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## The outlook on taxes • *Look Out!*

By MARY LAU, EXECUTIVE DIRECTOR, RAN

Now that I've delayed this article until the second week in March, adding much to the stress level of our editor, Joan Morrow, I can finally give members a more concise view of what our legislators are grappling with in the way of the Governor's tax package. To quote a phrase that our children made popular, "**NOT!**"

RAN, along with legislators and other business organizations, is still in the dark as of today's writing as to what the tax package will look like. We've been promised that "the bill" will be out no later than March 5, 2003, (today's date), but then I've heard similar promises before, and besides that, what we see will not be what is being proposed.

Just take the two tax bills that have been introduced. AB 208 and SB 219 were introduced simultaneously in both houses and had the first joint hearing on March 4<sup>th</sup>. For those members who watch Nevada Newsmakers, one member of their pundit panel refers to these bills as the "Bridge Over Troubled Waters." I think he has a solid point. I keep remembering the musical *Best Little Whorehouse in Texas* where the politician keeps dancing away in his polyester suit. If you don't remember that scene, rent the video.

First of all, the amount that the Governor is requesting in the bill "*is not the amount that will be needed,*

*if we actually need anything by the end of Nevada's fiscal year...right now, revenues are higher than expected, and we may have \$71 million left in the*

They (the administration) want it (new taxes bill) rushed so we can start paying "bridge" taxes...and we're supposed to trust that they'll go away once they get the Gross Receipts Tax (GRT) in place. — Mary Lau

*fund balance...if we do nothing, then we may not have that balance...but if we go to war, Nevada may need more because the federal government will need more money 'cause businesses will be in economic strife in case of war' so we need to set up a taxing mechanism that insures that we get our money first."*

Now, if that paragraph, run on sentence actually, makes no sense to you, don't feel bad. That was the gist of the testimony given by the Governor's staff yesterday—confusion—and they expect our legislators to make an informed decision by the Thursday hearing. They want it rushed so we can start paying "bridge" taxes...and we're supposed to trust that they'll go away once they get the Gross Receipts Tax (GRT) in place.

Gross Receipts will not, does not, and cannot work. Washington State has been using the convoluted method for years. Anybody with a computer can go on the World Wide Web and look

Taxes • look out! continued on page 6...

*Seen and Noted*



## Don't forget baby boomers when marketing

Don't discount the baby boom generation so fast when you think marketing. According to a report released by the Food Marketing Institute (FMI), boomers are still the most influential group in the food marketplace.

*The Generations in the Marketplace: A Closer Look at the Baby Boomer Market Basket* reports that Americans between the ages of 38 and 56 spend an average of \$84 a week at their primary grocery store, while other consumers spend \$77.

Boomers aren't just the biggest spenders, they're difficult to pigeon-hole because retailers have to take into account boomers' diverse buying habits.

The FMI report says, "They are affluent and display a carefree attitude toward shopping, many of them diet and they tend to like ethnic foods. Their top priority is quality produce, and they notice image, packaging and store cleanliness."

Boomers have one quality that's very important for retailers. They tend to be loyal to their primary grocer.

FMI sells the 12-page report for \$10 for FMI retailer/wholesaler members, \$21 for associate members and \$25 for nonmembers. Contact FMI at [www.fmi.org](http://www.fmi.org).

## Complying with I-9 rules

All employers must keep I-9 forms on their employees. If you're not sure how to comply with this part of the immigration law, the Nevada Small Business Center is offering half-day seminars to help you stay in compliance.

Jacqueline Longnecker, owner of Employment Verification Resources, Inc., will teach the free seminars that will be held in Las Vegas, Reno, Carson City and Lake Tahoe.

Employment Verification Resources, Inc. does exactly what its name indicates. Longnecker and her employees help businesses keep their I-9 forms and processes in order.

*The following seminars are free and run from 10 a.m. to noon. Reservations are required. Call 784-1717, fax to 784-4337 or email to [nsbdc@unr.nevada.edu](mailto:nsbdc@unr.nevada.edu). Meeting places will be provided upon reserving your spot.*

### Seminars:

Las Vegas, April 17  
Reno, May 15

Carson City, June 19  
Lake Tahoe, July 17

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## Identity theft increasing • FTC says take care

**Most Wanted:** Thieves who steal identities. Identity theft plagues the American public and corners a large share of the Federal Trade Commission's (FTC) work time. Last year was a banner year for the crime, which increased to 162,000 reported cases compared to 86,000 in 2001.

