

# Nevada News

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Retail Association of Nevada

## Opposition Forms to Ballot Question Nix on 6 Campaign

This November, voters will be asked again to approve a ballot question amending the state constitution to raise the minimum wage by \$1. The question is dangerously deceptive.

If passed, employers will be required to raise the minimum wage above the \$5.15 presently required, OR pay 90% of the cost of health benefits for employees and their dependents. Employers cannot charge employees for insurance premiums that are higher than 10% of their annual pay, i.e. annual salary — \$10,712, annual premiums charged to the employee can't go above \$1,071.20.

When faced with this choice, some employers have already announced they will end health insurance benefits. Under the proposed amendment, employees may NOT have a say in the choice nor can they negotiate with their employers. The Amendment also indexes the pay wage, so that it will force employers to raise wages higher than the federal minimum wage, regardless of the employer's financial situation. It allows no exemptions for those receiving tip pay.

The Ballot Question exempts unionized businesses from the higher wage requirement. Also exempted are state and local governments.

### WHAT'S THE PROBLEM WITH HIGHER PAY?

Most of RAN's members presently pay wages higher than the \$5.15 minimum wage. "The problem is not the \$1/hour hike," says Mary Lau, RAN President. "We supported legislation in the last session which would have raised the minimum wage to \$6.40/hour, but the unions killed it because it didn't exempt them." The legislation also omitted the medical insurance exemption, allowing businesses to continue to offer their present medical plans

without the complicated 90% formula.

According to an investigation by the Las Vegas Review-Journal last year, only 8,000 Nevada employees are presently paid the minimum wage.

### THEN WHY A CONSTITUTIONAL AMENDMENT?

An amendment is not necessary. The Ballot Question is a political strategy to ensure Democrats turn out to vote in November. The minimum wage can be raised by the Legislature at any time. And, as the Las Vegas Review-Journal editorialized: Question 6 is "...a transparent union ploy to encourage unionization by employers whose workers opposed the step (otherwise they would be unionized already) and at the cost of their own members."

If a constitutional amendment is a good idea, then it would have been put in the U.S. Constitution during the Depression in the 1930's. But because of the lengthy and complicated process of amending a constitution, provisions containing numbers are rarely put into such a document.

### WHAT ABOUT OTHER STATES?

One other state, Florida, just adopted a constitutional amendment raising the minimum

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## MARKETING NOTES

# Some Failures Still Work

One soft drink maker tried to greet summer last year with a 17-ton popsicle standing upright in the center of a city. Unfortunately the weather gods were not with them. The frozen treat melted causing on-lookers to flee and bicyclists to slide around the gooey mess. Firefighters were called to hose down the muck.

This year, they greeted summer with rides in hot air balloons to market new light, white teas. Once again, Mother Nature wasn't cooperating. Rain, high humidity and winds threatened. But a number of riders were able to take off and ride, including one who sang "Up up and away in my beautiful balloon..." as the balloon lifted off. As the last rider climbed out of the balloon, the rains came.

*New York Times*

### COUPONS TO CELL PHONES

A California company has developed a new service that sends and stores coupons on cell phones. Customers can access the coupons for florists, restaurants, stores, entertainment venues and other services.

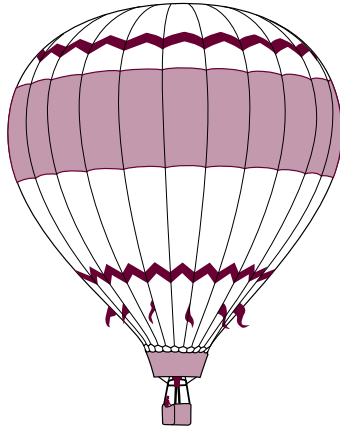
The company, Cellfire, says it's redemption rate is 17-23% versus less than 1% of paper coupons. To redeem the cell phone coupons, users show the cashier the image of the coupon on their phone screen and the cashier keys in the number. Once used, the coupon is deleted from the phone. The coupon service is free to users, but the cell phone

companies may charge a fee for data storage.

*NACS*

### WAL-MART ADS COMBAT GASOLINE PRICES

You've probably seen the ad: A joyous family loads up the car and jumps into it to go on their summer camping trip. The car zooms out



of the driveway and backs into a vacant lot across the street. The message? "Shop for everything at Wal-Mart to reduce the number of trips in the car and save for your summer vacation."

Wal-Mart is the first retailer to use the high gas prices in it's marketing campaigns.

Some experts expect

others to follow although one worries that if you remind people that gas prices are high, they may be reluctant to spend.

