

### THIS WEEK

**Two Utah communities projected to be real estate 'boomtowns'**

*According to an analysis by ProximityOne. See page 5.*

• **Industry Briefs** •  
*Begin on page 6.*

### UTAH Focus

**Utah's Green Business Environment**  
*In this edition.*

Enterprise

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## Sampson Equipment, with three locations, sold to Volvo Rents



*Volvo-brand construction earth-moving equipment will now be available for rent in Utah for the first time.*

**By Barbara Rattle**  
*The Enterprise*

Sampson Equipment Co., a Utah-based construction equipment rental firm with locations in Murray, Draper and Ogden, has been sold to Fletcher, N.C.-based Volvo Rents Inc., operator of 70 construction and equipment rental stores in North America. The acquisition marks Volvo Rents' entrance into the Utah market.

"We're thrilled to be working alongside Sampson Equipment. Lance Sampson, the former owner, and his team will be joining our team as the local decision-makers in the Salt Lake City market," said Nick Mavrck, vice president of marketing for Volvo Rents. "We run our business a lot differently than most major corporations. We have very, very strong local presences and empower local management. That's why this business has been successful through the years. We intend to keep those characteristics in place."

All three Sampson locations, which employ roughly 20, will be retained, while the Sampson name will gradually be changed to Volvo Rents, Mavrck said.

"In the business-to-business world of equipment rental generally, we'll have several hundred fantastic clients and those are the ones that we'll personally introduce the name change to, over time," he said.

"Lance Sampson and his team have a fantastic reputation in the market for providing VIP customer service. They're a

long-term player that's been in the market for several decades," Mavrck said. "We have the ability to put new equipment into the operation and increase the amount of rental equipment assets offered to the customer base. As we grow the business we of course will need new team members."

Volvo Rents stores carry a comprehensive line of equipment for the construction, commercial and industrial markets, as well as an extensive line of Volvo compact excavators, compactors, wheel loaders, backhoe loaders, compaction equipment and skid steer loaders. Volvo brand equipment is manufactured by Volvo Construction Equipment, the third largest manufacturer of construction equipment in the world. Volvo brand equipment, Mavrck said, makes up about 40 to 50 percent of Volvo Rents' inventory; the balance is purchased from other manufacturers.

"Generally speaking in North America today about 35 percent of all construction equipment and industrial equipment is rented, not owned," according to Mavrck. "We call it a secular shift from ownership to rental. In the next few years that rate is projected to go to 50 percent. Generally speaking if you don't utilize a piece of equipment more than 75 percent of the time, you're better off renting than owning. You're outsourcing your capital essentially. Capital is tight, lending requirements are tight. So that's sort of accelerating

*see VOLVO page 2*

## Food For Health expanding again, this time by 74,000 square feet

**By Barbara Rattle**  
*The Enterprise*

Food For Health International, a Provo-based manufacturer and distributor of emergency food supply products and nutritional supplements, is expanding again.

The company has leased an approximately 74,000 square foot space at 5350 W. Harold Gatty Dr. in the Salt Lake International Center that will be used for raw and finished product storage as well as fulfillment. Storage and fulfillment are currently being performed at the company's 60,000 square foot Salt Lake manufacturing plant. But bringing in new equipment to keep pace



with growing demand requires that the manufacturing plant be used solely for manufacturing and not for other functions, said CEO Frank Davis.

"We're sitting on literally millions of dollars of inventory, raw and finished, that takes up a lot of room," he said.

Davis said business has been good, and he believes it will continue to be so for several years. *see FOOD page 2*

## Five-acre reception center to open in former 'Hatfieldadelphia'



*The iconic property in Lindon was constructed by a retired contractor and his wife for their many grandchildren.*

**By Barbara Rattle**  
*The Enterprise*

Castle Park, a new five-acre reception center, is slated to open this September at 110 S. Main St. in Lindon.

Eric and Amy Barzee, owners of Flutterbye, a small manufacturer and wholesaler of girl's hair accessories in Lindon, are in the process of buying the

property, which formerly housed functions for Quiet Way, a Utah County charity that builds dams and offers other humanitarian assistance to countries in Africa. Built by retired Utah contractor Ron Hatfield and his wife Maureen as a fanciful gathering place for their many grandchildren, almost all of whom are girls,

*see CASTLE page 2*

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## CASTLE

from page 1

the property, known in the area as Hatfieldadelphia, contains a full-size castle, cabin/playhouse equipped with beds for the Seven Dwarfs of Disney fame, ballrooms, a moat, gazebos and covered playground.

"We're going to be focusing on large events because it has very large spaces to use," said Amy Barzeele, who formerly worked

with the Quiet Way charity. It's been very exciting for everyone who now wants to rent it."

Remodeling is currently under way.

Barzeele said Castle Park will offer more than 7,000 square feet of ballroom space, a specially decorated bride's room and a groom's room equipped with big-screen TV and video games.

The annual Princess Festival, a child-centered fund-raiser for Quiet Way, is being held this year at Thanksgiving Point.

## FOOD

from page 1

reasons.

"We have quite a unique product in terms of our approach to long-term food storage," he said. "Our products are individually wrapped Mylar bags that you just boil instead of opening up a can and trying to put a concoction together. I believe that events that transpired such as the earthquake and tsunami in Japan and several other recent things that have gone on have significantly expanded awareness and the need as people have watched a very highly industrialized nation, a very well prepared nation, standing in food lines. We're certified organic, we're certified by Halal for Muslim consumption and certified kosher by the USDA. We have other companies, especially in the nutritional arena, that are looking to us to provide them quality products on a manufacturing basis. So that's contributing to our expansion. The quality is the product is such that it's very good for everyday consumption. It's great for backpacking, camping."

Davis said only high-quality ingredients are used in Food For Health products and its ingredient panels qualify them to be sold in health-conscious grocery store chains such as Whole Foods. The firm's products are devoid of many fairly standard chemicals, and contain no genetically modified ingredients.

Food For Health products are sold online at the company's website, at Costco stores primarily in the western U.S. and Costco.com. Davis said the company has about 140 employees and is continually hiring. The company leased its new International Center space, located in a 220,000 square foot Unisource building, with the assistance of Jeff Heaton of NAI WEST.

## Report: SLC is Utah's most expensive housing market

Newport Beach is the country's most expensive housing market, where the average four-bedroom, two-bathroom home has a listing price of \$2,537,126, while Niagara Falls, N.Y., at \$61,000, is the most affordable market.

That's according to Coldwell Banker Real Estate's Home Listing Report, a snapshot survey of listing prices for four-bedroom, two-bath homes in more than 2,300 North American markets.

Utah's most expensive market is Salt Lake City, where the average four-bedroom, two-bathroom home had a listing price of \$397,630, followed by Sandy at \$322,144. The top three most affordable Utah markets are Logan at \$149,532, Cedar City at \$155,600 and Hyrum at \$166,390.

Other highlights:

- A total of 22 real estate markets in Utah made the list. The five most expensive markets in the state are Salt Lake City, Sandy, American Fork, Layton and Washington.

- Compared to the national average of \$293,251, the average four-bedroom, two-bathroom home in Utah overall was \$202,990.

- In total, there are 775 U.S. markets in the HLR with average reported listing prices less than \$200,000. That includes 15 markets in Utah.

- Put in perspective, a \$200,000 30-year-fixed mortgage at a 4.5 percent rate could cost a buyer a relatively low monthly mortgage payment of just above \$1,000.

## VOLVO

from page 1

the shift to rental."

While Volvo construction equipment is currently available for purchase in Utah, the Sampson acquisition means Volvo construction equipment will be available for rent in Utah for the first time.

"We had known about Sampson for many years because of their fantastic reputation, and Salt Lake City has been a market that we've wanted to enter for many years," Mavricks said. "We initiated the dialogue and the timing was right and I think Lance liked the character of our company. He felt that was the right decision for his family and his employees."

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## After two-year search Weller's to move to Trolley Square

After a two year search, Catherine and Tony Weller, proprietors of Sam Weller's Books in downtown Salt Lake City, have signed a lease with Trolley Square and expect to open for business there early this fall.

The bookstore will be at the southern edge of Trolley Square in 10,000 square feet that formerly housed movie theaters. The Wellers plan to include a coffee shop or eatery, for which arrangements are still in progress.

"Since March of 2009, with the assistance of Ed Sperry, our Realtor, we considered 30-35 properties downtown and in near-downtown areas," Tony Weller said. "As we shopped for property to buy, offers from landlords, including Trolley Square, continued arriving. Though initially resistant to leases, as the search dragged on and we refined our parameters, we decided to consider leasing. Until last month, we pursued a purchase and this lease with equal vigor knowing that each location met most of our goals. In the end, Trolley Square won us over. In moving to Trolley Square, we will be particularly pleased to join fine local businesses such as Tabula Rasa, Desert Edge Brewery, The Secret Garden,



Sam Weller's Books will occupy 10,000 square feet on the southern edge of Trolley Square this fall.

Cabin Fever and others. We hope that ongoing leasing efforts will recognize the economic benefits and cultural advantages of locally owned businesses."

Jill Jones of AJC Architects and Easton River Construction have been retained to work on the new location.

"Though we will leave our Main Street home of 50 years with a certain sadness, we are excited to embrace the possibilities of designing a new millennial

bookstore," Weller said. "We have considered our book-selling heritage, the evolving book industry and the effects of computers and digitization in conceiving of our future bookstore. From design to inventory, from staff to events we have put our experience to work to plan a bookstore that will be a friendly and interesting place to visit and a source for the books discerning readers expect Weller's to supply."

## Peterson Partners closes \$50 million fund

Peterson Partners, Salt Lake City, has closed of its Fund VI in the amount of \$50 million with the participation of some of the top U.S. business and investment leaders.

The firm will use the proceeds of its Fund VI to target private equity investments of between \$2 million and \$10 million. Peterson Partners emphasizes growth capital for companies with revenue between \$10 million and \$50 million, but will also explore promising buyout opportunities.

