

SMALL BUSINESS GUIDE

A TOOLBOX TO HELP YOU GROW



INSIDE

Venture Capital

Commercial Real Estate

Marketing

Social Media

Business Loans

CPAs

Cloud Computing

and more...

Northern Colorado
**BUSINESS
REPORT**

Special Section B | June 29 - July 12, 2012
www.ncbr.com

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Hunting for capital? Asking VCs the right questions is key

So, you're at a networking event and you get an opportunity to talk with a venture capitalist for just a few minutes. After breaking the ice with quick introductory formalities, you present your elevator pitch, right? Wrong.

How can you possibly capture that VC's interest if you don't know what excites them? Would you try to sell meat to a vegetarian or bricks to a carpenter? Not if you knew a little about their needs and interests!

When you are raising money, you are selling yourself and your company to your prospective investor. A great sales person knows that learning the needs and desires of your prospect is much more important than telling them about what you're selling. Yet, all too often, entrepreneurs focus on conveying as much information as they can in the short time they have with a VC rather than asking questions to learn about the VC's motivations. What are some of the more important things you should desire to learn in the first five minutes?

Here are some of the top questions to ask a VC in that first short meeting.

Which specific sectors are of top interest to you?

If you've done any homework,

hopefully you know whether the VC's fund invests in the broad segment in which your company lies. But, just because the fund invests in cleantech doesn't mean they invest



VENTURE CAPITAL

David Gold

in solar. And just because they have invested in solar doesn't mean they are still interested in more solar investments. Even if they are into solar, they are likely more interested in some areas of technology or supply chain than others. You need to understand what current hot areas the VC is focused on — the areas that make their ears perk up. Your goals for the first five minutes and your sales strategy should change dramatically based on whether you are a fit for their areas of interest. If you are not a fit for their interests, look to engage them as a referral source as they may know funds that would be interested. If you are a fit, then it's time to move on to other questions.

How many new investments do you have remaining in your current fund?

ADDITIONAL RESOURCES



TOP 100 VENTURE CAPITAL FIRMS: www.entrepreneur.com/vc100
NATIONAL VENTURE CAPITALIST ASSOCIATION: www.nvca.org
U.S. SMALL BUSINESS ADMINISTRATION: www.sba.gov

How much energy would you put into selling something to a person if you found out they had no money? Venture funds don't always have money to invest. Sometimes they are between funds. Even when VCs are in that situation, they still like to cultivate deal flow so they have a pipeline to turn to when they are ready to invest in the next fund. For funds in that situation, building a relationship for future financing can still be valuable. However, it's important to know how to prioritize your time. If it is not currently active, it's hard to justify placing them at the top of your priority list.

What size of initial investments do you typically make?

If a fund's "bite size" is too large or too small for your round, you will likely approach it differently. For a large fund that needs to invest more than you had considered, you will have to contemplate what a larger round would look like and be prepared to pitch that to the VC. Or

you need to look at that firm as a referral resource and potential prospect for any future larger rounds of investment. For a small fund that can't even invest 20 percent of your round, you first need to find out if it would be interested in such a large round. If it is, you need to assess if it is a fund that — despite being such a small investor — can rally other funds to the deal.

What is your geographic focus?

Some large funds are truly international. But most at least limit themselves to a country or two. Small- to mid-size funds may focus even more on a specific geographic region. And even large funds that have a big geographic footprint will typically end up doing more deals within a several hour drive of its offices than any other single geography. Understanding how well you fit with the VC's geographic focus is an important element of know-

► See **Venture Capital, 12B**

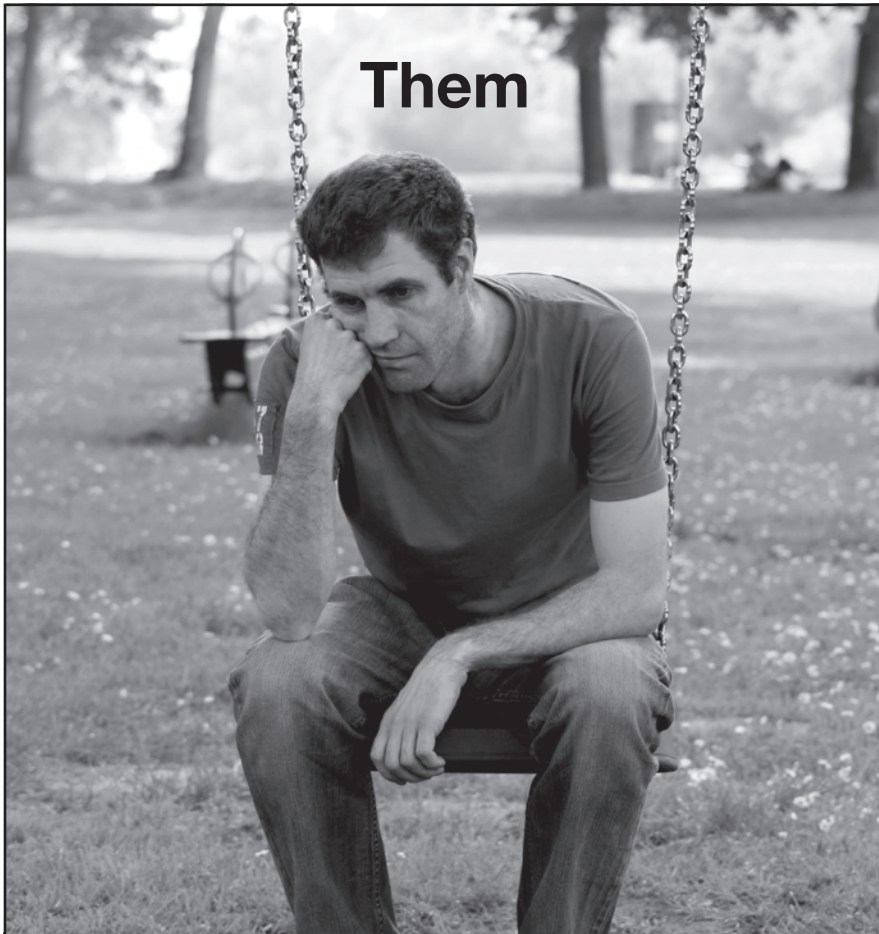
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Preparation key to landing your small-business loan

Before you approach a lending institution to fund your small business, it is important to be aware of the personal elements lenders consider. Banks will typically use the five Cs:

- **Credit** – Do you have a successful financial track record, or are you working to improve it? Community Credit Counseling Services, among others, will provide you with tools and expertise to address any credit issues you might have.
- **Collateral** – Do you have assets to secure your loan?
- **Character** – Do you display professionalism and follow up in a timely manner?
- **Cash flow** – Can you demonstrate your ability to repay the loan?
- **Conditions** – Examines the environment in which you'll be operating.



BUSINESS LOANS

Caroline Joy

Once you have completed your personal preparation, small-business lending experts recommend you have a business plan in place before meeting with bankers. Your business plan should clearly describe your company, analyze the market, explain products and services and explain how you intend to operate. Definitely keep this checklist handy when preparing your loan proposal. Banks are looking for the following:

- Strong management;
- significant experience;
- thorough understanding of the marketplace.

Relevant financial information

- Net worth;
- sales projections;
- ability to repay the loan.