*Washington Times*

### NICHE BRANDING

One shoe store chain is known as a fun place to shop. While it caters to families, it's actual target is fashionable women with unlimited budgets. So there was some hesitancy when the ad agency proposed big red clown-noses as a branding tool. But the campaign, begun in 2005, has proved so successful the company is expanding it for some time to come. Ads feature customers all dressed up and wearing the red clown noses. It includes some sophisticated women and everyone is finding the ads to be fun.

*Stores, July, 2006*

## Upcoming Events

August 6 – 8, 2006  
NRFtech 2006  
Carlsbad, CA

October 10 – 12, 2006  
Shop.org Annual Summit  
New York, NY

January 14 – 17, 2007  
NRF 96th Annual  
Convention and EXPO  
New York City

February 7 – 9, 2007  
Retail Advertising Conference  
Chicago, IL

## The Stats

In celebration of the 4th of July, the question "how do Americans see Americans in 2006" was asked. The answers to this Gallup Poll are highlighted below.

- 70%+ say most Americans still respect freedom of speech and religion
- 68% say Americans are more materialistic now than they were five years ago
- 48% say Americans are less tolerant of the views of others
- 46% say Americans show a lower degree of personal responsibility than they did five years ago
- 36% say Americans had stronger religious beliefs five years ago. ■

*March E. Mullins/USA TODAY*



# Primary Candidates

*As we near the August 15 Primary Election, we want to bring to your attention a few good candidates. Incumbents scored well on the RAN matrix — sent to you earlier and available on the web site: [www.rannv.org](http://www.rannv.org) — and newcomers show a promising future in Nevada politics.*

## **KRIS MUNN, CANDIDATE, ASSEMBLY DISTRICT 21, REPUBLICAN**



When Bob Seale announced he wouldn't run for reelection, he endorsed Kris Munn for the seat. Manager for a leading home builder in Southern Nevada, Munn also owns his own business - Silver Star Cattle Company. His educational background includes a B.A. from Texas A&M and a master's degree.

He served for four years in the U.S. Air Force and is a Captain in the Reserves.

Kris Munn has signed the Taxpayer Protection Pledge and promises to oppose all efforts to increase taxes. He wants to hold education administrators more accountable and thinks that teachers should have more input into a proposed merit pay program.

He supports stronger ethics.

He believes that Nevada can have a leaner government than at present. ■

***"The key to success is to get out into the store and listen to what the associates have to say. It's terribly important for everyone to get involved. Our best ideas come from clerks and stockboys."***

Sam Walton

## **JOHN MARVEL, ASSEMBLYMAN, DISTRICT 32, REPUBLICAN**



First elected in 1979, John Marvel has proven to be a stalwart champion of business's needs. In the last session, Marvel served on the Assembly Natural Resources, Agriculture & Mining, and Ways & Means Committees.

In 2001, Democrats sought to get rid of John Marvel by gerrymandering his rural Assembly District into Sparks. But Marvel has concerned himself with Sparks' needs and addressed them at the Legislature. In fact, the District has benefited from having an experienced and senior lawmaker at their disposal. ■

## **MEL KALAGIAN, CANDIDATE, ASSEMBLY DISTRICT 3, DEMOCRAT**



Mel Kalagian is a 37-year resident of Las Vegas. He was educated in the Clark County School District and graduated from UNLV with a B.A. in Criminal Justice.

He worked for former U.S. Senator Richard Bryan for five years in Washington, D.C. As such, he became familiar with many of the issues concerning Nevadans.

In 2003, he started his own business and is publisher of a community newspaper designed to inform, educate and motivate. Mel can be reached at 702-325-4731 or by e-mail at [MelKalagian@aol.com](mailto:MelKalagian@aol.com) ■

## **Nix on 6** *(Continued from front page)*

wage BUT it had NO exemptions for unions. Tip-employees are excluded as are farm workers and others regularly excluded under the federal law. It also had no exclusion for government agencies. And it had NO reference to health care benefits.

### **JOIN THE FIGHT**

The Retail Association of Nevada, along with the Nevada Restaurant Association and others

have joined together to fight the ballot question. The campaign is called Nix on 6 and plans aggressive action to educate the voters. YOU are needed in this fight to preserve your business and the economic future of Nevada. Fighting the ballot question will take more than just voting No. For more information on how you can help, call the RAN office or the Nevada Restaurant Association. ■



# Nevada News Briefs

## GROWTH IN SALES TAXES SLOWS

April's sales tax increased by 4.3 percent continuing a more restrained pace begun in March. The slower growth for taxable sales was caused by a drop in auto sales, mirroring a national slowdown.

Keith Schwer, director of the Center for Business and Economic Research at UNLV, told the Las Vegas Review-Journal that Nevada's economy continues to perform well. "The signals nationally are mixed, but the signals in Nevada remain robust," he said.

Taxable sales totaled \$3.9 billion in April.

