructure."

The chamber also is stressing the need to return Utah to a top-10-state level in overall education rankings in order for the state to be globally competitive from an economic standpoint. Specifically, it is calling for improvement in fourth grade reading scores, eighth grade math scores, high school completion and college and career readiness, innovative teaching in public education, and Utah's ability to reach 66 percent of Utahns with postsecondary degrees or certificates.

"Investing in our children is the best investment we can make as a community," said Alan Hall, chairman of Prosperity 2020, founder and co-managing director of Mercato Partners, and chairman of Marketstar. "Facing unprecedented growth, we need to ensure that the largest population of young people in the country will be deployed as the best educated workforce, propelling Utah to enduring prosperity."

The guide highlights how businesses across the state are becoming directly involved in the educational success of Utah's children through partnerships, includ-

ing tutoring students, volunteering in classrooms, sponsoring activities, advising programs of study, providing internships and funding scholarships.

"Utah's business leaders understand the urgency of addressing our education challenges," Beattie said. "As a strong backer of the Prosperity 2020 movement, we are very supportive of the priorities and commitment of the legislature's Education Taskforce and will work to make these policies a reality."

The chamber also is supporting a five-year action plan to fully fund transportation needs identified in Utah's 2040 Unified Transportation Plan. This action plan includes allowing local governments to address their urgent transportation challenges, investments to improve our transit system, and a call for the expansion and inflation-adjustment of user fees to meet critical needs.

"Our community continues to rapidly grow," said H. David Burton, co-chairman of the Utah Transportation Coalition. "We must act now to ensure future generations can enjoy economic prosperity and a high quality of life."

"Investments in transportation infrastructure benefit every aspect of our economy," said David Golden, co-chairman of the coalition and executive vice president and manager of Wells Fargo Commercial Banking Group's Mountain Division. "The need for

investment is critical and requires immediate action in order to sustain and enhance our world-class business and economic climate."

The chamber also has created a Natural Resource Business Council to present a comprehensive approach to the state's natural environment and important sectors of Utah's economy. The chamber's clean air and energy and minerals task forces, as well as two new chamber initiatives in water and outdoor recreation and tourism, are organized under the council.

The council's priorities include developing a long-term vision on Utah's water needs, enhancing rural economic development, improving transportation options to Utah's energy rich Uinta Basin, supporting Utah's tourism marketing and addressing air quality issues.

The chamber supports the PM2.5 State Implementation Plan, increased transportation funding to improve the transit system and reduce idling on Utah's roadways, cleaner vehicles, increased efforts for public awareness and research, and incentives to facilitate small businesses' participation in emission reductions.

"Air quality for many Utahns' is the state's most pressing issue," Beattie said. "Clean air makes good business sense, and the Utah business community is committed to being a champion for improving our air quality."

ECONOMY

from page 1

government realizes the importance of empowering the private sector, Herbert said.

He noted also that Utah has the nation's second-fastest-growing economy, behind only energy boom state North Dakota, and the nation's fourth-most-diverse economy.

"Every sector of our economy is growing again," Herbert said, adding that government is the one exception.

James Wood, director of the Bureau of Economic and Business Research at the University of Utah, said "things slowed down a bit" in the second half of 2013, partly due to an increase in interest rates in early summer.

"It was a solid year. If you look where we are, we are the envy of almost every state except North Dakota. ... In relative terms, it was very good," he said.

Asked about any surprises during the year, Wood said he was "stunned, really" by economic growth in Utah County. The workforce of 200,000 there sustained 5 percent growth, month after

month, and showed strength with growth in professional and scientific jobs, he said.

Darin Mellott, a senior analyst at CBRE, said he was surprised by the economic upside in the fourth quarter. It "turned out to be a fairly decent quarter" despite the federal government shutdown's effects, he said.

On the housing front, Wood said housing turned a corner in 2012. Construction of single-family units had gone from 21,000 units annually to 5,000 and remained "stuck" there for four years.

