FALL 2011

Leading EDGE

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ADVICE & INFORMATION TO HELP YOU MANAGE YOUR BUSINESS

What do your job titles say about your company?

Plus

- THE CASE FOR MONEY
- WEBSITE AS 'OFFICE'

Leading EDGE

ADVICE & INFORMATION TO HELP YOU MANAGE YOUR BUSINESS

Dear Clients and Friends:

What's in a title? Business titles appear virtually everywhere—on business cards, in email signatures, on company websites. But how often do you think about the message your organization's titles are communicating to your clients and employees? This month's feature article explores how to ensure that your titles are aligned with your company's business and HR strategies.

This issue also explores how to rethink your website, looking at it as more than just a static brochure and considering it your virtual office space that welcomes visitors you may or may not know.

We all know how important it is to present your organization in the best possible light when seeking funding for your business—no matter the source. Our experiences provide valuable insight to ensure you are putting your best foot forward.

This quarter we also explore how to ensure you have the right senior management team and things you need to keep in mind when buying a company that works with government agencies. We also look at a unique opportunity for estate and gift tax planning and review the big GAAP v. little GAAP debate.

You will find a new feature in this issue, On the Bookshelf, a quick look at some business reading you may want to have on your own shelf or electronic reader.

As you consider what is best for you and your business, please know we are here to help.

Kreischer Miller is committed to providing you with valuable information to assist you and your business. Please share any suggestions, comments and ideas for future articles with me at (215) 441-4600 or schristian@kmco.com. We appreciate your continued confidence in us and welcome any feedback on how we can better meet your needs.

Stephen W. Christian

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More than words, titles can be components in your business and HR strategy

BY DANIELLE TOTH

You see them on business cards, email signatures and company websites. You hear and speak them when meeting someone new. You pass by signs and nameplates at your company and other companies.

Titles are frequently communicated, but what are they really saying to your clients, prospects, employees and more? Are they saying what you want them to say?

"How you use titles usually depends upon the nature of your business," says Rob Wilson, president of Employco, an Illinois-based human resources and payroll outsourcing firm.

Create a business chart of how you plan to grow and change over the next few years and take your company's titles into consideration. What sort of employees do you want to have in the next few years? What do you want to say about your company?"

Go standard

Suzie Boland never gave titles much thought when she set up her Tampa-based public relations company, RFB Communications Group. She followed frequently used titles such as president, senior vice president and vice president.

"I looked within the industry to see what worked and what people were comfortable with," she says. "I wanted the titles to be descriptive of the job the employee performs."

These titles clearly communicate the company's hierarchy. As Boland explains, most prospects and clients want to do business with the person in the room who has the biggest title.

"If you have someone from the executive suite in a meeting, the questions will be directed toward them," Boland says. "People like to touch the hem of the garment. They want to have access to the main decision-maker. It's not right or wrong—it's just human nature."

Boland advises business owners to research what titles are common in their industry and consider using those for both client and employee ease.

"The people you hire or do business with will be familiar with certain titles," she says. "Unless you want to review a million resumes for a position because your title description isn't clear or continually explain to clients and prospects what it is your employees do, using standard titles allows you to focus more time on your business and less on other distractions."

Of course, Boland cautions, remember that titles don't equate necessarily with talent level. "Just because someone has a lesser title doesn't mean they can't handle a project," she says.

Go without

For many years, The Richards Group, a Dallas-based marketing agency, used titles. The agency eventually had more than five different titles with similar names in the brand management department alone, explains Diane Fannon, principal of The Richards Group.

That's why in 2003, the company made a bold move and decided to do away with titles for all but the dozen or so executives who share the title of principal. "Titling was a distraction that we didn't need," Fannon says. "It didn't make a difference in what we're really about, which is the strategic and creative work we do on behalf of our clients. When people are focused on the fact that 'Susie just became a management supervisor and I'm only an account supervisor,' they're not focused on the needs of their clients."

While having its top executives share the same title may sound confusing, it's not. Each client has one principal who handles his or her account and is the client's go-to person. "As long as the work gets done and the relationship the client has with the people who work on their business is strong, titles don't matter to them," Fannon explains.

Eliminating titles also eliminated the bureaucratic layers that got in the way of efficiency, she says. With so many different titles, more hands than were necessary got involved in the company's projects. The new structure eliminated the unnecessary involvement because no hierarchical pyramid requires a "title" to be in the room, Fannon says.

"The more titles you have, the more you feel obligated to have some of each on any given project," she explains. "With no titles, you have the principal, a more senior person and however many people that person needs to get the job done—all equal in responsibility."

While some employees were originally upset their titles were taken away, Fannon says the approach is a good recruiting and retention tool. "We find out quickly to whom a title means more than doing the work," she explains. "We can tell who is a cultural fit and who is not."

The approach also makes The Richards Group's payroll structure less complicated, Fannon says. Instead of employees making "X" amount of dollars corresponding to their title, their salaries are based on their individual responsibilities and performance.

Eight years after the title overhaul, Fannon says the change hasn't affected the company's internal operations negatively and even opened up some doors. "The really cool thing that came out of this is when I was explaining the decision to my team, one of the youngest members raised his hand and said, 'So that means I can take on any project I'm capable of without being held back by a title?' When I heard that, I knew the company was doing the right thing by focusing on the work and not on titles," Fannon says.

