

Blueprint

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MANAGING With a GLOBAL Mindset

Raise cross-cultural awareness to succeed beyond national borders



Is Your Price Right?

Replace outmoded pricing models with savvy strategies to lure more buyers

Peer Exchange: The Hunt for Capital

Creative steps to attract outside funding for your business

When Stocks and Uncle Sam Collide

Make smart tax moves when you buy and sell equities



Managing Across Cultures

As a global corporation with operations in over 30 countries, the BBVA Group appreciates the importance of cross-cultural communication. From China to Mexico to the United States, our success rests on our ability to forge strong, lasting bonds with our clients.

In this issue of *Blueprint*, we explore one of the keys to operating a leading international business. “Managing With A Global Mindset” (page 12) offers insights and case studies about effective organizations that think globally. For any business to thrive across national borders, its employees must adapt to different surroundings, languages and customs with an eye toward building trust and bringing innovative solutions to customers.

In “Is Your Price Right?” (page 8), we focus on a more tactical challenge that every growing business faces: developing a sound pricing strategy. This involves a mix of consumer psychology, competitive analysis and gut instinct. As you’ll learn, savvy entrepreneurs take a creative approach to pricing in order to maximize profits and attract buyers.

At BBVA Compass, we know that many of our clients have experienced a harrowing ride through a rocky recession. But the bad times don’t last forever. In “Ready for the Recovery?” (page 4), we provide practical tools to help you position your company to thrive in a more dynamic economic environment.

Please e-mail us at blueprint@bbvacompass.com with your comments, questions and ideas.

Thanks for reading,

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BBVA Compass is a Sunbelt-based financial institution that operates 767 branches including 411 in Texas, 92 in Alabama, 84 in California, 77 in Arizona, 45 in Florida, 36 in Colorado and 22 in New Mexico. BBVA Compass is a subsidiary of Compass Bancshares, Inc., a wholly owned subsidiary of BBVA (NYSE: BBV) (MAD: BBVA). BBVA is a financial services group with more than \$750 billion in total assets, 48 million clients, 8,000 branches and approximately 108,000 employees in more than 30 countries. BBVA Compass is the brand of Compass Bank and is a trademark of Compass Bancshares, Inc.

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BBVA Compass



MAKING SENSE OF THE ECONOMY

BBVA Compass' economic research team produces valuable data and reports

Economists debate over almost everything. They love to debate consumer behavior, tax policy and the role of governmental stimulus.

But nearly all of them agree that the best economic research is accessible, independent and relevant. When economists can conduct unbiased research on hot topics and make it available to a wide audience, they maximize their impact and contribute to a more informed populace.

BBVA Compass has its own seven-person economic research department that focuses on the U.S. Headed by Nathaniel Karp, this team collaborates with BBVA Group's economists from around the world.

Many banks provide economic forecasts and other data to the

media and other select groups. But BBVA Compass takes its research to a new level.

"Our research department differs from most other banks in that we report to the chairman," says Karp, BBVA Compass' chief U.S. economist. "From a regulatory standpoint, we don't need to do that. But it allows us to operate free of pressure from any line of business."

Most banks attempt to establish a firewall between

With its own corps of researchers, BBVA Compass can provide more timely analysis of fast-changing economic developments.

its business units and economists to prevent a conflict of interest. But such safeguards can prove fallible. For instance, a business line at a bank might influence its economic research department to bias its forecast.

What's more, some banks outsource their economic research to consulting firms. Doing so can lead to groupthink as financial corporations rely on the same macroeconomic models from the same consultants and wind up reaching similar conclusions.

Quarterly Reports on Key Regions

In keeping with the BBVA Group's longstanding philosophy of bringing expertise in-house, BBVA Compass has built an impressive economic research department in recent years. Karp and his colleagues give the bank yet another competitive advantage.

"Our economists are highly motivated and well trained," he says. "Our forecasts come from models we've built, so we can provide more technical and objective research without compromising the end product which needs to be clear and usable for internal and external audiences."

Karp's unit estimates monthly GDP (gross domestic product) trends for each state within the BBVA Compass Sunbelt Region. The researchers also produce a quarterly publication, the *U.S. Regional Watch*, which offers a detailed look at key issues that impact the U.S. economy as well as the Sunbelt economies.

Unlike most other banks that limit the distribution of their economic research, BBVA Compass makes it freely available to the public. Thousands of people—from clients to journalists to academics—subscribe to BBVA Compass' free daily e-mails with economic alerts. Every three months, Karp presents his team's latest *U.S. Regional Watch* findings in a live teleconference and webcast. And anyone can download the publication from the BBVA Compass' website.

For its most recent edition of the *U.S. Regional Watch*, BBVA Compass reports about 4,000 hits on its website. It distributes about 10,000 printed copies as well.

New Models, New Findings

Karp's team tracks the economy using

“Our forecasts come from models we’ve built, so we can provide more technical and objective research without compromising the end product which needs to be clear and usable for internal and external audiences.”

many tools including about 20 indexes that include the U.S. Housing Activity Index, the Surprise Inflation Index and eight at the state level. These indexes combine dozens of variables to provide a snapshot of key aspects of the U.S. economy.

"We developed most of our U.S. and state-specific indexes internally," Karp says. "Most of them are unique to BBVA Compass, which helps set our economic research apart from the prevailing indexes out there."

With its own corps of economic researchers, BBVA Compass can provide more timely analysis of fast-changing economic developments both in the U.S. as a whole and in the seven Sunbelt states it serves (Alabama, California, Arizona, Texas, Colorado, Florida and New Mexico). This places the bank's economists in a better position to make accurate forecasts.

In the early stages of the 2008 financial crisis, for example, few if any macroeconomic models incorporated key variables related to the U.S. consumer credit cycle, Karp says. His team identified this gap before many other economists and created a model that included various credit-cycle factors.

"That enabled us to correctly forecast what would happen to GDP and interest rates as a result of the credit downturn," he says. "We integrated what was happening on a macro level and quickly adjusted our models to reflect that." ■

A Case Study in Synergy

"In the U.S., economic contraction has eased in the first half of 2009, turning attention to the strength and shape of recovery. Nevertheless, the future outlook is cautious as many risks and challenges lie ahead," said Nathaniel Karp on September 21, 2009. "As for the BBVA Compass Sunbelt Region, available economic indicators confirm that the worst of the economic adjustment is over and that the region's economic adjustment could be near the end. Although labor markets remain subdued in most of the states, the region as a whole continues to outperform the national average."

A SERVICE DESK LIKE NO OTHER



BBVA Compass unveils the Virtual Banker to fill clients' investment and mortgage needs in the branch

At its best, innovation blazes new paths for the future while also producing immediate benefits to the business. One of BBVA Compass' latest breakthroughs, the Virtual Banker, qualifies on both counts.

The Virtual Banker system allows clients at a local branch to meet with BBVA Compass specialists—in areas such as investing and mortgages—using cutting-edge video conferencing technology. Clients thus gain instant access to BBVA Compass experts without having to make an appointment. They can work with these specialists one-on-one regardless of the bank agents' location.

A branch manager or financial services representative (FSR) greets walk-in clients and accompanies them to a Virtual Banker station that's equipped with a touch screen and high-speed data line. The system provides a live, interactive link to the bank's loan and

investment officers. It also offers interactive sharing of documents, printing, scanning, remote payments and co-browsing.

BBVA Compass developed the Virtual Banker within six months, says Alvaro Aguilar, executive vice president of innovation, in large part by leveraging its existing software made by Atento, a leading provider of call center software. The goal was to devise a customer-centric solution that fits the bank's universal business model of providing a complete service to fill client needs

For BBVA Compass, the system provides a cost-effective tool to deliver more complete service.

investment officers. It also offers interactive sharing of documents, printing, scanning, remote payments and co-browsing.