"That's a 75 percent decline," Wood said. "That's a depression in just about any industry, I think, and it was very tough."

But the figure now is between 10,000 and 11,000 annually and the figure could rise 10 percent to 15 percent this year. "We've got great fundamentals," Wood said.

Housing prices have bounced back 20 percent during the past two years and are within 95 percent of what they were at their "unsustainable" peak, he added.

Carrie Mayne, chief economist at the Utah Department of Workforce Services, stressed a need to "bring along" the state's


workforce to coincide with expected economic growth.

"Business expansion [and] business investment will pick up," she said. "The potential is there. We need to ensure that our workforce aligns with that and that we bring them along with."

In previous economic expansions, net migration met labor needs, "so we need to focus on attracting workers to the state," she said. Utah currently has a supply of labor available, and people need jobs. "But eventually those people will get jobs, and we will need new individuals with all the right skills in order to move forward with our growth," she said.

"I think the governor and his leadership team have done an excellent job bringing business into the state and letting the nation know this is a great place to do business. I think, looking forward, knowing that our economy is going to expand and that we'll need those workers, we should take those same bits of sales that we can do to the nation and do that to the workers and not just the businesses. Tell people that it's a great place to work as well as a place to set up shop."

Ask about our engine rebuild specials!



JOHN DEERE

HONNEN EQUIPMENT

4055 S. 500 West, SLC 801-262-7441

DEALS HAPPEN HERE.

Deals happen in Utah. So it's no surprise that sourcing deals will be the focus of the 2014 ACG Utah Intermountain Growth Conference in Salt Lake City on Thursday, March 13. Participants will hear from industry experts and find the tools they need to make deals happen.

Keynote Speaker



Mark King
CEO of TaylorMade-adidas Golf

Mark King, CEO of TaylorMade-adidas Golf, will be the keynote speaker at the conference held at the Grand America Hotel. The title of his address will be "Market Conditions Don't Determine Growth . . . You Do!"

Conference Agenda

- 11:00-12:00 Registration
- 12:00-1:45 Lunch and keynote
- 1:45-2:00 Break and panel setup
- 2:00-5:00 ACG Deal Track (concurrent to panel discussions)
- 2:00-5:00 Panel discussions
- 5:00-8:00 Capital Connection, bar, hors d'oeuvres and dinner

To register, go to acg.org/utah.

ZIONS BANK



Grant Thornton
An instinct for growth



CHASE

PARR BROWN
GEE & LOVELESS



SORENSON CAPITAL

CORNERSTONE



Enterprise
UTAH'S BUSINESS JOURNAL



Utah Governor's Office of
Economic Development
BUSINESS • TOURISM • FILM

kuer
kuer.org 90.1

Utah Business
THE MAGAZINE FOR DECISION MAKERS

VINTAGE FILINGS
A Division of PK Norwest

2014 ACG UTAH INTERMOUNTAIN GROWTH CONFERENCE | MARCH 13

ACG
www.acgutah.org

Opinion

Truth and data mean very little to fact-free liberals

Someone summarized Barack Obama in three words — “educated,” “smart” and “ignorant.” Unfortunately, those same three words would describe all too many of the people who come out of our most prestigious colleges and universities today.

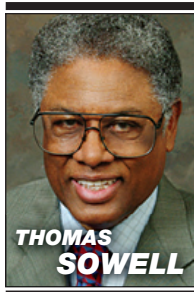
Pres. Obama seems completely unaware of how many of the policies he is trying to impose have been tried before, in many times and places around the world, and have failed time and again. Economic equality? That was tried in the 19th century, in communities set up by Robert Owen, the man who coined the term “socialism.” Those communities all collapsed.

It was tried even earlier, in 18th century Georgia, when that was a British colony. People in Georgia ended up fleeing to other colonies, as many other people would vote with their feet in the 20th century, by fleeing many other societies around the world that were established in the name of economic equality.

But who reads history these days? Moreover, those parts of history that would undermine the vision of the left — which prevails in our education system from ele-

mentary school to postgraduate study — are not likely to get much attention.