## NOT HEEDING WHAT THEY'RE READING

A recent Associated Press poll showed that 78% of Americans claim to check labels on food in grocery stores,

but 44% buy what they want regardless of the labeling. Women were more likely than men to check the labels (65% v. 51%) and married men are more likely to check the labels than unmarried men (76% v. 65%). Other demographic information showed that the higher the education and income, the better chance of reading the food content labels.

A Las Vegas Sun editorial pointed out that since the labeling was begun in 1994, the number of overweight Americans has risen from 56% to 66%. The editorial concludes that most American's know what they are eating, but some food tastes so good, "we just have to be bad."

## LAS VEGAS BECOMING THE "IN" PLACE FOR LUXURY SHOPPING

Las Vegas has long been known for gaming. Now it's becoming equally

well-known for upscale shopping. As hotels have increased their high-end rooms, so too has there been an increase in luxury retail.

Brian Gordon, a principal at Las Vegas-based Applied Analysis, recently told In Business Las Vegas, "Las Vegas is attracting higher value consumers ... With those higher-end consumers, we see increased spending on per-consumer basis."

## NEVADA: HIGH MEDICARE SIGN-UPS

Federal Centers for Medicare and Medicaid Services say that over 80% of Nevadans eligible for Medicare Part D met a May 15 enrollment deadline.

Approximately 237,440 of an estimated 300,000 eligible Nevadans signed up for one of the state's 44 prescription drug plans. The average premium for those who signed up is \$24/month.

# Eight Rules For Good Customer Service Made Simple *By Barbara Wold*

Good customer service is the lifeblood of any business. You can offer promotions and slash prices to bring in as many new customers as you want, but unless you can get some of those customers to come back, your business won't be profitable for long.

Good customer service is all about bringing customers back. And about sending them away happy enough to pass positive feedback about your business along to others, who may then try the product or service you offer for themselves and in their turn become repeat customers.

If you're a good salesperson, you can sell anything to anyone once. But it will be your approach

to customer service that determines whether or not you'll ever be able to sell that person anything else. The essence of good customer service is forming a relationship with customers — a relationship that an individual customer feels he would like to pursue.

I know this verges on the kind of statement that is often seen on a wall plaque, but providing good customer service "IS" a simple thing.

### 1. Answer your phone.

Make sure that someone with a pleasant voice is picking up the phone when someone calls your business.

### 2. Don't make promises unless you "WILL" keep them.

Reliability is one of the keys to any good relationship, and good customer service is no exception.

### 3. Listen to your customers.

Let your customer talk and show him that you are listening by making the appropriate responses, such as suggesting certain merchandise or how to solve the problem.

### 4. Deal with complaints.

Give the complaint your attention, you may be able to please this one person this one time — and position your business to reap the benefits of good customer service.

### 5. Be helpful — even if there is no immediate profit in it.

The other day Jane popped into a local

*Continued on next page*





# National News Briefs

## MISSING CHILD SCAM

Preying on all retailers' concerns for missing children in a store, thieves have developed a new scam. Here's how it works, a woman or two along with at least one male load up carts with expensive merchandise such as TVs, computers, etc. Then they head towards an exit where they notify security that they are missing a child, sometimes a disabled child. While security is busy looking for the child, the thieves duck out the exit with the merchandise.

*"Stores" May, 2006*

## BATHS: MORE THAN JUST CLEAN...

Retailers are seeing baths, used to relieve stress, as a growth item on the shelves. Target, like some others, is offering a "do-it-yourself" spa experience to harried consumers who don't have the time or money for the full spa treatment. Target is offering a bath and body line, with 20 new items ranging from high-end spa products to a personal-care line for men.

At the same time, cleaning products are changing too. In the past year, there's been a 28.5% growth in cleaning wipes for the hand or face. Research shows that Americans, who largely prefer showers over baths, are

choosing body wash rather than soap bars to cleanse themselves. In some cases, consumers are choosing different body washes with different perfumes. For retailers, the profit margin is larger.

*Business Week*

## STYROFOAM FOOD PACKAGING BANNED IN OAKLAND

Oakland has joined about 100 other cities in banning Styrofoam or polystyrene food packaging and is requiring restaurants and cafes to switch to disposable food containers that will biodegrade if added to food compost.

The measure, which takes effect in January, 2007, was opposed by the California Restaurant Association which pointed out the higher cost of biodegradable packaging. The packaging also doesn't keep food at warm temperatures as well.

*San Francisco Chronicle*

## DEATH TAX UPDATE

While the House of Representatives failed to vote a repeal of the Death or Estate Tax, they did vote out a new version. This one increases the tax exemption to \$5 million per

person effective January 1, 2010, or \$10 million per married couple. The legislation also reduces the taxable rate for estates up to \$25 million to 15 percent. Whether the U.S. Senate will agree to this compromise over a repeal is questionable.

