



A guide to forward-thinking frugality
for small and mid-size businesses



Fall 2017, Volume 2 in the BridgeTower Media series of guides for small and mid-sized businesses

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Whether you're a small business or a Fortune 500 company, at some point we all have to answer one of the most common, uncomfortable questions in business: How can I cut costs?

As a rule, the question is most often prompted by external pressure—from shareholders, private investors, vendors, etc. If you're a family business, where personal and business expenses may intermingle, the prospect of sending a child to college or paying for unforeseen medical expenses may function as the impetus. In other instances, a balance sheet review might be caused by a surprisingly high tax bill or, worse, a data breach by cyber criminals.

But whatever leads you to think more frugally, cost cutting is often done in haste, without regard for the long-term implications. In a worst-case scenario, the business survives in the short term only to lose big in the long term.

Some costs, like full-time employees, are a natural place to look, based on the expensive “carry-on” fees of healthcare and benefits (assuming you offer them). Other costs, like rent and building maintenance, are common targets in part because they're easy to quantify. But there are several other expenses that busy SMB owners don't naturally scrutinize, areas where there may be sizable cost efficiencies.

It's impossible to know how many of our subscribers—most of them small and medium-sized businesses—are wrestling with this question right now. What we do know is there are a multitude of ways to operate more efficiently, and there's never a wrong time to consider these options.

So with the objective of helping our customers think strategically about their expenses, we've put together an insightful, actionable compendium of stories and ideas to help improve the balance sheet. We recognize many of these ideas are disruptive, and may require stepping out of your comfort zone, but companies who are willing to invest in the analysis are likely to see some ROI.

As always, we welcome your feedback, and as one of our follow-up actions we're hosting a contest to determine what are the most creative ways to save money. All readers are eligible, the submission process is painless, and most importantly, we're offering monetary prizes to the Top 3 winners to help you improve your own bottom line. For more information, go to <http://bit.ly/dcscontest>.

Adam Reinebach

President and CEO
BridgeTower Media





*Two pieces of the puzzle—
offering clients lower rates
and employees relatively high
compensation—are essential
to the firm's business model,
according to managing partner*

Alan Tarter
Managing Partner
Tarter Krinsky & Drogin LLP

The Cost Variable

How a New York City-based law firm keeps its costs under control

By Chris O'Leary

Tarter Krinsky & Drogin LLP has to keep its balance to survive in the ultra-competitive New York City legal industry. The law firm wants to offer lower rates than its larger competitors to attract new business. It needs compensation levels to stay on par with those of its rivals, to ensure it retains top talent. And its overhead needs to stay under control while the firm operates in a city whose commercial real estate market is known for exorbitant rents.

Two pieces of the puzzle—offering clients lower rates and employees relatively high compensation—are essential to the firm's business model, according to managing partner Alan Tarter. "We're a full-service firm, but our rate structure is around 35% less than the average large firm," he says. "But we have all the resources and practice areas of a large law firm. Our rate structure is part of our value proposition."

That leaves overhead as the variable the firm can control. "We're very careful with overhead because we want to maintain our rate structure. We feel like it's a major competitive advantage for us to provide the

same services as a larger firm but at a lower cost."

Finding new ways to reduce costs becomes an essential strategy. "If overhead starts to go up, compensation has to go down, or rates have to go up," Tarter says. "We don't want either of the two to happen. That means we have to control overhead, and control costs."

Conquering real estate

Given its Manhattan office location, keeping real estate costs down is a major priority for Tarter Krinsky & Drogin. Real estate-related expenses are its second-highest expense after making payroll.

When moving to its current office space on Broadway about 10 years ago, the firm locked in its rent for a long-term period. This protects them against the price volatility of the New York commercial real estate market.

More importantly, the firm worked to maximize its office space. "We wanted to get the most appropriate ratio of attorneys per square foot that we could get into the space," Tarter says. "That allows you to be more profitable within your

space. The more staff you have, the more revenue you can produce."

A common New York standard is that each attorney needs roughly 750 square feet to 1,000 square feet of office space. Tarter Krinsky & Drogin cut that ratio in half, allocating usually 500 square feet to 525 square feet of space per lawyer. That way, two attorneys work in the space that another firm would have allocated for one. Before it moved into its current location, the firm divided the space's existing offices to achieve this goal, putting up new walls to create more offices.

And when the firm expanded to another floor of its building, its landlord offered to install a stairwell that would link the floors, thus letting employees avoid having to use the elevator. It was a tempting offer, but the firm declined. "We were concerned that we'd lose too much space on the two floors if we put in an internal stairwell," Tarter says. "This would have in essence increased the costs of space per attorney."

Now Tarter Krinsky & Drogin is considering further steps to cut real estate costs, such as having more of its attorneys work remotely, or work-

ing in satellite offices outside of New York, which have lower rents (it has a Princeton, New Jersey office, for example). It's a creative way for the firm to keep expanding staff while not further expanding its Manhattan office. So far, the firm's off-site workers are relatively few. "It's something we're testing to see how it works," he says. "It's another way to reduce your real estate costs—having paralegals and attorneys working from home or in other areas that have lower-cost situations."

Given the improvements in communications technology, whether Skype, FaceTime or other web-based programs, the need for all attorneys to work in the same building diminishes. As Tarter says, "the same phone that would otherwise ring in New York will ring in these satellite offices instead."

Knowing when to outsource

Another way Tarter Krinsky & Drogin reduces costs is through its judicious use of outsourcing. "When we were smaller, we had our accounting department and a controller. We had a need for a CFO, but not a full-time one," Tarter says. So the

firm outsourced the CFO function to an official who “spent about 20% of his time on our firm,” he adds. “That allowed us to get the benefit of a CFO and their ideas without necessarily paying for that person 100% of the time.”

While the firm is large enough today that it needs to employ a full-time CFO, Tarter recommends that smaller companies just starting out should consider outsourcing the CFO function. “It’s way to get a great service that’s also a cost saver.”

And the firm still outsources its chief technology officer duties. “We have a small IT group servicing us,” Tarter says. “While we have an IT manager, for certain projects we’ll outsource that function” to a third-party CTO. “That way we get the intellect of a chief technology officer while paying less than full cost for it.”

Some things it prefers to keep in-house, however, believing that the potential cost savings aren’t worth losing control over what it considers to be essential functions. For example, while some firms outsource their legal research, Tarter Krinsky

& Drogin prefers to have that work done under its own roof.

Further, improvements in technology is enabling the firm to bring some formerly-outsourced duties back into its offices. E-discovery, for example, used to be “more cost effective to outsource,” he says. “But over the past two years we’ve licensed e-discovery in the cloud.

“If overhead starts to go up, compensation has to go down, or rates have to go up. We don’t want either of the two to happen.”

It’s allowing us to do more in-house, and at a fraction of the cost to our clients. As this is our clients’ money [to pay for e-discovery], that’s a good thing.”

In the future, Tarter anticipates moving more databases and programs into the cloud. “We have certain programs that are in the cloud

now, and certain programs that are maintained in our office,” he says. “But I think the trend is definitely moving towards the cloud. For smaller businesses, doing that makes all the sense in the world. We still have a number of different programs that are interdependent upon each other, so sometimes [moving to the cloud] is still difficult to do.”

Little things equal big savings

It’s not just big-ticket items like technology and real estate where firms can achieve substantial savings. Don’t neglect basics, like trying to reduce heat and electricity costs in your office spaces, Tarter says.

Recently Tarter Krinsky & Drogin installed a system that allows it to monitor and control energy usage off-premises. “It’s let us make adjustments in the scheduling of our HVAC systems, which has reduced costs,” Tarter says. For example, lights and air conditioning are programmed to go off for certain periods, which adds up to major savings. “You find it’s the little things, like reducing air conditioning on the weekends when people aren’t

around.” And if someone has to pull a work-weekend at the office, they can manually adjust the thermostat in their workspace.

The firm also implemented new accounting technology that gives it a more precise reporting of expenditures. “It gives us the ability to review all of our expenses, on a monthly or annual basis,” he says. This way Tarter Krinsky & Drogin has the information they need to renegotiate with vendors, if the firm notes that costs have increased without any parallel spike in usage. This knowledge is particularly important in such areas as phone and wireless technology.

“Your technology budget can get out of control if you allow it to,” Tarter says. “If clients aren’t watching, you might get little increases in price here and there, and then you’re not as competitive.” And any little increase in expenses can have repercussions far up the food chain. After all, eternal cost vigilance is the price of staying in business.

SPONSORED CONTENT

Five tips to maximize your holiday marketing efforts

It’s not too soon to start planning for the upcoming holiday gift-giving season. If you haven’t been acknowledging your best customers and clients throughout the year, this is a great time to get your customer appreciation efforts back on track. Here are some suggestions for making that happen:



Dancing Deer’s new holiday packaging includes locally sourced hampers using recycled materials.