Information on your:

- Suppliers;
- distributors;
- employees;
- manufacturing relationships.

Additionally, there are four questions you'll want to address in your business plan. First, who are you? Give a complete profile of your business. Secondly, how much money do you need? Third, how will you repay the loan? And finally, what will happen if you can't repay the loan?

You'll also want to include all your financial documents:

- **Personal financial statement.** This is your own personal financial situation.
- **Balance Sheet,** a "snapshot" of your business.
- **Income Statement,** a "report card" for you business over a period of time.
- **Cash Flow Statement.** This is money coming in, and money going

ADDITIONAL RESOURCES

U.S. SMALL BUSINESS ADMINISTRATION:

www.sba.gov

COLORADO LENDING SOURCE:

www.coloradolendingsource.org/

THE SMALL BUSINESS LENDING FUND:
www.treasury.gov



out.

Now that you are prepared, you may work through the application process with one or more banks. How do you improve your chances of getting a loan? Consider these tips:

- Tailor your loan request to each specific lender.
- Cultivate a relationship before requesting a loan. Consider becoming a deposit customer.
- Remember ratios! Calculate the ratios your lender tells you are important.
- Be visual! Photos, charts, graphs and color will make your proposal stand out.
- Believe in your plan. If you don't believe in your plan, the lender certainly won't.
- Enlist help. There are many resources out there to assist you with crafting your business plan and loan proposal. Use them! Organizations like the SBA, SCORE and your local SBDCs have experts who are willing to help guide you and provide feedback.

Be prepared, be specific and be realistic.

If you weren't approved, don't lose hope. Go back and ask your banker these questions:

- Why was my loan request denied?
- What specific elements of the business (and business plan) presented challenges to the loan opportunity?
- What specifically about me, the principal in the business, presented challenges to the loan opportunity?
- What resources exist in the community to help me enhance my ability to be successful with my loan application?
- If you were in my shoes, what course of action would you take?
- Given my business type, focus and sector, can you provide leads on other lenders focusing on my business type?

Based on the answers to these questions, consider addressing any issues that have come to light. Access information from the small-business support organizations designed to give you the best chance for business success. Once you've re-worked your plan or addressed other issues that concerned potential lenders, review your banking options and schedule another appointment with a lender.

Caroline Joy is the director of communications for the Colorado Bankers Association and manager of www.smallbizlending.org.

BUSINESS REPORT LIST Largest SBA Lenders

Ranked by gross amount of SBA loans made in Northern Colorado

RANK	Lender	Larimer/Weld Dollar Amount 2011 Total No. of Larimer/Weld County Loans 2011	Larimer County Loans Weld County Loans	National Headquarters Website Year Founded
1	COLORADO LENDING SOURCE LTD. 518 17th St., Unit 1800 Denver, CO 80202 303-657-0010 / 303-657-0140	\$8,088,000 18	\$5,471,000 \$2,617,000	Denver www.coloradolendingsource.org 1990
2	WELLS FARGO 5801 W. 11th St. Greeley, CO 80634 970-356-1000	\$2,046,100 8	\$1,186,500 \$859,600	Sioux Falls, SD www.wellsfargo.com 1852
3	KEYBANK 100 E. Drake Road Fort Collins, CO 80525 970-494-2480	\$1,803,000 4	\$25,000 \$1,778,000	Cleveland, Ohio www.keybank.com 1849
4	GREAT WESTERN BANK 151 S. College Ave. Fort Collins, CO 80524 970-226-1080/970-225-4905	\$1,300,000 2	\$1,300,000 N/A	Sioux Falls, SD www.greatwesternbank.com 1935
5	FARMERS & MERCHANTS BANK 5420 Broad St., South Trezevant, TN 38258 731-669-3900	\$1,036,000 1	N/A \$1,036,000	Trezevant, Tenn. www.fmb-tn.com N/A
6	HOME STATE BANK 2695 W. Eisenhower Blvd. Loveland, CO 80537 970-203-6100/970-669-6228	\$918,000 3	\$918,000 N/A	Loveland, Colo. www.homestatebank.com 1950
7	FIRSTBANK 2315 S. College Ave. Fort Collins, CO 80525 970-493-1700	\$624,000 3	\$624,000 N/A	Lakewood, Colo. www.efirstbank.com 1963
8	BANK OF THE WEST 4290 W. 10th St. Greeley, CO 80634 970-352-0077/970-353-1495	\$531,200 1	N/A \$531,200	San Francisco, Calif. www.bankofthewest.com 1874
9	VERUS BANK OF COMMERCE 3700 S. College Ave., Unit 102 Fort Collins, CO 80525 970-204-1010/970-204-1590	\$485,000 4	\$485,000 N/A	Fort Collins www.verusboc.com 2005

Source: Small Business Administration
N/A - Not Applicable.

Researched by Mariah Gant



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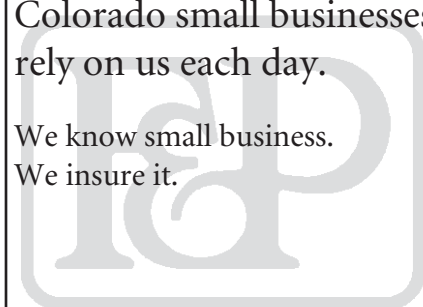
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Jamie May
Small Business Sales Executive



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BUSINESS REPORT LIST Largest SBA Lenders


Ranked by gross amount of SBA loans made in Northern Colorado

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10	JPMORGAN CHASE BANK 2600 W. 10th St. Greeley, CO 80631 970-392-3330/970-353-0109	\$405,900 5	\$380,900 \$25,000	Columbus, Ohio www.chase.com 1824
11	DENVER URBAN ECONOMIC DEVELOPMENT CORP. 140 E. 19th Ave., Suite 202 Denver, CO 80203 303-861-4100	\$347,000 1	N/A \$347,000	Denver, Colo. www.preferredlendingpartners.net 1985
12	FIRST NATIONAL BANK OF OMAHA 155 E. Boardwalk Drive Fort Collins, CO 80525 970-495-9450	\$256,600 3	\$176,600 \$80,000	Omaha, Neb. www.1stnationalbank.com N/A
13	WILSHIRE STATE BANK 3200 Wilshire Blvd., 14th Floor Los Angeles, CA 90010 213-387-3200/213-427-6562	\$150,000 1	N/A \$150,000	Los Angeles www.wilshirebank.com 1980
14	FIRST NATIONAL BANK OF WYOMING DBA CAPITAL WEST NATIONAL BANK 2020 E. Grand Ave. Laramie, WY 82070 307-745-7351	\$150,000 1	\$150,000 N/A	Laramie, Wyo. www.fnbwyo.com 1909
15	BANK OF COLORADO 1609 E. Harmony Road Fort Collins, CO 80525 970-206-1160/970-206-1156	\$100,000 1	N/A \$100,000	Fort Collins www.bankofcolorado.com 1900
16	BBVA COMPASS BANK 3131 S. College Ave. Fort Collins, CO 80525 970-266-9090	\$25,000 1	\$25,000 N/A	Birmingham, Ala. www.bbvacompass.com 1964
17	U.S. BANK, NATIONAL ASSOCIATION 2845 Linden Court Loveland, CO 80538 970-669-5172/970-669-0553	\$10,000 1	\$10,000 N/A	Cincinnati, Ohio www.usbank.com 1863
18	SUPERIOR FINANCIAL GROUP 165 Lennon Lane Walnut Creek, CA 94598 925-296-0500/925-296-0510	\$5,000 1	N/A \$5,000	Walnut Creek, Calif. www.superiorfg.com 2005

Source: Small Business Administration
N/A - Not Applicable.