*NACS*

## HIGH COST OF CYBER CRIME

According to a survey for IBM, 60% of U.S. businesses believe that cyber crime is more costly to them than physical crime. At risk is productivity, revenue and customers.

Eighty-four percent of IT executives believe that organized criminal groups are replacing lone hackers. The threat from unprotected systems in developing countries is a growing challenge. Figures show that 74% of the 600 respondents believe that threats to corporate security come from inside their own organizations (another reason to do those background checks when hiring).

Steps they have taken against cyber crime are: upgrading virus software; upgrading the firewall; implementing intrusion detection/prevention technologies; and implementing vulnerability/patch management on networks.

*Stores, May, 2006*

## Good Customer Service *(Continued)*

watch shop because she had lost the small piece that clips the pieces of her watch band together. When she explained the problem, the proprietor said that he thought he might have one lying around. He found it, attached it to her watch band — and charged her nothing! Where do you think Jane will go when she needs a new watch band or even a new watch? And how many people do you think she has told this story to?

**6) Train your staff to be ALWAYS helpful, courteous, and knowledgeable.**

Give every member of your staff enough information and power to make those small customer-pleasing decisions, so he never has to say, "I don't know."

### **7) Take the extra step.**

Lead the customer to the item they asked about. Better yet, wait and see if he has questions about it, or further needs. Whatever the extra step may be, if you want to provide good customer service, take it.

### **8) Throw in something extra.**

Whether it's a coupon for a future discount, additional information on

how to use the product, or a genuine smile — people love to get more than they expect.

If you apply these eight simple rules consistently, your business will become known for its good customer service. And the best part? The irony of good customer service is that over time it will bring in more new customers than promotions and price slashing ever did! ■

*Barbara Wold, International Speaker, Author and Business Strategist Global Retail & Consumer Guru*



# Interview with Senator Sandra Tiffany

## REPUBLICAN, CLARK COUNTY SENATORIAL DISTRICT 5

**A** businesswoman, Sandra Tiffany has served in the Nevada Legislature since 1993. She was elected to the Senate in 2002. She's served on the Taxation, Finance, Government Affairs, and Commerce & Labor Committees.

She's being challenged for her Senate seat by the same forces that attacked former Senator Ann O'Connell. Sen. Tiffany also opposed the Gross Receipts Tax.

As a pro-business, anti-tax legislator, Tiffany has fought an uphill battle. "I was the only one against the property tax being higher on businesses. I tried a motion to make it 3 percent for business, the same as residential, but was voted down. I also wanted a freeze on the property taxes and supported that. In the end, we got what we could, but it wasn't fair to businesses," explained Tiffany. She's supporting legislation in the next session that will give senior citizens a permanent \$500 property tax cut and wants to use the state's surplus to lower property tax bills.

Nevada's business tax also irritates the Senator. "I talked to a

resident agent who told me that he's lost 80% of his business to Wyoming because they don't have the business tax on those incorporating in the state. In the long run, we could lose more than we're making. I would like to see the business tax reduced or done away with. We've got a surplus; clearly we're bringing in more than we needed..."

Sen. Tiffany also opposes the rapid growth of Nevada's government. "State government is growing twice as fast as the population. Spending should be limited to population and inflation increases and government should be streamlined to reduce duplication of services."

But the Senator is also concerned about education. Her plans include breaking up the Clark County School District — a proposal that's gaining popular support — and requiring 65 cents of every dollar to go directly to the classroom to support text books, small class sizes and higher pay for teachers.

Sen. Tiffany also supports "no pass, no play" legislation that will provide students with an incentive to pass all their classes if they want to



participate in extracurricular activities. She also wants to require all foreign language speaking students to learn English.

Senator Sandra Tiffany has proven to be a fighter for legislation and in campaigns. "This will probably be the most expensive campaign I've had to wage. Money will make the difference."

For more information on Sen. Tiffany's campaign visit: [www.sandratiffany.com/](http://www.sandratiffany.com/) ■

# Interview with Marilyn Kirkpatrick

## DEMOCRAT, CLARK COUNTY ASSEMBLY DISTRICT 1



**A** food sales executive, Marilyn Kirkpatrick was elected to the Nevada Assembly in 2004. She served on the Government Affairs, Growth & Infrastructure, and Natural Resources Committees.

As a lifelong Nevada resident, Mrs. Kirkpatrick brought perspective to many issues. She was applauded for granting access to all who needed to speak to her. "I had to impress on staff that if someone came by the office to see me, it was OK. They didn't need

to schedule an appointment for next week."

And that typifies Kirkpatrick's philosophy. "I look at everything as the average person. I remember running into our previous governors in the grocery stores or on the street. The best elected officials in Nevada have been accessible to the people.

