Retail Association of Nevada

Nevada News

June 2003

Serving the Retail Community Since 1969

This Issue

Businesses do vote!!

By Mary Lau, Executive Director of RAN

As members of the Retail Association of Nevada know, the 2003 Legislative Session, as well as the 19th Special Legislative Session, ended without a tax package. While many newspapers and pundits report this as a "train wreck" and "failure to do the work of the people," I view it as thoughtful consideration of the magnitude of the requirements to pay for the massive budget submitted and signed by Governor Kenny Guinn.

It has been widely quoted that the Governor refuses to allow the legislature to consider any reduction of this massive budget because the majority of the legislators passed it. Maybe budgeting should be a two-thirds vote process also?

Also widely circulated is the knowledge that the gaming industry and their allies—mining, construction and labor—are at odds with the business community, retail, manufacturing, auto dealers, transportation, chambers across the state and franchised businesses regarding how to pay for this massive increase.

Businesses throughout the state have been in constant meetings since the end of the 2001 Legislative Session to reach consensus on the best way to fund the state appropriately and still keep Nevada attractive to business plus keep current business afloat.

RAN itself has over 500 small business members, and guess what, people tend to forget that businesses are owned by voters, staffed by voters, and supplied by voters. These business entities are **PEOPLE**. The true face of business is not some high-rise building or mall or gleaming office structure, it is people who work hard to make payrolls, to provide a product or service that people want, and in the final analysis, provide for their families.

The Nevada legislators have rejected the taxing of over 60 percent of our economy and instead are deadlocked on just how to tax business. The Senate, again old news, floated two plans, one on June 11th and one on June 12th, in an effort to send a bill to the Assembly. However, the Assembly leadership intends to amend those plans to fit their plan, which will then put everything in chaos for conference committee action.

One plan, dated June 11th and supported by RAN, included a payroll tax that would be large enough to "buy-out" the business license tax and put in place a true business tax that reflects the economy and is easier to implement. With this tax, businesses would pay on their base payroll, using line 5 from the Nevada Employment Security Department. The Tax Department would receive this information, and with random auditing, could verify compliance. One of our members suggested a high fine for "cheating." He felt that this would send a real message and would be a real incentive to pay.

During the final hours before the closure of the 19th Special Legislative Session, the June 12th plan

Businesses do vote continued on page 2…

Seen and Noted

FMI training for food safety

The Food Marketing Institute (FMI) has a new, comprehensive program that food retail operators can use to train their personnel in safe food practices. The SuperSafeMark® program has a set of resources for food safety trainers and all associates who handle food.

• ***Retail Best Practices and Guide to Food Safety and Sanitation***

This is a manager's guide to certification and a reference to food safety terminology using industry-specific photos and illustrations. It's fully updated to the 2001 FDA food Code.

• ***Retail Best Practices and Supervisor's Guide to Food Safety and Sanitation***

This guide is designed to prepare managers and supervisors in food retail and wholesale operations for certification testing. Features include control symbol icons, in-text glossary, a quick reference time-and-temperature chart, industry case studies and a sanitizing and ware-washing chart.

• ***Retail Best Practices and Quick Reference to Food Safety and Sanitation***

This quick reference tool focuses on personal hygiene, time-and-temperature controls, prevention of cross contamination and proper sanitizing and cleaning practices.

• ***Retail Best Practices and Trainer's Kit to Food Safety and Sanitation***

This training and teaching guide utilizes a Power Point slide presentation, provided on CD ROMs, and emphasizes the importance of proper time-and-temperatures controls, good personal hygiene habits, prevention of cross contamination and proper cleaning and sanitizing principles.

For more information abut the SuperSafeMark® program, contact the ordering department at 800-922-0579 or visit www.supersafemark.com.

FMI also offers the SuperSafeMark® Train-the-Trainer workshops. Contact Laurie Williams at 202-220-0660 for information.

Survey says Americans can't get organized…

- The average American spends almost four minutes searching for lost keys, TV remote controls, mobile telephones, etc. If a person misplaces his keys once a week, he would spend 3-1/2 hours each year looking for them.
- 44% of those surveyed said they don't have enough time to get organized.
- 39 % say they don't have enough space to get organized.
- 54% of adults say they have/would be willing to purchase containers, furniture, and file systems to help them get organized.
- Of ages 18 to 34, 72% of women and 57% of men have bought/would consider buying such organizers.

Source: John Fetto, American Demographics/April 2003, from "Quick Bites," by Sam Geist, 800-567-1861, http://www.samgeist.com.

Businesses do Vote!!

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actually had several iterations and had gaming going between caucuses putting in one offer that placed the room tax back on the table.

RAN opposed the June 12th plan as it includes the Nevada Franchise Tax, which is a renamed version of the original gross receipts plan. Here we go again. At this stage in the game, it is not about Nevada, not about economics and not about anything but winning for a group of people who want to force, by any means, their original objectives. It's interesting that the very people who claim, with oh-so-sincere expressions, to want Nevada to diversify and become less dependent on gaming revenue, are trying to pass a plan that includes payroll and gross receipts.