Go creative

Eyespeak, an Atlanta-based web design and development firm, is a company that turned to using "creative" titles. Although it began using standard titles, the company's culture naturally led to more creative titles, explains Sarah Hitt, brand communicator at eyespeak who handles all of the company's title naming.

For example, the person who handles eyespeak's social media is the "social instigator," while the individual who manages the company's programmers and engineers is the "technical architect."

"Creative titles fit our company culture

> *"A bigger title should reflect greater responsibility and therefore a greater contribution to the organization."*
>
> – Suzie Boland,
> RFB Communications Group

better because our culture is creative," Hitt says. "We want each of our employees' titles to be a showcase of who we are and our work.

"One title we are working on right now is our chief operating officer. Every company has a COO. We are not like every company, and we want our titles to showcase that."

Creating an alternative title for COO has being very challenging for eyespeak because the position is so diverse, Hitt says. While it hasn't decided on a final title, it is playing with principal, captain, offensive coordinator and various others.

Like its renaming of COO, eyespeak is revamping many of its employees' titles to better fit not only the company culture but the individual in the position. While many companies hire a person who best fits a title, eyespeak hires the right person for the company then finds a title. Determining the best title can be a long and involved process, Hitt says.

"First, I look at the so-called 'normal' titles for what a person does, like graphic designer," she explains. "Then I work through the industry to see what other people are calling it, creative or not. From there, I come up with a long list and work through it with the employee. We select ones that the employee feels display who he or she is personality-wise and what he or she does. From there, the titles are chosen by our president and director, although sometimes we go back to the drawing board at this point because nothing stuck."

For the most part, titles are individualized. However, if a person came into the company filling the exact same role of the previous

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'CREATIVE' VS. 'STANDARD' DEBATE

While some companies, like eyespeak, use "creative" business titles, others stick to the traditional.

Rob Wilson, president of Employco, an Illinois-based human resources and payroll outsourcing firm, says his company uses standard titles such as director of operations and vice president because of the nature of his business. He says companies in more creative industries can get away with using unique titles.

"Because we work with human resources, insurance and financial services, we don't think it's appropriate to use 'creative' titles," Wilson says. "However, we do call our account executives 'risk consultants.' I wouldn't say it's creative, but it's different."

However, Suzie Boland, president of public relations firm RFB Communications Group, says she finds "creative" titles distracting and annoying.

"I've seen chief dreammaker, for instance," she says. "What does that mean and why would I, as a client, understand what that is? To do business well, you need to be able to cut through the clutter and be as straightforward as possible.

"Often, what someone with a unique title will say is, 'I am chief dreammaker, which means I do such and such.' But it's like branding. If you have to explain your brand, it's not clear."

However, Sarah Hitt, brand communicator at eyespeak, says one of the company's favorite parts of using creative titles is explaining them to clients. For example, as "brand communicator," Hitt's title opens doors to talk to clients about both what she and eyespeak do.

"Since our industry can often be misinterpreted, it is a great opportunity to have a conversation with clients on what we can do for them in our position," Hitt says.

person, he or she would most likely get the same title.

Outside of being a creative agency, eyespeak believes no two companies or organizations are alike, Hitt says. For example, the generic title of COO may be familiar to many people, but while most companies have one, the roles each person plays may be different from company to company.

"We would prefer to have titles that people can get a snapshot of what the person does, and then open doors to the conversation about what they title really means," Hitt says.

She also says that eyespeak's creative titles have no influence on its pay scale because employees are compensated based on their job role and performance.

Compensate with words

While presenting an employee with a new job title in lieu of a pay increase became more popular during the recession, companies may want to rethink that approach.

"I would really advise employers to assign a title that go with the job rather than just giving a title to a person as a 'promotion,'" says Susan Cucuzza, executive coach and founder of Live Forward LLC, a Cleveland-based executive coaching and development company. "Giving a person a title is not a motivator to keep the person with a company—it is really only a temporary motivator."

Boland agrees, saying she would be embarrassed to offer an employee a title without a raise. "A bigger title should reflect greater responsibility and therefore a greater contribution to the organization, which should involve a more financial reward," she says. "If you're giving someone a title promotion without financial compensation, the message you're giving them is, 'I'll tell the world I value you, but I'm not going to show you I value you.'"

Even if a company doesn't have the money to give with a promotion, don't reward a promotion by title alone. Think creatively, Boland says. For example, employees could receive non-financial compensation such as additional time off or flex time. **LE**

FRIVOLOUS? STRATEGIC? YOU MAKE THE CALL

While creative titles aren't always easy to figure out, they can be interesting—and lead to some conversations. Check out some of the more unusual.

CHIEF DREAMMAKER –
Franco Sevilla, an advertising specialist at Activasia, a marketing firm in the Philippines

CHIEF EXECUTIVE PICKLE –
Rana DiOrio, founder of Little Pickle Press, a California children's media publisher

CHIEF FUN OFFICER –
Steve Graves, owner of Play-a-Round Golf, which houses simulated golf courses in Pennsylvania

CHIEF STORYTELLER –
David Burn, founder of Bonehook, a Portland marketing firm

CHIEF WIGGLE EYE GLUER –
Shaun Krause, founder of My Car Pet, a company that makes creatures out of carpet

COMMUNICATOR AND PUBLIC HAPPY MAKER –
Jean Lafferty, media relations contact at Arico Natural Foods, which manufactures CrispRoot chips

GRAND POO BAH –
Richard Tait, co-founder of board-game maker Cranium Inc.