Nevada joins the District of Columbia, California, Arizona and Texas as one of the top six most popular places in the nation to commit the crime. Among the most reported stolen identity crimes are opening new credit accounts and charging to stolen cards, opening bank accounts and obtaining loans and opening cell phone accounts.

The FTC advises consumers to

take care when giving out information such as Social Security numbers, dates of birth, full names and other personal information. They also suggest shredding financial and other documents that contain private information.

Taking care with your private information can help, but the FTC says that institutions that require personal information to complete a transaction can harbor individuals that take advantage of the information. Internet transactions also contribute to the identify theft threat.

As the crime grows, consumers need to keep a constant watch on all their financial transactions and report any unusual occurrences.

## Get those numbers in order

Phone numbers, fax numbers, email addresses, web site addresses—if you take part in modern communications, then you're bombarded with too many numbers and letters. Don't despair—help may be just an ENUM away.

ENUM serves as the acronym for an emerging standard called an electronic numbering system that will provide a single point of contact for telephone and Internet communications. With this technology, a consumer can designate a single identifier for telephone and mobile phone numbers, fax numbers, and e-mail and Instant Messaging addresses.

The U.S. Department of Commerce likes the idea. Nancy Victory, assistant secretary of Commerce, endorsed the effort in a letter to the State Department, but said, "We must ensure that ENUM can be implemented in a pro-consumer, secure and competitive manner." They'll work with the State Department and the Federal Communications Commission to help set up the network.

Working together could be even easier under Secretary of Commerce Don Evans' proposal to combine the Technology Administration (TA), the National Telecommunications and Information Administration (NTIA) and the e-commerce policy functions of the International Trade Administration (ITA) into one consolidated agency. The Under Secretary for Technology would oversee the new agency. It would focus on issues including technical standards, spectrum management and technology and e-commerce policy issues.

Along with the U.S. endorsement, ENUM is also supported by 13 other countries.

## New rules for organic products

Farmers and handlers who sell less than \$5,000.00 of organic products annually in Nevada may now do so without having those products certified organic. That requirement was nullified when the National Organic Rule went into effect in October 2002. Those who qualify for the exemption must still adhere to other federal requirements.

Farmers and handlers operating in this category are required to provide proof of the claim and must still adhere to the federal requirements for organic production, product labeling and handling. Further, though an exempt operation may label its products as organic, it may not use the USDA organic seal, the seal of a certifier, or claim, directly or indirectly, to be "certified organic," nor can it sell the organic products as ingredients for someone else's certified organic processed product.

Farmer's market managers, restaurants and retail stores may also elect that organic products be certified organic to assure their clients that the farm or facility has been inspected by a USDA-accredited organic certifier and is producing according to federal organic requirements.

An article in the January 2003 Nevada Organic Review notes that "most consumers will still be looking for 'certified organic' products at farm stands, retail stores and farmer's markets." The article encourages small farmers to become certified, which may now cost less under the Nevada Department of Agriculture's adjusted fee for organic certification.

*Source: Nevada Organic Review, January 2003*

## Cost of generic drugs is climbing

The cost of generic drugs took a healthy jump last year as more drug patents expired and generic drug companies consolidated. The generic prices outpaced brand name drug increases at about twice the rate. Generic prescription drug prices rose from \$12.79 to \$14.70, a 15 percent increase from 2001.

Drug makers like Watson Pharmaceuticals increased the price of its generic version of Miltown, meprobamate, from 12 cents to 99 cents per pill.

GlaxoSmithKline is doing its part to hold the line on less pricey drugs. It wants to stop Canadian drug sales to Americans by cutting off its supplies to Canadian wholesalers and pharmacies. Glaxo was prepared to go ahead with its plan last month but decided to hold off saying it wanted to protect Canadian consumers before cutting off the bargain hunting Americans. Drugs like Lipitor 20 mg, 90 pills, cost an average of \$254.70

in the U.S. and \$168.51 from Canada; Zocor's 20 mg, 100 pills, average \$137.51 in Canada compared to \$372.21 in the U.S.

Designed to provide uninsured, lower-income citizens that do not qualify for Medicaid the ability to buy needed prescription drugs, the State of Maine created the Healthy Maine Prescriptions program. On Christmas Eve 2002, the U.S. Court of Appeals said Maine could not continue its program.

Maine's program allowed an uninsured customer to pay \$80.00 for a drug that cost \$100.00 to \$110.00. The drug company would absorb \$18 of the cost while the state contributed \$2.00.

