



Focus

MADE IN UTAH

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GETTING ahead IN UTAH business



böhme

By Andrew Haley

The Enterprise

Those who say the American dream is dead had better talk to Fernanda Bohme.

In 2008, Bohme and her sister Vivien, who moved to Utah from Rio de Janeiro when they were girls, decided to launch a women's clothing store in the midst of the Great Recession. With credit markets frozen and no private equity behind them, they opened on a credit card, using the Internet to research the finer points of cabinetry so they could build the interior of their first store, in Orem's University Mall, by themselves.

Four years later, their women's clothing retail company, Bohme, sits at No. 83 on the Inc. 500 list of fastest-growing private companies, with a three-year growth rate of 3,340 percent. Last year's revenues reached \$8.6 million.

The Bohme sisters, who literally built their first four stores with their own hands, have subsequently hired 160 employees and expanded to 15 stores in Utah, Idaho, Colorado, Nevada, Arizona and South Dakota.

"How it all happened is my sister wanted to start a business in fashion. I majored in fashion but never wanted to work in retail, ever. She talked me into it," said Fernanda Bohme.

From the beginning, the pair knew they wanted to operate a successful national retail chain and, despite starting in the midst of the worst economic downturn in generations, pulled off continued growth while maintaining the financial discipline to invest their profits back into the company. "It was really hard starting in a recession. We made it work because we were willing to be flexible," Bohme said. "We wanted to be a chain. We didn't want to be a little boutique."

In some ways, the recession worked in their favor. Because the downturn had crippled so many businesses, Utah malls had numerous vacancies and were looking for new tenants. "It was a good time to grow because a lot of retail was going out of business, so we were able to snap those up," Bohme said.

The company's clothes — inexpensive, modestly sexy casual women's wear — sold well despite the recession. According to Bohme, the sisters were soon pulling in the best sales per square foot in University Mall, and other malls, suffering from high vacancy rates, took notice. "So then malls started recognizing and then we just started growing. In one year we saw quadruple growth," Bohme said. "They say growing

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Utah-grown Crowell Advertising: like many firms, getting better at doing more with smaller budgets

By Andrew Haley

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Tracy Crowell, president and CEO of Salt Lake City-based Crowell Advertising, the 25-year-old marketing agency that has guided Harmons to its present spot as top dog among Utah grocers and has, for a decade, devised the Utah Department of Health's effective, and often unsettling, anti-tobacco campaign, says success has come hand-in-hand with his own unique personality.

"I'm a little odd, so I think I attract that kind of person. But I started on a card table in my living room so I couldn't be too odd. We wanted to zig when everyone else was zagging. We never felt the need to conform," Crowell said.

Much has changed since Crowell sat at that card table.

"It wasn't until about 20 years ago that we got more into TV," he said.

These days Crowell runs the gamut of marketing and branding strategies, creating advertisements across media platforms and technologies. In addition to creating TV, radio, print and online ads, Crowell works with clients to fashion their brand identities. It is a whole-system approach to marketing that is strategic in scope.

"Everything is coming out of a solid branding core," said Crowell PR director Rhonda Greenwood.

"We don't go in and try to push a certain direction. We are very strategic. We look at our clients and help them understand how they are important to the public," Crowell said.

In the case of Harmons, which became a major Crowell client more than a decade ago, the agency rebuilt the company's entire public image rather than issuing short-lived and soon forgotten ad campaigns. At the time, Crowell determined the family-owned Utah grocer was invisible to the public, marketing-wise. Despite a reputation for high quality goods, fair prices and superior customer service, and a fortune spent on advertising, focus groups could not recall having seen a Harmons advertisement.

Crowell saw in Harmons the ultimate underdog: a good, local company, still family owned and family run, that was struggling in its competition against national grocery chains with far deeper pockets. Crowell put owners Bob and Randy Harmon front and center, drawing attention to the qualities that set Harmons apart — value, local ownership, community. Over the past decade, while its media budget has decreased or remained flat, Harmons has outperformed competitors with far larger advertising outlays; other than Walmart, in the last three years Harmons is the only grocery store chain in the state to increase market share.

Like Harmons, Crowell Advertising is an underdog. Its staff of 21 Web designers, PR and branding specialists, writers, account managers and other professionals has worked out of the former Union Pacific building for eight years. With such a relatively small staff, Crowell doesn't have the size or the operating budget of larger firms, something it makes up for with employee

experience and teamwork.

"Most of our people have been here six to 15 years. When we deal with clients they aren't getting that junior level," Greenwood said. "I think we're very down to earth, and maybe even a bit blue collar. We've got an old-fashioned work ethic. Everybody just understands what needs to be done."