Researched by Mariah Gant


Capital West National Bank
Welcomes, Kristie Schneekloth and Joy Waters



Kristie Schneekloth

A graduate of the University of North Dakota, Kristie and her husband Aaron moved to Fort Collins in 2006. Kristie has 8 years experience in both banking operations and lending. She joins Capital West as Branch Operations Manager.

Stop by and visit with Kristie, she is ready to help you with all your banking needs.




Joy Waters


Joy is a native of Colorado and graduated from CSU prior to starting her banking career. Her 13 years in banking have consisted of credit analysis, commercial lending and credit management. She joins Capital West as Senior VP, Commercial Lender.

Stop by and visit with Joy and see what she can do for your business.


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Loans subject to approval. BBVA Compass is a trade name of Compass Bank, a member of the BBVA Group. Compass Bank, Member FDIC.

BUSINESS REPORT LIST Largest Banks with Locations in Northern Colorado

Ranked by total assets

RANK	BANK Address	ASSETS (000s) MARCH 31, 2012 ASSETS (000s) MARCH 31, 2011	DEPOSITS (000s) IN MARKET JUNE 30, 2011 MARKET SHARE JUNE 30, 2011	PERSON IN CHARGE TITLE YEAR FOUNDED
1	JPMORGAN CHASE BANK 1111 Polaris Parkway Columbus, OH 43240	\$1,842,735,000 \$1,723,460,000	\$484,941 6.23	James Dimon Chairman and CEO 1824
2	WELLS FARGO BANK 101 N. Phillips Ave. Sioux Falls, SD 57104	\$1,181,817,000 \$1,093,030,000	\$1,273,593 16.37	John G. Stumpf Chairman and CEO 1852
3	U.S. BANK 425 Walnut St. Cincinnati, OH 45202	\$330,227,426 \$305,969,246	\$250,066 3.21	Richard K. Devis Chairman, President and CEO 1863
4	KEYBANK 127 Public Square Cleveland, OH 44114	\$84,838,858 \$86,754,629	\$132,570 1.7	Beth Mooney Chairman and CEO 1849
5	COMPASS BANK 15 S. 20th St. Birmingham, AL 35233	\$65,360,552 \$63,598,543	\$62,034 .80	Francisco Gonzalez Executive chairman 1964
6	BANK OF THE WEST 180 Montgomery St. San Francisco, CA 94104	\$62,342,865 \$58,342,433	\$134,235 1.73	J. Michael Shepherd Chairman, CEO 1986
7	FIRST CITIZENS BANK 4400 Six Forks Road Raleigh, NC 80528	\$20,803,423 \$20,955,778	\$22,803 .29	Frank B. Holding Chairman, CEO 1898
8	FIRST NATIONAL BANK OF OMAHA 1620 Dodge St. Omaha, NE 68197	\$13,365,622 \$13,148,497	\$1,292,301 16.61	Bruce Lauritzen Chairman 1857
9	FIRSTBANK 10403 W. Colfax Ave. Lakewood, CO 80215	\$12,063,538 \$10,720,606	\$498,970 6.41	John Ikard President and CEO 1963
10	GREAT WESTERN BANK 100 N. Phillips Ave. Sioux Falls, SD 57104	\$8,643,924 \$8,264,469	\$139,310 1.79	Ken Karels President and CEO 1935
11	NATIONAL BANK HOLDINGS CORP. 1 101 Federal St., 19th Floor Boston, MA 02110	\$5,966,206 \$2,890,619	\$396,008 5.09	G. Timothy Laney CEO, President 2003
12	BANK OF COLORADO 1609 E. Harmony Road Fort Collins, CO 80525	\$2,172,602 \$1,970,018	\$459,293 5.9	Tom Goding President 1900
13	GUARANTY BANK & TRUST CO. 1331 17th St. Denver, CO 80202	\$1,714,591 \$1,832,036	\$262,231 3.37	Paul W. Taylor CEO 1955
14	MILE HIGH BANKS 1726 Hover St. Longmont, CO 80501	\$912,653 \$1,120,703	\$51,867 .67	Daniel Allen President 1919
15	COLORADO EAST BANK & TRUST 100 W. Pearl St. Lamar, CO 81052	\$790,049 \$858,594	\$195,532 2.51	Steve Sherlock CEO 1905
16	FIRST WESTERN TRUST BANK 1200 Seventeenth St., Suite 2650 Denver, CO 80202	\$690,776 \$491,003	\$49,003 .63	Scott C. Wylie Chairman, CEO 1996
17	HOME STATE BANK 2695 W. Eisenhower Blvd. Loveland, CO 80537	\$616,117 \$568,627	\$506,123 6.51	Harry J. Devereaux President 1950
18	ADAMS BANK & TRUST 315 N. Spruce St. Ogallala, NE 69153	\$545,422 \$509,488	\$50,026 .64	Todd Adams Chairman and CEO 1916
19	COLORADO COMMUNITY BANK 615 W. Eighth St. Yuma, CO 80759	\$528,617 \$535,686	\$191,221 2.46	Jerry Bryant CEO 1982
20	ADVANTAGE BANK 1475 N. Denver Ave. Loveland, CO 80538	\$351,566 \$362,304	\$241,306 3.1	Tom Chinnock CEO 2000

Source: Federal Deposit Insurance Corp.

The market is defined as the total deposits made at locally chartered banks within Larimer and Weld Counties and the City of Brighton.

N/A-Not Available

Researched by Mariah Gant

Source: Business Report Survey

1 Purchased Bank of Choice in July 2011.

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The three Cs of choosing the right business lawyer

Choosing a copier, or shredder, might be pretty routine for some small-business people; in fact, they probably farm out a task like that to an administrative assistant or IT person. But, when the need arises—or one thinks the need might arise—to engage the services of an attorney, who does a businessperson turn to for that function? Probably no one. This is a job for the boss. Assuming there is not an in-house legal department that handles some matters and seeks outside counsel for others, it falls on the head of the operation to make sure the company is represented competently and economically.



LAW
Charles C. Turner

And there begins what I take as the trifecta of choosing an attorney: competence, communication and compensation. Let's take them in order.

Competence. How does one know that the lawyer one is about to engage knows what the heck he is doing?

For starters, one should find out if the attorney is licensed and in good standing to practice law in the jurisdiction. In Colorado, an attorney search through the Colorado Supreme Court's website, www.coloradosupremecourt.com, will tell you if the attorney is licensed and on "active" (as opposed to "inactive," "suspended" or other status).

It will also tell you when he was licensed in Colorado—not his total years in practice, as he may have come to this state from another jurisdiction.

Wisdom, contrary to popular understanding, doesn't automatically come with time; there are many competent lawyers who have been in practice only a few years. And, of course, the reverse is also true.

