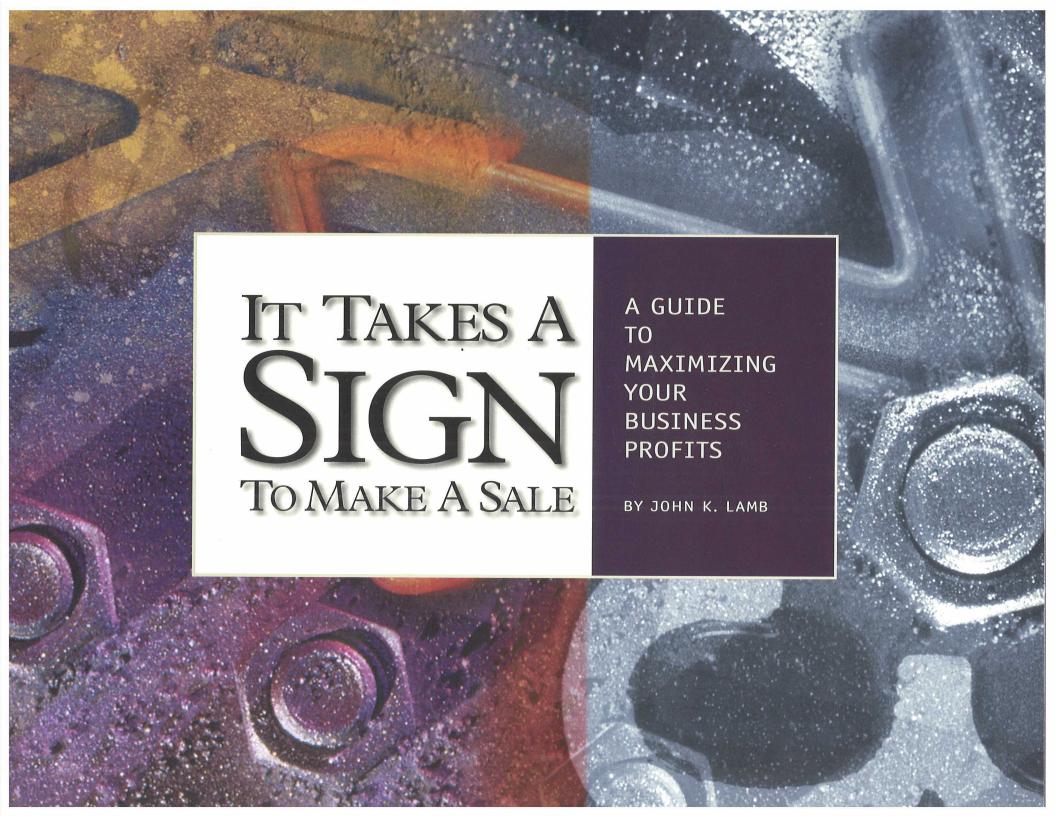
IT TAKES A SALE

A GUIDE TO MAXIMIZING YOUR BUSINESS PROFITS

BY JOHN K. LAMB



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"We cannot
do without signs.
Signs are an
important part of
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A F T E R W O R D : Small Business as a Sleeping Giant?

Question:

Can you name the one form of advertising that can maximize your sales and earnings plus create a customer base for years to come?

Answer:

Your Sign

But only if it is attractive and conspicuous enough to be seen, read and understood. Your sign forms the viewer's opinion of your business and the goods or services available at your location. How would you score your current sign against these criteria?

Only when your sign is attractive and conspicuous

enough to be seen, read and understood does your business profit from this 24 hours/7 days a week advertising tool.

THIS BOOKLET IS DESIGNED TO HELP YOU PURCHASE A NEW SIGN OR UPGRADE AN EXISTING ONE TO MAXIMIZE YOUR BUSINESS PROFITS.

Beautiful, effective on-premise signage is coming into its own in the new millennium. But this hasn't always been so. It has taken years for this medium to evolve. First, a little background.

During more than 25 years of opposing severely restrictive sign regulations, I have perceived that many retailers have been deprived of business they should have had if the local sign codes had permitted them to utilize effective signage.¹

I became aware that the big corporate chains, which have retail outlets or franchises, were able to put their lawyers to work to help them oppose such regulations and create powerful advertising/sign programs. The small business owners and merchants had no such help. It is believed many of the on-premise sign regulations drafted and enforced before the year 2000 are unconstitutional in one way or another. More on this later.