The Maine experiment inspired at least 34 other states to design similar prescription drug programs. Those programs are now in limbo, while the drug industry that brought the lawsuit against Maine has also sued Florida, Michigan and Vermont.

## High-priority issues for RAN members

Following are several lists of high-priority issues that concern members of the Retail Association of Nevada (RAN). RAN staff is addressing these issues on the local, state and national levels. If you have questions about any of these issues, please don't hesitate to call RAN at 775-882-1700 or in state toll free number, 800-690-5959.

### **This first list is of importance to all RAN members.**

Please note that highlighted issues are considered **Very High-Priority**.

#### **Advertising**

Anti-Trust

#### **Auto Repair**

Automatic Dialing Devices

#### **Availability of Merchandise**

Bait and Switch

Building Standards—Codes

Comparable Worth

Campaign Financing

Closing/Relocation

#### **Commission Selling**

Consumer Credit:

1. Scoring
2. Disclosures
3. Collections
4. Carbonless Sales Receipts
5. Rates

#### **Consumer Sales**

#### **Consumer Fraud/Deceptive Practices**

Door-to-Door Sales

#### **E-Commerce**

Education

#### **Electric Power Deregulation**

#### **Electronic Monitoring**

Energy:

1. Product Efficiency
2. Labeling

#### **Environment:**

1. Asbestos Notification Abatement
2. Right to Know
3. Solid Waste
4. Packaging, Biodegradable, Plastics
5. Hazardous Substances
6. Underground Tanks

#### **Fuel**

#### **Parking Restrictions/Driving Restrictions**

#### **Air Quality**

Handicapped

#### **Initiative – Referendums**

Item pricing

Land Use

Licensing

Lobbying

Minimum Wage

Optometry

Personnel:

1. **Mandated Health Insurance**
2. Parental Leave
3. **Other mandated benefits**
4. Discrimination
5. **Hiring/Termination**
6. Wages/Fringe Benefits
7. Safety
8. Garnishment
9. **Employer/Employee Trip Reduction**
10. **Living Wage**

Plain Language

Political Contributions

#### **Price Comparisons**

#### **Privacy**

Product:

1. Liability
2. Recall
3. Safety
4. Standards
5. Stewardship

Rainchecks

RICO

#### **Repair Service**

Resale Price Maintenance

Security:

#### **1. Security Personnel Licensing**

2. Retail Theft
3. Civil Liability
4. Arrests
5. Fraud

#### **Service Contracts**

Sunday Closing

Taxes

#### **1. Gross Receipts Tax**

2. Sales and Use
3. Corporate Income Tax
4. Corporate Franchise Tax

#### **5. Advertising Tax**

6. Ad Valorem (Personal/Real)
7. License Tax
8. Inventory Tax
9. Newspaper Supplements
10. Sales Tax Exemptions
11. Sales Tax Collection Allowances

#### **Telephone Solicitation**

#### **Telemarketing**

#### **1. Do Not Call List**

- Tort Reform
- Trademarks
- Transportation
- Unemployment Compensation
- Utility Rates
- Video Display Monitors
- Warranties
- Workers' Compensation

### **High-Priority Issues for FMI (Food Marketing Institute)**

|                                 |                        |
|---------------------------------|------------------------|
| Agriculture                     | Food Safety            |
| Antitrust                       | Labeling               |
| Employee Benefits               | Labor                  |
| Environment                     | Pharmacy & Drug Issues |
| Financial & Government Services | Tax Issues             |
|                                 | Transportation         |

## Priority issues

continued from page 4

*The following are high-priority Issues that directly concern the Chain Drug Committee.*

### Payor Communication:

- Patient privacy and confidentiality
- Telecommunication standards
- Administrative simplification
- PBM intercept/electronic data interchange
- Community Health Information Networks
- National Provider Number

### Managed Care/Third Party:

- Third party contract terms
- Third party clearinghouse
- Cash discount cards
- Product coding by database companies
- Federal Employees Health Benefit Program (FEHBP)
- A WP price updating
- Quality assurance standards
- MAC pricing

### Pharmacy Practice:

- Pharmacy credential process
- Disease state management
- Prescriptive authority
- Manpower
- Pharmacist training materials
- Pharmacy compounding

### State Board of Pharmacy:

- Practice act rewrites
- Technician regulations & certification
- Prescription error monitoring & reporting
- Generic substitution
- Chain representatives on boards of pharmacy
- Physician dispensing limitations

### Federal Regulation:

- Drug Enforcement Administration
- Food and Drug Administration
- Foreign mail order
- Written patient information
- Durable medical equipment
- FTC - mergers and acquisitions
- Federal regulatory reform
- FDA reform

