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# 2014 PREDICTIONS

## JOHN BEGALA

**Executive director**  
The Center for Community Solutions

■ **PREDICTION:** Prospects for the Democrats in Washington will brighten.



The combination of growing disfavor with both the Tea Party and Affordable Care Act will yield a continued, but somewhat reduced, Republican majority in the U.S. House, predicts John Begala, whose organization is an advocate and policy think tank for health, social and economic issues with offices in Cleveland and Columbus.

In the Senate, Republicans will pick up five seats, bringing their number to 50, but Democrats will maintain a functional majority with the continued support of two Independents and Vice President Joe Biden's tie-breaking vote.

Ironically, the slimmer majorities and split government will erode the grip of gridlock, as more moderate voices come to leadership positions in both parties, said Mr. Begala, a former state legislator and hospital and government administrator.

In the executive branch, President Barack Obama will experience a mild surge in popularity as the result of diplomatic successes and the wind-down to the Afghan war.



## DAN BERRY

**President and CEO**  
Manufacturing Advocacy & Growth Network

■ **PREDICTION:** A good year for manufacturing — that's already becoming evident.

As the head of an entity that not only advocates for manufacturing but also helps many area manufacturers with product development and other challenges, Magnet CEO Dan Berry takes a broad view of manufacturing. He likes what he sees as the sector heads into a new year, but he also anticipates some challenges.



Data from the National Association of Manufacturers and the Institute for Supply Management are indicating strong growth for U.S. manufacturing.

"This good news about manufacturing nationally generally means good news for Northeast Ohio because of the region's deep manufacturing base," Mr. Berry said. "The short-term future is optimistic for manufacturing in Northeast Ohio with many opportunities. But each opportunity brings with it some challenges," he noted.

Among the challenges Mr. Berry sees ahead are continued cost pressures on local auto suppliers and the availability of workers with skills in trades such as welding and machining.

Then there is the matter of continued growth in shale oil and gas drilling. That's giving a welcome advantage to industries that are finding cheaper sources of fuel and chemical feedstocks, but Northeast Ohio manufacturers have been slower than expected to find and exploit opportunities in the shale-drilling supply chain so far, Mr. Berry noted.

As the pages of the calendar turn to a new year, *Crain's Cleveland Business* asked some of the region's leaders to weigh in on what might take place over the next 12 months.

From more innovation to a stronger marketplace, here's what they had to say about what 2014 could have in store:

## DAVID BROWNING

**Managing director**  
CBRE Group, Cleveland office

■ **PREDICTION:** The Northeast Ohio real estate market will be much more dynamic than one would expect from reading national predictions about it.

For example, David Browning, managing director of CBRE Group's Cleveland office, said the Urban Land Institute think tank's annual survey of rankings of development action by real estate professionals recently ranked Cleveland near the bottom in the nation.

While that survey suggests it is a dead market, Mr. Browning sees much occurring if you take a deeper look. He expects the popularity of downtown and urban living among young professionals to continue to remake the city. The ability to attract talented young workers will continue to fuel movement to the downtown office market, he said, by suburban and growing companies.

The rise of big mixed-use developments in town, such as the conversion of the former Ameritrust office complex to apartment, hotel, retail and office uses that Geis Cos. began in 2013, is in its infancy. He also expects to see niche office development in areas such as Ohio City and University Circle that would have been unthinkable 20 years ago.

Mr. Browning also expects to see more sales of big-ticket commercial properties in 2014 as a tremendous amount of capital nationally and globally is looking for places to find a home.



## DENISE CARKHUFF

**Partner, private equity practice**  
Jones Day

■ **PREDICTION:** Mergers and acquisitions will pick up.

Dealmakers could hear a pin drop in early 2013, following the rush of deals in 2012 before impending tax increases. And that hangover lasted probably half the year, said Denise Carkhuff, a partner in Jones Day's private equity practice.

"So, 2012's (M&A) numbers were inappropriately high and 2013's numbers were inappropriately low and what's going to be 2014 is a normalization," she said. "I think it's going to be a big uptick because of how slow we started in 2013."

A normalized deal flow means buyers will get to put their money to use, but they also will continue to pay "more than they want to pay" because valuations have not normalized, Ms. Carkhuff said.

"I think the sellers continue to be the winners — hands down," she said. "There's so much money available with the private equity funds as well as the strategics. Financing is cheap."

Ms. Carkhuff also believes that a form of insurance called representations and warranties will become the norm. The insurance covers liabilities that a buyer may discover after an acquisition, thus protecting buyers and sellers from financial loss in the event that inaccuracies in representations and warranties were made.