The purpose of this booklet is not to belabor faulty sign legislation per se, although I will discuss regulations that have recently been overturned, but to show that beautiful signs, or at least attractive signs, which are properly designed and displayed by merchants, can *dramatically* maximize their sales and earnings. You will find on the following pages a few examples, among many, which will prove this and hopefully, give you some knowledge with which to make informed decisions regarding an effective sign program in the future.

Free-Standing Pylon Sign



Mounted Wall Sign

ALEXANDRA'S

Plastic-faced sign in a cabinet, usually with interior illumination.

This sign cabinet is versatile to the needs of most retail locations where space on the outside of the retailers' building can be used for graphic identification.

New translucent vinyl can be used with great success with this sign.



SAPPHIRE

Typically a combination of plastic and aluminum in construction, the pylon sign commands attention to your location by the ability to use color, shapes and permissible height. Usually is interiorly illuminated.

Jamie Cannon, FAIA, a St. Louis, MO-based architect, speaks with great knowledge about on-premise signage. Here are his views noted in a recent presentation:

"When a business fails, everyone loses! The owner or investor, of course; but also the larger community loses the products or services that were to be sold, the taxes generated by the business, and perhaps most important of all, the benefits to the community of the efforts of the business owners and their employees as they participate in the larger life of the community as volunteers.

"As most of us know, thousands of new businesses fail each year, but not for a single reason. For purposes of this presentation, I've taken the position that failure occurred because no one knew they were there and in business because the on-premise sign intended to advertise the business was inadequate. That has been the fault of the business probably more often than it has been the fault of the community.

"There seems to be a love-hate relationship between the body politic and the sign industry. For the life of me, I don't understand how this started, since we all depend so much on signs to provide order, understanding, and a certain level of convenience in our lives. We cannot do without signs. Signs are an important aspect of our commercial success.

"Go to any small town in America and it's the store on Main Street that seems to have a great amount of charm, but something is wrong. Mainly, the problem is that you "Go to any small town in America and it's the store on Main Street that seems to have a great amount of charm, but something is wrong.

MAINLY, THE PROBLEM IS THAT YOU MUST GO IN THE STORE BEFORE YOU HAVE A REAL UNDERSTANDING OF WHAT THEY SELL OR EVEN WHAT KIND OF BUSINESS THEY REPRESENT."

must go in the store before you have a real understanding of what they sell or even what kind of business they represent. Looking further, you learn that one of the reasons you don't have this information is that the sign that advertises the business is the result of decisions made by someone who believes they have the best interest of the city and the business at heart when in reality they have not a single clue concerning what's needed to *effectively* advertise the presence of this small business to the community.

"I believe that signs and graphics can actually become an aesthetic enhancement to our built environment."

Awning Sign

JACOB'S

The electric awning sign combines the benefits of vivid color signage with the protection of a canopy and the safety and convenience of added lighting, if the awning is interiorly illuminated.



Dimensional Letters

JADES TRAVEL AGENCY

Routed letters can be made out of numerous materials, from wood to aluminum, and finished with paint or metal finishes. Each individual letter is mounted outside a retail or business location.

One or more of the letters could be the corporate logo or another graphic.



The City of North Olmsted, Ohio passed a severely restrictive sign ordinance. An automobile dealer and other small business proprietors felt that the ordinance would have severe economic consequences detrimental to their businesses. They went to the North Olmsted Chamber of Commerce for help. Did they get help? Yes, they certainly did. The Chamber stood up for the small businesses and sued the city.

The Chamber, with capable and experienced legal counsel, pleaded their case before a Magistrate appointed by the U.S. District Court. *The Magistrate ruled that the city's sign ordinance was unconstitutional throughout.* Judge Donald C. Nugent, U.S. District Court, confirmed the judgment of the Magistrate and issued a memorandum, opinion, and order on January 21, 2000:

"The City is enjoined from enforcing Chapter 1163 of The Codified Ordinance of North Olmsted ... IT IS SO ORDERED."

