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City brings admissions tax to the web

Cleveland is getting 8% of the profits from sales on Flash Seats, which could mean a windfall with LeBron James back in town

By KEVIN KLEPS
kkleps@crain.com

Cleveland's admissions tax is being applied in a new venue — cyberspace.

In a move that might be the only one of its kind in the United States, the 8% tax is being deducted on a secondary market — Flash Seats, the digital ticketing company operated by Cleveland Cavaliers owner Dan Gilbert's Veritix.

At the city's urging, Flash Seats began collecting admissions taxes on for-profit sales for a Lady Gaga concert that was held at Quicken Loans Arena on May 18 — two days before the Cavs won the NBA lottery and almost two months prior to LeBron James announcing his return. The 8% charge only comes into play when a buyer pays more than face value for a ticket on Flash Seats, since an admissions tax is applied at the original point of purchase.

The tax is especially significant now, with the Oct. 30 tipoff of the 2014-15 Cavs season approaching.

And while the rare application of the admissions tax was years in the making, the city's timing was fortuitous, since Cavs home games easily are fetching the highest prices in the NBA on the secondary market. Vivid Seats, a Chicago-based secondary-ticket marketplace, said Cavaliers games at The Q are producing median and average sales prices of $216 and $385, respectively. The second-largest figures in the two categories are $165 (the median norm for Los Angeles Lakers home games) and $291 (the Houston Rockets' 2014-15 average).

Will Flaherty, director of communications for SeatGeek, said the New York ticket search engine estimates that Flash Seats could produce $20 million in sales for Cavs tickets in 2014-15. Flaherty said 30% of that total, $6 million, could be the result of profits because of

See **TAX,** page 9

ROBERT NEUBECKER

HUNT FOR TECH TALENT IS 'CRAZY'

And employees of other Northeast Ohio businesses often are targets of search

By CHUCK SODER
csoder@crain.com

The fight for tech talent is getting rough.

Sure, Silicon Valley's tech titans have long practiced the art of poaching — recruiting employees from other companies, even when they're not actively looking for jobs.

But nowadays, a growing number of Northeast Ohio companies are doing the same thing, according to several people who spoke with *Crain's*.

They say it's necessary to go after other companies' employees given how hard it has become to fill a growing demand for technical talent — especially software developers.

And the rise of LinkedIn has made it much easier to study potential job candidates and get in touch with them.

For instance, Paragon Consulting just hired a full-time recruiter tasked with hunting for developers with experience using Microsoft's .Net framework. That often means looking in other cities or other companies, because few local people with .Net experience are looking for jobs, said John Ours, director of technology at the web development firm in Mayfield Heights.

"I used to run an ad and get applications from the same chronically unemployed people that I usually get. I don't even get

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MORE INSIDE

- Local tech salaries are comparable to national norms.
- Amazon subsidiary sets sights on talent here. **Page 33**

NEWSPAPER

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CONTRIBUTED PHOTO

Ed FitzGerald, shown on the campaign trail, is trailing Gov. John Kasich by 22 points in the latest poll.

ANALYSIS

For FitzGerald, it's been an exercise in frustration

By JAY MILLER
jmiller@crain.com

It's not hard to look at Ed FitzGerald's battle for the governorship as a portrait in frustration. Even he sketches it that way.

"It's been a frustrating environment to have a substantive discussion of anything in," he said in a recent interview with *Crain's* editorial board. "It's a challenging campaign."

But it might be more accurate to call it an overreach by an ambitious candidate in a Democratic Party whose strongest candidates chose early on to stay away.

And then it turned into a disaster — when news organizations uncovered a late-night misadventure and FitzGerald's failure to have a valid, up-to-date driver's license for most of a decade. That episode turned even FitzGerald loyalists and the party faithful incredulous.

"I was in the middle of a campaign for office and I realized my driver's license was about to expire," said one Cuyahoga County Democrat privately. "I took the time and went and got my license renewed."

Some Democrats have even gone public with their scorn. Sen. Sherrod Brown last week described FitzGerald to a Columbus television station as a "stumbling governor candidate."

As a result, FitzGerald was trailing Gov. John Kasich 57% to 35%, according to a late-September poll by Quinnipiac University.

The numbers didn't look quite so daunting 17 months ago when FitzGerald announced his candidacy. He was the state party choice after former state secretary of state Jennifer Brunner, former state attorney general Richard Cordray and former congresswoman and state representative Betty Sutton chose to stay on the sidelines.

FitzGerald believed that despite being an unknown outside of Northeast Ohio he could run successfully against Kasich, in part because as recently as August 2013 voters weren't enthralled with Kasich's leadership of the state.

Kasich was hurt by his support of SB 5, a bill he signed early in his term as governor that would have limited the right of public employees to unionize. The unions mounted a ballot issue to overturn SB 5 and handed Kasich a 62%-38% defeat in November 2011.

FitzGerald has said he would veto any future attempt at right-to-work legislation and would push to raise the minimum wage. He also pledged to restore cuts in education and local government funding.

Beyond those issues, most of FitzGerald's policy statements criticized the direction of Kasich's efforts without offering specific state-level solutions. Instead, he cited his achievements in county government.

FitzGerald believed his transformation of a county government mired in corruption into an innovative leader could overcome the fact that, early on, polls showed Ohioans didn't know him well enough to have an opinion. Indeed, he spent most of the hourlong interview recounting the achievements of his term as county executive.

"My critique of Gov. Kasich boils down to this," he said. "His performance stands in contrast to what we've done in the county. The county has been pragmatic and pro-business, but at the same time it made necessary investment in things like (early childhood) education and college affordability."

Failing to gain traction

He said Kasich's central philosophy that cutting taxes would bring job growth to a sagging economy wasn't working.

"When it comes to job growth, we are underperforming the rest of the county," he said. "We are ranked as being 41st out of 50 states in recovering from the recession."

FitzGerald was referring to the respected Job Growth USA tracking done by the W.P. Carey School of Business at Arizona State University, which ranked Ohio 41st earlier this year in the percentage of job growth in 2014 over 2013. More recently, the state has moved up to 37th place, showing an increase of 46,600 jobs in 2014 over 2013.

Kasich has not had to spend much time countering that charge and others lobbed by FitzGerald. But when asked about the job creation numbers earlier this month, he used his campaign's preferred job creation numbers of total private-sector only jobs since he

See **FITZGERALD,** page 7

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Overseas purchase has added benefits

The tax perks are obvious, but Steris believes it can 'truly' become a global biz

By CHUCK SODER
csoder@crain.com

Steris Corp. wants to become an international company — and not just for the tax benefits.

Sure, the medical sterilization company's real headquarters will remain in Mentor, even after it becomes a British company through a so-called inversion.

But make no mistake: Steris' international footprint will grow by several shoe sizes if it succeeds in buying Synergy Health PLC in a $1.9 billion cash-and-stock deal.

Steris has never bought a company that big. Or a company that does so much business overseas.

Today, just 11% of Steris' revenue comes from foreign countries. That figure will jump to 28% once it buys the sterilization services company.

At that point, Steris will become "truly a global business," according to spokesman Stephen Norton.

For instance, the deal will immediately double the size of Steris' most profitable business unit — its Isomedix division.

Isomedix helps manufacturers sterilize medical devices and other products. Synergy Health has a similar business unit called Advanced Sterilization Technologies.

The biggest difference between the two? They operate in different parts of the world.

In other words, the deal will give Isomedix a much broader reach. And broader is better: A lot of the medical device companies that pay Isomedix to sterilize their products are global. So now Steris will be better equipped to serve them, according to Matt Mishan, an equity research analyst at KeyBanc Capital Markets in New York.

"The medical device companies are everywhere. They manufacture everywhere and distribute everywhere," he said.

Mishan expects Steris' stock to hit $64 per share over the next

See **STERIS,** page 34

CORRECTION

An Oct. 6, page 26 profile of **David Edelman**, president of the **Hebrew Free Loan Association**, incorrectly described its new partnership with the **Hispanic Business Center of Cleveland**. The program is open to people and businesses without regard to ethnicity or religion.

MCKINLEY WILEY PHOTOS

ABOVE: Led by executive chef Brad Cecchi, left, and general manager Troy Christian, Urban Farmer has averaged about $450,000 in monthly sales in its first five months. BELOW: Cecchi cuts pork from New Creation Farms in Geauga County.

STEAKHOUSE SERVING UP BUSINESS TO LOCAL FARMS

By KATHY AMES CARR
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In just one month, Urban Farmer Cleveland fields five whole pigs, two whole cows, 50 cases of chicken, 60 cases of eggs, 200 pounds of mushrooms, 120 pounds of tomatoes and other bounty harvested from Northeast Ohio farmland.

"We're getting some special acorn-fed Berkshire pigs from Millgate Farm (in Jefferson)," which intensify the meat's rich and nutty flavor, said executive chef Brad Cecchi. "We'll use the majority of it in our charcuterie program."

In the five months since it has opened, the restaurant that is attached to the downtown Cleveland Westin has cemented relationships with about 20 small local producers, including Chardon-based New Creation Farm, Ohio City Farm, Kent-based Lucky Penny and Killbuck Valley Mushrooms in Burbank.

About half of Urban Farmer's monthly food purchasing — or about $100,000 — has been allocated toward local producers.

Some of those operations have had to scale up production just to

meet the steakhouse's demand.

"We had been thinking of expanding, but getting the Urban Farmer account solidified our plans," said Floyd Davis of Red Basket Farm. "We just added an 8,000-square-foot greenhouse to grow spinach and other greens for them."

The $30,000 investment nearly doubles the Kinsman farm's greenhouse growing capacity, from 12,000 square feet to 20,000 square feet. Red Basket supplies 11 Northeast Ohio restaurants. The Urban Farmer account represented 36% of its total restaurant sales during peak growing season of May through July.

Urban Farmer averages one order per month with Miller Livestock Co. — each time a 300-pound beef half and two lambs. That Kinsman farm raises and sells 150 pigs, 80 sheep and 80 cattle each year, so the new restaurant account doesn't squeeze the midsized farm's inventory. But the eatery's involvement with local farms has prompted

See **STEAKHOUSE,** page 14

HAVE A COW

What does Urban Farmer partition from a whole cow? The cuts include:

12 tomahawk steaks
20 New York strip steaks
16 tenderloins
10 coulotte steaks

A pig, meanwhile, yields various quantities of pork chops, charcuterie, sausages and bacon.

From a financial standpoint, whole-animal utilization yields a cost-savings of between 5% and 8% versus purchasing parceled cuts.

"Farmers don't want to sell parts. They want to sell the animal whole so they don't have to pay to process and package it," said executive chef Brad Cecchi. "Many restaurants don't want to buy the whole animal, but maybe just a loin because that's all they'll use."

— Kathy Ames Carr

Frantz Ward will move to 200 Public Square

By STAN BULLARD
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The Frantz Ward LLP law firm has leased two floors for new offices at 200 Public Square and plans to relocate next April from Key Tower, at 127 Public Square.

The 29th and 30th floors of the former BP Tower offered the firm something it has never had before, said Christopher G. Keim, a partner and member of the management committee who chaired Frantz Ward's search.

"This is the first time in our history that we are building brand new space that accurately reflects our identity as a professional, innovative and family-oriented firm," Keim said. He said the 48-story 200 Public Square "provides us an opportunity to build space focused on collaboration, which is important to our clients and our people."

The move also affords the law firm a chance to expand its footprint, as it secured options to grow that are important to its future, Keim said.

Frantz Ward's 120-person staff will occupy 46,000 square feet of office space, compared with the 48,000 square feet the firm occupies on the 25th and 26th floors of the 57-story Key Tower, according to CoStar, an online realty data service.

Keim said the new, built-to-suit space will be more efficient for the firm's operation than its current one, an office it occupied in 2005 that was previously renovated by Deloitte & Touche. When Frantz Ward set its move to Key in 2004, it had 52 attorneys; it now has 65. Frantz Ward was launched by 15 attorneys in 2000 who took space in the 55 Public Square office building before moving to Key.

At 200 Public Square, the firm will have more conference rooms and a café for employees to emphasize collaboration, and it will boast a design to aid the recruiting efforts, Keim said.

Many, though not all, of its partners will occupy offices the same size as those of associates, Keim said. Partner offices at Key are somewhat larger than those of associates.

"Everyone agreed what's most important is what's most efficient for the firm," Keim said.

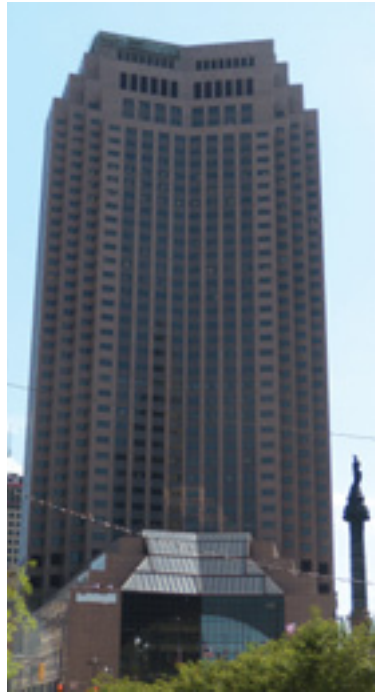
The move is a second big win this year for 200 Public Square's Norfolk, Va.-based owner, Harbor Group, and its Colliers International leasing team. Last spring, the building snagged the Vorys, Sater, Seymour and Pease LLP law firm from One Cleveland Center.

Frantz Ward was represented by Chandler Converse, a CBRE managing director.

Bill Stevens, a CBRE broker, said the building's amenities and central location are helping it win tenants.

"It's great for employees to be able to stay in the building during Cleveland's cold winters," Stevens said.

Brian Hurtuk, Colliers managing director here, said, "This burgeoning office market is challenging and exciting, especially when leasing a premier office building like 200 Public Square."



STAN BULLARD

Beginning in April 2015, the Frantz Ward LLP law firm will lease the 29th and 30th floors at 200 Public Square.

Frantz Ward went through an exhaustive search for new space and reviewed its options with Key Tower before switching trophy towers on Public Square, Keim said. It even saw proposals for two new office buildings and space in a retrofitted building before settling on 200 Public Square, although Keim declined to discuss the plans in any detail.

None of the parties would disclose the rent that Frantz Ward will pay. However, Converse said, "They got a great deal and a great build out (or decorating) allowance."

Jim Vallos, managing director of Harbor Group, said in a news release announcing the transaction that it is "honored to welcome Frantz Ward."

Harbor Group principals also worked hard on the deal, with both Vallos and Jordan Slone, Harbor Group chairman and CEO, traveling to Cleveland to meet with Frantz Ward's team.

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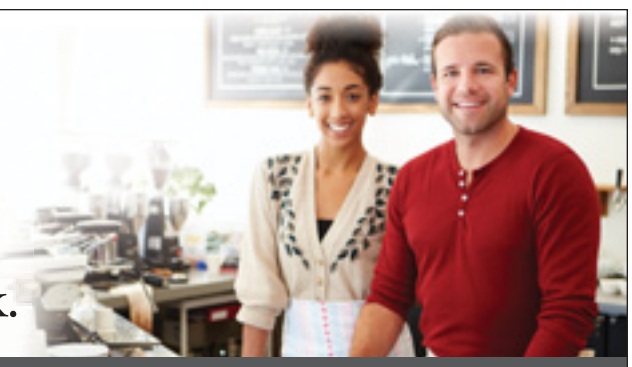

FITZGERALD

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became governor.

He told *The Columbus Dispatch*, "You spend too much time reading some weird group of people's statistics. We were down 350,000 jobs (under Gov. Ted Strickland) and now we're up 240,000. What is there to argue about?"

What started out as an uphill battle to challenge the policies of a shrewd but prickly incumbent, capsized in a series of missteps. The first was his naming and then dumping state Sen. Eric Kearney as his running mate last December after reports that the Cincinnati native, his wife and a publishing company they owned had liens outstanding against them for hundreds of thousands of dollars of unpaid debts.

Then came reporting in August by *The Plain Dealer* of an incident two years ago when Westlake police found FitzGerald and a woman, an Irish economic development representative, in his car in the parking lot of a factory, talking at 4:30 a.m. on Oct. 12, 2012. That was quickly followed by *Dispatch* reports that he had not had a valid driver's license for at least five years prior to the Westlake incident.

For all that notoriety, FitzGerald noted, even getting noticed has been difficult.

The Quinnipiac poll found that 48% of likely votes still did not know enough about FitzGerald to like or dislike him. And he trailed Kasich by more than 20 percentage points. With that double whammy, campaign staff jumped ship and what little campaign war chest that had been amassed was shifted by the party to other races.

'Worth the attempt'

Until announcing his decision to run against Kasich, the 46-year-old Indianapolis native had led a mostly successful political life. He served nine years on Lakewood City Council before winning the job as the western suburb's mayor in 2007. His only political loss was a 2002 Democratic primary for Ohio House of Representatives.

That relative success blinded FitzGerald to the realities of Ohio politics.

It doesn't help that in many pockets of the state, Cleveland and Akron are almost foreign countries, ignored when not outright scorned. Not only that he had never held or even run for state office before. The last two governors from the Cleveland area, George Voinovich and Richard Celeste, were first state legislators and then held downticket statewide offices before winning the top job.

Another problem, he said, is that while the state has 12 media markets, and 12 metropolitan population centers, only in Columbus is state government well covered.

"Ohio with 11 million people and all these media markets, people don't focus on state government," he said. "The challenge we have is we had trouble, and we still do, getting people to talk about the big issues and the Kasich campaign did a good job of just not engaging on them."

