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THIS WEEK

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THE Enterprise

PERIODICAL Postage Paid Salt Lake City, Utah

108-unit upscale apartment complex to be built in Layton



Artist's conception of Eastgate and Greyhawk, to be built on the corner of State Highway 193 and Church Street in Layton.

By Barbara Rattle
The Enterprise

Construction is expected to begin in July or August on the Eastgate at Greyhawk apartments, a 108-unit upscale rental community on the corner of State Highway 193 and Church Street in Layton.

The 4.6-acre project will be the first of its kind west of I-15 in Layton in more than 12 years as a result of the scarcity of sites available with the appropriate zoning.

Developers of Eastgate are

Gardner Crane and Mike Shultz, who have constructed or developed thousands of multifamily units, single-family lots and single-family homes. Crane is owner and president of Kaysville-based Uinta Land Investments LLC, while Schultz is owner and president of Castle Creek Homes, Roy.

Offering a mix of three bedroom/two bath, two bedroom/two bath and one bedroom/one bath units, Eastgate will feature amenities such as nine-foot ceilings, washer/dryers in each

see EASTGATE page 2

BYU prof's Harvard Business Review article: how to beat free

What do you do when your company is comfortably selling a product, and then suddenly a competitor offers a similar one free? Well, if you're like two-thirds of the companies in a new study, you'll get it wrong.

Three Brigham Young University business professors researched this scenario, increasingly familiar in the digital age. A one-time start-up Skype can start offering free voice and video calls over the Internet, sending established phone and video-conferencing companies scrambling, and eventually be acquired by Microsoft last month for \$8.5 billion. Or Craigslist's free online classifieds can gut the profits of 100-year-old newspaper companies.

But, the researchers point

out, offering physical products for free is also increasingly common. Among the 34 companies they studied was European discount airline Ryanair, which offers some flights for free. Its market share now exceeds Air France's.

The authors share their observations, garnered from businesses in 26 different markets over the last five years, and recommendations, in the latest issue of the *Harvard Business Review* (which is not free — subscription required).

"Some of the companies that got this wrong panicked and offered a free product too fast, instead of waiting for the new competitor to self-destruct or for the structure of the market to play out a little more," said David

see FREE page 2

Gordmans Stores eyes two more locations in Utah

By Barbara Rattle
The Enterprise

Gordmans Stores Inc., an Omaha-based off-price retailer that plans to enter the Utah market (see last week's edition of *The Enterprise*) intends to open more than the two locations for which it has already signed leases.

The company, which operates 70 stores in 16 states, has inked deals to open 50,000 square foot stores at The District in South Jordan and Station Park in Farmington. Allan Murow, exclusive real estate rep for Gordmans, said the firm, which traces its roots back to 1932, is hoping to launch two additional locations in Utah. The first two stores here are slated to open their doors in spring 2012.

"We're continuing to explore

other opportunities in the market," Murow said. "Salt Lake City sets up extremely well for most retailers and certainly for what we're trying to accomplish, given the spacing north to south. We like that every seven miles there are another 150,000 people with solid incomes, good population densities. Our hope would be to add a couple more stores in that market. We're working with a couple other developers, owners, trying to make a couple more leases."

Murow said Gordmans representatives made several trips to Utah before committing to the market.

"We started talking with developers just to do our own due

see GORDMANS page 2

Transit-oriented development taking shape in South SL



Artist's rendering of the office building proposed for the Meadowbrook TRAX station at 3900 S. West Temple.

By Barbara Rattle
The Enterprise

A new transit-oriented development (TOD) is taking shape in South Salt Lake.

Meadowbrook Real Properties, which is owned by Brad Knowlton, president of Ascent Construction, has received subdivision approval for seven acres bordering the Meadowbrook TRAX station at 3900 S. West Temple. Plans call for the construction of a 30,000 square foot professional office building and 99-unit apartment complex plus a small amount of retail space. In addition, bus routes will be re-routed to make passenger pick-up and drop-off more convenient, according to Bob

Murri, director of development at Ascent Construction. Roughly four of the seven acres will be developed, while the remainder will be devoted to additional surface parking.

Murri said it is hoped that work on the office building, in addition to a one-level parking structure and the apartments, will begin this summer. The office building will be expandable to 60,000 square feet; should that take place, the parking structure would get a second level. Murri said the apartments will be "upscale but reasonably priced so they'll be rented out very quickly, have a lot of nice amenities." Two and three bedroom units will be

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EASTGATE

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unit, the latest voice/data/video technology, landscaping, a half basketball court, playground, foot paths, 108 stalls of covered parking, guest parking and a clubhouse featuring a fitness center, leasing office, storage, restrooms, outdoor showers and a technology room.

Crane said Shultz will act as general contractor, while Architecture Belgique designed the community, which will have eight buildings. Construction should take between 12 and 18 months to complete. The project has been designed to maximize views of the Wasatch Mountains to the east and the valley to the southwest.

"We have several conventional financing options on the table and we haven't selected one yet but local and national banks are interested in doing it because they see the strengths in the apartment sector," Crane said. "We do have commitments from two banks; we're just waiting for the remaining proposals to come in

and then we'll make a selection."

Current projects in which Uinta Land is involved include Greyhawk (450 residential units on 95 acres in Layton), Greyhawk Plaza (retail and office space on 11 acres in Layton), Secrist Acres (118 single-family lots on 120 acres in West Haven), Meadowbrooke (a 64-unit townhome project in Tooele), Hooper 12 (a 100-unit townhome project in Hooper) and Clinton 70 (134 single-family lots on 60 acres, plus 10 commercial acres in Clinton).

Castle Creek Homes has built and sold more than 600 homes since 2007 and has developed and sold about 200 residential lots since 2007. The firm is in the top five for single-family permits pulled in Utah from 2009 to 2011.



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Scott A. Newman
Business Skills Program Director
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FREE

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Bryce, lead author on the piece. His coauthors are Jeffrey H. Dyer and Nile W. Hatch; all three are faculty at BYU's Marriott School of Management.

But even more companies erred by doing nothing, he says. So how do you know which path is the right one? Based on the outcomes of the battles they followed, the researchers established a formula businesses can use to make the choice.

If the new competitor is stealing less than 5 percent of your customers a year and is growing less than 40 percent a year, don't worry too much. It will probably flame out.

When the opposite is occurring, and more than 5 percent of your customers are defecting and the competitor is growing faster than 40 percent a year, your very existence is threatened. That's what Craigslist did to the newspaper classified business in all of the top 50 U.S. metropolitan areas except one — Salt Lake City.

Deseret Media Co., which owns the *Deseret News*, KSL TV and KSL NewsRadio (and is owned by BYU's sponsor, The Church of Jesus Christ of Latter-day Saints), launched its own free classified site on ksl.com. The researchers hail that and the

company's other moves to change its business model, pointing out that last year its print and online audience grew at the industry's second-fastest rate and that ksl.com's profits exceed those of the traditional businesses, including the newspaper.

"Overall, Deseret Media is thriving," the authors write.

The article gives advice on how to react to situations in between those two extremes. For example, Bryce says a traditional radio or satellite radio company would do well to acquire Pandora — the free Internet radio firm — before it displaces them.

The researchers also share overall guidance about how established firms can shake up their management structures to win these battles.

"If a company that was dealing with a free product competitor called me and asked how to respond, the first thing I would say is, 'Help me understand where the revenue responsibility and where the cost responsibility are in your organization, and we've got to split those apart fundamentally,'" said Bryce, who was an industry consultant after earning an MBA and master's in accountancy at BYU. He later earned a Ph.D. from Penn's Wharton School of Business while coauthor Dyer was on the faculty there.

The researchers suggest that one team manage the product, making it the best it can be with the most efficient costs. An entirely separate team should have responsibility for generating revenues, not just from the product's price, but from upselling or cross-selling customers to other products, charging third-parties to advertise to them or bundling the free product with paid offerings.

Those are the principles that guided Bryce's advice to Microsoft about integrating Skype, which he recently published on the *Harvard Business Review* site.

"A traditional business, built on the prospect of a product that gets revenue directly through price, often has a very difficult time changing over," Bryce said.

TOD

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offered. Eventually, about 7,000 square feet of retail space will be constructed.

Russ Naylor of Nichols Naylor is designing the office building, while CLC Associates is assisting with the parking layout and structure and Brent Hilton is designing apartments. IDG Horizon, Bountiful, will be an equity partner in the apartments, Murri said.

"We were going to go with HUD financing for the apartments but that's taking way too long so we've got conventional financing for everything," Murri said. "We had people lining up to finance the office building. It's a pretty great opportunity for financial institutions that we've met with.

"What's really nice is we're meeting UTA's goals of increasing ridership. That's the whole idea behind a transit-oriented development and partnering with UTA."

GORDMANS

from page 1

diligence, meet with the various municipalities and brokers to understand the market," he said. "We got pretty comfortable and decided we'd pull the trigger on these two deals. We do a lot of what we call second generation space. Over the past two or three years that's just been a function of where the market's been with the empty Circuit Citys and Linens 'n Things and Steve & Barry's and Mervyns. Landlords are maybe more motivated to create a 50,000 square foot box. By default we've done more second generation space because there hasn't been a lot of development because of the market."

He said Gordmans was able to nail down one of the last remaining pads at The Boyer Co.'s The District, while "Farmington is probably one of the few new developments that we've been comfortable enough to commit to. We're not a very big chain; we need the synergy of the co-tenants. We need additional anchors. CenterCal's got a great reputation, they have a great partner in that project."