The net results are bright people, with impressive degrees, who have been told for years how brilliant they are, but who are often ignorant of facts that might cause them to question what they have been indoctrinated with in schools and colleges.



THOMAS SOWELL

Recently Kirsten Powers repeated on Fox News Channel the discredited claim that women are paid only about three-quarters of what a man is paid for doing the same work.

But there have been empirical studies, going back for decades, showing that there is no such gap when the women and men are in the same occupation, with the same skills, experience, education, hours of work and continuous years of full-time work.

Income differences between the sexes reflect the fact that women and men differ in all these things — and more. Young male doctors earn much more than young female doctors. But young male doctors work over 500 hours a year more than young female doctors.

Then there is the current hysteria which claims that people in the famous “top 1 per-

cent” have incomes that are rising sharply and absorbing a wholly disproportionate share of all the income in the country.

But check out a Treasury Department study titled “Income Mobility in the U.S. from 1996 to 2005.” It uses income tax data, showing that people who were in the top 1 percent in 1996 had their incomes fall — repeat, fall — by 26 percent by 2005.

What about the other studies that seem to say the opposite? Those are studies of income brackets, not studies of the flesh-and-blood human beings who are moving from one bracket to another over time. More than half the people who were in the top 1 percent in 1996 were no longer there in 2005.

This is hardly surprising when you consider that their incomes were going down while there was widespread hysteria over the belief that their incomes were going up.

Empirical studies that follow income brackets over time repeatedly reach opposite conclusions from studies that follow individuals. But people in the media, in politics and even in academia, cite statistics about income brackets as if they are discussing what happens to actual human beings over time.

All too often when liberals cite statistics, they forget the statisticians’ warning that correlation is not causation. For example *The New York Times* crusaded for government-provided prenatal care, citing the fact that black mothers had prenatal care less often than white mothers — and that there were higher rates of infant mortality among blacks.

But was correlation causation? American women of Chinese, Japanese and Filipino ancestry also had less prenatal care than whites — and lower rates of infant mortality than either blacks or whites.

When statistics showed that black applicants for conventional mortgage loans were turned down at twice the rate for white applicants, the media went ballistic, crying racial discrimination. But whites were turned down almost twice as often as Asian Americans — and no one thinks that is racial discrimination.

Facts are not liberals’ strong suit. Rhetoric is.

Thomas Sowell is a senior fellow at the Hoover Institution, Stanford University. His website is www.tsowell.com.

COPYRIGHT 2014 CREATORS.COM

When Washington chooses sides, Middle East gets worse

Over the past few months, the Middle East has become an even more violent place than usual. Iraq is now the second bloodiest civil war in the world — after Syria. Watching these horrors unfold, many in the United States are convinced that this is Washington’s fault or that, at the very least, the Obama administration’s “passive” approach toward the region has allowed instability to build. In fact, the last thing the region needs is more American intervention.



FAREED ZAKARIA

The Middle East is in the midst of a sectarian struggle like those between Catholics and Protestants in Europe in the age of the Reformation. These tensions are rooted in history and politics and will not easily go away.

Three factors have led us to this state of affairs. First, the structure of Middle Eastern states. The modern Middle East was created by the colonial powers at the end of World War I. The states the British and French created, often with little forethought, were comprised of disparate groups that had no history of being governed as one entity. Iraq, for example, was formed by putting together three Ottoman provinces that had little in common.

The colonial powers often chose a set of rulers who came from a minority group. (It was a cunning strategy — a minority regime always needs the help of some outside force to rule.) Thus the French, when facing a nationalist insurgency in Syria in the 1930s and 1940s, recruited heavily from the then-persecuted Alawite minority, which came to dominate the army and in particular the officer corps of the country.

The second factor at work has been the rising tide of Islamic fundamentalism. Its causes are various — the rise of Saudi Arabia and its export of puritanical Wahha-

bi ideas, the Iranian revolution and the discrediting of Westernization as the secular republics in the region morphed into military dictatorships.