Participating LPs in Peterson Partners Fund VI include some of the most prominent names in the U.S. business landscape, including Row Moriarty, a former Harvard Business School professor, Staples board member and Charles River Associates board chair; David Checketts, former Madison Square Garden CEO and principal owner of the Real Salt Lake soccer franchise; Bob Nakasone, former CEO of Toys R Us' and other top investment and business leaders. Two Peterson LPs serve on the firm's investment committee – Bob Whitman,

CEO of Franklin Covey; and Row Moriarty.

The current Peterson Partners portfolio includes a broad array of innovative, high-value companies across multiple industries, including JetBlue Airways and Azul Airlines in the travel industry, Asurion in product insurance, and Vivint (formerly APX Alarm) in the fast-growing home automation and security industry.

The Peterson Partners leadership team is anchored by founder and chairman Joel Peterson and managing partner Dan Peterson. Joel Peterson, former managing partner at Trammell Crow Co., currently serves as chairman of JetBlue Airways. He was recently named as consulting professor at Stanford's Graduate School of Business, where he serves as faculty director for the Center for Leadership Development and Research. Dan Peterson, with wide-ranging expertise across the investment marketplace in industries ranging from automotive to high tech and financial services, has served as managing director at Z Capital and partner at Trammell

Crow. Partner Brandon Cope, formerly with McKinsey & Co. and Peterson Ventures, has led numerous investments in search funds, early-stage companies and small cash-flow-positive businesses with strong growth potential.

## Master plan amendment sought

Development Associates Inc., South Jordan, is asking the city of Eagle Mountain to approve an amendment to its plan for SilverLake, a master-planned community that will cover 483 acres when completed.

The firm is requesting approval for the removal of all 583 attached, high-density multifamily housing units and replacing them with smaller cluster and cottage units and detached single family homes. The amendment would increase density at the project by

255 units.

"This would enable us to adapt to the market and provide a product that is more in line with what customer are buying today versus what was approved back in 2004," said Nate Shipp, a partner in Development Associates Inc.

To date, the company has built 450 single-family homes, a 7.5-acre amphitheater and several trails and pocket parks in the project. Roughly 350 acres remain to be developed on a market-driven basis.

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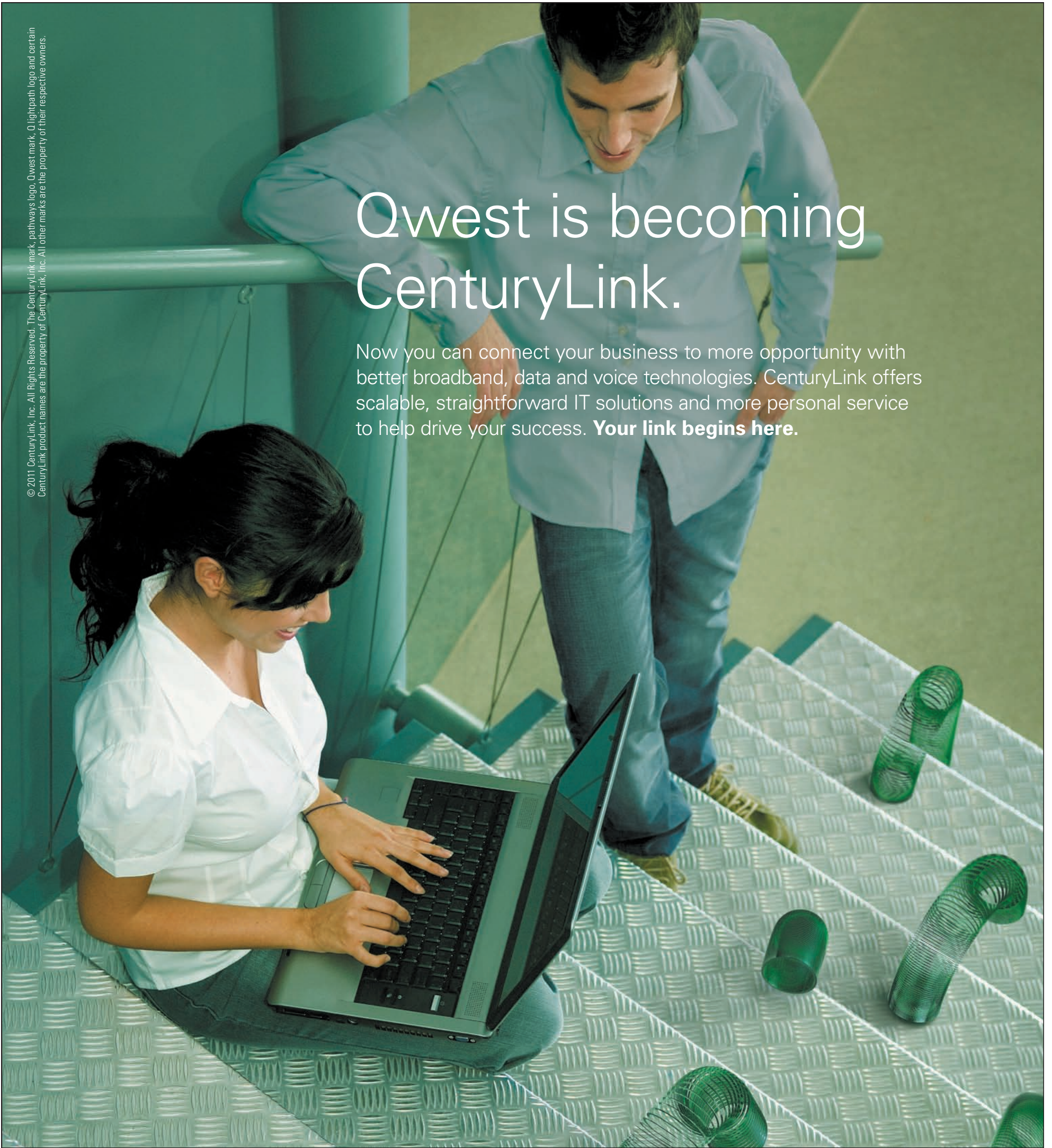
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## Two Utah communities expected to become real estate 'boomtowns'

Two Utah communities are expected to be among the top 10 U.S. real estate "boomtowns" by 2020, according to projections from data analysis firm ProximityOne.

Provo-Orem, with a 2010 population of 530,931, is expected to grow to 700,234 or 31.9 percent by 2020, while Logan, with a 2010 population of 126,348, is expected to grow to 163,550 by 2020, or 29.4 percent. The communities rank No. 4 and No. 6, respectively, on ProximityOne's boomtown list.

Topping the list is Raleigh-Cary, N.C., which is expected to grow by 35.7 percent over the next nine years. The U.S. population is expected to jump by 8.9 percent during that period to

337.1 million.

ProximityOne's estimates take into account results from the 2010 Census as well as historical birth, death, migration and economic data. According to the 2010 Census, the nation's inhabitants grew to 308.7 million between 2000 and 2010, a 9.7 percent increase.

According to ProximityOne, all of Utah's counties are expected to grow by 2020. Duchesne County tops the list, with a projected growth rate from 2010 to 2020 of 54.6 percent. The Salt Lake City metropolitan statistical area is expected to grow by 17.3 percent to 1.1 million. Ogden-Clearfield is expected to grow by 21.9 percent to 671,0256.

## Fishbowl executives buy back 100% of firm's stock

The management team at Orem-based Fishbowl, a maker of inventory management software, has bought back all of the firm's stock from the former majority shareholder. Fishbowl and its nearly 100 employees are now 100 percent owners of the company, which produces the No. 1 most requested inventory management solution for use with QuickBooks.

"While the stock buyback poises Fishbowl for tremendous expansion, the greatest parts of this story are potentially the elements that are untold," said Fishbowl CEO David Williams. "Together we completed a deal that is perhaps nothing short of miraculous in the midst of the worst lending and funding environment in the past 50 years. It is a project that required the full participation of a tremendous majority shareholder, of every member of our team and a number of our community and business partners as well."

During the last three years, Fishbowl achieved 120 percent

growth and has achieved annualized growth of more than 60 percent in 2011 thus far. Williams said Fishbowl achieved its top monthly revenue in the company's history in May, during the same time period the firm was completing its ownership deal.

Fishbowl president Mary Michelle Scott said the company has allocated 30 percent of its ownership to employee stock options.

Fishbowl, a private company, serves small to mid-size firms with its flexible and mobile inventory control solutions.

## Stratus Insurance Services names Chris Van Leeuwen president

Pleasant Grove-based Stratus Insurance Services Inc. has promoted Chris Van Leeuwen to president of the international specialty lines brokerage firm, taking over for retiring Bret Van Leeuwen, founder of the firm, who is retiring after 31 years in the insurance industry. His focus will now change to continuing his humanitarian efforts in Africa.

Chris Van Leeuwen brings 25 years of extensive insurance experience, having spent the last five years at Stratus putting together national programs in a wide variety of industries. Van Leeuwen has taught licensing classes locally, has served on the board of the PIA in Utah and has been a certified insurance counselor for more than 15 years.

Stratus Insurance is a boutique brokerage firm that specializes in providing solutions to risks that are misunderstood, or underserved, by the insurance industry. Stratus Insurance provides placement of tough products liability insurance for manufacturers, importers and distributors.