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Gardner Village to become home to indoor soccer facility



Gardner Village plans to sell 3.2 acres to Oklahoma City-based Let's Play Sports Inc. for a 52,000 square foot soccer facility.

Gardner Village, a retail, dining and event venue in West Jordan, has received municipal approval to sell roughly 3.25 acres west of its existing operations to Oklahoma City-based Let's Play Sports Inc., which plans to construct an approximately 52,000 square foot indoor soccer facility on the property.

Joe Long, Gardner Village's managing member, said the soccer facility is part of approximately 12 acres that have been rezoned by the city. In addition to the two-field indoor soccer facility, long-term plans call for the construction of a small-scale expo center measuring about 30,000 square feet.

Gardner Village intends to sell the acreage for the soccer

facility to Let's Play Sports, and for construction on the Let's Play Soccer building to be under construction by August, Long said. Valley Design and Construction will be the contractor.

Let's Play Sports executives could not be reached for comment, but the firm's website bills the firm as a low-cost owner/operator of indoor sports facilities in Colorado, Texas, Utah, Idaho, Kansas, Oklahoma, California and Louisiana. Of the 18 locations currently in operation, four are in Utah — Ogden, Murray, Lindon and Woods Cross — and are devoted to soccer. The firm opened its first facility, in Utah, in 1987.

T-Mobile secures victory over Tax Commission

The Utah Supreme Court has ruled that T-Mobile's booked goodwill is not taxable under Utah law, affirming the Utah Tax Court's established valuation.

The case arose as consolidated appeals related to discrepancies in the parties' assessed 2003 fair market value of T-Mobile's taxable Utah property. The primary issue was whether significant booked goodwill was subject to taxation.

According to the various counties in which the firm has assets, T-Mobile's goodwill was taxable in its entirety, based on the "unitary business principle," a concept whereby two interrelated, physical assets create an enhanced value through synergy. The counties claimed that T-Mobile's goodwill enhanced the value of the tangible property and therefore was not tax exempt.

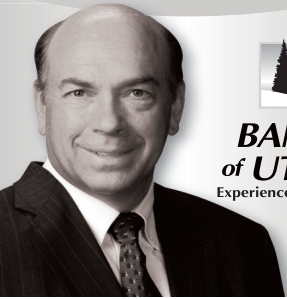
Mark Buchi and Steve Young, Holland & Hart attorneys representing T-Mobile, successfully argued that the Utah Constitution and Utah Code establish that goodwill and other intangible property is not subject to taxation, under any circumstance. The Supreme Court thus held that The Tax Court correctly excluded T-Mobile's goodwill in establishing fair market value. The Tax Court's decision to prevent the


taxation of the electromagnetic spectrum was also left intact.

"This decision is important to taxpayers for multiple reasons," Buchi said. "Due to evolving accounting rules, many businesses are increasingly generating goodwill on their books. The Utah Supreme Court has made it clear that if the state taxes an entity's income, it may not subject goodwill and other intangible property to property tax. In this case, the court held that goodwill is already being taxed via the income tax statutes, and the Utah Constitution is designed to prevent the double taxation of intangible property."

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SLC firm sues Google for alleged trademark infringement

ISYS Technologies Inc. Salt Lake City, filed a lawsuit against Google alleging that the search giant is violating and interfering with the trademark for ISYS' ChromiumPC Modular Computer.

The suit seeks an expedited temporary restraining order and preliminary injunction against Google and its partners (Acer, Amazon.com, Best Buy and Samsung) to stop further marketing efforts of the Chromebook and Chromebox PC products, as well as plans to begin selling these PC products on or about June 15. All five companies are named in the federal lawsuit that was filed in the United States District Court for the District of Utah in Salt Lake City.

ISYS Technologies is an intellectual property management and holding company that was formed in 2002. ISYS Technologies holds issued U.S. patents surrounding the Xi3 Computer Architecture, intellectual property that forms the foundation for the Xi3 Modular Computer. ISYS Technologies

is pursuing various intellectual property protections in scores of countries around the world. Xi3 Corp. was formed as a subsidiary of ISYS Technologies in 2010 to support plans to expand sales of the Xi3 Modular Computer, ChromiumPC computers and related Xi3 Computer Architecture products in 2011.

In November 2009, however, ISYS Technologies announced its intent to support Internet-based operating systems on its Xi3 Computer Architecture platform. In June 2010, Xi3's parent company, ISYS Technologies, filed for trademark registration of the ChromiumPC brand for hardware with the United States Patent and Trademark Office. Interim approval for the ChromiumPC registration was determined by the Trademark Office in October 2010, and the application was "published for opposition" on Nov. 23, 2010.

Todd E. Zenger of Kirton & McConkie is the lead attorney for ISYS in its lawsuit.

Carpet Barn leaving West Valley City

By Barbara Rattle
The Enterprise

Carpet Barn, a Utah retailer of seconds and off-goods carpet since 1969, has abandoned plans to rebuild its West Valley City store, destroyed by fire in January of 2010. Instead, the family-owned business has purchased a building in South Salt Lake and intends to be operable there by August.

Elizabeth MacQueen, a member of the family that owns Carpet Barn, said the company has purchased the 21,000 square foot former Galaxie Lighting building at 3663 S. Main St., South Salt Lake. It will offer significantly more space than Carpet Barn presently occupies in rented quarters at 3001 W. Parkway Blvd. in West Valley City.

MacQueen said the family intended to rebuild the original store site, a vintage building at 3725 S. Redwood Road that was destroyed by fire on New Year's Eve 2010. But two things stand in the way — Carpet Barn discovered after the blaze that it was underinsured, and

West Valley City has implemented beautification ordinances that would require too much money to comply with.

MacQueen said the family's exit from West Valley City will be bittersweet, but new Redwood Road street-scaping ordinances are simply prohibitive. They require that all new construction projects include 10 feet of frontage dedicated to a pedestrian and bicycle easement, she said, and that another five feet be dedicated to a three-foot undulating berm planted with specific types of trees and foliage and adorned with specific types of lamp posts. A UDOT retaining wall would also have to be removed. MacQueen estimated those improvements alone would cost upwards of \$60,000, and she questions the need for a landscaped promenade on bustling Redwood Road.

The family has not yet decided whether it will put its Redwood Road property up for sale. In the meantime, MacQueen said, they are looking forward to occupying

the South Salt Lake building, which was purchased with the assistance of Kelsie Akiyama and Bryce Blanchard of NAI West.

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• Industry Briefs •

ACCOUNTING

• **Heathrow Professional Services Inc. (HPS)**, a provider of comprehensive bookkeeping, accounting, and corporate start-up services, has made its accounting services available for small businesses, including startups, in Salt Lake City and surrounding areas. HPS' customized payroll and bookkeeping services focus on reducing daily administrative costs by eliminating costly tax, insurance and payroll mistakes. HPS will also represent the legal, retail, medical and healthcare and insurance industries.

AGRIBUSINESS

• The 19th annual **Downtown Farmers Market and Art and Craft Market** in Pioneer Park has begun, and will run every Saturday from 8 a.m. to 1 p.m. Until Oct. 22, and Tuesday evenings from August-October. The market has more than 250 vendors.

ARTS/ENTERTAINMENT

• A new, **free Fourth of July concert and fireworks show** will take place in Salt Lake City this year at Liberty Park. The first annual **BULA One Love Celebration**, presented by **Bula Beverage**, a Salt Lake City-based company, will be held July 4 from 2-10 p.m. For more information, visit www.bulafest.com.

• The **Utah Heritage Foundation**, a nonprofit, state-wide, membership-based organization dedicated to preserving, protecting and promoting Utah's historic built environment through public awareness, advocacy and active preservation, will host its annual **Free Summer Public Tours** on July 9 and Aug. 13. This year's tours will feature four buildings in Exchange Place: The Boston Building, Commercial Club Building, Salt Lake Mining and Stock Exchange Building. For more detailed information, visit www.utahheritagefoundation.org.

BANKING

• **Mountain America Credit Union** has been named **LPL Financial's 2011 Program of the Year**. LPL Financial is a leading diversified financial service company and the largest independent broker, based on total revenues. LPL has ranked Mountain America as its 15th highest producer overall and third among credit unions. Mountain America offers a full range of investment services, including stocks and bonds, mutual funds, annuities and retirement and estate planning.

• **Frontier Community Bank**, Park City, has promoted two team members, **David Sachs**

and **Ron Popiel**, to vice president positions. Sachs joined the bank in 2007 as a home mortgage officer and later became assistant vice president and market manager of Frontier Community Bank. Popiel has 20 years of lending experience, the last three of which were with Frontier. He holds a bachelor of science in business from Linefeld College in Oregon.

• The charitable arm of **Chartway Federal Credit Union** and its divisions of HeritageWest, SouthWest Community and Utah Central, donated \$12,183 to **Primary Children's Medical Center**. The money will be used to fund a new outdoor Hope Garden, where children and their families can rest. The garden will feature growing boxes that children will help plant, and an area for arts and crafts activities. Because many of the children rely on IVs and pumps, the Hope Garden will also be equipped with electrical outlets so all children can benefit from therapeutic play.

• **Robert M. Bowen** has been named chief operating officer, and will also remain serving as chief lending officer, for **Brighton Bank**, Salt Lake City. Bowen has been with the bank since 2009 and will office at the Cottonwood branch.