1. Be thoughtful

A personalized approach can win you a lot of goodwill. Are you sending a gift to a large office? Choose a package that’s easily shareable. Are there staff members who have special dietary needs? Consider including some gluten-free treats so they don’t feel left out.

Sarah McNeill is the Sales Operations and Account Manager for the Dancing Deer Baking Co. She says that the best gift retailers offer a variety of options that allow you to match the gift to the recipient.

“Dancing Deer has gifts that range from single serving samplers to large crowd-pleasing gifts,” she notes. “We also offer a variety of gluten-free products, as well as a soy and dairy-free Molasses Clove cookie.”

2. Fine-tune your list

First, make a list of your best customers. Be careful to take into account not only the individuals and businesses that provided the most direct business, but also the customers and clients who provided the most referrals over the past year.

Second, review your list and consider adding contacts that have sent some business your way, but who you think have the potential to send more.

Third, think about adding potential customers who

could bring significant business your way. Giving gifts won’t substitute for face-to-face business development, but it’s a great way to create additional goodwill.

3. Get creative with your timing

Know what other businesses in your market do with regard to gift-giving and take a different approach. If everyone gives gifts around the December holidays, consider a Thanksgiving gift. Or send a package after the New Year, when the post-holiday blues can set in and your gift will stand out.

McNeill says that some savvy Dancing Deer customers send gifts well outside the typical holiday time-frame.

“The end of fiscal quarters can be a good time to give gifts,” she says. “Or if you’ve made your sales goal or hit a milestone, it’s great to share that success with your clients.”

Getting out ahead of the pack can also save you money, says McNeill. “Start looking now. This is when the deep discounts are.”

4. Don’t forget a personal message

The best acknowledgements thank the customer or client and specifically reference the business that was sent. That personal connection will only enhance the value of your gift.

Dancing Deer offers free personalized messages with their gifts, and can also include business cards. Customers who want to add their logo or handwritten notes can do so for only \$2 per gift, says McNeill.

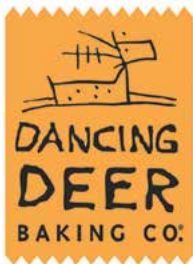
5. Don’t lose momentum

To get the most out of your marketing efforts, don’t let your holiday gift be the only time your customers and clients hear from you. Schedule a series of thank-you lunches. Invite customers to events they might be interested in. Send a gift on the anniversary of your work relationship. Going the extra mile will keep you top of mind throughout the year.

Most importantly, be creative in finding ways to stand out from the crowd with a generous and memorable gift.

“Dancing Deer offers a simple and sophisticated gift option for our clients. The ability to customize the packaging with our own branding creates an impressive presentation.”

– Pauline Donnelly, Donnelly & Co.



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How to Shed Light on Efficiency

By Kerry Feltner

Light is used by every business, but not every business is using LED light. That's what Pittsford, NY-based Lumalon LLC is working to change.

LED (light-emitting diode) is more sustainable, creates better-quality light and is more energy efficient than traditional lighting. Moving to LED can be a serious source of savings for businesses, having the potential to cut utility bills by thousands of dollars a month.

The growing appeal of LED is helping Lumalon to gain traction. "As an entrepreneur, you just have to believe," says Lumalon's founder Tom Murray. "That belief is what drives you and keeps you going. I'm not by any stretch saying we're successful, but we've had some success and we've put a lot of money back in [businesses'] pockets. We've taught a lot of people about how to be sustainable [and] how to take advantage of energy efficiencies. You don't have to reinvest millions of dollars to make a difference to your bottom line."

Murray is the managing partner and owner of a firm that currently employs eight people at 1 Grove St. in Pittsford. Lumalon plans to double revenues by the end of 2017 and has grown by 20 percent since its launch five years earlier.

Lumalon—"luma" meaning light and "lon" referring to the longevity of lighting—is the brainchild of Murray, an entrepreneur who moved to Rochester, NY in 2002. He originally became acquainted with LED lighting in 2008 when he was exposed to it in a major way. But his interest and that of the market weren't yet in sync.

"They lit the whole Pentagon up with LED lights," Murray says. "And I thought, 'Wow, that's really interesting.' I came back to Rochester [but] the recession kicked in and nobody was interested in spending upgrades on energy efficiency. They were just hoping to get to the other side. So I tabled the thought of Lumalon."

Murray continues to work in telecommunications as the owner of Fedtelecom LLC, which he began in 2007. He previously worked in media for the CBS Baltimore Ravens Network as a sales manager. Murray's experience, combined with his passion for sustainability, has brought him to his current role.

"I wanted to build like a Starbucks brand because I felt that LED was not just great, new energy-efficient lighting. It spoke volumes about the business, sustainability, are you a forward-thinking organization?" Murray says. "It said a lot about who you were."

In April, the company partnered with ENEROC LLC—the inaugural business of the Market Driven Community Corp.—to install LED lighting at Rochester General Hospital.

Competition is strong in the LED market. Businesses are discovering how much money they can save while being sustainable, Murray says. "There's a lot of competition, and there's more coming," he says. "There's a lot of LED out there, but LED is tricky. There's a lot of variables—it's not like buying a 60-watt bulb. [It's] money back in your pocket so you can invest in other things. Everybody uses lighting—we're here to help people with the process."

Lumalon's growth is a challenge as well as a blessing, Murray says. "The challenge is always meeting the demand and delivering at the quality and level of service that you did when you were smaller," he says. "We don't ever want to compromise, we don't want to grow too fast and then not deliver to our customers the same kind of quality service that they've come to know. But yet people are really embracing this so we want to meet the demand."

The firm does business with a variety of companies but mainly focuses on hospitals and retirement homes—buildings that have a great deal of light usage. A fair amount of his business is spent on retrofitting, Murray says. "These facilities that have lights on for the longest periods of time will see the quickest pay-back."

Isaac Heating and Air Conditioning Inc. has been a customer for two

years and has saved \$2,700 a month in electricity costs by working with Lumalon.

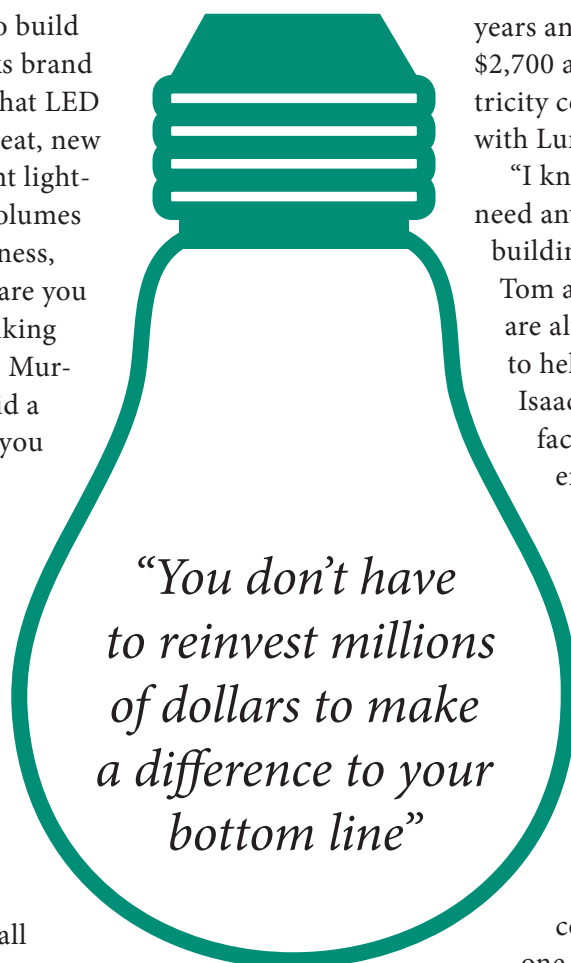
"I know when I need anything for our buildings' lighting, Tom and his team are always there to help," says Ken Isaac, co-owner and facilities manager. "Lumalon converted our lighting over to the more energy-efficient LED bulbs and informed us that we would qualify for a state rebate that covered about one-third the cost. 'They completed the work in a timely manner and most of it at night so as not to disrupt our workforce. I would highly

recommend them," he added.

The Brighton Fire District has worked with Lumalon since 2015. The firm was selected out of a competitive pool. "Lumalon was one of several companies that came in to offer solutions for our desire to convert to LED lighting," says Ted Aroesty, executive director of the Brighton Fire District. "We chose Lumalon because of their creative solutions that allowed us to be able to implement our entire project in an efficient and cost-effective manner."