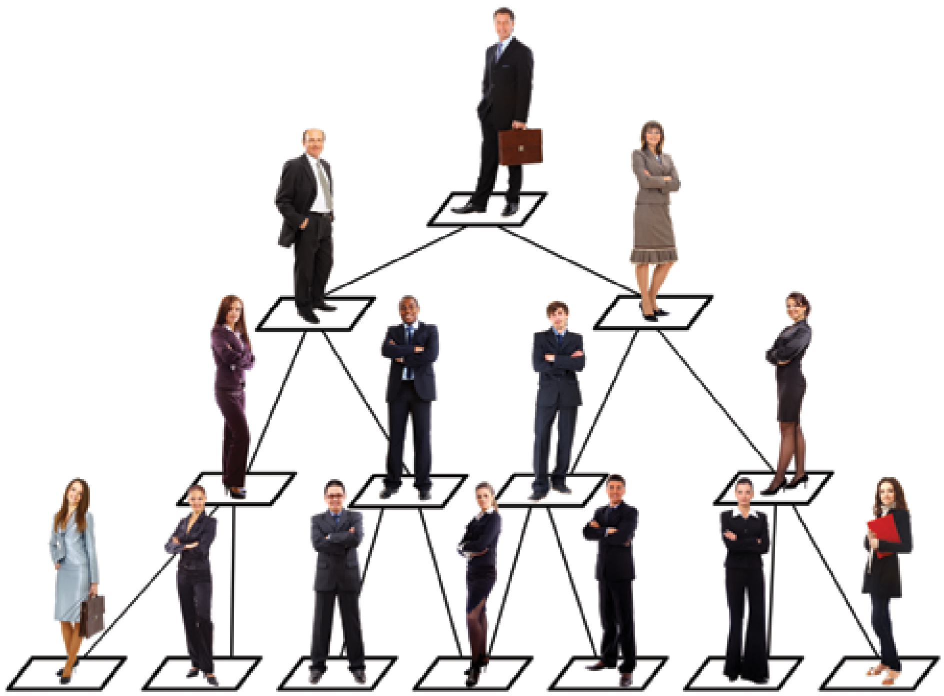
MANAGER OF FUTURING AND INNOVATION BASED STRATEGIES –
Randal Moss, who handles social and new media and technology strategies for the American Cancer Society

OVERSEER OF ORDER –
Janice Russell, founder of Minding Your Matters, a North Carolina organizing firm

WINDOW WARRIOR –
Frankie Kuda, certified window installer at Total Home, a Kansas contractor

Do you have the right executives on your team?

By Cindy Warkow,
Executive Recruiter



Companies must continually evaluate their senior management teams to determine if they are composed of the right executives, today and for the future. As companies mature and grow, the senior executive team should also evolve. What a company needs from its senior executives will change as it reaches $1 million, $100 million or even a $1 billion in sales. Does your company have senior executives who can evolve with your company?

Answering that question requires, first and foremost, an understanding of your company's current position in the marketplace, your culture and structure, your decision-making process, and your future growth plans. Will your company grow organically or through acquisition? Or are you maintaining the status quo to remain at your current size?

The next step is ensuring that your executive team has representation from a number of functional areas or disciplines. Each company, no matter what business it is in, should have senior team members who manage the following areas: leader/CEO/president, finance/CFO, operations/COO, HR, sales/marketing, and IT/technology. In order for a company to continue to succeed, each of these areas requires someone with deep knowledge of the functional area and a thorough understanding of what the company needs from that function to continue on its growth path.

Once all of the critical functions are represented, it's important to assess the individuals who are responsible for each of those areas. Are they proactive? Do they think both tactically for current situations as well as plan strategically for the future? Are they keeping up with trends in your industry and the marketplace and are they continuing to grow as individuals? Are they open to new ideas and willing to change, given changing trends? Flexibility and the passion to continuously learn are key attributes for senior executives to stay "fresh" and be helpful to a company's growth.

As companies grow and evolve, they face new challenges that the current management team may or may not be able to handle. Recognizing when a senior executive needs to be replaced can be one of the hardest things a company must face, especially if that person has been loyal to the company. However, allowing one area to suffer can ultimately be a detriment to the entire company.

Finding the right person to add or to replace a member of the senior executive team can be tough. New people must fit with the culture of the company and with the personalities of the rest of the executive team. They must understand where the company has been and where it hopes to go. They must also be willing to listen to others and diplomatically implement change. In other words, experience and training are important, but fitting in with the rest of the senior executive team is the most critical factor.

Utilizing personality tests or an outside recruiter can help a company identify candidates who have the right blend of experience and personality traits. Often, it takes an outsider to highlight areas within an organization that may require a higher level of expertise or to objectively assess whether an executive will be the best fit for the company.

With a strong team in place, a company can grow and flourish. Without it, the future of the company, as well as all of its employees, can be at risk. That's why it's important to continuously evaluate your executive team to ensure it is the right one for your company's needs today as well as those in the future. **LE**

Know the unique aspects of buying a company that works with government agencies

David E. Shaffer, Director, Audit & Accounting and Government Contracting Industry Group Leader

If you are looking to purchase a company that does work with government agencies, it is critical to conduct the proper due diligence before the transaction is completed. Make sure you have a full grasp of the rules and regulations that apply to that company and that the seller has complied by the rules. At Kreischer Miller, we have assisted many clients in completing due diligence for government contractors and we have represented buyers who have received notices from the government that they are not in compliance with certain rules and/or regulations. It's much easier to address issues as part of due diligence than to respond to a government auditor or the contracting officer of the agency.