As in other industries, in addition to experience and hard work, success in advertising requires adaptation and flexibility. Revolutions in media, from the rise of cable television to mobile online platforms, have completely changed not just the technical skills required of the creators of advertisements, but the nature of the advertising world. Add to that a prolonged economic downturn that has crippled companies, forcing them to make systemic budgeting cutbacks, and running an advertising company has never required a greater adaptive spirit.

"There have been times we've been



The anti-superhero "Smokerman" was created by Crowell as part of its TRUTH campaign for the Utah Department of Health.

more successful. We've had ups and downs. We're kind of reinventing ourselves again. The way things are today you've got to con-

stantly experiment and explore," Crowell said.

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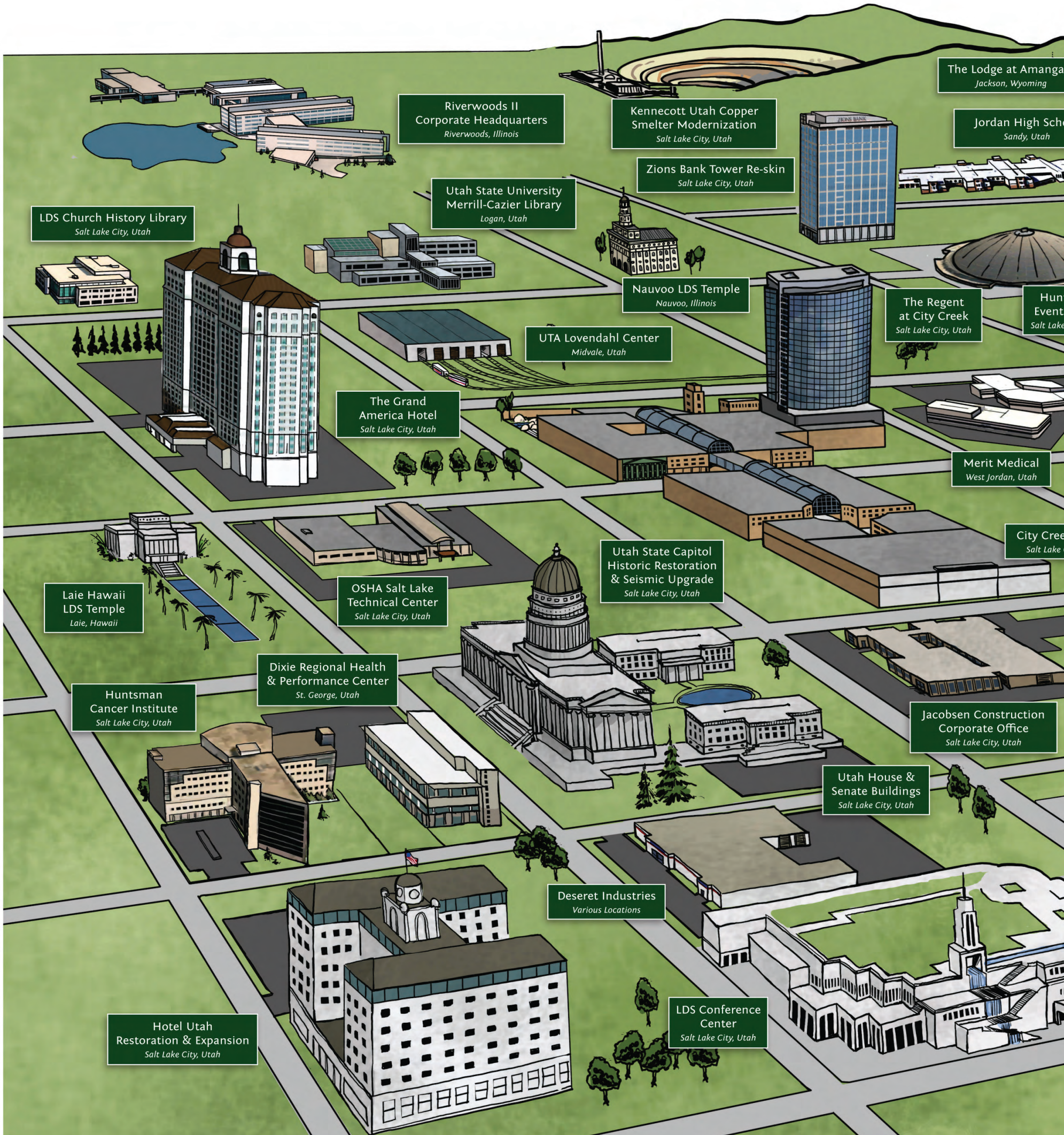
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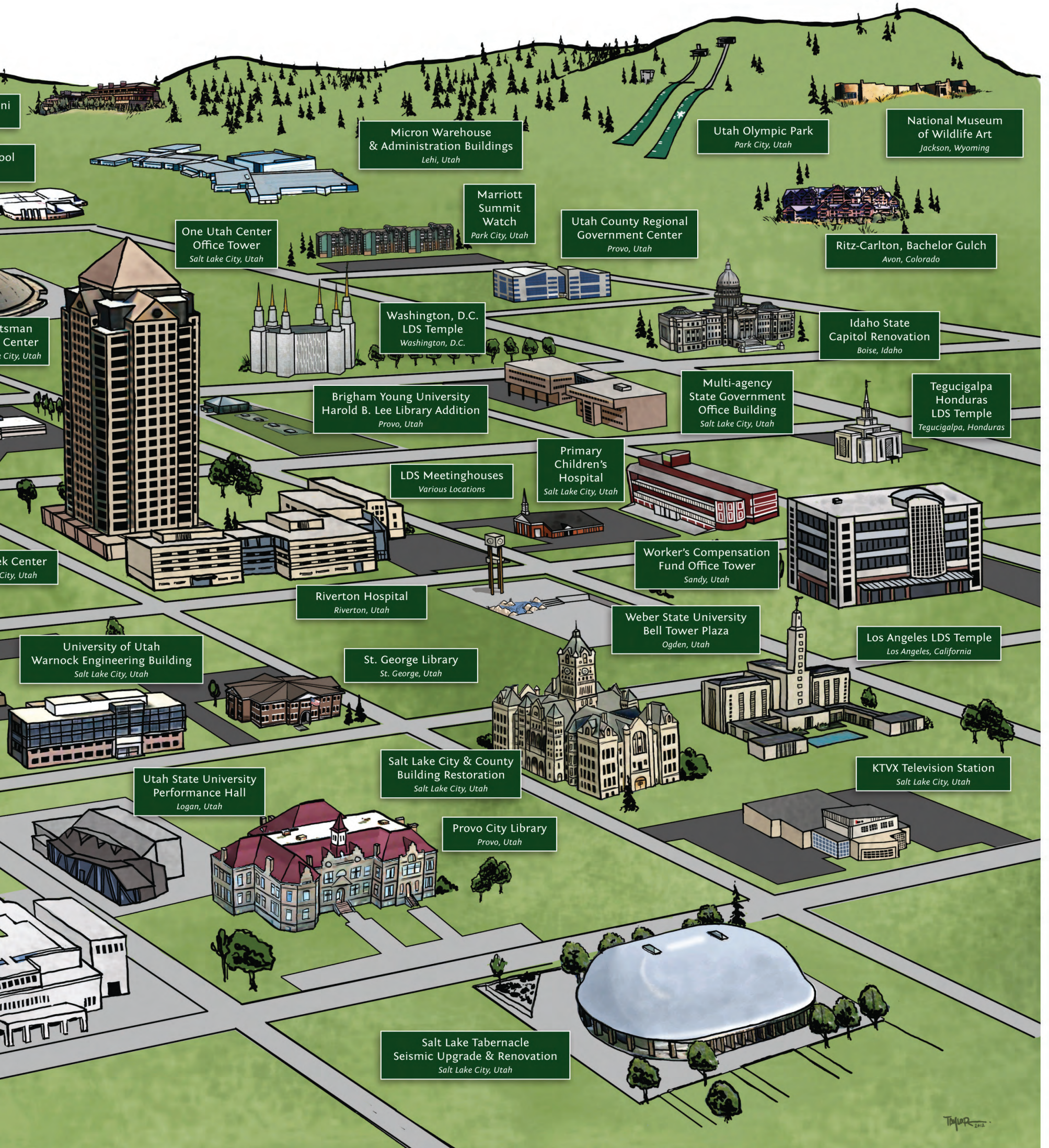
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JACOBSEN CONSTRUCTION: 90

The state of Utah was only 26 years old when builder Soren Jacobsen settled in Salt Lake City and hung his shingle in 1922. He had a few tools and one big dream: **Soren wanted to change the Utah skyline.** From the copper mines to the Capitol and countless points in

between, our proud of ever one thing we'



90 YEARS ON THE MAP

projects dot the landscape of this great state and many others—and we're proud to be one. But of all the things we've "Made in Utah" over the past 90 years, the one we're most proud of making is *a difference*.