The savings can't be denied, he adds. "Lumalon as a company does a great job of assessing your needs and finding the right solution," he says. "Tom Murray and his crew were very conscientious in every aspect of our project. Looking back, we have seen the savings we hoped for, thus further validating the work that they do as an organization."

At the end of the day, better and more cost-efficient lighting helps companies, and communities, move forward, Murray says "I'm just grateful that people are buying into this, because it is something I believe in."



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How to Save Money with Your Small Business Marketing

By Kristen McCormick

Marketing your business is an investment of time, money, effort, and grit. So it's important that you get the most out of your spend. Here are some tips how to get the greatest impact from your marketing, by using your budget more efficiently and reducing costs associated with marketing.

Target the Right People

Spending money on people who aren't interested in your business is a waste of time and money. The best way to keep your budget down is by targeting the right people with your efforts. Find your target audience and focus your marketing resources on them. Customers from your target audience cost the least to acquire, as they're already interested in your products and services. When you target a specific audience, you don't have to worry about coming up with multiple versions of the same content for different groups—which can be costly and time-consuming.

Look at Customer Patterns

The right customers for your business aren't just those who are quickest to buy. They're the ones who will likely stay with your business over time. Look to attract customers who are in for the long haul and not those who want only your most resource-heavy products and services. This doesn't

mean you shouldn't go out of your way to accommodate your customers and provide high-quality service. But you should capitalize on the products and services that satisfy customers the most and which aren't expensive to provide.

Create a Marketing Plan

Without a good marketing plan, it's easy for you to go off track with your marketing activities or branch out too far. Usually the more activities, goals and methods you tackle at once, the less effective they will be. Set specific objectives for specific goals, and focus on maximizing the time and money you spend on them.

Track and Measure Your Marketing

Your marketing plan will keep you on track, but you still need a way to make sure your marketing activities give you results. There are two basic ways to track your marketing: tracked links and tracked phone numbers. Use tracking links or URLs to see which activities are working best. Create tracked phone lines so that you can know which advertisements or flyers are catching peoples' attention. With tracked marketing, you identify what you're getting in return for what you spend on each activity. That way you can eliminate marketing plans which aren't generating much revenue and maximize those that are.

Tend and Prune Your Contact List

The cost of many marketing activities, both online and off, often depends upon how many people you're trying to reach. For example, email marketing programs tend to grow more expensive with the number of contacts you have. And the more people you try to reach via offline marketing strategies such as direct mail, the greater the increases in paper, printing, and postage costs.

Take some time every month to update and clean up your contacts. Segment leads by their likelihood of engaging with your business, in case you want to reserve certain promotional activities for your more likely customers. Remove contacts who have moved, unsubscribed, or who are past the point of rekindling contact, so that you don't waste resources on uninterested or, in some cases, even non-existent people.

Get Sponsors

Events are a great way to market your business but they can be costly. See if there are other companies that share your values or serve the same target audience, and ask them if they would be interested in sponsoring you. If you're hosting a 5K race, see if a sneaker company would be willing to cover some of the costs, or you could look to see if a T-shirt company could provide event shirts at a discount.

Use Local Vendors

Local partnerships can lower the cost of your marketing activities. Team up with a complimentary business nearby and run a promotion together. In addition to splitting the cost, you could potentially double your audience. This benefits both of your businesses, while also strengthening your relationship with your community.

Reach Out to Micro-Influencers

One last tip for reducing your marketing costs is to find micro-influencers to promote your small business. It used to be that only big businesses could leverage celebrity endorsements to market their business. Now, thanks to social media, local and industry celebrities are more influential, identifiable, and accessible than ever. You don't need to spend a fortune to get a powerful endorsement for your business. Offer your service for free to a micro-influencer, in exchange for a blog post mentioning or featuring your business.

Understanding the best way to allocate limited resources is a gradual process—your company learns as it grows. Pay careful attention to your finances along the way and always look for opportunities to save money and maximize your spend in your marketing.

Cut Employee Health Care Costs with Reference-Based Pricing

By Jessica Sprajcar Aiello

Companies looking to cut health care costs often rely on high-deductible plans, health savings accounts and other tools. But there's a new practice at their disposal: reference-based health pricing.

The approach allows employers to cap what they are willing to pay toward specific health care procedures based on regional market averages.

Only a handful of companies are now taking advantage of the approach, though it could provide substantial cost savings. According to the Aon Hewitt 2015 Health Care Survey, six percent of the more than 1,000 employers surveyed were using the approach. However, 53 percent were considering its use over the next three to five years.

Employers remain more likely to implement incremental changes such as increasing deductibles and co-pays rather than adopting bigger changes like reference-based pricing.

But the latter approach can help companies keep costs in line for their employees, says T.J. Morrison, vice president of Benefit Design Specialists Inc., an employee benefits firm in Upper Allen Township, Cumberland County, PA.

Benefit Design Specialists is one of a few companies in Central Pennsylvania recommending the reference-based model to clients. On average, it has saved clients 30 to 40 percent under self-funded health care models, he said.

"We have found a lot of value for both employers and employees," Morrison says.

Costs vary widely for many health care procedures. Under reference-based pricing, the final payment usually falls in the middle of the local market's price distribution scale.

How it works

Employees can select a provider that charges more than the employer contribution limit. However, they must pay the difference between the total cost and the limit, a process known as balanced billing.

For example, the employer may set a \$1,000 limit for an MRI. An employee visits a local hospital that charges \$1,500 for the MRI. Now the employee has to choose whether to pay the \$500 difference, decide to



go elsewhere for the procedure, or work with their employer and try to negotiate a new, lower price.

The practice saves employers money but also makes employees more conscious of costs. When faced with the decision, most employees shift toward lower-priced providers, as long as quality of care is similar.

Some critics argue the practice is unfair to employees. However, tweaks can eliminate the unfairness.

The California Public Employees Retirement System, which purchases health insurance for 1.3 million employees and their families, uses reference-based pricing, but it provides exceptions for when employees live more than 50 miles from a facility that offers the lower-priced service price. It also exempts patients if their physicians give clinical justification for using a higher-priced facility.

Morrison says balanced billing is typically the biggest issue for employees. But he estimates it is a problem no more than two percent of the time. He added that balanced billing "usually stems from confusion" and can be resolved.

Rob Glus, partner and consulting actuary for Conrad Siegel Actuaries in Susquehanna Township, Dauphin County, thinks that reference-based pricing "makes all the sense in the world, conceptually" and "has significant value from a cost saving standpoint."

But given the rural makeup of central Pennsylvania, which limits the number of providers, not many of his clients are interested in it, he says. He recommended that companies start on a smaller scale—for

example, using it for hip and knee replacements—then build on that as time goes on.

Because reference-based pricing is a relatively new concept, there are few vendors to work with. Morrison says it's important to choose an experienced vendor to avoid some problems that can arise.

"Nobody does this without guidance from vendors and others who have been there before," he says. "I've seen a lot of bad brokers who have put reference-based pricing in place without a clue of what they're doing. Look for references, do research on your own. If you set it up wrong, it can be a disaster."





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Coworking Offers Non-Traditional Settings for Attorneys to Build Practices

By Jessica Shumaker

From drone makers to event planners, Kansas City attorney Chris Brown has some uncommon officemates.

He operates his firm, Venture Legal, and his company, b.Legal Marketing, from Think Big Coworking, a downtown space where independent and small businesses can set up shop on a membership basis. “It’s a fun environment to be in,” he says. “It’s very much not a traditional law firm office.”

Brown came to Think Big in 2014 after leaving a medium-sized firm, where his practice included representing tech startups. He focuses on business law, intellectual property and contract law. “When I went out on my own, it was kind of a no-brainer,” he says. He still works closely with startups, with his practice also representing freelance workers and small businesses.

For his practice, the setup is helpful for business development. “I’m constantly meeting new people, being introduced to new people,” Brown says.

Coworking on the rise

Attorneys are increasingly choosing to work alongside dancers and IT professionals rather than their fellow attorneys.

According to Emergent Research’s 2016 Coworking Forecast, the global coworking industry is expected to expand to 26,000 spaces and 3.8 million members by 2020. That increase is up from 11,000 spaces and just under a million workers in 2016.

Melissa Saubers, chair of the Kansas City Coworking Alliance, has seen the increase in Missouri firsthand. For the uninitiated, Saubers defines coworking as “a shared workspace for entrepreneurs, startups, telecommuters, independent workers, anyone who doesn’t have an office of their own and they want to share in a collaborative work environment.”

In addition to her work with the alliance, Saubers is the president and owner of Cowork Waldo, a coworking space with 40 members in Kansas City’s Waldo neighborhood.

Since she opened her space in 2013, Kansas City has grown from two to three coworking locations to 11, she says, adding that Kansas City is projected to have about 400,000 square feet of coworking space by the end of 2017.

