



Cincinnati Fountain Square



KMK CONSULTING COMPANY, LLC

The CEO Resource

June, 2003

Volume 2, Issue 2

Overhaul of Development in City of Cincinnati – Facilitated by KMKC, Mayor’s Task Force Reinvents Economic Development Delivery System

The *CEO Resource* is a periodic hot sheet of resource information for our colleagues, Chief Executives and Senior Management in business and leadership.

Our focus is to help senior management and company owners accelerate their pathways, first to “success” and then to “making a difference”- a significant difference for their families, their stakeholders and their communities. *The CEO Resource* is a time sensitive tool directly responsive to this critical focus.

In what has been called a “roadmap for the city’s future” by Mayor Charlie Luken, the Mayor’s Economic Development Task Force presented its final recommendations on April 23, 2003. KMK Consulting played a significant role in the Task Force’s recommendations as special counsel to the co-chairs, City Manager Valerie Lemmie and George Schaefer, Jr., President of Fifth Third Bank (NASDAQ: FITB), and as strategic consultant to the Task Force and its various sub-committees.

The issues addressed in the Task Force report are arguably among the most important the City of Cincinnati has tackled in decades as they represent ways in which to spur development and job creation/retention in the city. Mayor Luken said, “It’s like taking a ship that’s been moving in one

direction for decades and as it moved, it’s gotten bulkier, heavier and harder to move, and then turning it around.”



In the Spring of 2002, Cincinnati City Council asked the Mayor to appoint a panel of private-sector leaders to review the city’s economic development process and recommend reforms. The 18-

member committee was comprised of business leaders, community leaders, economic development professionals, and developers.

KMKC was retained shortly after members of the Task Force were announced and was charged with providing strategic consulting and facilitation services to the Task Force. We were engaged to assist in analyzing the current economic development operation of the City of Cincinnati as well as evaluating other organizational and delivery structures, and to design a system that encompasses the best practices of top-tier competitive cities across the country.

There were three subcommittees of the Task Force – each focused on different aspects of the City’s economic development system: (1) the Regulatory Subcommittee

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KMKC in the Community

Jim McGraw, President and CEO, was the recipient in May of Notre Dame’s Distinguished Alumni Award. He was also recently admitted into the Empire Who’s Who in New York.

Tom Hayes, Vice President, was a principal speaker in April at the IVANS E-Commerce Xchange, a national property and casualty insurance industry conference in Tampa, Florida.

Paul Jacobs, Vice President, is serving on the Association for Corporate Growth M&A Symposium Planning Committee. The Symposium will be held on October 16 and will feature General Electric President & CEO Jeffrey Immelt as the keynote speaker.

Chip Gerhardt, Vice President, is serving as the Chairman of the “Friends of the Zoo” Campaign Committee regarding the Cincinnati Zoo’s initiative to pass a \$6.2 Million bond levy.

KMK Continues Leadership of Southern Ohio/Kentucky Entrepreneur of the Year Awards

KMK Consulting Company is once again proud to be a major presenting co-sponsor of the 2003 Ernst & Young Entrepreneur of the Year Awards. KMK Consulting and its parent, Keating, Muething & Klekamp law firm, have been sponsors of the awards program since it was first introduced to the region nine years ago.

The competition includes the Greater Cincinnati, Dayton, Northern Kentucky and Louisville markets to make it a super-regional event. KMK is extremely proud to have three finalists as clients: Joe Bourgraf of Ferno Group, John Tisdell of John Tisdell Distribution, Inc. and Scott Bailey of HarvestInfo, Inc. We are especially proud of our client, Fifth Third

Bank, whose Rebecca White, Director of the Fifth Third Bank Entrepreneurship Institute at Northern Kentucky University, is the winner of this year’s Michael J. Burke Supporter of Entrepreneurship Award. This award is named after Mike Burke, the founding Chairman of KMK Consulting, whose career was dedicated to building successful entrepreneurs.



The Awards Gala will be held at the Northern Kentucky Convention Center on June 17th to honor all of the finalists and to announce the winners in nine business categories

for their tremendous dedication and resolve throughout their careers. The winners of the Southern Ohio/Kentucky region will then compete at the National Awards Banquet November 20-23 in Palm Springs, CA.