During the due diligence process, a potential buyer should ask if the company does business with any government agency and if it does, obtain a copy of the contract to read its terms and conditions. Most federal government contracts require that the seller be in compliance with the Federal Acquisition Regulations. These regulations cover everything from contract procurement, contracting methods, and contract types to special programs, general contracting requirements, contract management, and protests, disputes, and appeals. In most cases, the federal government will have a "most favored nation" clause in its contracts. This means that the federal government is entitled to most favored pricing, all things being equal. If the seller is providing discounts or rebates to private-sector clients and not providing the same terms to the government, a buyer has to be aware of this exposure.

Additionally, if the company's customers are in different states, the buyer needs to understand the rules and regulations of each state to verify that the seller is in compliance.

Some initial questions potential buyers may want to ask the company, depending on individual circumstances, include:

- What types of contracts do you have with the government? Most contracts are firm-fixed price contracts, but some are time-and-materials while others may be cost-plus. If the contracts are cost-plus, you will want to make sure you understand how the costs are developed and that there will be no major changes post-acquisition.
- Are there any set-aside contracts? Some contracts are "set aside" for small or disadvantaged businesses. If you purchase a company that has these types of contracts, you will have to recertify that you still meet the credentials. If you do not, the contracts will probably have to be rebid.
- Has there been any correspondence between you and any government agency that may impede the buyer in continuing the work?

Most advisors will tell a potential buyer that they should be purchasing the assets of the seller versus the stock. However, there are a few things to keep in mind. Since the government contracts are with the selling company, a buyer would have to get the existing contracts transferred to the purchasing company. This can be a time-consuming process and the government may decide not to transfer the contract and put it back out to bid. In most cases, we find it better to purchase the stock of these companies if the government business is significant to the seller.

Purchasing a company that has significant government contracts may be a very worthwhile venture for your organization. However, it is always important to consult with both an attorney and an accountant who are familiar with the issues surrounding government contractors to be sure that you understand all of the potential risks as well as the benefits. **LE**

Recapitalization technique for estate and gift tax planning

Harry F. Murphy, Director, Tax Strategies

When thinking about estate and gift planning, clients who own closely-held businesses often want control and flexibility. That is, they want some degree of control over their property and enough flexibility to change the plan. These points are especially important in what may be called, in our current tax environment, "the ever-changing tax law era." The December 2010 tax law change provides taxpayers who want to gift business interest or gift in general on a tax-free basis an amount up to $5 million ($10 million for married donors).

A technique to enable clients to have flexibility in transferring closely held businesses to the next generation, but still retain control, is to recapitalize (recap) the business. For corporations, including S corporations, this involves issuing nonvoting stock. Or, for a limited liability company, nonvoting membership units are issued.

Basically, a recap will involve amending the articles of incorporation or the membership agreement for an LLC and then issuing nonvoting stock or nonvoting units. Each issued voting share or voting membership unit currently held is exchanged for some number of Class A voting shares or some number of Class B nonvoting shares (or likewise) for an LLC. This recap then allows any shareholder or member of an LLC to transfer a portion of or all of the nonvoting ownership interest to the next generation.

There are different options available to transfer the nonvoting stock or the LLC membership units to the next generation. These include such strategies as the use of trusts or a family limited partnership. The strategy used depends upon the ultimate objective.

The use of trusts can control the next generation's access to income and principal associated with the value of the transfer of the nonvoting stock or LLC membership units. In addition, decisions regarding the trustees and how the income and principal will be paid also need to be considered. Trusts used for these strategies include qualified subchapter S trusts or an electing small business trust. A transfer to a grantor retained annuity trust or a sale to an intentional defective grantor trust is another planning tool. For S corporations, all of these types of trusts still maintain an S corporation election status if nonvoting stock is involved in the planning.

Another option involving a recap is the issuance of voting preferred stock to the older generation and gifting the common stock to the next generation. The result is that all future growth of the corporation is passed to the holders of the common stock. The preferred stock may require the payment of cash dividends. The Internal Revenue Service has specific revenue rulings regarding its views on this planning technique. S corporations cannot issue preferred stock and therefore this option cannot be used by these organizations.

The use of trusts can control the next generation's access

Valuation is a major consideration. The valuation rules of the various IRS rulings and tax court cases must be considered. If a large transfer of nonvoting stock or units is being considered to take advantage of the December 2010 new tax limits of $5 million or $10 million for married individuals, a formal valuation report would be required. This will help support gift transfers, if challenged by the IRS, and assist in meeting the filing requirements for gift tax return purposes.

A "recap" can provide the control factor and the flexibility that companies desire. It can also provide some certainty and assurance regarding family gifting and tax planning in this era of ever-changing tax laws. **LE**

Big GAAP vs. Little GAAP — A step in the right direction

Richard Snyder,
Director, Audit & Accounting

The debate about whether there should be two sets of Generally Accepted Accounting Principles (GAAP) has been going on for many years. Currently, the Financial Accounting Foundation is considering whether and how to establish differential accounting standards for public vs. private companies, which is referred to as Big GAAP vs. Little GAAP. The FAF, the American Institute of Certified Public Accountants and the National Association of State Boards of Accountancy co-sponsored and established a blue ribbon panel on private company accounting in 2009 to address the needs of private company accounting and determine if there is a need for separate private company standards.