You, RAN members, are encouraged to review both of these plans, then make a choice and call your legislators. Assembly Democrats blocked efforts by the Assembly Republicans to separate the Distributive School Account from the tax bill, a move designed to keep pressure on for a tax vote. Well, the legislature may have passed the rest of the budget, but nothing is funded, so it is not about schools—though the supporters of this massive increase would like to paint it as such. It's about the budget and the taxes.

A group of people are trying to do the right thing for Nevada, and the only way they will know what you want is to CALL< EMAIL<WRITE to your legislators (see page 7 for a list). If you don't get involved in politics, government will get involved with you.

(See charts on facing page, page 3, for a look at the tax revenue options that were presented on June 11 and June 12, 2003.)

These charts depict tax revenue options presented to the legislature before adjournment of the Special Session.

Taxation Revenue Options (In Millions) • Revised June 11, 2003 - Supported by Retail Association of Nevada

TAX	FY 2004		Senate FY 2005		EFFECTIVE DATES
Reduce Cigarette Stamp Fee to 0.5%	$ 2.8	0.8%	$ 3.1	0.6%	7/1/03
Cigarettes (45-cent increase FY'04 & 50-cent increase in FY'05)	$ 67.2	18.9%	$ 77.4	15.1%	7/1/03
Reduce Other Tobacco Allowance to 0.5%	$ 0.1	0.0%	$ 0.1	0.0%	7/1/03
Reduce Liquor Tax Allowance to 0.5%	$ 0.8	0.2%	$ 0.8	0.2%	7/1/03
Liquor (75 % increase in FY'04)	$ 15.1	4.3%	$ 15.5	3.0%	7/1/03
Reduce State/LSST Retailer Allowance to 0.5%[2]	$ 11.4	3.2%	$ 12.1	2.4%	7/1/03
Business License Fee (BLF) - $75 Annual Fee	$ 17.6	5.0%	$ 18.4	3.6%	7/1/03
Business License Tax (delete effective 1/1/04)	$ (40.6)	-11.4%	$ (83.8)	-16.4%	Delete 1/1/04
Sec. of State Fees (AB 536), Securities (100% increase)	$ 21.0	5.9%	$ 25.5	5.0%	7/1/03 7 10/1/03
Live Entertainment Tax (10% on Casino & Non-Casino[1])	$ 46.5	13.1%	$ 78.7	15.4%	7/1/03 & 1/1/04[1]
Room Tax (1% increase)	$ 24.8	7.0%	$ 34.4	6.7%	8/1/03
Gaming (increase rates by 0.5%)	$ 45.0	12.7%	$ 48.8	9.5%	7/1/03
Restricted Slots (33% increase)	$ 2.3	0.6%	$ 2.4	0.5%	7/1/03
Real Estate Transfer Tax - RETT ($1.35 per $500)	$ -	0.0%	$ 59.2	11.6%	7/1/04
Employer Tax - 1.1% of Capped Wages[4]	$ 140.8	39.7%	$ 219.5	42.9%	1/1/04
TOTAL REVENUE	$ 354.8	100.00%	$ 512.1	100.00%	
BIENNIUM TOTAL REVENUE			$ 866.9		
GENERAL FUND NEED[3]	$ 350.1		$ 509.2		
BIENNIUM TOTAL GENERAL FUND NEED			$ 859.3		
DIFFERENCE	$ 4.7		$ 2.9		
DIFFERENCE FOR BIENNIUM			$ 7.6		

1. 10 percent tax on admissions to live entertainment event, excluding food and beverages in facilities over 5,000 seats. Tax effective July 1, 2003 for gaming properties and January 1, 2004 for non-gaming establishments.
2. $6.0 million will reduce the General Fund requirement in the DSA in FY 04 and $6.3 million will reduce the General Fund requirement in the DSA in FY 05.
3. Includes appropriations that may be considered by the Special Session as included in S.B. 258, which was not approved by the Regular Session.
4. 1.10 percent on "capped" wages of $21,500 would equate to $236.5 per $21,500.

Taxation Revenue Options (In Millions) • Revised June 12, 2003 - Not Supported by Retail Association of Nevada