Jim McGraw, President and CEO of KMK Consulting, said “We are extremely proud to be sponsors of this very prestigious national event and would like to congratulate all of the nominees, finalists and winners. It is always remarkable to hear the stories of how these men and women struggled and persevered to make their dreams a reality. To be able to work with entrepreneurs like these everyday and to play a role in the development and success of their businesses is truly an honor.” ■



KMKC Mentors Young Company to National Business Plan Award

KMK Consulting is proud to congratulate CN Resource on its recent victory in the third annual McCloskey National Business Plan Competition of the Gigot Center for Entrepreneurial Studies at the University of Notre Dame. CN Resource collected a \$15,000 prize for its plan to provide: oversight and compliance services for two multi-billion dollar federal programs – the National School Lunch Program (NSLP) and the Child and Adult Care Food Program (CACFP); financial and operational consulting to school foodservice programs; and customized menu services for school foodservice departments. The company will take advantage of changes in USDA regulations that allow



private-sector firms to design menus for schools.

Richard Crandall, President of CN Resource, headquartered in Mesa, Arizona, contacted KMKC prior to submitting its plan to Notre Dame for assistance relative to content, format, and overall strategy. Our team reviewed the draft, worked with management, and responded with a number of suggestions on how to strengthen the plan. We also advised the principals of best practices for presenting the plan to the judges' committee.



CN Resource is the second winner with whom KMKC has established a relationship.

Last year's national winner, License Monitor, Inc. of New York, is a current client of the Consulting Company. LMI licenses a software system to state BMVs which provides employers with 24 x 7 x 365 notice of workers driver's license status. The company's clients include Anheuser-Busch, Con Edison, car dealerships, bus companies, and delivery services. The system is operational in New York and is being deployed to other states.

Congratulations CN Resource and License Monitor on your continued success! To learn more, contact Jim McGraw. ■

Effective Branding Builds Profitable Businesses

Any business owner or leader would love to be sitting on a sustainable profitable growth engine. So what is holding you back? It starts with clearly defining your brand's equity – whether for an individual product or service, a portfolio of them, or a company – each may be used to leverage its “brand equity” to drive growth, acquire and retain more customers, improve marketing productivity and dramatically increase profitability.

If it sounds like a magic bullet, it's not. It is more like the gun that fires the bullet. A clearly defined statement of a brand's equity is the ‘gun sight’ that gives the business leader better aim and control over their branding strategy. The branding strategy that enables Starbucks to achieve the kind of spectacular growth that it has had is not unique – you find the same key strategic elements in other B2C and B2B businesses such as Wal-Mart, Lexus, Victoria's Secret, Cardinal Health, DeWalt, and BlueOcean Software to name a few. These businesses have all clearly defined their brand's equity – what they want to stand for in their respective business categories – as a first step in developing their business strategy.

Determining the equity that a brand *wants* to own is tough work. Most brands have established some kind of perceived equity - it is not always what they want it to be (and is seldom what senior management is convinced it is!). A well-known story among P&G managers is the search for the appropriate brand equity for the Tide brand. Even a company as ‘brand savvy’ as P&G spent close to 15 years tinkering and trying to define the core brand equity for its laundry flagship! It generally takes an ‘outside in’ review of the market trends, the customer needs and perceptions, the competitive gaps, and the brand's own capabilities to credibly fill those

gaps. A review of the category customer satisfaction and loyalty drivers often reveals indicators of higher potential equity positions. This analysis must be done from a 360° perspective of the brand-customer experience and it must be factually and objectively presented to key decision makers before deciding on their desired brand equity.

With this necessary step completed, the best brands have gone on to determine precisely who they are *targeting* and why, developing a *positioning* that reflects the brand equity in a meaningful way to their target audiences, methodically choosing the most cost-effective ways to *communicate* that positioning, and – most importantly - using every customer interaction to *reinforce* their brand equity.