"Up until now, we've seen various private equity funds and other companies flirt with the



idea of rep and warranty insurance," she said.

Now there's a transition afoot. In fact, some sellers are telling buyers they are not invited to bid for their company without the insurance, Ms. Carkhuff observed.

"You're probably going to see more insurance companies getting into the product," she said. "The more that get in, the pricing should come down."

## DR. TOBY COSGROVE

**President and CEO**  
Cleveland Clinic

■ **PREDICTION:** Hospitals will continue to integrate and consolidate.

Last year, Northeast Ohio saw a string of hospital acquisitions and integrations that brought a handful of new players into the region's already-crowded health care landscape. This year, that cozying up is expected to continue, especially as the full thrust of the Affordable Care Act takes hold.

"We're going to see some continuation of the trends we've seen already," said Dr. Toby Cosgrove, president and CEO of the Cleveland Clinic. "More integration of hospitals and more consolidation."

Since the late 1990s, the Cleveland Clinic has pieced together a strong regional network by acquiring several of Northeast Ohio's community hospitals. Last year, the Clinic struck a partnership with Community Health Systems, a for-profit health care juggernaut based in Nashville, Tenn., and announced plans to jointly acquire Akron General Health System.

See **COSGROVE** Page 14



# Cosgrove

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The Clinic, of course, wasn't the only local health system eyeing acquisitions. University Hospitals announced plans to acquire EMH Healthcare in Elyria and Parma Community General Hospital. Summa Health System in Akron, meanwhile, sold a 30% minority stake of its enterprise for \$250 million to HealthSpan Partners, a subsidiary of Catholic Health Partners in Cincinnati.

## JIM DOYLE JR.

Senior vice president  
Bellwether Enterprise

**PREDICTION:** There will be more real estate activity this year because more lenders are regaining appetites for commercial real estate lending.



Jim Doyle Jr., senior vice president of the Bellwether Enterprise mortgage brokerage firm, said a broad range of commercial property lenders, from insurance companies to Fannie Mae and Freddie Mac and securitized lenders are competing for deals as 2014 begins.

Last year was the first year in many years that such competition occurred, and as recently as 2012, many owners were lucky to find one lender to look at a deal.

Major banks also are tiptoeing into real estate development lending again, but only developers with strong track records and high-quality projects are getting anywhere. Increased competition has meant that borrowers may get loans for as much as 75% of an ac-



quisition's cost, which beats the 50% loan and 50% equity ratio that had been the norm. Lender competition for the best deals means that lenders who do not lend those transactions will look at lesser properties.

Rates on commercial loans climbed to 4.75% from 3.75% a year ago, and Mr. Doyle expects them to climb more this year. He wonders how long it will be before increasing interest rates will start pushing up property sales prices, but has not seen it so far.

## GARY FINGERHUT

Executive director  
Cleveland Clinic Innovations

**PREDICTION:** Electronic health record systems will get a lot smarter.



The health care industry is ready to tap into the true potential of that fancy system your hospital uses to electronically store your records, according to Gary Fingerhut, executive director of Cleveland Clinic Innovations.

Hospitals across the country have been beefing up their electronic health records systems over the past decade or so, partly because the federal government has been giving them financial incentives to do so.

Now, however, the main pieces of those systems are mostly in place, so the next step for the industry is to build more capabilities on top of them, Mr. Fingerhut said.

Tools that help doctors analyze data to figure out whether a patient has one condition or another. Interfaces that allow physicians to access records just by talking or gesturing. All sorts of cool stuff.

"This will be the year that people will start to add on top of the EHR (electronic health record)," Mr. Fingerhut said. "They're implemented. The time is right."

Some companies already develop software designed to work with electronic health record systems, including Cleveland Clinic spin-outs such as data analysis firm Explorys and iVHR, which stands for interactive visual health record.

That momentum is really going to accelerate this year, and the Clinic will take advantage, Mr. Fingerhut said. Health IT-related technologies account for about 20% of the inventions coming out of the Clinic today, up from 6% three years ago.

## GRACE GALLUCCI

Executive director  
Northeast Ohio Areawide Coordinating Agency

**PREDICTION:** Washington will finally increase the federal gasoline tax.



In the next Transportation Authorization bill due in 2014, Congress will act to stabilize the Highway Trust Fund, including both its highway and mass transit accounts, by increasing the gas tax or simply indexing it to inflation,

which has not been done since 1993, predicts Grace Gallucci, executive director of the Northeast Ohio Areawide Coordinating Agency. The agency oversees federal spending on highways in Cuyahoga, Geauga, Lake, Lorain and Medina counties.

