

Nevada News

Serving the Retail Community Since 1969

October 2004



Pharmacy & Initiatives Update

By **Liz MacMenamin**
Director of Government Affairs

State Board of Pharmacy

There will be some changes within the state Board of Pharmacy by the end of October. Larry Pinson is retiring as president, a position he has served in for seven years. We wish Larry well and want to thank him for all the hard work he has done for the board. We may even see Larry return in another position sometime in the near future.

Joe Kellogg was elected as the incoming president. We welcome him to his new position and will be glad to supply him with all the aspirin he may need for the job.

There will be a new board member coming in this month, but the Governor has not made this announcement as of this writing. We know that there are some very qualified candidates out there, and we hope the qualifications of the candidate will be the deciding factor. This board is charged with a difficult job and the biggest consideration is public safety in Nevada.

A public hearing was held regarding a regulation relating to prescriptions transferred from one pharmacy to another pharmacy by facsimile machine. It has passed and is effective immediately. Even though the Pharmacy Board took suggestions from the industry, some industry professionals feel the final language is a little cumbersome but is something that the industry can accept and has either incorporated or

could easily do so.

Pharmacy School

The University of Nevada Board of Regents recently approved a proposal for a pharmacy school. The proposal argues that "this might save lives because there is an estimate that 100,000 people die in this country every year as a result of incorrect drug prescriptions." The Board of Regents is prepared to request \$4.7 million from the Legislature next session.

There is some concern that the pharmacy school will serve a smaller number of students than some other programs that may be cut because of the implementation of the school and that this program could eventually have a two-year budget of \$5.5 million.

The existing pharmacy school in the state was given very little consideration and was even dismissed as a "vocational school." Ian Bruxton said, "We want the best school in the nation." There does not appear to be any concern over the extremely high price tag to taxpayers with no obligation that pharmacists who are educated here remain in the state to practice. Bruxton even so much as implied this by making this same statement about those who are trained at the existing school.

This should be an interesting battle during session.

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Seen & Noted

Do-Not-Call Registry Still Rules

The Supreme Court sided with consumers when it refused to hear telemarketers' challenge to the federal do-not-call registry. The registry now has 57 million phone numbers listed.

In *American Teleservices Association v. FTC*, telemarketing groups argued that the registry violated First Amendment rights because it said businesses could not call numbers listed on the do-not-call list while charities, pollsters and political campaign callers could still call. (Businesses with an established business relationship with a consumer can still call that person even if the number is on the registry.)

In February 2004, the 10th Circuit Court of Appeals upheld the right of citizens to request that they not be called by telemarketers and let the Federal Trade Commission (FTC) registry continue. Without comment, the Supreme Court's lack of action lets the registry stand.

The FTC has also filed its first civil penalties case. It involves a Las Vegas telemarketer accused of violating the do-not-call list. The FTC has charged Braglia Marketing Group LLC with calling more than 300,000 numbers on the registry and also with breaking federal rules governing the use of automated dialers. The company was selling time-share properties in Atlantic City.

Eileen Harrington, the associate director for FTC's marketing practices, says, "This is a pretty simple case because our requirements are pretty clear. You can't call numbers on the registry. These people did."

Nevada Reacts to Flu Vaccine Shortage

A statement from Nevada's Governor Kenny C. Guinn says that the Nevada State Health Division will follow the recommendations for the Centers for Disease Control and Prevention (CDC) in administering flu vaccines for this season. The following groups are considered priority groups and will be eligible to receive a flu vaccination from the available supply.

- All children ages 6 to 23 months;
- Adults 65 years and older;
- Persons aged 2 to 64 years who have underlying chronic medical conditions (as defined on the CDC website);
- All women who are or may become pregnant during the influenza season;
- Residents of nursing homes and long-term care facilities;
- Children aged 6 months to 18 years on chronic aspirin therapy;
- Health care workers involved in direct patient care;
- Out-of-home caregivers and household contacts of children aged 6 months.

The Health Division is recommending people take the following precautions to reduce their risk of becoming ill with the flu or other respiratory diseases:

- Practice good hygiene, including frequent hand washing.
- Stay home if you're ill.
- Cover your mouth and nose with a tissue when coughing or sneezing.
- Avoid touching your eyes, nose or mouth.
- Avoid close contact with people who are sick.

Initiative Process

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Elections

By the time you receive this newsletter, the elections will be over, and we will now have to begin our work to prepare for the upcoming session.