In our experience, most brands spend a lot of time thinking about their communication strategies and plans, about 50% do a good job of working through their positioning, but less than half spend adequate time choosing who to target and why, and most don't systematically consider how to better reinforce their brand's equity with each customer interaction. With that in mind, here are some hints on developing a more effective branding strategy for your business.

Effective Targeting is being able to identify the ‘MVPs’ in a given category; these are the ‘*most valuable prospects*’ and the ‘*most vulnerable prospects*.’

Effective Positioning is being able to translate the brand's features and attributes into meaningful benefits for that target audience.

Effective Communication is being able to *clearly and succinctly inspire* the target audience to either try, or continue to invest in, the brand.

Effective Reinforcement is being able to consistently reinforce the belief of the customer that they have made the right choice in choosing the brand.

Remember, once a customer chooses your brand, you have entered into a friendly relationship with that customer, and people are judged by the friends they keep. *How they continue to value that relationship will determine how much value the brand gains from that relationship.*

This is one of the key reasons why so many companies suffer from waning brand loyalty – they fail to look for even simple ways to reinforce the reasons their customers chose them in the first place. This is one of the key areas that truly separate good brands from great brands – the discipline of reinforcing a brand's equity at each and every customer touch point.

Developing and executing an effective branding strategy will improve any business's profitability by enabling them to attract and retain more customers and improve their marketing and sales productivity. Being clear on what perceptual space it wants to own in the minds of its target audience, and by clearly positioning, communicating and reinforcing that equity, will help avoid confusing prospective customers about the value that business provides.

To learn more, contact Dan Knowles at 639-3900. Dan is a strategic alliance partner of KMKC and President of Brand Ubiquity, Ltd. For a more in-depth article, please visit the *News* section of our website at www.kmkconsulting.com/news. ■



Review of Insurance Coverages & Costs– *Double Digit Premium Increases Require Evaluation of Your Portfolio*

With no short-term end in sight for the current “hard” insurance market, and continuing increases in many areas, insurance cost and coverage remain front-burner issues. We are working with a growing number of clients to review their property and casualty insurance programs. While adequacy of coverage is the primary concern, double and triple digit premium increases demand serious attention.

In working with small, privately-held businesses as well as publicly-traded companies, we have found a number of areas where coverage could be improved or where there were significant “gaps” in coverage. We have also found some ways to decrease cost without unnecessarily increasing exposure.

Below are a handful of real world examples we have come across recently.

Commercial Umbrella Gaps – Commercial umbrella policies specify the amount of coverage required of the underlying policy. If the underlying policy falls short, the “gap” is uninsured. A client of ours had a \$500,000 gap between its auto policy and its umbrella.

Employment Practices Liability – A somewhat new coverage, “EPL” protects a company in a number of workplace harassment or discrimination areas. Many companies self

insure through training and education. However, in businesses with more employees or multiple locations where oversight is more difficult, this is a coverage worth considering.

Directors and Officers Liability – This type of coverage has seen some of the largest premium increases due to high-profile board failures such as Enron and Worldcom. This coverage is absolutely essential to publicly traded business where board members are far more frequently exposed to potential liability due to shareholder lawsuits. However, it is becoming more common for privately held businesses and is often seen in the non-profit sector. This is a complex coverage area that often requires specialized brokers.

Deductibles – We all know the benefit of increasing the deductibles on our auto insurance. The same theory can be applied to commercial insurance policies. Large deductibles (sometimes called “self-insured retentions”) of up to several hundred thousand dollars (or even several million dollars in the case of one of our clients) may make sense in some situations. A few large companies may even consider self insurance, but this is far less common as a practical matter than some think.

Stop Gap Liability – This liability coverage addresses areas between negligent acts – which

are covered by Workers Compensation – and intentional acts – which are not covered. This fairly inexpensive coverage is also useful for those acts a court decides are “substantially certain” to cause injury. An example might be if a bank teller was injured by a robber while working at a bank that had previously been robbed. In such a case, a court might decide that there was a substantial certainty that such an injury could occur.

Each case is unique. It is important to realize that even the largest companies with the best brokers may have these problems. As companies grow and change, the focus often shifts to making sure new exposures are covered and providing day to day service needs. In such an environment, some areas of coverage can be inadvertently overlooked.