(Case No. 1:98 CV 0810)

It is believed that, whereas Judge Nugent's order is legally applicable only to his district, that because the case was so explicitly detailed and the Court's judgment was so well written by Judge Nugent that it is doubtful any court aware of it would dissent.

WHAT WE LEARNED FROM THE NORTH OLMSTED CASE

We learned from North Olmsted that when small business retailers act in concert for a just cause, they could draw in the local Chamber of Commerce as an ally to influence their municipal government, not only on signage matters, but on other issues, too. Joining the Chamber has some advantages, as they work to make small business retailers seen, heard and appreciated. Retail merchants are the largest segment of American small business, which in terms of GNP is in itself larger than the economies of many nations in the world. Small business is a factor in the market economy that has made the United States the most prosperous, strong and powerful nation in the world today. Small business truly is a "sleeping giant" with political clout.

"Establishing the Worth of an On-Premise Sign" was coauthored by Dr. R. James Claus and Thomas Claus of Claus Consulting Services, Sherwood, Oregon. They wrote, "Onpremise signage is a real estate and business asset. The utility of the site's signage to passing motorists depends upon a sign's ability to be easily seen, comprehended, and safely reacted to from the road."

Their study had to do with a car wash business. Its sign was visually attractive and was placed next to the right-of-way of a busy arterial street. The site possessed sufficient access and parking and its surroundings were of compatible land uses. Yet the business while operating at a profit was not generating the revenue the owner expected. What was the problem? To answer the question a look at the business sign disclosed that the sign lacked *conspicuity*. How did the owner eventually increase revenue with all other locational factors remaining equal? With a properly designed and displayed new sign. The car wash's new sign had the

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same total square footage as the original sign but in all other respects, it was completely changed.

The new structure is a pole sign similar to neighboring pole signs. As such, the sign in type, size and height is what a driver anticipates on this road. To achieve conspicuity, the new sign's colors are contrasting and vibrant. This, and large letters on the new sign, ensures that the message is easily detected, enhancing readability. Enhanced readability and conspicuity, plus attractive design, led to increased revenue. Indeed, it did! In the first year, gross revenue *increased* \$135,000 – nine times the cost of the sign!

SIGNS PAY FOR THEMSELVES - THERE'S PROOF!

From Richard Bass, Bass Associates, licensed appraisers and consultants based in Sarasota, Florida. A Florida clothier did not have a sign due to zoning issues and was spending \$24,000 per year on print media advertising. He later was able to erect a freestanding sign due to a zoning change, and was able to reduce his large print advertising budget.

Bass Associates conducted a comparative analysis of the economic impact of this sign by examining a six-month "pre-sign" time period (from January-June, 1995) and comparing it to a six month "post-sign" time period (from January-June, 1996). The sign paid for itself in less than three months! This does not mean that every sign automatically adds value. However, in this case, the new free-standing sign undisputedly increased sales.

Since this article was written, the clothier relocated across the street into its own building and purchased a similar sign, but with an additional reader board. The merchant states that he wouldn't open any business now without a freestanding sign with an accompanying reader board. In addition, he has saved approximately \$20,000 per year in print media advertising!

Another Richard Bass-authored article, "What a Sign's Worth: Death of a Retailer" covers a case of confiscation or "taking" of a sign. An appraiser documented how the loss of a high pole sign directly caused this successful mall retailer to fail. In this study, a drug store in Gulf Gate Mall in

Sarasota, Florida occupied approximately 20,000 square feet. The mall is situated in an affluent community at the intersection of two major arterial roads. The drug store was located on the back side of the mall and wasn't visible from either of the two arterials, **but its sign was.** The drug store was identified by a free standing pole sign in the parking area visible from the arterial roads. The druggist's retail sales had increased from 10 - 18% annually, reaching an excess of \$5 million or \$250 per square foot.

The mall changed ownership and management. The new management attracted new clients, including T.G.I. Friday's, whose corporate policy required a free standing sign. Due to local zoning regulations, the mall was limited to three pole signs. Without the druggist's knowledge or consent, mall management removed the drug store's free standing sign and replaced it with a free standing sign for T.G.I. Friday's. Over the course of the next four years, the drug store's retail sales dropped approximately \$250,000 annually, and its historical growth in annual retail sales ceased.

