

**MOONEY AND KRAMER** are raising employee awareness

says, REEF is different. "It's ongoing, and it has value over time.

Kelly and Nancy are telling their people very pointedly that what they do has to be measured."

Kramer's focus on results comes after 25 years of working with clients. She started out in media sales for an Ohio radio station, where she got to know a couple of manufacturer's sales reps. With them, Kramer launched Columbus-based Resource in 1981, at age 26. She eventually bought out her partners and built Resource into a full-service marketing firm with a growing Internet business.

Kramer got the idea for REEF in the late 1990s as she watched newly public bicoastal agencies toss stock options to their employees. But the boom went bust before Kramer could give REEF a try, and attracting talent was hardly her problem anymore. In early 2001, client bankruptcies erased half of her sales in 90 days.

But the idea stayed with her. As her company grew to \$16 million in revenues and was ranked by *AdWeek* as one of the top 50 interactive agencies, Kramer decided to revisit it. She approached Merrill Lynch in 2004. "They said, 'It's too complicated,'" Mooney recalls. Merrill Lynch spokeswoman Jennifer Grigas says the adviser told Kramer the plan would be difficult to implement and described some of its financial implications. Kramer's tax advisers at PricewaterhouseCoopers also initially questioned

the idea. After 18 months of planning, Kramer and Moody laid out \$1,337 per employee to buy one share of each of the firm's publicly traded clients (including Procter & Gamble and Hewlett-Packard). They also boosted associates' salaries the first year to offset any income tax hits.

Since its inception, the fund has done slightly better than the Standard & Poor's 500-stock index, which has returned just 0.3%. Still, there's more to the benefit than money, says John Kadlic, who joined Resource in May as executive director of business development. "Certainly, there was a financial interest," he says, noting that REEF, as well as Resource's reputation as a great place to work, was a factor in his decision to join. "But it was more about what it said to me about their values." There are few better ways to win a talent war than that. •

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## A Real Stake In Your Customers

How an Ohio marketing firm uses stock to keep employees focused on clients

BY JENA MCGREGOR

**N**ANCY KRAMER HAD A surprise up her sleeve. A few weeks before last January's annual meeting of Resource Interactive, the marketing agency she founded, Kramer sent an e-mail to her 140 employees. With mock seriousness, she said she needed some "VERRRRRRYYYYYYY" important information before the meeting: their height in centimeters, favorite candy, shoe size, and favorite movie. Employees weren't thrown by the quirky message: Kramer, who co-produced the infamous Victoria's Secret online fashion show, once hired a pancake flipper to come to the office (employees caught their breakfast on a plate) and sometimes lies on the floor during meetings.

For the annual gathering, the only info she really needed was shoe size. Kramer

and Kelly Mooney, with whom she runs the company, were about to introduce a new employee benefit called REEF, or Resource Employee Equity Fund, and were giving each staffer a pair of flip-flops by the surfwear brand REEF. The fund holds one share of stock per employee for each of Resource's publicly traded clients. Employees vest in the fund after a year.

Kramer's idea is an innovative approach to motivating employees and keeping them focused on their clients' businesses. "I wanted our employees to have the awareness of how clients are pressured," she says. "If [the stock price] does go down, what can we do to help?"

Ed Razek, Limited Brands' chief marketing officer, is impressed with Kramer's effort to turn her employees into shareholders. While other agencies might show their commitment by wearing clothes made by a client or driving its vehicles, he

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