Many of our legislators and many others involved in this process believe that the current petition process needs to be reviewed. We support the petition process when it is used properly. However, this election cycle demonstrated how easy it is to manipulate these ballot questions with

The use of these [initiative] petitions for taxing and spending could change the name of our state to "California East."

absolutely no concern or education of the voters. Much like our Supreme Court was manipulated by one special interest group, these petitions hope to accomplish the same effect.

The subjects and titles of these petitions are drafted to appeal to the emotions of the public. Who wouldn't want their children to have the very best education or a teacher to be paid better wages? On the face of this petition, it would seem that the teacher's union initiative petition would accomplish this, but after further examination, it is easy to see that this petition is critically flawed. It does not provide a revenue source for this increase. As each of you know, the source they will be looking to will be the taxpayers. The use of these petitions for taxing and spending could change the name of our state to "California East."

Keep Those Receipts - Nevadans Can Now Deduct Sales Taxes

By Paul Enos

Manager of Government Affairs

Better keep your receipts. Nevadans now will be able to deduct what they pay in sales taxes on their federal income tax returns because of a provision in the corporate tax bill that passed the Senate on October 11, 2004.

The bill cleared its last major obstacle with the vote in the Senate and the President is expected to sign it later this month. Residents of states that impose income taxes have been able to deduct their state income taxes on their federal returns, while residents of seven states without income taxes have not had any similar deduction. This bill reinstates the deduction, which was repealed by Congress in 1986.

The sales tax deduction will benefit Nevadans at a total of \$242 million in tax savings each year. That amounts to over \$350 per year for most Nevadans. The deduction should be a boon to Nevada retailers who sell big-ticket items and taxable general merchandise. An individual who buys a \$25,000 car and pays sales taxes at 7 percent rate will be able to deduct \$1750.00 on their federal taxes.

Six other states with no state income tax, Florida, South Dakota, Tennessee, Texas, Washington and Wyoming, will also benefit from the sales tax deduction.

Both Nevada Senators Harry Reid (D) and John Ensign (R) voted in favor of the bill. The deduction is effective for 2004 so you will be able to see a difference in your next filing.

Working Smarter

Careful With Those Faxes...

A faxed document is like a letter without an envelope, allowing just about anyone to read confidential information not intended for their eyes.

When you're sending a confidential fax, make sure the recipient knows in advance when to expect it. Use a cover sheet to explain, in detail, who the fax is for.

If you're at the receiving end, make sure you're at the fax machine when the transmission arrives. If your machine receives a "wrong number" fax, call the sender and then destroy the document.

Source: Pacesetter

Bar Code Change Due Next Year...

Retailers throughout the country are preparing for the shift from the current 12-digit bar code system, which will be replaced to a 13-digit system on January 1, 2005. The Uniform Code Council (UCC) says on that date, all U.S. and Canadian companies must be able to scan and process product symbols used elsewhere in the world at the point of sale.

The U.S. has used the 12-digit UPC symbol for about 30 years, but the rest of the world uses the EAN-9 and EAN-13 symbols (European Article Numbering). Manufacturers have had to relabel the products, which adds expense and delay. No more, says the UCC. The 13 digit UPC code will create uniformity throughout global retailing.

International Groups Discuss Spam Fight

Agencies around the world are joining forces with the U.S. Federal Trade Commission (FTC) to fight spam.

On October 11, 19 agencies from 15 countries announced their participation in the Action Plan on Spam Enforcement. It calls for increased investigative training, the establishment of point of contact in each agency to respond quickly to enforcement inquiries and the creation of an international working group on spam enforcement.

The Action Plan will build on prior efforts of international organizations such as the Organization for Economic Cooperation and Development, the International Telecommunications Union, the European Union and the Asia-Pacific Economic Cooperative Forum toward building international cooperation on spam.

This is the first time an international forum has been held to exclusively discuss spam enforcement. Consumer protection, data protection and telecommunications agencies from more than 20 countries gathered to promote greater cross-border cooperation in the fight against spam and related problems like Internet fraud and computer viruses.

The conference included a session on the development of an effective international law enforcement framework to fight spam through multilateral agreements between agencies.