Following substantial analysis, it was concluded that the decline in retail sales, both in direct reductions and in the loss of annual increased sales, was due to the loss of the free standing sign which had been clearly visible to travelers on both arterial roadways. The druggist sued and a settlement (not disclosed to us) was made. Clearly, an effective advertising sign has monetary worth and offers benefits to the sign owner.

Kirk Brimley of the Young Electric Sign Company, Salt Lake City, Utah, is a long standing and well-respected member of the International Sign Association as well as a member of The Signage Foundation. He writes:

"The visual process is one of the human body's most reactive functions. What the eye sees immediately stimulates the other senses and the body acts accordingly. Since everything is so automatic, it is interesting to break the process down. There are essentially five parts to the reactive process:

- \blacksquare PERCEIVE Something is out there.
- I D E N T I F Y What is it?
- Q U A L I F Y Is it something I will have to deal with?
- JUSTIFY What must my action be?
- R E A C T Do what is necessary to resolve.

"Each of these parts takes only a fraction of a second. Some of them sound almost ominous, but they happen hundreds of times every hour of the day and our decisions are based more on what we see than any other single thing.

"Enhancement of the visual stimulus can make a tremendous difference. If we can see a picture of food in black and white, we may be interested, but if we see the same image in full color, we are stimulated and even more so if dimension or motion is added.

"We are trained early in life to associate specific colors with certain things, such as: red means stop, danger, hot,

etc., and green means go, or is related to safe movement of direction. We also recognize and respond to color combinations and movement. We can be soothed and comforted by certain images and colors and can be jarred and agitated by others.

"Visual images are probably the most prominent part of our memory functions. Our 'recall' is stimulated by familiar sounds or smells or other sensory reactions. But having seen a place or an object provides a more sure association with that place or object or event and its location. We easily remember larger areas such as shopping centers or commercial districts, but when we have a specific want or need for a product or service, almost without exception, a sign provides the recall of the specific spot where it can be found. Again, using the visual trigger, when we see the sign, we know we have arrived.

"It is not our purpose to complicate the way-finding process, but instead to point out how much we take for granted the everyday functions which simplify it. In years past, our homes were within easy walking distance of a grocery store or drug store or other neighborhood services. That is seldom the case in today's world. Because we must travel longer distances for essential services, signs index the environment to identify where such services are available and to promote safe access.

"The statement that 'everyone knows where that is' is no longer true. Average population turnover in almost any given area is near 25% a year. Added to the mobility factor for visitors and tourists, some 35% of people are to a greater or lesser degree, traveling in unfamiliar territory at a given time. These facts, coupled with a heavy increase in 'Super Stores' and shopping centers, which seem to spring up almost overnight, keep our communities in a constant state of change. Highway signs and directional information may get us to general areas and off premise signs provide advance information, but there is absolutely no substitute for an easily read, on-premise sign to get us comfortably and safely to our destination.

"The International Sign Association has sponsored and is continuing to sponsor studies to more fully document all the factors which make on-premise signs the most practical and most economical way for a business to identify its location and its products. A good visual image may very well be a company's most important asset."

For many years, retail entrepreneurs suffered the loss of sales and income and the opportunity to build a solid customer base because of unreasonably restrictive sign legislation enforced by local regulators. My experience in lobbying against such regulations taught me, like Dr. R. James Claus before me, that the damage to retailers had to be corrected – and it is being corrected.

Dr. Claus gathered a few like-minded individuals who organized a foundation to collect pertinent information, launch and fund studies.² They held their first educational seminar for sign users, urban planners and sign manufacturers in 1994. The success of this seminar led to the official formation of The Signage Foundation for Communication Excellence (for brevity, referred to as The Foundation).

Since 1994, The Foundation has held similar conferences, open to retail merchants, urban planners, sign manufacturers and others interested in retail signage issues. It is interesting to note that Fortune 500 marketing and legal people have been present at some of these conferences, but few representatives of small business or retail merchants have attended.

The Signage Foundation has entered into a two-year contract with the American Planning Association to develop a signage manual to guide those who draft regulations relating to on-premise signage, at a cost to The Foundation in excess of \$200,000. The work of this Foundation has been funded by its founders, The International Sign Association (ISA), Midwest Sign Association, World Sign Association, Gulf Industries, Inc. (which has provided an interesting and valuable traffic survey study I have included for reference), and sign manufacturers and individuals who support its goals.