The most important states in the Middle East — Gamal Abdel Nasser’s Egypt, for example — were not sectarian. In fact, they stressed their secular mindset. But over time, as these regimes failed, they drew increasingly from particular tribes that were loyal to them. Saddam Hussein’s Iraq went from mildly sectarian to rabidly so by the 1990s.

Often the new sectarianism reinforced existing patterns of domination. When you travel in the Middle East, you often hear that these Sunni-Shiite differences are wholly invented and that people always lived happily together in the old days. These comments are almost always made by Sunnis, who assumed that their Shiite brethren, who were rarely seen or heard in the corridors of power, were perfectly content with their subordinate status.

The third factor is one involving Washington deeply — the invasion of Iraq. If there was a single action that accelerated the sectarian conflicts in the Middle East in the last few decades, it was the decision of the George W. Bush administration to topple Saddam Hussein’s regime, dismantle all structures in which Sunnis had power and then hand over the Iraqi state to Shiite religious parties.

Washington in those days was consumed with the idea of transforming the Middle East and paid little attention to the sectarian dimensions of what it was unleashing. I met with the current prime minister of Iraq, Nouri al-Maliki, in 2005 when he held no office. I described him then as “a hard-line Shiite,” unyielding in his reli-

gious views and extremely punitive towards the Sunnis. He did not strike me as a man who wanted national reconciliation. It was also clear that, having lived in exile in Syria and Iran for almost two decades, Maliki was close to both those regimes, which had sheltered him and his colleagues. Bush administration officials dismissed these concerns and told me that Maliki believed in democracy and pluralism.

The consequences of these policies are now clear. The Shiites proceeded to oppress the Sunnis — seemingly with Washington’s blessings. More than 2 million Iraqis — mostly Sunnis and Christians — fled the country, never to return. The Sunni minority in Iraq, which still had delusions of power, began fighting back as an insurgency and then became more extreme and Islamist. These tribes are all tied by blood and kinship to Sunni tribes in their next-door neighbor, Syria, and those Syrian Sunnis were

radicalized as they watched the Iraqi civil war.

As violence has flared up in Iraq again, a bevy of Bush administration officials have risen to argue that if only the United States were more actively involved in Iraq, had a few thousand troops there and fought against Sunni militants while pressing Maliki more firmly that things would be very different. Not only does this misunderstand the very deep nature of the conflict in the Middle East, it also fails to see that Washington choosing one side over another actually made matters substantially worse. One more round of American intervention, in a complex conflict of religion and politics, will only add fuel to the fires in the Middle East.

Fareed Zakaria’s email address is comments@fareedzakaria.com.

(c) 2014, Washington Post Writers Group



Opinion

Here's why you should include real estate in your retirement plan

Most people who put money aside for retirement have met with a financial planner and plotted out a strategy at one point. Diligent savers even meet with their planners on a regular basis to help keep them on track. But do those planners suggest buying real estate as part of the overall strategy? Maybe the good ones, when talking to high net-worth individuals who already own real estate, or who understand the distinct advantages that only real estate offers as an investment, make that suggestion.

But, the fact is, most financial planners work for brokerage firms who make money by selling stocks and bonds. There is no incentive for those planners to recommend owning real estate as part of the strategy, and, when it is brought up, they will most likely steer the customer into a real estate investment trust (REIT). While a good REIT may be a good investment, it is not the same as owning investment real estate. It is a security which owns real estate.

There are four main advantages to owning investment real estate: appreciation, tax advantages, cash flow and mortgage reduction. Taken together, these advantages can often add up to superior returns and, I think, more importantly today, offer far greater control of your own money than handing it off to Wall Street and hoping that the stock, bond or mutual fund purchase goes as predicted.

Appreciation is the top advantage. The beauty of real estate investment versus other types of investment is that if you borrow part of the purchase price, you still get the full benefit of the overall assets increase in value over time. For example, if you were to buy a duplex in your neighborhood for \$250,000 and you invested \$50,000 from your IRA as down payment, your loan would be \$200,000. If the market goes up 5 percent the next year, which is very reasonable to expect, your investment increases not 5 percent of your \$50,000 investment, but 5 percent of the entire asset, \$12,500 or 25 percent on your investment.

