Ask the Professionals

Business answers to pressing B2B matters

Business Coaching

How can I work less hours and make more money in my business?

Michael S. Feinner
President,
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Not all business people have the attitude, perspective, philosophy, and ambition needed to work less while making just as much – or much more – money. An entrepreneurial spirit is required, and that will manifest to different degrees according to the individual.

The neophyte in the entrepreneurial hierarchy is an entrepreneur still trapped in the body and mindset of an hourly wage employee. The most advanced level of entrepreneurship is an imaginative investor and creative explorer of all of life's grand possibilities. In between lies the bulging "middle class" of business owners.

But in following these four steps anyone can be empowered to set higher goals and attain the ability to make more money in less time: 1) Fire Extraneous Customers 2) Double the Conversion Rates of Transactions 3) Run Businesses on Auto-Pilot 4) Activate the Passive Mode of Making Money

To receive the entire 'Work at Least 10 Fewer Hours Each Week While Maintaining or Increasing Productivity and Profits' article please email me at michaelfeinner@actioncoach.com

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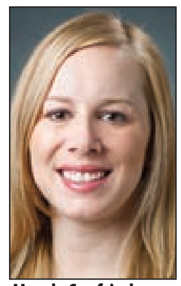
Commercial RE

How did Denver's commercial real estate market fare in 2012?



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Leasing activity totaled over 2.1 million square feet in the fourth quarter. In July, CenturyLink vacated approximately 900,000 square feet at 1801 California Street, creating negative net absorption market-wide. In the fourth quarter, absorption was positive throughout the metro area, and nearly 700,000 square feet was absorbed in 2012. Lateral relocations and renewals are still rampant across the market, although several expansions and new deals occurred.

Asking rates remain the highest in the CBD, with an overall average of $28.56 per square foot compared with $19.95 per square foot in suburban submarkets. Rates have gradually risen throughout Denver and the increase will be apparent as landlords gain market leverage across all submarkets in 2013.

Tenants with requirements larger than 100,000 square feet have seven options throughout the Class A market. Eos at Interlocken in the Northwest submarket delivered 100.0 percent vacant in September and still remains empty. Additionally, many tenants have opted to build their own buildings to accommodate growth needs including DaVita and IMA Financial Group both in the CBD, and TriZetto, Kaiser Permanente and Trimble Rockies in the Suburbs. Speculative construction plans are also back on the table as quality Class A space in prime locations continues to diminish throughout the market.

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Law

When getting a commercial real estate loan, can I save on legal fees by using a lender's standard loan documents?

Jay Philp
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Some lenders have started offering to prospective borrowers not to engage an attorney to represent the lender if the borrower does not negotiate the lender's standard, but often short, forms of loan documents. This appeals to borrowers because the borrowers typically pay the lender's legal fees. Also, borrowers often feel that, by taking lenders' attorneys out of the mix, transactions will close more quickly.

This may be a good idea for some borrowers. If the lender does not use an attorney, the lender may not require a legal opinion regarding the borrower's authority and the enforceability of loan documents, choosing instead to review due diligence matters internally. This also saves legal fees which would be charged by the borrower's attorney in preparing and negotiating the opinion.

However, the borrower must agree to potentially problematic terms in the loan documents. Some lenders are equipped to negotiate a few points. However, changes to other terms might require the lender to enlist counsel. You should carefully consider the risks created by provisions which you might normally negotiate.

Also, understand that an attorney has already helped the lender in preparing the form documents. You might want to have your counsel review the lender's forms early in the process.

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Sales Effectiveness

The Hidden Cost Of Business As Usual: How much is the "Sales Hockey Stick" costing you?

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To hit end-of-quarter sales targets, many companies over-sweeten deals with discounts and over-extend promotions. The result? Orders explode in the last few weeks of the quarter and sales quotas are met. Good news, right?

Although many companies make up to half of their revenue this way, it is likely costing businesses more than they imagine. Rush orders on raw materials, workforce overtime, large inventory fluctuations, and expedited delivery charges are just a few of the unavoidable consequences resulting in margin erosion.

This model, dubbed the "Sales Hockey Stick", has, unfortunately, all too often become deeply embedded in Sales cultures, resulting in an increasingly unstable way to do business.

To control the hockey stick and increase the constancy of the sales cycle, companies should carefully assess tactics used to drive end-of-quarter revenues and quantify the long- and short-term return on investment associated with each sales incentive offered. Eliminating all promotions is obviously not the answer. However, developing a prioritized plan that treats each as an investment in the companies' brand, customer loyalty, and bottom-line is critical to achieving balance and predictability in the sales cycle.

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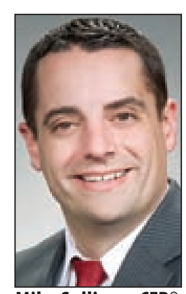
Wealth

Is Your Bond Portfolio Safe When Interest Rates Rise?



Mike Sullivan, CFP®
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As investors have herded to the safety of the bond markets, and as the Fed has mandated that interest rates are kept low in order to stimulate the economy, bond prices have risen attractively during the past several years. However, with bond rates so low (the current 10-Year Treasury bond is trading around 1.9%) and bond prices so high, there may only be slight room left for gains.

We are witnessing for the first time in over 30 years the S&P 500 stock index offer a higher average dividend yield than the yield an investor can obtain from an average AA-rated corporate bond. Likewise, with inflation currently at 1.8% and a longer-term Fed inflation target of 2.0%, buyers of current 10-Year Treasury bonds will receive a real return (after inflation) somewhere near 0%.

Bond rates are inversely related to bond prices so as interest rates rise bond prices (or values) tend to fall. As interest rates eventually rise from their historic lows there is a growing possibility that prevailing bond prices are due for a correction in the coming years. While bonds usually provide an investor with stable income and capital preservation, it is becoming increasingly important to be circumspect of the potential opportunity cost, inflation risk and interest rate risk that may be creeping into a seemingly safe bond portfolio.

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