Coworking is more than square footage. Saubers emphasized the



Receptionist Aroona Toor sorts mail and takes messages for those who have set up shop at Nebula Coworking in St. Louis. Like many of the amenities at Nebula, a shared receptionist helps defray costs. Photo by Allyssa D. Dudley

community aspect and the potential to interact with people that one might not normally see in a traditional office. “Coworking allows you to make those connections and really allows you to grow your business or do collaborations with other people,” she says.

‘Lawyers have been coworking for decades’

Brown said the coworking trend extends to lawyers. “Lawyers have been coworking for decades, it’s just been in offices with other lawyers,” he says. “It’s just that now, more people are in the office, too.”

The growth in coworking is particularly tied into the rise of solo and small firms. “More and more firms are small firms and they don’t have traditional offices with [pictures of] ducks on the wall,” he says. “You don’t need that any more. You can be in a cool, fun environment.”

That said, the non-traditional aspect of coworking may initially put off some lawyers. “I think a lot of them are scared to do it because it’s so different,” Brown says. “It works for me because my client base loves it, but some client bases might not want to come to a coworking space for a meeting.”

He added that lawyers also need to think about confidentiality concerns in such spaces. Coworking memberships can range from offering attorneys a mailing address, to open work spaces where a worker doesn’t have a fixed space, to fixed desks and personal offices.

Brown has his own office, which solves confidentiality issues. “You have to be smart about it. It’s not that hard to comply and to maintain confidentiality, it just has to be a little more at the front of your mind because of the nature of the office,” he says, noting that if he has a big printing job, he makes sure to be at the printer when it’s printing.

Creating relationships, business opportunities

Denise McCracken, a solo practitioner in St. Louis, was familiar with coworking spaces before she opened her solo practice in May.

She worked as a grant writer for arts organizations in St. Louis. In that line of work, she came across Nebula, a coworking space in St. Louis’ Cherokee Street neighborhood, which has become a magnet for artists.

She began researching other spots, measuring their proximity to her home and their costs, and ultimately settled on Nebula, where she pays for a fixed desk membership. “I was thinking about possibly just working out of my home or using the local coffee shop for my home base, but I know myself, I need the structure, I need some place to go in order to be constructive,” she says. “I need to interact with other people occasionally.”

McCracken’s practice includes wills, trusts and probate matters. The fixed desk option, where she has a set desk space surrounded by other desks, works for her.

“You’re interacting with other people who are starting their businesses,” she says. “I wanted to create relationships with other entrepreneurs, other startup people, and bounce off issues I was going through.” She said a small group of attorneys at Nebula have created an informal network so they can reach out to each other if needed.

Two of her officemates are in web design, which allows her to ask them questions where it might come up in her business. She added that her goal of working in the space is to build up her business and have a steady income stream, then later move into an office.

Until then, McCracken said she likes being able to interact with people in diverse business areas who are building up their own business networks separate of her own networking base.

“In addition, I am getting to know other entrepreneurs, they can get to know me,” she says. “When they interact with their separate network of associates and clients, if an issue comes up that someone might need an estate planner or assistance of a lawyer, they know my name now.”

‘I’ve enjoyed the exposure’

Gregg Lombardi, the former Executive Director of Legal Aid of Western Missouri who left last December to start a not-for-profit firm, has found coworking well-suited to his needs.

Lombardi is located in Plexpod’s Westport Commons, in the renovated Westport Middle School campus. At 160,000 square feet total, the space is the largest coworking space in Kansas City and touts itself as the largest coworking space in the world.

He said the decision was based on the flexibility of the lease and not knowing how quickly the firm would grow. He signed a short-term lease for a 50-square foot office.

Adjusting from a larger office was humbling, he says. “It’s one of those things where there’s kind of a perception and reality where you feel you’ve been at the practice of law for a while, I merit a good-sized office,” he says. “Then I go in and I work in a smaller space and find it works well for me.”

He likes the opportunity to interact with community groups in shared meeting spaces on the campus. Lombardi also said the ability to work with people in diverse fields is appealing. “It’s just a broad range of interesting, creative people,” he said. “I’ve enjoyed that exposure.”

More Efficient (and Profitable) Litigation Through Data Utilization

In 2016, a study revealed that litigation firms using integrated legal technology had 14% higher billings and 6% lower IT costs. The change was greatly due to decreased attorney time commitment on regular tasks.

Busy attorneys don't always track and analyze the data that would allow them to maximize profits. While most firms assess the costs associated with certain types of litigation and the return on various marketing investments, one of the largest pieces of the profitability puzzle is often entirely overlooked: attorney hours dedicated to particular case types.

Apply the 14% improvement in efficiency above to a standard attorney work week. An attorney would, on average, accomplish what had previously taken 40 hours in a 34-hour work week. The monetary value of that savings may surprise you.

Valuing Time in a Litigation Practice

The National Center for State Courts (NCSC) has aggregated data regarding the time commitment associated with specific types of litigation. For example, at the 50th percentile, a senior attorney devotes 75.5 hours (and a junior attorney 78 hours) to an automobile tort case that goes to trial. When the 14% efficiency increase is applied to that total of 153.5 attorney hours, attorney time commitment associated with the case drops to 132 hours.

For a firm billing hourly, the value of that 21.5 hours is immediately obvious. However, litigation firms operating on a contingency fee basis may not be as quick to recognize the dollar value of the time savings. So extrapolate the effect over a year. If the two attorneys each put in 2,000 productive hours each year, they can take 26 automobile accident cases to trial in that time. If that time commitment drops to 132 hours, the same work hours now yield 30 closed cases.

Multiply that value by an additional four cases per year to estimate your increased annual earnings with no increase in hours worked. That impact is multiplied in larger firms. Note that the calculations assume each case is fully prepared and tried. For a case settled after discovery but before pre-trial preparation, the average attorney time commitment drops to 54.5 hours per case. In this scenario, the 14% efficiency increase means the two attorneys can close an additional nine cases per year.



Collecting and Analyzing Data

Increased efficiency can impact your law firm's bottom line. However, for an accurate and actionable roadmap to higher profits, you also must gather and assess your firm's data, and many law firms keep incomplete data and fail to fully analyze it. Fortunately, the right case management software will make it easy to track time associated with each contingency-fee case.

The SmartAdvocate case management platform helps your law firm maximize productivity and profitability in many ways. The integrated case management system offers increased efficiency, enabling attorneys and staff to generate more revenues without extra hours.

Using such features as templated pleadings and letters, mass-mailings, pre-formatted case summary reports and integrated texting and emailing, will save time on frequently-performed tasks. Generate data to increase your bottom line with three additional features:

- **One-click tracking of time attributable to a particular case.** This gives you a clear measure of the time investment on a specific case compared to the fee generated by that case. You can also generate reports based on case type, assess which are most profitable for your firm and use this information to prioritize when accepting cases.
- **Staff productivity reports.** Determine who is most effective, who may need additional training, and where each person's time is most effectively spent.
- **Marketing ROI reports.** Combining data about case type profitability and data about marketing ROI as broken out by case type allows you to focus your marketing dollars on the advertising most likely to generate the most profitable cases for your firm.

The use of robust, integrated legal technology directly impacts profitability through increased efficiency and provides the tools to easily assess ROI and adjust accordingly.

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Making SBA Resources Work for You

By Heide Brandes

Starting a business requires more than just enthusiasm, a strong work ethic and a great idea—it takes a lot of financial resources. That said, there are ways you can reduce costs when starting your business. Luckily for the would-be entrepreneur, free and accessible resources on how to start and grow your business abound.

The Small Business Administration offers resources, workshops and tips on how to establish your company from start to finish. It's a great way for you to reduce any budget that you've allocated for business consulting and education.

"SBA's advice is for business owners to check with us or a resource partner before spending money for help," says Dottie Overall, the SBA Oklahoma District director. "We hate to see someone spend a lot of money up front when many of these tasks can be done at no cost to the entrepreneur."

Oklahoma, like many states, offers a wide range of resources to entrepreneurs through its SBA district office. "It's important to understand that there are resources available at no

cost throughout Oklahoma," Overall says. "The District Office of the SBA can assist entrepreneurs in finding the resources they need to succeed. While there are many internet offerings to do things for business owners for a fee, many tasks can be done by the business owner with the help of the SBA."

"The range of services available in Oklahoma range from the basics of business planning all the way up to growing your business through exporting," she adds. "Obtaining capital is always a concern and we are ready to walk business owners through the range of options, including SBA-guaranteed loans."

Similar services can be found in SBA offices across the country. Using your state's SBA branch as a free consultant helps you get a head start on the competition and lets you avoid having to spend money to learn the basics about becoming an entrepreneur. During the business planning process, entrepreneurs should follow a series of steps before even launching their business.