Business Secrets Not So Secret if Sent Over the Internet

What kind of messages do you send by email? Are they for the recipient's eyes only? Well, if you're inquiring about that surprise party you plan to attend this weekend and the message reaches the "suprisee," you might tick off a few people. But if you're emailing a client about the latest marketing plan you've designed to help her beat out the competition and someone surreptitiously snatches it and uses it for himself, then you

Employers have the right to monitor email within their own system, giving businesses a sense of protection over business matters and what employees do on company time. But how will this affect the actual business operations of employers who use email to discuss confidential information? The door is open to any entity that offers email service.

The Stored Communications Act,

Email messages are fair game says the First Circuit Court of Appeals in Boston.

might not be so happy to hear about a recent court case regarding privacy of emails.

The First Circuit Court of Appeals in Boston ruled that, basically, email messages are fair game. While an email message is in transit, it has some basic protections, but while stored, no matter the length of time, it's on the available-to-read list. Email messages are "stored" in the nano-second or so that it sits at your Internet provider as it passes through.

The case goes back to 1998 when Interloc, an online literary clearinghouse now defunct, secretly intercepted messages between its members and Amazon.com hoping to acquire some marketing acumen. The government charged them with wiretapping. Bradford C. Councilman, an Interloc vice president, fought the charges and moved to have the case dismissed saying that the wiretapping law didn't apply. The Boston court agreed ruling that a company that offers email services can track subscribers' messages without notification.

passed into law in 1986, protects messages that a recipient has received but not yet read, but the Boston ruling doesn't apply to the nature of the "stored" message as it passes from the sender to the recipient through the server.

A ruling by the Ninth Circuit Court in *Theofel v. Farey-Jones* involving a small Internet provider stands in contrast to the Councilman case.

The provider handed over 339 email messages received by two of its customers. The customers defended themselves with the wiretap and stored communication laws, saying that the subpoena for the emails was too broad. The court agreed and wrote, "An obvious purpose for storing a message on an ISP's server after delivery is to provide a second copy of the message in the event that the user needs to download it again—if, for example, the message is accidentally erased from the user's own computer."

The matter is far from settled, but if you use email to discuss business operations, take care.

FCC Moves to Protect Wireless Communications from Spam

The Federal Trade Commission (FTC) would like to put the nix on spyware and has filed its first case to try to stop the insidious practice. The agency filed a lawsuit in a New Hampshire federal court asking the court to shut down Seismic Entertainment Productions, Inc., and Smartbot.Net, both owned by Sanford Wallace.

Wallace's companies have been slapped with a temporary restraining order issued by U.S. District Judge Joseph DiClerico on October 21.

Wallace's companies distribute spyware, computer code that worms its way into consumers' computers and do everything from trigger pop-up ads to cause the computer to crash. Although this is the FTC's first attempt to stop the practice, "It won't be our last," says Lydia Parnes, acting director of the FTC's Bureau of Consumer Protection. She adds, "Consumers don't deserve to be pestered and spied on by people who illegally hijack their computers. We're putting purveyors of spyware on notice."

The FTC is charging that Wallace's companies distribute spyware that changed the consumers' home pages, changed their search engines, launched a barrage of pop-up ads and installed additional software including spyware that can attack a consumer's computer. The spyware and other software the defendants installed caused many computers to malfunction, slow down and even crash.

The story gets better. Ever the creative marketer, Wallace's companies are charged with first creating the problem, then selling the solution. The FTC says, "The spyware causes the CD-ROM tray on the computer to open, and then tells consumers "FINAL

WARNING!! If your cd-rom drive(s) opens...you DESPERATELY NEED to rid your system of spyware pop-ups IMMEDIATELY!" The message goes on to warn that spyware programmers can control the computer hardware if you're not protected immediately and offers a download of Spy Wiper—for about \$30. Wallace's companies also sell Spy Deleter.

The FTC has asked the court to stop the companies and Wallace from disseminating spyware and to turn over their ill-gotten gains.

The case came to FTC's attention

when the Center for Democracy and Technology filed a complaint about the pop-up ads for Spy Wiper and Spy Deleter. Two bills have been introduced in Congress this month to combat spyware, the Internet Spyware Prevention Act and the Safeguard Against Privacy Invasions Act.

This isn't Wallace's first entry into obnoxious marketing. His junk fax business thrived until the Telephone Consumer Protection Act of 1991. He then became known as "Spamford," an epithet earned as the prolific distributor of spam in the 1990s.