TAX	FY 2004		Senate FY 2005		EFFECTIVE DATES
Reduce Cigarette Stamp Fee to 0.5%	$ 2.4	0.7%	$ 3.1	0.6%	7/1/03
Cigarettes (35-cent increase in FY'04 & 15-cent increase in FY'05)	$ 52.9	15.3%	$ 77.4	14.9%	7/1/03
Reduce Other Tobacco Allowance to 0.5%	$ 0.1	0.0%	$ 0.1	0.0%	7/1/03
Reduce Liquor Tax Allowance to 0.5%	$ 0.8	0.2%	$ 0.8	0.2%	7/1/03
Liquor (75% increase in FY'04)	$ 15.1	4.3%	$ 15.5	3.0%	7/1/03
Reduce State/LLST Retailer Allowance to 0.5%[2]	$ 11.4	3.2%	$ 12.1	2.3%	7/1/03
Business License Fee (BLF) - (Delete 1/1/04)	$ (0.3)	-0.1%	$ (0.7)	-0.1%	Delete 1/1/04
Business License Tax (BLT) - (Delete 1/1/04)	$ 40.6	-11.5%	$ 83.8	-16.1%	Delete 1/1/04
Sec. of State Fees (AB536), Securities (100% increase)	$ 21.0	6.0%	$ 25.5	4.9%	7/1/03 & 10/1/03
Live Entertainment Tax (10% on Casino & Non-Casino)[1]	$ 46.5	13.2%	$ 78.7	15.2%	7/1/03 & 1/1/04
Room tax (1% (increase)	$ -	0.0%	$ -	0.0%	
Gaming (increase rates by 0.5%)	$ 45.0	12.8%	$ 48.8	9.4%	7/1/03
Restricted Slots (33% increase)	$ 2.3	0.7%	$ 2.4	0.5%	7/1/03
Real Estate Transfer Tax - RETT	$ -	0.0%	$ -	0.0%	
Franchise Fee (effective 1/1/04)[5]	$ 74.7	21.2%	$ 149.5	28.8%	1/1/04
Employer Tax - 0.90% of Capped Wages[4]	$ 121.6	34.5%	$ 189.6	36.5%	1/1/04
TOTAL REVENUE	$ 352.9	100.00%	$ 519.0	100.00%	
BIENNIUM TOTAL REVENUE			$ 871.9		
GENERAL FUND NEED[3]	$ 350.1		$ 509.2		
BIENNIUM TOTAL GENERAL FUND NEED			$ 859.3		
DIFFERENCE	$ 2.8		$ 9.8		
DIFFERENCE FOR BIENNIUM			$ 12.6		

1. 10 percent tax on admissions to live entertainment event, excluding food and beverages in facilities over 5,000 seats. Tax effective July 1, 2003 for gaming properties and January 1, 2004 for non-gaming properties.
2. $6.0 million will reduce the General Fund requirement in the DSA in FY 04 and $6.3 million will reduce the General Fund requirement in the DSA in FY 05.
3. Includes appropriations that may be considered by the Special Session as included in S.B. 258, which was not approved by the Regular Session.
4. 0.90 percent on "capped" wages of $21,500 would equate to $195.5 per $21,500.
5. Gaming, Insurance and Mining receive a partial exemption; Public Utilities receive a complete exemption. Fee would be effective January 1, 2004; however, collections will not be realized until May 1, 2004.
5. Fee included in the Franchise Fee effective January 1, 2004.

7 steps to service recovery

By Nancy Friedman, Telephone Doctor

Almost anyone who's been in a customer service position has run into either an irate call or person, or a situation that, shall we say, is not pleasant. And even though it may not be our fault, we still need to know how to recover the situation. Here are the Telephone Doctor's *7 steps to Service Recovery* that will help!

1. It **is** your responsibility. If you have answered the phone on behalf of the company, you have, indeed, accepted 100 percent responsibility. At least that's what the customer believes. So get off the, "It's not my fault" syndrome, and get on with the "What can I do for you?" position.
2. "I'm sorry," DOES work. Every once in a while, I hear from CSRs who tell me that they don't feel they should say "I'm, sorry" when it wasn't their fault. Well, as stated above, in the customer's mind, it is your fault. Saying you're sorry won't fix the problem, but it definitely does help to defuse the situation immediately. Try it. You'll see.
3. Empathize immediately. When customers are angry or frustrated with your company, the one thing they need is someone to agree with them, or at least feel they're being understood. Be careful, though. "I know how you feel," is not a good thing to say unless you've been through exactly what they have experienced. Try, "That's got to be so frustrating," or "What an unfortunate situation."
4. Take action immediately. Immediate action is necessary to make a service recovery. Don't make customers wait for good service. Get what they need to them immediately. Use overnight service if necessary. That's recovery. Remember Telephone Doctor's Motto: **It should never take two people to give good customer service.**
5. Ask what would make them happy. If you've tried "everything," simply ask, "What can I do to make you happy, Mr. Jones?" In most cases, it may be something you're able to do that you may not have thought of. Go ahead and ask.
6. Understand the true meaning of Service Recovery. Service Recovery is not just fixing the problem; it's making sure it won't happen again. It's listening to the customer. It's going above and beyond.
7. Follow up. After you feel the problem has been fixed, follow up. After you've made the customer happy, make an extra phone call a day or so later. Be sure to ask, "Have we fixed everything for you?" and "What else can we do for you?" Be sure they're satisfied. When you hear, "Thanks, you've done a great job. I appreciate it," then you know you've achieved Service Recovery!

More retailers using self-scanners

Self- scanners, those check out stands that allow shoppers to ring up their products and pay without the help of a clerk, are gaining in popularity.