BOHME

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too fast can be dangerous, but if you don't grow fast enough you don't get the recognition, the press. Ever since we had our first little store we've had customers saying, 'This is going to be big. This is going to be a big chain.' Now we're in six states, growing mostly in the Midwest. We'll end the year with 17 stores, and in the next year we'll add six stores to the mix. And we're launching the Web store."

The quick transition from rags to riches has not changed Bohme. An amiable, down-to-earth woman with a trace of an accent, Bohme has not forgotten her roots.

"When we were young, my dad came [to Utah] to go to BYU. You come here as an immigrant and what do you do? That work ethic is why we make it work, that strong work ethic of endurance and hard work. For us to go from absolutely nothing to this has been a blessing for us," she said.

The sisters contribute to charities benefitting immigrants and women, offer tuition remittances and health care benefits to their employees, and even give back-to-school gift cards to low-income girls who cannot afford new outfits. "Going to high school is a big deal and we know what it's like to go to school without new clothes," Bohme said. "In the future, we want to teach other immigrants, 'you can do this.'

Immigrants and women. 'Cause business is a boy's club."

While they now have a clear division of labor eked out – Fernanda is creative director and Vivien is CEO – in the beginning the sisters had no choice but to wear all the hats a startup company requires.

"When we started with our stores we couldn't afford contractors. We made cabinets, lowered ceilings. We did literally everything. We staffed our own stores. When you have money, what do you do? You hire people. Our first four stores we were our own contractors. We'd Google, 'how to build an armoire' and 'how to put a blade in a saw,'" Bohme said. From the beginning, Fernanda controlled all aspects of Bohme's creative design, from the look of the stores to the feel of the clothes they sold, she said. Vivien, with a natural acumen for numbers and a background in business, managed the books and, as it grew beyond a two-person family business, the company.

"My sister does the economic side," Fernanda said. "Growing up she could just do spreadsheets since she was 11. Me, I'm very right-brained. People ask if it's hard to run a business with your family. It is hard. But at the same time you're willing to be forgiving."

She said that despite its rapid growth, with expansion targeted eastward toward Midwest states, Bohme would remain headquartered in Sandy. Though Fernanda said she might ultimately relocate to Los Angeles, she noted that Vivien, who has



Bohme's owners were featured in a recent edition of Cosmopolitan magazine.

five children, has no plans of leaving Utah. For the time being, the two remain focused on growing, and maintaining, an expanding fashion empire with a devoted clientele.

"What keeps people coming back is our customer service. The other thing that

makes us attractive to women is we offer affordable luxury. You're going to pay \$28 for a really nice sweater. We keep it very unique. So you aren't going to see everyone in town wearing the same thing," Bohme said.

CROWELL

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Five years ago, the agency moved heavily into Internet marketing strategies, such as online videos and new branding strategies, unlike anything anyone imagined a decade before, Crowell said. But the company is pulling back a bit, and reestablishing its roots in television and other more traditional media.

"Television is always going to be the core. I don't think there will be anything that will replace television for years and years," Crowell said.

The motivation behind the return to television may be as much about economics as technology. Crowell said despite a

few false starts in the previous two years, companies are holding their liquid assets close until the economy turns around, which makes for slim marketing budgets. Worse, companies have operated with skeleton crews for so long, they have learned to make do with reduced staffs and expenditures.

"We saw some pickup in 2010, 2011 [but] there are a lot of companies holding, waiting to see what will happen. One thing companies have learned is they can do more with less. Are we what we were before the recession? No. Not yet. But we've gotten better with smaller budgets and making those budgets go further. A lot of times the real creativity comes in the strategy," Crowell said.

While the private sector slogs on

towards an anemic recovery, Crowell counts one economically waterproof client among its portfolio: the state of Utah's highly successful "the TRUTH" anti-smoking campaign. Paid for in large measure with money provided by tobacco giants Phillip Morris, R.J. Reynolds, Brown & Williamson and Lorillard, per their 1998 legal settlement with 46 states, Utah's anti-smoking efforts draw on \$60 million paid per year in perpetuity by Big Tobacco. Over the past decade, Crowell has developed "the TRUTH" into a successful, cross-platform, multi-media campaign that deploys Web-based computer games, videos, events, PR, podcasts, websites and television in an effort to reduce the number of teens who take up smoking and to convince those who do to quit.

While the shotgun approach has

worked for all the methods Crowell uses, none is more effective than its television spots. In various campaigns featuring a host of macabre characters from a pair of hungry cartoon vultures to a grown man in a rat costume, Crowell's anti-smoking television ads are direct, unsettling and effective. Its Smokerman campaign was so grim various counties complained and had it mothballed, Crowell said.

"You can't be right all the time," he said.