Spyware Attacks Windows

The Federal Trade Commission (FTC) found out in a workshop held last spring that Microsoft attributes nearly half of its system failures reported by Windows operating system users is due to spyware invasion, and Dell says that spyware complaints have overtaken all other problems on its technical help lines. Even the almost virus-free Macintosh operating system has been affected. So, what's a consumer to do? Here are the FTC's suggestions.

- Update your operating system and web browser software.
- Only download software from sites you know and trust. Free software for products such as games, peer-to-peer file-sharing programs, customized toolbars and other programs can come bundled with spyware.
- Don't install any software without knowing exactly what it is. Read the end-user license agreement (EULA) before downloading any software. If the EULA is hard to find or difficult to understand, you might not want to install the software.

- Minimize "drive-by" downloads. Set your browser security setting high enough to detect unauthorized downloads, e.g.—at least "medium" for Internet Explorer.
- Don't click on any links within pop-up windows. You could install spyware. Instead, close the pop-up window.
- Don't click on links in spam that claim to offer anti-spyware software. Some software offered in spam actually installs spyware.
- Install a personal firewall to stop uninvited users from accessing your computer.

If you think your computer might have spyware on it, experts advise that you take three steps: **1)** Get an anti-spyware program from a vendor you know and trust. **2)** Set it to scan on a regular basis—at least once a week—and every time you start your computer. **3)** Delete any software programs the anti-spyware program detects that you don't want on your computer.

Curves - A Woman's Way to a Healthy Body

Sometimes people go into business because they want to be their own boss. Sometimes they end up inheriting a business. And sometimes they find themselves fascinated with what happens at a business, so they decide to buy. That would pretty much describe why Andrea Boyd decided to invest in a Curves franchise.

Andrea bought the Curves franchise at Zephyr Cove, Lake Tahoe, and became the owner on October 1. She couldn't be happier or more proud of the business, and it seems her sole purpose in buying the franchise is so she can have a steady diet of the happiness generated by her customers.

Andrea might just be the biggest cheerleader for the Curves franchise, although she would have competition from her mother-in-law, Anne Boyd, who was the inspiration behind Andrea's move to business owner.

Andrea says that over a period of months, she saw Anne blossom. "I saw her transform mentally and emotionally. She got healthier and livelier and I saw her self-esteem grow. I could see her glowing."

Anne also lost about 70 pounds, but it seems to be the emotional health that most impressed Andrea. "I saw her go through this process, and I became interested in the business." Andrea decided to find out more and started exploring the program through the Curves website. It seems that the idea of owning a Curves franchise hit at the same time that a franchise at the Round Hill Shopping Center in Zephyr Cove came up for sale. A few months later, Andrea was the proud proprietor of that Curves. Business is brisk, but

she's still planning a grand reopening for November 4.

The facility is open 12 hours a day, 7:00 a.m. to 7:00 p.m. Mon. – Fri., and 8:00 a.m. to 11:00 p.m. on Saturdays. Andrea says it's an exhausting but rewarding experience. Just being around the customers gives her the energy to give back as much as she gets. And her deep-seated belief in the system is infectious. She says Curves can deliver on the promise of getting fit and losing weight with its system, but the intangibles, what she sees happening to her customers excitement for life, is what really

*"We're the cheerleaders for them
in their own lives.
We want them
to live their dreams."*

drives her.

The Curves program is really designed for women's busy lives, Andrea says. All it takes is 30 minutes a day, three days a week, for customers to see changes start to happen. The machines combine strength training and cardio and are self-adjusting so there are no weights to change out. They're also designed to fit women of any size and weight. A customer works the circuit to music and instruction that signals each exerciser when to move to the next station, which involves the series of machines and recovery stations. When you finish your 30 minutes, you've worked all your muscles, including your heart.

Yes, Curves has exercise machines and even offers a weight loss program

and tips for those who are interested. But it's resemblance to other gyms stops there. Andrea says Curves is more like a "sisterhood." "Our environment is comfortable and fun," she says. "Some people feel self-conscious in a regular gym. They might be older, or overweight, or feel ignored." But at Curves, they have a safe and fun place to exercise.

Andrea also sees her business as being part of the larger community, and she and her staff of seven have more than just exercise planned for the facility. Although she hadn't taken ownership yet, she and the staff planned a "back to school" get-together for the community. On October 21, her Curves sponsored a breast cancer awareness program featuring two women talking about their battle and triumph over cancer and a talk about self-examination. Rachael Freed, author of *Women's Lives*, *Women's Legacy*, was also there

to talk to women about the kind of legacy they might want to leave. November and December are filled with plans for toy drives, food drives and other community events involving the holidays, and in January, they're having a "congratulations, you made it through the holidays" dinner at the facility.