Planning, goal-setting, market research and more can take up time,

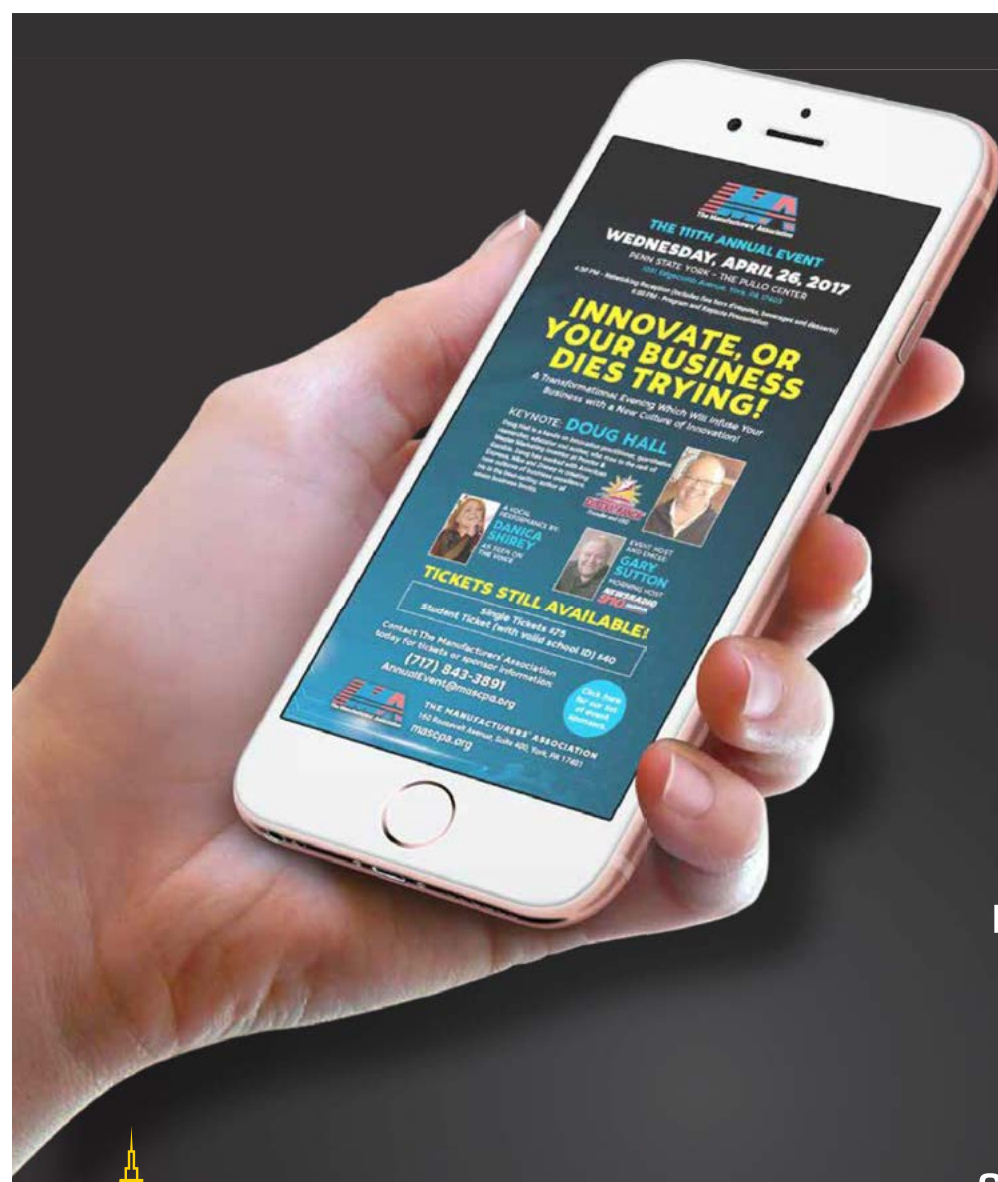


but they're necessary for entrepreneurs to understand the risks and issues they may face. "It's important to put your business plan on paper in order to break down what can be a daunting task into smaller achievable goals," Overall says. "The SBA and its resource partners can help at all stages of the process. If a business owner hits a wall, there are resources available to assist."

Finding resources to assist in areas where you lack strength is also an important step. "The biggest surprise I see from business owners are the items

not related to the core business, such as factoring in insurance costs or budgeting for legal and accounting help," Overall says. For instance, if you aren't knowledgeable enough about accounting to keep your own books, you may need to hire a bookkeeper and/or an accountant. Unless you're an expert in website development, you may also have to hire qualified IT experts.

And by using the SBA to determine what they need to succeed, business owners can reserve their budgets to hire essential supplemental employees.



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How to Negotiate an Early Exit from a Lease

By Dan Emerson

Negotiating an early exit from a lease can be potentially costly for any company. It's a process akin to a poker game, says David Buyse, a partner in Minneapolis-based Corporate Tenant Advisors.

If the office market is relatively robust, it's easier for a landlord to find a replacement tenant. But as Buyse cautions, "there's not a landlord in town who will tell you the market is in their favor." As the tenant trying to leave, "you want to let the landlord know you want to get out of the lease, but you also want to let them know you are not desperate and are willing to consider other options."

"Portrayal of attitude" is important, Buyse says. "If you come across as desperate, get out your wallet. But if you come across as confident, with many alternatives, be prepared for an easier negotiation."

The two most common reasons why office tenants request an early exit are that they have outgrown the space and need more room, or that their company has substantially diminished in size or is going out of business, according to Jim Vos, a principal with Cresa Minneapolis, a tenant representation agency.

The landlord's response "is predictably different in each case," Vos

says. "If you're outgrowing the space, the landlord will typically say, 'You must be making money, so you have an obligation to write me a check.' Conversely, if you're running out of resources or folding, the landlord may be a little more sympathetic."

Minneapolis attorney Karl Yeager recalls a recent client that had two years left in a lease and needed to exit. The small service company had downsized to the point where it was only using a fraction of its office space. At the original lease signing, the tenant had put down a security deposit that represented "a sizable portion" of the remaining lease payments.

The tenant also had signed a personal guarantee, according to Yeager, head of the real estate practice group at the Minneapolis law firm of Meagher & Geer P.L.L.P.

The landlord agreed to forgo the guarantee and let the tenant vacate early in exchange for the security deposit. The landlord soon found another tenant, and "the early termination worked out great," Yeager says. The landlord's ability to find a replacement tenant relatively quickly was a major factor in forging an exit agreement, he noted.

Office tenants also sometimes seek to exit a lease early because the landlord has failed to live up to the obligations stated in the document. For example, if a tenant believes the landlord was negligent in not fixing a leaky roof, which resulted in a space that's become unusable or less usable. But those situations, which

often end up in court, are relatively rare, experts say. In most cases, getting out of a lease early is a matter of negotiating a settlement that's acceptable to both parties.

When entering a negotiation, tenants need to know their obligations to the landlord to determine what options are available for early termination, Vos says. Some leases are more tenant-friendly; others are more favorable to the landlord's interests.

The original lease may include options such as subleasing or assigning the space. By definition, subleasing covers any period of time less than the remaining term of the lease. An assignment is for the remaining term of the lease.

When negotiating any lease up front, it's sometimes possible to include a clause that allows the tenant more leeway to make an early exit. A lease also could include an option to reduce the amount of space leased sometime during the term of the lease. But contraction rights aren't as common as they once were, Vos says. In today's market, landlords rarely agree to contraction rights, and when they do, it's typically to large, multi-floor tenants with exceptional credit.

Some office leases include termination clauses that give a tenant a one-time right to leave early—for example, after three years of a five-year lease—in exchange for paying a penalty. Even so, landlords are typically "very reluctant" to offer termination clauses, Vos says.

For a tenant who needs some concessions but isn't necessarily on the verge of going out of business, a landlord might be willing to relocate the tenant to other space in the same building, or to a less expensive space in another building the landlord owns, Yeager notes.

If a lease with a corporate tenant doesn't include a personal guarantee, the landlord may have more incentive to work out an agreement to keep the tenant in the space, Yeager says. In that case, the landlord might offer a rent reduction.

Here's where market dynamics often come into play. If vacancy rates are tightening and the market is becoming more favorable to landlords, the landlord may be able to charge the next tenant higher rates. If so, "the landlord may have an incentive to work something out to let the tenant out early and get someone else in there to pay higher rent," Vos says.

No matter the circumstances of negotiating an early exit, a good tenant rep needs to work at cultivating long-term business relationships with landlords, said Buyse of Corporate Tenant Advisors.

While the tenant might have a one-time situation, the rep should "approach the landlord as a repeat customer who is going to be enthusiastic about recommending him to future tenants," Buyse says. "That way, you frame it as a good business decision," for the landlord.