“Because the Virtual Banker has additional functions such as remote payments and online banking, we can open new opportunities with other BBVA Compass business areas.”

—Alvaro Aguilar, executive vice president of innovation

easily, efficiently and seamlessly.

“The banking industry standard is that only accredited or licensed specialists can sell investments or mortgages,” Aguilar says. “At most banks, a customer who wants one of these products must schedule an appointment with a specialist and then come back.”

With Virtual Banker, you can fill all your specialized financial needs in one visit to the branch. This includes working with a broker to buy or sell equities or other investment products—or applying for a home mortgage.

User-Friendly Technology

The system is so customer-friendly that anyone—even people who never use computers—can master it. It involves no keyboard, mouse or buttons to push.

“All you need to do is touch the screen to select the type of service you need,” says Alejandro Carriles, BBVA Compass' director of research and development. “Then you just start a conversation with the specialist who comes on the screen.”

For the client, the Virtual Banker offers a new level of convenience. Off-site investment specialists are always available when the branch is open, so clients can accomplish more in one visit.

For BBVA Compass, the system provides a cost-effective tool to deliver more complete service. While it's impractical to house specialists in investments and mortgage financing in every branch, the Virtual Banker lets clients communicate with these experts from afar.

The solution is a result of the Innovation team's collaboration with BBVA Compass' Retail Banking and Wealth Management groups. The team operates at a

high level of the organization, which reflects the company's commitment to innovation.

“Because the Virtual Banker has additional functions such as remote payments and online banking, we can open new opportunities with other BBVA business areas,” Aguilar says.

Because of advances in video conferencing technology, the client sees and hears the specialists clearly. They can review documents together such as informational brochures and investment contracts. It's almost as if they are conversing in the same room.

The large, high-resolution screen enables clients to see the BBVA Compass specialist on one-half of the monitor while the agent displays documents on the other half. Both parties navigate through the content, highlighting chunks of text and exchanging information about brochures, filling out applications or examining investment contracts.

“This is the first integrated solution of its kind in the U.S. that combines video conferencing with live, full interactivity,” Aguilar says.

A Low-Cost, High-Return Breakthrough

If a client needs to sign a document, the bank can usually accept an electronic

signature. With a stylus, users sign their name directly on the screen or sign a hard copy that's printed in the branch and then scanned and sent to the specialist.

“We expect the branch manager or FSR to stay with the client at all times in the Virtual Banker station,” says Carriles. “That way, the customer builds on the relationship established at the branch level, working in collaboration with different experts in other parts of the bank.”

BBVA Compass devised the Virtual Banker with Atento, which provides software with speedy connections and sharper video images by using a fast T1 Internet line.

“We worked with Atento to customize software and bring a new dimension to their application, making it a more personal customer experience by enhancing the video, display and collaboration tools,” Carriles says. “In terms of hardware, we built a prototype in our Innovations Lab with an eye on efficiency and ergonomics.

But the longest and most complex part of the project has been the organizational procedures that had to be developed to support the Virtual Banker at the branch level and the development of mortgage and investments policies specific for this project.”

The program launched in August 2009 in six branches in Texas. Based on client feedback, BBVA Compass may enhance the system and make it more widely available across its seven-state footprint.

“We view innovation as important even in the current complex environment,” Aguilar says. “Our ability to innovate in this period will help strengthen our position after the crisis.” ■

A Winning Technology

In the June 2009 issue of *The Banker*, a global banking magazine published in Europe, BBVA Compass' Virtual Banker project was recognized as the winner in the category of “Innovation in Delivery Channel Technology.” The magazine's judges “were impressed by the resourcefulness of the banks' development team and the low cost of the project.”



READY FOR THE RECOVERY?

Over the last 18 months, you battled the economic recession by hunkering down. You cut expenses to the bone. You nixed non-essential projects and personnel. You terminated consulting contracts, construction plans and other business investments to conserve capital.

Your decisive action made your business leaner amid slowing sales. But the inevitable recovery will test your skills operating on offense, not defense.

“Now is a good time to assess your situation realistically,” says Samuel Addy, director and associate research economist at the Center for Business and Economic Research at The University of Alabama in Tuscaloosa. “Then identify possible actions you can take in response to your assessment.”

Beware of cutting your budget for marketing, memberships in industry associations and subscriptions to trade publications. These three areas help you conduct a thorough assessment, Addy says.

Companies set for the recovery will trounce their slow-to-react competitors. If you pruned your marketing budget, consider launching branding initiatives, public relations campaigns and customer outreach to build awareness for new and existing offerings. If you postponed purchasing packaged software or hardware that you know you’ll need eventually, negotiate better deals now. Review vendor and supplier contracts for options relating to extensions; you may want to lock in new terms while prices remain historically low.

Engaging in strategic planning, where you assess likely scenarios over the next three or five years, can help you weigh how changes in social, environmental and federal policy can affect your business. For instance, the governmental push to cut carbon emissions may lead to more tax credits and other benefits for companies that invest in green technologies.

As the economy transitions from recession to recovery, opportunistic leaders are strengthening their bonds with employees, customers and other stakeholders. In a 2009 CareerBuilder survey, 72% of employers say they are taking steps to strengthen their employment brands to position themselves for an upturn. Examples include communicating more frequently with employees about company successes, promoting company

achievements with press releases and revamping their websites.

The ability to stick to a sound growth plan and focus on execution, even in a deep recession, can bear fruit for years to come. Soon after the BBVA Group acquired Mexico’s Grupo Financiero Bancomer in June 2000, a recession hit Mexico. But BBVA continued its integration and transformation process to position the new BBVA Bancomer to serve clients better.

As Mexico began to recover from recession in 2002, BBVA Bancomer was ideally suited to take advantage of a myriad of growth opportunities. It offered customers new products and services that capitalized on its successful integration with the BBVA Group.

As you plan for the recovery, apply a fresh dose of strategic thinking. Gather your management team, advisory board and other key players and ask, “Are we still in the business that we want to be in—and that our customers want us to be in?”

You might discover that the marketplace has changed dramatically. Perhaps tomorrow’s buyers will demand a low-cost solution that you lack. Or new technologies will reduce the need for what you sell.

By craning your neck into the future and envisioning your business in a vibrant economy, you can plan to hit the ground running. Making changes now can pay off in spades later. ■

The ability to stick to a sound growth plan and focus on execution, even in a deep recession, can bear fruit.

BOOST YOUR TEAM'S PRODUCTIVITY

In this economy, managers must do more with less. Due to layoffs, furloughs and hiring freezes, surviving employees face heavier workloads—without the prospect of pay raises or even bonuses.

Even in ideal circumstances, it’s hard to push workers to boost their productivity without hurting their morale. But when they’re already operating in overdrive, asking them to take on more and more duties can lead to burnout.

How can you get them to work smarter and harder if you have few, if any, tangible rewards to dangle in return?

For starters, think of intangible benefits that you can offer. For many high-performing employees, one of the most coveted prizes is greater exposure throughout the organization.

“A great motivator is to increase the visibility of your people,” says Enrique Gonzalez, business development director for BBVA Compass Retail Banking. “By highlighting their contributions with the top executives at your organization, you can help your employees take ownership of their work and encourage their career advancement.”

When Gonzalez works on a high-level project, he often brings key employees with him to meet with senior leaders. He also looks for opportunities to call attention to a staff member’s accomplishments when he talks with other executives.