With all the community events, has Andrea forgotten about the Curves mission? Not at all, she says, and goes on to talk about the program her crew started in October, the six-week challenge, which helps women establish their exercise and weight goals before the all-consuming holidays tempt them away from

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Curves

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healthy habits.

It's a full plate. Her training at Curves "Club Camp" taught her all about the program, which included training on how to monitor all customers, including special needs such as pregnancy, or those with conditions such as arthritis, diabetes or heart disease. She learned everything Curves, health and exercise specific, that they offer. But what she brings to the business money can't buy—dedication, belief and caring.

She says, "This lets women feel good. We have camaraderie here. There's an emotional connection." Customers are more than just people walking through the door to exercise. "We're the cheerleaders for them in their own lives. We want them to live their dreams."

Have you been thinking about getting in shape—or even just meeting some new friends? Then you might want to meet Andrea Boyd who thinks her customers are the greatest and working with them is "very rewarding." Meet her at her Zephyr Cove Curves in the Round Hill Shopping Center, 775-589-6230,

Markettechnics® Goes to Washington in February

What's new in retail technology? Attend the Food Marketing Institute's (FMI) Markettechnics 2005 conference in February and you'll be introduced to products, business and tech professionals, the latest IT applications and the global realm of retail. And all of this information is focused on technological products and services specific to the retail and wholesale community.

What's up with smart cards? Since their inception about 10 years ago, their uses have expanded and are applicable from end-to-end retailing. How will you use electronic payment systems, point of sale alternatives and labor scheduling technology? Are you ready for the evolution of self service? Are those self-scanning systems viable alternatives or a roadblock between you and your customers? All of this and more will be part of the show in February.

The show includes educational sessions that can help you get ready for RFID, biometrics and new in-store technology. You'll also have a chance to meet with some of the leading experts in preparing for changes such as foresight strategist Andrew Zolli.

The show also features the TECH LANE, an interactive area where new products are showcased and are available for hands-on exploration. Other programs include the DemoNet that offers 30-minute education and product demonstrations of current and new technologies.

Register before January 14 and save \$100. Bring eight or more people and get the lowest registration rate available. It all happens in Washington, D.C., February 12 - 15, 2005 at the DC Convention Center.

For more information, go to www.fmi.org, email to fmi@fmi.org or call 202-452-8444

• Seminars •

November 2004

CIO/05: The Year Ahead

November 7 -9, 2004

Scottsdale, AZ

Contact: 415-498-7991 or
security.privacy@us.pwc.com

5th Annual Pharmaceutical Regulatory & Compliance Congress and Best Practices Forum

November 14 - 17, 2004

Washington, DC

Contact: 800-684-4549 or
registration@hcconference.com

January 2005

NRF 2005 – Retail's BIG SHOW

January 16 - 19, 2005

New York, NY

Contact: 800-673-4692 or
202-626-8194

NACDS Regional Chain Conference

January 27 - 30, 2005

Naples, FL

Contact: 703-549-3001

February 2005

FMI Markettechnics® 2005

February 13 - 15, 2005

Washington, DC

Contact: 202-452-8444

FMI 2005 Loss Prevention Conference

February 20 - 23, 2005

Kiawah Island, SC

Contact: 202-452-8444

March 2005

IHA International Home & Housewares Show

March 20 - 22, 2005

Chicago, IL

Contact: [http://](http://www.housewares.org/ihshow)

www.housewares.org/ihshow

Abbreviations

FMI • Food Marketing Institute

IHA • International Housewares Assn.

NACS • Nat'l Assn. of Convenience Stores

NRF • National Retail Federation

States Ignoring Do-Not-Import Edicts

Citizens of Illinois and Wisconsin can now say, "I save Rx," or in layman's terms, "My state has set up website to help me buy my prescription medications and save up to 50 percent off what I pay in the U.S."

The Illinois program, championed by Governor Rod Blagojevich, works through a state-sponsored website that connects consumers to 45 pharmacies in Canada, the United Kingdom and Ireland. Called I-SaveRx, the program says it will save users from 25 percent to 50 percent off the prices they pay at home. Illinois' program is the first to establish a network of pharmacies that will form a clearinghouse to be administered by CanaRx.