## Glossy magazine for Utah execs to debut Sept. 1

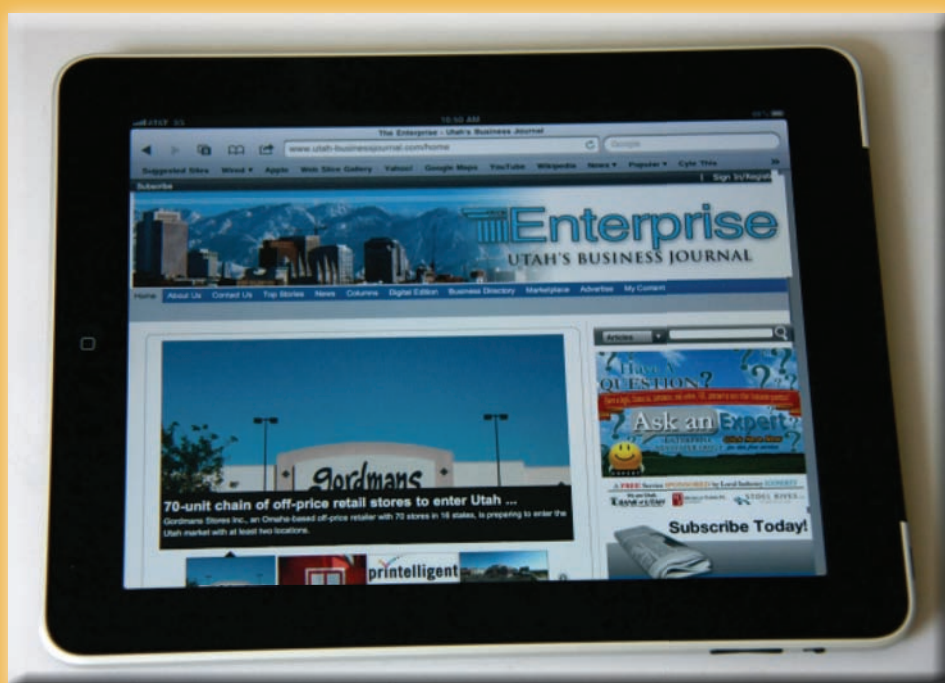
Utah Executive Lifestyle, a high-end quarterly magazine published in conjunction with The Enterprise-Utah's Business Journal, is slated to debut Sept. 1.

The glossy publication will provide Utah business executives with leisure and business articles on topics ranging from golf to skiing, real estate to resorts, travel to shopping and banking to investing.

For more information, e-mail info@utahexecutivemagazine.com.

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## • Industry Briefs •

### BANKING

• **Mountain America Credit Union** has launched a free way to transact financial business in members' native languages due to the credit union's recent **introduction of interpretation services** provided through CU Sources, a subsidiary of Mountain America Financial Services. The credit union has seen a growing number of people that speak a foreign language. The new interpretation services enhances the credit union's ability to help its non-English speaking members. Translation support is offered in more than 80 languages and is available in all of Mountain America's branches as well as its call center.

### COMPUTERS/ SOFTWARE

• **AppTime**, Provo, has released a version of its popular **Power.ME mobile productivity tool** on Android smart phones and tablets. People can download Power.ME for Android at the Aindroid Market for \$9.99. The app empowers professionals to be more productive by taking advantage of their mobile time. Customers will be able to access their Power.ME content from their desktop, share content with iPhone

and Android users, synchronize phone and tablet content and save everything securely in the cloud. Users can track, delegate and collaborate across all mobile devices. It can be previewed on a test site, dev.power.me/mobile. The app is also expected to be on Amazon's Apps for Android in the future.

### CONSTRUCTION

• **BHB Consulting Engineers**, an engineering firm in Salt Lake City, has hired **Dane E. Huggard** as project engineer. He graduated from Brigham Young University with an M.S. in civil engineering. While in school he had the opportunity to participate



in a China Mega Structures Study Abroad.

• **Triple-S Steel Holdings Inc.**, a structural steel service center headquartered in Houston, has a **new store** now open in Salt Lake City. The 82,000 square foot facility is located at 1840 S. 700 W. Triple-S Steel's inventory includes items such as ornamental iron components, welding equipment and supplies, steel hinges, paint, gloves, tools, B-Decking, metal roofing, siding and remnants. The store is open Monday-Friday from 8 a.m to 5 p.m, and Saturdays from 8 a.m to noon.

### EDUCATION/TRAINING

• **Westminster College**, Salt Lake City, has received a **STARS Silver** rating in recognition of its sustainability achievements from the Association for the Advancement of Sustainability in Higher Education. STARS, the Sustainability Tracking, Assessment and Rating System, is a new program that measures and encourages sustainability in all aspects of higher education. Westminster is the first institution in the state to have achieved the rating. The Westminster community has worked to incorporate sustainability into campus life by establishing a sustainability

task force, including sustainability guidelines in its master plan and supporting dozens of student sustainability efforts through its Environmental Center.

### GOVERNMENT

• The **IRS's e-file** passed the **one billion mark** for individual tax returns processed safely and securely since 1986. IRS e-file is an electronic transmission system that sends tax returns to IRS processing centers. Taxpayers can e-file through their tax preparers, through commercial software they use to prepare their own returns or through Free File, the free tax software and e-file program offered through IRS.gov. Congress originally set an 80 percent goal for the electronic filing of federal tax and information returns in 1998. Currently, more than 79 percent of taxpayers have used e-file to submit their tax returns so far this year. For 2012, tax preparers who file 11 or more returns will be required to e-file. The requirement should put the IRS within reach of its goal of 80 percent e-file rate for individual tax returns.

### HEALTH CARE

• **Freshmedx**, a Salt Lake City-based medical device compa-

ny, has entered into an agreement with a Japanese partnership to co-develop, market, distribute and sell its proprietary **Computerized Bioconductance Test (CB Test)** in Japan, where 62 million people are at risk for developing lung cancer. The CB Test has demonstrated the ability to provide information that helps physicians accelerate life saving diagnosis and therapy or downgrade risk eliminating anxiety.

• **Intermountain Healthcare** has partnered with Utah businesses for a statewide program, part of the ongoing LiVe public service campaign. The program called **"Park Farther"** encourages people to take a few more steps and provides rewards for being more active. Select stalls in about 35 large parking lots of businesses and government agencies have been painted for the program. Remote spaces have been painted with the message "park here to walk farther and be healthier," which is underscored by a large red LiVe logo. Those participating in the program can win iPods, iTunes gift cards, amazon.com gift cards, grocery store gift certificates for fruits and vegetables and other prizes. A complete list of locations for the LiVe parking stalls can be found

*continued on page 16*

  
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## Salespeople have questions and I have answers

I get a ton of e-mails from people seeking insight or asking me to solve sales dilemmas. Here are a few that may relate to your job, your life and, most important, your sales thought process right now:

Jeffrey,

*I've been reading and learning from you since I started my sales career in 1991. I'm writing an article on the definition of sales. I'd love to include your definition. Thank you for your thoughtful consideration.*

Phyllis

Phyllis,

I define sales as "creating a value-based atmosphere where the customer wants to BUY." It's simple, but not easy. My trademarked phrase, "People don't like to be sold, but they love to buy," is the essence of that definition. Salespeople must beware: the customer does not buy your product or service. They buy YOU. The first sale that's made is the salesperson. If the customer does not buy you, they're not buying anything.

Best regards, Jeffrey

Jeffrey,

*Which social media platform is the most effective for a salesperson and why?*

Alexandra

Alexandra,

I don't believe there is one platform that is more effective than the others. I do believe that all of them must be interconnected in order to create real success in business social media. Each of the platforms has a specific use. If you had to pick *just one*, I would suggest LinkedIn because of its business nature.

Best regards, Jeffrey

Jeffrey,

*You focus on the corporate world in a lot of your information and I was wondering what advice you could offer me on how I can approach my customers on their turf (in their homes) as I work with them to improve their doors and windows?*

Joe

Joe,

If they offer you something, like a drink, take it. Pick a setting that is comfortable for everybody. Begin your conversation in terms of them. Do you think they want to know about your doors and windows? Or do you think they want to keep their home warm in the winter, cool in the summer, and safe all year around? Start there.

Best regards, Jeffrey

Jeffrey,

*What are the biggest fears of a salesperson and what's the most difficult lesson to teach to a salesperson? If they ask, would you advise your*

*grandchildren to become salespeople? Why or why not?*

Milton

Milton,

The biggest fear of salespeople will always be rejection, and not just being turned down for a sale, but also being turned down for a meeting and being turned down for a proposal. Usually the turn-down is also a put-down. Salespeople are insulted, hung up on, have their e-mails deleted, and their calls go unreturned. It's been the same for more than 150 years, and it will not change for the next 150 years. The only thing that will change (and change these outcomes) is the salesperson. The more prepared they are, and the more resilient they are, and the more positive they are, and the more believable

they are, and the more compelling they are, and the more valuable they are perceived to be, and the more trustworthy they are, the more they will sell (or better stated the less they will be rejected). I would hope that my grandchildren become salespeople. I would want them to carry on the tradition when Eve sold Adam the apple (all my grandchildren are women). I am beginning their training right now by reinforcing their YES! Attitude and making certain they believe in themselves. These two elements are the most important and the most overlooked aspects of a salesperson's success.

Best regards, Jeffrey

Jeffrey Gitomer is the author of *Social BOOM!*, *The Little Red Book of Selling* and *The Little Gold Book of YES! Attitude*. President of Charlotte, N.C.-based Buy Gitomer, he gives seminars, runs annual sales meetings and conducts Internet training programs on selling and customer service at [www.trainone.com](http://www.trainone.com). He can be reached at (704) 333-1112 or [salesman@gitomer.com](mailto:salesman@gitomer.com).

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## How do you know what you're getting if you can't read what you got?

In our globalized world, almost everyone is confronted with the need to overcome some type of language barrier. Businesses often hit this barrier when looking to expand the reach of their current customer base. With more than 1.9 billion Internet users and more than five billion mobile subscribers, there are millions of new customers just waiting to be reached by the right business, individual or product. The problem is that they speak hundreds of different languages.