MAXIMIZING YOUR

conspicuous

enough to be seen

(design, size, color and placement) to be effective.

> A sign should be read by the viewer in, generally, a few seconds.

YOUR SIGN WILL TELL EVEN CASUAL VIEWERS A LOT ABOUT YOUR BUSINESS AT FIRST GLANCE, YOUR SIGN WILL MAKE THEM AWARE OF THE GOODS OR SERVICES YOU HAVE TO OFFER THEM AT YOUR LOCATION, TOGETHER WITH YOUR IDENTITY FOR THEIR IMMEDIATE OR FUTURE USE. IT IS YOUR ALL IMPORTANT INTRODUCTION, SO THE BETTER THE SIGN, THE MORE PRODUCTIVE IT WILL BE.

ohn R. Smith, our retired Vice-President, has had considerable experience in dealing with retail businesses. I believe his comments in reviewing the draft of this booklet will help some retailers. "In my experience over the years," he said, "I have learned on a first-hand basis that retailers who have either built a building for their business or upgraded one that was already built, waited until that job was finished before giving thought as to the signage they would display."

If there ever is a time in the life of a business when sales are needed, it is start-up time. If sales are needed, what better way can you start bringing customers into the store than the right sign?

This raises the question that if the sign is to make customers aware of the business, its location and the goods and services available there, the business owners should consider that their investment may be wasted if they fail to acquire a permit to display signage which can make their business prosper and grow. This may also be a consideration for those who take over an existing business, without having the opportunity to build or remodel.

To maximize sales and income, retail merchants need signs that are properly designed, sized and appropriate for the zone in which they are to be displayed for viewing by passing motorists or pedestrians or both. It is not hard to understand that one cannot attempt to formulate a design based on the generality that "one size fits all," hence, custom designed signage is necessary.

It is logical that, regardless of type, design or placement, all considerations of signage should begin with parameters, i.e., how small and how large should the signs be for the situations and zones in which they are to be displayed?

HOW SMALL?

An extensive study of signage by the Federal Highway Administration (FHA) developed findings that cannot be ignored. A sign must be conspicuous enough to be seen (design, size, color and placement) to be effective. A sign should be read by the viewer in, generally, a few seconds. It follows that the lettering must be large enough, of easily readable letter style with an appropriate background, and a brief message that the viewer can comprehend while moving in traffic or as a pedestrian. This sets limits on how small an onpremise sign can be. A professional sign sales person or a sign manufacturer can advise you in the specifics based on success stories from other retailers.

HOW LARGE?

The maximum size of a sign is a matter of zoning, streetscape, judgment and good taste. A sign must not be so large that it blocks a neighbor's signage or is out of place with its surroundings aesthetically (with zoning considerations). Allowances should be made for the size of the building, the length of street frontage between signs, and the setback of the building or sign from the street or roadway. Two questions to be considered are: How will the sign's visibility and readability meet the merchant's need and how will the sign fit with the streetscape in the zone in which it will be displayed?

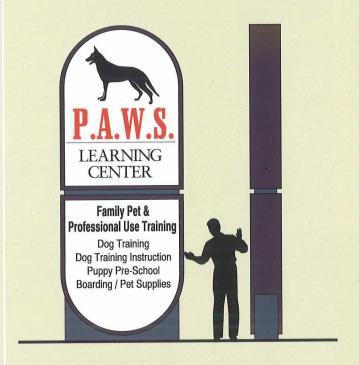
According to the FHA, "You can establish the minimum size, height and lighting a sign needs to be for adequate day/night visibility and conspicuity but to address aesthetics, one often needs to adjust the minimums upward to avoid compromising traffic safety."

In my opinion, if a sign lacks any of the above requirements, its value to communicate and consequently its value to the merchant displaying it, is less than its potential.

Beyond their specifications, we need signs that complement the area in which they are located. To that end, there is, or should be, downtown retail or commercial zones, theatrical zones, industrial zones, residential zones, open highway and shopping zones. A bright and prosperous retail business district that attracts shoppers is a prime factor in creating a desirable community.