Then, we can fix the crumbling transportation infrastructure, plan for future transportation needs, and make the region economically competitive again.

NOACA has estimated it could cost as much as \$1.4 billion to bring the roads in NOACA's four-county region up to good condition. But the agency expects to have only \$760 million to spend between 2014 and 2017.

The gas tax, which funds federal highway building and maintenance, has been at 18.4 cents a gallon since 1993 despite rising inflation and improvements in vehicle fuel economy that have reduced consumption.

## DAVID GILBERT

President  
Greater Cleveland Sports Commission



**PREDICTION:** Cleveland will become a destination city for big events.

On that end, David Gilbert of the Greater Cleveland Sports Commission and his crew already are succeeding.

On Dec. 11, Cleveland was selected to host the 2018 NCAA Division I wrestling championships at Quicken Loans Arena. The sports commission also submitted winning bids for the 2017 NCAA Division III men's and women's outdoor track and field championships and the 2018 D-III wrestling championships.

This year, Cleveland will host NCAA championship events for women's bowling, Division II wrestling and D-II men's and women's swimming and diving, along with a Web.com Tour golf tournament and a women's Fed Cup quarterfinal tennis match between the United States and Italy.

"After the National Senior Games last year, I think a lot of people around the country have noticed how well that event went," Mr. Gilbert said. "A lot of major rights holders are now seeing Cleveland as a destination city for big events."

One of the biggest yet is on tap for spring 2015. That year, The Q will play host to the NCAA men's basketball Midwest Regional semifinals and championship game. The latter contest will decide one of the participants in the 2015 men's hoops Final Four.

## HOWARD 'HOBY' HANNA IV

President  
Howard Hanna Real Estate Services, Midwest region



**PREDICTION:** The residential real estate market will strengthen this year, even if mortgage interest rates continue to inch up.

Howard "Hoby" Hanna IV, president of the Midwest region of Howard Hanna Real Estate Services, said

he expects that local home builders will be able to land loans to build homes on a speculative basis for the first time in almost 10 years.

That development will allow them to compete more with national builders active in the area. More lenders will also put up for sale home sites they seized from home builders and land developers during the downturn.

He expects residential sales volume will increase another 10% in 2014. Home prices will rise about 5%.

However, the home market will overcome some challenges on the way to those increases. Look for a lot more multiple bid situations for good homes in desirable neighborhoods due to the shortage of homes listed for sale. He also thinks the market may hit a bump when federal banking reform kicks in early in 2014. It may be more difficult for buyers to find loans until it becomes clear which lenders want to continue making home loans. Once that sorts itself out, the housing recovery will resume.

## ROBERT HELMER

President  
Baldwin Wallace University

**PREDICTION:** Higher ed will continue to become more flexible and innovative.

Baldwin Wallace University president Robert Helmer doesn't expect any watershed moments in 2014 for higher education. However, he expects colleges and universities will continue to focus on producing a new kind of graduate. Higher ed institutions, for instance, are taking a hard look at their curriculum and infusing a dash of entrepreneurial thinking in all courses of study.



**"Is there a value in higher education? Every study suggests yes, but I think the public today is questioning that."**

— Robert Helmer  
president, Baldwin Wallace University

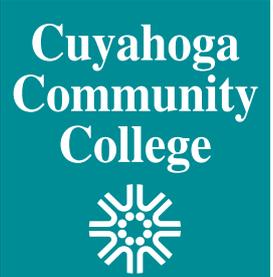
"We want students who graduate — regardless of their major — to have an entrepreneurial mindset that will allow them to get their first job but also allow them to switch jobs in 10 years to something that doesn't even exist today," Dr. Helmer said. "The view is on the output."

Dr. Helmer said colleges and universities will continue to experiment with new ways of delivering education. As for BW, he expects the college will experiment more with online and hybrid courses over the next year.

Private colleges and universities have been criticized for their high tuition costs, and that criticism is expected to escalate as recent graduates struggle to find jobs in the slowly recovering economy.

"Is there a value in higher education?" Dr. Helmer said. "Every study suggests yes, but I think the public today is questioning that."

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**BRUCE HENNES**

**Partner**  
Hennes Paynter Communications

■ **PREDICTION: Adults older than the age of 50 will increasingly rely on social media for news.**

**T**he Plain Dealer doesn't show up seven days a week any longer, but the need for news continues unabated — and quick daily visits to Cleveland.com, CrainsCleveland.com, CNN.com and NewYorkTimes.com are quickly filling the void, although with a great deal of grousing from older adults.