The Supreme Court site is public; what about the lawyer's own website? Most lawyers have one of them and there they might list education, experience, relevant practice areas, organizations they belong to, leadership activities or awards. This is helpful to get a feel for the range of services the attorney provides and the back-up or size of firm, which may or may not be relevant depending on the legal matter.

What about colleagues or friends? Anyone who has had a similar matter come up in the past probably engaged a lawyer to assist. What was that person's experience? The single most operative question one needs to ask is: "Would you hire him or her again?" If you get a so-so answer, that should tell you a lot. Asking whether you "won" or "lost" really won't help much because most all legal matters differ substantially. Indeed, there are clients who "lost" a case but would hire that lawyer back without question, and clients who "won" their case who wouldn't engage

the same lawyer on a bet.

Communication. Here is where it needs to get personal. I always recommend a face-to-face meeting with the attorney one is thinking of hiring.

One can tell a lot by even a brief meeting: did the attorney honor the time that was arranged to meet? What was the attitude of the staff of the office? Welcoming, efficient, organized? How was the lawyer's office—files piled to the ceiling and sandwich wrappers strewn around? Did the lawyer actually focus on you or did he check email or take telephone calls or interruptions from other staff? Critical questions to ask are, "How will I be able to check on the progress of our matter?" "Can I call you?" "Can I call your paralegal or legal assistant?"

Far, far more important: "Will someone return my calls, and, if so, when?" "Will you send me copies of all correspondence?" Finally, is this someone you feel comfortable with? That may seem kind of nebulous, but it's critical because the journey ahead may be bumpy.

Compensation. Ah, the \$64-million question. Don't be surprised if the

ADDITIONAL RESOURCES

COLORADO SUPREME COURT:

www.coloradosupremecourt.com

COLORADO BAR ASSOCIATION ONLINE

www.cobar.org/directory

COLORADO ATTORNEY GENERAL:
www.coloradoattorneygeneral.gov



answer is "it depends," because it does. Factors that go into the cost are, to name a few, the attorney's experience, the novelty and complexity of the case, the results obtained and the costs of experts and discovery. And bear in mind, there are factors out of the attorney's and your control: court delay, difficulty with the "other party" and your level of cooperation in gathering information for the matter are just a few possible factors. There are a number of ways that fees can be structured: hourly, fixed or contingent. They should all be openly discussed with the attorney.

Surprisingly, there are now some situations where lawyers "bid" a specific amount for handling a matter and clients can choose the one that best lines up competence, communication and compensation.

Embarking on a legal matter—whether it is incorporating an existing business, trying to collect moneys owed to you or defending a legal charge made against you or your business—is not something one would wish for, but it's a fact of doing business.

Charles C. Turner is the executive director of the Colorado Bar Association, a nonprofit and voluntary organization for attorneys practicing in Colorado.

For CPAs, it's more than just taxes, audits and accounting

I've paid my taxes or received a refund, why do I need to think about a CPA now and what's the best way to go about finding and hiring one?

There are many reasons why individuals and businesses, small or large, require the services of a certified public accountant and why companies should have a CPA on their staff.

If you've recently purchased property, started a new business, received an inheritance, need help preparing a business plan for your dream business or need an audit of your company, you need the services of a CPA.



ACCOUNTANCY
Scott E. Bush

A CPA is uniquely equipped with the knowledge and background to help you make the best financial decisions.

Besides the obvious tax, audit and accounting services, CPAs also provide assistance with other needs such as:

- Estimating the value of your business or estate for insurance, divorce or tax purposes;
- providing expert witness testimony in litigation;
- small-business consulting, business and income tax planning, including compensation and employee benefit plans;
- performing cost segregations on commercial real estate;
- projecting future college expenses and helping you develop savings plans.

CPAs are also a tremendous asset to employers. Having a CPA on your staff ensures you have someone with an analytical mind to guide your business. A new designation for CPAs working in industry — the Chartered Global Management Accountant — was recently established by the American Institute of CPAs and the Chartered Institute of Management Accountants.

CPAs with the CGMA designation can help a company with their demonstrated management accounting expertise in areas such as:

- Leading management to plan strategically and make informed decisions;
- helping organizations manage change, risk and uncertainty;
- protecting corporate assets;
- promoting operational efficiency and effectiveness.

The best sources for referrals to CPAs are friends, relatives, col-

ADDITIONAL RESOURCES

AMERICAN INSTITUTE OF CPAS: www.aicpa.org
COLORADO DEPARTMENT OF REGULATORY AGENCIES BOARD OF ACCOUNTANCY: www.dora.state.co.us
COLORADO SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS: www.cocpa.org
CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS: www.cimaglobal.com



leagues, bankers, lawyers, investment brokers and real estate brokers. Also, the Colorado Society of CPAs offers a referral service that provides you with the names of CPAs based on location and the services you require.

It's advisable to get the names of at least three CPAs. Call each one to interview them and get a feel for who you think you would like to work with.

Be prepared with a list of questions, needs and goals specific to your situation.


Ask the CPA for names of people you can call for references. Call the references and ask them how well the CPA has served them. Does the CPA respond to their questions, email, or calls in a timely manner? How many years have the references used the CPA? Ask the references what they think is the best asset of the CPA; there may be points you haven't thought about.

Check their credentials. A licensed CPA must receive a bachelor's degree from an accredited accounting course of study at a college or university, pass the Uniform CPA Examination, and meet experience or postgraduate study requirements. These credentials provide the CPA with a solid professional grasp of the fundamentals.

Once actively practicing, CPAs are required to complete continuing education hours to remain licensed. In Colorado, this requirement is 80 hours over a two-year period or an average of 40 hours per year. Four of the education hours must be in ethics.

As members of the Colorado Society of CPAs, members who perform audits are required to participate in a Peer Review Program, a practice-monitoring program to assure quality of accounting and auditing services. In addition, all members must meet continuing education requirements.

Scott E. Bush is the 2012-13 chair of the board for the Colorado Society of CPAs. He is a practicing CPA and partner with the Fort Collins firm of Soukup Bush & Associates, CPAs PC. He can be reached at scott@soukubush.com.




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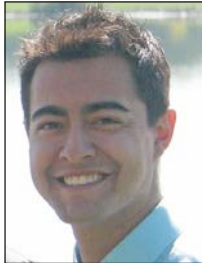
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The most common mistakes made in business leases

Ideally, we would like to live by the golden rule and do unto others as you wish to be done unto you; however, in the context of business lease agreements for office space, following the golden rule is a naive approach which can lead to devastating consequences not only for your business but also for you personally. Here are some common mistakes to avoid, negotiation tactics, and how to protect yourself from personal liability.

Common mistaken No. 1 - Failing to recognize that a commercial lease agreement is a legal document, which has real consequences.



OFFICE SPACE
Robert Herrera

At the very least you need to carefully read the agreement to recognize what you do not understand. Once you have done this you can seek clarification from the landlord, or better yet, counsel, to explain the provisions of the agreement so that you are completely familiar with what you are being asked to commit to. Oftentimes the commercial landlord is using the same general commercial lease agreement that they have for years and may have little to no

ADDITIONAL RESOURCES



U.S. SMALL BUSINESS ADMINISTRATION ON LEASING COMMERCIAL SPACE:
www.sba.gov/content/leasing-commercial-space
NOLO'S COMMON COMMERCIAL LEASE TERMS: www.nolo.com
FINDLAW'S COMMERCIAL LEASE AGREEMENT OVERVIEW:
smallbusiness.findlaw.com

understanding of it other than its duration and the monthly payment amount. By simply recognizing what you do not know about the agreement and educating yourself about the consequences of the contained provisions, you will have a distinct advantage during the negotiation of the terms.