In order to communicate to your customers successfully, your message must mean the same thing to them in their language as it means to you in your language. It must be funny, motivating or concise to them in the same way that it is funny, motivating or concise to you. It's a task that is not easily accomplished and requires more than the mere transcription of words into their foreign counterparts. On a general level, a debate currently rages in the translation world between machine-generated and human-generated translation. Though the debate continues, it is always important to remember that a good translation will make you competitive in a tough new market, but a bad translation could take you out of the running altogether. Machine translation can be more economical upfront, but the question of quality looms. Human translation provides higher quality, though naturally at a higher cost. As a customer, you want value. In this article, I will explain what to look for to ensure that you get what you pay for.

I will give a brief explanation of the terms: language service provider (LSP), translation, interpretation and localization. You will also provide some important tips that you may want to pay attention to when it is time to take your message to a broader market.

A language service provider specializes in taking a text, data or voice message from a source language and accurately conveying that message in a target language. A good LSP will have access to translation and project management tools, as well as a personal database of tested and tried translators and interpreters who have a strong track record of providing quality translations/interpretations by clearly defined deadlines. These linguists will have access to translation tools to ensure consistent translation. The right translation tools are critical because they allow a translator to change the words in a document without changing formatting or coding, thus maintaining the document's integrity. This means that what you get back will have the same professional look that it had when you sent it out.

A good LSP will also assign a project manager who is easily accessible and can answer your questions and meet your needs. This manager will lead linguistic teams of up to three professionals per language who will ensure that your information is translated accurately and promptly.

A good LSP will always use translators and interpreters who are strong communicators in their native language, which will also be the target language for translation or interpretation. In addition to having more experience, they know the culture and understand better the many meanings and connotations one word can have.

Translation refers to the transfer of writ-

ten text from a source language into a target language. Translation in its most basic form requires little more than an understanding of two languages (sometimes referred to as a language pair), but how many thriving businesses are looking to be understood or viewed as basic? Quality translation requires much more. It requires most of all the ability to communicate at a professional level in a target language. Even after an able translator has finished translating, the work is not complete. A good LSP will often offer two proofreading steps to gain approval from additional sources. If your LSP doesn't offer this from the get go, you should get going.

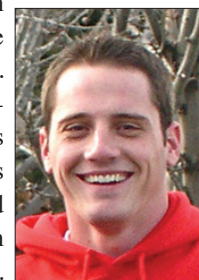
Interpretation is different from translation. It is the transfer of speech from a source language into a target language. There are two forms: consecutive and simultaneous. Consecutive interpretation is when the speaker stops every couple of minutes to allow the interpreter to express the message. Simultaneous interpretation means that the interpreter expresses one message while simultaneously hearing the next. This language service is often an intense, on the spot, one-shot opportunity that is either realized or regretted. A good interpreter will have an extensive vocabulary in both languages to express ideas concisely and clearly.

Localization is an often complex process that involves translation and sometimes interpretation, and requires changing messages from one language to another as well as imagery and delivery method to fit in with the common practices of a specific region. Localization is complicated and is most often applied to websites, apps, software and marketing materials. In order to be successful, localization must take many details into account such as language, dialect, history, humor, culture, etc.

One of the best steps that any company can take to ensure a smooth localization process is to plan ahead. Any time you create a complex manual, website, software or mobile app, it is important to consider not only your immediate customers but also your future customers in areas that you would sometime like to expand to. By formatting materials with expansion in mind, companies can save time and money when they want to localize those materials. One basic but very important thing to take into account is the number and length of words used in different languages to describe the same thing. For example, Spanish often requires more words than English to say the same thing and many German words have more characters than their English counterparts. Thus, text boxes and pages may need to accommodate more characters. Sufficient free space would need to be added to eliminate clutter. The main point is that companies benefit by looking long-term when considering what they would like to do with their materials.

As you look to broaden your market, be sure to ask your language provider just exactly what you are paying for. There is valuable growth potential when LSP's are priced right!

Jared McGarry is a project manager at Same Day Translations, Pleasant Grove. He is a graduate of the University of Utah, where he earned a BA in German and a BA in international studies.



Jared McGarry



Jeffrey Gitomer

## Domestic ABCs

This week's column is my semi-annual alphabetic view of the U.S. economy. Global ABCs will soon follow.

**Anxiety** — tens of millions of people are anxious about their jobs, their home values, the costs of educating their kids, the costs of health care, their retirements and the perilous financial future of this nation. Any wonder consumer spending has slowed?

**Budget Deficits** — averaging \$1,400,000,000,000 annually in fiscal years 2009, 2010, and 2011, with \$1 trillion deficits projected annually for as far as the eye can see. We add to the deficit by \$160,000,000 every 60 minutes.

**College** — yes it is too expensive, but a sharp rise in average annual and lifetime earnings eases the pain. To quote Derek Bok, "If you think education is expensive, try ignorance."

**Dollar** — the trade-weighted value of the U.S. dollar has declined roughly 7 percent over the past year, making U.S. exports more competitive around the globe. Despite what the gold bugs constantly preach, the dollar will not stop being the world's primary currency anytime soon.

**Energy** — greater use of abundant natural gas, better access to oil and gas in Alaska and the Gulf of Mexico and major progress in "clean burn" coal technology must be part of the equation in coming years, in addition to alternative sources.

**Federal Reserve** — its key short-term interest rate has been at a historic low of 0-0.25 percent for 30 months, with no change expected anytime soon. Thirty-six of 38 national economists surveyed recently by The Associated Press (including yours truly) DO NOT want to see a third round of additional stimulus, known as QE3.

**Global Economy** — overall global growth is slowing as the three largest players, the U.S., China and Japan have eased back. Inflation anxiety is more pronounced around the globe, led by higher oil and food prices.

**Housing** — remember when home prices always went up and used car prices always went down? Here's hoping U.S. home prices stabilize early next year.

**Inflation** — financial markets are somewhat split as to whether inflation or deflation will be the fly in the ointment in coming years. Those fearing inflation see the Fed making some difficult monetary tightening decisions over the next 24 months.

**Jobs** — solid employment gains in the private sector are the most desirable solution to economic growth, income and confidence challenges. Now, the U.S. Congress needs to make some grown-up decisions about reducing future budget deficits, and then get out of the way.

**Knowledge — and the Ability to Think** — the key to individual success in an increasingly sophisticated economy. Ongoing education and training are now lifelong realities for many to be successful. Average annual earnings of a college graduate versus a high school graduate today are 70-80 percent higher.

**Limits** — to government spending? To deficits? An important concept now hitting home across Southern Europe and sooner rather than later in the U.S. if we don't get a grip.

**Manufacturing** — don't be surprised

if rapidly rising global costs and more competitive U.S. costs lead to a surprising renaissance in U.S. manufacturing activity in coming years.

**National Debt** — the gross national debt (quite descriptive actually) now exceeding \$14,000,000,000,000, combined with budget deficits now exceeding \$1 trillion annually, makes concrete moves toward fiscal sanity mandatory in the nation's capital.

**Opportunity** — challenge breeds it.

**Politics** — childish and boorish behavior on both sides of the aisle in Washington, D.C. is ridiculous and all too typical. Is cooperation really that difficult?



Jeff Thredgold

**Quarterly Economic**

**Growth** — most forecasting economists see a 2-3 percent real (after inflation) annual growth pace during the next four quarters, barring any other major shocks to the system.

**Retirement** — the term will take on new meaning in coming decades as more and more people "bridge the gap" (work two or three days a week) between working full-time and moving into full retirement. Millions of retirement-age baby boomers will prefer (or need) to keep one foot in the workplace for a long time to come.

**Social Security** — steps taken sooner rather than later to slow down the future growth rate of spending are required. It would be great if politicians would stop calling it spending cuts — and scaring people!

**Taxes** — boosting capital gains, dividend and income tax rates on the top 3 percent of income earners remains the President's goal, IF he survives the 2012 election. Like it or not, these are primarily the people who create jobs and invest. The administration's focus on "income redistribution" rather than on providing "incentives for U.S. economic growth" remains troubling.

**Unemployment** — likely to remain above 8.2 percent during the next 12 to 18 months, even as modest monthly job gains have returned. Why? Hundreds of thousands of people who previously left the labor force will continue to return as they (hopefully) hear about better employment prospects, with more than 270,000 returnees in May alone.

**Vacations** — remember them?

**Wall Street** — simply stated, I remain a long-term bull on stocks.

**eXpectations** — diminished for millions of people of all ages regarding careers, standards of living and retirement. Fiscal sanity in Washington, D.C. and around the globe would go a long way to reversing that view.

**Youth** — my parents "came of age" with Pearl Harbor, my peers with Kennedy's assassination and Vietnam. For millions of Generations X and Y, September 11 and the "Great Recession" will be forever etched into their consciousness.

**JaZZ (Utah)** — maybe next season... if there is one!

Jeff Thredgold is the only economist in the world to have ever earned the CSP (Certified Speaking Professional) international designation, the highest earned designation in professional speaking. He is the author of *econ-America*, released by major publisher Wiley & Sons, and serves as economic consultant to Zions Bank.

## Mortgage lending basics

Home prices continue to fall, according to The Standard & Poor's/Case-Shiller Home Price Index, but most experts agree we are at or very near the bottom of the housing bust. Now might be a good time to get off the sidelines and buy a new home before increased demand pushes prices back up.

If you've been thinking of purchasing a new home, but feel intimidated by the mortgage loan process, here's an overview of how it works.

**1. Determine loan type.** Meet with a loan officer to determine the type of mortgage loan that is right for you. The most popular options include the following:

- **Fixed rate** — A loan whose interest rate stays the same for the life of the loan.

- **Adjustable rate** — A loan whose interest rate is not fixed, but may move up or down as the economy changes. Often called "ARMs" (adjustable-rate mortgages), they are usually set up to have a fixed rate for the first one, three or five years, after which they may increase or decrease.

- **Jumbo** — A high-dollar loan whose amount (\$600,300 or more for Salt Lake, Summit and Tooele counties; \$417,000 or more for Utah County) exceeds the limit that large, national mortgage associations impose for loans they are willing to purchase from mortgage originators. Also called a "non-conforming" loan, it has a higher interest rate.