Most managers know that praising someone is a free and easy motivational tool.



Recognizing fine work with a pat on the back can’t hurt. But it’s even better to raise your employees’ profile among the top brass. When staffers know that you will champion their contributions, they will bring more effort and energy to the job.

Another strategy to generate more productivity from people is to articulate an exciting, meaningful vision that ignites passion for their work. Help them see how their everyday duties fit into a grand plan.

“I’ll tell my employees, ‘What you do will impact 7,000 people in 700 branches,’” Gonzalez says. “I want them to feel that they’re part of something greater than themselves.”

When sharing your vision, provide specifics. How many customers will benefit from employees’ handiwork? How many

countries will sell the products that they’re helping to develop? How does their assignment relate to making your vision a reality?

On a more mundane level, take small steps to brighten each workday for your troops. Don’t underestimate the power of bringing a tray of snacks or distributing surprises such as gift certificates to local movie theatres or retailers. Or sit alongside your staffers, roll up your sleeves and assist them for an hour with their backlog.

Overworked employees want reassurance that their perseverance will eventually pay off. In the short term, dignify their contribution, express your appreciation and raise their visibility. The motivational strategies you apply today can lay the groundwork for years of loyalty and dedicated service from your team. ■



In this feature, an executive presents a business challenge he or she faces and we ask other business leaders to share their experience grappling with a similar problem.

RAISING CAPITAL

RESOLVING THE CHICKEN-AND-EGG DILEMMA

VEER



DEBRA JOHNSON
President, Eco-Edge
Chandler, Arizona

Our company provides green products and services to help businesses improve the fuel economy, energy use and maintenance costs of their fleets and heavy equipment. We have won industry awards for innovation and environmental stewardship.

To expand our business model nationally, I need funding from outside investors such as VCs or angel investors. I haven't raised outside capital before.

Even though our new business is growing, our overall business is off from last year. Our existing customers have less need for our products and services because they are parking a bigger percentage of their fleets and not using their heavy equipment as much.

Trucks that are running see the value of what we provide more than ever given the pressures they face in this economy to reduce operating costs and improve efficiency. That's why this is an ideal time for us to expand.

Here's my challenge: Until we strengthen our existing business, I'm finding it tough to get funding. But if I could somehow attract funding now, it would help strengthen our business! It's a chicken-and-egg thing.



TODD REPERT
President and Chief Financial Officer,
Main Street Capital Corp.
Houston, Texas

Entrepreneurs are optimists. They generally want to grow the business. But it's important to focus on manageable growth, particularly in a difficult economy, so that you don't stretch yourself too thin. Expanding in recessionary economic times can be a good strategy to capture market share, but it takes a lot of planning and focused execution.

Before trying to expand nationally, it may be better to pick up market share in manageable pieces. Even if you're able to raise the capital to expand, it's going to be expensive and you have to make sure the returns on your expansion will equal or exceed the cost of the capital. If not, it's not going to be beneficial for your business.

The good news is, if you're determined to get funding, the current political climate in the U.S. favors small businesses. There has been some improvement in the Small Business Administration's lending program as part of the recent stimulus package. BBVA Compass' lending group works closely with the S.B.A. as part of this program, so the bank may be a good resource.

Main Street Capital is part of the SBIC [Small Business Investment Company] program that deals more with junior debt

and equity capital. That program has also been improved as part of the stimulus package. There are also factoring companies that provide a form of financing by taking ownership of the receivables they are financing, although that's not for everybody and can be expensive.

In this environment, you can expect less available funding, more conservative structures from lenders/investors and a higher cost of capital, no matter where you go for money. That's why it may make more sense to focus on manageable growth with internal funds and a limited amount of outside financing, rather than seeking significant funding for broader initiatives at this time.



DAVE RAHN
Co-president, CustomChannels.Net
Boulder, Colorado

I've found it comes down to timing: Is it the right time to seek funding? Go for the money too soon and you might not be ready for it and waste it. Or you may have to give up too much of your company to get it.

In the fall of 2008 when the stock market was collapsing, a friend who's an angel investor told me, "This might be the best time to go after private money." Prior to 2008, stocks and real estate had done well and kept investors happy. But with the downturn, he said they might be looking for new areas to invest. After all, they need to put their money somewhere.

As a result, private investors are perhaps more open to putting their money into a business that can convincingly show future growth potential. Even if demand for your current business has stalled due to the economy, this might be a good time to tell a good story about your plan to grow nationally. Just make sure to provide reasonable numbers for investors to plug in so that they can easily see how you'll scale your growth in new markets. ■

“Until we strengthen our existing business, I'm finding it tough to get funding. But if I could somehow attract funding now, it would help strengthen our business! It's a chicken-and-egg thing.” —Debra Johnson

Is Your PRICE RIGHT?

Know what customers will pay—and take creative steps to de-commoditize what you sell

► After launching her business in 1998, Joy Gendusa could set her own price. That's because she had identified a previously untapped niche: designing and printing postcards to help small businesses with direct-mail marketing.

"We were the first ones to do this," says Gendusa, chief executive of PostcardMania in Clearwater, Florida. "Now we have all these competitors, and a lot of them undercut our pricing."

Within the last year, Gendusa has decided to fight back. She lowered her prices about 25% so that they fall within the range of her top competitors. While it's too early to determine if her price reduction will pay off, she felt compelled to act.

"We'll never be the cheapest and we don't want to be," Gendusa says. "But I feel there will be less competition as some of the other players don't survive. I plan to outlive everybody. That will allow us to raise prices eventually."

Unlike many of her rivals, Gendusa delivers full-service marketing beyond just designing and printing postcards. By selling a mix of products and services, she offsets the narrower margins for her core offering.

Adopting a sound pricing strategy enables Gendusa to concentrate on what matters most: Operating the business with an eye on sustainable growth and differentiating it from more recent entrants in the market. That's better than making steep price cuts impulsively without a long-term plan.

"A lot of business owners see a price war as a form of combat and fail to see the larger picture," says Graham Foster, a pricing consultant in Denver,



KEY TAKEAWAYS:

- Empathize with customers to understand their expectations regarding your pricing.
- Rather than engage in a price war or succumb to pressures to cut, take steps to differentiate your product or service.
- Adopt creative pricing strategies rather than apply stale formulas or undercut competitors' prices.

Feature Story

Colorado. “They get too wrapped up in it and limit their perspective.”

Prices tend to fall in an economic recession. But don’t confuse an across-the-board slump with a price war that only affects an isolated set of businesses, says Foster, author of *The Power of Positive Profit*.

In a true price war, you need to assess whether you face one dominant market leader in your industry or many similarly sized competitors that are hard to tell apart. If you’re up against a giant, undercutting on price probably won’t keep you afloat for long. But when trying to pry away business from peers that are not well differentiated, cutting your price can make more sense.

Price rarely exists in a vacuum. Customers often indicate in surveys that they will spend more for quality, reliability or other benefits. Gendusa uses her integrity as an asset. She educates clients about a practice that some of her lower-price competitors use: They add a few cents of profit to their postage costs without informing the customer.

“We provide postage receipts to our customers so they know we’re not trying to make money off of postage,” she says. “We’re not hiding anything and they appreciate our transparency.”

Price Empathy: Your Secret Weapon

Like many successful entrepreneurs, Gendusa stays close to her customers. She understands how they think. This awareness translates to better pricing decisions.

Shoppers who worry about lack of transparency in your pricing may hesitate to buy from you. If they suspect that you’re taking kickbacks or otherwise profiting excessively from their business, their concerns can drive them away.