Common mistaken No. 2 - Believing the commercial lease is a take-it-or-leave-it proposition.

Everything is negotiable. Given the economic climate and vast quantity of commercial office space available, the lessee sits in a greater position of bargaining strength than ever before. Monthly payments, tenant finishes, lease duration, and renewal options – once ironclad terms of a commercial lease agreement proposal – are now bargaining chips to be negotiated and oftentimes side in favor of the lessee.

Common mistaken No. 3 - Signing the commercial lease as an individual rather than a representative of the business.

As stated earlier, the commer-

cial lease offered by the landlord is oftentimes a general form that has been used by the landlord for as long as they have owned the property. As such, the landlord will simply input the name of the person entering into the commercial lease agreement, for example “Jane Doe or John Doe hereinafter referred to as lessee.” The signature line will also provide for Jane or John Doe’s signature.

For example,

/s/ _____ Jane Doe _____
Jane Doe

Having your individual name listed as the lessee and signing the agreement in your individual capacity is a crucial misstep exposing you to personal liability under the agreement. The commercial lease agreement should have your business listed as the lessee and a space for your signature as a representative of your company. For example, the commercial lease agreement should reflect “(Your Company Name Here), hereinafter referred to as les-

see.” Also, under the commercial lease agreement you should always sign as a representative of the company and not as an individual.

For example,

YOUR COMPANY NAME HERE

/s/ _____ Jane Doe _____
Jane Doe, President

By listing your company as the “lessee” and signing the contract as a representative for your company, the landlord’s only recourse in the case of default under the lease agreement would be limited to pursuit of your company’s assets. Your personal assets, such as your automobile, home, and personal bank accounts would be protected.

Common mistaken No. 4 - Beware of the personal guarantee.

Typically you have spent a great deal of time and money setting up some form of business entity for your business, whether it is an LLC, S Corp, or C Corp to shield your personal assets from business liabilities.

Commercial lease agreements often ask the business owner to sign a personal guarantee in addition to, or as a part of, the commercial lease agreement.

The personal guarantee overcomes the personal asset protections of using a business entity. By signing the personal guarantee you literally guarantee that if the business is unable to pay or defaults on the commercial lease agreement, you, in your individual capacity will make the payment or cure the default.

If you or your company are unable to cure the default, the landlord can now go after the assets of the business as well as your personal assets to satisfy the default provisions of the commercial lease agreement.

It is highly recommended to negotiate the removal of the personal guarantee.

This may be accomplished by putting down a larger security deposit, agreeing to a slightly higher monthly payment, or agreeing to a longer-term lease agreement.

If removal of the personal guarantee is not an option, attempt to limit the duration of the personal guarantee in relation to the commercial lease agreement.

If the commercial lease agreement is for five years, negotiate to have the personal guarantee in effect for the first two or three years of the lease.

After the personal guarantee expires, the landlord’s only recourse in a default situation would be limited to the assets of the business, insulating your personal assets as you originally intended.

Robert Herrera is an attorney at Hagen and Melusky in Windsor. He can be reached at Robert@h-mlegal.com

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Purchasing commercial real estate: the great unknown?

In representing business owners and investors, I frequently hear the comment, "I have purchased residential real estate, but have no idea how I would go about buying commercial real estate." For those who haven't been exposed to the commercial world, transaction sizes, process and terminology may seem foreign and overwhelming. Many would be surprised to know that the transaction process is fundamentally the same as in the residential world.

Following a letter of intent stage, the principal steps to purchasing a commercial property mirror that of the home-buying process. You agree to terms, go under contract, have an inspection period, probably endure some level of emotional turmoil, and if well executed, you close.

That being said, there are a few critical differentiators to be aware of: 1) valuation methods, 2) due diligence and 3) accounting considerations.

In talking with owners and buyers alike, we hear some pretty creative thoughts on how a particular commercial property should be valued. Unfortunately, there is not a line item on the appraisal adjusting for what you have in the property, what you think it is worth or what you want to net on a sale.

ADDITIONAL RESOURCES

COLORADO COMMERCIAL REAL ESTATE LISTINGS:
www.commercialiq.com
COMMERCIAL PROPERTY APPRAISAL:
www.commercialpropertyappraisal.com



It is critical to understand how commercial real estate is actually valued by practitioners, appraisers, lenders and the market. As opposed to a residential valuation that most often exclusively relies on market sales comparables, income and cost approaches are utilized to create a more comprehensive property appraisal in commercial transactions.

The income approach is used to value income-producing properties, whereas the projected income generated by the property has a direct correlation to its value. There are two ways the income approach is employed: 1) cap rate – a "Polaroid picture" of a property at a given moment in time. Here a value is arrived at by looking at the net income for the next 12 months and dividing that by a "cap rate" and 2) discounted cash flow – a "movie" about a property, projecting net income over time and future sales price, then discounting that income stream to arrive at a present value.

Conversely, the cost approach evaluates replacement cost of a property including the land and improvements, adjusting for age, quality and utility. This approach is most helpful for newer properties, but must be

adjusted for older properties.

The inspection process (or due diligence) can also often be more complex when procuring a commercial property vs. a residential property. What you don't know can and will hurt you. The additional expectation of a commercial property to advance business (and, hopefully, produce income)



COMMERCIAL REAL ESTATE

Joshua Guernsey

makes an adequate due diligence process imperative. Best practices for due diligence should include a detailed assessment of the following:

- Environmental factors/property condition;
- survey;
- comprehensive review of title work;
- review of leases or service contracts existing for the property;
- a comprehensive understanding of the zoning, use limitations, immediate micro and macro markets and thorough review of anticipated expenses.

A careful review of the above

items and others will ensure that the property can be utilized as anticipated and mitigates risk and surprises post-closing.

The due diligence process may seem overwhelming to someone who has not been through a commercial real estate transaction. However, engaging the right professionals will enable you to navigate the process with ease, providing knowledge and value that are essential to a purchase. Brokers, attorneys, accountants and consultants employ an encompassing and systematic approach throughout your transaction.

► See **Commercial Space, 13B**

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Audit can help save energy, cut costs in your business

For many businesses seeking to reduce costs, energy efficiency can be a good first step. The best way to identify savings is an energy audit performed by a certified professional. This process utilizes specialized equipment and provides detailed information about your specific business operation to identify appropriate energy efficiency measures. However, there are some common steps that can be taken to reduce energy consumption at most commercial entities.



ENERGY
Gary Myers

Lighting: Did you know that lighting can account for up to 40 percent of the electricity used in an office building? Most of us are familiar with the advantages of replacing incandescent bulbs with compact fluorescents. CFLs use only 25 percent of the energy consumed by incandescent lamps. But switching to overhead fluorescent lighting is even more efficient when combined with electronic ballasts. Electronic ballasts increase light output by as much as 15 percent and fluorescent

lamp efficiency by as much as 25 percent. And always make sure the last person out of the office turns off all the lights.