The first scanners were introduced in the 1990s, and about 6 percent of grocery stores used the devices. That's grown to 29 percent, with about 10,000 self-scanners being used in the United States in grocery stores and other retail outlets.

Retailers are divided on the concept. A non-grocery store retailer, Home Depot, is on the fast track to self-scanning and is now using them in 800 stores. Not all retailers are so enthusiastic, though.

Target stores is among those who think that self-scanners remove the human interaction that makes a store unique. "We are aware of the technology, but they don't fit who we are as a company. We like that personal one-on-one communication with the guest," says Brie Heath, a Target spokesperson.

Self-scanners may remove the human touch, but they also remove the employee expense. Although the self-scanner's cost of $100,000 is more than a traditional checkout, it eventually pays back the cash by saving about 200 employee hours a week.

The self-scanner isn't completely employee-free, though. The scanners do have glitches, which require a trained supervisor to oversee the self-scanning operation. High store volume can challenge a supervisor to keep up with the checkout demand. Also, bar codes that generally keep the operation running smoothly, don't apply easily to items such as fruits and vegetables, making them difficult to process through the self-scanners.

Source: National Association of Convenience Stores, May 12, 2003 ***Daily News****.*

Do you know your overtime rules?

Who gets paid overtime and who does not? Generally, under the Federal Fair Labor Standards Act, employers must pay overtime pay to employees who work in excess of 40 hours per week. There are exemptions, though, for certain categories such as those defined as white-collar employees. Those exemptions are up for change in the Department of Labor's (DOL) proposed rules changes issued on March 31, 2003. DOL hopes to eliminate some of the confusion caused by the current rules.

There are two tests to determine if a white collar employee does or does not qualify for overtime pay. One is based on salary and the other is based on the job performed. Following is a look at some of the changes:

Salary Test: Currently, an employee classified as white collar and earning less than $155 a week is not entitled to overtime pay. The change would raise the minimum salary to $425 a week. For example, this would apply to an employee working 50 hours per week at $15,600 per year for managing a restaurant; a worker putting in 60 hours a week managing a department store for $18,000 a year; and an employee working 42 hours a week supervising a machine shop for $17,000 per year.

Duties Test: Currently, there is a "short test" and a "long test" for determining white collar exemptions. The proposed rule will retain the short test, defined by an employee's primary duty, but will eliminate the long test, which allows overtime to be paid to exempt employees who devote more than 20 percent of their time in a workweek performing non-exempt duties. Following is a breakdown of how the test applies to particular categories currently and the proposed changes.

• **Executive:**
Current short test: Primary duty is managing the enterprise or a recognized department or subdivision and customarily and regularly directing the work of two or more employees.
Proposed change: Primary duty retains the above definition and adds, "Has authority to hire or fire other employees. (Particular weight is placed on authority to recommend as to hiring, firing, promotion or other changes of status of other employees.)

• **Administrative:**
Current short test: Primary duty is performing office or non-manual work directly related to management policies or general business operations of the employer or the employer's customers and customarily and regularly exercises discretion and independent judgment.
Proposed change: Primary duty is performing office or non-manual work directly related to management or general business operations of the employer or the employer's customers, and holds a "position of responsibility" with the employer, defined as either (1) performing work of substantial importance, or (2) performing work requiring a high level of skill or training.

• **Learned Professional:**
Current short test: Primary duty is performing work requiring knowledge of an advance type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction and study; consistently exercises discretion and judgment.
Proposed change: Primary duty is performing office or non-manual work requiring knowledge of an advanced type in a field of science or learning customarily acquired by a prolonged course of specialized intellectual instruction, but which also may be acquired by alternative means such as an equivalent combination of intellectual instruction and work.

• **Creative Professional:**
Current short test: Performs work requiring invention, imagination or talent in a recognized field of artistic endeavor.
Proposed change: Primary duty of performing work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor.

• **Outside Sales:**
Current short test: There is no separate short test.
Proposed change: Primary duty is making sales or obtaining orders to contracts for services or for the use of facilities for which a consideration will be paid by the client or customer; customarily and regularly engaged away from the employer's place or places of business.

DOL is taking comments on the proposed changes. The final rule is not scheduled for release until 2004, so current laws still apply. Employers can protect themselves from the rising tide of lawsuits regarding unpaid overtime by clearly explaining to their employees how the overtime rules apply to them.

For a detailed look at the proposed changes and information on how to comment, go to DOL's website, www.dol.gov.

Custom Office Supply

quality choice experience

Ever walk into an office supply store just wanting to buy, say, a single tablet or one pen with red ink? You look through the ceiling-high shelves for that coveted pen and you find—boxes of pens, bags of pens, 10, 15, 30 pens, but not just that one pen. Even though you know you probably can't use all those pens before they dry up, you snatch up the box, pay the price, and leave.