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Free-Standing Signs

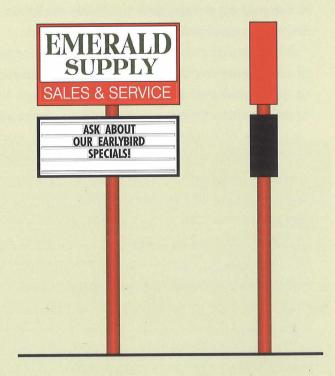


P.A.W.S.

Outstanding design possibilities are contained within free-standing signs that can combine a large area for logo and identification copy, with new-age materials and fabrication methods.

EMERALD SUPPLY

Adding a reader board to a free-standing sign can increase business proportionally. The reader board allows you to regularly change your advertising message yet have the permanence of a plastic-faced sign, usually interiorly illuminated.



Andrew Bertucci is the executive director of the United States Sign Council, which has funded research into the relationship between sign legibility and traffic safety. His comments:

"Signs are a visual medium and are effective only to the degree that people can see them and react to them without undue difficulty. Particularly when viewed from the seat of a moving vehicle, signs must be both clearly visible and legible, and, in this context, the size of signs is critical. In addition, traffic engineering researchers have now concluded that on-premise commercial signs play an important role in the driver way-finding task. Well-placed, well-designed, and properly sized commercial signs can guide a driver toward a selected destination with minimal cognitive demand. Poorly visible commercial signs, however, can have the opposite result, and lead to erratic driving maneuvers such as inappropriate rates of deceleration and untimely and unsafe lane changes.

"It is now understood that for an on-premise sign to be visually effective, it must be both detectable and readable throughout a visual range, or distance, which allows a driver sufficient time to process the content of the sign and then react to the information received in a safe manner. This distance, known as minimum required legibility distance,

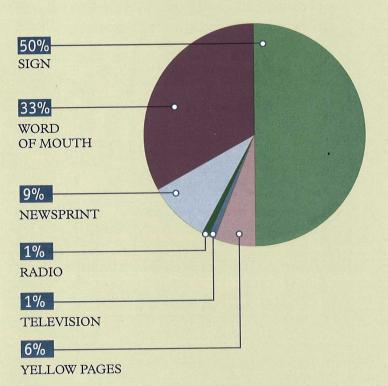
or MRLD, is the key to the design of signs that are of sufficient size to enable them to provide critical roadside information in the most effective, timely, and safe manner possible."

"Signs are a
visual medium

and are effective only
to the degree that people can
see them and react to them
without undue difficulty."

CHAPTER NEW SIGN MATERIALS EXTEND YOUR ADVERTISING OPTIONS

WHERE DO SMALL BUSINESSES GET THEIR CUSTOMERS?



During 1997-1999, a California sign manufacturer conducted nationwide surveys to help find how small businesses get their new customers. A cross-section of 45 merchants was surveyed, involving hundreds of customers that had frequented these stores for the very first time. In answer to the question, "How did you learn about us?" the leading source of getting new business was signs. (Data used with permission of Gulf Industries Inc.)

David Williamson, director of the Visual Communications Technologies Consulting Service at CAP Ventures Inc., has spent much of his career tracking new sign and digital technologies. His thoughts follow:

"Computer and digital technologies are influencing nearly every aspect of our business and economic lives. That's a great development as it relates to the types of materials that signs can be fabricated from and even the techniques used in manufacturing signs.

"Major advances have been made in the past several years that will bring you increased value as you invest in a new or upgraded sign. Signs can last longer without degradation because of improved materials technologies. Colors are much more vibrant because of materials such as translucent vinyl. Even the shape of a sign can be different now than what was possible just a few years ago.

"Take time to work with your sign company to discuss these new materials and methods. You want a sign (or signs) that has **impact** on the business coming in your door, that lets your company's **imagination** and **innovation** be on display on a 24/7 basis and that is a **value proposition** for your advertising investment. An upgraded or new sign can be a dramatically better tool for the growth of your business than anything else you can consider for an equal investment."

THERE ARE NEW PRODUCTS PRODUCED FOR THE SIGN INDUSTRY BY SOME OF AMERICA'S LEADING CORPORATIONS INCLUDING 3M AND HEWLETT PACKARD:

An outdated, old sign
is very little help
for welcoming customers
and building your sales.