To uncover your consumers’ attitudes and anxieties, step into their shoes. Just as effective leaders empathize with employees, shrewd executives empathize with customers so that they perceive purchasing transactions through fresh eyes.

“The idea of price empathy is to understand what the customer expects to pay along with related expectations

in terms of what they get in exchange for your price,” says Mark Smiciklas, owner of Intersection Consulting, a Canadian marketing and consulting firm in North Vancouver, British Columbia.

Smiciklas advised a client to think like a customer when weighing whether to establish a minimum fee for a pay-as-you-go service. A dose of empathy helped the client realize that imposing a minimum fee lessened the appeal of a “pay only for what you use” pricing model. As a result, sales of the new service are soaring due in part to the lack of a minimum charge.

What if you’re unsure how customers think about price?

“Ask them,” Smiciklas says. “Find out what makes them comfortable or uncomfortable. Learn what kind of pricing they want. Consumers get upset when they feel they aren’t treated fairly, so survey them to identify what they deem as fair treatment.”

The best way to solicit input is to identify your top 20% of customers in terms of volume, loyalty and overall importance to your business. When you’re pondering pricing changes, contact them and discuss your plan. Then ask for feedback.

Strive to solicit input from a fair representation of buyers. If your top 20% of clients does not provide an accurate sampling of your overall customer base, broaden your scope. Just make sure you’ve established a high level of trust with those customers so that they provide honest feedback and do not leak information to your competitors.

Smiciklas follows his own advice. By empathizing with his clients, he found that some owners of small or mid-size businesses initially fretted about how much they’d wind up spending on his consulting services. They worried that if he charged for his time, they might spend too much.

“I’ve developed project-based pricing so that they know from the start what it will cost them,” he says. “If I spend more time on a project than I originally budgeted, I still charge the same price.”

He also learned that his clients value transparency. So he posts his prices on his firm’s website and describes different levels of service and what they include.

When a Price Strategy Backfires



For many airlines, higher fuel costs and a slowdown in passenger traffic have combined to create a financial meltdown. Many of them have responded by imposing new fees that irk travelers who are already peeved by the declining standard of service they receive.

Mark Smiciklas cites the example of Air Canada, whom he calls “Canada’s much-maligned national airline.” In 2009, it announced a \$25 fee to check a second bag (regardless of weight), a \$15-\$20 fee to select your seat in advance and a \$25 fee to book your flight on the phone (rather than online).

The result? Aggrieved customers who resent the airline for charging for “free” services.

Customers approve of his approach. He says their positive feedback has validated his strategy. While he acknowledges that competitors gain easy access to his pricing, Smiciklas sets his fees “from a position of being the thought leader” in his field, he explains.

Beyond Customer Feedback

Setting prices varies for retailers and manufacturers. Customers who browse your products (either online or via a bricks-and-mortar store) decide to buy from you or they walk away. Even if you aggressively survey shoppers, you will never know what mix of variables contribute to their decision to accept or reject your offerings.

Manufacturers typically use a network of sales representatives to reach customers. Price often becomes an explicit factor in determining whether a sale occurs. Negotiations can ensue, especially for long-term supply or production contracts or other complex transactions.

As a result, savvy manufacturers can adjust their pricing strategy in real time to accommodate fluctuating market demands and customer expectations. They just need to stay attuned to their sales reps’ dealings with customers and respond nimbly to rapidly changing dynamics.

“In this environment, many businesses face downward pricing pressure,” says Per Sjöfors, founder and managing partner of Atenga, a consulting firm in Westlake Village, California. “They can wind up dropping their prices and being perceived as a commodity. The challenge is to de-commoditize yourself.” How? Evaluate your entire marketplace. Your salespeople only call on a segment of the market. Learn from their customer stories while also gathering broad-based information about other potential buyers of your products or services.

Sjöfors advises clients to think creatively in crafting their approach to pricing. He often shifts their mindset from, “I’m being pressured to lower my cost” to “How can I meaningfully differentiate my product in the marketplace? How can I de-commoditize my product?”

One of his favorite strategies is to help them identify the benefits of bundling (or unbundling) their products or services. In practice, this may mean selling three items separately as opposed to just one that includes all three components (or vice versa).

Sometimes, the solution is as easy as changing the packaging size. Sjöfors cites an example of a client that sold chemicals used for small-scale clinical trials. The company, which was starting to experience pricing problems, traditionally sold the chemicals in only one size. And since company representatives

To Learn More...

Many management groups and private consultants offer executive education programs on pricing strategies. Examples include:

The Professional Pricing Society. This Georgia-based group hosts conferences and workshops on pricing as well as newsletters and other resources with pricing data and research. See www.pricingsociety.com or call (770) 509-9933 for more information.

The American Management Association. The association offers a seminar entitled, “Pricing Strategies: Capturing and Sustaining a Competitive Advantage” in cities around the country. See www.amanet.org or call (877) 566-9441 for more information.

You may also want to contact business schools or colleges in your area. They may offer programs on pricing taught by marketing professors.

only talked to the customers who wanted that particular size, they thought the whole marketplace sought just that size.

“Our research found there was an equally large marketplace for many different batch sizes,” Sjöfors says. “Just by reconfiguring their batch sizes, they were able to attract four times as many customers.”

Reassess Your Marketing

Just as changing the quantity (and adjusting your price accordingly) can boost sales, another successful step to set the right price is modifying your marketing or some other aspect of service or product presentation. Recast what you sell in a different light and you may induce shoppers to pay more for it.

Sjöfors worked with a company that struggled to price its training software. The product targeted lower-level tech support or customer support teams.

“We found that training managers at the companies that our client pursued lacked the big budgets to buy this software,” Sjöfors says. “So instead of positioning the software as a training tool, the client started describing it as ‘Employee Care.’ Suddenly, they got C-level support for installing their product because at many corporations, senior executives are personally vested in employee care initiatives.”

The client not only raised the price of its “Employee Care” software but also enjoyed skyrocketing sales. All the while, the core software product essentially remained the same.

“Most companies use very simple pricing methods like cost-plus or looking at a rival’s pricing and adjusting to that,” Sjöfors says. “But it can yield tremendous benefit to take charge of your pricing and to look at it as a source of profit.” ■

MANAGING *with a* GLOBAL MINDSET

KEY TAKEAWAYS:

- ▶ Step outside your cultural comfort zone and dig for information so that you can learn about people from different parts of the world.
- ▶ Prepare to do business overseas by seeking advice from third parties with successful experience in that culture. If possible, learn at least some of the language.
- ▶ To manage cross-cultural project teams, define the scope, identify the roles of key players and discuss their level of participation.

Increase your cross-cultural awareness to gain fresh perspectives and succeed across national borders

Nearly a decade ago, Baron Services Inc. partnered with Lockheed Martin to sign a major contract with the government of Romania. The planned three-phase project helps the European nation upgrade its weather monitoring capabilities.

Bob Baron, the company's president and chief executive, has longstanding global ties, which include serving as a delegate to the World Meteorological Organization's annual conference in Geneva. After meeting international leaders of the meteorological community, Baron learned to adopt a global mindset to run his thriving Huntsville, Alabama-based business that develops advanced meteorological systems.

In the contract's first phase, Baron Services focused on modernizing Romania's weather forecast system. Currently in its second phase, the project involves enhancing the country's hydrological flood models through more accurate rainfall accumulation information and next-generation land surface modeling. The final stage will be to automate Romania's system of dams.

"It's our technology that is making a difference and our people in Romania who are ensuring things are done properly," Baron says. "That's sometimes a challenge given the differences in culture between the U.S. and Romania. Government functions differently in each country."