Or maybe you walk into that store and as a business owner, and you do want that shrink-wrapped bunch of tablets or that box of pens. But you also have a question that needs an intelligent, personal answer. Can you find a clerk, and if you do, will that person have the answer?

That's the dilemma that faces shoppers in this day of big box discount stores. And that's the dilemma that Mike Dickinson wants to remove.

Mike Dickinson, owner with his brother Gene of Custom Office Supply, wants the buying public and businesses to know that there is a better choice. His store can offer the pricing of an Office Depot and the service of a small business.

"The market is tough because of stores like Office Depot," says Mike "They wiped people out, but we can compete with them. We just need the chance to show our prices to business buyers."

Knowing that small business supply stores needed to do business differently in order to compete in the modern market, Custom Office Supply and other stationers across the U.S. became members of Independent Stationers. "We didn't have chain store buying power, so we got together to leverage that power," Mike says. Because of the membership, Independent Stationers can buy in bulk from manufacturers such as 3M; then member store owners get the advantage of bulk pricing while buying only what they need for their individual stores. "That makes us competitive with Office Depot everyday," Mike says.

Mike and Gene's dad, Doug Dickinson, opened the first Custom Office Supply in 1973 in Sparks on Glendale Ave. It was a time when personal service and knowing your vendor were important aspects of shopping. All that changed with the onslaught of big box stores' discount prices. Now the Dickinson brothers match the big box prices with the personal service they've always offered.

"Being local, we can offer something that chain stores can't," Mike says. "We're more responsive—like the other day a customer called at 4:00 pm and was out of paper. We were able to get the paper to them and get them going again before they closed."

Mike says, "If you order from me today, we'll deliver it today. If it's not in stock, you'll have it tomorrow."

Paper, pencils, pens, calculators, columnar pads, post-its, binders, sheet protectors, markers, printer and copier cartridges, tablets, adding machines, label makers, staplers, calendars, index cards, files, file cabinets, and even office furniture—Custom Office Supply is a complete business-supply office store. You can buy in big quantities, or you can buy just one.

Office furniture? There's variety in that, too.

Big office, small office, home office—there are styles and sizes to fit everyone's needs. If you need functional, ergonomic chairs, workstations and upright utility file cabinets, Custom Office Supply has it. If you want a more elegant furniture look, they have that, too.

The Dickinsons have retail stores in Carson City and Fallon, and a commercial store in Reno. They deliver in each locality and to Elko, Winnemucca, Battle Mountain, Lovelock, Lake Tahoe and other Nevada locations.

Custom Office Supply offers great service, choice, convenience and competitive prices. "The first thing someone says when you talk to them," Mike says, "is that we can't beat chain store prices. Our 'dozen' prices are better than theirs because we don't have the big marketing budgets. Just look at our prices." He adds, "We're not just moving product. We've had people who have been with us for 20 years. You get that knowledge when you buy from us."

Legislature contact information

The following toll-free phone numbers will connect you directly to the Nevada State Legislature. By calling these numbers, an operator will be able to connect you with any of the needed services or information listed below.

Toll Free Numbers (800) to reach the Nevada State Legislature
(800) 992-0973 (Toll Free From Anywhere)
(800) 995-9080 (Toll Free From Anywhere)
(702) 486-2626 (Toll Free From Southern Nevada)

Legislative Hotline
(775) 684-1385
Legislative Counsel Bureau staff members will answer your questions regarding the following: bill status, bill summaries, legislator votes on particular bills, committee hearing times and legislator contact information. They can also mail you copies of legislation.

Legislative Message Center
775-684-6789
The Legislative Message Center allows you to leave personal messages for legislators. We believe that you are the most effective advocates on issues of importance to business.

Fax
To fax a member of the Nevada Senate, dial 1-775-684-6500
To fax a member of the Nevada Assembly, dial 1-775-684-8533

Mail
Nevada Legislature
401 S. Carson Street
Carson City, NV 89701-4747

The Taxation Committees meet at the following times and locations. Included is contact information for the respective members.

Senate Taxation

2:00 p.m. T. and Th.; Rm. 2135 • Committee Manager, Mavis Scarff - 684-1442

Republican
Mike McGinness (Chairman) 684-1442
Dean Rhoads (Vice Chairman) 684-1447
Randolph Townsend 684-1451
Ann O'Connell 684-1457
Sandra Tiffany 684-1481

Democrat
Joe Neal 684-1429
Bob Coffin 684-1427

Assembly Taxation

1:30 p.m. T. and Th.; Rm. 3142 • Committee Manager, Joyce Hess - 684-8821

Democrat
David Parks (Chairman) 684-8821
David Goldwater (Vice Chairman) 684-8541
Bernie Anderson 684-8563
Morse Arberry 684-8587
Kathy McClain 684-8835
Harry Mortenson 684-8803
Peggy Pierce 684-8599

Republican
Dawn Gibbons 684-8855
Tom Grady 684-8507
Lynn Hettrick 684-8843
John Marvel 684-8851
Josh Griffin 684-8841

You can get up-to-date BDR and bill information at the Legislature's website, www.leg.nv.us.