If a better sign will increase your sales and customer base,

it seems logical to invest
in the best when you
are upgrading or purchasing
new graphics and signs
for your business.

- New LEDs (Light Emitting Diodes), low voltage miniature lamp components which, when built into a sign or on a building face, will attract customers and attention. Twelve-volt LEDs reduce signage electrical costs dramatically.
- Computer designed and cut translucent vinyls in bright colors make sign faces whose robust nature is sure to command attention. In most every case, multiple colors rather than single colors enhance the attractiveness of the sign.
- A new light enhancing reflective material which, in certain applications, can significantly increase the brightness of the sign without adding substantially to its manufacturing costs.
- Flexible face and awning materials can span a storefront of any length for signs without seams. Signs can be fabricated out of rigid plastics that hold up in the weather far longer than in earlier decades. Or sign faces can be "softer" such as those made out of flexible coated materials.
- Four-color digitally-produced signs, posters and banners are now available from your sign manufacturer. Produced on either inkjet or electrostatic printing equipment onto a wide variety of substrates from heavyweight paper to vinyl to window film, these images immediately captivate your customers and clearly communicate your current promotional campaign or items on sale.

Wood Base Sign

SMITH & JONES

Can also be called architectural signs, decorative methods include vinyl, paint or screen printing.

Multi-tenant locations often succeed with signs of this type, as sign panels can be changed without necessarily changing the entire sign structure.





Projecting Sign

PEARL GARDEN

A sign that projects from a business location adds "street appeal" and directs traffic to your front door.

Many shapes are possible with a projecting sign. Can be interiorly illuminated. New translucent vinyl colors are an excellent option of decoration.

CHAPTER ten: COMPARATIVE COSTS OF ADVERTISING

Your sign will tell even casual viewers a lot about your business at first glance. Your sign will make them aware of the goods or services you have to offer them at your location, together with your identity for their immediate or future use. It is your all important introduction, so the better the sign, the more productive it will be. A sign provider can help you build your business. In fact, the purpose of this booklet is to point out a most effective way to maximize your sales and income and build a customer base for future years.

Unlike radio, TV and newsprint advertising which cover specific areas (often beyond those which your business can serve but if you use these you will have to pay for full coverage anyway), on-premise signage is highly cost effective. This is not to discourage the use of the other media, but to compare the cost/effectiveness of those media with that of your appropriate on-premise signage (which is working for you 365 days per year, 24 hours a day!)

An on-premise sign purchased at a cost of not more than \$19,000 per year (dollar amount may increase pending future legislation) is a one-time expense recoverable by depreciation. At this writing, a business purchasing such an asset up to \$19,000 for use in the business can expense it in the year it is purchased and put into use. IRS rules change. So, to verify depreciation rates or other factors that may be applicable to your situation, it is suggested that you consult your accountant or tax advisor.

ESTIMATED COST OF AN ON-PREMISE SIGN BY YEAR, MONTH, DAY

Set forth below is the current estimated *cost* of an on-premise sign in categories from \$10,000 to \$50,000 for expected life use (usually ten years), broken down by the cost per year, month and day.

TOTAL COST	YEARLY COST	MONTHLY COST	DAILY COST
\$10,000	\$1,000	\$83.33	\$2.74
\$20,000	\$2,000	\$166.67	\$5.48
\$30,000	\$3,000	\$250.00	\$8.22
\$40,000	\$4,000	\$333.33	\$10.96
\$50,000	\$5,000	\$416.67	\$13.70

To display a highly effective sign, you might consider bank financing at a reasonable rate with a down payment. Interest is tax deductible.

IS THERE ANY BUSINESS INVESTMENT IN THE WORLD THAT CAN EQUAL IT?

CHANNEL LETTERS
HAVE GROWN IN PROMINENCE
FOR BUSINESS IDENTIFICATION.

Channel Letters



Mounted on the face of the building, above a store's display windows, illuminated letters have the advantage of being seen above a sea of cars in a large mall parking lot. Red is the most used color because it is the most visible. Currently, the primary source for illuminating such letter is neon tubing.