Tax advantages are another great benefit to owning investment real estate. The rules are different tax-wise if you are using retirement funds as in the example above versus a simple purchase. To illustrate a couple of different advantages, assume you buy the \$250,000 duplex using money from savings rather than retirement funds. The IRS allows you to depreciate investment real estate. For residential real estate like the duplex, they allow the depreciation to be taken over 27.5 years. You can't depreciate land, and there are slightly different schedules for improvements like sprinkler systems, parking lots, etc., but a conservative figure may be that 75 percent of the \$250,000 duplex can be depreciated over the 27.5 years or \$6,818 immediately gets deducted against any gains for that year. When you sell the duplex, unless you do a tax deferred exchange, some of the

depreciation will need to be "re-captured" so it is always wise to strategize with your accountant when planning to buy or sell investment real estate.

In addition to depreciation, owning investment real estate is, in essence, owning a small business which in itself has many tax advantages.

Cash flow is another great advantage. In the first example, your loan on a \$250,000 duplex was \$200,000. If your interest rate was 4.5 percent and you obtained a 30-year loan, your principal and interest payment would be \$1,009.58. Taxes on a property of that value would likely be around

\$2,000 per year or another \$166 per month for a total payment of around \$1,176. In today's market, a \$250,000 duplex would likely rent for \$700-\$800 per side. If we take the low end, \$1,400 per month income, the property is generating gross cash flow of \$224 per month or \$2,688 per year. Reality is you would have some vacancy, though not much in today's rental market and there would be some maintenance expenses. If you owned this property in a retirement vehicle like an IRA they require a property manager. So the cash flow may be very little in this example in the first year. Take a look in 10 years though and it turns out to be fantastic. If the market prices appreciated an average of 5 percent — again very realistic — and rent rates went up just 3 percent the numbers in 2024 look like this: The property is now worth \$393,890, rents have increased to \$940 per side — again a very conservative figure — and the mortgage has been paid down.

Many investors use excess cash flow to pay off the mortgage faster, so instead of a 30-year loan, you may pay it off in 20 or less depending on the situation. What makes this such a great retirement strategy is, that in most cases, the loan is paid off and the cash flow increases dramatically just when you need it as you cut back on your working income or retire completely.

The fourth great advantage is mortgage reduction. What a great concept: Take out a loan on an investment, and let someone else pay off your loan. I hear your concern, "I don't want someone to call me at 3 a.m. because the furnace went out." Fine, I understand. You can hire a property manager, train the tenant who to call in an emergency, or any number of options to deal with those occasional inconveniences. As one of my investment teachers once stated in a valuations class, "If someone is buying a building for you, you should be happy to take a call once in a while."