Financial statement users need reporting practices that are accurate, transparent and meaningful, but generally, they have different needs for public and private company financial statements. Private company financial statement users generally consist of owners, management, lenders and creditors, and possibly regulatory agencies. The set of standards currently used has become both burdensome and complex to privately-held companies, resulting in financial statements that are not as meaningful to their users and are more costly to prepare.

The movement abroad to address the needs of private companies has already taken place. The International Accounting Standards Board issued GAAP requirements for small- and medium-sized entities in July 2009. These standards are significantly smaller and less complex than the International Financial Reporting Standards (IFRS) or U.S. GAAP. For instance, U.S. GAAP and IFRS standards consist of approximately 20,000 and 2,500 pages, respectively, whereas IFRS for small- and medium-sized entities have approximately 250 pages. The International Accounting Standards Board has recognized that small, privately-held companies usually don't need the complex reporting standards and disclosures of public companies. Under IFRS, small privately-held companies can utilize and choose reporting standards that make the most sense for their particular size of entity.

In January 2011, the blue ribbon panel released its recommendations for how accounting principles generally accepted in the United States can best meet the needs of private company financial statement users. Included in its report was a recommendation for a new board, to be overseen by the Financial Accounting Foundation, which would focus on developing the exceptions and modifications to U.S. GAAP for private companies to better respond to the needs of financial statement users.

The panel concluded that urgent and growing systemic issues need to be addressed within the current system of U.S. accounting standard setting. The belief is that the current system is inadequate in understanding the information that users of private company financial statements consider to be useful, and how those information needs differ from the needs of public company financial statements.

The result of these issues is a lack of relevance of many accounting standards along with an overall level of complexity in U.S. GAAP, which continues to be problematic for private company financial statement users and their preparers. In addition, the panel concluded that the current approach does not sufficiently weigh the costs and benefits of U.S. GAAP for the use of private company financial reporting.

The panel's report includes proposed enhancements to the current system to develop U.S. GAAP that would be aimed at fostering an accounting standards-setting system that would seek to maintain a high level of financial reporting comparability for businesses, but would also encompass potential differences, where warranted, related to financial reporting (measurement, recognition and presentation).

At the end of the day, the creation of a less burdensome and less complex set of accounting standards for private companies is a move in the right direction. Standards designed to meet the financial reporting needs of private companies will provide useful and relevant financial statements to their users as well as reduce the burden on the management of companies and financial statement preparers. **LE**

Making the case for money
How to present your business in the best light

Put your best foot forward. That's the advice for businesses seeking dollars, whether through banks, venture capitalists, grants or other forms. But that common-sense thinking isn't followed as often as it should be. Several business executives and experts offer ways to make sure your business puts itself in the best light possible to garner funding.

Be open

Ross Kimbarovsky and Mike Samson, co-founders of crowdSPRING, a marketplace for crowd-sourced creative services, say their company aims to be transparent with everyone, from investors to employees and users.

Transparency, they say, simply means being honest and not hiding things. When meeting with potential investors, Kimbarovsky and Samson made sure to provide written materials to supplement their oral presentations. They disclose everything about their business, what they are looking to do and what they want from investors.

"After a very successful early investor meeting, we conducted a self-audit of our financial model and found a major error that impacted our revenue projections," the founders say. "We promptly contacted all investors with whom we had met to let them know about our error and issued corrected financial projections. We were embarrassed about the error, but our prompt action and full transparency went a long way to assure our then-potential investors that we would always be honest and open with them—with both good news and bad news."

Map it out

While not all funders ask for a business plan, creating one provides real value, Kimbarovsky and Samson say. Writing a plan forces a business to organize and articulate its thoughts succinctly and accurately. It also forces a business to thoroughly research the market and its competitors.

This research also shows investors a business is serious about its future. "While it's impossible to prepare to answer every single question an investor will ask, you

should try to research and prepare as much as you possibly can so that you are ready," they say. "Potential investors will quickly tune you out if you can't answer questions about your business. When we attended the meetings of angel investor groups in the fall of 2006, we saw many examples of this. Some startups couldn't answer very basic questions about their market and revenue models. As a result, investors lost interest."

Present strong leadership

Ron Flavin, a professional grants writer in South Carolina, says focusing on the experience and capabilities of an organization's leadership has been one of the most critical factors to obtaining funding. He has seen many grant applications passed over because the reviewers just weren't comfortable that the organization's leaders had the necessary skills and background to make the project a success.

Flavin helped a California-based client who was building a prototype machine that converts poultry waste into synthesis gas and biochar. Being a startup was a key obstacle to financing, he says.

"However, by focusing on their business acumen and ability to pull together complex projects, we were able to convince the government that these guys could make the project a success," Flavin says, noting the client ultimately obtained $1 million in government funding.

"I'm happy to say, they didn't disappoint, either. The project is humming along fantastically."

Account for your employees

When a business is seeking additional capital, especially if that capital is going toward a sale/acquisition or significant changes within the company, lenders want to know the business' plans for employee retention and dissemination of information, says James Cassel, president of the Miami-based Cassel Salpeter & Company, an investment banking firm that handles mid-cap M&A transactions.