NEON

Each letter, usually fabricated from aluminum sheeting, contains neon tubes that illuminate colored (usually red) plastic faces to project a highly visible identification. Neon illuminated letters are usually attached to a raceway behind them that protects the high voltage connections leading to the letters.

LEDS AND HIGHLY REFLECTIVE MATERIAL

A new source for lighting letters is now under development. Two experienced sign professionals on our staff are developing a system employing light emitting diodes (LEDs) and a highly reflective material to illuminate the face of each letter with brilliant but even light. If successful, this method has distinct advantages. Light from the LEDs requires only twelve volts of electricity. This system is, for that reason, safer than conventional methods. The twelve-volt system uses much less electrical current than other illumination systems — a powerful economic factor over the years of the life of an illuminated letter or logo.

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CHAPTER ELEVEN: A NEW WAY TO DETERMINE THE ACTUAL VALUE OF A SIGN

The old way used by regulators for years was to calculate the value of a sign at its cost minus depreciation for years of use. It was a very unfair method of appraisal for *signs*, but suited those who wanted to confiscate signs. *That method is now being questioned*.

A new appraisal method was brought about by the federal government following the catastrophic event of the bankruptcy of many savings and loan institutions that made loans on business properties. A major cause of the bankruptcies was faulty appraisals resulting in over-appraisals of real property. To correct this, the Federal Financial Institution Examination Council created the Federal Certified Appraisers Subcommittee (FCAS). This Subcommittee certifies federal appraisers who follow a rigid discipline. In our opinion, signs should be appraised at the value that they create in sales and income for the business that owns or leases them.

For example, there is the case of "Caddy's," a local nightclub, in which the value of the signage was determined by its confiscation or "taking":

To illustrate the tremendous difference in appraisal, a case of "taking" occurred in Cincinnati, Ohio, in which Dr. R. James Claus was consultant for those representing the sign owner. The county sued to "take" and demolish a substantial multi-storied building owned by a nightclub proprietor

Signs should be appraised at the value they create in sales and income

for the business that owns or leases them.

to make room for a new stadium being built for the Cincinnati Bengals football team.

The case was tried before a jury and, to void any political influence, a visiting judge. The jury's award for the building, its contents, five mini-night clubs, *signage* and other assets of the business was a total of \$3.1 million. *For the signage alone*, for what it created in awareness of the night-clubs and revenue for the business, the jury awarded \$1.3 million (included in the total) – a huge multiple of the cost of the signage.

TO MAXIMIZING YOUR BUSINESS PROFITS

Do America's small business owners realize that they are, as an entity, a sleeping giant? We can show our strength and, if need be, our political clout. If unreasonable and unwarranted regulations are placed on our on-premise signs or any other impediments to our success, this presents an opportunity to organize and fight back. Your local Chamber of Commerce can help retailers like they helped the retailers in North Olmsted.

It is a good policy for retailers to take part in community affairs. Successful businesses pay taxes that support the local government, fire and police protection and other municipal functions. Some businesses budget, as a business expense, membership in the local Chamber, support certain influential candidates in local elections and, as a result, have an active voice in town government. There are many ways to make a difference.

FOOTNOTES

- My activity in signage legislation began with the embargo on the sale and shipment of crude petroleum to the United States by Persian Gulf producers. This triggered U.S. Senate Bill #662, March 5, 1975, which prohibited the illumination of signs and retail window displays for the stated purpose of curtailing the use of electricity generated by oil. My research in the library at the Department of Energy (DOE) revealed that, except for a few minor instances, only the coastal areas relied on electricity generated with oil; whereas, the rest of the country generated electricity by coal, hydro power, atomic energy and in Texas natural gas. Taking this information to the DOE impressed the staff but apparently not the management. It did, however, stall the House from enacting legislation to support the Senate bill, so small retail business in the U.S. was spared from turning off their illuminated signs.
- Founding members of The Signage Foundation are: R. James Claus, PhD, Claus Consulting Services, Sherwood, Oregon Noel Yarger, President, North American Signs, Inc., South Bend, Indiana James Groh, President, Brilliant Electric Sign Company, Cleveland, Ohio John Lamb, President, Cincinnati Sign Supplies, Inc., Cincinnati, Ohio

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