The project's success to date reflects Baron's ability to set clear goals from the outset. To complete the work, Baron's

company needed to obtain historical meteorological data from the Romanian government. At first, that was a challenge. But his project manager eventually enlisted the cooperation of government officials.

"You have to build a relationship with people who may have their own ways of doing things," Baron says. "That can take some time, but it's worth it."

Like other successful entrepreneurs, Baron steps outside his cultural limitations to think globally. This wide-ranging perspective promotes understanding and forges fruitful alliances among parties from different nations.

In today's globally intertwined economy, business leaders need to adopt a global mindset even if they only operate in one country. That's because their suppliers, partners and employees typically

Cover Story

represent different cultures and must work together seamlessly for the organization's greater good.

The elements of a global mindset include tolerance, patience and non-judgmental curiosity. When you're eager to learn from others rather than impose your way of seeing the world, you can work with them more effectively and develop stronger, multi-dimensional bonds.

Some Americans might assume that the behavior traits, beliefs and operating principles that enable individuals to work productively in the U.S. are fixed and immutable. In fact, these traits vary by culture.

Accepting advice seems harmless enough and even admirable in many parts of the world; in other places, it's a show of weakness to solicit input and heed others' counsel. Hard-charging American workers may pride themselves on speedily executing their job duties and multitasking with ease; in other cultures, completing tasks at a more deliberate pace is the norm.

Leaders of enlightened companies study the way people from different societies communicate. They treat mutual understanding as a core value.

In addition, executives who possess a global mindset analyze business trends, marketing campaigns and corporate responsibility at a broader level. They engage in strategic thinking on a more sweeping scale. They see a world of opportunity where other, more parochial thinkers do not.

Break Down Cultural Barriers

If you aspire to think and act globally in making business decisions, the first step is to identify subtle differences in foreign cultures. You must cast aside biases or assumptions that cloud your thinking.

"You need to be culturally sensitive," says Krister Holm, head of global clients for BBVA USA based in New York. "Before you do business with someone from another culture, read up, study and show you've done your homework."

Holm, who has worked in countries ranging from Brazil to the Czech Republic to Scandinavia, finds that asking open-ended questions and making perceptive observations about a foreign culture fosters learning. You also gain credibility by seeking information rather than making assumptions and reaching the wrong conclusion.

Most foreigners will appreciate your effort to ask appropriate questions that signal your intent to understand them better. It also helps to acknowledge the preferences or culturally ingrained habits you tend to exhibit—and express your desire to make adjustments to accommodate cultural differences.

When Holm moved to Brazil for a five-year stint in the mid 1990s, he learned to speak Portuguese. He knew that he could acclimate to the culture more readily if he overcame the language barrier.

"I took three weeks of full-time Portuguese lessons with private teachers as soon as I arrived," he says. "It was seven hours a day, six days a week. I worked hard because I wanted to learn it well and quickly."

Just as you need to look past biases to accept another culture on its own terms, you should realize that some foreigners might harbor misconceptions about you and your background. Patience and gentle, self-effacing humor can pave the way for better cross-cultural relations.

Ziad Khoury, who runs a sales management consulting firm in Winter Park, Florida, has built a client base in Europe. He knows

that some Europeans initially think, "Oh, it's another pushy American selling one of those silly 'success systems.'"

But by building rapport with prospective customers in an earnest, genial manner, he subverts their expectations. As a result, he often wins the business.

"There is a cynicism at first when our salespeople meet with some Europeans," says Khoury, author of *Frontline Profit Machine*. "But we read up on other cultures before we try to do business with them. We educate ourselves. People of all cultures innately want to do the right thing. It's a matter of being sensitive and respectful."

Ask the Right Questions

Constant change in the business world is not distinct to America. Commerce in every culture has its own unpredictable rhythm.

The most successful U.S. entrepreneurs plan for such unpredictability when they do business abroad. They develop contingency plans so that they're ready to respond to setbacks.

For Baron, effective project management in Romania requires three steps: Specifying the scope and goals for each phase of the project, identifying the individuals on all sides who will play a role and defining their level of participation.

"Even if you do all three of these things in advance, things change so you have to be prepared," Baron says. "A lot of it you develop on the fly. You can build relationships and then find there are personnel changes and you have to deal with a new group of people."

To stay the course, Baron adheres to "an honest, ethical approach to doing business." He says that's a critical component of a global mindset and it carries over into all aspects of entrepreneurship.

A commitment to ethical dealings drives business success. But you also need to understand the cultural norms that influence how foreigners behave within their organization. That means you must grapple with two levels of cross-cultural awareness: the

organizational culture and the larger national culture within which it operates.

When you work with a foreign organization for the first time, it helps to uncover how its employees interact with the outside world. Do they express themselves bluntly? Do they hesitate to deliver bad news or say no? Do they avoid or welcome confrontation?

Seek help from others to address these issues. Ask for input from suppliers, consultants and other third parties who have ongoing relationships with the company.

"Make sure to talk to different people at different levels both inside and outside the organization," Holm says. "And talk to them several times in person. Sit down with them and you'll learn more. Don't rely on e-mail or the phone."

Dig for information by asking open-ended questions. Examples of good inquiries include, "What has been your experience working with this company?," "What qualities constitute a good manager?" and "How would you describe the decision-making process?"

Use your eyes as well as your ears to learn from others. Observe their nonverbal cues.

"If you ask about a delicate topic like a company's approach to ethical gray areas, see how they fidget or cross their arms," Holm says. "Notice body language because it sometimes reveals what people won't say."

Look Past Your Assumptions

Executives who think globally treat foreign cultures and organizations as an opportunity to learn and grow. They look beyond their favorite management theories so that they can observe more carefully and extract relevant lessons from each new experience abroad.

"Global does not mean the export of vanilla from one home base around the world," says Miles Young, chief executive of Ogilvy Group, in a *Wall Street Journal* interview. "It means harnessing intelligence from all sorts of different sources and leveraging it into a solution."

Young's mastery of the global mindset comes from spending 13 years running Ogilvy's Asia-Pacific business. It taught him to adopt "a less U.S.-centric view of the marketplace," according to the article.

Executives like Holm and Young who work extensively in different parts of the world for significant chunks of their career are usually able to hone their adaptation skills. They learn how to modify their behavior to fit the surrounding culture.

"A global mindset gives you the ability to read and recognize visible manifestations of a more deeply held value in a foreign culture," says Michael Schell, co-author of *Managing Across Cultures*. "You become more adept at recognizing what's different, watching the way people deal with each other and growing more sensitized to signals. Then you're able to adjust your behavior and act differently to manage well in that culture."

“A global mindset gives you the ability to read and recognize visible manifestations of a more deeply held value in a foreign culture.”

—Michael Schell, co-author of *Managing Across Cultures*

Schell, chief executive of RW3, a training and consulting firm in New York, New York, advises Americans to sharpen their cross-cultural awareness by getting to know people from different cultures. Show interest in learning about their opinions and worldviews and you can build alliances.

"Watch a certain culture in your own community," he says. "If you do it gracefully and respectfully, you can ask people about their styles and preferences on all sorts of things."

Through this process, you can broaden your understanding and sweep away faulty and misguided beliefs that threaten to hinder your progress when working in a multicultural environment. Best of all, you win friends who can provide input and support as you embark on cross-cultural challenges.

"What makes you successful as an American manager might make you unsuccessful in another culture," Schell warns. "That's why first you have to understand a culture. It's not intuitive, but it's a learnable skill that takes time." ■

Operating Principles for Adopting a Global Mindset

1. Communicate with tolerance and mutual understanding.
2. Be sensitive to cultural differences.
3. Learn from your environment when you're in a foreign land—honor cultural norms and adjust your behavior accordingly.
4. Study other cultures. Learn about the history of a particular region and its cultural roots.
5. Recognize talent in all its forms—and nurture that talent.