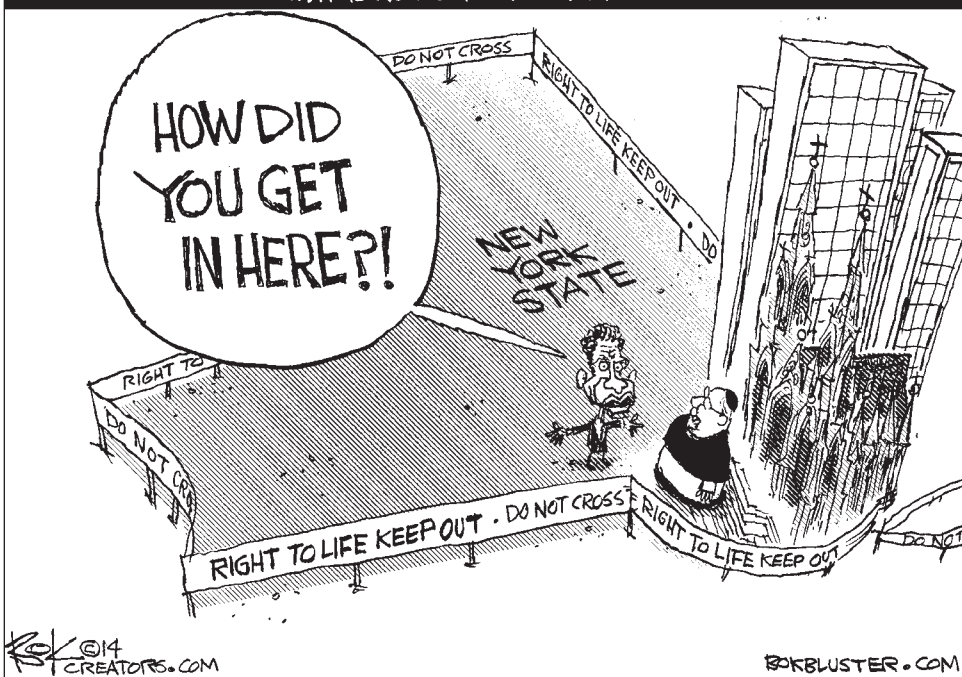
There are many ways to invest in real estate: commercial property, residential, land, single family homes, condos, development — the list goes on. What most people don't realize is they can make these investments inside retirement accounts like



HANK KENNEDY

see KENNEDY page 10

GOV. CUOMO SAYS RIGHT TO LIFE CONSERVATIVES HAVE NO PLACE IN NEW YORK BECAUSE THAT IS NOT WHO NEW YORKERS ARE.



Find a strategy to pay taxes while your investments are worth less

When David Walker, comptroller general of the United States Government Accountability Office (GAO), left office a few years ago, he stated he needed to exit government so he could tell the American public the truth.

The truth is we currently have national debt that exceeds \$17 trillion, which represents a liability of about \$170,000 per American taxpayer. Currently the federal government is incurring \$3.6 billion in new debt every day — that's \$42,000 every second. And we continue to experience high-level unemployment, shrinking tax revenue and a struggling economy for the foreseeable future.

Not only that, but the trustees of Social Security estimate a current unfunded liability in excess of \$130 trillion in 2013 dollars. This means that the federal government has obligated itself to pay more than \$130 trillion over and above any taxes it will likely receive. In other words, that's how much would have to be invested at U.S. Treasury rates to pay the future liability owed to Social Security recipients who have faithfully paid into the system during their careers.

Most people can't even begin to comprehend what \$130 trillion is. It's 130 with 12 zeros to the right. Just \$1 trillion would be \$1 bills lined up end-to-end from here to the moon and back — 200 times.

Even though many believe that Social Security is our greatest entitlement problem, Medicare is six times larger in terms of unfunded obligations, according to Walker. It would require \$900,000 from every full-time working individual in America in order to cover this huge liability. How is that going to happen?

On top of that, the Congressional Budget Office estimates that healthcare reform will be at an estimated cost of just under \$3

trillion during the next 10 years.

In the meantime, the interest alone on the national debt accrues at nearly \$80 million an hour (just under \$2 billion a day) — that's \$1.3 million per minute, or \$23,000 per second.

When individuals find themselves with more outgo than income, they are forced to either cut expenses or increase income. Well, the federal government is definitely not cutting its spending, so it is clear it will be forced to raise taxes dramatically and will continue printing more money. The chaos this will create — through inflation — would be similar to the Federal Reserve constantly redefining how many minutes constitute an hour.

I can confidently assure you that: 1. Your current tax bracket will likely be the lowest bracket you will ever be in, and 2. Your money will never be worth more than it is today. So, what should you be doing?

Many smart people are now converting their IRAs and 401(k)s (and other qualified accounts) by doing what I call a "strategic rollout" — a method of taking care of taxes now on those accounts at a lower rate and repositioning the money into vehicles that will accumulate tax free from this point forward and more importantly, will provide tax-free income later.