Still, he chose to stay in the campaign.

"I ran because I believed in the issues I was talking about," he said. "I knew it was going to be difficult, but I thought it was worth the attempt. I still do."

Farmers puts its money into online banking

By JEREMY NOBILE
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Farmers National Bank of Canfield has launched a variety of Web-based banking services in an effort to not only meet demands of its own customers, but to compete with larger banks, officials say.

"We have made a large technology investment to provide our customers with the financial tools and services they desire through digital channels," said Farmers president and CEO Kevin Helmick in a news release. "We are focused on providing the most innovative solutions available on the market."

How much that "large" investment is, the bank declined to disclose. However, Amber Wallace, Farmers' chief retail and marketing officer, said it's "very significant," noting technology driven services are "the way of the future."

The services launched by Farmers include Popmoney (a service that allows send or request directly to or from another person), an online "finance manager" tool and app services like remote deposit, and picture pay, in which a customer can take a picture of a bill and automatically pay it.

Their first online banking services were launched in 2011, and the app was released in 2012. Since then, Wallace said Farmers has seen online banking use rise more than 66%, while use of the app has increased more than 400%.

"These are a lot of high-tech features for a midsize community bank that we're really proud to offer," Wallace said.

Farmers has about $1 billion each in banking and trust assets.

According to its mid-year SEC filing, Farmers' assets grew about a half-million dollars compared with the like period of 2013, but deposits fell nearly $8 million. Wallace said it's a "strategic focus" of the bank to "right-size" its loan-to-deposit ratios, adding they are comfortable with those levels currently.

Last year, the bank closed two branches — in Warren and Leetonia — in an "efficiency initiative," Wallace said, that was not a function of customers necessarily flocking to online banking options over in-person services. The bank has 21 total locations, including branches and operations centers in Northeast Ohio.

Wallace said the bank is not planning any other downsizing efforts. Rather, she said Farmers is in progress of finalizing plans to grow into other markets within Ohio.

TAX

continued from page 1

the exorbitant demand produced by the Cavs' wild offseason.

Using $6 million as the profit estimate for Cavs sales on Flash Seats, the city would collect $480,000 in admissions taxes. Factor in an extended postseason run, and Cleveland could rake in more than $500,000, SeatGeek estimates.

Where it all began

In March 2011, the city subpoenaed three ticket brokers — Amazing Tickets Inc. of Mayfield Village, Twinsburg's Affordable Ticket Agency Inc. and Denver Ticket Co. — in an effort to collect 8% of their revenues from the 2009-10 Cavs campaign, the season before James left for the Miami Heat in free agency. The three brokers countered with a lawsuit in April 2012 that stated the city was selectively enforcing the admissions tax, *Crain's* reported at the time.

More than 2½ years later, the case is still unresolved. But at the time the city was going after a trio of ticket brokers, it also filed a motion against Flash Seats. In October 2011, Cleveland Municipal Court dismissed the motion.

"That's when things started," said Dedrick Stephens, commissioner of the city's Division of Assessments and Licenses.

Stephens said he isn't "aware of another city actively involved with collecting admissions taxes on a secondary market," a claim that's backed up by conversations *Crain's* had with a few national ticket brokers.

Glenn Lehrman, head of communications at StubHub, the nation's largest ticket reseller, said he's "never" heard of a city collecting admissions taxes from an online broker. Lehrman alerted *Crain's* to a case StubHub won against Chicago in which the city had insisted that the broker collect an 8% amusement tax.

A federal trial court dismissed Chicago's 2008 lawsuit against StubHub, and the state's Supreme Court upheld the verdict. In its 2011 ruling, the Illinois Supreme Court unanimously ruled that the state, not its municipalities, could impose a taxing obligation on online auctioneers.

"The city has overstepped its home rule authority," the court said at the time.

SeatGeek's Flaherty said he doesn't know of another city collecting an admissions tax from a secondary market, which he attributes to it being "extremely hard to apply local laws to e-commerce ticket transactions."

The reason, according to Flaherty, is because the secondary market operators often are based in different municipalities than any city that would attempt to collect such a tax.

"This dynamic is why the secondary market in the U.S. is in practice barely regulated, despite the existence of many state and local laws that would seem to place legal limitations — and in some cases, outright bans — on secondary market sales," Flaherty said.

Cavs are being 'good partners'

Since Flash Seats is headquartered in Cleveland, it "makes it far easier for the city to strong-arm the two parties (the Cavs and Flash Seats) into agreeing to collect the tax," Flaherty said.

Dan Williams, the city's media relations director, acknowledged that because the Browns and Indians don't own a secondary market, Cleveland wasn't collecting taxes from above-face-value sales of games involving the other two major professional sports teams in town.

But since the Cavs own a secondary market, and "since someone else is gaining" from a for-profit sale on Flash Seats, Williams said the city is simply enforcing a rule that has been in place since 1995, when City Council approved a 2% increase to an admissions tax that was implemented in 1976.

Williams said fans who are upset about paying admissions taxes on their Flash Seats profits "have rights to dispute it," but they would "have to provide evidence that there was wrongdoing."

Jim Juliano, a member of the management committee at Cleveland law firm Nicola, Gudbranson & Cooper, LLC, has an extensive background in sports law.

"If the city says the admissions tax needs to be levied on the secondary market, then it makes sense to me that the Flash Seats venue should be charged an admissions tax for people who use the service," he said.

That's the tricky part: Does it make sense for the city to go after fans who make a profit on Flash Seats?

A couple Cavaliers season-ticket holders who reached out to *Crain's* were upset with the policy, saying, as Amazing Tickets owner Mark Klang has stated about his lawsuit with Cleveland, that the city was selectively enforcing the tax. They don't have to pay admissions taxes if they make a profit by selling a Browns ticket on the NFL's official ticket exchange, they argued, so why should they if they can find a willing buyer for a Cavs game?

"No. 1, none of the other online sites are doing it," Klang said in reference to his case with the city. "No. 2, I've never seen a tax imposed where you can't offset your losses. Look at the Cavs' preseason games. If I lose X amount of dollars on those three (preseason home) games and make X amount on the first three regular-season games, I have to a pay a tax on profits, but I can't take off what I lost."

The Cavs are just doing what they have been asked by the city, said Tad Carper, the team's vice president of communications.

"We are cooperating, as a good partner would," Carper said.

Klang, with his lawsuit not resolved, hasn't been forced to pay admissions taxes.

The same can't be said for entrepreneurial fans who were lucky enough to secure a ticket to the Cavs' home opener.

As of Thursday afternoon, Oct. 16, Flash Seats sellers were asking between $180 and $20,000 for seats to the Oct. 30 game against the New York Knicks. All of the tickets that were priced at $200 or lower were for upper-level seats that season-ticket holders could have purchased for between $15 and $27 in early July.

Pairs of tickets for the home opener in sections 204, 228 and 229, all valued under $30 each, were recently sold for $200 apiece. The $1,200 haul should mean more than $1,000 in combined profits for the sellers.

The city gets 8% of that cut. A lot more cash will follow in the next eight months.

MetroHealth casts wider net west, adds to Westlake presence

By STAN BULLARD
sbullard@crain.com

By purchasing two parcels to assemble an 11-acre site in Westlake, expansion-minded MetroHealth has planted its flag for an additional presence in the suburb, although it has not yet detailed its intentions for the property.

In two transactions that closed Oct. 8, according to Cuyahoga County land records, the board of the county hospital system bought a 4.5-acre parcel at 29579 Center Ridge Road from Crocker Realty LLC and an adjoining 6.7-acre parcel almost 200 feet south of Center Ridge fronting on Stearns from Coriell Realty Trust. The combined sites surround another parcel at the southeast corner of the Center Ridge, Crocker and Stearns Road intersection.

Asked about its plans, MetroHealth spokeswoman Tina Shaerban Arundel confirmed the Crocker Realty LLC acquisition and said in an email: "We currently serve west side residents by having MetroHealth physicians at two separate locations in Westlake. We are fully committed to improving access to medical care to residents in western communities."

Shaerban Arundel said the hospital paid $1.5 million for the Crocker Realty LLC site. She did not return an email and phone call about the Coriell Realty site.

Although MetroHealth would not amplify its plans, the property is as large as the site of its year-old Middleburg Heights November Family Health Center, a $20 million-plus building that houses primary and specialty care physicians and imaging services in 57,000 square feet. However, the property that MetroHealth acquired in Brecksville is twice the size of the Westlake site.

> **"It will be good news if they are going to invest in the city of Westlake and expand here."**
>
> *– Dennis Clough*
> *Westlake mayor, after being told of MetroHealth's land purchases*

The Westlake location lacks highway visibility, which health systems have craved as they planted suburban locations throughout the region. However, the MetroHealth site connects directly to I-90's Crocker Road interchange and, through Stearns Road south of Center Ridge, connects to I-480 in North Olmsted.

The parcel is half a mile from the St. John Medical Center, the only hospital in the suburb's boundaries, and two miles south of Crocker Park.

The county-owned health system has not yet shared its plans with Westlake Mayor Dennis Clough. He learned of the purchases from *Crain's Cleveland Business*.

"We have been told in the past they want to expand services in Westlake," Clough said. "Until we get a plan, we can't assess it. I'm sure it would be an appropriate location. It will be good news if they are going to invest in the city of Westlake and expand here."

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OPINION

Kasich, again

In 2010, we endorsed Republican John Kasich for governor and stressed the importance of balancing the state's budget. It's that simple, we said then. Kasich would be better at balancing the budget than incumbent Gov. Ted Strickland.

Kasich beat Strickland by 2 percentage points that November. His reward? He inherited a state in bad fiscal shape. Ohio was on the ropes from the nation's economic collapse that began in 2007. The state had lost 350,000 jobs. Unemployment was above 10%. And the budget? It was saddled with an $8 billion deficit.

Fast forward four years, and Kasich has tallied an impressive list of accomplishments, chief among them moving the state's budget from red to black and still managing to create a $1.5 billion rainy-day fund. Under Kasich's guidance, more than 245,000 jobs have been created in Ohio. Unemployment is at 5.7%. Tax breaks for citizens and businesses have totaled about $3 billion. And the state's business climate has been improved, with a retooled economic development effort in JobsOhio.

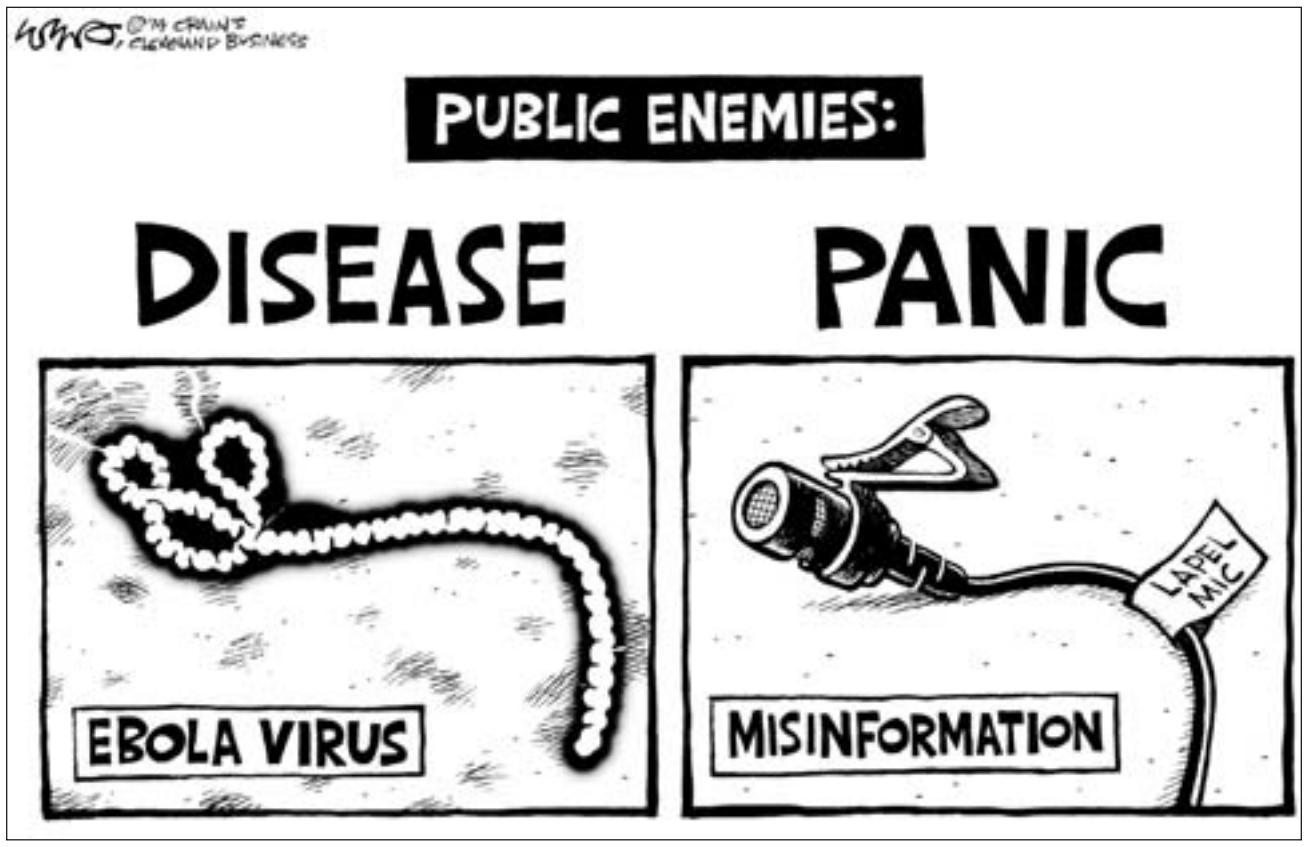
Kasich has also shown a willingness to cross party lines to accomplish what's best for the state and its residents. He expanded Medicaid coverage for low-income Ohioans despite strong opposition from conservative members of his party. He worked closely with Cleveland's Democratic Mayor Frank Jackson to gain legislative support for the plan to transform Cleveland's schools.

It's not been all smooth sailing. Early in Kasich's tenure, voters rebuffed his efforts to cut collective bargaining rights of public employees. He's been criticized for being more of a tax shifter than a tax cutter. Case in point, the state's budget was balanced in part by transferring state funding of programs to local governments and schools. But we believe the decisions he has made, tough decisions that aren't universally supported, were made with the good of Ohioans in mind.

Based on Kasich's record as governor, he's made a strong case for a second term regardless of his opponent. The lack of legitimate Democratic opposition, however, makes the decision even easier.

Going into the race, Cuyahoga County executive Ed FitzGerald faced an uphill battle against an effective governor. His puny campaign war chest made the trek even more daunting. FitzGerald's self-inflected wounds — from a questionable selection of a running mate early on to revelations this August that he drove for a decade without a valid driver's license — have created an insurmountable obstacle.

John Kasich has earned a second term as governor of Ohio. He is a sound fiscal officer focused on balancing the budget and creating jobs for Ohioans. He deserves to be re-elected.



FROM THE PUBLISHER

Full disclosure begins with us

Crain's Cleveland Business isn't a large media operation. We have only 30 people who devote all or part of their workday to us, not including the support we get from Crain Communications corporate headquarters in Detroit (human resources, IT, customer service, etc.).

Our team breaks down like this: 15 women and 15 men. Twenty-eight of us are white, one is African-American and one is Hispanic.

Why in the world am I disclosing this?

A few reasons. The first is because we have begun asking some of you to disclose your breakdowns. It's only fair for us to do it, too.

As you likely know, in virtually every print issue of *Crain's* there is a list. This week, on page 32, we've ranked the highest-paid CFOs.

As we compile data for future lists that rank companies or institutions — largest hospitals, largest employers, largest law firms, etc. — we will begin asking for the racial and gender breakdowns of the workforce.

This is new, so the first lists to include this information won't appear for months.

It's important to point out that providing the information will be optional, and we at *Crain's Cleveland Business* will make no judgment on the numbers (just as we ask you to make no judgment of our breakdown).

JOHN CAMPANELLI

Which brings us to the second reason we're doing this: to establish a baseline.

Where we have been, either here at *Crain's* or you at your company, is not nearly as important as where we are going. Today, 28 out of our 30 employees are white. That's the axis of our new graph.

As we grow our business, we will actively try to recruit, hire, train and retain team members from the largest talent pool possible.

This isn't about quotas or to get our numbers to match up perfectly with the population percentages in the area. This is about getting great workers who bring different life experiences to our office, our coverage and our reporting. That will make us better.

Part of our mission is to empower local business. And nothing can bring local business to a full boil better than a community where every ZIP code is more engaged, more employed and more prosperous.

And as the talent squeeze tightens, businesses need to cast the widest net possible for job candidates. That's just smart business.

Capturing the racial and gender data also does something else. It allows the rest of us to become better aware of those companies and institutions that understand the benefits of inclusion and that have been able to build a strong, diverse workforce that better represents their community and customers.

To build our lists, we often rely on companies volunteering to supply us with data — the number of employees, revenue, etc. The fear is that by asking for racial and gender breakdowns, we will discover that many will simply stop participating rather than revealing numbers that some may view as lacking.

My hope is that we will see *more* participation, from companies that want to reveal their successes or from others that want to set their baseline (whatever it may be) — and then challenge themselves to improve it.

TALK ON THE WEB

Re: Steris' big inversion deal

I'm sure Sen. Sherrod Brown, D-Cleveland, is unhappy.