To develop an employee retention plan, evaluate your current company policies, environment, culture, morale, etc. This can be done through employee interviews or surveys or meetings with executives. Then decide what can be improved and how. For example, having a competitive employment package, such as one with a stock incentive plan or tuition reimbursement, can be helpful in recruiting and retaining quality people, Cassel advises.

When raising capital, evaluate its impact on employees, he says. If your company is taking part in a pure capital raise, it probably won't have a tremendous effect on employees. However, if the company is involved in a sale, it's a more delicate situation.

"Depending on the nature of the business, many times we keep the capital raise or sale process confidential as long as possible," Cassel says. "It's really up to the owners to decide who they need to talk to and bring under the tent. Business owners should look at each situation objectively to see what is going to be best for the business and the least disruptive." **LE**

More than a brochure

6 ways to make your website open for business

Your website speaks volumes about your organization—whether to prospects who find you from a search engine, clients wanting to learn more about the business, job hunters seeking an opening or someone else.

"In ideal circumstances, my clients see their website as more like an office space than a brochure," says Caroline de Gruchy, owner of C.R. Visuals, website design company. "They want it to be open, inviting and filled with a variety of ways to engage with the company. In other words, don't think of your website as a marketing channel. It's not the Yellow Pages. Think of your website as a 24/7 open office with an agreeable receptionist responding to the needs of every visitor."

These six tips can take your website from a static marketing tool to an open-door office where clients frequently come and stay.

1 Differentiate yourself.

Many companies today seem to believe in "build it and they will come," but a website needs to do more than merely exist, says Izzy Goodman, owner of CCS Digital. A website needs to attract visitors and turn them into customers.

"On my site, I sell ink and toner cartridges," Goodman explains. "You would think there are thousands of other sites selling the same thing, and you would be right. So I had to differentiate my site."

First, Goodman researched everything she could about how printers and ink cartridges work, which printers offer the best value and how to solve many common printer problems. She wrote these up as articles on the site, which attracted many visitors. Then she discovered a unique product—a two-piece cartridge where the ink is kept in a separate container within the cartridge. When the ink runs out, you replace just the ink tank, not the entire cartridge.

"Since the ink tanks cost as little as $2 and you can get $2 back for (recycling) the empty ones, I can advertise free ink," Goodman explains. "So I have a unique product not available elsewhere, unbeatable pricing, an advertising hook no one else can use and items for which I have special knowledge."

2 Engage your audience.

Many companies still consider their websites as information disseminators, says Walt Guarino, president and managing partner of marketing agency SGW Integrated Marketing Solutions. Instead, they should think of their websites as ways to engage their customers and prospects.

"There are so many new apps and programs that can help them to develop relationships with key targets," Guarino says. "The website is the ideal place to lead people into more 'social' environments like LinkedIn communities and online forums."

Post links to your Facebook, LinkedIn or Twitter accounts on your website and consider creating a blog, which will enable you to pose questions to your readers and interact with them via the comment feature.

Not sure what to write about on your blog? Evaluate headlines and news stories for inspiration—you can always take a timely topic and tailor it to your business. And don't use your blog as an advertising pitch—craft posts showcasing your advice and expertise—and people will inevitably return for more.

3 Focus on action, not objects.

One of the most common mistakes made on many websites is focusing on listing products and services instead of explaining what the products and services can do for your customers, says J. Lance Reese, president of Silver Peak Consulting, Inc., a global consulting business.

"Websites should be highly focused on the benefits and results the customers will realize from doing business with you," Reese says. "Often the assumption is that the customer will figure this out and apply it to their own situation—you're missing an opportunity if you expect your customer to do that for you. You are in control of the message. Check your wording and focus. If it reads like an obituary or product label, you are not marketing effectively."

For example, instead of just listing the services your firm offers, describe them in detail using a conversational tone. Also, use examples and anecdotes to show specific ways your services will benefit a client.

4 Three letters: SEO.

Jennifer Jones, CEO of Seed Technologies, a marketing and web development firm, says the most important element to taking a website to the next level is search engine optimization or SEO, which can improve a website's visibility in search engines like Google and Bing.

Use relevant keywords in your content—popular words someone might search for when looking for information about what your company offers. Search engine spiders are software programs that scan websites to index portions of the content for search engine results, Jones says. These spiders will look for keywords. Using these words can maximize your website's position in search engines, ensuring more visitors.

Jones advises picking your target keywords before you write your copy (use the Google AdWords Keyword Tool) and then limiting the number you use per page.

"If you provide a wide variety of products or services, it is better to isolate each product or service into separate pages on the website," Jones says. "By placing them on separate pages, you have an opportunity to focus on a smaller list of keyword phrases per page."

Google experts also advise companies to update the content on their websites frequently—the more "new" content on the site, the better the results in Google because the search engine algorithm considers the freshness of the content as well as the keywords.

5 Revamp your design.

Having an eye-catching, easy-to-navigate design can ensure users maximize your website because they can efficiently find everything they need. This goal could mean a complete revamp of your website, but it will be worth it in the end.

Eliminate unnecessary, flashy graphics that clutter your page and keep it from loading quickly. Try to eliminate or minimize scrolling—your users want to access information without having to look for it. And use white space; it gives your website a cleaner look and gives viewers a chance to "breathe" as they look at your site.