• **KeyBank** has appointed **Maxine Turner** of Cuisine Unlimited, in Salt Lake City, to the national **Key4Women Advisory Board**, which is a Key Bank program for women business owners. She will join 22 other new advisory board members to form the 2011 board, comprised of women business owners, leaders and experts from a cross section of industries across KeyBank's footprint.

COMPUTERS/ SOFTWARE

• Provo-based **InsideSales.com**, a provider of sales intelligence and productivity solutions for inside sales professionals, has been selected by the **American Association of Inside Sales Professionals** as the **SaaS/Productivity Service Provider of the Year**. Based on research recently published by the *Harvard Business Review*, the InsideSales.com software harnesses patent-pending "Predictive 2.0" intelligence technology to help increase speed of response, and predict which prospects to contact and optimize contact times in order to best connect with those prospects.

CONSTRUCTION

• **Rimrock Construction**, a high-end residential builder in Utah, has been selected to build the **2012 HGTV Dream Home** in

Heber Valley. Project completion is scheduled for early 2012. The 4,000 square foot Dream Home, located next to the Provo River, will be custom designed. Home details include four bedrooms, four-and-a-half bathrooms, a gourmet chef's kitchen, five covered decks and an outdoor living room. Viewers can enter for a chance to win the Dream Home giveaway starting Dec. 30, 2011. For details on the contest, visit HGTV.com/dreamhome.

• Eagle, Idaho-based **Steed Construction** has opened a permanent Utah office at 350 N. 650 W., Kaysville, where approximately seven are employed. The full-service general contractor also recently appointed Robert Rice as director of business development.

• **EDA Architects**, Salt Lake City, has promoted **Amelia McRae** to the position of associate. She has been with EDA for eight years as an interior designer. McRae has experience in space planning, interior design, sustainable design strategies and work place ergonomics. She is involved with International Interior Design Association and is certified by the National Council of Interior Design Qualification. In addition, **Jake Hill** has also been promoted to associate. He has experience in the design and construction of

recreation and community centers, and his most recent experience has been on the J.L. Sorenson recreation Center in Herriman, which is currently seeking LEED Platinum certification.

FINANCE

• Three partners at Alpine-based consulting firm **SageCreek Partners** — **Greg Butterfield**, **Mark Bonham** and **Jan Newman**

— have been named to the **vSpring v100** list of leading entrepreneurial executives for 2011, along with multiple leaders from SageCreek's current client accounts. As a member of vSpring's 2010 v100 list, SageCreek Partner **Dwain Kinghorn** is an alumni member of the v100 as well. In addition to the three SageCreek Partners,

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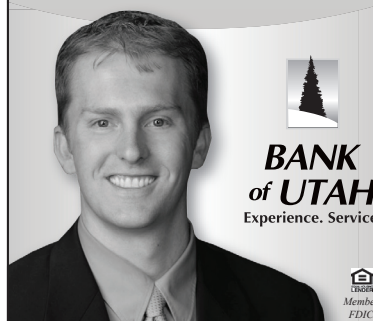
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the v100 Class of 2011 includes **Adam Edmunds**, CEO of Allegiance; **Scott Johnson**, CEO of AtTask; **Russ Warner**, CEO of ContentWatch; and **Josh James**, CEO of CORDA.

GOVERNMENT

• The **State of Utah Labor Commission** and the **Utah OSHA Consultation Program** recently honored **Regis Corp.**'s Salt Lake City distribution center with the

Safety and Health Achievement Recognition Program (SHARP) Award. The prestigious recognition rewards businesses for operating exemplary safety and health management systems; just seven other businesses in the state of Utah have received the award. Regis Corp.'s Salt Lake facility began working towards SHARP recognition in 2010. The process included UOSH inspections, employee involvement, implementing and maintaining a safety

and health management system and maintaining a below-industry-average Days Away, Restricted, or Transferred (DART) rate and Total Recordable Case (TRC) rate.

• The **Utah Labor Commission** and its Division of Industrial Accidents has released an electronic version of Form 123, **"Physician's First Report of Injury."** Physicians can complete and submit the form online. Two submission methods are available online to file the form. Both meth-

ods allow physicians to complete and submit the form electronically. For more information, visit www.laborcommission.utah.gov/industrial/accidents/index.html.

HEALTH CARE

• According to the J.D. Power and Associates 2011 U.S. Member Health Insurance Plan Study, **SelectHealth**, a nonprofit health insurance organization that serves members in Utah and Idaho, ranks **highest in member satisfaction** among health plans in the Arizona-Utah region for the second consecutive year. The study measures member satisfaction among 137 health plans in 17 regions throughout the country. According to the study, member satisfaction with health plans that share characteristics of integrated delivery systems is considerably higher than member satisfaction with plans in which the provider and payer are not part of the same organization.

INSURANCE/BENEFITS

• **West Valley City, Syracuse City** and the **Unified Police Department of Greater Salt Lake** have joined **EMI Health's** dental benefits roster. EMI, formerly Educators Mutual Insurance Association of Utah, is a nonprofit insurance company that offers insurance benefits and services to corporate, government, public education and higher education groups.

LAW

• **Alan S. Mouritsen** has joined the Salt Lake City office of **Parsons Behle and Latimer**. Mouritsen is a member of the firm's litigation department and concentrates his practice on appeals, intellectual property, administrative law and products liability litigation. He previously served as a law clerk to the Hon. Jay S. Bybee of the United States Court of Appeals for the Ninth Circuit.

• Attorney **Richard Peter Stevens** has joined the Salt Lake City firm of **Jones Waldo** in the position of counsel. Stevens has experience in title insurance mergers, acquisitions and business entity creation and expansion, as well as foreclosure, escrow and settlement services, government regulation and compliance, administrative law and mediation. Stevens previously served as assistant commissioner for the State of Utah Insurance Department from 1999 to 2003. He currently serves as judge pro tempore in Utah's Third District Court and has held senior-level executive positions with national and regional title insurance underwriters.

• **Prince Yeates** attorney **Jennifer R. Korb** was recently

elected as the treasurer of the **Utah State Bar Securities Section**. Prior to joining the firm, Korb practiced for five years as a securities analyst for the Utah Department of Commerce, Division of Securities, where she investigated and prosecuted suspected violations of Utah securities laws. While at the Division of Securities, she served as a Special Assistant United States Attorney for the District of Utah, lending her expertise in the area of securities to several federal prosecutions.

MANUFACTURING

• **Uinta Brewing Co.**, Salt Lake City, has created a special beer to commemorate the 35th anniversary of the **Utah Arts Festival**, running June 23-26 on Library Square in downtown Salt Lake City. The special brew is called **Arts Fest Amber Ale**.

REAL ESTATE

• **Henry Walker Homes** is now selling lots at **Tuscany Village**, a 30-home development in East Farmington. The property, which commenced back in 2008, was originally owned by Rainey Homes and was recently secured as a distressed property by Henry Walker Homes. The builder plans to re-energize the area with full-siding home designs and more attractive pricing. Henry Walker Homes will offer 18 construction plans with homes ranging from 2,800 to 5,200 total square feet and priced in the \$290,000s.

• The Salt Lake City office of **CB Richard Ellis** has brokered the **sale of two office buildings in Utah County**. Thai Properties has sold its 60,000 square foot office building in Lehi for \$9.2 million to Reynolds Construction. A second building in Provo, Canyon River Center, was sold to Ace Real Estate Ventures. Both office buildings were paid for in cash; transactions represent the first time since November 2009 that an office building in the state of Utah has sold above the \$5 million mark.

RESTAURANTS

• **Cafe Rio Mexican Grill**, headquartered in Salt Lake City, has opened a **new location in Spanish Fork** at 782 N. 800 E. The Spanish Fork location will bring the restaurant count to 41 total locations and 21 Utah locations. The company plans to open a dozen restaurants before the end of 2011. Cafe Rio also opened its first location in Washington, D.C.

RETAIL

• **Deseret Book Co.** has launched its first app, **Deseret Bookshelf**, for the iPad, iPhone and iPod. The app offers a selection of LDS e-books including Deseret



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Book-published titles and e-books from other sources. Customers can build their personal e-book library, read and bookmark books and link directly to scriptures cited by authors. Deseret Bookshelf is initially offered on the iOS platform with future plans for expansion to Android later this summer.

• **Sharp Imaging and Information Co. of America** has recognized **Les Olson Co.**, a Salt Lake City based Sharp office equipment dealer, as a **Platinum Level Service Provider** for its level of achievement in areas of service delivery. The Sharp program was designed to distinguish service organizations which meet and exceed performance benchmarks and the implementation of industry-best practices in this area. To qualify for the program and to be eligible to receive the Platinum Level Service Provider award, an organization must meet several criteria that demonstrate excellent training, education, service support and customer satisfaction.

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• **AlphaGraphics**, a Salt Lake City-based marketing communications franchisor, has made *Quick Printing* magazine's top 100 list. The magazine's survey highlights companies

whose adaptive business practices yielded significant sales and business growth over competitors in the prior year. The company's growth is due in part to its focus on integrating full-service marketing solution into existing print offerings.

• **Great Clips**, a hair care salon brand with salons in Utah, has launched its **Online Check-In**. Online check-in allows customers to use a computer or mobile device to see wait times at Great Clips salons. Customers can also choose a salon and add their name to the list.

• **The Little Gym** children's gym franchise has recognized **Robert Denney and Michelle Denney**, owners of The Little Gym of Northeast Salt Lake City, with **President's Circle Award**, which honors select franchisees that have shown exemplary performance in retaining their current member base and attracting new customers.