Why the tax rates that his party espouses — those being the HIGHEST corporate tax rates in the western industrial world — would ever make a company move abroad (de facto) is probably confusing to someone who never worked for a company or had to actually produce anything. Ever.

No, our role is just to sit back and take it, right, Sherrod (and all Democrats)? Just be good boys and pay up.

Sorry it doesn't work that way. You are reaping the results of the tax code that you have foisted on us.

— *WinstonChurchill101*

I think that this is a great idea for all the U.S. shareholders and the U.S. citizens that are Steris upper management, who will reap the benefits. However, since they all believe that the UK is such a great place, they should become UK citizens as well, and even think about moving there.

A real problem in this country is exemplified by this and other inversions and multinational shenanigans. Companies and executives are more than happy to be protected by our country and government, but they don't want to pay for it. It appears that paying taxes and protecting US companies is the job of the "rest of us taxpayers."

I would bet if any one of the Steris upper management was in trouble in say, Russia or Columbia, they would not be calling 10 Downing Street or their House of Commons representatives. — *agnon*

Re: Indians, dynamic pricing and attendance

For a family of four, the $40 seats, 2-4 beers, 2 Cokes, 4 hotdogs, popcorn, peanuts, parking = $250. We're in the upper 8%, but how many times can we qualify going?

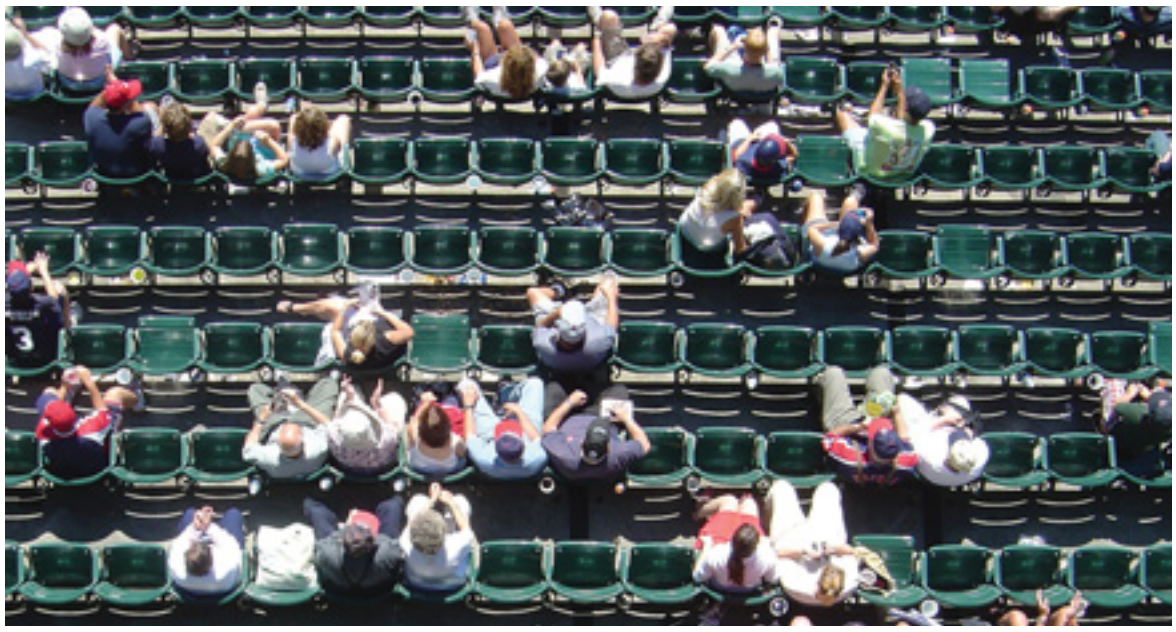
— *Scott Vranic*

Scott, if you're spending $250 for a family of four to go to a game, you're doing it wrong.

A family of four can see a baseball game at Progressive Field for under $100, easily. Hell, can be done for around $60-$70.

— *Matt*

The Indians' attendance woes have nothing to do with the pricing or weather.



CHRIS METCALF/GETTY IMAGES

The Indians' average attendance dropped 6.3% to a norm of 18,428 per game in 2014.

TALK ON THE WEB (CONTINUED)

In the mid-90s to the mid-2000s, there was a sellout every game. Why? Because the team produced offense and there was excitement throughout the game.

Yes, they had great pitching this year, but waiting until the ninth inning or longer to win 2-1 or 3-2 games gets very frustrating for fans who want to see action, as in runs produced.

Add a couple of 100 RBI guys to the lineup and the attendance will be fine. — *Hexman*

Some ideas:

The $1 hotdogs are awful. Maybe increase food quality a little bit? Even the suite food tastes worse than McDonald's.

Build a couple hot tubs/covered heated pool suites!

Free trolley service from a free parking lot somewhere. — *Bob*

Frankly, the Indians' fan experience just isn't fun to get people off the couch, win or lose.

Back in the day of old Municipal Stadium, at least the promotions were entertaining. Management even brought in the San Diego Chicken mascot for several years with surprisingly large crowds.

In this era of high-tech distraction for consumer attention, good luck with the stadium renovations. With an inventory of 81 home games, perhaps the investment to remove those empty seats would've been better served to just have them more affordable to buy.

— *Remember Vic Power*

The entertainment for the casual fan, besides the game, is lacking.

The action on the field is great, but in between innings it's the same games and bits for five years. They still play "Deal or No Deal," and I don't think there are still a lot of fans of that show. A "Price is Right" game using other prices from around the league would be more interesting- a hot dog, a program, and a soda at Fenway and you guess how much.

Trivia could be like "The $10,000 Pyramid." What about a Wiffle ball homerun contest somewhere in the park during a half inning? Or try to strike out your friend? — *Zach*

This is beyond silly.

Prices are NOT an excuse. It's the sluggishness/laziness of fair-weather fans. You don't want to plan ahead, so you complain about the prices when they aren't as cheap as you had heard because you go buy a ticket on gameday during a warm, big-time weekend series.

I'm 26 and paying student debt, and I marvel at how cheap the prices of both tickets and concessions are. Go to ANY OTHER PARK in the country and buy the same seats/concessions/parking you do in Cleveland. You will be spending 35% more, easily.

Do a little research instead of whining because you're lazy. Prepurchased tickets are cheaper. Parking is $10 for a five-minute walk. Park farther away for less and catch a free bus line or RTA.

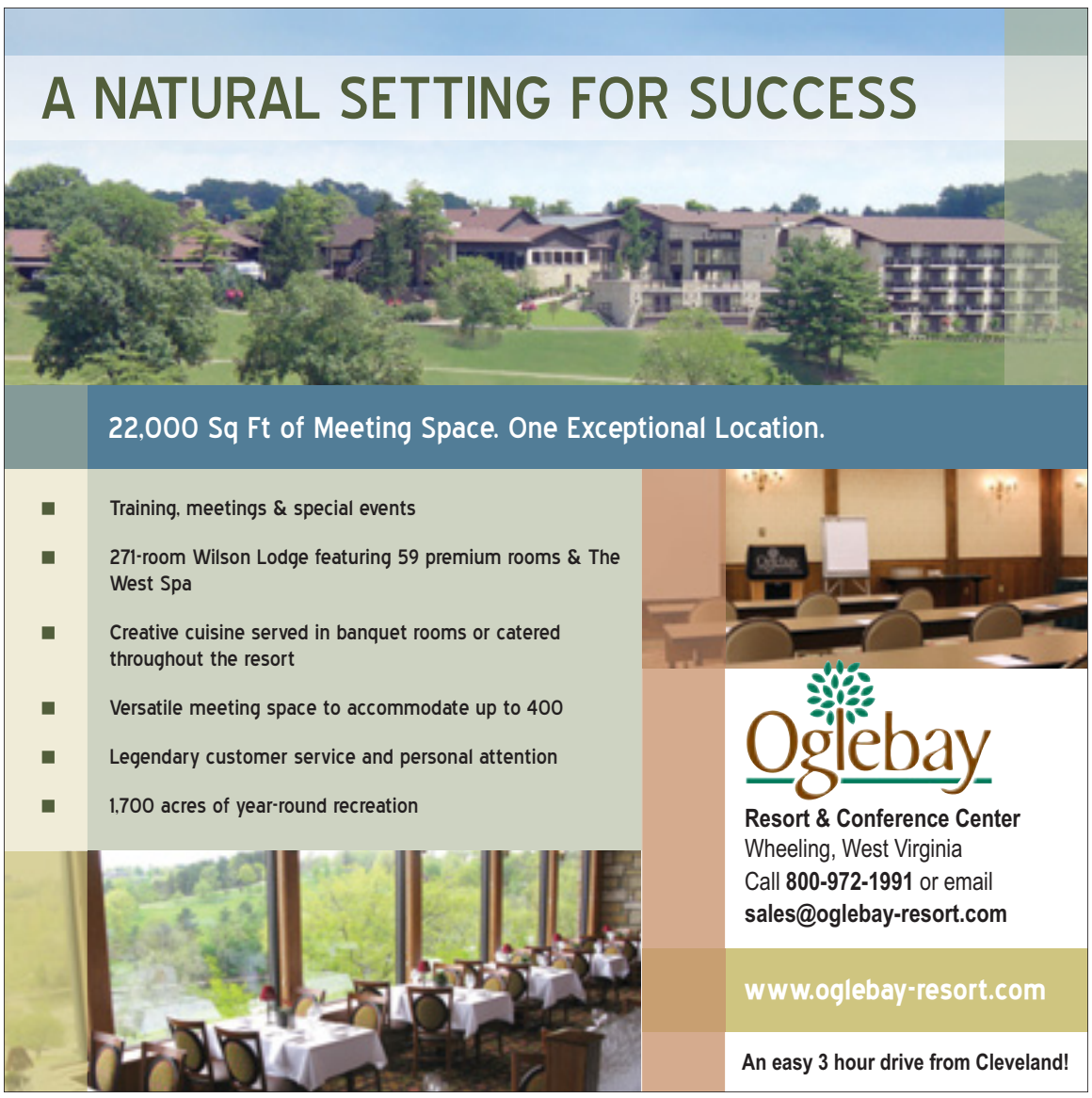
It's really sad how we are so spoiled here with a winning team and can't muster up a few bucks to catch a live baseball game.

— *Karsten Treu*

Re: Future of Cliffs Natural Resources

I think if Wall Street is patient, the new CEO, Lourenco Goncalves, will pull Cliffs out of its current mess.

— *Patriot*



GOING PLACES

JOB CHANGES

CONSULTING

FIVE LAKES PROFESSIONAL SERVICES: Mel Bogo, Lisa Brown and **Casey Morse** to account representatives.

EDUCATION

AGNON SCHOOL: Laura Leventhal to director of institutional advancement.

CASE WESTERN RESERVE UNIVERSITY: Stephen D. Fening to director, Case Coulter Translational Research Partnership, Department of Biomedical Engineering.

MALONE UNIVERSITY: Timothy A. Bryan to vice president, communication and marketing.

NORTHEAST OHIO MEDICAL UNIVERSITY: Andre Burton to executive director, Office of Diversity, Equity and Inclusion.

ENGINEERING

MIDDOUGH INC.: Carl Wendell to executive vice president, chief operating officer.

FINANCE

FIRST FEDERAL LAKEWOOD: Mary Ann Stropkay to senior vice president, residential lending.


Bryan


Burton


Stropkay


O'Donnell


Marusiak


Eberlein

WESTFIELD BANK: Lenora Morse to vice president, commercial lender.

FINANCIAL SERVICE

BOBER MARKEY FEDOROVICH: Jon O'Donnell to senior manager, taxation services; **Stefanie Marusiak** to director, administrative services; **Jessica Tepus, Nicole Hughes, Shawn Carlson** and **Mathew Stewart** to managers; **Olga Lozovyy** and **Michael Bigler** to supervisors; **Amy Glomski, Nate Lieb, Claire Schwab, Jennifer Martin** and **TJ Hon** to seniors.

FIFTH THIRD SECURITIES: Jeremy Eberlein to vice president, managing director, investment banking.

STEINKE VERTAL LANGDON & DRUM INC.: Bill Stasuk and **Don Jacobson** to partners and owners; **Sarah Patrick** to staff accountant.

HEALTH CARE

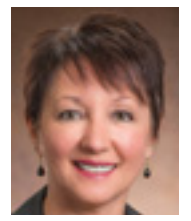
UNIVERSITY HOSPITALS BEDFORD AND RICHMOND MEDICAL CENTERS: Indiresha R. Iyer, M.D., to cardiologist and electrophysiologist.

VISITING NURSE ASSOCIATION OF OHIO: Michelle Kerr to director of clinical operations; **Lynne Gervasi** to director of quality; **Linda Ambrose** to director of hospice; **Jeanne McMahon** to manager, community relations and special events.


Iyer


Kerr


Gervasi


Ambrose


McMahon


Sutherland


Mrosko


Coyne

HOSPITALITY

RITZ-CARLTON CLEVELAND: Hollie Ksiezyk to business travel sales manager.

LEGAL

DRIGGS, HOGG, DAUGHTERY & DEL ZOPPO CO. LPA: Robert A. Jefferis to associate.

MANUFACTURING

LUBRIZOL CORP.: J. Mark Sutherland to director, public affairs and president, The Lubrizol Foundation.

MARKETING

THINK MEDIA STUDIOS: Mary Hipp to vice president, sales and marketing; **Chelsie Corso** to junior editor.

NONPROFIT

CASE ALUMNI ASSOCIATION: Terri Mrosko to senior director of alumni engagement.

EVI-BASE COMMUNITY CARE: Helen M. Dumski to vice president; **Stacey Rokoff** to chief program officer.

REAL ESTATE

REDWOOD LIVING: Jill Silloway to executive vice president, finance.

SERVICE

EVI-BASE: Patricia Emser to vice president, operations.

BOARDS

INDEPENDENT COLLEGE ADVANCEMENT ASSOCIATES: John Coyne (Hiram College) to president.

AWARDS

AMERICAN COLLEGE OF BOND COUNSEL: Bruce Gabriel (Squire Patton Boggs) was named a Fellow.

Send information for Going Places to dhillyer@crain.com

STEAKHOUSE

continued from page 5

owners Melissa and Aaron Miller to work with smaller Northeast Ohio farms that can augment Urban Farmer's need.

"This relationship and the increasing demand from other local restaurants has helped shaped some of our thoughts about helping other local farms grow," Melissa Miller said.

Gaining ground

About a year prior to Urban Farmer's opening, upper management toured various farms to evaluate their operations and establish relationships. New partnerships also have unfolded as a result of Urban Farmer kitchen staff having connections with local farms through previous employment at other local restaurants.

The Cleveland location opened in May with a Portland-esque menu, then deviated from it after one month, crafting its own version around Ohio ingredients like ramps, walleye and chanterelle mushrooms. Now in its third seasonal menu change, the focus has turned toward winter.

"We're trying to get as much local squash, pumpkin, sweet potatoes, broccoli and cabbage as we can," Cecchi said. "And we're busy with pickling projects so we can preserve the local food."

Local sourcing has its limitations, though, as partner farms don't produce enough to sustain demand. While Miller Livestock provides some of the whole animal grass-fed beef, most of Urban Farmer's product originates from Georgia.

The ability to replace imported product with more locally raised beef is among the opportunities the chef will be studying over the next couple months, while conceptualizing next year's menus.

"The second year will focus on developing these relationships and guaranteeing they can meet our demand," Cecchi said.

Against the grain

Urban Farmer Cleveland is not a homegrown concept. An offshoot of the Portland namesake, the 216 iteration is a vision of Denver-based Sage Restaurant Group, which aims to transplant the chef-driven farm-to-table steakhouse into other U.S. markets.

Particular focus surrounds Urban Farmer Cleveland's dependence on local farmers, not only because it positions itself as such, but also because it's laying a roadmap for those future steakhouse siblings.

General manager Troy Christian is pleased with the eatery's five-month new market foray. Monthly sales have been averaging $450,000, which is about 10% above initial projections.

"We're looking carefully at how this restaurant translates into the Midwest. It's a great example for investors and for Sage," Christian said. "So far, I'd say this concept has legs."

CRAIN'S CLEVELAND BUSINESS

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THIS PAST SEPTEMBER, 160 "EXPATS" RETURNED HOME TO DETROIT TO

RECONNECT, REINVEST AND REINVENT

WHAT DID THEY FIND WHEN THEY ARRIVED?

Crain's Detroit Business invited 160 prominent Detroit-area "expats" to reconnect with their hometown, see first-hand the reinvention taking place, and discover opportunities to reinvest in Detroit. Maybe The Detroit Homecoming was historic. But we know it was just a beginning. The "expat" Detroiters are now on a mission to make a difference in their hometown. You can read about it — and see the video — at **detroithomecoming.com**.

"We're ready to buy a business here tomorrow," Warren Buffett, chairman and CEO, Berkshire Hathaway

"If Detroit was a stock, I'd be a buyer,"
Dan Doctoroff, president and CEO, Bloomberg LLP

"Detroit is big enough to matter in the world, but small enough that you can matter in it,"
Sara Sefcovic, vice president, Sloane & Co.