I-SaveRx, which can be accessed through the Internet, www.I-saveRx.net, or through a toll free number, 866-I-SAVE33, allows consumers to search for medications and compare prices in each of three countries. A statement released by Governor Blagojevich speaks to the safety and quality of the drugs. "The list of available drugs is limited to those that are used for long periods of time and that cannot spoil during the shipping process. Consumers can order eligible drugs for refill only, so patients and their doctors have had time to review for unanticipated side effects or interactions." It goes on to say that all the involved pharmacies have agreed to comply with Illinois pharmaceutical standards and may only sell prescription drugs from companies approved by the program. This is in answer to pharmaceutical companies and the administration's complaint that this will expose Americans to dangerous drugs.

Representatives from the American Association of Retired People (AARP) applauded Governor Blagojevich and Wisconsin Governor Jim Doyle for the program. "The argument over safety

concerns only makes more imperative the need to monitor this activity and establish procedures and protocol. [The] importation initiative...will give older Illinoisans some relief from the high costs of prescription drugs," said Ralph Yantz, state director of AARP Illinois.

The program is open to all citizens of Wisconsin and Illinois, and Blagojevich would like to see other states join him in creating such programs. He's sent letters to governors in the other 48 states about how they can work to help their citizens save on prescription drugs. An example of savings includes Lipitor—a three-month supply of the drug that fights high cholesterol costs \$282 in

the U.S., or \$180 from Ireland, \$202 from the UK and \$215 from Canada; a three-month supply of Celebrex 100 mg, for arthritis, costs \$101 from Ireland, \$102 from the UK and \$79 from Canada. Even with a \$15 shipping charge, users of the program save.

While Maine's Governor John Baldacci is petitioning the federal government for permission to import drugs from Canada, Minnesota, New Hampshire and North Dakota have websites that consumers can use to buy from Canadian pharmacies. Springfield, MA, Montgomery, AL and Burlington, VT, are directly importing Canadian drugs for their citizenry.

New Bar Code Regulation Takes Effect

The Food and Drug Administration's (FDA) bar code regulation is in force. The final rule was published on Feb. 25, 2004, and the rule took effect on April 26, 2004. The first drugs required to have a bar code will be new drugs, those approved on or after the April date. Drug products that were already on the market or received approval before the April date are required to carry the bar code within two years or April 26, 2004.

The rule requires a linear bar code be used that meets the standards of either the Uniform Code Council or Health Industry Business Communications Council. The bar code also applies to blood and blood components, which must be in compliance within two years of April 26, 2004.

Those affected by the bar code rule include manufacturers, re-packers, re-labelers and private label distributors. Hospitals and pharmacies are excluded from the bar coding requirement in order to decrease the possibility of an end-user label error that could occur by attaching the wrong bar code to a product.

It's hoped the rule will help prevent medication errors. When used in a hospital setting, the patient will get a bar-coded bracelet that will link his or her information to a computerized medical record. Whenever it's time to administer a drug to a patient, the healthcare worker will scan the bracelet, which will bring up the patient's medical record on the computer screen. The healthcare worker can then compare the drug with a record of what has already been administered. This would allow problems such as wrong patient, wrong dose of drug, wrong drug, wrong time to administer the drug, etc., to appear on the screen, at which time the healthcare worker could take appropriate action.

The FDA says the bar code system could reduce medication errors by as much as 50 percent. More information and a link to the final rule is available on FDA's website, www.fda.gov/oc/initiatives/barcode-sadr.

Gift Card Quickly Becoming the Perfect Gift

The gift certificate used to have as bad a reputation as the tie bought for dad on Father's Day. Gift cards, the modern plastic version of the gift certificate and so much more, are changing the face of gift shopping, though, and have dramatically increased in popularity in the last few years as the gift to give.

According to one survey, Deloitte's Post Holiday survey released January 2004, not only are more people giving the gift cards, but more consumers like to receive them and are spending them quickly. Of those surveyed, 59 percent received a gift card during the 2003 holiday season. Consumers were knocking on retailer's door on December 26, gift card in hand, and at least 50 percent had spent all or most of the value by January. An added bonus for retailers is that most people spend more than the value of the gift card.

A survey run by ValueLink, the gift-and-spending card service of First Data, found that 27 percent of those who received a gift card spent the initial value of the card within a week of receiving it, while 31 percent spent the value within a month. Over half of them, 55 percent, spent more than the value of the card. A survey conducted by the Dayton-based Standard Register reported in its third National Consumer and Retailer Survey of Plastic Card Usage that 61 percent of those who received gift cards spent more than the card amount.