TECHNOLOGY/LIFE SCIENCES

• **Listen Technologies**, a manufacturer and distributor of wireless audio products for use in auditory assistance, sound-field, tour group, language interpretation and conferencing applications, has hired **Craig Paller** as its FM/IR product group leader. Paller will have overall profit and loss responsibility for Listen's flagship FM and Infrared product solutions for assistive listening, tour group and language interpretation applications. He will be responsible for the sales and marketing plans worldwide as well as the life cycle manager of the FM and IR product lines.

TRANSPORTATION

• The **Brigham City Municipal Airport** recently completed a **\$25 million runway upgrade**. The new 8,900 x 100-foot runway can accommodate all

business jet class aircraft and large aircraft up to the weight of a B737. The city is working toward lower instrument approaches and is now undertaking an Airport Master Plan for an extensive hangar and airport business park development.

TRAVEL/TOURISM

• The **Wasatch County Tourism and Development Office** launched an **interactive website**, gohebervalley.com. The new site features an interactive map highlighting the sites and attractions of the Heber Valley and nearby destinations, a full directory of lodging properties and restaurants complete with individual venue tabs that serve as stand-alone sites, an online reservation system for the valley's lodging properties, and a county-wide calendar of events.

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Staffing Matters

Staffing questions and answers

Q: With limited hiring budgets, should companies hire a higher-salaried but experienced candidate or instead hire two entry-level, less experienced candidates?

A: A company's success depends on attracting and retaining quality talent. However, quality doesn't necessarily go hand in hand with years of previous experience. With so many eager new graduates just entering the

market, hiring two younger candidates over one person with more experience is a good option to consider. However, before a decision can be made, several factors should be evaluated.

For example, how much of your organization's success depends on the role you are filling? Does your company have resources to invest in new talent, or will the new hire need to work independently without assistance or training? The number of direct reports and level of management

is also important.

If your business can't afford to spend much time training entry-level candidates, one more experienced employee might be the better choice. However, if the role is more about having certain key personality traits and creativity, two new hires might be better. After all, experience and expertise can be learned over time, but personality tends to stay the same.



Ron Zarbock

Q: We are trying to avoid a layoff. Are there any other options?

A: Staring down a potential layoff is a tough reality to face. However, there are other options to keep your workforce together until things improve.

Furloughs, or unpaid days off, can be one way to cut costs without having to let people go. Furloughs can be set to a certain number of days off or mean a shorter work week. Many employees even enjoy furloughs as an

opportunity to develop hobbies or continue their education.

Paid sick days can cost a company a lot of money, so limiting their number can be a way to save. Pay cuts may be another way to avoid layoffs, although it may be a more difficult plan for people to accept than furlough, which at least gives them more personal time.

Avoiding a layoff can be possible, and even though the options are difficult, it's likely worth it to keep your existing workforce intact. Whatever decision is made, it's important for morale that companies be as honest as possible with employees.

Q: Our company is considering going green. But does going green have a positive impact on employees? Is it worth the cost?

A: Creating a feeling of shared values by going green is great for your business. According to the Emerging Workforce Study by Spherion, 83 percent of companies participate in a recycling program, 44 percent in energy efficiency programs, and one-quarter of companies operate car pool programs or are a paperless office. But do green initiatives influence more than your company's reputation?

The study found that nearly three out of 10 companies participating in a green program have had a positive impact on their recruitment of talent, and another 34 percent say it has positively impacted retention of workers. In other words, going green at the workplace can turn into more green in the bank.

Green programs can also change employees' work experiences for the better. For example, going paperless doesn't just mean you're putting fewer trees in a landfill and saving on supplies. Paperless organization will also cut the need for storage and make record-keeping easier, which in turn makes everyone's day less stressful. These little things can have a big impact in both hard and soft cost savings.

Q: We are considering starting a mentoring program. Is it worth it for employees, and for the business?

A: A mentoring program is a great way to add value to the employee experience without subtracting dollars from the bottom line. Because the resources are already available within your company, all that's needed to develop leadership, teach new skills and bolster employee satisfaction is a little development work.

Unlike most business decisions, starting a mentoring program doesn't really include a negative side. It can improve talent retention, attract new recruits, train future leaders and enhance every new employee's experience. It also benefits employees by teaching new skills and expanding their career network.

To ensure the success of any program, key steps must be taken. Once a program is in place, raise awareness about the program and its benefits. Involve key leader-

see Q&A page 10

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Legal Matters

Tips for expediting the patent process

Innovators are often astonished when they discover how long it typically takes to obtain patent protection for their discoveries after filing an application with the U.S. Patent and Trademark Office (USPTO). Increased application filings at the USPTO in recent years have far outpaced the growth in the USPTO's patent examination capabilities and created a significant backlog in pending patent applications. For fiscal year 2010, this growing backlog has resulted in an average application examination pendency of over 35 months to final resolution across all technology areas.

In certain industries, a nearly three-year delay in obtaining patent protection after filing an application can exceed the valuable life cycle of a product given the breakneck speed of innovation. Fortunately, the USPTO has implemented several programs that patent applicants can use to expedite the patent process.

Accelerated Examination Program

Patent applicants requiring a decision from the USPTO on whether it will grant a patent application within 12 months of filing the application should consider filing under the USPTO's accelerated examination program. While filing an application under this program greatly increases the speed of the patenting process, it does impose additional requirements on the part of patent applicants over those associated with filing a regular application. For example, patent applicants must pay additional governmental fees, agree to conduct an interview with a patent examiner if requested, limit the number of patent claims included in the application, and file the application with the results of a prior art search.

Filing an application under the accelerated examination pro-

gram also arguably places some of the burden of substantive examination on patent applicants. In addition to the above requirements, applications filed under the program must include an accelerated examination support document (AESD). The AESD must contain a detailed explanation of how each of the patent claims included in the application are patentable over the most closely related prior art, an identification of where certain claim limitations are found in the most closely related prior art, and a showing of where the claims are supported in the application. Preparing an AESD requires extensive, detailed, and time-consuming analysis, and may introduce some issues if a patent granted from the application is enforced in litigation. Accordingly, while offering significant fast-tracking benefits, the accelerated examination program may not be suitable for all patent applications, and decisions to file under the program should be made with care.

Green Technology Pilot Program

Program

For innovations relating to a broad range of green technologies, patent applicants may consider filing under the USPTO's green technology pilot program. This pilot program was introduced by the USPTO in an attempt to accelerate development, spur innovation, and increase investment in green technologies. Under the green technology pilot program, patent applications relating to environmental quality, energy conservation, development of renewable energy, and greenhouse gas emission reduction can be advanced out of turn for examination, which may significantly reduce examination pendency.

The USPTO has indicated that it will accept only the first 3,000 applications that include grantable requests for consideration under the green technology pilot program. At this time, approximately two-thirds of this quota has been filled. Accordingly, innovators interested in filing eligible patent applications under this program

should move quickly to ensure that their applications are considered for participation.

First Action Interview Pilot Program

The patent process is often accelerated through in-person or telephonic interviews between patent applicants or their representatives and patent examiners handling their applications at the USPTO. During these interviews, issues pertaining to the allowability of an application are often narrowed or resolved. In this manner, productive examiner interviews can result in expediting the patent process.

Examiner interviews are typically conducted by patent applicants following the issuance of a written communication from the USPTO called an Office Action, opining on the allowability of an application. Under the recently introduced first action interview pilot program, however, the USPTO is encouraging patent applicants to conduct examiner

see PATENTS next page

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PATENTS

from previous page

interviews prior to the issuance of a first Office Action. By starting a dialogue between patent applicants and patent examiners early in the process, patent applications

may proceed through examination faster than they otherwise would.

The first action interview pilot program is available to all patent applicants irrespective of technology area, and for all applications regardless of filing date so long as a first Office Action has not been issued in the application. While

filing a request to participate in the program does have some additional requirements, these requirements are not especially onerous. Therefore, participation in the program can be an effective strategy to speed up the patent process.

The Patent Prosecution Highway

For patent applicants who intend to pursue both U.S. and international patent protection for their innovations, participating in the patent prosecution highway program may be an effective way to expedite the grant of identical applications filed with certain foreign patent offices. Generally, the patent prosecution highway program is a set of initiatives resulting from an agreement between the USPTO and several foreign patent offices to share collective resources in the interest of accelerating patent examination and improving patent quality. Under the program, if a patent application receives a favorable decision from the patent office where the application was first filed, the patent applicant may submit information relating to the favorable decision to other patent offices where the identical application is pending, and request that the examination be fast-tracked. In this manner, the patent prosecution highway program may expedite the patent process for an application filed in multiple jurisdictions.

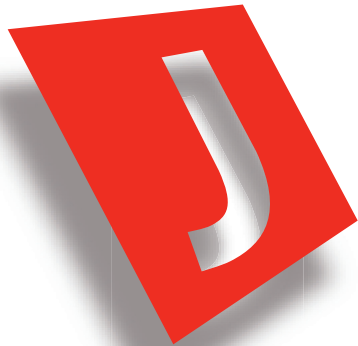
Other Programs and Final Considerations

Several other programs are available to patent applicants to speed up the examination process at the USPTO. For example, the USPTO allows patent applicants to file requests to expedite examination for applications covering

innovations that are actively being infringed on by others; applications relating to environmental quality, energy, recombinant DNA, superconductivity, HIV/AIDS, cancer, and anti-terrorism technologies; and applicants who are over 65 years of age or are of ill-health.