"I hang around a lot of cool crowds and this was the coolest ever. The genuine connection of Detroiters and the careful selection and recruiting you did created a magical grouping,"
Jules Pieri, co-founder and CEO, The Grommet

"Detroit needs to be about continuous improvement, multi-tasking the challenges of today while continuing to build a culture of success and optimism,"
Mike Jbara, president, Alternative Distribution Alliance

ATTENDEES INCLUDED

Eric Lefkofsky, CEO, Groupon | **Don Green & Michael Budman**, co-founders, Roots | **Eric Ryan**, co-founder, method | **Bob Shaye**, founder, New Line Cinema | **Nicole Curtis**, host, Rehab Addict | **George "Iceman" Gervin**, NBA Hall of Famer | **Mike Posner**, multi-platinum recording artist | **Eli Broad**, founder, KB Home & Sun America | **Dan Doctoroff**, CEO, Bloomberg | **Jalen Rose**, NBA star | **Rebecca Blumenstein**, deputy editor in chief, *The Wall Street Journal* | **Quintin Primo III**, founder, Capri Capital Partners | **Braylon Edwards**, NFL star | **Mike Jbara**, president, ADA Worldwide, Warner Music Group | **Daniel Levin**, chairman & founder, The Habitat Company | **Ilan Zechory**, co-founder, RapGenius.com

Find out what happened and keep up with future plans as they unfold at **detroithomecoming.com**

DETROIT HOMECOMING

CRAIN'S
SMALL BUSINESS

Putting faith *in* the business

Local companies that incorporate religion into the workplace believe it gives them a sense of balance during hectic times

By RACHEL ABBEY McCAFFERTY
rmcafferty@crain.com

Truline Industries Inc. didn't always place faith at the center of the family-owned company's mission. In fact, CEO Court Durkalski said his father once ruled the company with a bit of an iron fist.

Durkalski said his father had been fighting against a union campaign in the 1980s when he came to the realization that he was the source of employee complaints. He began using his recently strengthened religious faith as a guide for his behavior in the workplace.

Today, the Chesterland-based maker of fuel pump components uses Biblical principles to guide the way it treats employees and customers.

"It was a big change," said president Stuart Watson of the transition.

Adam R. Kaufman of advisory and investment firm FO Advisors LLC of Canton said he thinks there are more company leaders incorporating faith into the workplace than the public might realize.

Kaufman organized an elective morning Bible study for the annual Entrepreneurs' Organization conference, held this year in Cleveland. The theme of the session centered

See **FAITH,** page 20

JANET CENTURY

Truline Industries Inc. president Stuart Watson, left, holds a lightweight fuel pump bearing the Chesterland company manufactures. CEO Court Durkalski displays a photo he took from the business' mission work at a school in Nairobi, Kenya.

MORE INSIDE

Point To Point adjusts, has a more analytical view

By CHUCK SODER
csoder@crain.com

Mark Goren used to be in the typesetting business. So he knows what it's like to watch a new trend tear a healthy business to shreds.

That's why he spent the last two years rebuilding his ad agency, preparing it for what he calls the "B2B Buyer Revolution."

Today, he doesn't even describe Point To Point as an ad agency.

The Beachwood company now has a much larger management team — which includes Jim Spira, a change management expert who spent a few years as president of American Greetings — and a much bigger staff.

But what was once an agency focused on the creative side of marketing now has a more analytical focus.

Point To Point now spends more time helping its clients learn as much as possible about the customers they want but don't have. And then the firm helps them come up with formal strategies designed to lure those customers.

In the process, Point To Point shed some old clients who just wanted marketing materials. But the 32-year-old company also gained new clients, who tend to be large businesses that sell products to other businesses. Thus, Goren's new "B2B customer engagement agency" has been increasing its revenue by roughly 40% annually since 2012.

However, it spends more money, too. Point To Point employs 27 people today, up from 16 at the end of 2012, and many of the new hires are executives.

Point To Point needed to expand and shift its focus to ensure its long-term survival, according to Goren, the company's CEO.

"The role of a small agency does not match up to the business reality I am seeing," he said.

So what has changed?

Today, people who make purchasing decisions at businesses can find lots of information online. So they're becoming more like car buyers who do most of their research before showing up at the dealership, Goren said.

He cited this statistic: Businesses typically do 57% of their due diligence before telling anyone that they're in the market for a product or service, according to a 2012 study produced by CEB, an advisory services firm that helps member companies share best practices.

Goren said those customers are like sharks that can't be seen until their fins emerge. If you want to catch them, you have to figure out what those customers are thinking before they make themselves known, he said.

And if you don't?

"You'll lose the sale — and maybe your arm," he said.

Opportunity knocks

That CEB statistic, and others like it, pushed Goren to start making big changes.

One of his first moves was to appoint Spira as chairman of the board. Spira now is a shareholder of Point To Point, though Goren wouldn't say whether he made an investment.

Spira, who turns 72 this week, said he serves as "an actively involved coach" who attends management meetings and occasionally works with Point To Point's clients services teams.

Spira was keen to work with Goren — they hit it off two years ago, after Point To Point built Spira's personal website. But he also wanted another chance to help guide a company through a period of change.

He's done it before: As the founder of Cleveland Consulting Associates — which was sold to Computer Associates in 1989 — he

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spent much of the late 1970s helping companies respond to rising oil prices and the deregulation of the transportation industry. Then, in 1995, he became a managing partner at Diamond Technology Partners, a Chicago company formed to help companies take advantage of the Internet.

Spira also helped guide American Greetings into the Internet age, first as a consultant and then as president and chief operating officer in the early 2000s.

"Being in a marketplace undergoing truly revolutionary change creates opportunity for the enterprise," he said.

Goren

Spira

Room for more

Point To Point has hired six other executives this year, including four in new positions. They give the agency more expertise in areas such as customer behavior analytics, social media, public relations and digital marketing. The company continues to hire employees beneath them, Goren said, noting that Point To Point has four open positions.

The company already has hired new employees focused on search engine optimization, project management and client services. Some of them replaced others who weren't the right fit for Point To Point's new direction, Goren said.

"We needed to change the talent mix in our company," he said.

Making drastic changes can be tough, but years ago Goren learned the hard way that companies have to adapt to new trends quickly.

His father, Marty, founded Typesetting Services Inc. with two partners in 1965. That business was doing just fine until the personal computer came along and decimated the almost-ancient typesetting industry. Most of the company's business dried up within a few years, though it managed to survive until 1997.

So Goren isn't about to let changes in businesses' buying habits catch him flatfooted.

"I believe that we're at that inflection point right now," he said.

TAX TIPS | CARL GRASSI

'Material participation' can be tough to prove

Planning to transition the ownership and management of a business from the retiring "boomer" generation to the next generation presents challenging business, tax and other legal issues.

One issue in structuring this transition is how a retiring business owner can "materially participate," and therefore be considered active in the business for tax purposes, after he has transitioned the business to his children.

A taxpayer who is active in a business can take advantage of several tax planning techniques, such as reducing the Net Investment Income ("NII") tax on S corporation profits.

But, can a taxpayer who has moved to Florida remain active in an Ohio manufacturing operation? A tax court case recently explored this issue.

You may recall that the NII tax is a 3.8% tax on investment income to the extent that the taxpayer's adjusted gross income (with some modifications) exceeds $250,000 (for married couples filing jointly).

"Investment income" for purposes of the NII tax includes allocations of business income from S corporations, but only if the owner is not active in the business.

Historically, taxpayers have tried to qualify as active in their businesses to avoid the limitations on offsetting other types of income with losses allocated from their businesses.

The imposition of the NII tax now makes it important to qualify as active even when the company is profitable.

In the tax court case, a father transitioned management of two S corporations (in which he and his wife continued to own a significant interest) to his son.

He continued to periodically visit the facilities and call on customers, even though he had moved to Florida.

The companies began struggling on account of a variety of factors. The father therefore made additional trips to the facilities to boost employee morale, secured additional financing and increased his research and development activity, ultimately developing a new product.

He asserted that this level of activity met the "material participation" standard, and that he should be able to deduct over $3 million in losses allocated to him from the business.

There are a number of tests that taxpayers can use to satisfy the "material participation" standard. The most common test that many are familiar with is where the taxpayer participates in the activity for more than 500 hours during the year.

Normally a "retired" business owner would expect (as did the father) to spend less time than that in the business.

Other tests for meeting the material participation test typically cannot be satisfied if the business is run by someone else on a full-time basis.

Grassi is president of McDonald Hopkins LLC.

In this case, however, the tax court focused on another test — the "regular and continuous" test, where the taxpayer participates in the activity on a regular, continuous and substantial basis during the year, for at least 100 hours.

The difficulty in meeting this test in most cases is that "management activities" do not count toward the 100-hour threshold if the business is being managed by someone else.

In this case, although his son was managing the businesses, the father's activities were geared more toward product development and securing financing, allowing him to argue that he met the 100-hour test.

It is understandable that the IRS equated a move to Florida with the absence of active participation. The tax court disagreed, and found that the father's efforts were "regular and continuous," and that he did spend more than 100 hours participating in the companies' activities during the year.

Even though actual management of the companies had been turned over to his son, this fact did not preclude the father from meeting the material participation test based on his non-management activities.

There is nothing in the tax court's opinion to suggest that a semi-retired business owner needs to save a financially struggling company or invent new products in order to meet this material participation test.

Rather, material participation is measured by more than 100 hours of regular, continuous non-management activities.

This case illustrates that it is possible to step down from having primary responsibility for running a business but still be considered active in that business for tax purposes, even after "retiring" to Florida.

It also illustrates that the question of "material participation" depends on the facts and circumstances of a particular case.

If material participation will be a key issue in determining whether an owner will be able to exempt business income from the NII tax, business activities should be carefully planned and documented in a way that is consistent with the material participation rules.

ADVISER | TONY DICK

Out of sight, but not necessarily out of mind

In the wake of the firestorm surrounding the NFL's fumbling of the Ray Rice matter, the league has pledged to crack down on domestic violence and other off-the-field conduct.

It has followed through on this promise in certain respects with the indefinite suspensions of Adrian Peterson and Greg Hardy for their recent run-ins with the law.

Of course, Cleveland has not been immune from its own off-the-field issues this season, as Josh Gordon continues to sit following his violation of the NFL's substance-abuse policy.

In light of the current NFL news cycle, it would seem many employers would benefit from a quick primer on what is and is not permissible in enforcing employment policies outside the workplace.

Dick is an attorney with the Cleveland office of Fisher & Phillips LLP. He specializes in labor and employment litigation; employment discrimination and harassment; retaliation and wrongful termination; and hospitality law.

■ **At-will employment:** The NFL is unique in that player conduct and disciplinary matters are guided by a collective bargaining agreement.

Most employees are employed at-will — meaning they can be terminated at any time, for any reason, as long as the reason is lawful. Although the doctrine of at-will employment gives employers relatively wide latitude to carry out their policies, employers' rights are more limited when it comes to monitoring and disciplining off-duty conduct.

In large part, this is due to the fact that many states and the federal government have enacted various laws and regulations in an attempt to address the several competing interests at play.

On one hand, there is the employee's right to be free from the employer's control while away from work, and to engage in conduct that may have no impact on his or her work performance.

On the other hand, there is the employer's desire to enforce its policies in order to minimize liability, protect its reputation and maintain employee productivity.

■ **Illegal off-duty conduct:** Although employers are often justified in terminating or failing to hire an employee convicted of engaging in illegal off-duty conduct, the general rule is that the employer must demonstrate that its decision is job-related and consistent with business necessity.

For instance, a taxi company would likely have a valid interest in discharging one of its drivers who was convicted of driving under the influence during non-working hours.

After all, a failure to take remedial action could lead to a claim for negligent hiring or negligent retention against the employer down the road.

However, if the facts are modified a bit and the employee convicted of driving under the influence is a dispatcher at the taxi company who has no driving responsibilities, it becomes much less clear whether terminating the employee would pass scrutiny.

■ **Marijuana:** Though several states and local municipalities have eased restrictions on marijuana, it is still illegal at the federal level.

As a result, employers are generally able to refuse to hire or may discipline employees for marijuana use when the decision is job-related and consistent with business necessity.

However, a couple of states, including Arizona and Rhode Island, have enacted laws restricting employers' rights to terminate or otherwise take adverse employment actions against registered medical marijuana users.

■ **Tobacco:** In recent years, more and more employers have enacted policies forbidding smoking on or off company property in an effort to control health care costs and other expenses.

There is nothing under federal law that limits employers' abilities to ban smoking both at work and away from the job site.

But in many regions of the country, company policies that refuse to hire smokers are expressly prohibited. For example, Connecticut, Washington, D.C., Indiana, Kentucky, Louisiana, Maine, Mississippi, Missouri, New Hampshire, New Mexico, South Carolina, South Dakota, Tennessee, Virginia, West Virginia and Wyoming, among others, all have statutes protecting the rights of employees to smoke away from company premises.

■ **Social media activity:** As many employers have learned the hard way, the National Labor Relations Act applies to the private sector and may restrict an employer's ability to terminate an employee for posting disparaging comments on social media.

An employer also may violate the NLRA by maintaining an overbroad social media policy if it could be construed by employees to prevent them from discussing their wages or other conditions of employment.

■ **The bottom line:** As with all business decisions, careful consideration is required before attempting to regulate the off-duty conduct of employees and prospective employees.

What may be legal in one jurisdiction may not pass muster in another.

A wise employer seeks wise counsel to avoid the many possible legal pitfalls that exist when attempting to enforce employment policies outside of the workplace.

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FAITH

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on the concept of servant leadership. Kaufman, who was serving as the conference chairman, said he was expecting five to 15 attendees out of 350 registrants, but received closer to 25.

One of the attendees was Anthony John Miranda, president and chief operating officer of Cleveland-based engineering services firm Alphaport Inc. Miranda said he's "constantly taking a pause" and reflecting on Bible verses when it gets hectic at work. He even dedicates an hour each morning to prayer and Scripture. His faith helps him be a more thoughtful leader, he said, one who is accountable to more than just the government.

The Golden Rule

Incorporating faith into the workplace allows company leaders to bring their worlds together, said John D. Beckett, chairman of heating and energy equipment maker R.W. Beckett Corp. in North Ridgeville and author of "Loving Monday: Succeeding in Business Without Selling Your Soul" and "Mastering Monday: A Guide to Integrating Faith and Work." It also encourages the idea of respecting all employees, as man is created in the likeness of God.

"It's an approach to business that leaves people feeling whole instead of used," Beckett said.

While the Bible doesn't include specific business instructions, it does require individuals to love others as they do themselves, said Durkalski, who also has written a book on the topic. That means you have to trust people as you would trust yourself, an admittedly difficult task, he said.

"We truly do operate in a way where we believe God owns the business," Durkalski said.

When Durkalski returned to the company in 1991, following his brother's death, he had to work hard to regain the trust he had lost with employees while struggling with alcohol and drug addiction. Though it was a "really difficult transition," Durkalski, who had turned to faith after a failed relationship, eventually won them over by being humble and consistent in his actions.

> **"It's an approach to business that leaves people feeling whole instead of used."**
>
> *– John D. Beckett*
> *chairman, R.W. Beckett Corp.*

Joe Trunkely, who retired from Truline earlier this year after 36 years, said the company treated its employees "extremely well." It was a gradual change when the leadership started guiding the company by faith, but a big one. There was a rule book, he said, but everyone was treated individually.

The concept of grace in leadership can be difficult, Durkalski said. It's easy to have a set policy in which someone who's late three times gets fired; it's more difficult to work to understand why they're late and see if there's a way to help. Durkalski said employees are encouraged to talk about their problems and seek help if they need it.

"We want the best for them and their families and their life," Durkalski said.

Putting it to work

Under the Truline approach, that includes offering unlimited sick time to its 68 full-time employees and donating 8% to 10% of gross revenue toward relief for social issues, such as child hunger.

Operating a business by Biblical principles can be a challenge when working in a culture that doesn't always share the same values, Beckett said, giving an example of a time the company essentially was asked to make a bribe in a deal in an Asian country. Though the company could have lost the deal if it turned it down, Beckett said they declined — and the agent who had asked said it wasn't a problem, after all.

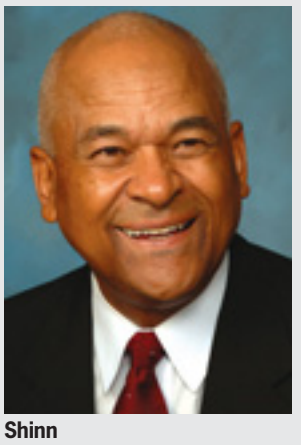
The important thing is to foster a company culture in which the decisions made in the margin are the right ones, not the easy ones. Beckett said it's important to be intentional with the implementation of such a culture, walking employees through situations as they arise. Beckett has about 700 to 800 employees in its family of businesses.

Beckett came to his business approach after turning more fully to his faith after the death of his father, which left him at the helm of the company at 26, and a fire that nearly destroyed the business shortly thereafter. His strengthened faith posed a dilemma at first, because he didn't have a model for people who were serious about their faith in the business world.

Instead of formally communicating his new approach with his employees, Beckett decided to apply Biblical concepts to situations as they arose. He said he's glad he let his actions speak for themselves, because people aren't concerned with what someone says.

"They're more interested in how it affects your conduct and your life," Beckett said.

READINESS PROGRAM IS DOING JOB



Shinn

The idea of looking at a job as more than just a paycheck is a theme that runs through the Jobs Partnership of Greater Cleveland's programming.

The faith-based job readiness program includes the typical training components, such as how to do an interview, but it also includes sessions on the Biblical foundation of work, said certified financial planner and former General Electric manager and engineer Mike Shinn.

The program is run through the Mt. Zion Congregational Church and is an offshoot of the church's volunteer-run, economic development-focused Christian Business League, of which Shinn is the chairman.

While there's no specific group membership, about 90 people attend its quarterly Faith and Finance breakfasts, Shinn said.