Training the Next Generation of STAR ATHLETES

For Lance Rhodes, college offered a perfect blend of classroom knowledge and hands-on experience. He earned a degree in history and sports physiology from The University of Alabama at Birmingham—and he played on UAB’s football team.

After graduating, Rhodes launched a business that combined his gridiron experience with his understanding of how to train an athlete’s body for strength, speed and agility. He founded RPM Inc. in 2006 in Hoover, Alabama, with the help of longtime friend Blake Prime.

As RPM’s owner and director of performance, Rhodes has led the company through three years of fast growth. He recently purchased property across the street from his current location to build an additional 15,000-square-foot facility. The added space will enable RPM to expand into physical therapy while continuing to provide strength and conditioning to enhance athletic performance.

Rhodes, 26, attributes his entrepreneurial success to many factors including his interest in innovation. His field is evolving rapidly as new research and training techniques deliver better results to athletes.

ISTOCKPHOTO, FRANK COUCH/BIRMINGHAM NEWS

■ TO LEARN MORE, LOG ON TO WWW.BBVACOMPASS.COM

Blueprint spoke with Rhodes about his experience building his business and devising new ways to help athletes improve performance.

When did you decide to start a business?

LR: After playing football at UAB, I started training athletes. It began in my parents’ basement with free-weights and homemade wooden boxes in the driveway. Soon I outgrew their home and opened a facility in Hoover.

How did you develop your approach to training athletes?

LR: It’s a mix of things. I read a lot of books on training principles and human physiology from people who have trained professional athletes. I incorporated some of their techniques but also adapted much of what they were doing and made it mine. No one in Birmingham does what we do.

Can you give an example of what sets your training apart?

LR: We do what I call a “Frequency Phase” involving quick, two-yard running drills that I’ve developed. The purpose is to activate an athlete’s nervous system so that all the circuitry is firing correctly from the start. That allows the body to be more efficient in the firing mechanisms for the brain and muscle so that it can perform better when engaged in intense competition—like a 40-yard sprint.

Where do you come up with your ideas to innovate?

LR: First, I was fortunate to have mentors—Dr. Gary Hunter and Dr. Jane Roy, two of my professors at UAB. They’ve helped me along the way. I’ve also found it helps to talk to competitors in different states. I’ll call them and ask them



“I’ve learned that innovation not only differentiates you from others but also cuts costs.” —Lance Rhodes (center)

to share their experience—and I do the same when they call me. It’s gratifying to be asked for advice.

Do you view innovation as risky?

LR: Actually, it can save money to innovate. Here’s an example. I used to purchase whatever new machine or equipment my competitors were offering. At first, I thought, “That’s cool. Everyone else is buying it. I better keep up with the Joneses.” Now that I’m three years into the business, I’ve learned that innovation not only differentiates you from others but also cuts cost. Everyone has platforms for athletes to lift weights on. They cost \$1,500. But I made one that’s just as durable and looks just as good for \$250.

You work with many professional athletes. Do they resist your new approaches at first?

LR: At first, it’s uncommon to them. But they see the benefits. And everything I do, I can back up with solid research.

How do you market your business?

LR: We’ve done very little marketing.

Since April 2009, we’ve sponsored a weekly segment on a local radio show in which we bring in a pro athlete to discuss his training regimen. A few weeks ago, we did the interview with Roddy White [a Pro Bowl wide receiver with the Atlanta Falcons].

You work with many prominent athletes. How do they find out about RPM?

LR: Some of them, like Roddy White, went to UAB. In the case of Wes Helms [an infielder with the Florida Marlins], he was hitting baseballs at Hoover High School when he noticed how we were training the school’s athletes. He liked what we were doing and contacted us.

What advice would you give an entrepreneur starting up a business?

LR: Your people are the key to success. I’ve surrounded myself with great people. For example, Blake Prime is a big part of our business. We’ve been friends since ninth grade. When you have a team of great people, anything is possible. ■

TAXING DECISIONS FOR STOCK INVESTORS

Knowledgeable investors realize that taxes affect the performance of their equity investments. That's why they focus on after-tax returns.

The larger challenge is making sense of all the tax implications of any investment decision. For example, investors incur tax when they own stocks that pay high dividends. Individuals seeking to limit their tax exposure might avoid such stocks—or own them within an IRA or other sheltered vehicle.

Because tax law is fluid, investors need to track the latest moves in Washington. The Emergency Economic Stabilization Act of 2008 extended more than 30 tax provisions that were set to expire and also created many new tax breaks. Prior to that historic legislation, the U.S. Congress slashed the individual tax on long-term capital gains and dividends. Those provisions are set to expire at the end of 2010.

Does that mean you can expect to pay higher tax on stock dividends in 2011 and beyond?

"That's a possibility," says John Sawyer, CFA, chief investment officer of the Wealth Management Investment Group at BBVA Compass. "But that's also a reason to look at opportunities elsewhere such as tax-deferred or tax-free options."

Taxes on capital gains and losses can also factor into investors' calculations. After the recent market downturn, you may want to sell stocks that have sunk in value. Under U.S. tax law, you can deduct \$3,000 in capital losses per year. If losses exceed \$3,000, you can carry over the remainder and take a deduction of \$3,000 in each subsequent tax year.

Capital gains can help you balance your books. In the current environment, some investors may want to accelerate sales of top-performing

stocks to offset steep capital losses, Sawyer says.

If you flip through the business section of the newspaper every morning, it's sometimes hard to resist making impulsive stock decisions based on the latest news about pending tax developments. But wise investors step back from the fray and maintain perspective.

"Don't be unduly influenced by changes on the immediate horizon," Sawyer says. "But be very mindful of taxes on your overall investment portfolio."

For instance, keep an eye on the calendar so that you monitor your short- and long-term capital gains. Due to the significant difference in tax rates, you're better off selling a winning stock after you've held it for at least 12 months.

"Every day that you close in on that one-year mark, the stock becomes more valuable," Sawyer says. "If you're in month 11 or 12, it's an immediate benefit if you can get over that one-year time period before you sell." ■



Do Annuities Still Make SENSE?



In 1998, *USA Today* called variable annuities "one of the hottest investments of the 1990s." Baby boomers seeking to lock in the same standard of living in retirement lined up to buy these financial products that couple mutual fund investments with life insurance. More than a decade later, annuities remain hot. But consumers like them for different reasons.

"Annuities aren't just a tax-deferred vehicle with a death benefit," says Noah Zecher, chief executive of BBVA Compass Investment Solutions in Birmingham, Alabama. "In the last 10 years, the focus is on all the income benefits you can derive from them."

More than ever, the value of securing a lifetime income stream resonates with professionals in their peak earning years. They want assurance that regardless of stock market swings, they will receive steady payouts during their retirement. Stories of "rich" people in their 50s and 60s who suddenly lost half of their net worth fill the newspapers.

Fears of cash-strapped insurers led state regulators to debate whether to loosen capital standards in early 2009. This would allow issuers of annuities to operate with less cash to cover their obligations to policyholders. Savvy shoppers should seek annuities from financially sound insurers with high grades from credit rating agencies such as Standard & Poor's, A.M. Best and Moody's.

Yet worries about life insurers' financial struggles are overblown, Zecher says. As long as you buy an annuity from an investment-grade company, you're safe for the foreseeable future. Even with all the turmoil at AIG, Zecher notes that its insurance operations remain on firm financial footing.