• Seminars •

July - 2003

NRF Best Practices in Online Merchandising Workshop
July 31 - August 1, 2003
Sonoma, CA
Contact: www.shop.org or Ron Greenly at 202-686-8190 or GreenlyR@shop.org

August - 2003

NRF 27th Annual Conference of State and National Retail Executives
August 1 - 5, 2003
Cape Cod, MA
Contact: Andrew Cartee at carteea@nrf.com.

NACDS Pharmacy & Technology Conference
August 23 - 27, 2003
Philadelphia, PA
Contact: www.nacds.org or call at 703-549-3001

September - 2003

NRF Shop.org 2003 Annual Summit
September 24 - 26, 2003
New York, NY
Contact: www.shop.org or phone at 202-626-8192

October - 2003

FMI Productivity Convention & Expo
October 26 - 29, 2003
Nashville, TN
Contact: Laurel Kelly lkelly@fmi.org or phone at 703-532-9400

Abbreviations

FMI • Food Marketing Institute
NACDS • National Association of Chain Drug Stores
NRF • National Retail Federation
PMA • Produce Marketing Association

Bar code changes coming for U.S. and Canadian companies

By January 1, 2005, all U.S. and Canadian companies that sell products and services to consumers are mandated by the Uniform Code Council, Inc. (UCC) to catch up with the rest of the world and have the capability to scan and process products with EAN-8 and EAN-13 bar codes. Currently, U.S. and Canadian companies primarily use the standard 12-digit UPC symbols. Together, these codes will comprise what is referred to as a Global Trade Item Number (GTIN). UCC calls this compliance program 2005 Sunrise.

A UCC discussion paper states that, "The number of products identified with EAN-8 and EAN-13 symbols will increase quickly after January 1, 2005, because the UCC will no longer issue UCC Company Prefixes to new companies based outside of the U.S. and Canada." The result will be that all new companies will be marking their products with EAN-8 and EAN-13 symbols, and not UPC symbols.

The rest of the world already uses EAN-8 and EAN-13 symbols, so companies in the U.S. and Canada can reduce expenses involved with international trade partners with this standardization. Updating systems can:

• Allow trading partners to share standardized information.
• Eliminate additional product marking costs for trading partners.
• Eliminate time-to-market delays and other critical inefficiencies.

There are a number of compliance issues related to GTIN and how it affects data synchronization using GLOBALregistry™ and Reduced Space Symbology® (RSS) symbols. RSS symbols are already applied to produce, fresh meat, pharmacy and medical and surgical products.

GTIN is an umbrella term used to describe the entire family of data structures that identify trade items. GTIN compliance is required for both RSS and GLOBALregistry™ of UCCnet. For more information, visit the UCC website, www.uc-council.org.

HIPAA privacy rules causing confusion and questions

HIPAA privacy rules are causing confusion when it comes to implementing them. The National Association of Chain Drug Stores (NACDS) offers this answer for one of its most frequently asked questions.

Q: Protected Health Information (PHI) includes items such as patient name. Do I need to make sure that other patients don't see or hear the names of other pharmacy patients? Can I call out a patient's name when prescriptions are ready, and can I leave out on the counter the logbook that patients sign when they pick up prescriptions?

A: This question is similar to one posed to the Office of Civil Rights (OCR), the agency charged with enforcing the HIPAA privacy regulations, in the December 2002 Privacy Guidance. The question is asked if physician offices can use a patient sign-in sheet, and if a patient's name can be called out in a populated waiting room. OCR answered this question explaining that, "…incidental disclosures of this nature are permitted, with two caveats: that the minimum necessary information is provided to accomplish the task at hand and that reasonable safeguards are taken with PHI.

• **Minimum Information:**
A pharmacist should be able to call the patient's name when a prescription is ready, e.g. "Ms. Jones, please come to the pharmacy counter," but should not call out unnecessary information, e.g. "Ms. Jones, please come to the pharmacy counter to pick up your Prozac.

" Similarly, it should be OK to let other patients see patient names in a logbook, but the amount of patient information in the logbook should be kept to a minimum. For example: The name of a patient's drug should not be listed next to his or her name. OCR has suggested that a prescription number can be a patient "identifier," but many pharmacies plan to include the prescription number next to the patient name because they believe there is no reasonable way that one patient could use the prescription number to find out what drug another patient is taking.

• **Reasonable safeguards:**
Pharmacies should restrict access to their logbook to those customers who need to sign it.

Source: NACDS Issue Update, April 25, 2003.

Groups work against prescription drug importation

The National Association of Board of Pharmacy (NABP) and the national association of Pharmacy Regulatory Authorities (NAPRA), the Canadian NABP rough equivalent, have issued a joint position statement pledging to work together to promote compliance with laws regulating importation of prescription medications. NABP and NAPRA are members of the Cross Border Pharmacy Working Group.