The proof is in the pudding. Utah has seen its youth smoking rate drop from 13 percent to under 7 percent. It is one of only two states that have seen year-over-year linear decreases in teen smoking rates.

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Vest Pocket Business Coalition midway through its second decade

By Andrew Haley

The Enterprise

Midway into its second decade, Salt Lake City's Vest Pocket Business Coalition (VP) continues its three-part mission of using education, advocacy and social connections to help strengthen locally owned, small businesses. Since its founding in 1999, the coalition has grown to 110 dues-paying members. In addition, VP works with 450 independent businesses across Salt Lake County that range in size from single-employee accounting firms to area restaurant giant Gastronomy, according to executive director Matt Monson.

Small business "is such an important part of where we live and the jobs we create," he said.

Founded in reaction to development trends of the late 1990s that saw local governments actively courting national big-box retail chains, VP has helped usher in numerous new locally owned restaurants and stores, and has protected local stalwarts like the King's English bookshop and Liberty Heights Fresh boutique grocery store. Those businesses' owners, Betsy Burton and Steven Rosenberg, respectively, were among the original VP founders. While the founding spirit of the coalition was imbued with a touch of antagonism, with time and success VP has grown into an important political force with an eye toward cooperation, Monson said.

"When we were first founded, there was a need for strong-arm advocacy tactics. I think it was a little more aggressive. But what we have found over the last five years is we're being heard. [Small business] has become a real priority. It's gotten to be where advocacy is a real dialogue. It's a nonpartisan issue," Monson said.

Like its partner organization, Local First Utah, VP lobbies for the creation of thriving pockets of small businesses, such as the cluster of shops anchored by King's English at 1500 South and 1500 East. These pockets "lend unique flavor [and] 'sense of place' and heart, to our neighborhoods," according to VP's website, but the movement is about more than urban esthetics. Both Local First and VP point to numerous research studies that show a far greater share of independent, small-business revenue re-circulates in the local community than that of national chains.

The goals of both VP and Local First Utah, which grew out of the small-business coalition, run parallel to one another but are different, Monson said. Local First Utah is consumer-centric and uses education and advocacy to lure customers away from big-box stores in favor of smaller, neighborhood shops. VP works with business owners to provide training in best practices, improved community outreach and to help small businesses band together.

"Local First was born out of Vest Pocket [in 2005] and later formed into its own 501(c) 3. To this day we serve as sister organizations. In collaboration it makes a really great partnership," said Monson, who spent two years with Local First Utah before taking the reins at VP.

In May, VP and Local First Utah teamed up to host the third annual Neighborhood Business Conference in Salt Lake City. Keynote speaker Dan Houston, of Austin-based Civic Economics, is a nationally respected expert in economic and community development. Houston delineated how a larger share of money spent at independent small businesses remains in the local economy.

According to figures of a study provided by VP, independent locally owned retailers return 52 percent of their revenues to their communities. Locally owned restaurants return 78.6 percent of their revenues to their communities, mostly through wages and locally procured food stocks. Major national retail chain stores and major national restaurant chains, however, returned 13.6 percent and 30.4 percent, respectively, mostly in the form of lower wages.

The Indie Impact Study, produced by Civic Economics, surveyed 22 independent businesses, including the King's English, The Paris Bistro and the Harmons grocery store chain, and compared the results of those surveys against financial reports from four national retailers (Barnes & Noble, Home Depot, Office Max and Target) and three national restaurant chains (McDonald's, Darden and P.F. Chang's). The study found that not only did national chains return a smaller portion of their revenues to the local community, they had a net effect of decreasing overall community revenues because they drove down wages and benefits packages paid to employees. The study concluded that a market shift of 10 percent from national to local retailers and restaurants would result in increases to the regional economy of \$362 million and \$125 million, respectively.

Morton said that supporting local businesses has a "multiplier effect" because small, independent businesses tend to do business with other small, independent businesses such as accountants and graphic designers. Morton said that the return rate of local businesses compared to national businesses is higher in Salt Lake than national averages, which he credited as one benefit of Utah's relatively low unemployment rate. For the immediate future, he said VP is focused on helping the 2100 South and 2100 East and North Temple business districts join the likes of the 900 South and 900 East and Sugar House business districts, which have managed to survive, and in some cases thrive, despite the prolonged recession.

"A lot of small businesses were certainly crippled during the recession. We lost a lot of small businesses, but in a weird way it brought people together. Numbers in both Vest Pocket and Local First went up during the recession because the recession brought us to a realization that we really are all in it together," Morton said.

"By building a larger, local community, we can build something that is self-sustaining. Local businesses thrive where local businesses do well."



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