

# Ask the Professionals

## Business answers to pressing B2B matters

### LAW

#### We've been served with a subpoena. How should we respond?

A subpoena is a legal document that may be served by a party to civil litigation, as well as by governmental authorities in criminal and administrative investigations. A subpoena essentially has the effect of a court order, so it is important to deal with it promptly. You should always seek the assistance of an attorney when responding to a subpoena.

A subpoena must state what information is requested and when and where it must be provided. It is not uncommon for subpoenas to be issued which are overbroad, vague, or simply seek information that you should not be required to provide.

Although there are procedures for seeking protection from improper subpoenas, the procedures must be invoked through very specific rules and deadlines. In some circumstances, you may only have a few days in which to invoke your rights to protection.

Even if you believe a subpoena is straightforward and non-controversial, it is important to consult your lawyer. Typical issues that arise are protection of your confidential information and trade secrets, confidential employee and health care records, confidential information of another party with whom you have a business relationship, and protection of information subject to the attorney/client or accountant/client privileges.



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### WEALTH

#### Does Facebook Represent a Quality Asset at a Quality Price?

As Facebook prepared for its initial public offering (IPO) earlier this quarter, they released their 2011 fiscal year earnings per share of \$0.46. The original IPO price of \$38 represented a rather lofty price to earnings ratio of roughly 82. Meanwhile, most Internet stocks currently trade at significant discounts relative to Facebook in the range of 27 times earnings. A thoughtful investor would assess the price of Facebook relative to other stocks and opt for those with lower prices and thus a greater margin of safety. Therefore, it was perhaps of little surprise to the value investor when Facebook shares quickly traded downward, dropping to lows around \$25 only a few weeks subsequent to their IPO.

Make no mistake, with its burgeoning revenues of \$3.7 billion, operating profit margins of over 40% and a balance sheet without debt, Facebook clearly represents a quality asset. However, the challenge for a skilled investor is to find stocks at a quality price, and paying 82 times a dollar of earnings represents an exorbitant price relative to other competitive offerings in the market. As the price of an asset rises, two fundamental issues manifest for the investor: 1. Prospective returns decrease and 2. The risk of loss increases.

It is possible that Facebook represents a profitable investment opportunity over the long term; however, risk control should be considered prior to evaluating potential profits, and at its current price to earnings ratio, risk far outweighs reward.



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### BUSINESS COACHING

#### How can a business coach help me grow my business?

Coaching is no longer a luxury, but a necessity for your business.

Similar to coaches in professional sports, business coaches bring a systematized approach to sharing their knowledge of winning and an accountability to make it happen. The best coaches in both fields have a proven track record of delivering results by transferring this knowledge to the players or business partners.

Coaching goes beyond just business planning and evaluates your personal goals and motivations.

A coach's role is to teach the owner and management the skills they need to do the work themselves. Coaching is not an attempt to find one single strategy which will magically alter your results, but rather an ongoing test of different strategies which combined will deliver improved results.

Business is not an overly complex process at its core. While there is tremendous knowledge that has been documented around running a successful profitable commercial enterprise, a great business coach can be the bridge that connects your willingness to learn and do the work to the proven strategies that will get you the results you choose. Do not let your competitors gain this advantage over you.



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### COMMERCIAL RE

#### What does the Union Station redevelopment mean for LoDo?

The center of Denver has shifted (back). While not technically LoDo, the Central Platte Valley is tipping the landscape of Denver to its origin in 1858.

Demand for real estate in LoDo is eclipsed only by one or two other submarkets in Denver. And LoDo's got three key anchors that cannot be easily replicated, one of them never.

Denver Union Station is the multi-modal hub of a regional transportation system that can, in time, connect the entire Front Range of Colorado to its urban core. LoDo is bookended by Coors Field and the Pepsi Center and dominated by lofts, restaurants, shops and galleries.

Metropolitan Denver continues to benefit from significant public and private investment being made in and around Denver Union Station. Old buildings enjoy new investments, and new buildings attract out-of-state users. Like a surfer positioned ahead of wave, LoDo will always be at the top of the lineup.

Today, LoDo is not the densest submarket in the CBD (considering office buildings, hotels, restaurants and amenities). Despite that, it offers an interesting case study in "perception vs. reality".

A pioneering LoDo developer once asked me, "do blondes really have more fun?" I guess they do in LoDo.



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### ACCOUNTING

#### How do private companies stay innovative?

Although uncertainty in the global marketplace may suggest that companies with a strong domestic business strategy maintain the status quo to avoid potential risks, a recent PwC poll of 240 CEOs and CFOs of privately held US growth businesses highlighted that domestic-only companies may be at a long term competitive disadvantage with respect to innovation. PwC's Trendsetter Barometer highlights that approximately 25% of private companies that are active in international markets are planning Research and Development (R&D) increases compared to only 5% of domestic-only companies.

Additionally, companies focused on emerging markets -- China, India, and Brazil -- are spending even more dollars on innovation. 33% of these companies plan to increase R&D expenditures in 2012. Interestingly, out of the organizations that participated in the poll, these companies are the most optimistic regarding their revenue potential, capital spending plans, and future operational spending, and 60% have also expressed plans to expand into even newer emerging territories in order to keep growing.

What does this mean for Colorado private companies? The correlation between R&D spend, global expansion, and financial optimism is a trend that should be explored. For those focused on the domestic market only, remaining dedicated to R&D investment to stay on the forefront of technology and process improvements will be necessary to help ensure that your business remains relevant. Additionally, those companies in a position to consider expanding internationally should think harder than before about global growth strategies and emerging markets, which are proving a source for continued success despite volatility in some of the more traditional markets.



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