Computers: Computers can be a significant energy drain. Studies show that 30 percent of office workers leave their computers on at night. Turning them completely off could save as much as \$75 per computer annually. And take a moment to activate energy management features available on the computer. When desktop units are up for replacement, consider laptops instead. Laptop computers can use 90 percent less energy than their standard desktop counterparts and they are more versatile. Consider installing timers and/or occupancy sensors that will automatically turn equipment off when they are not needed. Even when in the sleep mode, computers, copiers and printers often burn 30 to 40 watts of electricity.

Air sealing and insulating: Is your building fully insulated? Even in modern buildings insulation can be unevenly distributed, settled to an ineffective level, or missing from some areas. Air infiltration is also a big issue and should be considered prior to replacement or enhancement of insulation levels. An energy audit, utilizing infrared technology, can help locate areas where air seal-

ADDITIONAL RESOURCES



U.S. DEPARTMENT OF ENERGY ENERGY SAVERS: www.energysavers.gov
ASSOCIATION OF CERTIFIED ENERGY ENGINEERS: www.aeecenter.org
OFFICE ENERGY CHECKLIST: www.eere.energy.gov

ing and improved insulation may be needed. When air sealing and insulation levels are substandard, building efficiency is compromised and the heating/cooling systems have to work harder to maintain desired temperature levels.

HVAC equipment: The heating, ventilating and air conditioning systems within any structure often consume more energy than anything else. There are some basic things that improve efficiency that are often overlooked. Most important is to keep air filters clean. This is an easy effort and very inexpensive. Solar heat gain can wreak havoc on building comfort in the summer but can help mitigate heating costs in the winter. Consider utilizing shades to your best advantage by ensuring they are in place and ready for use in blocking out the sun during the warmer summer months and welcoming the sun in during winter. And have your system serviced at least annually.

HVAC equipment is a leading cause of inefficient building opera-

tion nationwide. Particularly in Colorado, HVAC equipment has often not been properly commissioned (tested after installation), taking into consideration our altitude and the proper airflow needed to maximize efficiency. Having a qualified contractor re-commission and annually service equipment will assure that it is operating at the manufacturer's specifications. Locally, the SELECT HVAC program provides a resource that consumers can use to have equipment properly commissioned and serviced. More information on the SELECT HVAC program and a list of SELECT HVAC contractors is available at www.pvrea.com/selectHVAC.

These are just a few things a small business can do to reduce energy bills. To develop a comprehensive plan specific to your business consider contacting a professional energy auditor.

Gary Myers is an energy use specialist with the Poudre Valley REA and can be reached at 970-282-6464.

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VENTURE CAPITAL from 3B

ing whether your location will be a showstopper, inhibitor or accelerator with that particular fund.

What stage of companies do you focus on?

"Early stage" means different things to different venture funds. For some it means two people with a business plan. For others it may mean a company with over \$10 million in revenue. You can't change your stripes when it comes to your stage. That doesn't mean there's no value in conversing with a VC if you're at a growth stage that doesn't fit with his or her venture fund. If your stage is too early for them, keeping in touch and building a relationship over time can grease the wheels on their participation in the next financing round. If your stage is too late for them, here is the question to ask:

Do you know of funds that would be interested in a company that [insert elevator pitch] and is raising a \$XM Series Y round?

Even if you discover that you are not a good fit for a VC's focus areas or stage, that doesn't mean there is no value in the discussion. VCs often advertise the areas most interesting to them

to other investors specifically to encourage referrals from other types of companies. If a VC views you as credible, many find it valuable to make such referrals because they hope it will encourage other VCs to return the favor.

Would a company that [insert elevator pitch] and fits your stage and segment criteria be worth 45 minutes of your time for a deeper overview?

Only after you have determined that your company is a good fit for a VC does your elevator pitch come in to play. If you start the pitch with an acknowledgement that your company fits their stage and segment focus, you will have a much more attentive listener. Remember that your goal is not to close on a term sheet — it is simply to get an opportunity for a longer meeting. I bet you can guess at this point that a key goal for you in that meeting should be to ask many more questions!

David Gold is managing partner of Access Venture Partners, a Denver-based venture capital firm that invests in early-stage technology companies. Gold also is a member of the Rocky Mountain Venture Capital Association.

Creativity just a starting point in hiring a marketing firm

Do you ever worry that your business isn't sizeable enough to hire a marketing firm? Ignore that insecurity! It doesn't really matter how large your account is going to be for most local marketing firms to gladly take you on. What truly matters is whether or not the marketing firm is the right fit for your near-term and even long-term requirements.

There are four Ps in marketing – which of the Ps is where you are with your business presently?

Price, Product or Place?

If you are just establishing a product or service, and still need to work out any one of the first three Ps of marketing, namely – Price, Product or Place – then you might wish to engage a marketing firm or consultant to help you sort out those fundamentals. They would hone in on topics like distribution, pricing options and the array of line items to sell. Your deliverable would be an intelligent roadmap to your business' success, aka a written marketing plan.

Promotion

But, if you have the selling basics down, you might be thinking about the fourth P: Promotion. A branding agency and/or lead-development firm will help you with this final P.

Branding firms help you sort out your unique selling proposition, determine what your differentiators are, and then they get that “specialness” across in a logo, a tagline, identity materials like business cards and your company literature. A lead-development firm focuses on any number of grassroots or even grander tactics, such as advertising, social media, public relations, direct mail, websites, etcetera.

So what are some considerations in hiring a branding and/or lead generation marketing firm?

- First know what you need. Do

you already have a solid position in the marketplace, well differentiated from any other? Will prospects know at a glance “what you are about?” And does your brand messaging look the same wherever it appears, looking ultra-consistent in every medium, even online? Then go on to step two: **tactics**.

- Tactics are how your message gets out to your prospects. What you are concerned with here is



MARKETING

Laurie Macomber

reach and frequency. How much bang can you get with your buck? Where can you promote your message efficiently and effectively?

- Most lead-generation firms can recommend the appropriate tactics for your business based on experience and research. They then prioritize and price those tactics. Some will even buy ad space on billboards, for example, and rent the direct mail lists you'll need. They can also create the very advertisements and mailers needed. This wide-ranging service is what is referred to as a ‘full service agency.’ A full-service agency can often do branding as well.

But are they a fit?

Ask for recommendations, now that you know the scope of the work you'll have your marketing agency perform. Who is known for cost-containment, fair-dealings, has a favorable reputation and focuses on business ethics? That's a company you'd like to talk to! Bonus points if the firm does what's called “pro bono” work for a local charity – this speaks to its integrity and passion for the community.

Hint: Look up the firm's name on Google and append the query

ADDITIONAL RESOURCES



INC.COM'S ADVICE FOR CHOOSING A MARKETING AGENCY: www.inc.com
BBB ACCREDITED LOCAL ADVERTISING AGENCIES:
www.bbb.org/northern-colorado/

with the word ‘problems’ or ‘complaints.’ This might help you identify something important to know, pre-hire.

You also want to look at their creative portfolios. Your eye should be drawn to the marketing firm's flair at getting across unique attributes of the product or service, both visually and verbally. Does each thumbnail example look like the next? Stay away from cookie-cutter creative.