Editor's note: This story originally appeared in Minneapolis-based Finance & Commerce, part of BridgeTower Media. All of the sources are still with their companies.

17

Free Marketing Ideas for Small Businesses

By ThriveHive

Small business owners often have a tight marketing budget, which can be a challenge when you're trying to promote your business. However, there are ways for you to market yourself to your customers without spending more money. You could even cut your marketing costs. Here are 17 ideas to give your small business marketing efforts a boost without putting a dent in your budget.

1 Content Marketing

The value of content marketing is too strong to ignore. Content is king (or queen) for all businesses and the right content can increase your local search engine optimization (SEO) and get your business found online. Create valuable content on your website, including an About Us page, Products and Services page, and blog posts.

2 Video Marketing

Videos are a popular marketing tactic for small businesses—they can help you make a vital connection with your audience. While it can cost a lot to get a professional video shot and uploaded to YouTube, remember that you don't have to hire a professional. It's easy to do-it-yourself on social media sites like Instagram and Facebook. Combine images and videos to good effect. Prepare a script to follow, but remember a little humor never hurts.

3 Visual Marketing

Harnessing the power of the visual medium can catapult your marketing success in social media sites like Pinterest and Instagram. Sadly, only a few small businesses have tapped the real potential of using these sites to build a large online audience. No matter what business you're in, visual marketing is a free creative marketing idea for connecting with your target audience and helping you quickly reach your marketing goals.

4 Email Newsletters

Email marketing through newsletters and email blasts remains one of the reliable ways for achieving a strong return on your investment. Customized and targeted email content should form the core of any email newsletter. For more guidance,

you can find email newsletter templates online to point you in the right direction. Remember: no matter what you say in the email, the most important thing is to make sure that you're creating catchy subject lines to draw in readers.

5 Cross Promoting on Social Media

Social media platforms are the perfect free marketing tool to promote your business because you can get more bang for your theoretical buck. If you're not already on social media as part of your marketing plan, you need to be. Cross promoting your posts on social media is an effective way to get your content seen by a large number of people. Make sure that customers can find you on all social media channels by including links to your profiles in the header, footer, or About Us page of your website. To save time, you can schedule your social media posting in advance with social media automation tools.

6 Industry Partnerships

By developing industry partnerships, you can double your marketing efforts and gain access to extra resources. There's real power in numbers. You can accomplish marketing goals with a partner which would not have been probable done alone. Take several steps before choosing a partner for your small business. Figure out what to expect from a partner, make inquiries into possible candidates, assess how you can work together, then form the all-important partnership.

7 Social Media Engagement

Increasing social media engagement and building a community online is important to growing your small business. It goes a long way toward increasing name awareness and brand recognition in your local market. Some businesses use sweepstakes or contests, offer coupons, and provide discounts to users on social media to drive sales. Some engage in direct dialogue to understand the sentiments of their customers. Think consistency, community, collaboration, and commitment.

8 Tag Users on Social Media

Tagging someone on Twitter and Facebook is an effective marketing tool for your business. This can broaden the

reach of your business to a new potential audience and get more clients. Incorporate tagging into your social media strategy as a free marketing tool and watch your organic reach grow.

9 Use Hashtags

Another free marketing idea for your small business is to incorporate hashtags into your social media and Twitter marketing strategy. Use hashtags like #smallbiz or #SMB for resources, advice or trending topics in the small business sector. Think of hashtags like #marketing, #startups or #entrepreneurs to seek small business-specific conversations. If you're searching for tips on meeting like-minded small business owners, try #networking, where you will find advice and relevant information on networking, and making connections online.

10 Host a Class or Event

Share your expertise in your area of business, or demonstrate the features and benefits of your small business by hosting an in-person class, event, or presentation. Free marketing tools like Eventbrite make planning and promoting an event easy to do. If you can't host an event, attend any local events that might benefit your business. You never know where you will find your next customer or business partner!

11 Host a Webinar

Webinars can promote your business by providing helpful information to potential interested customers. Web conferencing platforms such as Webex and GoToMeeting allow you to broadcast your webinar with just a few button clicks. Make sure to promote your webinar on social media, or through an email newsletter, one to two weeks before the event, and include reminders to registrants so that they don't miss it.

12 Blog for Your Business

Small businesses can use blogging to drive traffic to their website, increase user engagement, improve online visibility and SEO. Blogging is good way to talk about your business and provide useful information to potential clients. Blog posts don't have to be lengthy or complex—think about a blog post as being like a longer Facebook status message.

13

Connect with Bloggers and Influencers

Identifying and reaching out to popular bloggers and influencers is a potentially valuable connection. Once you create relationships with bloggers and blogging networks, you have a platform to find potential strategic business partners. Establish relationships with bloggers who can try your products or service and then write about their experiences on their blogs.

14

Hold Social Media Contests

Running a social media contest or giveaway is a smart way for small businesses to promote themselves for free or little cost. For instance, if you own an interior design firm, you could host a giveaway contest like “Get a Virtual Bedroom Makeover.” Have contestants share and tag your status. Pick a random winner and do the “virtual makeover” through a sequence of video episodes or interviews. Potential clients can view the

episodes and ask questions as you make over the winner’s room.

15

Attend Industry Events

Attending trade shows, local events, and industry conferences can take your small business to the next level. These events bring together a cross-sector of business minds who want to find new marketing strategies. It’s a way to network with like-minded people and develop new B2B contacts. In addition, these events often have exclusive seminars that will sharpen your skills in sales, social media, advertising and other ways of promoting your small business.

16

Do a Business Card Drawing

One way to grow your email list is by collecting emails through a giveaway. By collecting business cards for a promotional drawing, you can get a lot of information about your audience, which can help you market yourself to new customers. Set out bowls for your customers to drop in their

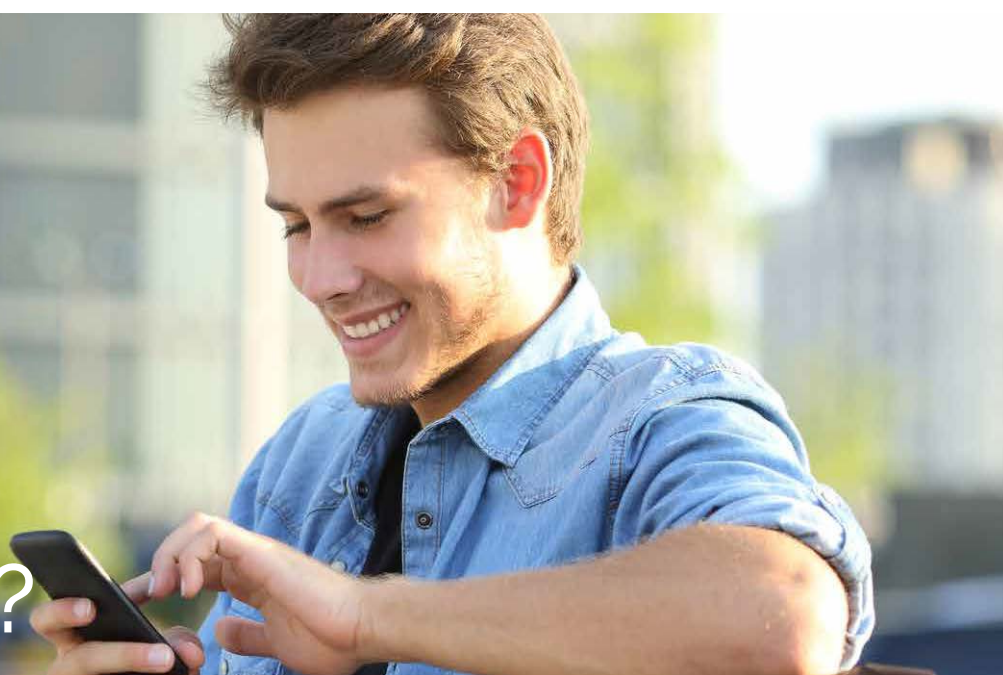
business cards, and you can build a database using the information collected, including where to send your email newsletters.

17

Use Employees for Word-of-Mouth Marketing

For many small businesses, word of mouth is an important marketing strategy. Research shows that customers are more likely to buy a product or service if they get to know about it from their friends or family. Make your employees your brand ambassadors and tap into the incredible potential of their networks. Engage with them in a brainstorming session, and gather their ideas of improving your business. Make them feel empowered. Think about hosting an exclusive discount sale like a “friends and family” promotion. Learn how to use Facebook for your business—create an event, invite employees, and ask your employees to share it with their personal and professional contacts. Encourage them to share the status and tag people to increase the reach of your event.