- **FHA / VA** — Federal Housing Administration or Veterans Affairs loans are those underwritten to the standards of the federal government, which grants approval of the loan and insures the lender against financial loss. The required down payment is usually lower than normal.

- **Utah Housing** — Loan designed for low-income Utah residents who meet certain requirements to receive financial help from the Utah Housing Corporation, which was created by the Utah state government.

**2. Get pre-qualified.** Your loan officer will pre-qualify you for a certain amount based on your financial position. You should look for homes that do not exceed this amount plus your down payment and closing costs, or consider building a new home.

**3. Obtain the loan.** Once you have

made an offer on a home and your offer has been accepted, your loan officer will help you navigate the loan closing process. This is when you will lock in an interest rate, submit your down payment, and pay closing costs and other fees. The whole process typically takes two to three weeks.

**4. Pay it off.** After closing on your loan, you will be responsible for making minimum monthly payments for the life of the loan, ranging from 15 to 30 years. When the loan is paid off, the lien is released from the title to the home.

Buying a new home is something most people do only a few times in a lifetime, so it's to be expected that a borrower will have many questions. Don't be afraid to ask them so you feel confident about the exact terms of your loan and all the costs associated with it.

I remember going through the process when buying my first home a few decades ago. I went to the bank and talked with a loan officer. She took my financial information and, because I didn't have much of a down payment, recommended an FHA loan. The interest rate was 5.5 percent — low for the time, but higher than what today's going rate is.

My \$85 monthly mortgage payment was only \$10 more than what I had been paying in rent. Adjusted for the taxes and insurance included in my mortgage payment and the interest deduction for income tax purposes, I may have even saved with my new home.

Perhaps you could save by buying too. You'll never know until you talk to a mortgage loan officer about how to take advantage of today's historically low interest rates and low home prices.

Dale Gunther is vice chairman of the board of People's Utah Bancorp, the holding company for Bank of American Fork, which is an Equal Housing Lender and Member FDIC. At the start of his 16-year tenure as CEO at Bank of American Fork, the bank had two branches and \$80 million in assets; it now has 12 branches and more than \$840 million in assets. Gunther has served as chairman of the Utah Bankers Association and currently serves as an American Fork City Councilman.



Dale Gunther

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# Executive Lifestyle

## Travel tricks you need to know

A few years ago, a friend told me “the sure fire way to save money on airline tickets is to book on the Internet. I’ve saved a ton of money at delta.com.”

While it is true you will very likely find as low an airfare as has been published for a given airline on Delta’s website, so many other things need to be considered.

I was recently surfing the Web for a trip to San Francisco my wife and I were considering for later this year. Delta had tickets for \$457.40, including taxes, round trip; Southwest, \$362.80 with the taxes; and actually, Frontier came in at \$327 with taxes. But wait, there’s more! What about baggage fees? Check a bag on



Don Shafer

Delta, \$25 each way, which means that \$457.40 goes up to \$507.40. Frontier charges \$20 for the first checked bag, which raises that cost to \$367. That makes Southwest the lowest cost, because they don’t

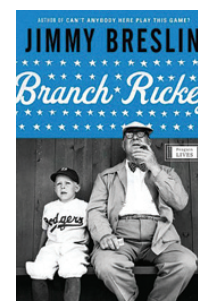
charge for checking luggage.

Ah, but then if you tried an alternate airport, which can be done in most larger cities, would you save even more? In Los Angeles, for example, you can not only fly into Los Angeles International (LAX), but also Long Beach, Burbank, Ontario or John Wayne Airport in Orange County. In the case of San Francisco, the Oakland Airport is actually closer to downtown San Francisco than SFO, and San Jose is not out of the question. And it just so happens I could buy round trip tickets on Southwest or Delta for \$293.40. Frontier doesn’t fly there. Oh, but Delta has that fee for luggage — \$25 each way, raising their price to \$343.40.

Now that was reasonably  
*see SHAFER page 13*

## Four fine business books to invest in this summer

(Editor’s note: Each month Jack Covert, founder of 800-CEO-READ, reviews the best recently released business books. Jack is coauthor of *The 100 Best Business Books of All Time*, released in March of 2009. 800-CEO-READ is a leading direct supplier of book-related resources to corporations and organizations worldwide, and specializes in identifying trends in the changing business market.)



### *Branch Rickey*

By Jimmy Breslin, Viking Books  
147 Pages, \$19.95, Hardcover

Ask yourself: in business, how important is change? How hard is change? Literally thousands of books have been written on this subject, because effective change is both necessary and nearly impossible. Now imagine yourself as a middle-aged baseball president and general manager of the Brooklyn Dodgers in the early 1940s, and you want to integrate baseball in the face of a longstanding “gentleman’s agreement” amongst owners that kept baseball segregated. You don’t know who you want to bring to your team, but you know in your heart that segregation is wrong and your sport needs to lead the way to social change. So in 1943 you start a long change process, preparing your team, your banker, your owners, your league, for the change, and as a result of your efforts, in 1947, Jackie Robinson plays his first game in the big leagues.

Pretty impressive, right? And to think you’ve probably never heard of the guy who did this: Branch Rickey. Now, thanks to the smart *Penguin Lives* series published by Penguin/Viking, we all get to learn the amazing story of Branch Rickey as told by the estimable Pulitzer Prize-winning journalist, Jimmy Breslin.

The lyrical nature and timelessness of baseball has always been appealing to me. And reading such behind-the-scene books as *Moneyball* by Michael Lewis adds a layer of richness to the experience of watching and theorizing

about the game. *Branch Rickey* does the same. I was really surprised at how Rickey went about this sea change of integrating the game, and universal business lessons can be drawn from each move he made. Rickey is a leader worthy of a broader following.

This biography, *Branch Rickey*, is a remarkable little treasure that should be read by any person interested in change, ethics and leadership. I hope Penguin chooses to submit this book for consideration in our business book of the year awards, because the three criteria that I have always stated make up a good business book — quality of the idea, applicability of the idea to business today and accessibility — are here in spades.



### *Wired and Dangerous: How Your Customers Have Changed and What to Do About It*

By Chip Bell and John R. Patterson, Berrett-Koehler  
248 pages, Paperback, \$19.95

My company, 800-CEO-READ was founded and thrived on the simple fact that you can actually call and talk to a friendly somebody, if you are so inclined, when you want to buy books. That differentiation is no longer enough. The actual customer experience — whether online or by phone — now has to be perfect, because if it isn’t the world will know about it scarily fast. But as we all know, perfect is often unachievable, so what can we do to prevent a major meltdown when customer expectations have not been met? In *Wired and Dangerous*, Chip Bell and John Patterson not only investigate this change in the relationship between customer and provider, they also provide strategies to right the imbalance.

Bell and Patterson’s thesis is that technology has created a new kind of customer. Now, not only will the squeaky wheel demand some grease, but the squeaky wheel will be heard all over the Internet and the offending com-

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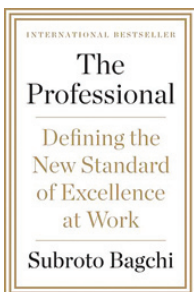
pany is at the mercy of this new mass platform. We've all seen it: an angry post by an influential blogger or viral YouTube video can cost a major organization millions.

And this new imbalance has left companies scrambling. The authors sum up the situation very clearly:

"The edginess of today's powerful wired and dangerous customers has been fueled by more than just a change in their service expectations. The energy behind their newfound assertiveness is a fundamental change in what we call the *service covenant* — the unspoken people-serving-people contract that has been the essence of commerce for centuries. When service providers completely remove the high touch from their high tech service without the consent, consideration, or participation of the customer, they erode customer confidence, create suspicion, and trigger impulses often expressed as thoughts of an 'I'm outta here' mutiny."

Perhaps surprisingly, Bell and Patterson suggest that this frenzy be met with "Service Calm," and they outline a strategy that offers usable, valuable help in dealing with these "wired and dangerous" customers that make or break your business. The final 60 pages of the book are particularly useful, providing a handy guide of "Suggestions for Partnering with Customers" that will be a resource you can come back to time and again.

Simply put, *Wired and Dangerous* is a must-read for anyone in the service industry. And this old school merchant who has been fascinated by the challenge of perfecting customer service over his career says, "Thanks Chip and John."



*The Professional: Defining the New Standard of Excellence at Work*

By Subroto Bagchi, Portfolio  
256 Pages, \$25.95 Hardcover

What is a professional? Subroto Bagchi, one of India's foremost business leaders and authors, believes the traditional definition has changed. He writes in *The Professional* that "it's not enough for someone to just be able to do a job in order to qualify for this title; he or she not only must be able to accept responsibility for their own work and actions but also must understand how that work and those actions will trans-

late to the rest of the world." The author then goes on to supply examples from around the world to support his argument that ethical decisions matter, especially in this age when business is so very globally integrated.

When this book first crossed my desk, I thought the title applied to lawyers and accountants. Instead, this is a book for anyone who believes in doing the right thing, acting responsibly and believing that there is a better way. It reminded me a bit of Robert Townsend's classic *Up the Organization* in its structure, pithy language and the contemplation of qualities that make a good leader ... and a good person.

For example, Bagchi starts the section of the book titled "Self-Awareness" by telling the stories of two men born in the same decade, into similar circumstances and with remarkable talent: O.J. Simpson and Arthur Ashe:

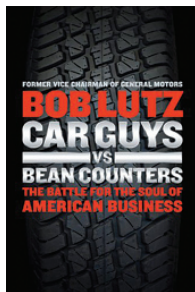
"Both worked hard, extremely hard, to reach the highest level of the professions. Both achieved prestige, acclaim, and fame.

But behind the glamour, there was pain. In time, both men had their own brushes with the law. One for crimes ranging from shoplifting to murder. The other for protesting apartheid and oppression against immigrants from Haiti."