Another more recent approach to design is called "responsive design," which Impact Dialing used when redesigning its website.

"More and more people are browsing the web on mobile devices of many different sizes, and there are now so many different platforms that it's impossible to create different sites for phones, tablets, laptops, desktops and everything in between," says Michael Kaiser-Nyman, CEO and founder of Impact Dialing. "Responsive design allows you to create one site that adjusts depending on the screen size to display optimally on devices of any size."

6 Improve site functionality and speed.

Speed has a dramatic impact on the usability of a company

THE MOST IMPORTANT ELEMENT TO TAKING A WEBSITE TO THE NEXT LEVEL IS SEARCH ENGINE OPTIMIZATION OR SEO.

website, says Joshua Bixby, president of Strangeloop, which provides web performance optimization solutions to global ecommerce websites and enterprise applications. Up to 80 percent of customers are unlikely to return to a site after having a slow initial experience, Bixby says.

To get a sense of the way your site behaves for customers, Bixby recommends using a free tool such as Webpagetest, which simulates real-world user environments and browser behavior. If your users live in mid-sized urban locations, for example, you can test from Webpagetest's servers in Dulles, Va. If your users are outside the United States, you can test from international servers spanning the United Kingdom China and New Zealand.

Once you have evaluated your speed, you can start improving it, Bixby says. He recommends using a content delivery network to store your content closer to your users and optimizing the way your site's code is written to reduce file sizes and make the site easier to maintain. If you don't have an IT department, you may need to outsource this service.

Companies that are seriously committed to making their sites faster should evaluate and implement the above solutions.

"The ROI can be fast and dramatic," Bixby says. **LE**

bits & pieces

TIPS FOR CREATING A HEALTHY, ACTIVE WORKFORCE

Businesses lose money when employees miss work because of health problems—healthy employees are more productive and decrease employers' health care costs. Kaiser Permanente of the Mid-Atlantic States offers several tips for creating a healthy, active workforce:

- **Revise your meeting strategy.** U.S. employees spend an average of 5.5 hours per week in meetings—that physically inactive time often is accompanied by unhealthy food. Offer fresh, healthy choices and allow for a stretch or walking break during meetings lasting more than an hour. Or better yet, hold meetings where no one sits—standing burns 30 to 40 percent more calories for the same amount of time.
- **Encourage employees to eat right.** If your company has an on-site cafeteria, make sure it offers healthy food choices, such as fresh fruits and vegetables, grilled meats and whole grains. If your company does not have a cafeteria, consider offering a healthy lunch once a week or keep menus for area restaurants with healthy food options in your break room.
- **Promote physical activity via lunchtime walks or a bike-to-work program.** Consider bringing in fitness professionals for group classes or creating a company sports team to get the workforce active.
- **Reward employees for participation** in workplace wellness programs, such as employee health fairs with community health agencies or fitness assessments and medical screenings. Prizes or incentives, such as movie tickets, restaurant gift certificates and vacation days work well.

MORE FACEBOOK TIME IN BUSINESS

More businesses are finding Facebook far more useful than the personal reunions and summer vacation picture postings, according to a survey by The Creative Group.

Almost half of advertising and marketing executives interviewed said they currently use Facebook for professional purposes. About one-fifth of their Facebook friends were professional-related contacts.

The national study based on more than 500 telephone interviews involved approximately 375 marketing executives with 100 or more employees and 125 with 20 or more employees.

The Creative Group offers five ideas to maximize your business use of social networks like Facebook:

- **Separate but equal.** Divide your professional and personal contacts by using Facebook's lists feature to avoid sharing unwanted or mundane information with your professional contacts. Also check your privacy settings to see who can view your information.
- **Be an expert.** Share useful information and advice with your professional contacts and offer advice when they ask for ideas and recommendations.
- **Share the wealth.** Offer to make introductions between contacts and aid your contacts when you can. They will remember and reciprocate in the future.
- **Use photos.** Provide your professional contacts with pictures of your latest project or a collection of your work.
- **Watch what you say.** Never say anything negative about your current or former company, co-workers, clients or other contacts.

SATISFIED WITH PERFORMANCE, STILL DELAYING HIRING AND INVESTING

More than 60 percent of women business owners say they are mostly pleased with their companies' financial performance, according to a recent survey by PNC Financial Services Group.

However, 73 percent of those surveyed have no plans to hire full-time employees, and 63 percent have no plans to hire part-time employees, the survey found. In addition, only 41 percent intend to make a capital investment in their businesses.

"Our women's survey findings reinforce that the U.S. economy continues to suffer through this current soft patch as growth has slowed into the realm of stalled speed," says Stuart Hoffman, chief economist of the PNC Financial Services Group. "Even though we are dialing back our expectations for the second half of 2011, we do not expect the economy to slide into a double-dip recession."

The telephone survey involved more than 1,300 female owners or senior decision-makers in companies with annual revenues of less than $10 million.

WHO U.S. BUSINESS OWNERS ARE

The U.S. Census Survey of Business Owners pulls data from 20.4 million people—30 percent who own employer firms and 70 percent who own non-employer firms.

Of that group, about 43 percent reporting working 40 or more hours a week, while 37 percent claim they work less than 20 hours per week on the business. Half of the owners say their business serves as their primary source of income.