The free, 10-week job training program is open to anyone looking for employment, Shinn said. Each session includes the more typical job readiness training, as well as a conversation on what God says about what makes work important.

Participants don't have to be members of the church. In the eight or nine years the program has been in Cleveland, about 80% of participants have gotten a job, Shinn said.

"This program works," he said.

FAITH AT WORK

Rebecca J. Bennett, a shareholder at Ogletree, Deakins, Nash, Smoak & Stewart P.C. in Cleveland, encourages her clients to be inclusive when they're looking to integrate faith-based principles into their mission.

Inclusive employers, those who hire employees with a variety of different faith traditions, don't want to run the risk of mandating what people do in their personal lives. A company can have employees support its mission through the course of their work, Bennett said, but cautioned against trying to legislate the religion or issues the employees support outside of the job.

Susan DiMickele, a partner in Squire Patton Boggs' Columbus office, said it's important to note that employers can't discriminate on the basis of religion, especially in terms of hiring or conditions of employment.

There are exceptions to that rule, such as for churches or faith-based organizations. If a company wants to require a specific religious background in a job candidate, management can apply for a bona fide occupational qualification from the Ohio Civil Rights Commission.

— Rachel Abbey McCafferty

HR Resources Growth Performance

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Crain's Cleveland Business Custom Publishing HR Leadership Group of Northeast Ohio

PRESIDENT'S LETTER

Taking HR to the next level

We are grateful to *Crain's Cleveland Business* for recommending that a special supplement be dedicated to human resource topics. The HR world and its priorities have evolved from the days of "personnel departments" to addressing strategic imperatives such as employee engagement, productivity, talent acquisition and development.

A top CEO priority is having the right leaders and staff deployed appropriately with a great corporate culture. These are at the heart of our profession and your business. More recently employee engagement has become a focus. The more engaged your workforce is, the more productive, directed and positive your employees will be. This leads to better profitability and better business results.

The key factors to engagement are communicating a vision and developing people. Vital HR programs such as succession planning, leadership development and community involvement help achieve this.


Broadbent

The HR Leadership Group of NE Ohio has prepared the articles featured in this special section to help you address business priorities. Our organization's members are HR professionals such as HR vice presidents and directors, leading consultants and academia. Our common focus is to address leading edge thinking in human resources to remain effective and aligned with business strategy.

We invite all senior business executives to attend our events held bi-monthly at 8 a.m. at the Embassy Suites hotel off Rockside Road in Independence. This year's topics include:

November 13: *Appreciative Inquiry* by David Cooperrider of Case Western Reserve's Weatherhead School of Management.

June 15: *Truly Human Leadership* by Bob Chapman, CEO of Barry-Wehmiller Companies.

March 5: *Private Health Exchange: Case Study from an Early Adopter* by Marty Guastella of the Oswald Group.

May 14: *Prepare Now for the 2020 Workplace* with award-winning author Jeanne Meister of Future Workplace.

As HR leaders, we recognize that managing people can be a complex part of the leadership role. HRLG offers an open forum for your HR leaders to stay on the cutting edge of topics, solutions and best practices through learning from industry experts and networking with local leaders.

Best Regards,

Brian Broadbent
President of the HR Leadership Group

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EMPLOYMENT ADVANCEMENT

CREATING CONSTRUCTIVE PERFORMANCE REVIEWS

By TOM AULT

In today's team and collaborative environment, having a performance review with employees is a great communication and evaluation tool.

However, with most companies conducting some type of performance review, a 2009 Reuters poll reported 4 out of 5 U.S. workers are dissatisfied with their review. So how can you conduct a review that will be beneficial, to both you and the employee?

When done well, these benefits of performance reviews are established:

- Employees benefit from regular discussions about performance with validation that they are doing the right thing and receive coaching when they are not.
- Organizations benefit by communicating priorities and providing feedback in order to help employees improve.
- Managers benefit by having capable people in their organizations that achieve results.

Ault

Standout companies typically have a performance management cycle that starts with performance planning. This continues with regular checkpoints where performance is discussed and ends with a formal performance summary of the review period. This cycle can include formal reviews, informal coaching and feedback sessions. Standout companies usually follow these principles:

- Performance management is a shared responsibility. The employee, manager and company all own a piece of it to be successful.
- Employees "own" their development. It is up to each employee to decide what to develop and be motivated to do so.
- There should be no surprises. Regular conversations should be open and two-way.
- All employees have strengths and improvement opportunities.
- Goals and objectives can be adjusted throughout the year.

There is a range of how companies handle performance reviews — from the non-existent to the regular formal and informal coaching that standout organizations provide. Many times, it comes down to how comfortable a manager is in conducting a review. Some are good at it and others are not. It certainly helps when there is a process, methodology and a culture that allows for open feedback.

Companies that provide training and coaching on conducting performance reviews set the expectation of what should be done and measure how well the process is being implemented. This ensures continual improvement in the process. Build trust between yourself and the employee, and you are on track to being a standout company.

Tom Ault is director of technical training and a trainer at ERC. Contact him at (440) 947-1290 or tault@yourerc.com.

Align talent development with organizational goals

By AMY LANE

It is well recognized that the people in any organization generate its competitive edge. How do you assure that an investment you make in your employees' development ties to the corporate strategy and provides a return on investment for the organization?

As with any initiative, it requires vigilant planning, sound execution and disciplined follow-through.

It is not uncommon for a manager to observe an employee's behavior and decide that training is in order. Vigilant planning assures that the training aligns with the employee, departmental and organization-wide objectives. To plan the right training, the organization should take a holistic approach:

- Find out from the organization's leadership the top strategic initiatives in the coming one to two years.
- Gain insight into the challenges facing the organization and what skills and competencies employees will need to address the strategic priorities.
- Review performance evaluations and look for recurring themes in a broad range of employee development plans.

Research proves that a manager's engagement with an employee's learning experience prior to and after the learning event is the most critical component for the transfer of learning to the workplace. This is true for executive leadership development, mid-management training or individual contributor programs. The two should review the objectives of the training, set expectations of how the employee will apply the learning, decide on what action the employee will take as a result of the training and discuss how to overcome potential challenges.

Lane

Sound execution requires more than just the employee's attendance at the training event; the employee and his/her manager must engage before and after the training for real, sustained results.

For any talent development investment to provide a return, the employee must be held accountable for applying what he/she learned in a training program to the workplace. This may take the form of coaching sessions, action plans, project assignments and/or report-outs, among other activities. Managers should expect follow-up work that applies the learning to the employee's job responsibilities. Disciplined follow-through requires skills practice so that the organization can be sure that the training has the expected impact.

Sustained growth comes from an organization's investment in its employees' learning and development. Well-planned, carefully executed training with deliberate follow-through will build the necessary employee skills to drive your organization's strategic goals.

Amy L. Lane is associate vice president for corporate and professional development at Kent State University. Contact her at (330) 672-5828 or Alane@kent.edu.

What can employers do to address the skills gap?

By DIANA L. CLARKE, Ph.D.

Volumes have been written in the past few years on the dearth of skilled applicants for various positions. We all have known the demographics are shifting as the workforce ages and the Baby Boomers leave the workforce, albeit later than anticipated. Knowing this will happen and addressing the gap are two different issues. Some employers and business sectors are feeling the pain of the "skills gap" more dramatically than others. This has led to consortiums and workforce initiatives to address the gap for small groups of employers. The Manufacturing Consortium in Medina County and the Make It in America grant are examples.

What can the employer do to address these issues in their own company today, rather than wait for large programs to be piloted (or federal initiatives to move through the government mire)?

One program with much success was funded by the Rite Board Foundation. A process of work profiling and MaXXattain were used to analyze the gap. It was a joint effort between several groups and has been recognized as a model program for the U.S. The focus was on the computer science area, yet the process can be used for any role. There are several things employers can do:

Clarke

- Identify the positions with the greatest need.
- Use work profiling to clearing articulate the KSAs (Knowledge, Skills & Abilities) and personal characteristics for success.
- Test the potential candidates with a system that maps to the work profile.
- Identify the gaps between the job and the person.
- Identify employees who have gaps that can be bridged through training.
- Hire and train, use collaboration with Workforce Development (WIOA) if available.

The skills gap is a major issue today and can be bridged with effort. We need to attract the young to the various positions with the greatest needs and be able to know where each person fits best. As we articulate the gaps clearly in the "in demand" positions and plan on-the-job and classroom training to address the gaps, we will achieve success. Now is the time to start clarifying what the gap means in your company.

Diana L. Clarke, Ph.D., is principal with Silverwood Associates and a senior consultant at Assessment Technologies Group. Contact her at (330) 239-1646 or silverasoc@aol.com.

EMPLOYMENT ADVANCEMENT

Developing leaders should be a priority

By AMY B. SHANNON

Strategically, leadership development necessitates a multi-faceted approach. Effective organizations grasp the concept of cohesiveness: alignment of business strategy, goals and objectives with talent development. Now more than ever, workplace culture is being transformed by four (and soon to be five) generations in the workforce at one time. Why is this important? The future demographics of the U.S. workforce will shape the future talent pool. As business leaders, it is imperative to plan for the future transformation of the workforce. Inevitably, over the next six years a significant number of Baby Boomers will exit the workforce, taking their knowledge, skills and abilities with them.


Shannon

Fundamentally, can you identify the key drivers of success now and in the future? Identifying these drivers will result in your organization's ability to establish a sustainable talent pipeline, create attractive retention strategies that appeal to multiple generations in the workplace, and continually develop internal leaders and "high potentials." Tomorrow's leaders are catalysts to future organizational success and profitability.

Does your current culture, leadership lineup, processes and systems support the direction of your organization? Enhancing the talent acquisition process requires creation of talent profiles that incorporate core competencies necessary for current and future requirements to support a sustainable pipeline.

Critical success factors for organizations include:

- Leveraging non-traditional social channels and resources into sourcing strategy.
- Keeping abreast of shifts in technological advancements.
- Maintaining organizational reputation within the community.
- Conducting assessments of internal talent pool to identify individuals with leadership potential.
- Supporting leaders that will establish professional networks thereby further enriching the organization's reputation in the community.

According to the Center for Creative Leadership's 2014 World Leadership Survey, "Employees of all ages and levels believe that effective leaders are humane-oriented, participative, team-oriented, and charismatic." Therefore, it is highly plausible for an organization to cultivate a singular strategy for leadership development and retention. Employee engagement is a key driver of retention. There are several ways to motivate employees through advancement opportunities, dynamic culture, meaningful work, recognition, responsibility and support. Organizations must determine critical core leadership competencies and then provide opportunities to enhance skill sets through executive coaching, job rotation programs, special assignments, mentoring, training and volunteer activities. Technological advancements reduce geographic limitations, which provides expansive access to coaching, mentoring, and participation on project teams.

The development of leaders is not a "one size fits all" approach. Rather, it should be a priority of the organization with senior management support to customize strategies to meet the needs of all levels of the organization.

Amy B. Shannon is president at Pinnacle Leadership Solutions, LLC, and partner in Your Partner in HR. She has specialized in executive coaching, leadership training and organizational development for over 20 years. She is vice president and a board member of the HR Leadership Group Association and is chairperson of the Faces of Hope campaign for Volunteers of America. Contact her at ashannon@pinnacle-leadership-solutions.com.

"Employees of all ages and levels believe that effective leaders are humane-oriented, participative, team-oriented, and charismatic."

Center for Creative Leadership's 2014 World Leadership Survey

EMPLOYMENT ADVANCEMENT

Motivate Your Employees: Be Their Coach!

By JENNIFER COHEN

Creating a culture where employees are inspired and motivated to exceed performance goals is a critical opportunity for business leaders. Recent research supports the significant role of coaching in creating this culture of engagement and high performance. Bersin & Associates recently reported organizations whose senior leaders "very frequently" make an effort to coach others have 21% higher business results. The research also revealed organizations that effectively prepare managers to coach are 130% more likely to realize stronger business results and are 33% better at engaging employees.

Organizations are focusing their efforts on building a coaching culture that extends beyond any one manager and is dedicated to helping employees develop fully; that accelerates the capability of high potentials more quickly; and that supports effective communication, collaboration, trust and commitment to results.

The role of the "coaching manager" at every level is proving to be critical.


Cohen

Training all levels of leadership to be effective coaches for their employees puts vital skills into their hands that immediately impacts their ability to inspire excellence in others, initiate impactful conversations, achieve potential, retain and engage top talent and shift the culture of the organization overall. Taking steps to create and sustain a coaching culture builds upon the strengths of all employees and supports a more strategic level of function. After all, it's about enabling and facilitating growth and excellence in performance.

If your organization needs to create a culture that embraces development and support of others, is sluggish in motivating employees to achieve goals, struggles with poor or low employee performance and/or engagement, or needs to develop all leaders and high potentials to drive organizational performance, creating a coaching culture may be the right solution.

Jennifer Cohen is senior vice president and director of the leadership development practice at Ratliff & Taylor. Contact her at (216) 901-6000 or jcohen@rtcpi.com.

LEADERSHIP

LEADERSHIP. IS IT REALLY THAT SIMPLE?

By DIANE F. McNALLY

I admit it. I've adjusted my email filters to tighten down on the numerous solicitations that I receive about "HR stuff." It took me a long time. I thought I might miss something; whatever the newest thing may be. More recently, I've noticed the proliferation of information about leadership. Not a day goes by that I am not bombarded with incoming messages about the latest theory, practice, workshop or book about leadership. I have to ask, is it really that complicated?

Early in my career, I worked with someone whom I still regard as one of the best leaders I have ever known. He was a business owner, a civic leader, a musician, scholar, family man, engineer, sportsman; a true renaissance man. He was my Dad.

I recall many days walking through Dad's manufacturing plant and listening to his conversations with his team of 300 employees. Rarely did these exchanges involve the technicalities of work. Rather, Dad asked his team about family, their bowling scores or golf game, or just exchanged a joke. He always asked their opinions about issues and concerns. He truly wanted to know. He listened intently and made sure to follow up with each employee to thank them for their input.

I once asked my Dad what he thought made for a successful company. He simply said, "If you get the leadership thing right, the rest will follow." It took some prodding, but I got him to elaborate on what I felt was his oversimplified theory. Dad believed that leadership is the linchpin in a company's success. "Bad leaders make for bad companies," he said. "It's as simple as that." He went on to say: "Great leaders are genuine, they are earnest and they are always working on behalf of the company and the employees; not themselves."


McNally

Could it really be that simple?

Be genuine: Know yourself, your strengths and your limitations. Don't be afraid to admit mistakes or to say you don't know something. And have a sense of humor.

Be earnest: Listen intentionally. Engage people in conversations that matter to them. Work hard on things that matter most.

Be active: Engage at all levels of the company. Inspire people to contribute and to be accountable. Show your appreciation for their efforts and help them see that their work and their ideas really matter.

It may seem like a simple equation; however, it can be challenging for leaders to make it all happen. I had the benefit of a great coach, my Dad. I also have seen the positive impact that great coaching has had on colleagues and clients. We all need a trusted network of support and expertise to help us leverage our strengths, work on our weaknesses and help us navigate our lives as leaders. It is definitely not a journey to go alone.

If you agree with my Dad that a great leader is the linchpin to a great organization, who better to invest in and support? Leaders matter, don't forget to invest in them, too.

It's that simple.

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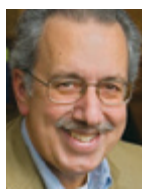
"Great leaders are genuine, they are earnest and they are always working on behalf of the company and the employees; not themselves."

Effective leaders possess opposing management styles

By RICHARD BOYATZIS and TONY JACK

David smiled, walking into his office. The weekend was fun. Even his teenagers were not sulky. His assistant ambushed him: "A major client had an explosion in their plant. No one was hurt but production stopped." David called an emergency meeting of his vice presidents and asked for ideas.

Frank, vice president of finance, talked about the potential liability of their electronic controls and suggested contacting their attorney. Barbara, vice president of marketing, asked, "David, have you talked to the president of the client? The plant is only 45 minutes away. How about driving over and see what happened?" Frank interrupted her: "That could be read as an admission of culpability." Barbara replied: "Frank, get serious. We don´t have to say it was our controls but merely show concern. They are a key client and this is a shock."


Boyatzis

David was hearing two styles typical in management. Frank immediately went on the defensive. Barbara thought about the client and how to collect more information. She worried about doing the right thing with an important client. These are two different styles of management. One style is more task-oriented. The other is more people-oriented and open to new possibilities.

Leadership scholars for the past 75 years have not known that these two styles rest in two different neural networks. We use the Task Positive Network to make decisions and solve problems. But when we are open to a new idea, other people or moral concerns, we use the Default Mode Network. Not only do these two networks have little overlap, they suppress each other.


Jack

In leadership, we see this difference as the task leader and the relational leader. It was thought to be a function of a person's experiences or personality. Now we know it is a result of repeatedly using one of these neural networks. Effective leaders need both neural networks. They cycle back and forth in under a second and are sensitive to which network is needed when. Sadly, we have been mostly developing one-sided leaders. But research in how to develop effective leadership by using learning analytics and action skills (how to focus and be open) provides hope.

David wanted a personal touch, to show concern but not to imply that their controls were at fault. This was consistent with their long-term relationship. He chose Barbara´s approach. By the way, the explosion had nothing to do with the company's controls.

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LEADERSHIP

The pitfalls pertaining to a hope-based strategy

By STEVE HARRIS

First of all, what is a hope-based strategy? Many would say that it means you do not have a plan. While that's partially true, the issue runs deeper than this snarky explanation.