While participating in any of the above programs may expedite the patent process, determining which program is best suited for a particular patent application varies based on a patent applicant's circumstances and goals. Given the marked benefits of obtaining early patent protection for critical innovations, patent applicants should consider taking advantage of these programs to accelerate examination of their patent applications.

John P. Davis is an associate practicing in the Technology and Intellectual Property group in the Salt Lake City office of Stoel Rives LLP. His practice primarily focuses on the drafting and procurement of U.S. and foreign patents related to electrical, computer, and software technologies. Davis also provides litigation support and technical analysis to assist in strategic advisory and legal opinion matters, including assessing claim construction, infringement, and invalidity issues. He can be reached at (801) 578-6902 or jpgdavis@stoel.com.



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Q&A

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ship to both promote and participate in the program. Next, make sure mentoring becomes a fundamental part of company culture by referencing its benefits regularly and encouraging employees to be part of it. Finally, evaluate the program regularly by talking

to program participants to make sure goals are being met.

Ron Zarbock is the area owner and manager for Spherion Staffing and Recruiting and Today's in Utah, with several locations along the Wasatch Front. Zarbock has more than 30 years of business experience in process and distribution, automation and workforce solutions.



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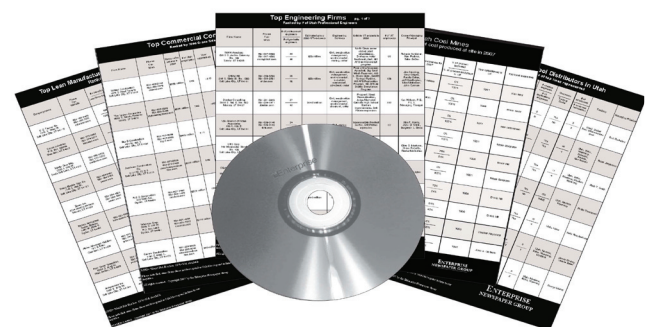
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Now is the time for you to write

More than a celebration of achievement, I am celebrating the MILESTONE of my 1,000th weekly column. Milestones are NOT goals, they're journeys. Mine started on March 22, 1992.

HERE'S THE SECRET: There is no secret. Pull back the green curtain and there's me on my MacBook Pro, feebly keyboarding along and multitasking all the while.

Everyone should consider writing. Here are my top 11 philosophies and strategies for writing:

1. **Love what you're writing about.** I'm passionate about my subjects of expertise. The more passionate you are, the better writer you will be.

2. **Have a world-class expertise about what you're writing about.** Your life experiences will dictate the depth of your writing capability — the more, the deeper.

3. **Create a voice in your writing, and make it your own.** Create a personality within your writing that's both attractive and consistent. A voice that's appealing for others to read.

4. **Write like you speak.** If you write like you speak, you'll never have a minute of writer's block.

5. **Make writing a discipline in your life. Make appointments to write.** I have a Friday deadline. I've had one for 20 years. If you create a deadline and never miss it, your body of work will automatically appear, and grow steadily.

6. **You may be a good editor, but you're not your best editor.** Select someone who knows you and knows your voice and your personality, even your soul. Over the years, I have relied on editors to show me a better way, make my words clearer, make my syntax more consistent, keep me on my toes, and often wake me up. (NOTE: My editor, Jessica McDougall, will not write for me. Rather, she tells me what needs to be written.)

7. **Use your table of contents as a guide for subject matter and content.** As you progress through your work, keep your table of contents posted in front of you to stay on track and on target. Write a sentence or two next to each chapter.

8. **Continue to observe the world in order to be flexible about your content.** The same ideas that you had two years ago (when you began your journey), may not still be as relevant. You have to be flexible enough to keep ideas current, especially if you are writing about a market or the economy.

9. **Make certain that your writing is readable.** I don't mean understandable. I mean engaging, readable, and likable. Entertaining and informative. Short, sweet, meat.

10. **When you have enough written, and you're ready to go to press, have your cover and your book designed and typeset before**

you present it to a publisher. Don't present a manuscript. If you do, you will look like everyone else. Present a book.

11. **I have sold millions of books and you have not.** While you may not agree with everything I have shared with you, you may have misunderstood the purpose of this writing. As I stated in the beginning, take what I have done and adapt the strategies to whatever is comfortable to you. I don't guarantee that my way will work for you, but I do guarantee that my way works. And every time you go into a store and see one of my books on the shelf, you see my strategies coming to life.

Decide first that you're going to begin — and then invest in whatever tools are necessary to make you a writer wherever and whenever the mood strikes you. Whether it's a digital recording machine, a laptop computer, even a recordable conference line, discover how you can capture your words and your thoughts the second you get them. Not the minute you get them, *the second you get them.* Often, if you wait more than a minute, the idea is gone, or the words are gone.

THE REALITY OF WRITING: Writing does not just lead to success; writing also leads to fulfillment. And if you do it right, over time, writing can lead to wealth. Not money, wealth.

If you believe that you have a book within you, I challenge you to get it out of you. Write it out of you.

THE START-HERE REALITY: Writing doesn't come out one book at a time; it comes out one word at a time. You don't write a book one chapter at a time, you write a book one word at a time.

I hope you will take my writing challenge to heart. And I hope you will look at the challenge as an opportunity for you to bring your words to life, your chapters to life, and eventually, your book to life — because it's your legacy — now and after life.

I found my calling. It didn't come to me. I came to it. It was a bolt of lightning that didn't make a sound. It struck me in the brain and went all the way through my heart. Sometimes you have to look for your calling. Sometimes you have to feel it. Callings are mostly silent.

Go find yours.

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. He can be reached at (704) 333-1112 or salesman@gitomer.com.

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Jeffrey Gitomer

Funny is money?

"It's *sup-pooosed* to be funny."

I can't tell you the number of times I've heard that from my wife since the Super Bowl, in reference to the ads she sees on television.

She's right. The vast majority of ads you see on television are *supposed* to be funny. Some are supposed to be belly laugh funny, some designed to elicit a chuckle, some just to make you smile.

The overarching premise is, "funny is money."

I kid you not. I actually heard an ad agency executive say that line on one of my clients one time, trying to convince my client that his clever little ad was the right thing to do.

And he was right. Funny *is* money ... for the ad agencies that advocate it.

But what about for the client? What about for you? Should you be making your ads funny, cute, clever, creative? Truth is, research indicates that funny *CAN* be money. Funny could work and occasionally does. But there are many arguments against it, and here they are.

• **It's hard to do.** Even if you're a naturally humorous person, even if you have people telling you that you ought to be a comedian, are actually being funny on purpose, delivering a strong sales message in the process and doing it in 30 seconds (in the case of TV and radio), is a very, very difficult proposition indeed. The problem is, most funny doesn't work because it's not funny enough. Some doesn't work because funny depends on the intellect of the person observing it and many times the audience doesn't get it. And the agencies don't really have that much better a shot at getting the balance right. Their track records for writing winning funny is pretty abysmal — except when it comes to winning creative awards, which has nothing to do with improving *your* bottom line.

• **Funny usually needs to be set up.** Time you spend setting up your joke is time not spent selling the product. Case in point is the current TV spot for Audi, called "Prepare The Road." It shows hordes of people painting stripes on the road, sweeping the road, polishing manhole covers, shooing birds off of traffic lights, all to ultimately show the car speeding along these freshly cleaned up, empty roads, and a lone caption, "*Prepare the road.*" No spoken copy, no selling points, no offer. Not meant to be a belly laughter, just meant to make you smile. The agency would tell you it's not meant to sell, just meant as a "branding" spot. OK, mildly amusing, but c'mon, those spots are expensive. Shouldn't you deliver some distinctive message?

• **Funny has to be replaced more often.** It simply has a short shelf life. I mean, how often can you hear the same joke before you get tired of it? Even the most gut-wrenching, uproariously funny joke is only *that* funny once. After that, the more you hear it, the less funny it is. "Why did the chicken cross the road?" is so unfunny now that it has become a joke about jokes. The Audi spot serves to illustrate once again. Last Sunday, watching the news programs like "Meet The Press," I must have seen that spot eight or 10 times within two hours. By the time I was finished watching, I never wanted to see that commercial again. (That's not entirely the fault of the ad. The lame-brain media buyers who think consumers will react well to that kind of bombardment have to shoulder some of the responsibility, if not most of it.) Good news for the agencies: they get to charge you all over

again to come up with another funny ad that probably won't sell.

Well OK, if funny usually isn't money, what is?

I like to say, "If they cry, they buy."

Truth is, you're much more likely to get somebody to take action if you can get them to shed a tear than getting them to laugh.

But the bigger issue: the reason why both of these approaches can work is the appeal to emotion. Tears work better than tickles for all the reasons funny is tough. It's easier to do and you can do it more consistently.

You may still need some set-up, and that can still cost you precious selling time — witness the "Li'l Darth Vader" spot for Volkswagen, which was more tear than tickle, although it definitely got both. But like the Audi ad, it was all set-up, no substance.

And finally, it won't get old nearly as fast as a joke.

Emotion is good. Use it. Appeal to our emotional needs to feel important, to love and be loved, to enjoy variety and to eliminate stress

through greater convenience. Tell us about those benefits that will improve our lives. And don't worry about trying to be cute, clever or funny. Be more concerned about us getting a clear, simple, benefit-laden message.