He believes that what separates the two men is self-awareness, and warns:

"Do not let yourself get carried away; do not start believing the myth about yourself and your achievements. The self-aware understand what their strengths are; they know exactly how much of their success is because of their inherent strengths and how much is situational."

*The Professional* is a manifesto arguing for a deeper consideration of ethics and integrity in every action. Each of its sixty chapters is short and easily digested, with advice ranging from how one dresses and how one asks questions, to how one occupies spare time and how to elevate our work from simply professional to Professional.



*Car Guys vs. Bean Counters: The Battle for the Soul of American Business*

By Bob Lutz, Portfolio  
256 Pages, \$26.95, Hardcover

The American auto industry has had some stellar books written about it. Some of my favorites are

John A. Byrne's classic, *The Whiz Kids*, which tells the story of the invasion of statistical experts into the auto culture after World War II and how that attention to financial constraints changed the product for the worse, and of course the great Alfred Sloan's *My Years with General Motors*, less a biography than an essential reflection on management. Now there is *Car Guys vs. Bean Counters*.

The material deals with the same problem as *The Whiz Kids*, but this book is a true insider's

look at the auto industry. A nearly 50-year veteran of the industry, Bob Lutz has worked for each of The Big Three, though the book deals mostly with his time at General Motors where he returned to work in 2001 to face the challenge of reviving a dying brand.

Why was the brand dying? Because the company had been handed over to the financial guys while the true lovers of cars were pushed to the sidelines. The bottom line became more important than the product. Lutz doesn't

have much nice to say about GM in the early '90s. It seems all the stories we have heard about GM's bloat are true. Here Lutz relates an eye-opening response from a supplier when he asked about his preferred companies:

"[O]ne day, a supplier of bearings surprised me by answering, 'My favorite customer is GM!' Whoa! 'Why on earth is that?' I inquired. The supplier replied 'Because they are so monumen-

see BOOKS page 13

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As a management team, we knew that our people saw things in their daily tasks that could provide cost- and time-saving measures. Tapping into our valuable employee resources, we believe could provide an anticipated bottom-line savings of \$200,000 a year.



We are glad to have gone through this training and hope that some of the clients we work with regularly will embrace the same ideology and want to pursue this philosophy as well.”

— **Craig Madsen**, Partner/Founder, J&M Steel

For more information call **801-738-PRFT** (801-738-7738)

## BOOKS

from page 11

tally screwed up that we can sell them the identical bearing in seven different boxes, with seven different part numbers, and seven wildly different prices. Their purchasing groups are only dimly aware of one another's existence. It's a bit hard to keep it all straight, but boy, it is sure lucrative!"

As you can see by this quote, and the fact he actually shares it with readers, Bob Lutz is a real maverick. His main message in *Car Guys* is that passion should always drive while analysis rides shotgun; a message with accompanying lessons applicable to any industry. Reading this book, like his previous book *Guts* (which focused on his time at Chrysler), is like having a couple beers with this crusty old guy who has done things we haven't ever dreamed possible — and he's a fantastic storyteller to boot. Enjoy and learn.

simple to evaluate. But take into consideration some other factors. If your destination is Hawaii, you are going to want to think about the possibility of "breaking the fare." This trick is particularly useful when planning a trip to any place outside the continental United States. Let's say you wanted to go to Honolulu this summer. You can fly nonstop on Delta during midweek for \$997.24. You can fly to Los Angeles on Delta for \$199, and from LAX to Honolulu for \$546. That drops the total price of tickets almost \$250, right off the bat.

Then again, what about "tour operator fares"? Tour operators often get airline tickets for less than the lowest published price when they bundle them with things like a hotel stay, a rental car or something else. Now, obviously, tour operators do not have a great demand for travel to Minot, N.D. or Goatrope, Okla. But we're talking about places like Hawaii, San Francisco, Los Angeles and other popular destinations. For such special fares you need to check with a tour

## SHAFER

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operator, such as DeltaVacatons, SouthwestVacations, Funjet or your travel agent. In fact your travel agent, whether she or he is an actual tour operator herself/himself, deals with all of these tour operators, and is therefore probably your quickest option. The commissions to your travel agent will be paid by the tour operator, not you, so using your travel agent won't cost you a dime.

Here's an example of what can be done with tour operators. I recently spoke to a travel agent friend who booked a trip to Hawaii for a couple: round trip air and five nights hotel for \$699 apiece. Not bad when you consider that \$997.40 I mentioned earlier for just airfare.

I can get that trip to San Francisco I was talking about, which, by the way, is to see the Utes play the Cal Bears this coming October, Oct. 20-23, Thursday through Sunday, for \$1,050 total — two round trip airfares and three nights hotel from

SouthwestVacations. I'm pretty sure that if, on my own, I booked the airplane tickets and the hotel separately, even if I went to the Internet, I could come any lower than \$300 more.

Here's my five-step check list for finding the best travel deal. First, compare the airline fares, including all fees (and don't forget the cost of checking your luggage). Second, consider whether there are alternate airports. Sometimes it's better to drive a little, particularly if you are going to rent a car anyway. Third, is the destination far enough away that breaking the fare would save money? The best place to break it is almost always a large airport that handles many airlines. Fourth, compare hotel prices with major consolidators, such as hotels.com, the hotel websites and your travel agent. Fifth, is this a popular enough destination that you might be able to get a tour operator fare or a package that will include everything — air, hotel, car and/or transfers?

One final thing. If you plan to rent a car (separate from any package you might have purchased),

get it through your travel agent. He/she can check all companies and categories of cars with a key-stroke. In fact, I think it's a good idea to check everything you find on your own with a travel agent, because that agent might be able to do even better. And they will tell you if they can't.

Don Shafer has been hosting radio travel shows in Salt Lake City for more than a dozen years, and was taught everything he knows by travel experts he has interviewed. Although some have called him "The Travel Doctor," he holds a Ph.D. in a totally unrelated field, religion.

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office instead of the coffee shop. It should nurture personal wellbeing, and leverage organizational culture and the company's brand. Overall, this workplace must make the most of every square inch of an organization's real estate.

There's no company that isn't struggling with this new business environment. Everywhere, resources are stretched thin from downsizing and a struggling economy. Business issues are more complex than just a few years ago, more organizations are working on a global platform, and every company needs its employees, along with every other corporate asset, to do more than ever.

The fact is, as companies wrestle with these issues, the workplace can be a key strategic tool: interconnected, collaborative, inspirational. A work environment designed to support people, and the flow of information and enhanced collaboration, can actually help a company solve tough business problems, build market share, and stay competitive. In other words, an interconnected workplace for an interconnected world.

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## The ESOP blindside — and how to protect it

By Edward A. Tafari

Since the 1970s, the employee stock ownership plan (ESOP) has proven to be a valuable vehicle for helping employees to own a share of a business. It's similar to grabbing profit-sharing in that the company establishes a trust fund and contributes either new shares or buys existing shares of its stock. In another version, the ESOP borrows the funds to purchase existing or new shares. And in this case, makes cash contributions to the plan to repay the loan.

In essence, ESOP owners create a reservoir of human capital that drives the success of the company. When employees leave the company, they receive their share options and the company must buy them back.

But what happens to the company if a key employee-owner leaves early due to a disability, creating a critical knowledge and experience gap that could do harm to the company's success?

True, most ESOPs typically insure in the event of the death of a key shareholder, but during the working years, the risk of disability is a far greater risk than death. Given this fact, why is disability insurance so under-utilized in the ESOP world?

Kelly O. Finnell, J.D., CLU, AIF, founded Executive Financial Services Inc. in 1981. Based in Germantown, Tenn. Finnell specializes in employer-sponsored retirement plans, including 401(k)s, ESOPs and Nonqualified Plans for executives. Recognized for his retirement planning expertise, he's keenly aware of the void that's created by neglecting to put disability insurance into the ESOP mix.

"For ESOPs to have life insurance is quite commonplace," says Finnell. "But there's a def-

inite need to educate investors on how to protect their company against a possible disability risk. If they knew there were ways to do this, they would want to protect their investment against the possibility of a significant loss."

Like other complex financial transactions, no two ESOPs are the same; yet, there are common threads that run through most transactions. There's a key shareholder who is seeking to trade equity for cash. Subsequent to that, there are various forms of financing that the ESOP can deploy. Typically, it will utilize a combination of bank financing (senior debt) coupled with a promissory note (subordinated debt) funded through corporate cash flows.

Most frequently, these loans have a five-year duration, although it should be remembered that every ESOP is different. What seems consistent is that once the loan agreement is put into place, a significant sum of key person life insurance is usually purchased to protect the selling shareholder and the lenders against the risk of premature death. However, the greater statistical risk is disability. And there's the "blindside" that exists in most ESOPs, particularly where the business is highly dependent on the vision, relationships and knowledge held by its owners.

For these unique individuals, disability is all but certain to end in disaster for both themselves and their company if the risk is not properly mitigated with the purchase of carefully crafted disability insurance.

James Steiker, chairman and CEO of SES Advisors Inc. in Philadelphia, is a corporate, pension and tax attorney with more than 20 years experience with

see *ESOP page 17*



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from page 6

at [www.intermountainlive.org](http://www.intermountainlive.org).

• The **Primary Children's Medical Center Foundation**, Salt Lake City, received a \$1 million donation from **Smith's Food and Drug Stores**, a division of the Kroger Co. The donation is a result of fund-raising efforts with customers in 56 stores in Utah, Idaho, Wyoming and Nevada, and also from the annual Smith's vendor golf tournament.

## HOSPITALITY/ FOOD SERVICE

• **RSR Hospitality** has acquired a significant ownership stake in **Gemstone Hotels and Resorts**, a hotel management and investment company that specializes in upscale urban hotels and resorts, headquartered in Park City. RSR Hospitality is a hotel-oriented platform comprised of The Related Group, Silverpeak Real Estate Partners and River Birch Capital. Gemstone will continue to aggressively seek third-party management contracts without comprising the owner-oriented culture.