Gift cards have become an easy sell as more recipients enjoy receiving them. It's a win-win situation. The gift-giver is thought of as thoughtful, the recipient gets exactly what he or she wants and retailers enjoy the result of the shopping spree—money in the cash register.

Gift cards are doing more than

making it easy for retailers to track buying trends. Businesses are using them as effective bonus and incentive programs. A story in the National Retail Federation's (NRF) magazine, *Stores*, says, "Gift cards are quickly becoming a preferred choice for retail companies and other corporations looking to motivate, retain and reward employees."

According to an article in the *Michigan Retailer*, gift cards have very practical uses. They can make record keeping and returns easier, can be used to give store credit and can help drive store and brand loyalty.

Retailers can also become partners with other retailers in imaginative ways that benefit each business. For example, the *Michigan Retailer* relates

a story of an auto body shop that buys gift cards at a discount from a car wash. After a paint job, the body shop gives the customer the gift card to the car wash with a sticker attached with the first date that it's OK to wash the car. The car wash gets new customers, and the auto body shop has a happy and grateful customer, the best kind of advertising.

With the holidays fast approaching, retailers need to be ready with the handy gift card. Karen Larsen, vice president of Product Marketing and Evolution for ValueLink, says, "The Christmas holiday is a crucial time of the year for gift cards in the retail world as 56 percent of respondents [to the ValueLink survey] cited the occasion for a gift card purchase.

Bring Customers Back for More

How much money and effort do you spend finding new customers? Turning new buyers into repeat customers can be highly cost-effective. Here are some steps your sales force can take to keep them coming back after that first sale:

1. Make a strong, positive first impression.

Do something extra for your customer the first time out. Deliver your product early, or throw in a free gift. Do all you can to reassure new customers that buying from you was the right decision.

2. Educate yourself about customers and their industry.

The more you know about your customer's operation, and all the factors that affect it—market forces, technology, legal issues, etc.—the more credibility you'll have in recommending new products.

3. Don't call without a solid reason.

Too many salespeople call "just to touch base." Don't waste your time or the customer's. Call only when you can offer the customer something of value, even if there's no immediate money in it for you. If customers think you're really looking out for them, they'll be more apt to call you when they need to make a purchase.

4. Ask them why.

Challenge your assumptions about why your customers do business with you. Ask them what they value about your company, products and service. Their answers may surprise you, but probably you and your sales force can use the information to serve them better and seek out new customers.

Source: *Sales Management Report*, 800-878-5331, www.ragan.com. Adapted - "How to Keep Customers After the First Sale," on the *Sales & Marketing Executives International* website.

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Important information for SIG members

The NRS governing self insured groups requires notifying members of all new members to the Group. New members for NRNSIG from September 23, 2004 to October 26, 2004, are listed below. For a complete member list, please call RAN at 775-882-1700. Please Note: Due to the many new members added each month to NRNSIG, we are unable to list all members on this page.

NRNSIG

- | | |
|---|------------------------------------|
| A-1 Chemical, Inc. | Integrity Home Health Care, Inc. |
| Ace Brothers Collision Center | Jordan/Chelsa Landscape, Inc. |
| Americare at Home Assisted Living, Inc. | Joseph V. Candela, MD, Chtd |
| Ardent PS & G, LLC | Nevada Coffee Service |
| Aspen Reinsurance Group, Inc. | Precise Alloys Corporation |
| Auto-Tek, Inc. | Second Chance Foundation of Nevada |
| Cottonwood Golf Course, LLC | Stateline Liquor, Inc. |
| Curves | Summerlin Security, Inc. |
| Elite Investigations, Inc. | Taylor Street Market |
| Elliot Ames Nevada, Inc. | Victor Grigoriev, MD, Chtd |
| Energetic Landscapes | Woodetts's Diner |
| First Baptist Church of Reno | |
| Hair Studio | |
| Handyman of Las Vegas | |
| High Performance Machine | |
| Hollywood 360 | |
| Industrial Wood Products, Inc. | |
| Integrated Home Systems, LLC | |

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.

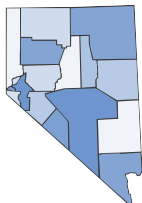
Membership Information

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.