Bruce Hennes, a partner with Hennes Paynter Communications, predicts that more Cleveland-area adults soon will begin to understand that platforms like Twitter aren't necessarily just frivolous toys. Instead, they are serious business tools, allowing newsmakers and the public to instantaneously communicate with one another without the assistance of traditional media outlets.

It's a fact that today's 30- and 40-year-olds don't read newspapers — and they're likely never going to acquire that habit, as did their elders.

Unfortunately, Twitter isn't as easy to use as a newspaper, but necessity and time will force today's 50-and-older adults to accept the fact that social media isn't a fad and they must master this new technology.

Does this have major implications for the business models of Northeast Ohio's main media outlets? Absolutely.

**RAY LEACH**

**CEO**  
JumpStart Inc.

■ **PREDICTION: Local startup companies have a tough time raising capital.**



**P**romising young companies still have plenty of options within a three-hour drive of Cleveland if they're looking to raise a few hundred thousand dollars from investors.

But more mature startups that need a few million dollars are

going to have a hard time finding it in Ohio and surrounding states, said Ray Leach, who leads a non-profit that assists startups in Northeast Ohio.

Venture capital firms here and across the nation have been slow to sell off their investments over the past few years, partly because of the recession that started in 2007.

Thus, they haven't yet produced much profit, which has made it hard to raise new funds and make new investments. Venture firms are starting to produce better returns as each quarter goes by, but it'll be a while before many of them are profitable enough to raise new funds and invest in more companies, Mr. Leach said.

Locally, their returns will improve when buyers emerge for fast-growing companies such as TOA Technologies in Beachwood. The mobile work force management company raised \$66 million from Technology Crossover Ventures in California's Silicon Valley this October after previously having raised cash from local investors.

But until firms in Ohio and nearby states can raise new funds, many deserving young companies could be unable to raise capital — or they'll have to look for it somewhere else, Mr. Leach said.

**STEVE MILLARD**

**President and executive director**  
Council of Smaller Enterprises

■ **PREDICTION: Small businesses will continue to grow and hire, and they'll take advantage of the technology available to them.**

**O**verall, Steve Millard, president and executive director of the Council of Smaller Enterprises, said he expects that manufacturers, in particular, will continue to grow, assisted by reduced energy costs, improved productivity and more on-shoring.



He thinks small businesses also will benefit from relatively low interest rates and more availability of capital.

In terms of technology, Mr. Millard highlighted the variety of programs companies can use to get information and data on



customers, such as Facebook, Constant Contact and Google Analytics.

He also pointed to the mobile technology that's increasingly available to small businesses, like those used to help customers make payments.

Where social media was the first wave of technology-related changes, Mr. Millard said he thinks mobile will be the "next wave."

"They're just really beginning to embrace that," he said.

**MARC MORGENSTERN**

**Chairman**  
CadenceCounsel Inc.



■ **PREDICTION: Law firms will hire more contract attorneys to control costs.**

**G**iven the focus most law firm managing partners currently place on reducing fixed costs where possible, Marc Morgenstern is confident more firms will choose to use

outside lawyers so they can operate with smaller staffs, but still meet demand when it arises.

"Every year, technology means that fewer humans are needed to produce paper, to generate ideas, to propel a task to completion," he said. "The legal practice is still set up as if it is impervious to that technology, and it isn't. So, on a go-forward basis, law firms will hire fewer associates, law firms will make fewer partners and because of that ... their need for ad hoc counsel on a when-needed basis will increase."

Full disclosure: Mr. Morgenstern has a dog in this prediction. He is chairman of CadenceCounsel Inc., a staffing agency founded in 2013 to provide variable, on-demand, high-end lawyers.

Mr. Morgenstern also is managing partner of Maxim Advisors, a Cleveland-based company that does deal document design and communication development of attorneys.

Law firms, he predicts, will increase the amount of professional development they provide to their attorneys as a means of differenti-

ating themselves.

"Most law firms, there's almost no direct, consistent professional development," he said. "One of the consequences of technology is ... now, lawyers in Cleveland compete with lawyers in Palo Alto. The ease of technology and people's acceptance to that approach ... means stiffer competition."

Law firms that invest to develop their people regularly can say, "Here's why we think our lawyers are so good. Here's the professional development they receive." That feels more quantitative," he said.