If you deliver that message in a sincere, honest and friendly way, if you also make an offer, you'll find that you not only build your brand with solid, long-lasting, easy and inexpensive-to-produce advertising, you'll also find that your response rates will soar and you'll make more money faster. You'll also garner the respect of other businesspeople in your community and maybe even be seen as a local hero. You won't worry as much, you'll have more fun in business, be able to spend more time with your family and be their hero as well.

How'd all that sound? Pretty good, eh? See what I mean? All those benefits. All the things you want. But pretty appealing, don't you agree? And nothing funny about it.

Jim Ackerman is a Salt Lake City-based marketing speaker, marketing coach, author and ad writer. For Ackerman's speaking services, go to www.marketingspeakerjimackerman.com or contact him directly at mail@ascendmarketing.com. Subscribe to his VLOGS at www.YouTube.com/MarketingSpeakerJimA, where you get a video marketing tip o'the day, and at www.YouTube.com/GoodBadnUglyAds, where Ackerman does a weekly ad critique and lets you do the same.

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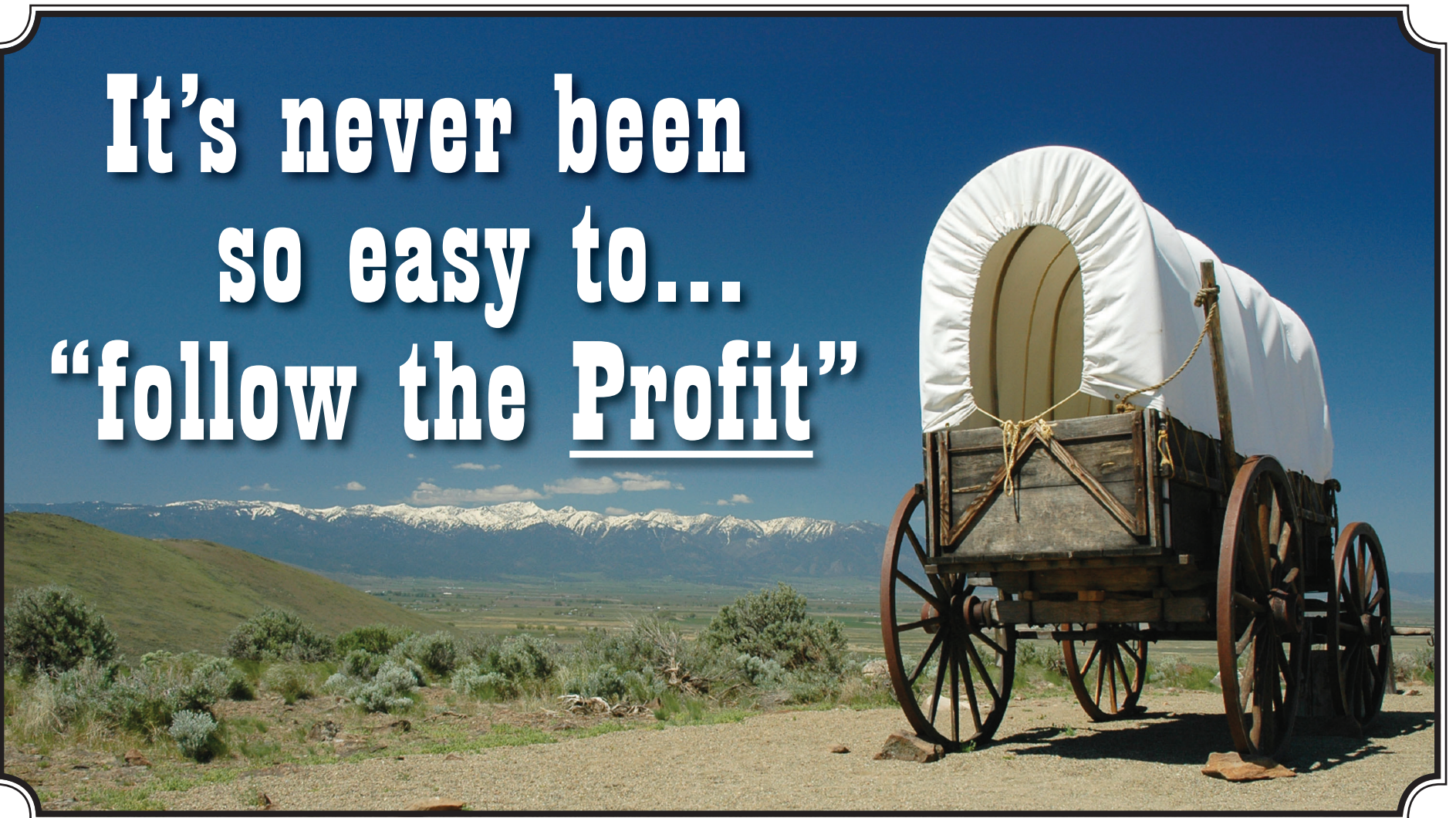
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— **Craig Madsen**, Partner/Founder, J&M Steel

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Summer anxiety

The U.S. Economy

Believe it or not, the current U.S. economic expansion is now completing its second year! Break out the champagne ... or perhaps not.

Forecasts of American economic growth in coming quarters have been trimmed in recent weeks, falling victim to the "anxiety list." This is a combination of factors that simply make it easier for American businesses to largely sit on their collective hands as far as expanding employment, with a similar performance (or lack thereof) from the consumer in regard to spending.

Domestic Angst

How will the current battle of wills in Washington, D.C., play out? Will we get an agreement between the Democrats and the Republicans to increase the debt ceiling before Aug. 2? Will the U.S. temporarily default on its trillions of debt? Will Republicans get the kind of future spending restraint they are demanding, in exchange for their votes to increase the debt ceiling?

Once the debt ceiling is finally boosted, will Democrats and Republicans make necessary inroads to long-term deficit reduction? How will the three major entitlement programs be addressed? Will they "kick the can down the road" even further, letting voters decide in November 2012 which party's ideas are best to address financial sanity in this country? Will tough decisions then actually be made?

Will home prices continue to decline? Will the stock market suffer a major setback? Will the massive and top-heavy health care bill place event greater burdens and mandates on American businesses and households? Will the never-ending growth of new government rules and regulations ever slow?

Global Angst

How will sovereign (national) debt issues in Europe be resolved? Will Greece default on its enormous national debt in coming weeks? How will the Greek situation impact Ireland and Portugal, two other nations that have required enormous financial bailouts? Will Spain be next?

How will political and military battles across Northern Africa and the Middle East ultimately play out? How will these issues ultimately impact oil prices?

Will the global economy continue to slow somewhat? How will this impact energy and commodity prices? How will it impact

U.S. exports to the world?

The "anxiety list" above is the primary contributor to lesser expectations for U.S. economic growth. The consensus view of four to six weeks ago that the economy would grow at a 3-3.8 percent real (after inflation) annual rate over the next 12 months is now closer to a 2-3 percent growth pace. Some forecasts are more dismal, with possible double-dip recession again on the lips of the "doom and gloomers."

U.S. Employment

May's dismal jobs report was the weakest of the past eight months, adding to a multitude of softer-than-expected economic data points in recent weeks. The gain of only 54,000 net new jobs was one-third of expectations and one-fourth that of the prior three-month average. Adding insult to injury, job gains of the two prior months were revised down by 39,000 jobs.

Private businesses added only 83,000 jobs during May, the smallest gain in 11 months. Government employment fell by 29,000 jobs, with job cuts at the local level the focus. Additional job eliminations in state and local government are widely expected during the next 6 to 12 months.

Goods-producing employment rose by an anemic 3,000 jobs in May, with a small loss in manufacturing jobs largely offsetting small gains in construction and mining and logging. Private sector service providing employment rose by 80,000 jobs in May, led by gains in professional and business services and education and health services.

The nation's unemployment rate rose to 9.1 percent in May from April's 9 percent rate. I have long suggested that the unemployment rate could move higher at times during 2011 as more people return to the labor force. This was certainly the case in May, with a labor force increase of an estimated 272,000 people.

U.S. Inflation

The Consumer Price Index rose 3.2 percent during the most recent 12-month period, exceeding the 1.8 percent rise in average hourly earnings during the past year. Sharply higher prices for gasoline and basic foodstuffs have strained household budgets, in both the U.S. and around the world.

The Federal Reserve

Tough choices are ahead for this nation's central bank. It seems clear that the 0-0.25 percent target

range for the federal fund rate, now in place for 30 months and the lowest level ever, will likely remain unchanged until the end of the year, if not longer.

However, issues involving additional massive monetary stimulus are up in the air. The Fed has indicated that the second round of "quantitative easing," known as QE2, will run its \$600 trillion course this month. Will the Fed enact QE3? Most forecasters would vote no, fearing the Fed could endanger its inflation-fighting credibility with even more unprecedented stimulus.

U.S. Housing

The pain continues. By one major measure (the S&P/Case-Shiller Home Price index), average home values have declined for eight straight months and are now back to where they were nine years ago — 2002.

Average prices are down one-third from their 2006 peak. Another survey notes that lower-priced homes have fallen further than high-end homes. Most fore-

casters see modest additional pain over the balance of the year, with price stability not likely until early 2012.

Mortgage Rates

With 30-year fixed-rate conventional mortgage loans at their lowest level of the year, and very close to their lowest level in 50 years, one might think mortgage activity would be brisk. Not exactly. The combination of declining home prices, meager job creation, weak confidence levels, and wary lenders in many cases, has led mortgage demand to its lowest level in 13 years (*The Wall Street Journal*).