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Selling More with Less

10 ways to get more out of your sales & marketing team

By W-Systems

The number of ways that a company can reach its customers is mind-boggling. The problem is that nearly every possible customer receives so many sales pitches that they may become indifferent to ads and other outreach.

The answer doesn't lie in expanding your advertising budget. Rather, companies should try to make marketing efforts go further through the use of Customer Relationship Management (CRM) and Marketing Automation (MA) software.

CRM refers to the technology and practices that businesses use to capture customer interactions, log contact information, and analyze the related data. MA exists to help companies manage marketing campaigns, track customer responses, and automate repetitive tasks like emails and social media posts. Firms that use a combination of CRM and MA in the cloud to manage their customers and campaigns can reap the benefits of a fully integrated sales process: one that helps increase internal communications while preventing leads from falling through the cracks. Here are the top ten ways to get more out of your sales and marketing team with CRM and MA.

1. Lead Scoring and Communication

Talk to sales reps and you're likely to hear the same complaints: they're being sent leads that either aren't ready to buy or just aren't that interested. With an integrated sales and marketing process, leads are evaluated and scored before being sent to sales reps. That way there's less confusion over interest level or lead quality.

2. Social Media Tracking and Performance

Where should ad dollars go? When a lead clicks on an ad or display on a social media platform or website, that information is captured and delivered to a profile in CRM. Since there can be so many variables involved in a social media campaign, from the timing and messaging of an offer to the audience selected to receive it, gaining visibility into where and how people are viewing your content is vital.

3. Automated Campaigns and Lead Tracking

As marketing calendars progress, businesses likely have multiple campaigns running at any given time. This could add up to thousands of emails, web ads, or other outreach, and so creates tracking challenges for marketing departments of any size. MA works to "drip" content to leads and customers without needing human intervention, and automatically returns that information to CRM.

4. Sales Handoff

CRM is a great retention tool, creating links and safety nets for customers as they move from sales to service and back again. Opportunities for failure in the sales process are numerous, especially when the number of customer touches is so great. When a lead interacts with a website or through an ad, their information is automatically passed to an inside sales rep who can speak directly to that customer's interests.

5. Reduced Barriers and Silos

As companies grow, business lines and departments can end up focusing on their goals and objectives, not necessarily being aware of the organization around them. Integrated sales and marketing processes can open a line of communication between departments and give management greater visibility into the process.

6. Increased Employee Engagement

One way to lose great employees is if they find your sales process burdensome and frustrating. Having better and more open communication throughout the sales cycle can help alleviate some of that stress. As salespeople begin to receive better-qualified leads and as marketing staff see more efficiencies in their campaign process, they will become more motivated and engaged with both customers and each other.

7. Connect Customer Behavior and Outcomes

Many companies still find their customers' behavior a bit of a mystery. How many pages or links did they view on the website? Did they read the email they received last week? Combining MA

with CRM helps companies get a better handle on things by logging and displaying what's happening at every step of the process, connecting the dots between customer behaviors and bottom-line sales.

8. Unified Data Management

Storing the same information in multiple places is a recipe for disaster. Consider having a single point of data storage and reporting. This gives companies an efficient, accurate, and trustworthy database. Adding marketing information to the mix further increases the data's value and visibility.

9. Campaign ROI Tracking

A difficult metric to track between marketing and sales is an accurate return on investment (ROI) that can be tied back to a specific campaign. However, when a campaign is initiated through MA, each person who received communication is logged automatically in CRM, which tracks further responses. Since CRM tracks each person all the way through the sales process, it lets a company assign any revenue earned to a specific campaign.

10. Improved Reporting

Blind spots in sales and marketing reporting can lead to missed opportunities, expensive missteps, and management frustration. Having a single data source not only helps accuracy and security, but also greatly improves reporting. Information from various customer touch points can be combined into one report, which gives visibility into customer performance and behaviors that would not be possible otherwise.

Companies that integrate technology and automation into their sales and marketing processes see benefits that span across their business, from bottom-line profits to employee engagement. Customers also notice, never feeling forgotten or annoyed with too many sales pitches.

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How Small Merchants Can Compete on Credit

By Anamika Roy

Small businesses often struggle to compete with large retailers that have the infrastructure to offer credit cards and zero-interest loans. Now a Baltimore company wants to make credit cards and financing accessible to smaller merchants again.

After working in consumer credit for 20 years, Greg Lisiewski wanted to try to level the playing field for small businesses, as well as build something on his own.

That's where he got the idea for Blispay, a financial technology company housed in Baltimore's Natty Boh Tower. It lets consumers finance purchases over \$199 with a six-month, interest-free loan. Users can use that single Visa card for all their financing and as a regular credit card for everyday purchases. The card also offers two percent cash back. Blispay gets most of its revenue through interest—about 20 percent APR after the six-month period—and some from fees.

For merchants of all type and size, Blispay allows them to offer financing without the need for a technical integration or changes to back-office processes. All merchants need to do is some light associate training and put up a sign (or messaging online) about Blispay's service.

People can sign up for the card on the Blispay website by providing basic personal information. The company runs a basic credit check and accepts or rejects the application within 30 seconds.



The card isn't for everyone. Blispay targets people with Good to Great credit (often referred to as Prime customers), with an established credit history and a high comfort level with technology. Lisiewski sees it as a product for "people who don't need more credit but want more flexibility with their cash."

Lisiewski started Blispay in June 2014 after leaving PayPal, where he was head of global credit. He did the first round of funding for Blispay at the end of that year and launched the company with 10 employees in January 2015 at a rowhouse on Hudson Street in Baltimore's Canton neighborhood. "It had a vintage startup vibe," he says.

A Loyola University Maryland graduate, Lisiewski started out in consulting for MBNA Bank in Delaware in the 1990s. In 2006, he came back to Baltimore to work at Bill Me Later, a

Lutherville company that PayPal bought for close to \$1 billion in 2008. He was one of Bill Me Later's first hires on the consumer side as its vice president of consumer product and marketing.

While Lisiewski has faced a lot of the challenges of a startup, he was able to use his PayPal network in the initial fundraising process. "I didn't have to cold call institutional investors," says Lisiewski.

He did an initial institutional fundraising round in Boston and then a much bigger second round, which included nearly \$1 million in funding from angel investors, about half of whom were from Maryland and had committed even before Lisiewski started his initial fundraising. "I wanted to make it a Baltimore story." After two rounds of funding, Blispay had raised nearly \$25 million with major investments from FirstMark Capital, Accomplice, NEA and TriplePoint Capital.

Blispay currently has 32 employees, about half of whom live within walking distance of the office. The company includes several PayPal and Bill Me Later alums and is looking to hire more local talent.

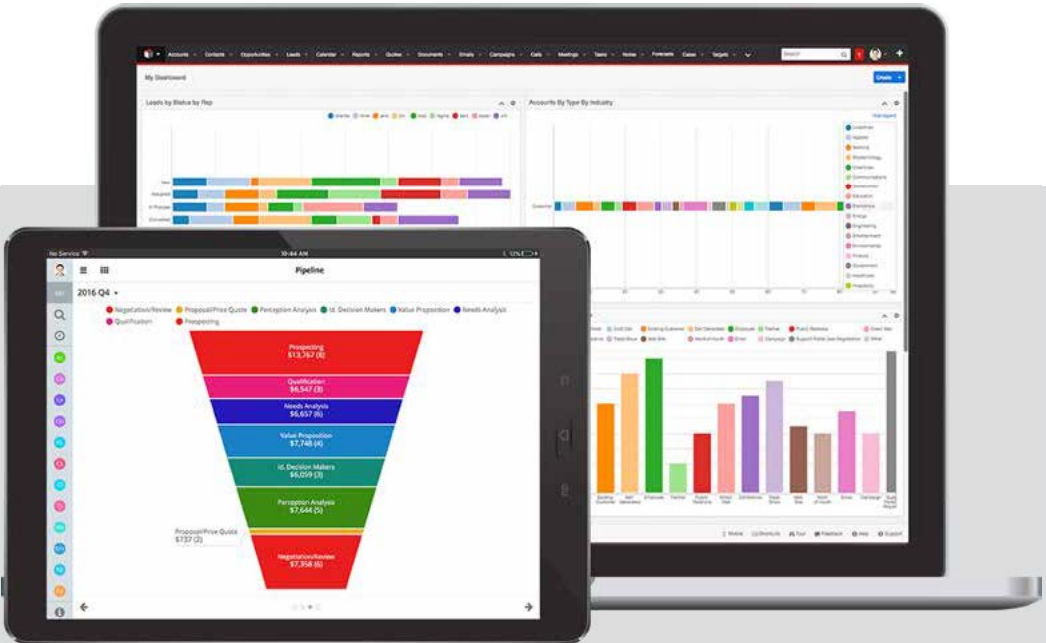
While the program is still in its early days, Blispay has over 500 merchant partners on board to date and see a lot of growth opportunity ahead. While Lisiewski would like to see the company expand its range of services, he wants to stay true to Blispay's original intent. "I would like us to keep our retail and merchant focused roots," he says.