You want to work with branding agencies that exhibit a mastery of design. See if the agency does something custom for each client, and look for a power-packed portfolio. Do make sure the firm can speak to the objective of each campaign and its results.

Important: Ask whether you'll retain the rights to the creative work the firm does on your behalf and what conditions will apply. Since it's your brand, you'll want to carry it with you over time and perhaps even sell that “intellectual property” one day, along with your business.

Will you be a big fish in a small pond? That's usually better than the opposite. Often the glamour of going with a big agency fades when your work gets passed down to the junior staff day-to-day. Provided the small pond is not shallow, you can get the attention of a top-notch business owner and get down to business!

How are the marketing agency's systems and processes? Will jobs get bogged down and will you miss an important deadline? This speaks to quality, and a marketing firm

owner who understands how doing things right the first time results in less waste and greater productivity is worth hiring and having at the helm. Learn how they track milestones and keep an eye on costs. Even the firm's hiring criteria and processes could affect your work.

Hint: Ask what the firm does when there are cost overages. Does it keep to its estimate, warn you about scope creep, and even send a revised estimate mid-stream? Basically, how does it avoid surprises?

Several large marketing firms try to be full service and are really masters at traditional marketing and not so much on digital. Dig deep. Do the account executives and the creatives “live” on the web? Do they have first-hand knowledge and experience on Google, in social media, about websites and e-commerce?

Finally, imagine being with the firm's principal and his/her staff for a long time – especially as your business expands, partly through their fine efforts. Will you become like a well-oiled machine, working as a team together? Or will things get rusty and the gears stop engaging over time? Will the firm have your best interests always in mind, or just their own?

Good luck in making this fourth P selection. Your business will be well-served by a professional branding and/or lead generation agency.

Laurie Macomber, owner of Fort Collins-based Blue Skies Marketing, can be reached at laurie@blueskiesmktg.com or 970-689-3000.

COMMERCIAL SPACE from 11B

tion that will benefit site-selection, accuracy of financial projections and more completely protect you.

Buying commercial real estate is also often more about dollars and cents than emotional connections with paint colors and school districts. The accounting behind a purchase of a commercial property influences the entire structure. As a business owner, you must weigh the advantages and disadvantages of leasing vs. owning (lease vs. buy analysis). Cash outlay, fixed/variable costs, business growth, appreciation, market dynamics and tax factors must all be considered.

For investors, it's important to consider purchases in collaboration with their entire investment portfolio and the market landscape. Like-kind

exchange options (such as a 1031 exchange) and depreciation benefits can impact the timing and details driving an acquisition.

The commercial real estate world should not be viewed as the great unknown.

Jim Morrison may have said it best: “There are things known, and there are things unknown, and in between there are doors.”

With a little bit of education and guidance from the right professionals, you can ensure you are opening the right doors.

Joshua Guernsey is a principal and partner with Brinkman Partners in Fort Collins. Contact him at 970-206-4500 or joshua.guernsey@brinkmanpartners.com.

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Social Media: Much more than 'likes' and followers

Social media has grown at an incredible rate over the past decade. Technologies and business pipelines that were little more than dreams a few years ago now dominate the marketplace, setting the standard for future innovations in business and play higher than ever before.

Every day, hundreds of millions of potential consumers interact with their social circles across multiple platforms and devices; sharing personal stories, building relationships and spending their hard-earned cash.

When it comes to interacting with customers online, it's safe to say that the rules have changed.

As the number of socially connected customers continues to grow, so too does the revenue accrued from online sales and networking. This has greatly increased demand for new forms of interactive, conversational marketing techniques that build advocacy and harness the inertia of viral messaging. To satisfy this demand, a new kind of business has been born. Meet the "social media agency."

What is a social media agency? Most describe themselves as social gurus who specialize in brand management online and on the go. They develop and execute brand guidelines that increase the visibility of your business while forging

new relationships and strengthening existing bonds with your customer base. But what does that say about what they do and how they do it? Such a description doesn't offer much help if you're looking for the



SOCIAL MEDIA
Caroline Veldman

right agency to work with. So, what is a social media agency, really? Typically comprised of a team of specialists, a social media agency draws from many compatible skill sets to create compelling, interactive marketing that customers connect with on a personal level. This means they should be able to cover the essentials creatively: copywriting (content), graphic design (visuals), web development (nuts and bolts), and search engine optimization (can your customers find you?).

Together, this combination of talent creates a focused marketing plan with measurable goals that suit your businesses needs. Whether you are interested in driving sales, establishing your company as a thought leader within a specific field, or increasing traffic to your sites, an agency has the resources at hand to implement a consistent

ADDITIONAL RESOURCES



BUSINESS 2 COMMUNITY: www.business2community.com
SOCIAL MEDIA TODAY: socialmediatoday.com
SOCIAL MEDIA EXAMINER: www.socialmediaexaminer.com

message for your brand while measuring the effectiveness of those efforts toward meeting your goals.

When deciding on which agency to work with, there are a few important questions to consider. First, what do you want to accomplish with social media? Who you eventually choose to hire has a lot to do with your specific goals. For example, if you are interested in developing a mobile media strategy, chances are that a company with a strong portfolio in website and mobile applications development is the best place to start looking. Ask for years and type of experience, and pay special attention to its certifications, if any.

If you are primarily interested in curating conversations within your network, consider speaking with a company that has demonstrated an ability to set platform-specific goals that align with client objectives; but remember, there is much more to running successful social media campaigns than monitoring "likes" or followers alone. What you do with your followers has far more impact than how many you have.

Most importantly, find someone you feel comfortable working with. The person or persons you hire should be able to learn your business, understand the needs of your customers, respond to conversations consistently and in accord with your company values, and think strategically about the data from your interactions. Ask specific questions about the organization's process – every step should be intentional, with carefully weighed consequences and contingency plans in case quick changes are needed. The best agencies will provide intentional marketing plans that focus beyond the short term.

The return on your investment in the social space will depend largely upon the creative and analytical skills of your chosen specialists. Many businesses struggle to define the value that social media efforts bring, and for good reason. Data from online interactions does not always correlate with sales data or other forms of concrete, measurable statistics. However, this isn't to say that ROI cannot be determined

► See **Social Media**, 15B

Why getting under this cloud might be good for your firm

The term cloud computing has become so prevalent in our business vocabulary that it is difficult to pick up a business publication and not read about "the cloud." What the heck is cloud computing and how should a business evaluate its need for this new delivery methodology?

Cloud computing is simply the delivery of computing and storage capacity as a service across the internet. Services like hosted voice over IP, hosted email or remote off-site backup of data are good examples of popular cloud computing applications.

Today, most software developers are either re-writing their applications or are creating new streamlined applications to enable businesses and individuals to utilize the cloud easily and effectively.

The Gartner Group, an independent research company, says that cloud adoption in small and mid-sized business will more than double between 2011 and 2014. Gartner goes on to say that small



CLOUD COMPUTING
Ted Warner

ADDITIONAL RESOURCES



HOW CLOUD COMPUTING WORKS: www.computer.howstuffworks.com
CLOUD COMPUTING EXPO: www.cloudcomputingexpo.com
ICLOUD: www.apple.com/icloud
MICROSOFT CLOUD: www.microsoft.com

business will lead the way in the implementation of cloud applications.