## HUMAN RESOURCES

• According to the U.S. Bureau of Labor Statistics, **Utah's nonfarm wage and salaried job count** for May 2011 **expanded by 1.5 percent** compared to May 2010, representing a 12-month increase

of 17,400 jobs, and raises total wage and salary employment to 1,200,400. The seasonally adjusted unemployment rate registered 7.3 percent. Approximately 99,700 Utahns are considered unemployed. The United States unemployment rate, compared to last month, has moved up one-tenth of a point to 9.1 percent.

## LAW

• **Jeffrey L. Shields, Mark L. Callister** and **T. Richard Davis** have been re-elected to the board of directors for the law firm of **Callister, Nebeker and McCullough**. Shields practices in the areas of bankruptcy with representation of creditors, trustees and debtors with an emphasis on creditor's rights. He joined the firm in 1979. Callister practices in the areas of commercial and business litigation with an emphasis on antitrust, unfair competition and complex contract disputes. He joined the firm in 1993. Davis practices in the areas of real property, banking and commercial transactional and litigation matters, including acquisitions, sales, exchanges, financing, development, leases, foreclosures, workouts, title disputes, quiet title actions, easements, boundary line disputes and mechanics liens. He joined the firm in 1986.

## MANUFACTURING

• **MonaVie**, a provider of premium nutrition products, South Jordan, and its distributors, raised more than \$1.5 million during its International Convention to support the mission of **The More Project in Brazil**. The project aims to provide sustainable programs that help lift impoverished children and families living in the slums of Brazil to help provide them with a promising future. Initially, the project provides critical resources such as nutritious food, urgent medical and dental care and safe shelter. Then recipients' long-term needs are met through educational and vocational programs.

• **ILLUMRA**, a provider of energy saving controls, headquartered in Orem, has released **CMR**. The **ILLUMRA CMR** works with any dawn/dusk sensor to reduce energy consumption by 50 percent by shutting off lights during the second half of every night. One device is installed per pole or fixture to shut off lights not needed for maintaining safety light levels. The CMR automatically synchronizes to existing dawn/dusk sensors and adapts to changing seasons.

• **Vivint**, a home automation company headquartered in Provo, was featured on **"Designing Spaces,"** a television series that inspires viewers to make every space count and instructs them on ways to make their homes

more beautiful and functional, on June 10. The episode featured the company's home automation system and how it protects families, increases energy efficiency and simplifies lives.

• **Kairos Autonomi**, a manufacturer of the Pronto4 Agnostic Autonomy System, a robotic applique kit that enables automobiles to drive themselves by following a pre-defined GPS path or via remote operation, located in Sandy, has been awarded a contract by the **Naval Air Systems Command** for the Navy Moving Land Target Program. The contract for MLT, a program of record, includes a base year and four option years that will conclude March of 2014. The navy procured more than \$5.1 million in production hardware and contract support. With this award, Kairos will become the largest robotic manufacturer by volume of full sized unmanned ground vehicle systems in the world.

## MEDIA/MARKETING

• **XO Marketing Group**, a Utah-based full service advertising and public relations agency that offers strategic planning, media buying, creative services, public relations, special event management and social media, has **moved its offices** to 8861 Sandy Parkway in Sandy. The new space is a two-level office with an open kitchen area, and is also equipped with a small recording studio and video/

audio editing bay.

• **Integrated Marketing Group (IMG)**, a marketing consulting firm focused in the healthy lifestyles category, Salt Lake City, has been promoted **Clint Curry** to PR counsel. He is responsible for overseeing several of IMG's public relations accounts, conducting national consumer media outreach, consulting on trade media efforts and assisting with the new business activities. Curry was previously a marketing project editor and special section writer for Salt Lake City's two daily newspapers, and an associate magazine editor in New York City and Park City.

## RESTAURANTS

• **Faustina**, a restaurant in downtown Salt Lake City, is hosting a **special set-price menu paired with Squatters beers** on Thursday, June 23. The menu has been crafted to complement the paired beers. The four-course menu is \$25 for dinner and \$20 for the beer pairings.

## SERVICES

• **AlphaGraphics of Bountiful**, a provider and manager of visual communications for businesses, has been ranked No. 82 on **Quick Printing** magazine's **Top 100 list** of printers nationwide. This is the first time the print center has been included on the list. AlphaGraphics of Bountiful grew 15 percent in 2010.

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## ESOP

from page 14

ESOP design, installation and transactions for privately held companies. He believes that disability is an under insured event in ESOPs because most people fail to focus on the fact that it's even available, let alone that it's important.

"It makes sense for an ESOP-owned company to have a mixture of life and disability insurance on key ESOP participants that can address payment of significant account balances upon a participant's death or disability," said Steiker. "Unlike traditional disability insurance, which focuses on replacing income for a disabled person, corporate-owned disability insurance addresses the corporate finance and repurchase obligation effect of the disability of a key selling shareholder or ESOP participant. Corporate-owned disability insurance spares the company the double whammy of losing the services of a key employee and needing to fund an accelerated payout of their ESOP stock."

Kelly Finnell agrees. "Not having disability coverage on key persons in the ESOP could wreak havoc on the financial structure of the company if the buyout can't be paid," he said.

While death is a certainty, the likelihood of disability often feels remote. The reality is that during the working years, the risk of disability is far greater than the risk of death. Acquiring disability insurance for key shareholders also helps make traditionally large transactions more palatable to lending institutions, since most are aware of the inherent risk that the disability factor creates and how it could possibly affect their investment.

"Most ESOP investors I've talked with don't even think of the possibility that they may become disabled," said Kelly. "But if they knew there was up to \$75 million of insurance available, that would definitely get their interest."

It definitely caught the interest of a California-based insurance advisor consulting with the CEO and founder of a glove manufacturing business who was about to take his company into an ESOP. Prior to the transaction, the founder held 100 percent of the stock. To partially fund the ESOP, the company secured a \$4 million bank loan, and subsequently loaned the ESOP all of the funds to acquire the founder's shares. Because of the unusually tight ties between the CEO and his customers, the ESOP trustees and the bank were concerned about his premature death or disability, which it felt would have disastrous effects on the company and its ability to repay the debt.

The risk of premature death could be mitigated with the acqui-

sition of a \$7.5 million life insurance policy, which was partially assigned to the bank. But the corresponding request for \$7.5 million of disability protection was a major challenge because most traditional insurance carriers had neither the capacity nor the appetite to take on that much risk on a selling shareholder.

Once it came to light, however, that such a key man disability policy *did* exist that would protect the \$4 million bank loan and, in the event of a catastrophic disability, pay out an additional \$3.5 million to the company to cover additional obligations relative to the ESOP transaction, the company was appropriately positioned.

James Steiker isn't surprised that ESOP transactions are far different and more complex than many other business dealings.

"In conventional companies that don't have ESOPs and don't have high amounts of leverage, corporate risk management typically doesn't address the disability of a key executive," said Steiker. "In an ESOP company with significant leverage and emerging repurchase obligations, corporate risk management should focus on both mortality and disability risk in connection with key executives and/or ESOP participants with significant account balances."

He points out that it's often key shareholders who are also key executives who finance ESOP transactions. "If a key selling shareholder/executive becomes disabled," he notes, "the corporation's ability to generate the income to pay the ESOP seller's financing debt may suffer. This is bad for the corporation and bad for the selling shareholder and is why disability insurance covering a selling shareholder/executive in an ESOP transaction may be important."

That coverage also has to fit an ESOP's particular situation. As Steiker sees it, with newer ESOP transactions, it's important to have disability insurance that focuses on coverage around the key seller/executive who is providing the financing. While for older more mature ESOPs, the focus should be on participants with large account balances.

In the ESOP world, as in real life, death is inevitable, while disability is, unfortunately, is an even more likely occurrence. With the ESOP Association reporting that there are approximately 11,500 existing ESOPs in the U.S., covering 10 million employees, with total assets estimated at \$901 billion, there's an enormous potential risk should a major player go down.

"If I am selling an investment to my customers, I would do everything I can to protect that investment against a significant loss," said Kelly Finnell. "I would want to protect that nest egg any way I can."

No company, ESOP or otherwise, wants to get blindsided by unforeseen circumstances. So if you equate the successful performance of an ESOP to the high performance of a star quarterback, then think of disability insurance

as that hulking right tackle protecting his blindside from the potential of a financial sacking.

Edward A. (Ted) Tafaro, president and CEO of Mahwah, N.J.-based Exceptional Risk Advisors LLC, is

an expert on high-limit specialty life, accident and disability products for clients with extraordinary insurance needs, including celebrities, athletes, entertainers, highly compensated executives and professionals. For more information, contact him at 866-512-0444.



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## The party of righteous indignation

Editor's note: this column was filed prior to Congressman Weiner's resignation on June 16.

Grossly distasteful may be the most dignified way to describe the behavior of Rep. Anthony Weiner, but it is impossible to discuss what he has confessed to doing without words like crazy, predatory, repulsive, irresponsible and immature. If he hopes to preserve his sanity and his marriage, he might well consider abandoning politics for psychiatric care. Without professional help, he will never recover from the narcissism that has warped him and injured everyone close to him.

Bright as he is, Weiner appears to have believed quite stupidly that his online misconduct could remain concealed. To those who have observed the New York Democrat for years, his callowness and arrogance have been no secret. Those obvious defects were balanced by his political instincts, dogged liberalism and sheer capacity for the hard work of

public life — until now. He hasn't changed and he won't go without a struggle.

It is hard to imagine that Weiner could reject the growing bipartisan demands for his resignation without the quiet support of his wife, Huma Abedin. Those who know her well are universally admiring. But it is still harder to imagine any elected Democrat joining her in an endorsement of another term in Congress for him — especially given the evidence that he committed some of these acts during the first year of their marriage, even after learning that she is pregnant.