**DAN MOULTHROP**

**CEO**  
The City Club of Cleveland

■ **PREDICTION: The 9-12 District will awaken.**

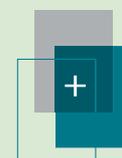
**A**fter a near decade-long slumber, the real estate market on Euclid Avenue — between East 9th and East 12th streets — will finally come alive, causing nay-saying downtown denizens and workers to finally declare a legitimate urban resurgence.



See **MOULTHROP** Page 16

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# Moulthrop

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For his part, Dan Moulthrop, CEO of the City Club, believes RTA chief Joe Calabrese will declare a final "I told you so" on the Euclid Corridor project.

Still, perception issues will linger and many outer ring suburbanites won't catch on to downtown's greatness until 2024.

## BRAD NELLIS

**President**  
Northeast Ohio  
Software  
Association



■ **PREDICTION:**  
Local IT  
companies cool  
their jets.

After a long streak of growth, information technology companies in Northeast Ohio next year probably will slow down their expansion, predicts Brad Nellis of the Northeast Ohio Software Association.

First, he pointed to NEOSA's survey for the third quarter of 2013. Granted, 54% of the local IT companies who responded described their current performance as "good" or "very good," but



that's way down from 73% for the same quarter a year ago and 69% in the second quarter of 2013. Other statistics from the survey provided more evidence that the local tech sector is a little shakier than it has been recently.

Mr. Nellis believes another, bigger factor will work against the local tech sector: Though he's not an economist, he believes that "the broader economy is really not as strong as it appears." He doesn't think the stock market will go up much, if at all, next year.

"In the history of the United States, we've never had an expansion that did not end," he said with a laugh.

He predicts that big companies will buy less software and services from local tech firms as the Federal Reserve reduces the amount of money that it pumps into the economy.

The Fed in December started trimming the amount of bonds it buys off the public market, and it could stop buying bonds completely by the end of 2014, should the economy keep growing, according to news reports. The stock market, however, reacted well to the news, which included an an-

nouncement that the central bank will keep interest rates on short-term loans near 0%.

## THOMAS NOBBE

**President**  
Cleveland Special Events Corp.

■ **PREDICTION:** Gay Games 9 will be a big money-maker for Northeast Ohio.



Thomas Nobbe — executive

director of the Gay Games, which will be Aug. 9 to Aug. 16 at venues all across the region — said the group is attempting to raise \$2.1 million to put on the event.

As of early December, the Gay Games already had raised \$1.5 million in donations and sponsorships, and Mr. Nobbe estimated the total could reach \$2 million by the end of 2013 — a figure that includes money the games receive from the city and Positively Cleveland.

If the games reach its goal of

drawing 10,000 participants, Mr. Nobbe expects 30,000 tourists to come to Northeast Ohio and spend about \$1,700 each — which would result in a \$51 million windfall for the area.

More than 2,200 athletes already have signed up for Gay Games 9, which Mr. Nobbe views as a sign of positive things to come.

"Registration is the area that takes the longest and we have the least control over," he said. "The games are held every four years, and traditionally, 70% of the athletes or individuals register the year of the games. We always want to make sure of that (10,000 goal). We're not letting up."

## BRANDON NOWAC

**Vice president and head of prepaid cards**  
KeyBank



■ **PREDICTION:**  
2014 will be the year of the prepaid card.

The use of prepaid cards has grown significantly, and Brandon Nowac — vice president and head of prepaid cards for Cleveland-based KeyBank — expects corporations and public sector entities to ramp up their use of them in the coming year.

Companies issuing payroll checks to employees and public sector entities issuing paper benefits checks stand to reduce their costs by 90% by switching to prepaid cards, Mr. Nowac estimated.

That's because when they opt to use the cards, they can load dollars electronically to them instead of printing and mailing checks, he explained. Plus, the risk of fraud is less with prepaid cards, he noted.

While the state of Ohio already uses prepaid cards for some benefits programs, "2014 will be a year where the states that have not adopted these programs ... (get) off of check and (move) onto prepaid card," he said.

And the benefit, according to Mr. Nowac, extends beyond the issuing entities.

"Those individuals who do not have a bank account, they have to get a check today and they have to pay 2 to 10% just to get it cashed," Mr. Nowac said. "Their (companies') employees now have a much better solution where their cards are loaded similar to if they were with a bank."

KeyBank went live in December with its product, Key2Payroll, which allows companies and public sector clients to distribute funds with prepaid cards.

"We do believe that more banks will begin to do what we've just recently done," Mr. Nowac said.