Although a Democrat, Kirkpatrick stood up for business in the last session. She supported the cut in the payroll tax for businesses. "I know a

*Continued on next page*



# Interview with Senator Barbara Cegavske

## REPUBLICAN, CLARK COUNTY SENATORIAL DISTRICT 8

**A** self-employed businesswoman, Sen. Cegavske was first elected to the Nevada Legislature in 1997. She was elected to the Senate in 2002. She's served on Senate Finance, Human Resources & Education Committees and chaired Legislative Operations & Elections in 2005.

In 2003, Senator Barbara Cegavske held firm and refused to vote for the Gross Receipts Tax. Such stands are not uncommon for the conservative Senator. In the last session (2005) she supported

the cutback on the payroll tax, but wants to see more. "It's got to be permanently reduced, if not done away with altogether," she said. A tax cutback will be her #1 priority in the next session.

She's also concerned about accountability in government. During the 2005 Senate vote on increasing the sales tax in Clark County, Sen. Cegavske proposed an amendment requiring the county use the new money for new police officers only. The amendment was not adopted, but an investigation by the Las Vegas

Review-Journal later showed the money was being used for salary increases, proving that Sen. Cegavske's concerns were very real.

She's also concerned that there are so many plans to spend the surplus tax money collected by government. "Businesses deserve to see the fruit of their labors returned to them in some form," she said.

"Businesses are having a hard time with health care plans," Cegavske said, "it's not affordable and many businesses can't get it at all. This is a huge issue and I'm working on some plan which will help them." She explained that too much regulation has driven up the costs and there needs to be more choice... a menu of sorts... for those buying the plans. "People need to be able to chose their own doctors; there must be some sort of free choice," she concluded.

Senator Cegavske is concerned about education. "I support the break-up of the Clark County School District and less money going into the administration and more into the classroom," she said. A nationally-recognized speaker on charter schools, Senator Cegavske is working hard to strengthen and support more charter schools in Nevada.

Senator Cegavske had no comment on her August 15 primary opponent other than the primary will deplete funds needed for the General Election. ■



## Marilyn Kirkpatrick *(Continued)*

lot of small business owners and they can't keep paying higher and higher taxes. Unless we're going to ease the burden on business, I don't envision any changes to the tax structure in Nevada," she said. Along those lines, Kirkpatrick watches for undue regulation that would cause a lot more work for businesses without a true benefit to the consumer.

Prior to being elected to the Legislature, Marilyn Kirkpatrick served on the Planning Commission. "I am very concerned about these

land exchanges and unintended consequences. I am watching for possible fixes in the next session of the Legislature," she explained. She's also concerned about local shopping cart ordinances. "Higher costs to the stores means higher prices for the consumer. It's an indirect tax on the shoppers," she said.

Marilyn Kirkpatrick sits on the Board of Directors of the Girl Scouts. With six children and five grandchildren she has lots of input as to the views of her constituents. ■

### DOES YOUR COMPANY HAVE A STORY TO TELL?

If your company is a member of RAN, we'd like to include your news in our newsletter.

Please e-mail press releases to Ande Engleman at [ande@rannv.org](mailto:ande@rannv.org), or fax them to 775-882-1713.

If you have any questions, call Ande at 775-882-1700. ■



# On-line Sales to Surpass \$200 Billion This Year, According to Shop.org/Forrester Study

## RETAILERS INTEGRATE WEBSITES, STORES TO MAXIMIZE SALES

Washington, DC, May 23, 2006—After speeding past the \$100-billion mark just three years ago, online sales will top \$200 billion this year. According to *The 2006 State of Retailing Online*, the ninth annual Shop.org study conducted by Forrester Research, Inc. (Nasdaq: FORR) of 174 retailers, 2006 online sales (including travel) are expected to rise 20 percent to \$211.4 billion. Sales excluding travel will reach \$138 billion.

The largest non-travel categories this year will include computer hardware and software (\$16.8 billion), autos and auto parts (\$15.9 billion), and apparel, accessories, and footwear (\$13.8 billion). Pet supplies and cosmetics and fragrances are expected to experience growth rates over 30 percent, more than any other categories.

According to the report, online sales last year rose 25 percent to \$176.4 billion. Excluding travel, online retail sales rose 28 percent to \$113.6 billion, representing 4.7 percent of total retail sales in 2005.

### RETAILERS INVEST IN INTEGRATION TO INCREASE SALES

As customers increasingly use the Internet to compare prices, find gift ideas, and research products, retailers rely on their websites not only to sell merchandise but also to increase sales at their stores. To create a true multichannel environment, retailers are employing a variety of different strategies. More than two-thirds of retailers have consistent pricing across channels

(79%) and almost half (46%) allow their customers to buy and redeem gift cards online and in stores. Additionally, a notable number of companies give customers the ability to accrue loyalty program points across channels (33%) and offer in-store product information online (26%).