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Mistreatment at Work

Research Refutes a Common Fear of Using a Grievance System

Imagine that you're a woman in your mid-40's and you work in the admissions office of a major university. You've been in your present job for eight years, but your supervisor has only been in her position for a year. One day you're at your desk with co-workers nearby. Students and parents are crowded in the waiting area beyond the counter. Your supervisor walks to your desk, interrupts your conversation with a co-worker, and lays a piece of paper on top of your work. She points to a line at the bottom and says, "Is this right?" You examine the document and say, "Yes, it is." She replies, "I can't believe this," and with her voice rising, she adds, "You're not being honest with me."

You are speechless and deeply embarrassed. A silence settles over the busy office as people watch to see what will happen next. Your supervisor pauses, apparently expecting some further conversation, but soon, she picks up the piece of paper and walks away.

If you were this woman, and your supervisor treated you in this way, what would you do?

Here are some choices:

You could file a grievance (assuming a grievance system existed). You could shrug off the incident and go on as though nothing had happened. You could confront this supervisor and risk a shouting match. You could quit. Finally, you could nurse your anger and take opportunities to get even: you could slow down your work, take more sick leave, lose important documents, spread rumors, and exaggerate your supervisor's flaws.

Whenever people work together, there is a danger that a few people will feel mistreated—a dangerous perception because it often leads to destructive actions, like the ones listed above. Grievance systems are created to address this need, but there's a problem. When you were imagining your response in the situation posed above, did it occur to you that filing a grievance would cause more trouble than it would solve? That's a common belief, and that's the problem.

Wendy Boswell, from Texas A&M University, is interested in grievance systems. In a recent article, she recognized that research generally

supports employees' fears. Past studies show that people who file grievances experience higher turnover, lower performance ratings, and higher absenteeism than other employees. But Professor Boswell also noted that all these studies repeated a research mistake, so she carried out a study of her own. She compared people who felt mistreated and filed grievances with people who felt mistreated and did not file grievances. It was a crucial difference, and when she examined her data, she learned that there was no punishment effect for filing a grievance. By itself, the act of filing a grievance did not add any more grief to people's lives.

Professor Boswell studied employee perceptions of mistreatment and what they do with these perceptions. Her initial interest was the question described above concerning the punishment effect of filing grievances, but she also learned more that can help supervisors.

A surprisingly large percentage of the employees who answered her survey reported instances of mistreatment within the past year (67 out of 461). She labeled these "personalized mistreatment" because they involved discretionary actions by supervisors, that is, actions that were entirely within the control of the supervisor.

Out of these 67 instances of perceived mistreatment, only 22% of those who experienced them actually filed grievances, even though this choice was available. Four out of five instances did not result in a grievance. Instead, Boswell found that a large percentage engaged in work withdrawal behaviors described earlier.

Supervisors should learn that when they observe work withdrawal behaviors such as these, the root cause may be a feeling of mistreatment, and it may have been something you did or said.

Supervisors are not trained in how to respond when they suspect perceived mistreatment as the root of a performance problem. Professor Boswell suggests we encourage informal grievances that allow disputants to talk directly to each other. It's an idea worth exploring.

Reference: Boswell, Wendy R. and Julie B. Olson-Buchanan (2004) "Experiencing Mistreatment at Work: The Role of Grievance Filing, Nature of Mistreatment, and Employee Withdrawal." *Academy of Management Journal*, 47(1), 129-139.
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Capitol Watch



Committee Passes Out Legislation for State Prescription Monitoring–

The House Energy and Commerce Committee has accepted the proposed National All Schedules Prescription Electronic Reporting Act of 2003. If passed by Congress, it will require that every state establish a prescription drug monitoring program. The National Association of Chain Drug Stores (NACDS) lobbied to have language included that recognizes the electronic reporting format currently supported by states and pharmacies.

As passed out of Committee, the legislation also provides pharmacy and pharmacist liability protections and instructs the Secretary of Health and Human Services to conduct a study

to determine the costs and benefits of implementing a real-time electronic prescription monitoring program.

Military Exchange Wants More Products–

The Defense Department is asking Congress to eliminate all restrictions on the products that military exchanges can sell. Currently, military exchanges are not allowed to sell products such as projection televisions, jewelry and furniture. The Defense Department estimates that allowing exchanges to sell these products could save its customers 6-10 percent on TV sets and 14-25 percent on jewelry. Retailers surrounding military bases have generally opposed expansion of the products that exchanges can sell.

Retail Association of Nevada

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