## JOE PULIZZI

**Founder**  
Content Marketing  
Institute

■ **PREDICTION:**  
More companies, especially manufacturers, will be hiring in-house reporters to tell the story of their products.



Joe Pulizzi, founder of the Content Marketing Institute, said companies are seeing their marketing departments evolve to resemble a publishing company. They're hiring people who can tell stories and create content for them on an ongoing basis. Most companies don't have

that storytelling muscle now, but they're working on it.

"They're trying to build that muscle back up right now," Mr. Pulizzi said.

The driving force behind this trend could be content marketing, a marketing approach in which companies create content that they deliver directly to consumers through media, such as newsletters, blogs, custom magazines and social media. It's existed for a century, Mr. Pulizzi said, but it's really taken off in recent years.

Some of the content that staff members are creating may go into native advertising, like sponsored social media posts or editorial content. But native advertising is just one option of many when it comes to content marketing, and companies can share content through their own media sources. There are "no barriers to entry anymore," he said.

Mr. Pulizzi also said he wouldn't be surprised to see more non-media brands buying smaller media companies in the future, if not in 2014.

## STEVE PRESSER

**Owner**  
Big Fun

■ **PREDICTION:** The buy-local movement will continue to grow.

There is a movement toward buying local, said

Steve Presser, owner of the Big Fun toy and collectible stores.

He pointed to Small Business Saturday as evidence of this trend. The annual event, which falls after Black Friday and encourages customers to shop at their local small businesses, is starting to gain momentum, he said. The public is getting behind it, and it has been gaining big corporate sponsors. There's more talk about shopping local in the media and in advertising, he said. Mr. Presser compared the shop-local movement to the environmental or green movement, which took decades to take hold.

He said he hopes the buy-local movement doesn't take as long to set in. He has seen a big push toward patronizing local restaurants, a move he said he supports. Small businesses are the "fabric of neighborhoods," Mr. Presser said.

"I'm hoping the same people, including the restaurateurs, see that it's a two-way street," he said.

## LUIS PROENZA

**President**  
University of Akron

■ **PREDICTION:** Higher education will continue to redefine itself.

Ohio's colleges and universities, particularly those funded by tax dollars, are facing pressures on several fronts, according to University of Akron president Luis Proenza. They're receiving less financial support from the state than they had decades prior. There's a growing clamor for colleges and universities to cut costs and be more affordable. Also, they're being asked to teach in innovative ways beyond the classroom.

See PROENZA Page 17

# HEALTH CARE LAW

A look at the people and organizations in Northeast Ohio who focus on the practice of health care law and the current issues that are relevant to the field.



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# Proenza

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"2014 is going to be a continued redefinition of what the normal is for higher education," Dr. Proenza said.

Dr. Proenza, who plans to retire from UA's presidency this summer, said higher education is facing a public relations issue of sorts. Colleges and universities are now expected to prove their value to an increasingly skeptical public and state and federal lawmakers.

"Whether people will acknowledge it or not, higher education is still an extremely fine investment," Dr. Proenza said. "How can you say a public higher education is too expensive when you have many private schools charging four to 10 times more and providing, in many cases, far less in return?"

## BILL RYAN

**President and CEO**  
Center for Health Affairs

■ **PREDICTION:**  
The cost cutting will continue.



The Cleveland Clinic made waves last fall when it announced it planned to cut \$330 million from its budget — a move expected to involve layoffs. The Clinic, of course, wasn't the only health system in the country — or even locally — to take a scalpel to its books, and it surely won't be the last.

"The biggest issue right out of the box is the continued pressure on health care providers to manage internal costs," said Bill Ryan, president and CEO of the Center for Health Affairs.

Mr. Ryan said the pressure to drive down costs is due to a number of factors. Hospitals, for one, are dealing with declining reimbursements from government and commercial payers. Also, a surge in high-deductible health plans purchased through the Obamacare exchanges or provided by employers could leave patients with hefty medical bills after receiving care — bills that can often go unpaid.

"While you're going to need to cut costs, you can't cut costs the patient will notice," Mr. Ryan said. "It's not like we're going to increase the number of patients a nurse has to manage to solve our problem. They're going to have to figure out where the costs are that patients won't notice."

## ALEC SCHEINER

**President**  
Cleveland Browns

■ **PREDICTION:**  
Fans at FirstEnergy Stadium in 2014 will get a much different vibe during games than in past years.