“By encouraging different channels to work together, instead of in isolation, everybody wins,” said Scott Silverman, Executive Director of Shop.org. “Retailers have been focusing on integrating their websites and stores to better serve their customers, which is paying off for companies in the form of higher sales.”

Retailers recognize the importance that the online channel plays in overall sales. In fact, retailers reported that 22 percent of offline sales are influenced by the Web. Websites can also give retailers an opportunity to reach out to an entire new customer base, as more than one-third (38%) of online customers are new to a company’s entire business.

### CUSTOMER SECURITY REMAINS PRIMARY GOAL

Retailers understand that some shoppers may be concerned about the safety and security of their personal information when shopping online. In response, companies continue to increase the security of their websites and are beginning to offer a variety of payment methods to online shoppers.

According to the report, 63 percent of retailers surveyed require card verification value (CVV) codes at checkout. For payment, 25 percent

of retailers accept private-label cards, 12 percent offer third-party e-mail payment options, nine percent accept eChecks, and seven percent offer third-party credit accounts.

### INNOVATION ON THE HORIZON

*The 2006 State of Retailing Online* concludes with an analysis of the future of online retail and says that retailers have spent much of the past year developing long-term forecasts, budgets, and personnel plans. These new initiatives are still in the planning stages and are expected to launch within the next two years.

“Retailers spent the first decade of eCommerce scrambling to react to and learn about the Internet,” said Carrie Johnson, lead author of the report and Research Director, Vice President at Forrester Research. “Companies are now able to take a step back and are busy planning strategies and prioritizing technology investment for the long term. As a result of these efforts, the next five to ten years of online retail will be even more competitive and more innovative than in the past.” ■

### Quick Bites

Compiled by Sam Geist

*“We should be taught not to wait for inspiration to start a thing. Action always generates inspiration. Inspiration seldom generates action.”*

Frank Tibolt





# Something from Nothing

## RESEARCHER DISCOVERS THE DARK SIDE OF “MAKING DO”

By James Larsen, Ph.D.

Meet Tim Grayson. He's a farmer, and he also raises tilapia, a tropical fish, but if you had told him 20 years ago that fish farming lay in his future, he would have been very surprised. That's because he lived in coal mining country and had no intention of moving. But the coal mining economy went soft, mines closed, and many people lost their jobs. Grayson hunkered down and worked hard, but then he did something that set him apart from his neighbors.

Crisscrossing Grayson's farm were abandoned coal mines. Occasionally, one would collapse and leave a giant sink hole right in the middle of a field. The mines also collected methane, an odorless, colorless, explosive gas.

Grayson obtained an old diesel generator from a local factory, and he formed a partnership with a friend who knew how to drill holes in the ground. One day, they drilled into an abandoned mine shaft and found a steady supply of methane. Through much tinkering and a few explosions that knocked him on his rear, Grayson got his generator to run on methane, and suddenly, he had electricity to sell. He sold most of it to the local utility, but he also supplied his own needs.

With free electricity, he built greenhouses and grew hydroponic tomatoes. His electricity powered the lights, and waste heat from the generator heated the water that surrounded the roots of the tomato plants. Finally, needing fertilizer for his tomato plants, he introduced a tropical fish, tilapia, to the warm running water surrounding his tomato plants. He grew the grain that fed the fish, and their excrement fertilized the tomatoes.

Today, Grayson Hill Farms employs 30 people, and he even sells

excess methane to the local natural gas company. He achieved this growth while the local economy faltered.

Grayson Hill Farms was one of the businesses selected for study by Ted Baker, from North Carolina State University. Baker went into an economically distressed region and identified 29 locally owned firms that had survived the tough times. He studied all 29 with a goal of finding the key to their survival, the key action that some business owners did that others failed to do. He believes he found it, and he even gave it a name: bricolage, which means making something from nothing, or more precisely, “making do by combining resources on hand to address new problems or opportunities.” (p. 333) Baker documented four features of “making do” in his study:

- 1) Businesses actively engage current problems and opportunities with whatever is at hand.
- 2) They disregard commonly accepted limitations; they test limits.
- 3) They combine and reuse resources and apply these combinations in ways not foreseen or intended for these resources.
- 4) They maintain a treasure trove — a stash of junk, or ideas, or skills that can be combined in new ways.

For example, Tim Grayson engaged the problem of methane by combining an unused diesel generator, his own knowledge of diesel mechanics, and a friend who knew how to drill holes. He tested the limitation of appropriate fuel for his generator and used it in a way not foreseen. Finally, he used surplus switching equipment to connect his generator to the power grid. With free electricity and waste heat, he repeated the process, first with tomatoes, then with tropical fish.