The Global Economy

The two largest economies in the world, the U.S. and China, are both slowing down. Number three (Japan) is flirting with recession. Europe is dealing with sovereign debt anguish, even as the German economy is doing well.

South America is growing, led by solid Brazilian performance. Mexican economic growth during 2010 was the best in 10

years, even as drug cartel violence spreads. The Canadian economy has slowed in recent months.

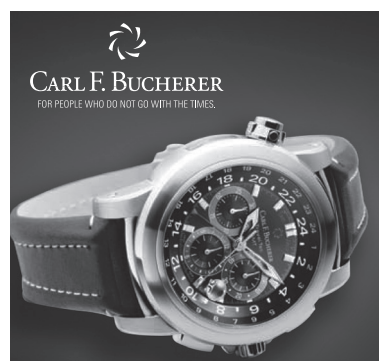
From here? Many unknowns, many pitfalls, many opportunities. American consumers, the ultimate key to U.S. economic strength or weakness, will weigh the "anxiety" issues going forward. Global issues don't typically fall into our sphere of influence. On the other hand, domestic issues do. A little clarity (and progress) from key players in the nation's capital would pay solid dividends, boosting consumer and corporate confidence.

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.



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• Calendar •

• June 13, 10 a.m.-noon: **Small Business Administration Regulatory Fairness Forum.** SBA National Ombudsman Esther H. Vassar will meet with members of the Salt Lake City small business community to hear issues and comments about federal regulatory enforcement and compliance actions. Small business owners, representatives of trade associations, community and business leaders are invited to comment about compliance actions, enforcement of regulations by federal agencies, and learn more about how those actions impact small businesses. In an effort to create a more cooperative regulatory environment among federal

agencies and small businesses, Congress has directed the SBA and the National Ombudsman to hold Regulatory Fairness forums for small businesses. The National Ombudsman will direct specific issues addressed at these forums to the appropriate federal agency for a review of the fairness of the enforcement action. In many instances, the National Ombudsman's action has resulted in the reduction or waiver of penalties in cases of unfair or excessive regulatory enforcement. Location is the Wallace Bennett Federal Building, 125 S. State St., Room 2404, Salt Lake City. Free. RSVP with Georgia Yoshida, (801) 524-3217 or Georgia.Yoshida@sba.

gov.

• June 14, 7:15-9 a.m.: **Association for Corporate Growth Utah Breakfast Program.** Speaker will be Dr. Barry Johnson of Health Care Insight. Location is the Little America Hotel, 500 S. Main St., Salt Lake City. Free to ACG members, nonmembers pay \$30. RSVP by visiting www.acg.org/utah or by calling Linda Blake at (801) 359-8613.

• June 14, 3-5 p.m.: **Utah Technology Council Life Science Compliance Clinic.** John Lee, president of Alpha Quality Consulting and Alpha Training and Consulting, will share the secrets of passing ASQ certification exams and how to use the

knowledge obtained. Co-chairs of the forum will be Sherri Robbins, director of regulatory affairs at Nelson Laboratories Inc.; and Ken Peterson, director of quality solutions at MasterControl. Location is Edwards Lifesciences, 12050 Lone Peak Parkway, Draper. Free to UTC members, nonmembers pay \$30. Register at www.utahtech.org.

• June 15, 8-9:30 a.m.: **"Employee Privacy in the Social Media Age,"** sponsored by The Employers Council. Bob Coursey, council staff attorney, will speak about how social media (Facebook, Twitter, blogs, YouTube, etc.) is impacting employee privacy, discrimination claims, protection of confidential information and more. He will also cover tricky employee privacy matters like searches, monitoring, and off-duty conduct. Topics to be covered include overview of the laws relating to social media issues in the workplace, legal and practical issues you should consider when developing your company's social media policies and practices, and practical advice for responding to social media concerns in your workplace. Location is the Radisson Hotel, 215 W. South Temple, Salt Lake City. Cost is \$85, which includes a full breakfast buffet, validated parking and materials.

Download the registration form at www.ecutah.org/lbb.pdf.

• June 15, 8 a.m.-1 p.m.: **Financing Your Business Conference,** sponsored by the Miller Business Resource Center at Salt Lake Community College. Participants will learn about topics ranging from credit card fees to financial statements. Keynote speaker will be Sheila Camarella, Key Bank senior vice president. A complete list of topics and presenters can be found at www.mbreslcc.com/financing. Location is the Miller Business Resource Center, 9750 S. 300 W., Sandy. Cost is \$25. Register at www.mbreslcc.com/financing or by calling (801) 957-5200.

• June 16, 8-9:45 a.m.: **Global Supply Chain Security Seminar,** presented by the World Trade Center of Utah. Guest speaker will be Gary E. Lupinacci, assistant branch chief-certified cargo screening program for the Transportation Security Administration in Washington, D.C. Location is the Eccles Board Room at the Salt Lake Chamber, 175 E. 400 S., Suite 600. Cost is \$10, breakfast included. Register with Elizabeth Goryunova, at egorn@wtcut.com or (801) 532-8080.

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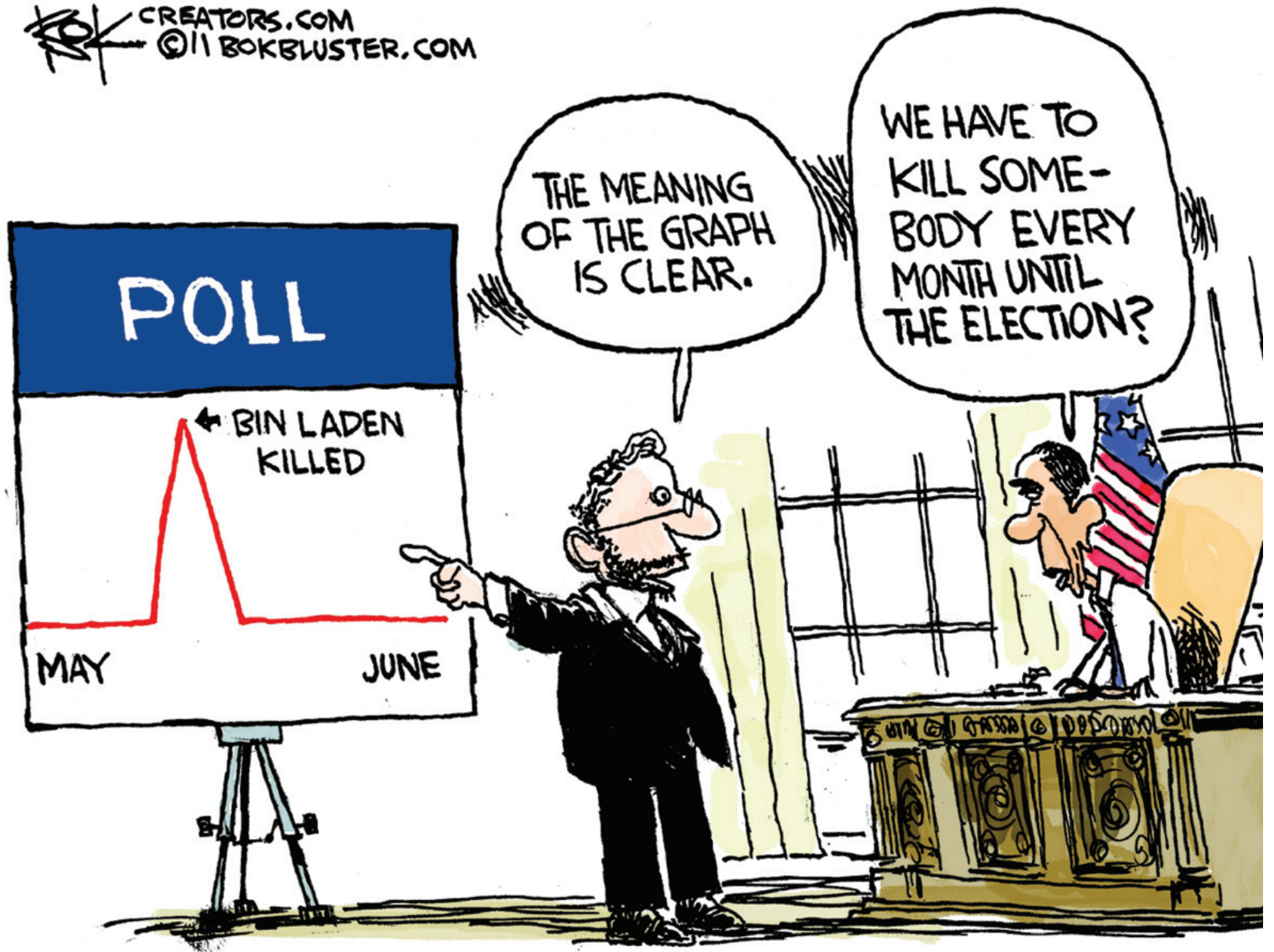
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Playing with default

The current puppet play in Congress — where Republicans sponsored a bill to raise the nation's debt ceiling only because they wanted to vote it down — would be funny, if only they weren't risking economic disaster. Unfortunately they're not joking, as they push the country closer and closer to a potentially ruinous default.

If the showdown over debt and spending between the House majority and the White House isn't resolved before the first week of August, the federal government will no longer be able to send out Social Security checks, run Veterans Administration hospitals, pay Medicare costs or operate the national park system, to mention just a few significant items. Hundreds of thousands of federal workers would be furloughed without pay, and millions of seniors would stop spending money, slamming an economy that already seems stalled.