Construction on the Browns' \$120 million upgrade to the 15-year-old stadium was expected to begin "immediately" after the regular season concluded Dec. 29, Browns president Alec Scheiner said last month. The Browns are paying for the upgrade up front, and the city will kick in \$2 million a year for the next 15 years from its general fund. The result, the team says, will be mammoth state-of-the-art scoreboards in each end zone, along with much-

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needed amenities such as a new audio system, two new escalators and LED video boards that will appease fans' thirst for more, and constant, game-day information.

"I predict that it will not feel at all the same to be a fan at our stadium next season," Mr. Scheiner said.

The Browns' president wasn't referring to wins and losses — though a large improvement in that area certainly would help. But Mr. Scheiner and vice president of fan experience and marketing Kevin Griffin are placing a huge emphasis on fan experience, and they are using the Seattle Seahawks — Mr. Griffin's former employer — as an example of how crucial a strong home-field advantage is in the NFL.

## MARK SHAPIRO

**President**  
Cleveland Indians

■ **PREDICTION:**  
More sports fans in general — and Tribe fans, specifically — will begin to manage their tickets with mobile devices.



In 2013, the Indians tested mobile ticketing on "an extremely limited basis" toward the end of the season, team president Mark Shapiro said.

Mobile ticketing is used by the Cleveland Cavaliers (Flash Seats) and other pro sports teams as a way to allow fans to enter more rapidly, and gives teams a behavioral profile of their ticket buyers.

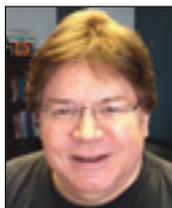
This season, the Tribe will be "all in" on digital ticketing.

"We have had nearly 100% of season-ticketholders switch to FanPass digital tickets that they can use to enter Progressive Field by using a mobile device, credit card or by printing their tickets at home," Mr. Shapiro said.

## CHARLES STACK

**Founder**  
FlashStarts

■ **PREDICTION:**  
Angel investing becomes a lot more popular



Nation-wide, the number of people who invest in startup companies is going to go up in 2014 by about one-third, now that it's legal for entrepreneurs to tell the world that they're raising money, said Charles Stack, a long-time entrepreneur who runs FlashStarts, a business accelerator for startups in Cleveland.

Before Sept. 23, 2013, the U.S. Securities and Exchange Commission banned private businesses from going public with their plans to raise investments. Thus, startup companies and other businesses had to raise money the old-fashioned way — by talking to people one on one.

Now that the ban has been lifted, entrepreneurs are free to plead

for money in public, be it through the news, traditional advertisements or even social media.

And Mr. Stack — who coaches entrepreneurs who need to raise capital — is all for it.

"It really democratizes the angel funding process," he said.

That freedom should help entrepreneurs here and throughout the country lure more individuals to become angels, Mr. Stack said. He predicts that, this year, the number of U.S. angel investors should jump from about 225,000 — an estimate from the Angel Capital Association — to more than 300,000.

## ROGER J. SUSTAR

**CEO**  
Fredon Corp.

■ **PREDICTION:**  
Modest sales increases for 2014.



Roger Sustar is CEO of Mentor-based Fredon Corp., a custom machine shop and fabricator and a leading Lake County manufacturer. Mr. Sustar's business makes parts and assemblies for the defense and medical device industries, among others.

With the threat of sequestration and its effect on the defense industry waning — and most of its 2014 defense-industry orders already in place as of mid-December, Mr. Sustar was predicting modest growth for 2014.

Like others, he'll be watching the economy closely though. He'll be paying particular attention to retail sales. Though his company doesn't sell consumer items, sales at Fredon typically lag trends in U.S. retail sales by about six months, Mr. Sustar said.

Retail sales are expected to rise in 2014 and, if past trends hold true again this year, Mr. Sustar expects to see similar growth at his company.

## LES SZARKA

**CEO**  
Szarka Financial

■ **PREDICTION:**  
Stock market volatility will increase dramatically.



Much of the money flowing into the stock market today isn't flowing there because investors are confident in the economy, according to Les Szarka, head of a North Olmsted-based financial planning firm.

"The money that's going into the stock market today is (going there) because nothing looks really attractive," he said, citing low yields on investments, such as certificates of deposit (CDs).

With that, Mr. Szarka said, the money is on a "very, very short leash," and "at the first sign of any trouble, it's getting yanked out."

Given the double-digit gain that the stock market has enjoyed in 2013, Mr. Szarka calls the situation tenuous.

"When you see years where the market is way up, you just have more people who are willing to cash out," he said. "If I'm sitting in there with a 27% gain, I'm more worried about protecting the gain than trying to get an extra 1 or 2 or 3 or 4%."