The National Association of Chain Drug Stores and 40 other pharmacy associations and schools have signed on to the pledge, dubbed the "Cross-Border Communique."

The color of money

The $20 bill is turning colors as the U.S. Treasury Department's latest weapon to combat counterfeiting. The new bill was introduced last month and will be circulated this fall. Added to safety features that were first introduced in 1998 are subtle background tones of green, peach and blue. The bill will still be predominantly green.

What's new and what's not:

1) The new $20 note will remain the same size and use the same, but enhanced, portrait and historical image of Andrew Jackson on the face of the note and the White House on the back.
2) The redesign features a blue eagle in the background and a metallic green eagle and shield to the right of the portrait.
3) The bill retains three security features from the earlier redesign:
   - *The watermark* – the faint image similar to the large portrait, which is part of the paper itself and is visible from both sides when held up to the light.
   - *The security thread* – also visible from both sides when held up to the light, this vertical strip of plastic is embedded in the paper. "USA TWENTY" and a small flag are visible along the thread.
   - *The color-shifting ink* – the numeral "20" in the lower right corner on the face of the note changes from copper to green when the note is tilted. The color shift is more dramatic and easier to see on the newly designed note.

The new note is also designed with features to help people with low-vision or who are blind, including a machine readable feature that will facilitate development of scanning devices that can identify the note's denomination.

Even though counterfeit U.S. currency circulates throughout the world, the Treasury estimates that only 1 to 2 notes in every 10,000 is a copy. The goal of the new bills (redesigned $50 and $100 will be issued in 2004 and 2005) is to reduce counterfeiting even further and maintain the integrity of U.S. currency.

"Improved worldwide cooperation in law enforcement, improvements in currency design, like those in the $20 notes, and a better-informed public all contribute to our success in the fight against counterfeiting," says W. Ralph Basham, director of the U.S. Secret Service.

Because of high tech equipment, counterfeiters range from kids needing a few $20s for a night out to professionals. Digital methods have increased from less than 1 percent in

1995 to nearly 40 percent by 2002. The biggest producer of counterfeit U.S. bills is Colombia.

A big dose of public education will precede the release of the new $20. Because about two-thirds of all U.S. currency is held outside the U.S., the Treasury says this will be a worldwide effort to reach cash handlers, merchants, business and industry associations, and the media. Old $20 will remain in circulation with the new note.

For more information about the new $20 note, visit www.moneyfactory.com.

Supreme Court gives OK to Maine Rx

The Supreme Court has ruled that Maine can proceed with its Healthy Maine Prescriptions program. Called Maine Rx, it's designed to provide affordable prescription drugs for residents of the state who don't have health insurance and aren't covered by Medicaid. In December, a lower court had granted a group of pharmaceutical companies an injunction to stop the plan.

With Maine Rx, drug manufacturers will have to offer rebates to uninsured residents the same as they do for Medicaid patients. Maine's Department of Human Services will act as a pharmacy benefit manager and negotiate with drug manufacturers for the reduced price. The manufacturers can go along or be subjected to a preauthorization process in order to sell their prescription drugs to Medicaid patients.

Budget woes prompted Maine to find a way to provide its uninsured residents help to buy prescription drugs. Spiraling drug costs have placed a further burden on Maine's already strapped budget. About 300,000 Maine citizens will qualify for the Maine Rx program.

Twenty-nine states supported Maine's case, and at least 12 states are considering similar programs to Maine Rx.

The Supreme Court was divided 6-to-3 in its decision to remove the injunction.

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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 as of June 17, 2003, 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 able to list only new members on this page. For information on NRNSIG, please see information below.

NRNSIG

Bear Industries Printing & Publishing, Inc.
Creative Productions, Inc.
Crown Service
Fortunet, Inc.
Glees Party Shop of Nevada
Harry's Quality cars, Inc.
Home Instead Senior Care
King, Taggart & Wasick, LTD
Lulou's Restaurant & Bar
RSVP Party Rentals, Inc.
Short Line Express Market
Short Line Operations, LLC
Sign-A-Rama
Silver Care, LLC
Silver Screen Video
Vigilant Security services
Wall Units Etc.

Membership Information

Find out more about RAN's self insured groups. Call Willie Kerschner at 775-720-8125 or the RAN office at 775-882-1700 (toll-free in Nevada – 800-690-5959). Don't forget our website, www.RANNV.org.

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

The contribution of social regard

Research reveals a contribution to customer satisfaction that can exceed the core service

How does a business create loyal customers and retain flexibility in pricing at the same time? This is particularly problematic for service businesses.

Service businesses combine three essential elements: 1) core service, e.g. a restaurant meal, a haircut, etc., 2) service delivery, e.g. full service or self service, and 3) price.

Core service accounts for such elements as quality. To gain a core service advantage, one restaurant may choose more expensive ingredients and better-trained chefs to prepare the food. Such businesses would have a quality advantage over competitors.