Why wait for your IRAs and 401(k)s to recover from their losses and then pay tax on that higher amount later? You can either pay the IRS now or you will pay them more later. Now is the time to convert your IRAs and 401(k)s to better plans. There are safe and proven strategies that will help you get your future back!

Douglas R. Andrew is a best-selling author, radio talk show host and abundant living coach.



DOUG ANDREW



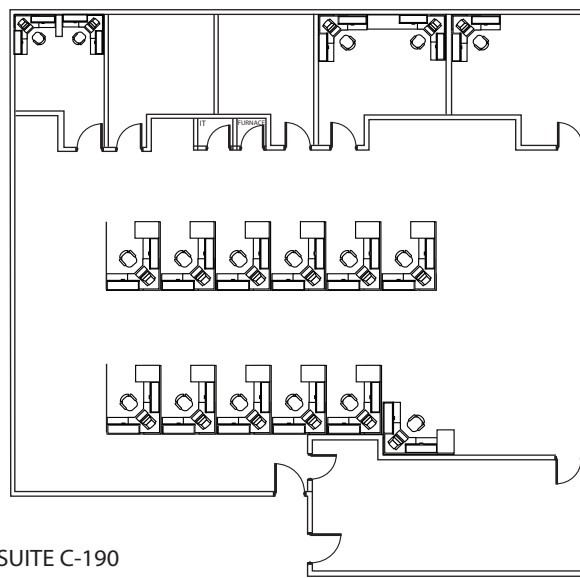
Available Office and Industrial Properties



PineHill Business Park
5300 South 360 West
Murray, Utah 84123

Office or Industrial Space Available.

Sq Ft Available:
Office from 300 - 4000
Industrial from 1600 - 4000



SUITE C-190
 3,106 USEABLE SQ FT
 3,645 RENTABLE SQ FT

- An excellent location for your *new* or *downsizing* business.
- Great location with *immediate access to I-15.*
- Within *one mile of trax* station.
- Close proximity to *Intermountain Medical Center.*
- Includes *use of PineHill community conference room.*



For more information contact:
Ron Dowden at 801-262-2692
 or by email at **RonD@securitynational.com**



Northgate

BUSINESS PARK

\$165 and up

Ben: 801-891-6927
James: 801-891-6932



Absolutely the best deal in town!

Private office available 8 blocks from downtown city center. Locate your business in the Northgate Business Park complex. Currently home to over 80 different companies.

Amenities Include:

- Free Parking
- Conference Rooms
- 24 hour electronic key card access
- 8 blocks from city center
- 2 blocks from a main I-15 on/off ramp
- 24 hour camera security
- Thriving business community
- Public transportation in front of property

CREW



NETWORK®

2014 CREW Network® Winter Leadership Summit

February 6-7, 2014 • Salt Lake City, Utah



It's time to make your plans to attend the 2014 CREW Network Winter Leadership Summit in Salt Lake City, Utah, Feb. 6-7. Attendance is required for chapter delegates, but all CREW Network members interested in enhancing their leadership skills and in serving in local and national CREW Network leadership roles are invited and encouraged to attend. Nonmembers are welcome as well. The activities kick off with delegate training on Thursday afternoon, and then Friday features a full day of programming, with the Council Meeting in the morning, followed by development training through the afternoon.

\$200 member / \$400 nonmember

Grand America Hotel
555 South Main Street
Salt Lake City, UT 84111



More information and registration at
<http://events.crewnetwork.org/2014winter>

For registration questions, please email Joshua Lyons, chapter services coordinator, or call 785-832-1808.



WE'VE BEEN ACCUSED OF
FANATICAL CRAFTSMANSHIP
- TO WHICH WE PLEAD GUILTY.

It shows up in the little things. The very little things. The things that would normally keep you up at night - but no longer will, because we've got them covered. Lock, stock and barrel.

We admit it, we're obsessive. We're fanatics. And darn proud of it, because it makes for a project well done, and a client well pleased. Not to mention "Best of State" Awards three years in a row.

Call 800.748.4481 or visit www.big-d.com