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Micro-Businesses

Keeping main streets alive through ingenuity

By Tim Curtis

Across Maryland, cities and towns have turned to Main Streets and downtown areas not just for commerce, but as a point of civic pride. They welcome tourists, celebrate diversity or embody the hopes, aspirations and history of a city.

To call the businesses that populate Main Street “small businesses” would in many cases blow their size out of proportion. They’re “micro-businesses,” often employing few employees outside of the mom-and-pop owners who work 18-hour days. And their success shows how keeping costs low and taking advantage of promotional opportunities connected to their neighborhoods can keep a micro-business viable in the internet era.

The Daily Record talked to business owners and advocates on Main Streets across Maryland. Near downtown Baltimore, Pigtown’s Washington Boulevard represents an urban Main Street that’s hoping for the same renaissance enjoyed by its neighbors.

An hour to the north, Havre de Grace brings in tourists with a thriving wedding industry, hoping guests stay to spend money on their shops and restaurants along Washington Street. And on Maryland’s Eastern Shore, the small city of Salisbury wants to make its Main Street the heart of a downtown that encourages nearby university students to stick around after graduation instead of chasing jobs in a big city.

According to the Kauffman Index of Main Street Entrepreneurship for the year 2016, many Main Street businesses are enjoying economic success. The Kauffman index puts the success at levels greater than before the recession hit at in 2007.

Maryland itself does well according to the Kauffman index, which splits states into two groups by population, the 25 largest and the 25 smallest. Maryland was the sixth-most successful large state for Main Street entrepreneurship.

Risk and lots of work

Just starting a Main Street business can be a tremendous risk. For many business owners, it means putting everything they’ve got into the enterprise.



TOP: An ‘Open’ flag flaps in the breeze outside of Washington Street Books on Washington Street in Havre de Grace. Across Maryland, ‘Main Street’ businesses are an important source of civic pride, history and aspirations. ABOVE: Martha Ogburn, owner of Barefoot Baby Boutique, adjusts her window display on Main Street in Salisbury. Photos by Maximillian Franz

Sylvia Lin co-owns Culinary Architecture in Pigtown, where she and her partner, Piper Booher, offer private dining, a small market and catering services. “It takes a lot of guts to sink all you have into it,” she says. “You have to be pretty confident in what you’re doing. It costs a lot to run a small business. You hope (the neighborhood) knows you put all that into it.”

Once a business is open, the hard work has just begun. In many of these businesses, owners also operate with few, if any, paid employees.

Not paying an employee helps cover for the days when he only makes \$50 in sales, said John Klisavage, owner of Washington Street Books and Music in Havre de Grace.

“(Small businesses) can’t afford to hire employees,” he says. “On a very quiet day you may bring in \$50 and if you’re paying your employee \$10 for a total of eight hours, you’ve now gone \$30 into the hole.”

And store hours have nothing to do with the actual hours that owners will be working. “You’re going to work more hours running an independent business than you will for anybody else,” Klisavage says. “It’s not unusual for someone running their own business to work 18 hours a day.”

When the store is closed, that often means Klisavage’s work has just begun. He stocks books, music and comics and sets up displays of movie costumes he showcases in the store. He also raises his children through the store. They work the register and greet customers while Klisavage performs other duties.

Owning a Main Street business brings difficulties in other areas. Often, owners have to rely on the individual market for health insurance. They need business insurance. If a business wants to hold an event, there’s insurance for that. “The hardest part is not keeping your doors open,” Lin says. “There’s health insurance and there’s pest con-

trol. All of those things are the real cost of doing business.”

Room for creativity

While operating these small businesses can be challenging to time and budgets, it also allows owners to be more flexible and inventive.

Klisavage’s store originally opened in Havre de Grace as a photography studio. But after he and his wife had a baby, he couldn’t shoot pictures and hold a baby at the same time, he says. Instead, he started selling books before expanding into comics, music, movies and trading card games. Now he buys and displays original movie costumes.

Flexibility also comes with the ability to move. Martha Ogburn owns Barefoot Baby Boutique, a baby store in Salisbury. She moved her shop from Princess Anne two years ago. She has acclimated to a smaller space than what she had before, but gets the benefit of traffic from the city’s popular Third Friday event.

That had its own problems when Comcast didn’t switch her number over. It left her previous customers thinking she had shut down. “I didn’t get my base and so it’s like I started over,” she says.

Ogburn also keeps track of what tops current baby trends, letting her take advantage of chic fads. Currently, much of her clothing stock is made of bamboo threads. Mothers, grandmothers and anyone else buying clothes for babies will come in and ask her if she has certain bamboo items. She’s built a new base now, and feels like she’s finally getting her footing in the new location.

Increasing foot traffic

Modern Main Street businesses face two large obstacles to getting people into their shops: the internet and big-box stores.

Consumers today can find everything they need online through Amazon or websites for Target and Wal-Mart. And if the internet isn’t their speed, they can pick up a gallon of milk, a new shirt and some home decor, all in the same brick-and-mortar location.

Business owners and the Main Street districts they operate in have turned to events as methods of drawing foot traffic. In smaller cities and towns, monthly gatherings

have become a way to drive people to downtown. Salisbury hosts Third Fridays, centered around the Main Street plaza. Mayor Jake Day estimates that the events draw 2,500 to 3,500 people a month.

"It's unbelievable down here on Third Friday," Ogburn says. "I have stroller jams in my shop on Third Friday. It's crazy. I just look out there and think, 'Where did these people come from!'"

Even outside big events, smaller gatherings work as a way of drawing consumers into places they didn't know existed.

Lin plans on hosting several small concerts in the backyard of her small space. "We plan to do a lot of content-driven things to drive business here because there's not a lot of business density right now," she says. "Last Saturday when it was pouring rain we had our first ticketed music and food event. We had some singer-songwriters from Philly who came and did a concert and then they're from the Philippines so we did Filipino food."

Benefiting from each other

Havre de Grace's Main Street district has benefited from a booming

wedding industry. The town hosts 367 weddings a year, bringing tens of thousands of people to the area, said Erika Quesenbery, the city's director of economic development.

"When you have a wedding, you have a wedding party who comes in and wedding guests who come in," she says. "And they're looking for a place to eat, a place to stay, where to shop, let's get some favors about the area that we're staying, and all that kind of stuff."

Main Street businesses also recognize the challenges of operating against big-box stores and will direct customers to other stores, to let them know what else is in the area.

"We're a very small town," says Alex Gordon, manager of Joseph's Department Store in Havre de Grace, which has been in operation for 80 years. "We all know each other for the most part. We all look out for each other."

Distilleries and breweries also bring people to Main Streets.

Quesenbery said she's trying to bring distilleries and breweries to downtown Havre de Grace. Suspended Brewing signed a lease on a space in Pigtown last year. And Salisbury Mayor Jake Day cited the

city's position on the Eastern Shore of Maryland with several local craft breweries and distilleries.

"In this day and age, doing breweries, tap rooms, small-batch distilleries are a huge tourist draw," Quesenbery says. "It's a bring-people-in gastropub environment, and that's a major thing."

Communities help

Communities play a role in the success or failure of Main Street business. The resources available, nearby industries and events all play a role in helping businesses survive.

Rob Dickerson and Debbie Ally-Dickerson, the husband and wife co-owners of Work Printing and Graphics in Baltimore's Pigtown, get the bulk of their clients from the University of Maryland, Johns Hopkins and other downtown businesses.

Culinary Architecture has found the universities to be a good source of business, providing lunch for events at least once a week. The internet has made that easier. Web services like Foodify let offices order catering for their office and has opened revenue sources to which Lin wouldn't otherwise have access.

"We've gotten so much support,

from the community and from the universities," she says. "They're focus on buying locally has helped us a lot."

Other resources, such as Pigtown's Pigtown Main Street and Havre de Grace's economic development department, can help businesses access grants available from the state to help improve business facades.

And they're also business resources. Lin credited Ben Hyman, the executive director of Pigtown Main Street with helping her find Foodify for the catering side of her business.

Quesenbery, Havre de Grace's director of economic development, said she helps businesses find the right space for them.

"If you've got a brilliant idea for a business and you are the absolute best at making chocolate bon bons, you might be the best at making chocolate bonbons, but you might not be really up to par on how to do an SBDC grant or how to write a business plan or what I should be looking for as a prime lending rate," she says. "We can kind of be that advocate or pull people from the community who might say look at this. Having a business plan that just says sell a lot of stuff and you'll be ok, is not a business plan."



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DECEMBER 2017

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