The stock market's deep decline has reminded many baby boomers that building their nest egg is only one half of the equation for a financially secure retirement. They also need to lock in a steady, reliable flow of income through their golden years.

"There's no current investment aside from

annuities that will give you a guaranteed, insured level of income with a higher rate of return during retirement," Zecher says. "Many people have learned that if they don't have that income stream, they can be crushed in this environment."

Consider a 60-year-old with \$1 million who wants to retire. The overriding question becomes, "How much can I withdraw from my savings each year while maintaining my standard of living until I die?"

Some people assume that they can take 8% a year because their remaining savings will grow over time by roughly the same amount. But that's a mistake, Zecher warns. Research shows that withdrawing around 4% is a safer bet, leaving the 60-year-old millionaire with only \$40,000 a year for living expenses.

"For anybody over age 50, annuities are an outstanding way to do guaranteed income planning for those dollars that absolutely have to be there years from now," he says.

Before you buy, confirm that you're ready to make a long-term commitment with those funds. If you change your mind within the first seven or eight years and decide to terminate the annuity contract, you will face steep surrender fees. And if you tap an annuity before you reach retirement age, you can trigger tax penalties. ■

For anybody over age 50, annuities are an outstanding way to do guaranteed income planning for those dollars that absolutely have to be there years from now.

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Marty Alvarez, co-founder and CEO of Sun Eagle Corp. in Chandler, funds scholarships to help young people obtain the best education.

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Rather than set up shop as just another dentist, Angela Osborn envisioned a whole new way to serve patients. After building a thriving practice in Lone Tree, she reflects on her comprehensive approach to dentistry.

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Jim Byrne, co-founder of Packaging Alternatives Corp. in Ocala, helps clients handle all their packaging needs so they can make prompt, timely shipments—especially in an emergency.

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Dee Dennis, Jr., CEO of Visible Light Solar Technologies in Albuquerque, lights a fire under his employees by emphasizing the company's mission: to change the world.

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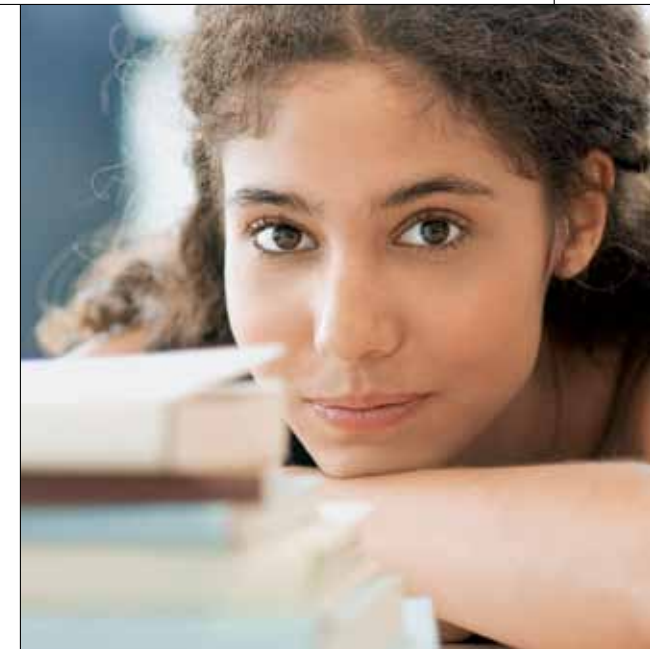
Business Ethics

Shashi Vaswani, president and CEO of About Time Inc. in Laredo, models the kind of ethical business dealings that lift his videogame distribution firm to a higher level.

Spotlight on Arizona

OPENING DOORS TO EDUCATION

Marty Alvarez provides scholarships and other support so kids can afford college



CO-FOUNDER AND CEO
Marty Alvarez

COMPANY
Sun Eagle Corp.

TOPIC
Giving Back

In its 32-year history, Sun Eagle Corp. has built 302 projects worth more than \$550 million. But Marty Alvarez, the firm's co-founder and chief executive, measures success in many ways beyond business growth.

"As much as we've accomplished over the years, we've also given back to the community," he says. "There's nothing better in the world than to help people."

The construction management firm in Chandler, Arizona specializes in building schools and public works projects. This dovetails nicely with Alvarez's goal of improving educational opportunities for children and young adults.

His company's charitable giving often involves education. Over the past decade, the firm has provided college scholarships for one or more students every year. The annual amounts typically range from \$1,200 to \$1,500 per student.

In addition, the company launched a program in 2008 to help fund college costs for its employees' children. Alvarez made 36 donations of \$500 each into Section 529 college savings plans "for both our employees' kids as well as some children outside of the Sun Eagle family," he says. Alvarez also provides annual scholarships out of his own pocket for one student per year to attend Arizona State University.

With his big heart, Alvarez rarely declines requests for charitable giving. When he was asked to pay for tickets for 100 underprivileged kids to attend an Arizona Diamondbacks baseball game, he instantly agreed.

Alvarez, a fixture in the community who was named "Man of the Year" by the Hispanic Chamber of Commerce, likes to foster giving among other entrepreneurs. He has persuaded them to start scholarships at their companies and worked with business leaders to raise \$3 million through the "Una Promesa" ("A Promise") program that raises funds for underrepresented students at ASU.

"I try to create a little competition among my friends and business associates in terms of giving back," he says. "If I can do it, they can too!"

With 20 employees (including Alvarez's two sons), Sun Eagle is a family-friendly workplace. Staffers can bring their kids to work; there's a playroom along with a sandbox and basketball court.

The company has annual sales that exceed \$30 million. As a general contractor on many public works projects, a key to Sun Eagle's success is its ability to secure bonds. Alvarez credits BBVA Compass Insurance, especially its Surety Bond department and Jorge Mendez, for excellent service.

"They've helped us increase our bonding capacity," he says. "Jorge is the reason we moved all our other business to BBVA Compass including our general liability coverage and health insurance. We're very pleased." ■

PREVIOUS PAGE: ISTOCKPHOTO. THIS PAGE: VEER.

HEALTHY BITES PERFECT SMILES

Dr. Angela Osborn sets a new paradigm for practicing dentistry

DENTIST
Dr. Angela Osborn

TOPIC
Innovation

For many patients, a visit to the dentist is like entering a time warp. From the office decor to the antiquated equipment, everything seems stuck in 1970.

But innovators like Angela Osborn are bringing a 21st century sensibility to dentistry. Osborn launched her practice in 2002, five years after graduating from Northwestern University School of Dentistry. Working for other dentists, she soon realized the old model of care needed a makeover.

“The doctors weren’t practicing dentistry the way I thought it should be practiced,” Osborn says. “I wanted to build my own team and do it the right way.”

Osborn set up shop in Lone Tree, Colorado. Rejecting the conventional route of acquiring an existing dental practice, she started from scratch and recruited five patients from her family. She currently serves more than 700 families.

Some dentists see as many patients as possible and employ teams of assistants and hygienists to deliver care. But Osborn



“The doctors weren’t practicing dentistry the way I thought it should be practiced. I wanted to build my own team and do it the right way.”

—Dr. Angela Osborn



refuses to operate what she calls “an assembly-line practice.”

Instead, she insists on spending more time with each patient. She listens to their concerns and educates them on proper dental mechanics. And while her assistants provide excellent support, Osborn performs all of her own procedures, fillings and crowns.

When Osborn worked for other dentists, she noticed that many patients sought help with a broken tooth or a loose crown. She began to wonder why their teeth broke or why their crown failed.

“I realized that it’s important to focus on bite or occlusion,” she says. “I decided to practice complete dentistry—often correcting the patient’s bite before restoring them cosmetically.”