Please call us at least 90 days before your next renewal for a free initial consultation on your property and casualty insurance. We would also be glad to guide your evaluation and selection of a new broker if you are considering a change.

For more information, contact Paul Jacobs or Tom Hayes. ■

KMKC-Hosted Notre Dame EMBA Students Graduate

KMK Consulting would like to congratulate the graduating class of the Notre Dame Executive MBA (EMBA) Program from the Cincinnati distance-learning site hosted by KMK Consulting and its parent, Keating, Muething & Klekamp.

The 22-month EMBA program addresses the forces driving executives to master changing requirements and meets their demand for competencies such as strategic thinking, analytical reasoning, and most importantly, values-based decision making. Thanks to KMK, the students received their MBA from a globally-ranked Notre Dame while saving time and money otherwise needed for travel to and from South Bend, Indiana.

Core elements of the current program include Notre Dame’s:

- strategic partnership with IBM’s renowned Advanced Business Institute;
- international component in Brussels, Belgium; and
- two on-campus residency weeks for integral leadership and a marketing simulation.

The application deadline for the EMBA program, which begins each August, is June 1st. For more information, please contact Sharon Keane, Director of Business Development, at 1-800-631-3622.



You may also visit Notre Dame’s website at: www.nd.edu/~cba.

Congratulations and good luck to the following MBA class of ‘03 from KMKC’s headquarters in downtown Cincinnati. We are very proud of these successful executives.

- Jonathan N. Brooks IV- Magna Cum Laude, Florence, Kentucky
- Wade E. Bush- Cincinnati, Ohio
- Brian R. Climer- Columbus, Indiana
- Chinto Benjamin Gaw- Cum Laude, Cincinnati, Ohio

- David George Henri DeVries II- Cum Laude, Loveland, Ohio
- Brenda S. Harmon- Cincinnati, Ohio
- Craig Burton Hendricks- Florence, Kentucky
- Theodore N. Ley III- Cincinnati, Ohio
- Douglas Elliot McCullough- Reynoldsburg, Ohio
- Alan Nguyen McKellar- Cincinnati, Ohio
- George Albenie Pelletier- Nashville, Tennessee
- David J. Stetson- Cum Laude, Union, Kentucky

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Economic Development Task Force (cont.)

dedicated to analyzing and re-engineering the City's regulations impacting the development process within the City; (2) the Incentives Subcommittee dedicated to reviewing successful economic development programs in other communities and making recommendations regarding their introduction in this market; (3) and the Coordination Subcommittee dedicated to analyzing the City's overall economic development delivery system and component structures.

A significant part of our engagement included consensus building with representatives from: senior city hall staff, the development community, economic development organizations, and neighborhood business districts. We also worked in close collaboration with Hamilton, Rabinovitz & Alschuler of New York and the Cincinnati Business Committee, an organization comprised of CEOs from the largest

corporations in the city, including but not limited to Procter & Gamble, Federated Department Stores, and Kroger, as they developed the Center City Plan for downtown Cincinnati.

Among the several recommendations of the Task Force were the creation or reorganization of the four channels of Cincinnati's economic development operation: the creation of an Economic Development Division within the City Manager's Office and a reorganized Department of Community Development and Planning inside City Hall; as well as the creation of a private-sector Cincinnati Development Corporation and a reconstituted Cincinnati Development Authority outside City Hall.

The Task Force's recommendations were accepted by City Council on May 7th by a vote of 7-2. The City has moved into the

implementation phase where budget, staff and structural issues are to be determined and then presented to Council for final approval. Among the most critical issues to be determined is the role of Hamilton County in the possible reconstitution of the Port of Greater Cincinnati Development Authority into the Cincinnati Development Authority. KMKC is currently working on the implementation process.

Co-Chair George Schaefer said, "We are recommending fundamental changes to the way Cincinnati attracts, retains and expands business in the City. Cincinnati has to provide systems that make doing business here more attractive, and this final set of recommendations lays the foundation for that to happen."

To learn more or to request a copy of the complete Task Force report, contact Chip Gerhardt or Jim Benedict. ■