Harris

A hope-based strategy may mean that you have a plan but it is not realistic because of the timeline, a lack of resources to execute the plan or that you have a plan that does nothing more than collect dust.

In any case, it means that there is no visible evidence that intentional activities are being performed to cause the desired outcome. You are doing what you do, hoping that it ends the way you want it.

Issues

The obvious issue with a hope-based strategy is that it is unlikely to work; but there are other pitfalls that are less noticeable but just as dangerous. The first relates to how others in the organization view a hope-based strategy. It erodes credibility. And if you are attached to it, then it erodes your credibility. If you lead people, their trust in you will diminish and your organization's performance will suffer.

The second is that resources are likely being directed somewhere other than to their highest and best use. The primary purpose of a strategy is to assist with the allocation of all types of resources and focus the organization. In the absence of a realistic strategy, resources will flow to the loudest need in the short term. This is often not best for the organization.

Recommendations

When it comes to strategy, the first recommendation is to have a clearly articulated one. Test drive its clarity by sharing it with others before you call it final.

The second recommendation is to ensure that the right people are involved in its formulation. Assemble a diverse group of people to build it, and then cover the spectrum of perspectives to achieve the necessary support for success.

Having a clear strategy may take some work upfront but it will be well worth it in the end.

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ENGAGING YOUR TEAM IN CORPORATE SOCIAL RESPONSIBILITY

By KAREN KAMINSKI

As the list of work-related tasks grows longer each day, it's easy to forget issues of personal importance to employees, such as volunteering in the community to make their city a better place to live, work and play.


Kaminski

However, enabling employees and their families to become engaged in their community has numerous benefits for the company as a whole.

■ **A Caring Culture starts with an Engaged Team:** Employees often find their jobs more fulfilling if they are permitted to insert a bit of their own personality into the work day. That could mean chairing an effort to collect school supplies for underprivileged children or volunteering at a local food pantry. Whether companies allow employees to do this work on the clock or recognize them for extracurricular activities outside the work day, employees are more likely to view their employer as an organization with a caring culture, and will go the extra mile at work.

■ **Enhanced Visibility:** Allowing employees to participate in and support community events as a corporate team gives the company a greater presence in the community. Businesses and local residents will view the company as a good partner that cares about the community in which it lives. The organization may also gain new customers who value firms that demonstrate a high level of social responsibility.

■ **Team Building:** Participating in community events with their colleagues often brings employees closer to one another, and allows them to get to know each other as individuals. As a result, those employees find new, more efficient ways to interact and work together.

Companies of all sizes should set aside time and resources for employees to merge their home and work lives so that all involved may benefit. Support employees' efforts and commend them for a job well done and it will reap rewards in engagement, which equates to productivity and success.

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Succession planning for the next generation of leaders

Requires focus on business strategy and incorporating coaching

By JEAN TRINER

Strategies for success that incorporate coaching as a cornerstone of succession planning have taken hold in Northeast Ohio. Many East and West Coast companies have used leadership coaching to groom talent for succession purposes for more than two decades.

A few years ago, two innovative top executives in a major Cleveland organization engaged an executive coach for their strategic succession planning and leadership development process. The succession plan revealed a critical gap between the organization's strategy for growth and the number of leaders needed to support it. The executive coach strategically worked one-on-one with three talented leaders to build on their strengths and help them become more competent in areas critical to the organization's continued success, such as impact and influence and results management.

After honing their skills with the support of the coach and key stakeholders, two were promoted into higher-level positions and a third was identified as the next likely candidate for an elevated role in the succession plan.

Proven strategies used by coaches when engaging with executive teams on succession planning and leadership development include:

■ Aligning the succession plan with the current and future business strategy.

■ Determining key aspects of the organization's culture as a basis for designing a succession process that "fits" and is streamlined enough to be effective and sustainable.


Triner

■ Having strong top-level ownership of and involvement in the succession planning and leadership development process.

■ Providing coaching for talented and successful executives deemed promotable or who are just starting to "derail." If these leaders are resistant to coaching or have already derailed, spend the time and money on others in the organization.

■ Engaging the stakeholders, people invested in the organization's success, as an essential aspect of the coaching process to support the successors in an organization.

■ Linking the succession planning process with key organizational measures and with leadership selection, retention and development.

There are strategic market performance benefits of succession planning and leadership development in the areas of revenue growth, market share, profitability and customer satisfaction.

Coaching, as part of succession planning, may have a positive impact on productivity. An independent study by PriceWaterhouseCoopers found 70% who received professional coaching improved work performance. Even when promotional opportunities are limited, coaches work with the organization to develop strategies to keep leaders engaged and productive.

The expense of succession planning and coaching is minimal compared to the cost of executives underutilizing their full leadership potential and the loss of strong leadership when a top executive retires or leaves for an attractive opportunity in another organization. One highly respected, large Northeast Ohio company who unexpectedly lost its CEO and did not have a leader prepared to succeed him is now a faint memory in our community.

Leadership coaching has become a best practice in conjunction with strategic succession planning. These strategies result in an integrated, sustainable system with outcomes that contribute to the profitability and ongoing viability of the organization.

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LEADERSHIP

IS IT TIME FOR HR TO HAVE A SEAT AT THE BOARDROOM TABLE?

By LEE ANN HOWARD

It doesn't matter if all the chairs are full; it matters that you have the right people in them. Human resources professionals have known this for years. With the ever-increasing awareness of the importance of talent management, boards of directors are beginning to heed this philosophy and give HR professionals a seat at the boardroom table.

Boards have long been charged with corporate governance, that system of rules, practices, and processes by which a company is directed and controlled. With a mix of independent members and company insiders, boards must work cohesively to oversee strategic planning, financial issues, succession planning, regulatory compliance, operations, and risk management — all heady issues of enormous consequence. In addition, the interests of its shareholders, management, customers, suppliers, financiers, government, and the community must also be addressed, leaving every board with a tremendous responsibility for the well-being of the corporation.


Howard

Over time, the human resources function has evolved from one of administrative support to that of a business partner and change agent, capable of achieving strategic and operational objectives. The 2001 Enron scandal highlighted the need for increased oversight from corporate boards and the 2002 Sarbanes-Oxley (SOX) Act heralded a more all-inclusive approach to corporate governance. As a result, the HR function gained a stronger voice in the boardroom. Human resources puts in place processes and procedures around rewards, training and development, and recruiting and retention to meet the company's immediate and long-term needs. HR is more than the "corporate cop," it is a strategic partner with the other company executives and the board.

Tom Kroeger, who serves on the board of ACCO Brands, is an executive recruiter with Howard & O'Brien and was previously the chief human resource officer (CHRO) for Sherwin-Williams, Invacare, and Office Depot. He believes that a HR executive comes to the boardroom with a "unique perspective on the intersection of people and strategy. More companies are recognizing that. We make sure management is developing an entire leadership team capable of executing the corporate strategy. With HR on the board, that type of discussion is being raised — not months in advance of management changes, but years in advance."

The responsibilities of most CHROs dovetail nicely with these newer concerns of today's boards, including issues like corporate social responsibility and ethics. For example, compensation — always a hallmark of the human resources department — is one area in which Kroeger feels the CHRO is invaluable to boards. "HR and compensation committees are becoming the new audit committee," he says. "It's a dreaded assignment because of the time commitment and the scrutiny of outside agencies. The CHRO, however, is well-versed in compensation issues and comfortable in the role of being a compensation expert." This provides an anchor of experience for the entire board.

There are certain skills human resources executives should embrace in order to become a strategic business partner to a board as well as the potential to become a board member. In his 2012 Human Resources Competency Study, Dave Ulrich (the "Guru of HR" from the University of Michigan) outlines six "must-have" competencies for HR success:

1. **Strategic Positioner**
2. **Credible Activist**
3. **Capability Builder**
4. **Change Champion**
5. **HR Innovator and Integrator**
6. **Technology Proponent**

The board-ready HR executive will see the broader organizational impact beyond having all of the "(employee) seats filled to knowing that the right people are in the right seats who are engaged and developing additional skills for future opportunities." This inevitably leads to reduced employee turnover and improved bottom line results. These are outcomes that make boards happy and investors elated.

Utilizing these competencies are a way to develop deep industry knowledge that is necessary for HR executives to be effective board members. "Become a master of your profession and a student of your business," Kroeger challenges. "Be the voice in the room that speaks with authority on talent and compensation issues. But you also need to be a voice in the room who can credibly weigh in on business and strategy."

Many boards find the addition of a HR professional to be a logical next step as their stakeholders look more and more for accountability and transparency. HR professionals are also experts at directing knotty issues like reward strategy, corporate culture management and succession planning. They bring a level of comfort and expertise that make them a natural leader in these areas, but HR executives with board-room aspirations need to understand that the board room is a place for business generalists — not functional specialists.

The world of the corporate board is one of increasing demands from stakeholders, corporations, customers, and regulatory agencies. Seating business-minded HR executives at the boardroom table is a next logical step for progressive boards.

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HIRING

Look within your own company to identify high-potential talent

By JAMES LUNDQUIST, M.A.

Organizations continue to struggle to identify the elusive high-potential talent. While many companies have high-potential programs in place, internal candidates are typically drawn from a narrow pool of employees in highly visible positions. Often overlooked are front-line and entry-level workers that have the skills and values to match the culture of the organization, but are pigeonholed into a specific field or career track. Following this three-step approach can help your organization do a better job of identifying and developing high-potential talent.

Step 1: Determine the behaviors and qualities that lead to success in your organization. Establish a benchmark for selecting people for high-potential programs by evaluating those who have been successful and by identifying the qualities necessary to succeed in the future. These benchmarks will ensure that future leaders have the right qualities needed for success in the unique culture of your organization.

Step 2: Evaluate employees objectively and often. When looking at current employees, consider not only their abilities but also their motivation. Do people really want advancement? Are they willing to move? If they succeed as an individual contributor, will they be as successful working through others? Casting a wider net and evaluating people at lower levels of the organization can improve the caliber of your talent pool. Also, if people improve from year to year, someone who falls short one year may rise to the occasion the next year.


Lundquist

Step 3: Create development plans for people at all levels. Focusing on behaviors and creating tangible action plans will keep the focus on improvement and on noticeable behavior change. Managers will also benefit from reviewing these plans with employees at least quarterly to ensure that the development trajectory is maintaining positive momentum.

Most agree that identifying and developing existing talent is a great way to build bench strength and develop a high-quality workforce. Creating an equal playing field for all employees to be evaluated and focusing on the right behaviors will create strong loyalty to the organization and commitment from employees for years to come.

James Lundquist, M.A., is director of talent development at PRADCO. Contact him at jlundquist@pradco.com or (440) 337-4649.

HIRING

Strong company brand can keep employees engaged

By N. ROBERT JOHNSON

As the economy continues to improve, HR's mission is focusing more and more on the organization's most important asset, its people. But, there is a storm forming that will make it harder for HR to find and keep the talent it needs.

The perfect storm impacting recruitment, engagement and retention performance is the collision of employees who are less connected to their companies and a new world of experience-based communications. This presents a challenge for HR's need to find, attract, engage and retain talent. Fortunately, a strong employer brand addresses this challenge.

There's little doubt that workers are less connected than ever with their companies. Recent engagement studies show that only one out of three workers is engaged with their companies. Other signs of a lost connection with talent are readily available.

- "Actively looking" and "browsing" employees make up 77% of employed workers, according to the job board site Monster;
- Monster also found that 90% of employed workers plan to explore new opportunities as the job market improves; and
- LinkedIn found through its talent survey that only 15% of employed workers are so happy at work that they won't even consider another position.

To make matters worse, we are now entering an age of communication where it's all about personal experience. Our connections to those things that are important to us — work, community, personal interests — are being shaped by the experiences we encounter.

We connect with great experiences. We want to become a part of what's going on. If the experience is great then we become advocates and fans, quickly liking, posting and tweeting our positive impressions. Conversely, we'll instantly disconnect from a bad experience. We won't "buy what they're selling" and, even worse, we'll tell others about the poor experience.

Companies with strong employer brands, however, are able to connect with current and future talent in ways that reinforce the promise and positive attributes of their employment experience. Employer branding connects with employees, and candidates, just as consumer branding connects with customers: by telling and showing a compelling and engaging story.

Johnson

What is a strong employer brand? In short, a strong employer brand is one in which a company's identity as an employer is showcased and the attributes of employment are clearly communicated. By communicating a strong employer brand, employees become engaged in their work while candidates are inspired to join.

If your company is being challenged to find, attract and keep talent then it may be time to think about strengthening your employer brand to engage and connect.

N. Robert Johnson, APR, is the practice leader at The David Group's workforce communications practice. The David Group, known as HR's ad agency, specializes in recruitment, retention and engagement communications. Contact him at (216) 685-4486 or nrjohnson@davidgroup.com.

Stay in front of the pack in today's hiring process

By CHRIS NASH

The current market landscape has shifted over the past 18 months. Today we find an employment market that is candidate-driven. What does that mean to local companies that are trying to land top talent? It means that the game has changed and companies that act swiftly and decisively are able to hire great people. The longer it takes to manage a talent pipeline and move people toward an offer, the greater the chances that the candidate loses interest or is hired by another company.

Nash

So, how should Cleveland's most progressive companies hire? The simple, one-word answer is "proactively." Companies are shortening the hiring process to less than two weeks. These types of companies also value single-source recruiting relationships with talent acquisition agencies. High trajectory growth companies are setting up one-day interviews and making hiring decisions after the first interview. Leadership and peers are being involved in the process. These companies trust that their decision-makers understand who can be successful in their organization. They also understand that candidates have options and there is great importance in prompt decision-making. Would you want to go to work for a company that doesn't know what they want in a future employee?

The talent acquisition process is firmly tied to company culture. I find that the same companies that know and understand how to hire great people also have an excellent idea of their company culture. Are technical skill sets and proficiencies important? Absolutely, but a candidate that doesn't fit the culture will ultimately end up leaving sooner rather than later. As a leader and hiring manager do you understand your company's culture? Do you understand the types of candidates that will fit into your team and group? If you can answer these questions affirmatively then managing the process shouldn't be difficult and hiring top talent is right around the corner.

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HEALTH & WELLNESS

BRIDGING THE WELLNESS GAP

Don't overlook the importance of the behavioral component

By VALERIE S. CLAUSE, SPHR

Insurance premiums continue to rise and organizations continue to struggle to reduce costs for both the company and the individual. The path to keeping costs down is clear: the healthier the individual, the less need for medical interventions.

Leaders who want to lower insurance costs and improve the well-being and productivity of their workforce need to implement wellness programs that integrate measurement with behavioral change. By focusing on the whole person – not just biometric numbers, but also their employees' psychological and emotional well-being – organizations can help employees develop accountability for their health and learn lasting healthy habits.


Clause

"Almost everyone knows someone who has lost weight, improved their blood pressure, lowered their risk of diabetes, and seemed to be on the path to wellness only to see those gains reversed due to falling back into old habits," said Janet Schiavoni, director of ease@work, a Northeast Ohio regional employee assistance program. "What happened? Obviously this person understands physically what they need to do to lose or maintain a healthy weight; the disconnect comes at the behavioral or psychological level. This is where the next level of wellness programming is needed — bridging the gap between temporary and lasting change."

While most organizations host health fairs and offer biometric screening opportunities to their employees, very little is done to help employees take the next step to improved wellness once they know their numbers. A progressive organization will engage an integrated health management partner to help mitigate risk, create solutions and position the organization for success in wellness initiatives.

An integrated health management partner may use assessments as a starting point — traditional biometrics, fitness and occupational assessments when indicated — but then go beyond by providing wellness coaching; teaching techniques such as decisional balance and emotional readiness; providing nutritional, fitness, stress and lifestyle management coaching; educating on critical health topics, such as emotional eating, creating a fitness vision, diabetes management and more; and providing increased pharmaceutical awareness through access to programs such as medication therapy management.

It's time to take a critical look at what organizations want employee wellness programs to accomplish. Are we looking for a bandage to treat the symptoms once they occur? Or do we want a healthier workforce that does not rely on treatments after the fact but sustainable change that leads to prevention to begin with?

Valerie Clause is manager of organizational services at ease@work, a Northeast Ohio regional employee assistance program. Contact her at vclause@easeatwork.com. ease@work offers a multi-faceted Build Your Own wellness program, BeingWell@Work, designed to integrate the physical components of wellness with the behavioral and psychological to lower costs, enhance productivity and increase motivation.

Broad range of financial health programs for employees is integral to a complete wellness approach

By PHILIP J. AMOS

It is no secret that a growing number of employees are approaching retirement in the next five to 10 years. Financial stress adversely affects performance in what should be employees' most productive season. A complete wellness plan emphasizes and offers resources to prepare for their financial future.


Amos

Statistics are glaring when it comes to how many people are ill-prepared for their retirement. The government has taken steps to put pressure on corporate fiduciaries to make sure expenses are in line and investment options are up to standards within their retirement plans. However, the rubber meets the road on how well we communicate and effectively implement those tools with the participants. Traditional wellness plans offer tools and programs to help employees set and achieve goals related to their physical health. The inclusion of financial wellness subjects gives employees the ability to set and achieve personal financial goals allowing them to be enabled as they approach retirement.

1. It is important to offer meetings to a target audience. As part of the education strategy, include classes for people in different stages of their career. For instance, invite people approaching the "retirement red zone" to a class that addresses financial pitfalls for those in their late 50s and 60s. Or hold classes for those just getting started in their career and offer education on how to build a solid financial foundation.