Because this style of care isn’t taught in

dental school, Osborn flew to Dallas to train under a mentor. She learned to assess a patient’s entire dental framework so that she could deliver a comprehensive solution and “get it right the first time,” she explains.

The extra layer of training sets Osborn apart from most of her competitors. She’s aware of only a handful of other dentists in the state who favor this proactive approach. Some patients fly in from across the country for this type of treatment.

The explosive growth of her practice—it has increased at an annual rate of 25 percent for the past three years—has led Osborn to expand. In 2008, she purchased an acre of land across the street from her existing office with the help of BBVA Compass’ Small Business Administration Group. ■

ISTOCKPHOTO

VEER

STOCKING UP ON SHIPPING SUPPLIES

Jim Byrne helps companies ship items quickly and easily



**PRESIDENT
AND CO-FOUNDER**
Jim Byrne

COMPANY
Packaging
Alternatives Corp.

TOPIC
Customer Service

Think of the last time you prepared a package for shipping. Did it go smoothly?

For many people, shipping is a fairly tedious process. You need a properly designed box of the right size, packaging tape, “bubble wrap” or some other protective material and knowledge about the best way to package your item.

If that’s a chore, imagine the challenge that businesses confront. They may ship hundreds of packages a day with little time to spare. Manufacturers and distributors, in particular, face a wide range of industrial packaging needs.

That’s where Jim Byrne steps in. His company, Packaging Alternatives Corp. in Ocala, Florida, specializes in helping businesses of all sizes ship items quickly and efficiently. He co-founded the firm in 1994 with his wife, Sandie.

A wholesaler and distributor of industrial packaging supplies, the company’s success is built on service. Its customers, mostly small to mid-size businesses, may call with an emergency packaging need that requires immediate attention and special care.

Byrne and his staff must stock all the necessary supplies for packaging shipments including boxes, cushioning materials, tape and stretch wrap. They keep a substantial inventory on their floor to support the company’s “just-in-time” program.

“We put our customer’s inventory on our floor,” says Byrne, the firm’s chief executive. “From packing list envelopes to steel banding, we have it all on hand on a just-in-time basis.”

Byrne launched the business in his garage with just \$510. He knew that packaging posed a logistical nightmare for small businesses and that they would pay for outside expertise. As e-commerce startups grew, Byrne built a diversified customer base that now ranges from automotive parts suppliers to high-tech and medical supply companies.

In 2002, the company built a 20,000-square-foot facility to warehouse its customers’ packaging supplies. Three years later, it added 25,000 square feet.

“Because we have a disciplined approach to inventory control and we offer such fast response, we guarantee our customers that we will not run out of their packaging supplies,” Byrne says.

The salespeople typically meet with the customer’s purchasing and shipping managers to identify seasonal fluctuations in business, the types of items they send and any unique requirements or specifications that affect shipments. Most importantly, they discuss the amount of inventory that Packaging Alternatives should keep on its floor.

“Our salespeople almost become one of the staff at our customer’s company,” Byrne says with a laugh. “They really learn our customer’s business inside and out.” ■

ISTOCKPHOTO

GETTY IMAGES

FLICKING ON THE LIGHT OF INNOVATION

For J. Dee Dennis, Jr., cutting-edge breakthroughs motivate his team to excel



CEO
J. Dee Dennis, Jr.

COMPANY
Visible Light Solar
Technologies

TOPIC
Teamwork

Many entrepreneurs want to do more than make money. They seek to contribute to the greater good.

For J. Dee Dennis, Jr., reducing greenhouse gas by manufacturing a new generation of energy-efficient lighting is central to his company’s mission.

“We talk about it everyday,” says Dennis, chief executive of Visible Light Solar Technologies in Albuquerque, New Mexico. “We’re always saying, ‘We’re changing the world’ and ‘We’re changing how people look at lighting.’ Everyone’s excited here.”

Founded in 2008, Visible Light enables businesses to lower their kilowatt use with cutting-edge lighting technology that both harnesses solar power and uses low-power LED lighting. Dennis previously founded DKD Electric, a big commercial electrical and lighting contractor in the Southwest. A serial entrepreneur who has helped launch and run four other profitable startups, Dennis knows how to harness innovation and motivate employees to think and act boldly.

“For me, innovation is identifying a product that will work and then being able to move with the market,” Dennis says.

To spur innovation, Dennis has recruited a team of what he calls “really great minds” in disciplines ranging from solar engineering to software design. Over his 30-year career, he has learned that paving the way

for breakthroughs unfolds in three steps: articulate a vision, know what skill sets are required to attain that vision and hire stars who have mastered those skills.

“We hire pretty fast when we know we have a good fit,” he says. “We can judge well in a one-hour interview if someone has the skill set requirements and the right energy level.”

An organization’s culture can also affect its innovative spirit. Dennis promotes a positive culture by forbidding employees from saying, “It is what it is” and “We’ve always done it that way” because he wants everyone to share ideas freely.

Dennis views brainstorming as an inclusive activity; he encourages everyone to contribute. He kicks off team discussions by saying, “Here’s our vision. How can we get there?” Everyone from engineers to salespeople to college interns chime in.

Using frequent brainstorming sessions, Dennis led his team to the idea of retrofitting lighting products. This addresses a pressing need for many businesses: to reduce their energy use while using their existing lighting equipment.

“Most lighting companies try to sell brand new products to businesses and have them discard much of their old equipment,” Dennis says. “We believe in reusing what they already have and retrofitting. Retrofits provide better, more cost-effective solutions for our customers.” ■

DISTRIBUTING GOOD ETHICS

Shashi Vaswani embodies the kind of integrity he wants from his employees



**PRESIDENT
AND CEO**
Shashi Vaswani

COMPANY
About Time Inc.

TOPIC
Business Ethics

Many companies boast about their ethics. They draft mission statements that proclaim the importance of integrity and create elaborate policies to guide their employees' behavior.

Shashi Vaswani doesn't bother with any of that. At his company, ethics are deeply embedded into everything. His 26 employees simply know to do the right thing.

"Ethics is not the primary concern of some companies in our industry," says Vaswani, president and chief executive of About Time Inc., a videogame distributor in Laredo, Texas. "But we have always been ethical because we grew up that way. And we believe in karma."

Vaswani founded the business in 1991 with his wife, Priya. Since that time, annual revenues have increased nine-fold.

He admits that operating with an unconditional commitment to ethics can prove costly. His firm often sacrifices profit by refusing to sell goods to his main market—Latin American distributors and retailers—when he hears from manufacturers that they plan to lower the price of their videogames in the near future.

"Sure, we can sell products to our customers

while withholding our knowledge that the price will go down in 30 days," says Vaswani, who was born in India and lived in Hong Kong and Toronto before moving to Texas in 1991. "Then it would become our customers' problem. But if you transfer a problem to someone else, it will come back to haunt you.

Instead, Vaswani will notify a customer of the impending price drop. Together, they negotiate a fair deal.

Even though Vaswani forgoes profit in the short term, he finds that the benefit of building long-term relationships with satisfied customers is priceless.

Vaswani and his wife do not lecture employees on the need to act ethically. Instead, he leads by example. They know that he refuses to compromise—and they follow suit. If a supplier sends an incorrect invoice that's too low,

employees will tell the supplier to resend it at the higher, accurate price.

In 18 years of business, Vaswani has occasionally terminated an employee who acted improperly. But he says the vast majority of workers prefer an environment where they know they cannot lose by doing what's right. Nearly one-third of his employees have stayed at About Time for more than 10 years. ■



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