So what are the real advantages that a small to mid-sized business will enjoy if they move some or all of their corporate applications to the cloud?

Small businesses are generally more nimble than their larger corporate brothers. This allows them the freedom to quickly move and adopt new cloud solutions as they become available. Cloud computing affords businesses the ability to pay as they go, and therefore reduces the need for large capital outlays for software and hardware.

Cloud computing lets businesses move from 20 to 50 to hundreds of users quickly and easily. Many IT professionals also appreciate the fact that spinning up a new server or group of servers is quick and efficient. The opposite is also true. Businesses can downsize quickly and decrease their computing costs when business slows or seasonal changes require less computing

power. Business owners also appreciate that cloud computing is an operating expense, not a capital expense, and conserves precious capital for the business.

Another benefit of cloud computing is the mobility feature that allows users to access critical applications anywhere they have an internet connection.

In today's business world, the ability to have access to corporate applications nearly everywhere and anytime is crucial. Agility is also important for a growing business. When a business has a new idea that technology can address, it is very easy to quickly create a sandbox for that idea with their cloud computing partner.

Additionally, the shift of computing risk from the business itself to the cloud provider is important and creates peace of mind for the business. Today's computing environments have become more and more complex and can be difficult to support. Cloud providers generally will have more highly tuned

computing environments that are far more resilient and redundant than most businesses are willing to invest in. The cloud provider is responsible for nearly 100 percent uptime and will continually seek to improve and streamline their computing environments.

Finally, a business that subscribes to applications that are in the cloud will benefit from quicker updates and enhancements of their software and productivity gains from improved hardware and bandwidth in the cloud. Generally, businesses are slow to adopt new software revisions and updates, but quality cloud providers must continually improve their delivery or risk being overtaken by the competition.

Each business should evaluate their cloud adoption strategy, as there are certainly many factors to weigh. There are significant considerations regarding bandwidth, security and the shift in the computing culture of the organization that should be considered.

In the end, cloud computing is not a passing fad. It is here to stay and will grow in acceptance as time marches forward.

Ted Warner is president of Connecting Point in Greeley. He can be reached at twarner@cpgreeley.com.

How to assess the best health plans for your employees

Colorado consistently ranks as one of the best places in the country to start, build and grow a new small business, according to national business magazines. If you are starting a new small business, or own an existing one, health insurance is an issue you'll face, whether or not you hire employees.

So, what do you need to know before entering the health insurance marketplace?



INSURANCE

Jim Riesberg

For health insurance, Colorado law defines a small business as having between two and 50 employees. It also includes self-employed individuals, but they are treated a bit differently and are known as Business Groups of One (BG-1). Both small businesses and BG-1s are eligible to purchase health insurance in the "small group market."

In the small group market, health insurance is "guaranteed issue." This means a health plan carrier cannot deny an application based on the health status of anyone in the group, whether it's an employee or a member of the employee's family, if the insurance covers dependents. That's a big difference from a plan in the individual market, where the carrier can deny an application based on health status.

The rules are a little different for BG-1s. A BG-1 with a current or recent health condition qualifies for the guaranteed issue of one of the state's mandated health plans, which are discussed below. A BG-1 without current or recent health issues typically can choose from any of the small group plans offered by the carrier.

Generally, small group carriers must offer at least two state mandated plans to a small business: a basic plan, which approximates the lowest level of coverage offered in the small group market; and a standard plan, which approximates the average level of coverage offered in the small group market. Small group carriers may offer additional small group plans. Upon your request,

ADDITIONAL RESOURCES



- COLORADO'S DIVISION OF INSURANCE:** www.askdora.colorado.gov
- HEALTH CARE HELP FROM THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:** www.healthcare.gov
- ROCKY MOUNTAIN HEALTH PLANS:** www.rmhp.org

they must tell you all of the plans for which you are eligible and disclose the rates for those plans.

If you decide to stop offering health insurance to your employees, the employees and their dependents have the right to convert their health insurance to an individual conversion plan at their own expense. The conversion plan must be either a basic or standard plan as described above.

Federal tax credits are available to help cover the cost of health insurance for some small businesses. Under the Affordable Care Act, a small business with 25 or fewer employees, and an average annual wage of \$50,000 or less per year, may qualify for a tax credit up to 35 percent of the employer contribution. The credit goes up to 50 percent in 2014. Check with your tax advisor on other tax benefits that may be available.

When shopping for health insurance, the state encourages small employers to follow the tips listed below:

- If you plan to use an agent or broker, interview several for whom small businesses are their specialty. You want to make sure you hire someone who can meet your expectations. Read more about selecting and working with a broker on the Division's website at askdora.colorado.gov and click on "Division of Insurance."
- Make sure the insurance agent, broker and company are all licensed and in good standing with the state of Colorado. You can check license status at the Division of Insurance website: go to askdora.colorado.gov, click on "Division of Insurance" and then on "consumer information."
- If you're planning to offer health insurance to your employees, ask them what coverage they think is important and incorporate the information into your analysis.
- Compare the costs of equivalent coverage with multiple carriers and ask how premiums have changed over the past five years.

If you adjust co-pays and deductibles, you can affect your final premium. Look at different benefit packages and cost sharing scenarios to see what premium and benefit levels best fit you and your employees.

Read your policy thoroughly. Be sure you fully understand what you are purchasing and how much it will cost. Key questions to ask include:

- What is the name of the company writing the policy, not just the marketing name that is used in advertising?
- What is the list of items and services for which the policy will pay?
- What is the list of items and services for which the policy will not pay? (known as exclusions and limitations)
- Are there any situations where the policy may not pay for all of your medical care? (known as exceptions, reductions and limitations)
- Are there any special rules, such as referrals or pre-approval for procedures, that may affect whether the policy pays?
- Are you required to use certain medical providers, doctors or facili-

ties, and is there a list of the local providers that can be used or are "in-network?"

- How long may you have to wait before the policy covers recent health problems?
- How may the policy be canceled or terminated, either by you or by the insurer?
- What specific steps may you take if you are denied a benefit or coverage to which you believe you are entitled under the policy?

Health insurers in Colorado also are required to have a Health Plan Benefit Description Form available to prospective employers. The Health Plan Benefit Description Form may help you compare benefits between different insurers and among different products, such as health maintenance organizations (HMOs), preferred provider or managed care (PPO) policies, indemnity plans, or high deductible health plans (HDHP) used with a health savings account (HSA).

Selecting the right plan for you and your employees can be a challenge. However, providing health coverage may help you recruit and retain high-quality employees, reduce absenteeism, and increase employee loyalty and productivity.

Jim Riesberg is Colorado's Commissioner of Insurance.

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SOCIAL MEDIA from 14B

in an objective way. The type and degree of benefit awarded your business from engaging with customers online relies on the evaluation of your metrics. The return you see, then, is directly related to the way your goals were originally drawn. Working with a specialist to create highly specific goals is the best way to improve your return.

The truth of the matter is, social media is here to stay. It has already changed the way we do business,

and will continue to change the way we engage with one another. The question to ask is no longer "Should my business be on social media?" That answer is, and has been, a resounding yes. Instead, you should be asking, "How, with who, and to what purpose?"

Caroline Veldman is the owner of Social Media Pilots in Fort Collins. She can be reached at caroline@socialmediapilots.com.

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