Let's hope that we will soon be able to dismiss this distracting scandal, at least for a while. Weiner is actually a very minor figure in Washington; neither his salvation nor his doom can solve the real problems that the nation confronts. He cannot escape the growing disgust of his district's constituents, the obvious anger of

his party's leaders, or the eventual judgment of the House Committee on Ethics.

Which brings us to the difference between Democrats and Republicans whenever scandal erupts. Republicans present themselves as the party of moral rectitude; Democrats present themselves as the party of modern tolerance. But in fact, congressional Democratic leaders are far less tolerant of corruption in their own ranks than their opponents, whose tacit acceptance of all brands of turpitude is boggling.

Consider the matter of David Vitter, the Louisiana senator who has confessed to patronizing prostitutes without losing the financial and political support of his fellow Republicans. Vitter may not be as repellent as Weiner, but paying for prostituted sex is still a crime in most parts of this country. Luckily for him, the Republican bosses on Capitol Hill don't mind. In *The Huffington Post*, Paul Blumenthal points out that the same Republicans calling for Weiner to step down have

donated many thousands of dollars to ensure that Vitter stayed in the Senate -- and so he has.

Most Republican politicians have shown the same nonchalant attitude toward Sen. John Ensign of Nevada, who finally stepped down while awaiting a Senate Ethics Committee report that he must have known would recommend a federal criminal probe of \$96,000 in payoffs to his former mistress and her family. The Justice Department may reopen its investigation of Ensign, but his party let him stay in office as long as he liked.

The Senate report reveals that Sen. Tom Coburn (R-Okla.), a loud voice of the religious right, conspired to help Ensign hush up the affair with his staffer, including millions of dollars in secret payments from his family trust. Coburn's role may have been felonious, but don't expect the Senate Republican leadership to complain about him.

Rep. Nancy Pelosi, the House Democratic leader and former speaker, immediately urged

the Ethics Committee to pursue Weiner's offenses. Other Democratic leaders have already said that Weiner should step down. As *New York Times* blogger Nate Silver suggests, Democratic leaders in his home state may well decide to erase him in redistricting.

His odds of surviving politically would be greater if only he were on the other side of the aisle, in the party of righteous (and phony) indignation.

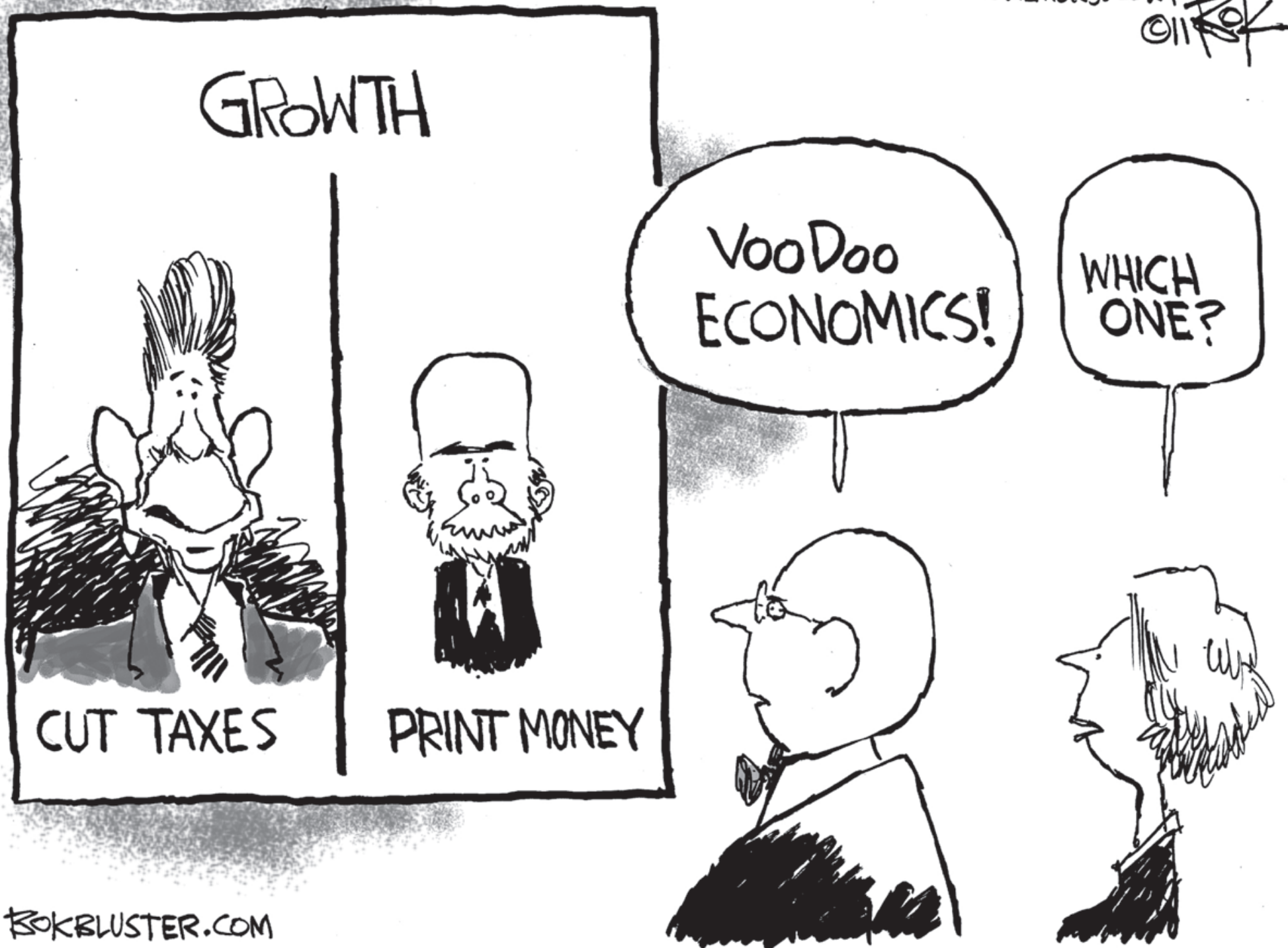
Joe Conason's articles have been published in *Harper's*, *The Nation*, *The New Republic*, *The Guardian* (London) and *The New Yorker*, among many other periodicals in the United States and abroad. He also appears frequently as a commentator on television and radio programs. A winner of the New York Press Club's Byline Award, he has covered every American presidential election since 1980.

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## Is Pawlenty plenty?

The Republicans' confused assortment of announced presidential candidates — as well as unannounced candidates and distant possibilities of candidates — seems to be clarifying somewhat. The withdrawal of Donald Trump and Mike Huckabee, as well as the withdrawal of much of Newt Gingrich's staff, seems like a much-needed weeding-out process.

Although Mitt Romney has been leading in the polls, his lead over other potential rivals has been slim. Being a "front-runner" this far ahead of next year's nominating convention would not mean much, even if Governor Romney's lead and his support were much bigger than they are.

The albatross around Romney's neck is the RomneyCare medical plan that he signed into law in Massachusetts. His refusal to repudiate RomneyCare means that, as a presidential candidate, he would forfeit one of the strongest

argument against Barack Obama, who has ObamaCare as his albatross.

Nor is an about-face on RomneyCare a viable option for Mitt Romney. He has already done too many other about-faces for the voters to be likely to trust him after another. He has painted himself into a corner.

Articulate Newt Gingrich might be the best Republican to go toe-to-toe with Obama in presidential debates — and a lack of effective articulation has been the Republicans' big weakness for years. Try to name a Republican renowned for his articulation, besides Ronald Reagan, Theodore Roosevelt and Abraham Lincoln.

While Newt Gingrich is not at that level, he is definitely a cut above most Republican candidates in talking. He also represents a cherished moment in Republican history, when they took the House of Representatives

for the first time in 40 years, as a result of Gingrich's "contract with America" election strategy.

But that was back in the 1990s, and many younger voters today may have no idea what that was all about. Worse yet, former Speaker Gingrich has shown too many signs of opportunism — including his wholly unnecessary swipe at Republican Congressman Paul Ryan's attempt to bring some fiscal sanity to Washington — to be trusted.

His own staff should know him better than the rest of us. Their recent resignations should mark the end of a very promising career that did not live up to all its promises. Even so, Gingrich performed a real service to the country as Speaker of the House of Representatives, which brought federal spending under control and produced what the media chose to call "the Clinton surplus."

Among the other announced Republican presidential candidates, former governor Tim Pawlenty of Minnesota talks the

most sense and shows the most courage. When you tell people in a corn-producing state like Iowa that you want to cut back on Ethanol subsidies, that takes guts, because Iowa will also produce the first results in next year's primary campaign season. And first results, like other first impressions, carry a lot of weight.

But somebody has got to talk sense about our dire economic problems — and it is painfully clear that Barack Obama will not be that somebody. The fact that Pawlenty has put his neck on the line to do so is a big plus.

Tim Pawlenty cites his track record to back up his statements. That includes reducing Ethanol subsidies when he was governor of Minnesota and cutting the growth of state government spending from just over 20 percent a year to under 2 percent a year.

Governor Pawlenty fought Minnesota's transit unions over runaway pensions and hung tough during a long strike. "Today," he

says, "we have a transit system that gives commuters a ride, without taking the taxpayers for a ride."

Some fear that Governor Pawlenty doesn't have the charisma and fireworks rhetoric that they would like to see in a candidate. Charisma and rhetoric are what gave us the current disastrous administration in Washington. Charisma and rhetoric gave people in other countries even bigger disasters, up to and including Hitler.

Politicians and the media may want a candidate with verbal fireworks but the people want jobs. As Tim Pawlenty put it: "Fluffy promises of hope and change don't buy our groceries, make our mortgage payments, put gas in our cars, or pay for our children's clothes."

Thomas Sowell is a senior fellow at the Hoover Institution, Stanford University, Stanford, CA 94305. His Web site is [www.tsowell.com](http://www.tsowell.com).  
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