2. It is key to have education specialists that are financial planners and offer participants the chance to sit and talk about their overall financial picture one-on-one. Financial planners should be trained to help participants understand not just the proper allocation of their retirement plan, but also help individuals and families set financial goals to set them on track toward a successful retirement.

Strategic wellness plans can be successful, particularly if they focus not only on your employees' health but also on their financial wellness.

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HEALTH & WELLNESS

CASE STUDY: Parker Hannifin pioneers use of integrative medicine practices

Unique wellness program goes above and beyond traditional corporate benefits package

By DANIEL S. SERBIN

To overcome the challenge of rising health care costs and expand employee choices for managing their health, Parker Hannifin, the Cleveland-based global leader in motion and control technologies, has established a global wellness and preventive medicine program that covers employees for both traditional care and integrative medicine. While parts of the program resemble other corporate wellness initiatives, many aspects are truly novel, such as self-funding for integrative medicine treatments, coverage for nutritional supplements and the establishment of its own network of practitioners. Benefits of the program will take time to prove but early evidence suggests this may be a great success.

Integrative medicine is evidence-based Complementary and Alternative Medicine (CAM), a group of diverse healthcare systems, practices and products that are not presently considered part of conventional modern medicine. The program essentially levels the playing field for these treatments by paying 80% of the costs and offers a broad range of treatment options aimed at getting to the root cause of symptoms for certain conditions, which are generally less toxic and invasive than standard medicine. Parker's global wellness program supports a holistic approach to health, and offers employees choice and empowerment over how and where they receive care.

Key elements of the wellness and preventive medicine program, which are currently offered to employees at the company's headquarters and are in the process of being made available throughout their U.S. and international facilities, include:

- Programs coach employees on proper diet and nutrition and help motivate them to pursue a healthy lifestyle, including weight management and smoking cessation groups. Parker employs a corporate nutritionist.
- An on-site preventive medicine clinic offers alternative treatments such as acupuncture and massage therapy.
- Disease management and clinical programs help employees and spouses with chronic diseases like diabetes, asthma or congestive heart failure.
- A robust educational program, including lunchtime sessions, is focused on health and wellness.
- A state-of-the-art fitness facility is available to employees and spouses, with quality equipment and classes offered throughout the day.
- An on-site farmer's market offers fresh locally grown produce, and a cafeteria promotes a healthy, balanced diet.

Parker has established a growing network of credentialed integrative medicine practitioners to support the program and uses NGS Coresource to administer claims. Currently, therapies and services utilized through Parker's program include: therapies to remove heavy metals, hormone optimization, integrative cancer treatments, chelation therapy, immune system optimization, massage therapy and acupuncture for treatment of muscle or skeletal disorders and pain relief.

While Parker views the program as an investment in the well-being of its workforce and the primary benefit is to allow employees to maintain their health and productivity, it is also believed that, over time, the new integrative treatment options may reduce overall health care costs. Parker's healthcare costs exceed 10% of sales and have been increasing at a double digit rate during the past several years, so any effort to reduce those costs is of significant importance.

Although it is still too early to accurately account for savings, Parker has observed a decline in pharmacy utilization for those participating in integrative medicine treatments and at certain sites, where a more comprehensive approach has been implemented, Parker has seen a steady decline in per-employee healthcare costs.


Serbin

The wellness program was launched in Cleveland in 2003 and gradually expanded throughout North America, with modifications made based on employee feedback and analysis of the impact of various program elements. Recognizing that the health of the company is critically connected to the health of its employees, Parker globalized the wellness program to support a healthy lifestyle for its 57,500 employees in 50 countries around the world.

To serve as a "best practice" model for other locations, wellness model sites have been established at 19 Parker facilities: 13 in North America, four in Asia, and one each in Europe and Latin America. Each has at least 100 employees, and they collectively represent all of Parker's business groups.

Parker is also utilizing its "High Performance Team" model to facilitate the rollout of the program, empowering small groups of employees to develop solutions that address specific areas of health risk identified among employees at their facility.

The recent addition of health and wellness to the Win Strategy, the core business strategy implemented by Parker since 2001, further reflects Parker's commitment to providing the widest selection of education and treatment options to its employees. Parker is establishing a standard roadmap to achieve the company's vision of healthy and productive employees, which will be implemented locally at global facilities.

While recognizing the importance of traditional medicine, the Parker program is making a paradigm shift in how companies should think about managing their employees' health and aligning benefits programs to affect change.

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HIGHEST PAID CFOS–PUBLIC COS.

RANKED BY 2013 COMPENSATION

Rank	Name Company Title	Total compensation 2013 2012	% change	Salary	Bonus	Stock awards	Option awards	Nonequity incentive plan	Change to pension value	All other compensation
1	**Gregory Rufus**/TransDigm Group Inc. executive vice president, CFO, secretary	$14,720,936 $975,969	1,408.3	$470,250	$330,000	$0	$3,629,600	$0	$0	$10,291,086
2	**Richard H. Fearon**/Eaton vice chairman, chief financial and planning officer	$7,752,545 $6,416,668	20.8	$737,040	$0	$1,163,955	$806,647	$4,402,858	$595,808	$46,237
3	**Jon P. Marten**/Parker Hannifin Corp. CFO, executive vice president, finance and administration	$3,846,965 $3,665,352	5.0	$539,050	$0	$715,555	$541,726	$599,970	$1,343,863	$106,801
4	**David J. Oakes**/DDR Corp. president, CFO	$3,503,348 $2,112,093	65.9	$525,000	$0	$1,765,854	$339,989	$843,937	$0	$34,568
5	**Laura K. Thompson(1)**/Goodyear Tire & Rubber Co. executive vice president, CFO	$3,229,020 NA	NA	$321,667	$0	$1,007,100	$318,918	$1,510,735	$26,908	$43,692
6	**Donald R. Kimble(2)**/KeyCorp CFO	$3,187,880 NA	NA	$323,077	$0	$2,099,999	$0	$660,000	$0	$104,804
7	**Sean P. Hennessy**/Sherwin-Williams Co. senior vice president, finance; CFO	$3,018,643 $3,185,104	(5.2)	$620,486	$0	$736,335	$635,694	$811,000	$0	$215,128
8	**Mark R. Belgya**/The J.M. Smucker Co. senior vice president, CFO	$2,748,269 $1,896,849	44.9	$432,500	$8,850	$736,000	$0	$526,600	$1,023,770	$20,549
9	**Brian C. Domeck**/Progressive Corp. CFO	$2,702,588 $2,470,255	9.4	$482,115	$0	$1,479,274	$0	$729,199	$0	$12,000
10	**Jeffrey L. Rutherford(3)**/Ferro Corp. vice president, CFO	$2,189,299 $1,906,198	14.9	$450,000	$275,000	$572,378	$246,350	$585,000	$0	$60,571
11	**James F. Pearson**/FirstEnergy Corp. senior vice president, CFO	$2,184,053 NA	NA	$494,712	$0	$974,091	$0	$436,754	$272,846	$5,650
12	**Robert G. O'Brien**/Forest City Enterprises Inc. executive vice president, CFO	$2,153,283 $3,161,111	(31.9)	$507,692	$0	$1,200,863	$366,656	$0	$7,438	$70,634
13	**Terrence E. Bichsel**/FirstMerit Corp. senior executive vice president, CFO	$1,855,676 $1,810,325	2.5	$445,000	$50,000	$435,004	$0	$485,600	$376,270	$63,802
14	**Vincent K. Petrella**/Lincoln Electric Holdings Inc. executive vice president, CFO, treasurer	$1,791,280 $2,214,320	(19.1)	$435,000	$0	$233,151	$244,474	$841,929	$3,477	$33,249
15	**Andrew J. Rebholz**/TravelCenters of America LLC executive vice president, CFO, treasurer	$1,617,000 $1,226,000	31.9	$300,000	$516,000	$801,000	$0	$0	$0	$0
16	**Russell L. Gordon(4)**/RPM International Inc. vice president, CFO	$1,506,528 $930,226	62.0	$300,000	$0	$573,589	$221,400	$350,000	$24,359	$37,180
17	**Mark O. Eisele**/Applied Industrial Technologies Inc. vice president, CFO, treasurer	$1,481,911 $2,220,125	(33.3)	$438,000	$0	$396,949	$147,337	$203,591	$241,307	$54,727

Source: Company proxy statements. Crain's Cleveland Business does not independently verify the information and there is no guarantee these listings are complete or accurate. We welcome all responses to our lists and will include omitted information or clarifications in coming issues. The Book of Lists and individual lists are available to purchase at www.crainscleveland.com. (1) Thompson was elected executive vice president and CFO effective Dec. 1, 2013. (2) Kimble joined KeyCorp as chief financial officer on June 3, 2013. (3) Rutherford joined the company in April 2012. (4) Gordon was elected vice president and chief financial officer on April 10, 2012.

RESEARCHED BY Deborah W. Hillyer

HIGHEST PAID CFOS–NONPROFIT

RANKED BY TOTAL COMPENSATION

Rank	Name Title Organization	Address, phone, website	Total compensation	Base compensation	Bonus and incentive	Other	Deferred compensation	Nontaxable benefits	Assets ($)	Description	990 filing year
1	**Michael A. Szubski** CFO University Hospitals Health System Inc.	11100 Euclid Ave. Cleveland 44106: (216) 844-1000 www.uhhospitals.org	$1,560,282	$593,611	$466,448	$3,346	$466,147	$30,730	3,176,888,000	Health care	2012
2	**Steven C. Glass** treasurer, CFO Cleveland Clinic Foundation	9500 Euclid Ave. Cleveland 44195: (216) 444-2200 my.clevelandclinic.org	$1,043,190	$901,579	$0	$86,425	$37,642	$17,544	7,132,666,670	Health care	2012
3	**Daniel J. Moncher** executive vice president, CFO Firelands Regional Medical Center	1111 Hayes Ave. Sandusky 44870: (419) 557-7400 www.firelands.com	$541,027	$305,227	$144,643	$31,601	$30,000	$29,556	415,796,088	Health care	2012
4	**John F. Sideras(1)** senior vice president, CFO Case Western Reserve University	10900 Euclid Ave. Cleveland 44106: (216) 368-2000 www.case.edu	$534,430	$403,895	$50,000	$2,322	$44,531	$33,682	2,762,212,531	Higher education	2012
5	**Michael P. Trainer** treasurer, CFO, Children's Hospital Medical Center of Akron	One Perkins Square Akron 44308: (330) 543-1000 www.akronchildrens.org	$406,227	$368,404	$0	$2,455	$17,150	$18,128	790,401,684	Health care	2012
6	**Michael E. Kittoe** senior vice president, finance; CFO Lake Health	7590 Auburn Road Concord Township 44077: (440) 375-8100/www.lakehealth.org	$385,588	$363,758	$0	$15,810	$1,576	$4,444	529,786,022	Health care	2012
7	**Brian S. Kenyon** executive vice president, CFO Rock and Roll Hall of Fame and Museum	1100 Rock and Roll Blvd. Cleveland 44114: (216) 781-7625 www.rockhall.com	$375,417	$262,320	$55,000	$23,090	$7,500	$27,507	93,623,932	Museum	2012
8	**Mary Ann Freas** senior vice president, CFO Southwest General	18697 Bagley Road Middleburg Heights 44130: (440) 816-8000/www.swgeneral.com	$359,717	$283,123	$31,445	$15,887	$15,452	$13,810	438,016,377	Health care	2012
9	**Mark D. Wright** CFO Aultman Health Foundation	2600 Sixth St. SW Canton 44710: (330) 452-9911 www.aultman.org	$353,975	$304,215	$31,900	$767	$7,500	$9,593	281,486,138	Health care	2012
10	**James J. Carnovale** senior vice president, CFO Judson	2181 Ambleside Drive Cleveland 44106: (216) 721-1234 www.judsonsmartliving.org	$299,851	$203,904	$65,000	$6,426	$13,013	$11,508	37,753,191	Senior services	2012
11	**Kate A. Asbeck** senior vice president, CFO Cleveland Foundation	1422 Euclid Ave., Suite 1300 Cleveland 44115: (216) 861-3810 www.clevelandfoundation.org	$293,941	$244,137	$0	$2,322	$30,474	$17,008	1,599,236,848	Community foundation	2012
12	**Barry Reis(1)** senior vice president, CFO Jewish Federation of Cleveland	25701 Science Park Drive Cleveland 44122: (216) 593-2900 www.jewishcleveland.org	$285,671	$245,230	$0	$5,534	$12,500	$22,407	432,771,542	Social services	2012
13	**Matthew Love** senior vice president, finance and strategy; CFO, Humility of Mary Health Partners	1044 Belmont Ave. Youngstown 44501: (330) 746-7211 www.hmpartners.org	$280,371	$240,343	$20,000	$514	$3,382	$16,132	642,787,281	Health care	2012

Source: Form 990 SEC filings. Crain's Cleveland Business does not independently verify the information and there is no guarantee these listings are complete or accurate. We welcome all responses to our lists and will include omitted information or clarifications in coming issues. (1) For fiscal year ending 6-30-2013.

RESEARCHED BY Deborah W. Hillyer

HUNT

continued from page 1

them anymore," Ours said.

Granted, the local fight for talent doesn't appear to be as vicious as the war going on in Silicon Valley. News stories regularly describe the sky-high salaries that good coders can command in the San Francisco Bay Area these days.

The local salary data that's available is inconsistent, but it suggests that most Cleveland-area coders aren't getting enormous raises.

Still, local demand for talent is only getting tighter, by all accounts. For instance, roughly a dozen recruiters recently joined the NEO IT Think Tank, a LinkedIn group for local information technology executives.

And there's only one reason why: They want to hire people, according to Chuck Mackey, who hasn't seen so many recruiters interested in joining the group since he started it in 2009.

Mackey added that other companies have tried to recruit his colleagues at Avantia Inc., a Valley View-based IT services firm that does a lot of custom software development.

"It's happening, and we see it happening to our people," said Mackey, senior managing director at Avantia.

Market is 'super crazy'

And tech companies aren't the only ones poaching tech talent.

Two of the four technology executives who spoke during the first panel discussion at last month's CIO Symposium noted that they regularly try to hire IT employees who are happily employed in other jobs.

Rachel Johnson got laughs from the audience when she told them that her company, NRP Group, is probably "cold-calling your companies right now."

NRP Group, which develops and manages apartment complexes, doesn't have much choice, according to Johnson, who is chief information officer for the Garfield Heights-based company.

"Most people that are very successful and 'A' players are probably in a great job somewhere else. They are not on the street looking for a job," she said.

Companies have had to get more resourceful to find IT employees, according to Brad Nellis, president of the Northeast Ohio Software Association, which hosted the CIO Symposium.

The economy has improved to the point where tech workers are "entrenched and happy," Nellis said.

Bill Whitlock echoed that statement. During the recession, some tech employees who wanted to leave their jobs stayed put because no one wants to be the first one on the chopping block when a company decides to make cuts, according to Whitlock, a Northeast Ohio account manager for Modis, an IT staffing firm based in Jacksonville, Fla. But by now many of those people have already found new jobs, he said.

Salaries here aren't rising like they are in Silicon Valley, but local demand for IT talent is "probably as high as I've ever seen it," he said, adding that there's "super crazy demand" for .Net developers.

Nationally, the unemployment rate for tech employees fell to 2.7% in the first quarter of 2014 — a figure that hovered in the 3.5% to 3.9% range throughout 2013, according to a report from the tech job website Dice.com. The report cited data from the U.S. Bureau of Labor Statistics. The unemployment rate for all industries stood at 5.9% in September.

Relationship builders

Using LinkedIn to recruit people who aren't looking for a job isn't new, but Amy French of OEConnection said it's been harder to snag so-called "passive" job candidates lately, given the demand for good IT people.

The best ones now sometimes expect to get offers from other companies without actively looking, according to French, vice president and chief administrative officer at the Richfield company, which makes software that lets auto dealers sell original equipment parts via the Web.

Rising demand has pushed OEConnection to re-evaluate its compensation structure for tech employees more frequently to make sure the company keeps up with what other businesses offer.

Plus, OEConnection has been able to look for talent in the Columbus area since opening an office there in 2011. For instance, it recently added Ohio State University to the list of colleges it taps for interns.

OEConnection also has tried to become more active in the technology community and has increased the amount of money it offers to employees who recommend someone who gets hired. These days, it is more socially acceptable to reach out to potential job candidates through social media, but Hyland Software prefers to meet passive candidates through networking, according to Lindsay Latessa, team lead for the Westlake company's recruiting group.

For instance, the company — which makes OnBase-brand content management software — regularly hosts social gatherings for people who use Microsoft's SQL Server data platform and the JavaScript programming language.

"We really just want to build that relationship first, rather than reaching out blindly," Latessa said.

More than money

LeanDog also builds its network by hosting conferences and gatherings for tech enthusiasts at its office — a renovated barge that floats on Lake Erie. If the software development firm meets someone they like, that person gets added to the "depth chart" — a list of friends and associates that the company will call when it's ready to hire more people, according to Nadia Gordon, director of talent development at LeanDog.

The "vast majority" of the people the software development firm hires are not looking for jobs, Gordon said. The company is able to get their attention partly because it has an office on a boat — with access to kayaks and paddle boards just outside. It's one way that LeanDog has worked to build its brand in the local tech community, she said.

"And that brand attracts a lot of tech talent," she said.

Companies that want to attract and keep tech talent need to go beyond offering competitive benefits packages, according to Marty Mordarski, director of research and membership at the Employers Resource Council in Highland Heights.