“Making do” hardly seems like a

stunning finding. Farmers and small business owners are famous for it, but Baker found what was different in his sample of companies.

“Making do” requires owners to spend significant amounts of time coaxing more useful life out of worn, failing, and obsolete tools and resources. The nine firms in Baker's sample that did the most “making do” failed to grow at all. These owners concentrated on survival at any cost, and the price they paid turned out to be failing to grow as a business. They failed to identify the important factors for their businesses to grow, and they failed to give adequate attention to these growth factors.

Conversely, the most successful firms used “making do” selectively to solve problems or to explore new opportunities (like Tim Grayson with his methane gas). These firms concentrated their precious resources on factors necessary for their growth, using “making do” selectively, and it worked. They were the most successful. They grew.

There's a warning here for do-it-yourself-retailers for whom “making do” is a rule they follow in their lives. While you're busy fixing a piece of equipment to save a 60-dollar service call, you're ignoring customers, or missing a deadline, or failing to notice new requirements that customers are trying to call to your attention. Don't do that. Remember Ted Baker's research and tend to business — important business. “Making do” helps you survive, but it doesn't help you prosper unless you use it selectively. ■

*Reference: Baker, Ted and Reed E. Nelson (2005) Creating Something from Nothing: Resource Construction through Entrepreneurial Bricolage. Administrative Science Quarterly, 50 (2005), 329-366.*

*C 2006 Management Resources*



**Are processing fees cutting into your profits?**



Cut your processing costs and boost your overall savings with our new, discounted payments program from our endorsed processor - Global Payments.

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## Important Information for SIG Members

*The NRS governing self insured groups requires notifying members of all new members to the Nevada Retail Network Self Insured Group. New members for NRNSIG from June 1, 2006 to July 7, 2006 are listed below.*

Action Signs  
 Amigo Personal Care Inc.  
 Aqua Hydrogeologic Consulting LLC  
 Arby's  
 Arturo Camberio Senior Center  
 At Home Senior Solutions  
 Commercial Lighting & Supply Inc.  
 Construction Foam Design LLC  
 Dairy Queen Lake Mead  
 Diamond Coatings  
 Everyday Miracles LLC  
 Family Eye Care Associates  
 Family Tree Lawn Detailing LLC  
 Fashion Q  
 Foxes Pizza Den  
 Horseshoe Jewelry & Loan

Humboldt Diesel  
 Jazmine  
 John Robert Powers  
 Judy's Dance Shoppe  
 Matt Smith Physical Therapy  
 McDonalds Yerington  
 McDonald's Laughlin  
 Montessori Childrens World  
 Mountain Peak Enterprises Inc  
 Orthopedic Resource Group LLC  
 Owens Engineering  
 Pussycats Inc  
 Real Wood  
 Ruby Mountain Spring Water  
 Senior Nutrition Center

**NRNSIG** members who wish to register a negative vote on a new group member, please write NRNSIG at 810 E. Fifth Street, Suite A, Carson City, NV 89701, indicating which member and the reason(s) for the negative vote. ■

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**MEMBERSHIP INFORMATION:** Find out more about RAN's self insured group.

Call Willie Kerschner, 775-720-8125,  
or the RAN office at 775-882-1700 (toll free in Nevada 800-690-5959).

Don't forget to check out our website, [www.RANNV.org](http://www.RANNV.org).

**[www.RANNV.org](http://www.RANNV.org)**



## Employer Responsibility in I.D. Theft

One of American's greatest concerns is the theft of their social security number and credit history. In the last Nevada Legislative Session, six bills were introduced regarding I.D. Theft.

For employers, inadequate policies and training may result in liability for the actions of employees.

Here's some advice from attorney Jeannie DeVeney: The following will help your company prevent identity theft and will also help to show that you have taken reasonable steps to prevent information theft.

- Have a policy that limits access to, and prohibits the dissemination of personal information, outlines the information employees can and cannot obtain from applicants and employees.
- Have employees acknowledge receipt of these policies, monitor the implementation of them, and consider training.
- Maintain separate filing systems for documents/information that contain personal information.
- Review the policies/practices of allowing employees to remove documents or access databases that contain personal information. If employees are telecommuting from home, culprits may be relatives.
- Enhance security for databases that contain personal information.
- Implement a mandatory reporting system so you are aware if I.D. theft is occurring at your workplace.
- Ensure that old documents, containing personal information, are shredded before being put into the trash. ■

*Jeannie DeVeney is a partner in the Labor & Employment group of Spencer Fane Britt & Browne. Stores July, 2006*

# Heads Up! Action Needed

## CULINARY UNION FILES PETITION WITH 15,000 SIGNATURES

The Culinary Union and the Progressive Leadership Alliance of Nevada (PLAN) have joined together to stop Station Casino from building a new resort in Reno.