Service delivery can also vary. One styling salon may emphasize personal attention. Stylists may keep notes on regular clients and refresh their memories before appointments so they can ask about family news and follow up on previous conversations. Patrons and stylists in this business are on a first-name basis, and customers often think of their stylists as friends.

Offering services that are more personal and of better quality can put businesses at both an advantage and disadvantage over their competitors. Customers of such businesses may have difficulty replacing the better tasting food and the personal relationships they enjoy, so they are inclined to remain loyal to the business. But price can still play a big factor.

Businesses that offer better core service and service delivery often find themselves at a disadvantage in pricing and subject to fickle customers who flock to the nearest bargain. Businesses that manage to price their service lower than competitors have a value advantage.

Core service, service delivery, and price impact each other, and balancing them poses a dilemma for managers. For example, the best service delivery is called relationship marketing as illustrated in the styling salon example used earlier. Even though it rates high in customer satisfaction, it's also the most expensive. It's labor intensive, so owners who chose this form of service delivery sacrifice any chance of also having a value advantage.

Butcher reminds us that it isn't enough merely to train our employees about social regard. If we want our employees to excel at it, we must notice when they do it and let them know that we appreciate their efforts. He thinks a little social regard by us for our employees might pay dividends in how they treat our customers.

Ken Butcher, from Charles Stuart University, recently wondered if the advantages of customer loyalty offered by relationship marketing might be gained without incurring their high costs. He reasoned that customer feelings lead to the relationships that in turn lead to customer loyalty, so he wondered what would happen if service delivery focused on these feelings rather than relationships.

Butcher investigated a customer service approach named "social regard." This approach targets specific feelings in customers, and then empowers employees to devise their own strategies to achieve them. Butcher studied four of these feelings: feeling valued, feeling important, feeling respected, and feeling the employee has a genuine concern for the customer's well being.

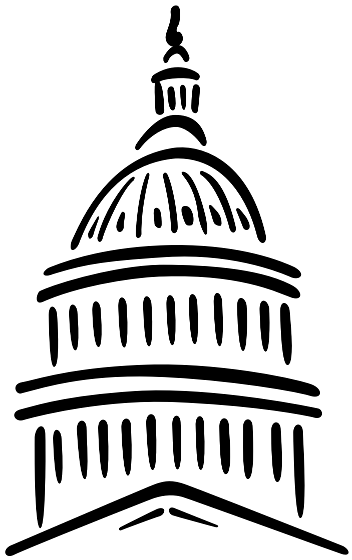
Butcher investigated several service settings and found that when social regard was done well, it made a substantial contribution to overall customer satisfaction. It rivaled the core service in importance, and in small restaurant settings – cafes – it actually exceeded the core service in importance. That is, in cafe settings, overall customer satisfaction was impacted more strongly by the employees' social regard for the customers than by the quality of the food.

Butcher believes we should train our employees to focus on social regard when interacting with customers, and he says that employees will know when they are performing well by watching customers' reactions. He believes that by observing how customers are feeling, employees will know if they have reached their social regard goals.

Butcher also offers some tips that are useful for carrying out social regard. Employees can signal their special interest in customers by greeting them with a glance, a smile, or a nod when they first enter the business. Customers already being waited on understand and tolerate these nonverbal gestures, he says. Valuing customers' knowledge communicates respect. And lingering a few seconds after the transaction is complete to give a relaxed farewell tells customers they are special.

Reference: Butcher, Ken, Beverley Sparks, and Frances O'Callaghan (2003) "Beyond Core Service." ***Psychology and Marketing****, 20 (3), 187-208.*

Washington Watch



<u>OSHA releases guidelines for retail grocery store industry</u>–The Occupational Safety and Health Administration (OSHA) has released its draft of recommended guidelines to reduce the number and severity of musculoskeletal disorders in the retail grocery store industry.

The guidelines are aimed at retail grocery stores and combined full-line supermarket and discount merchandisers. They do not apply to convenience stores, warehouse or business operations that may be located within grocery stores.

The guidelines recommend that the solutions given should be considered in the context of a systematic ergonomics process that also provides management support, involves employees, identifies problems, implements solutions, addresses reports of injuries, provides training and evaluates progress.

Named "Prevention of Musculoskeletal Disorders: Guidelines for Retail Grocery Stores," are recommendations only and will not be used for enforcement.

OSHA is accepting comments until July 8, 2003. They may be submitted to OSHA Docket Office, Docket No. GE2003-1, Room N-2625, U.S. Department of Labor, 200 Constitution Avenue, NW, Washington DC 20210.

A draft of the ergonomics guidelines is available at <u>www.osha.gov/SLTC/ergonomics/guidelines.html</u>.
Source: National Association of Chain Drug Stores May 12, 2003 Daily News.

<u>WOTC extended</u>–The Senate has approved extending the Work Opportunity and Welfare-to-Work Tax credits until December 31, 2004. The House is proposing to make the programs permanent and combining the credits onto one form.

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R-A-N Nevada News

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