About one-third of respondents owned another business or were self-employed before they led their current businesses. Almost 37 percent were 55 and older, while almost 30 percent fell between the ages of 45 and 54. Owners age 35 to 44 represent 21 percent, while those 25 to 34 incorporated 10.5 percent of respondents.

As for education, almost 68 percent had some college education, while 5 percent had less than a high school diploma. More than one-quarter had earned a bachelor's degree, while 18.5 percent obtained a master's, doctorate or professional degree.

TOP IDEAS IN IT INNOVATION

Making business processes more efficient topped the list of how innovative companies use information technology, according to the 2011 InformationWeek 500 analysis.

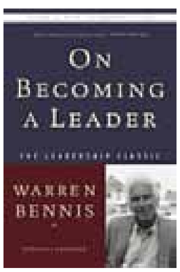
The research of the 500 companies using the most innovative information technology also pointed to some other trends—introduincg new IT-led products and services, gaining better business intelligence, lowering costs, improving customer service and engaging customers in new ways.

InformationWeek 500 also used its analysis to create "20 Innovative IT Ideas To Steal," which included hosting a contest in which employees from all over the company spent 48 hours conceiving, designing and coding mobile apps (AllState) and combining point-of-sale transaction data with the business' security cameras to cut down on employee theft (Dunkin' Donuts). To read the rest of the ideas, visit www.informationweek.com/500/ideas. **LE**

on the bookshelf

BOOKS YOU MAY HAVE MISSED

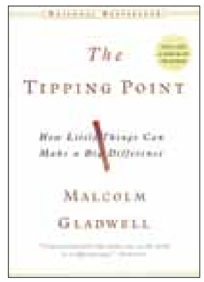
We know finding time to read in your busy schedule is difficult. When you do carve out time, how do you pick from the millions of titles? *Leading Edge* wants to help make the selection process easier with this new regular feature, "On the Bookshelf," to touch the surface of insightful, helpful or just interesting books related to business. In this debut, On the Bookshelf explores some titles that have been on the shelves a little while. Read on to see what you may have missed. All titles are available through www.amazon.com and in area bookstores.



On Becoming a Leader
Warren Bennis

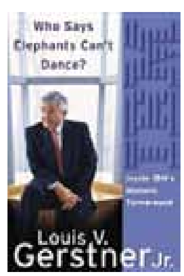
Basic Books
304 pages
Bennis, a business consultant and professor at the University of Southern California, explores the characteristics that make a good leader, highlights successful leaders (such as movie director Syndney Pollack and A&M Records co-founder Herb Alpert) and offers must-have strategies for becoming a successful leader. He not only talks about the importance of personal vision but provides ways to develop one. This new edition of an old classic features updated references as well as an introduction focusing on the challenges facing today's leaders.

Do you have a suggestion for a book we should feature? Email Editor Ann Gynn at agynn@sbnonline.com with the title and author, and include why the book would be helpful or interesting to your peers.



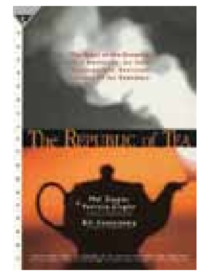
The Tipping Point
Malcolm Gladwell

Back Bay Books
301 pages
Small changes can have big impacts. "The best way to understand the dramatic transformation of unknown books into bestsellers, or the rise of teenage smoking, or the phenomena of word of mouth, or any number of the other mysterious changes that mark everyday life, is to think of them as epidemics," writes author Gladwell. He discusses how ideas, products, messages and behaviors spread like viruses do and eventually reach a tipping point to create change. As one Amazon.com reviewer says, "This is an engaging, fascinating and stimulating read that provides a number of insights of value to everyone who shares the objective of making new ideas stick and lead to transformation."



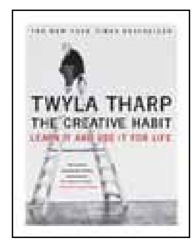
Who Says Elephants Can't Dance?
Louis V. Gerstner Jr.

Collins
384 pages
Gerstner became IBM's CEO when the company was close to going out of business. From joining the company in 1993 to retiring in 2002, Gerstner turned the company around, focusing on revamping the company's strategies and organization. *Who Says Elephants Can't Dance?* discusses his work at IBM as well as his experiences at other successful companies like American Express and RJR Nabisco. Gerstner also shares lessons he learned throughout his career that any business owner or executive can apply.



The Republic of Tea
Bill Rosenzweig, Patricia Ziegler and Mel Ziegler

Crown Business
336 pages
Three partners chronicle their efforts creating and building the successful The Republic of Tea chain through a 20-month fax exchange. The book not only covers the "how-to" of forming a business but presents the real emotional struggles the founders faced. The book includes the actual business plan the trio used and a user's guide to help readers apply the book's content.



The Creative Habit
Twyla Tharp

Simon & Schuster
256 pages
As a dancer and choreographer, Tharp knows about creativity. In *The Creative Habit,* Tharp shares 32 exercises to be more creative in your personal or professional life. In "Where's Your Pencil," Tharp encourages readers to observe and document their thoughts and observations. And in "Build a Bridge to the Next Day," she talks strategies for decluttering the mind. As *Newsweek* reviewer Cathleen McGuigan says, "An entertaining 'how-to' guide, *The Creative Habit* isn't about getting the lightning bolt of inspiration, but rather the artistic necessity of old-fashioned virtues such as discipline, preparation and routine." **LE**

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