Under the pretense that taxpayers will have to pay higher taxes for the train trench in downtown because the new resort is planned for SW Reno, 15,000 signatures were gathered. Only 11,661 valid signatures are necessary to put the question on the Nov. 7 ballot.

At least one trade union has quit PLAN and the building unions are opposing the Culinary Union on this issue. Reno Mayor Bob Cashell says that the trench is being paid for by Union Pacific Railroad as well as sales and room taxes. Under no circumstances would taxpayers be held financially responsible.

The petition, if passed, would undo all building permits and city approvals for the resort and put the question of whether a casino can be built up to the voters. It also requires anyone wishing to build outside the downtown to pay a "levy" for certain projects.

As the Nevada Taxpayers Association wrote: "If successful, this type of petition would set a precedent and could have a chilling

effect on any major business which might consider opening in or relocating to Reno. They would have to wonder if they too could be subject to a petition to exact extraordinary conditions from them."

Even the Reno Gazette-Journal, an editorially-liberal newspaper, has opposed the initiative.

Ballot questions will be on the General Election ballot (Nov. 7)

but the Primary Election is equally important in that it could determine a number of seats in the next Legislative Session.

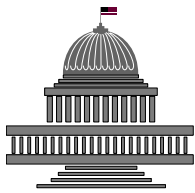
### HERE'S WHAT YOU CAN DO:

1. Get involved with some of the committees fighting this and other ballot questions.
2. Be certain your employees are registered to vote. (July 25 is the last day to register to vote in the Aug. 15 Primary.)
3. Make sure they are educated as to the ramifications of ballot questions and how they can affect their futures.
4. Ensure employees have time to vote or get absentee ballots.
5. And don't forget to vote yourself: Primary — August 15; General — November 7, 2006 ■

**DON'T FORGET TO VOTE:**

**Primary August 15th**

**General November 7th**



# Memo From Washington

Whenever members of Congress return to their congressional districts and states, they often schedule public events, such as town hall meetings, at which constituents can pose questions relevant to their interests. In anticipation of these events, NACS has prepared three sets of talking points on issues relevant to industry issues and activities on Capitol Hill. The following documents may prove helpful in your interactions with your elected officials:

- E-85 Mandates Will Not Help Consumers
- Increasing the Minimum Wage Hurts Convenience Store Owners

In regards to that final set of talking points, we can report that the rhetoric keeps heating up on the minimum wage issue. This week, Senate Minority Leader Harry Reid (D-NV) said Senate Democrats would halt pay raises for lawmakers from going into effect until Congress acts to increase the minimum wage. We at NACS think he might actually be onto something with this concept: give employees increases when they do a good job — not because Congress mandates it.

Most NACS members pay above the minimum wage, but mandating a \$2.10 per

hour raise will likely cause a domino effect toward higher wages across the board. This artificial push on wages is not a simple problem with which to deal. As employers, you know that businesses cannot simply wave a magic wand to create more revenue when lawmakers increase costs. If you encounter your representatives and senators, be sure to speak with them about this important issue.

On a related note, the CEO of Wal-Mart has stated that Congress should pass legislation to increase the minimum wage from the current starting wage of \$5.15 per hour. Wal-Mart CEO Lee Scott said “it already pays well above the minimum hourly rate” and the current wage is “out of date with the times.” Some might find it interesting that the most fearsome competitor of the small business community would support such an increase.

Meanwhile, Congress made some progress on appropriations matters. The House passed an amendment to the Science, State, Justice, Commerce, and Related Agencies Appropriations Act for FY 2007 to fund the Small Business Administration’s (SBA) small business

(section 7(a)) loan program. NACS supports this effort, which will help prevent fee increases for small businesses taking out loans through the program. In the Senate, the Appropriations Committee concluded work on legislation to fund the U.S. Environmental Protection Agency (EPA). A quick review of the detail indicated that the Senate, like the House, provided FY07 funding from the LUST Trust Fund that matched the President’s request of \$72.759 million, which was \$806,000 more than FY06. The President also had requested an additional \$26.599 million in State and Tribal Assistance Grants (STAG), specifically to assist with the implementation of reforms included in the energy bill. The House had increased STAG for LUST purposes by \$5.793 million, which the Senate also matched. The overall funding for FY07, as approved by the House and now the Senate Appropriations Committee, is \$90.326 million, an increase of \$6.599 million above FY06—a 7.9 percent increase. NACS is disappointed with this result, as the increase — while substantial — still falls short of supporting requirements enacted last year by Congress. ■

## Nevada News

Serving the Retail Community Since 1969

Nevada News is published by the Retail Association of Nevada, a nonpartisan, nonprofit corporation founded in 1969 representing the Retail Community, the Chain Drug Council and the Grocery Industry Council.

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