If the stock market suffers a significant reversal, "it would definitely have a ripple effect on the economy because if, all of a sudden, people saw their assets going

down in value, they would ... close up their purse strings and that would slow down the economy and would more than likely put you in a recession."

## JEFF WALTERS

**President**  
Master Products Co.



■ **PREDICTION:**  
There will be a health care damper on consumer spending.

Jeff Walters' Cleveland-based Master Products makes washers and other stamped products, primarily for the automotive/transportation and durable goods sectors. He thinks that, while the economy still may grow in 2014, it's going to face a headwind because of the Affordable Care Act.

Though he is actually a proponent of the ACA — "I believe putting the buying and selection choices in the hands of the individual is the right move," he said — he thinks sticker shock might give consumers pause and cause them to curtail other spending.

"Individuals are going to be more apprehensive about spending because they may need the money for health issues and businesses are going to be burdened with changes in plan practices," Mr. Walters predicts. "People are going to put large purchases — automobile, appliances, etc. — on the back burner until a comfort level is achieved regarding health care," he adds.

His apprehension is not based on concern over the debauched launch of the nation's new health care law, he said. Even had the system been implemented perfectly, the new way of paying for health care and consumers' increased awareness of the costs would have put a drag on spending, at least until people get used to the new system, Mr. Walters said.

## THOR WASBOTTEN

**Director and professor**  
Kent State University School of Journalism and Mass Communication

■ **PREDICTION:**  
Media graduates will have to be a bit more flexible in their job searches, and professional newsrooms will be reaching out for more help.



Kent State's School of Journalism and Mass Communication serves students in fields from advertising to journalism to electronic media, but its graduates end up in fields far beyond those industries, according to Thor Wasbotten, director and professor in Kent State University's School of Journalism and Mass Communication.

More companies have been looking to increase their presence online and on social media. So, it's more important now than ever for schools to teach media graduates adaptable and flexible skill sets, he said.

He also sees more collaboration with outside organizations in the future for newsrooms.

For example, he thinks more newsrooms will be reaching out to universities to connect with students who can supplement their coverage.

Mr. Wasbotten also sees the move toward "personal news," where consumers use apps and other programs to filter the types

of stories they want to see and the sources they want that news from, increasing in 2014.

## SCOTT WOLSTEIN

**President and CEO**  
Wolstein Group

■ **PREDICTION:**  
Positive momentum will likely continue downtown.



Scott Wolstein, president and CEO of Wolstein Group, is excited about starting construction in January of apartments, restaurants and entertainment spots in the second phase of the Flats East Bank Neighborhood.

Mr. Wolstein said his team is bullish about its apartment plan and may start a second phase before it finishes leasing out the first 256 units.

Moreover, Mr. Wolstein feels continued apartment development is what downtown Cleveland most needs. He expects the trend of converting old office buildings to apartments to accelerate in 2014. He feels the only thing that will keep downtown from absorbing a tremendous number of apartments is if local governments do not understand the situation and do not seize the opportunity that downtown has today.

The city needs more downtown housing to support the addition of conventional retail downtown. In rust-belt cities such as Cleveland, he believes vibrancy has to be driven by the people living in the region. That is a stronger driver for the market, he said, than chasing the benefits of a nice casino and a nice convention center that may be illusory.

## JERRY ZEITLER

**President**  
Die-Matic Corp.

■ **PREDICTION:**  
A good year — one that's getting better already.



Brooklyn Heights-based Die-Matic produces small, precision-stamped parts that go into cars, home plumbing fixtures, medical devices and other U.S.-produced products. He was already predicting that sales would be up in 2014 — and then December hit.

"Our sales jumped by 50%, in one month," Mr. Zeitler said.

Why? He has no idea, he said, because the new orders came in from a broad variety of industries and customers. Some were existing customers, some were new, some were local and some in other parts of the U.S., Mr. Zeitler said.

"I was going to say it would be a slightly better year, but the way it's starting off, I'm going to say it's going to be a much better year," Mr. Zeitler said.

Over the long term, however, Mr. Zeitler said he thinks that the automotive sector will reach a sales plateau, possibly sometime in 2014. Pent-up demand eventually will be met, he said, and cars continue to be better-made and require replacement less frequently, he adds.

Reporting by Stan Bullard, Kevin Kleps, Michelle Park Lazette, Timothy Magaw, Rachel Abbey McCafferty, Jay Miller, Dan Shingler and Chuck Soder.