People want to do meaningful work, and they want opportunities to grow professionally, Mordarski said.

Plus, they want a life outside of work. That can be a problem, especially at tech companies and other fast-growing businesses that sometimes take on more work than their employees can handle, especially if they're having a hard time finding people to hire.

"If those folks who are burned out seek greener pastures somewhere else, now you've compounded the problem," he said.

MONEY IS ALWAYS A GOOD START

Having trouble finding good software developers?

One solution: Offer more money. But that may not be the most popular solution.

The available data is inconsistent, but it doesn't suggest that local companies are in a bidding war for tech talent.

Data from the Employers Resource Council in Highland Heights suggests that the average local software developer makes nearly $76,000 a year — a figure that hasn't gone up much lately. But only seven companies (representing 14 developers) responded to that question during this year's survey.

The average web developer makes less — more than $62,000 a year — but their wages have been going up more steadily.

Data from Modis, a tech staffing firm, paints a slightly brighter picture.

Salaries for five of the six titles analyzed by *Crain's* went up significantly this past year. But some increases just made up for past decreases.

And it's unclear how many employees are counted in the figures, which Modis gathered from CareerBliss.com, a site where employees provide anonymous information about their employers.

Local tech pros do OK overall: They make about as much as their peers across the country, according to Modis. The top earners — in San Francisco — make 28% more money.

AMAZON'S AUDIBLE IS MAKING NOISE HERE

Local companies aren't the only ones that want to steal your best software developers.

Recruiters from a subsidiary of Amazon came to town in January in an effort to hire people like Marko Iskander.

The local tech consultant said he was among those who visited the Cleveland Airport Marriott to sit down with recruiters from Audible, an Amazon subsidiary that distributes digital audiobooks.

And a few days later Audible offered him a job, either in Seattle (home to Amazon) or at its headquarters in Newark, N.J.

He thought about the Seattle job but ended up turning it down. Why? Iskander — a subcontractor for LevelSeven, a marketing and technology consulting company based in Independence — has family in the area. And he figured that the higher cost of living on the West Coast would eat up any raise he might get.

But other people could have made the move: Iskander said the Audible recruiter told him that the company aimed to hire at least three people who had already come in for interviews.

Plus, Iskander said he knows of two other local software developers recently recruited to Seattle: One was hired by Microsoft in May, and another was hired by Amazon just last month.

"Unfortunately, that talent's leaving. But I'm hoping they come back at some point and bring back what they've learned," he said.

— Chuck Soder

STERIS

continued from page 5

year, which would easily beat previous records. The deal pushed him to raise his estimate from $61.

Most other investors aren't as excited about the deal. The company's stock — which stood at about $55 per share on Friday morning, Oct. 17 — dropped slightly after the deal was announced. It's still hovering near record territory, however, and lots of shares are changing hands.

The Synergy deal didn't push Elliott Schlang to change his $58 price target. But he does think it presents a growth opportunity for Steris.

Yes, the deal should help the company cut redundant costs and lower its tax bill by incorporating in the United Kingdom. But the revenue opportunities are even bigger, according to Schlang, managing director at Great Lakes Review, an investment research firm in Shaker Heights.

Buying Synergy will give Steris immediate access to lots of new markets that might have otherwise taken years to penetrate, he said. Say that a Synergy salesman has a good relationship with a hospital in Paris. Now that salesman can sell them Steris products, too, Schlang said.

"Steris can ride its coattails," he said.

More Synergy synergies

At least one customer is almost certain to use more Steris products: Synergy helps hospitals sterilize their used medical devices. Steris happens to sell equipment used to sterilize such products. Steris has noticed this, according to Norton, the company's spokesman.

"They'll start using our washers and sterilizers and disinfectants and consumables," he said.

Steris also could help Synergy speed up the growth of its Hospital Sterilization Services business. The division just got started in the United States, but it is expanding quickly. It recently won two huge U.S. customers: Johnson & Johnson's SterilMed business, which fixes and resells medical devices, and North Shore-Long Island Jewish Health System, which operates 16 hospitals in New York state.

Those contracts should "pave the way for future development of the U.S. outsourcing market," according to a document on Steris' website.

There's a ton of room for that market to grow: Here, hospitals tend to sterilize their own equipment, whereas their European peers often hire companies like Synergy to do it for them. Mishan thinks that Wall Street is undervaluing that opportunity.

Cost vs. revenue

It's easier to calculate how much money Steris will save: The company expects to reduce its costs by $30 million per year once the two companies are fully integrated, and that doesn't count savings from lower taxes. About $25 million would come from cuts related to "corporate & back-office" functions, according to the document on Steris' website.

Does that mean Steris will eliminate local jobs? Steris would only say that "it does not expect the transaction to have any negative impact on its people." Mishan believes the company will want to keep as many functions as possible centralized in Mentor, given that its management team is there.

He speculates that "most of those (cuts) would come out of Synergy." That company employs about 6,000 people, while Steris employs 8,000.

Mishan estimates that Steris would save another $30 million on taxes each year by incorporating in the United Kingdom. Today, the company usually sets aside roughly 35% of its pre-tax earnings to cover what it expects to pay in taxes around the world. Steris estimates that the figure will drop to 25% for the combined company. A 10% cut would equal $30 million if Mishan's predictions are accurate: Before the Synergy deal, he had expected Steris to earn about $300 million — before interest, taxes, depreciation and amortization — during the fiscal year that begins on April 1, 2015.

On that day, the United Kingdom's corporate tax rate will fall to 20%. U.S. companies that fall into the highest income bracket are required to pay a 35% rate, a figure that excludes state and local taxes. Some companies pay less because of tax breaks and accounting maneuvers, but the standard rate is one of the highest rates in the world.

Don't tax me, bro

That rate drove another Northeast Ohio company, Eaton Corp., to incorporate in Ireland after it bought another manufacturer called Cooper Industries two years ago.

Politicians have railed against these so-called inversions. For instance, Michael Wager, a Democrat running for the Congressional seat that includes Steris' Mentor headquarters, has said that he's giving to charity the $1,000 he received from the company's political action committee.

Another local Democrat, U.S. Sen. Sherrod Brown of Cleveland, previously accused Burger King of being un-American after the fast food chain announced plans to incorporate in Canada through the acquisition of Tim Hortons.

But Brown, who also has received $8,000 from Steris' PAC since 2013, didn't criticize the company in a statement his office sent to *Crain's*. Rather, he said the inversion is "yet another reason that we need legislation to address the corporate tax code." He favors lowering the corporate tax rate and changing the law to prevent companies from housing profits in foreign tax havens, like Bermuda.

The U.S. Treasury already has changed a few rules in an effort to prevent some inversions, but Mishan thinks they shouldn't stop the Steris deal — which would give Synergy's shareholders a 30% stake in the combined company plus 4.39 pounds ($7.06) for each Synergy share they own.

But Schlang says it's not a done deal. Given the negative attitude toward inversions, he thinks the federal government still could take more steps to prevent inversions before the deal closes. The companies are working on a March 31 deadline.

"Whether that (the rules) will be changed again between now and the anticipated closing, time will tell," he said.

THE WEEK

OCTOBER 13 – 19

The big story: Ebola virus concerns landed in Northeast Ohio after it was disclosed that a Dallas nurse, **Amber Joy Vinson**, who subsequently tested positive for the virus, had flown Oct. 13 from **Cleveland Hopkins International Airport** aboard a **Frontier Airlines** flight. Vinson, 29, is a **Kent State University** graduate who visited Northeast Ohio as part of wedding planning. Thirteen nurses from Northeast Ohio were aboard the flight to attend a nursing convention in Texas; they were subsequently put on paid leave by their employers. Similar actions were taken at Kent State and **FirstEnergy Corp.**, while Solon schools temporarily closed two buildings as precautions because employees were on the same flight as Vinson.

British inversion: **Steris Corp.** will technically become a British company after it acquires **Synergy Health PLC** in a $1.9 billion deal — the biggest purchase Steris has ever made. However, the medical equipment maker's Mentor office will continue to serve as the company's operational headquarters after Steris and Synergy become one company, and its management team will remain in Mentor. But the company being formed to house the combined business, which is being called **New Steris**, will be based in the United Kingdom, a move intended to lower Steris' corporate tax rate. *See related story, page 5.*

Alloy ally: Beachwood-based **Aleris International Inc.** will sell its **North American and European Recycling** and **Specification Alloys** businesses to an affiliate of **Signature Group Holdings Inc.** for more than half a billion dollars. The decision comes after a strategic review announced in April and will allow Aleris to further invest in areas of growth. Signature will pay a total of $525 million for the businesses, the vast majority of it in cash. The planned sale includes 18 North American production facilities and six European locations providing metal recycling services and specification alloy products.

Charge it: **Cliffs Natural Resources Inc.** expects to record a third-quarter charge of about $6 billion to write down the value of its seaborne iron ore and coal assets. The non-cash accounting charge "will not impact the company's cash flows from operations or any future operations," the Cleveland-based mining company said. The charge "is substantially driven by the company's revised outlook for long-term pricing trends and the particularly adverse market conditions for seaborne iron ore and metallurgical coal in contrast to its more stable U.S. iron ore business," Cliffs said. It will report third-quarter results on Oct. 27.

Program's going wheel: Just five weeks after its rollout, a bike-sharing program in Cleveland is expanding to three more city neighborhoods. **Zagster**, the Cambridge, Mass.-based company that provides the bike-sharing service, announced that "due to high demand for its existing service as well as funding from new sponsors," it is expanding bike-sharing to downtown, Tremont and University Circle. The service launched Sept. 10 in Ohio City. Zagster said the expansion "represents a doubling of station count and brings the total number of bikes to 50" — an increase of nearly 50%.

King of Kia: **LeBron James** signed on with **Kia Motors America** as its first luxury ambassador. As part of the multiyear partnership with the Korean automaker, James will make exclusive appearances, and Kia will feature him in TV advertisements for the **Kia K900**. James' first on-air spot will be part of the **"Fit For A King"** campaign, which will premiere later this month as the basketball season gets underway.

REPORTERS' NOTEBOOK

BEHIND THE NEWS WITH *CRAIN'S* WRITERS

Alcoa forges ahead with troop-safety breakthrough

New York-based Alcoa Inc. has made a breakthrough that could be big in military troop safety, and its Cleveland plant played a crucial role.

Last Monday, Oct. 13, the company announced that it had made the "world's largest single-piece forged aluminum hull for combat vehicles." The hull was made as part of an initiative launched in 2013 by Alcoa and the U.S. Army.

The two demonstrator forgings were made using the 50,000-ton forging press at Alcoa's plant in Cleveland. The product took about 12 months to make, instead of the 18 months originally scheduled, the company said in an email, citing local expertise and decades of forging experience. Now, the program is in its testing phase.

According to the release, the single-piece structure could provide up to two times the protection against blasts from explosives, mainly by getting rid of welded seams. The hulls also can be made lighter and quicker, making them less costly to make.

— Rachel Abbey McCafferty

Chesler and partner have a sense of history

Historic rehabilitation-oriented developer Michael Chesler and his Novelty-based Chesler Group are branching into a new business associated with their roots: operating a real estate investment fund to contribute equity to federal historic tax credit-funded real estate projects costing less than $15 million.

The fund is dubbed "The MainStreet America Fund." Chesler said it's set up to be developer-friendly and low-cost, because most financial and investment types who seek benefits of historic tax credits know tax law but not the development process.

Moreover, he said, his experience doing projects in small towns such as Chillicothe and Warren has shown him that small projects have the hardest time finding investors but yield the most impact for communities.

Ironically, Chesler Group said it already has the hard part of doing a fund covered: getting the money.

The fund has a partnership with a publicly traded company that neither Chesler nor Daniel Budish, managing director of the fund, would identify by name, headquarters or industry. They said that company has agreed to invest about $10 million in such investments over the next five years to a total of $50 million.

The fund may invest in projects Chesler plans to continue to undertake, Chesler said. However, he emphasized the objective is to help other real estate developers pony up equity to make projects go.

"We're not soliciting funds. We're not brokers," Chesler said. "We seek investments, in projects, the developer who is teed up but is missing that last 10% or 20% of equity."

Budish said the projects may be in Northeast Ohio, but the fund will be run nationally.

They plan soon to inspect a potential deal in New Orleans.

Chesler, whose outfit got its start saving old MidTown Cleveland mansions by converting them to offices, added, "As a developer of close to 30 historic projects. I realized that we could drastically increase our capacity to restore historic buildings by investing as a partner."

— Stan Bullard

Since that last big development went well ...

Geis

As Bill Wills, morning host on WTAM 1100, served as emcee at the Oct. 17 luncheon that Downtown Cleveland Alliance puts on to issue its annual Ruth Ratner Miller Award and recognize recent projects, he put real estate developer Fred Geis on the spot in front of 500 people.

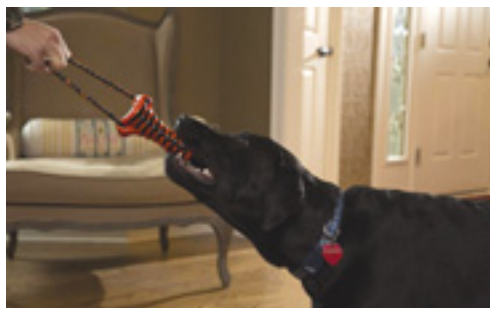
After reading off one of two awards Streetsboro-based Geis Cos. received for its Cuyahoga County headquarters building and The 9 mixed-use project in the former Ameritrust Co. skyscraper, Wills said Geis is expected to do more deals downtown, ending with, "Correct?"

At a front-row table, Geis slowly nodded in the affirmative.

Asked after the luncheon what's next, Geis said, "Sure. We want to cash in on our investment."

— Stan Bullard

WHAT'S NEW



COMPANY: Animal Oralectrics, Cleveland

PRODUCT: Zumby

Animal Oralectrics, a biotech startup, says it has invented a medical device that fights oral bacteria linked to bad breath and gum disease in dogs — a health problem that it claims affects 80% of dogs by the age of three.

The device, called Zumby, "is disguised as a dog toy and uses a very small, safe and undetectable amount of electrical stimulation, known as micro-current technology, to eliminate harmful oral bacteria," according to a news release from Animal Oralectrics.

The company says that in lab testing at Case Western Reserve University, "micro-current technology eliminated 70-99% of harmful oral bacteria."

Micro-current technology "has … been used for generations in humans to accelerate bone growth, rehab muscles after injury and treat Temporomandibular Joint Dysfunction," according to Animal Oralectrics. (With Zumby, though, the electrical stimulation is much lower and is not detectable.)

Stimulation is activated when Zumby comes in contact with the dog's saliva, the company says. To be effective, the dog needs to play with the device two to three times a week for 10 to 20 minutes per session.

Animal Oralectrics has developed a prototype and expects to be on the market in spring 2015. The company now is taking preorders as part of an Indiegogo crowdfunding campaign at go.myzumby.com.

BEST OF THE BLOGS

Excerpts from recent blog entries on CrainsCleveland.com.

On top of the world

Cleveland is home to two of the best-performing CEOs in the world.

So said *Harvard Business Review*, which ranked the top 100 corporate chief executives.

Chris Connor of Sherwin-Williams Co. came in at No. 29 in the rankings, while Eaton Corp.'s Alexander Cutler was No. 34. The CEO has to have the company functioning at a high level to make it onto this list.

The top consideration was the increase in total shareholder return and market capitalization. *HBR* also focused on long-term — or at least longish-term — results. The rankings consider the performance of active CEOs over their entire stints, and they included only those who have been in their jobs for at least two years. (The median term for all the CEOs studied was seven years.)

HBR said the top 50, on average, have delivered total shareholder returns of 1,350%, adjusted for exchange-rate movements, during their time on the job. That translates to an annual return of 26.2%. Adjusting for industry effects, average total shareholder returns for the top 50 are 1,161%, and for country effects, 1,087%.

No. 1 on the list was Amazon founder Jeff Bezos. Honorees represent 22 nationalities.

Keeping things tight

Cleveland is one of the strongest rental housing markets in the country, according to a story from MultiFamilyExecutive.com, based on third-quarter data from New York real estate research firm Reis.

Among large markets, Cleveland had the ninth-lowest vacancy rate, at 2.7%, tied with the rate in New York City. With a scant 2.1% vacancy rate, New Haven, Conn., had the tightest rental market in the country during the third quarter.

Overall, the story noted, only 13 markets have vacancy lower than 3%. There were 16 markets below that threshold in the second quarter.

In its report, Reis said rents "are projected to continue to grow in all of our primary markets, indicating that it will largely remain a landlord's market."

Look over here

Hoyer

Cleveland Browns quarterback Brian Hoyer is a hit on the field this season, so TV cameras are following him on the sidelines, too.

The Wall Street Journal watched two full games from the 2014 season for all 32 teams and tallied the number of times the broadcast cut to the head coach and QB, regardless of duration.

Hoyer ranked No. 8 among quarterbacks, with an average of 17 sideline shots per game, just behind Aaron Rodgers of Green Bay but ahead of big-name QBs including Eli Manning of the New York Giants and Russell Wilson of Seattle. (The data look only at starting QBs, so there are no numbers for Johnny Manziel.) No. 1 among QBs, to no one's surprise, was Peyton Manning, at 31 sideline shots per game.

Among coaches, Mike Pettine was No. 20 with 24.5 shots per game.

Being maniacal counts when it comes to coaches; San Francisco's Jim Harbaugh was shown a total of 91 times in two games, giving him a 45.5 average that was tops in the league.

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