Joe Conason

But the consequences of that unprecedented situation would reverberate around the world, as nearly every expert -- from the top bond trader, Mohamed El-Rian, to former Fed Chair Alan Greenspan — has warned.

Because both the U.S. dollar and U.S. Treasury notes are so important to world trade and investment, a default on U.S. debt could drive the global economy into a recession worse than that from which we have been slowly emerging.

The same experts have warned against the Republicans' insistence on forcing more budget cuts before they will pass a higher debt ceiling.

Indeed, Greenspan is so concerned with the prospect of a debt default, either now or in the future, that he had advocated increasing taxes to the same level as before the George W. Bush tax cuts. Congress must approve a higher debt ceiling, said the conservative

fiscal guru — or risk catastrophe if the United States does not meet its obligations. The brinkmanship that had led to the current impasse in Washington, he told CNBC, is “an extraordinarily dangerous problem for this country.”

Why is it so perilous for Republicans and their tea party backers to push toward default? The rating agency Moody's, following a similar warning weeks ago from Standard & Poor's, is threatening to downgrade U.S. Treasury securities if an agreement isn't reached within the coming month. Such a historic event would be much worse than embarrassing — and the Moody's analysts now believe that a default is increasingly likely.

“Although we fully expected political wrangling prior to an increase in the statutory debt limit,” said a statement issued by the ratings firm, “the degree of entrenchment into conflicting positions has exceeded expectations.”

Political polarization over the

debt limit “has increased the odds of a short-lived default,” it said, meaning that Moody's doesn't believe even the Republicans would permit the default to continue. But the nasty reverberations of even a brief default could last far longer, with sharply rising interest rates, crashing stock prices, a plunging dollar, and yet another blow to America's prestige and power.

Most economists also believe that the Republican insistence on cutting spending in a slowing recovery is simply wrong because it will reduce demand and cost jobs. The party's congressional leaders have yet to explain how they will boost the economy by throwing yet more people off federal and contractor payrolls, which will further depress the housing market, as well.

Remember that these are the same geniuses who opposed the auto bailout two years ago — which has now proved not only to have saved hundreds of thousands and perhaps millions of jobs, but

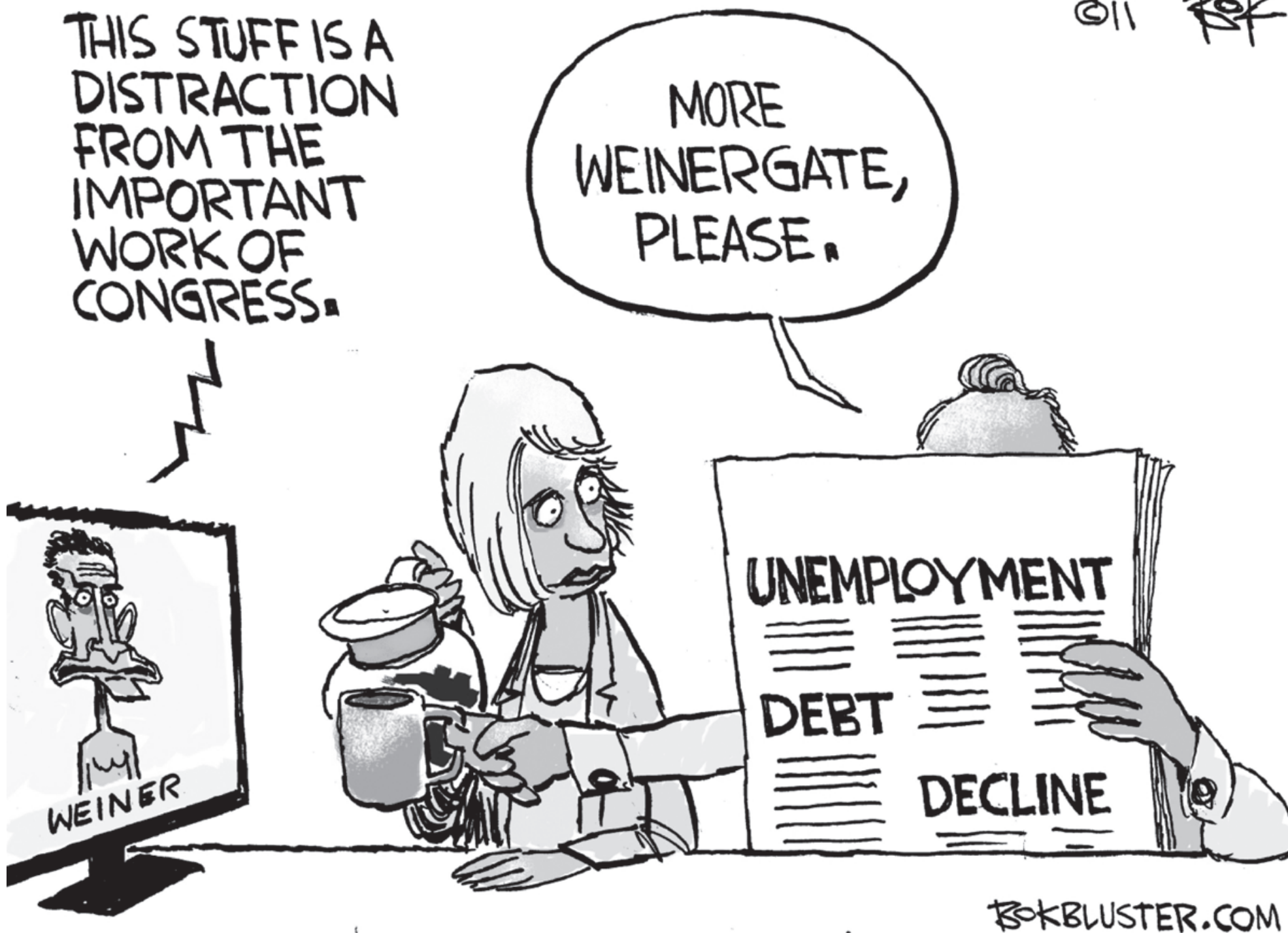
at a very low cost. Somehow they seemed to believe that Europe and China should build cars while we let our auto industry wither.

While cutting spending and restraining the debt sound appealing, they must be done with great care. The Republican claim that there will be no harm in approaching default, or actually defaulting, is ridiculous to anyone who actually understands how markets work — and the damage they can sometimes wreak.

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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Different decisions

Two unrelated news stories on the same day show the contrast between government decisions and private decisions.

Under the headline "Foreclosed Homes Sell at Big Discounts," *USA Today* reported that banks were selling the homes they foreclosed on, at discounts of 38 percent in Tennessee to 41 percent in Illinois and Ohio.

Banks in general try to get rid of the homes they acquire by foreclosure, by selling them quickly for whatever they can get. Why? Because banks are forced by economic realities to realize that they are not real estate companies.

No matter how much expertise bank officials may have in financial transactions, that is very different from knowing the best ways to maintain and market empty houses.

Meanwhile, there was a story on the Fox News Channel about schools that are using their time

to indoctrinate kindergartners and fourth graders with politically correct attitudes about sex.

Anyone familiar with the low standards and mushy notions in the schools and departments of education that turn out our public school teachers might think that these teachers would have all they can do to make American children competent in reading, writing and math.

Anyone familiar with how our children stack up with children from other countries in basic education would be painfully aware that American children lag behind children in countries that spend far less per pupil than we do.

In other words, teachers and schools that are failing to provide the basics of education are branching out into all sorts of other areas, where they have even less competence.

Why are teachers so bold

when banks are so cautious? The banks pay a price for being wrong. Teachers don't.

If banks try to act like they are real estate companies and hold on to a huge inventory of foreclosed homes, they are likely to lose money big time, as those homes deteriorate and cannot compete with homes marketed by real estate companies with far more experience and expertise in this field.

But if teachers fail to educate children, they don't lose one dime, no matter how much those children and the country lose by their failure. If the schools waste precious time indoctrinating children, instead of educating them, that's the children's problem and the country's problem, but not the teachers' problem.

Sex indoctrination is just one of innumerable "exciting" and "innovative" self-indulgences of the schools. There is no bottom line test of what these boondoggles cost the children or the coun-

try.

Incidentally, conservatives who think that schools should be teaching "abstinence" miss the point completely. The schools have no expertise to be teaching sex at all. We should be happy if they ever develop the competence to teach math and English, so that our children can hold their own in international tests given to children in other countries.

Schools are just one government institution that take on tasks for which they have no expertise or even competence.

Congress is the most egregious example. In the course of any given year, Congress votes on taxes, medical care, military spending, foreign aid, agriculture, labor, international trade, airlines, housing, insurance, courts, natural resources, and much more.

There are professionals who have spent their entire adult lives specializing in just one of these fields. They idea that Congress can be competent in all these areas

simultaneously is staggering. Yet, far from pulling back — as banks or other private enterprises must, if they don't want to be ruined financially by operating beyond the range of their competence— Congress is constantly expanding further into more fields.

Having spent years ruining the housing markets with their interference, leading to a housing meltdown that has taken the whole economy down with it, politicians have now moved on into micro-managing automobile companies and medical care.

They are not going to stop unless they get stopped. And that is not going to happen until the voters recognize the fact that political rhetoric is no substitute for competence.

Thomas Sowell is a senior fellow at the Hoover Institution, Stanford University, Stanford, CA 94305. His Web site is www.tsowell.com.

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Thomas Sowell

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