Ask the Professionals

Business answers to pressing B2B matters

Business Coaching

Can You Explain the Concept of Buying Customers?


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Understanding the concept of Buying Customers is a new way of thinking and crucial to maximize profits. Most business owners view marketing as a business expense. However, if guaranteed a profit on the very first purchase from a customer you bought, you would see that as an investment not an expense. In fact, you would make that investment as much as you possibly could. This type of marketing expenditure is called "Allowable Acquisition Cost".

Not all marketing costs fit this category. If you make a profit on the second, third, or tenth purchase, your initial cost to buy that customer is called "Investment Acquisition Cost". This is normal for many businesses that must develop long-term loyalty with customers before seeing a profit. To be successful in this marketing you must know your numbers and be assured of repeat business.

Most small business owners should look to recapture the cost of acquiring a new customer in the first, second, or third purchase. With planning, testing and measuring, and the willingness to try various approaches, there is a point where you will buy customers at the right price and earn a profit on each one. Buy enough, and you will be running a growth business with excellent cash flow.

To receive a FREE copy of the book "Buying Customers" please send me an email. Quantities are limited.

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Commercial RE

How are changes to the global life sciences industry impacting Metro Denver?


Erin Bovee

The landscape for biotechnology, pharmaceutical and other life sciences companies has noticeably shifted in recent years. The product development process of the past no longer applies, and companies are acting aggressively to backfill product pipelines and mitigate risk through M&A activity, partnerships and expansion into emerging markets.

Beyond the costs to develop new drugs, facility and real estate costs are among the highest expenses for life sciences companies, and are therefore top of mind as the industry refocuses and reprioritizes. While industry mainstays in the East Coast and California continue to see market activity, this time of change and overall austerity has generated heightened interest and opportunities for middle market cities, with Denver among the pack. Denver offers lower overall occupancy costs, yet still provides premium access to academic resources and a highly educated workforce.

Life sciences activity is heavily concentrated in Northwest Denver and Boulder with a large number of active companies in start-up phases; thus, lab requirements are typically on the smaller side, between 2,000 and 10,000 square feet. This niche of the market is extremely competitive and availabilities lease up quickly. Given the shifting mindset of the industry at-large, activity in Denver is expected to increase, and new lab product will likely be needed to continue to foster Denver's growing life sciences industry.

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Health Reform

How can employers manage risk associated with implementing new health care benefits under the ACA?


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With the Supreme Court upholding the Affordable Care Act (ACA), many companies are evaluating the rising costs of health care, the resulting impact on business competitiveness, and potential impacts on their bottom line. Although health benefits were once considered a tax-efficient way to retain talent, many employers are reconsidering their role in providing coverage and evaluating new, more cost-efficient health benefits. However, those organizations considering changes to their plans must also be aware of numerous new federal rules and provisions that may drive penalties and unforeseen costs if not addressed upfront.

Companies that are developing a new benefits strategy or executing sweeping changes to their current plan should consider the following when evaluating their compliance with federal rules and potential administrative and reputational issues: (1) engage a multi-disciplinary team to carefully consider new marketplace and delivery options that will drive value for the company and its employees; (2) conduct a risk assessment to evaluate plan options against all new compliance requirements; and, (3) understand tax compliance issues and reporting obligations. By following these and potentially other steps, companies may pro-actively identify risks, provide management with remediation priorities, and enable a more seamless transition of their health care policies.

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Law

Considering a Sublease?


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If your company is looking for space, it may be attractive to sublease from an existing tenant. A sublease is when a party agrees to occupy less than all of an existing tenant's space or occupies the space for less than all of the term of the existing lease or both. Subleases can have lower rates, and the term can be shorter than a direct lease. However, there are additional risks.

If you are considering being a subtenant in a sublease:

- Be sure to obtain a copy of the existing lease and all amendments. The sublease will be subject to the primary lease, and the subtenant will have to comply with the terms of both the sublease and the primary lease. Beware of conflicts in the terms of the primary lease and sublease.
- While a shorter term may be attractive initially, subtenants can rarely extend the term of the primary lease, and you may have to move out when the primary lease expires.
- Does the primary lease require the landlord's consent to the sublease? If so, be sure you obtain the landlord's written consent to the sublease before you are committed to the sublease.
- Is construction work required to separate the subleased space from the primary tenant's space? If so, that work will probably require consent from the landlord.

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Wealth

How Does Changing Legislation Affect Your Portfolio?


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Congress passed the American Tax Relief Act of 2012 on January 1, 2013, creating complex calculations that taxpayers will have to perform to effectively minimize the impact of this sweeping legislation.

- Investment income on Adjusted Gross Income (AGI) of $200,000 (individual) and $250,000 (couple) might be subject to a 3.8% Medicare Surtax.
- The top individual tax rate will increase from 35% to 39.6% on taxable income of $400,000- $450,000 depending on your filing status. In these tax brackets, long-term capital gains will be taxed at 20% instead of 15%.
- Wages or self-employment income in excess of $200,000-$250,000 will be subject to an additional .9% Medicare Surtax. For a couple each earning wages of $125,000, their wages/self-employment income will be aggregated and they must pay .9% on the excess over $250,000 earned.
- Without proper planning, income that was previously at 35% in 2011 is now creeping up to 50% and over.

Growth stocks and municipal bonds may be more advantageous than dividend-paying investments, so it's critical to look at your investment portfolio. The timing of selling assets, electing to draw on Social Security, and taking minimum required distributions from retirement plans all are becoming increasingly important to factor into the financial planning equation. So as legislation unfolds, taxpayers and investors should reach out to financial experts to identify which changes could affect their lives

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