### Educational Affairs:

- Curriculum/Pharm. D.
- Pharmacy school relations
- Chain visitation program
- New pharmacy schools
- Pharmacy Education Advisory Council
- Pharmacy continuing education
- NACDS Education Foundation

### Pharmaceutical Manufacturer

#### Relations:

- Fairness in drug manufacturer pricing
- AWP/net cost discount
- Product sampling
- End-of-the-year product allocations
- Product replacement programs
- Reverse distribution

#### Medicaid:

- Block grant implementation
- Rebate program
- Most-favored nation reimbursement
- Managed care carve-outs
- Waivers

### Medicare:

- Program changes
- Medical savings accounts
- Fraud and abuse
- Physician self-referral

### Tax Issues:

- Work opportunities credit
- Capital gains
- Section 936 (Puerto Rico)
- Corporate alternative minimum tax
- Treatment of excess pension funds

### Labor Issues:

- Workplace safety
- Wage issues
- Cardboard balers
- Striker replacement

### Food Issues:

- Food stamps
- Food safety
- Food labeling
- WIC program

### **Call your legislators!**

It's time to let your elected representatives know your feelings on the Administration's tax plans. Gross Receipts, business tax, sin taxes - there are many proposals that will affect your business, and you need to let your representative know what those taxes mean in the trenches. See contact numbers for all of our legislators on page 7.

When you contact the Governor or your representative, remember to be specific and be courteous. If you need more information on an issue and how it might affect your business specifically, contact Mary Lau, executive director of the Retail Association of Nevada. She can be reached at the office in Carson City, 882-1700, by cell 843-7061, or by email, [marylau@pyramid.net](mailto:marylau@pyramid.net).

You may also write to the Governor at:  
The Honorable Kenny C. Guinn  
Governor, State of Nevada  
State Capitol Building  
101 S. Carson St.  
Carson City, NV 89701

Write your legislators at:  
The Honorable (legislator's name)  
Nevada Legislature  
401 S. Carson St.  
Carson City, NV 89701

## Taxes • Look Out!

continued from page 1

up the findings from Washington's own study panel. Washington State formed this panel, much like Nevada did, to look at taxes. But guess what? Washington created this panel to find a way to **eliminate** its Gross Receipts Tax because it's too damaging to Washington State's economy, and not a legislative session goes by without the GRT having to be adjusted. Jan Teague, my counterpart in Washington, tells me that that's her number one problem—the State's taxing structure. She says that every legislative session has to "tweak" one rate or another. If they need money, it's a dart throw for which segment of business will have an increase. Washington has actually placed temporary raises in certain categories to answer budget shortfalls, and retail gets the short straw quite often.

Members of RAN should also take no comfort in the temporary carrot being dangled in front of them by the Governor of a \$450,000 threshold. As you know from your own research or reading this newsletter, Washington started out with a large threshold, too, but now it's down to \$28,000.

### Other states' GRT problems

The Governor has also mentioned other states as examples for gross receipts tax. One state he's named, New Mexico, is a great example! It's both well-known for beautiful scenery **and no real opportunities for average families.** This state has a form of gross receipts, and like Washington State, is looking to replace it because there's no real incentive for entrepreneurial businesses. Consequently, it's a high-cost-of-living-low-wage state.

Then there's Hawaii, the last and final example used by this administration. Hawaii's gross receipts tax is called a Gross Excise Tax, known

as GET. Well, at least the acronym is truthful because GET they did. So far they've wrecked Hawaii's economy, and to quote an article in the March 3<sup>rd</sup> issue of the *Northern Nevada Business Weekly*, "One result of the tax in Hawaii is that public employee unions ended up controlling the legislature," and further, "The GET statute soon became riddled with narrowly written exceptions...if that business was struggling, the tax quickly became a major problem for the business's owners."

### "Bridge revenues..."

So, back to the hearings on the supposed "bridge revenues."

First, the Governor had to scale back his original plan to give a credit against the gross receipts of a business using the business license tax. Magnanimous? No! Unconstitutional. Yes! Even before the horse is out of the gate, we have a further permutation. Keep in mind that the Gross Receipts Tax will take millions to administrate (we've been given one figure of \$32,000,000, and that keeps changing) just to set the GRT in place. Oh, by the way, those millions don't even include the staff that will be needed. If you're looking forward to a Nevada Department of Internal Revenue, have we got a deal for you!

The Governor still wants the "bridge" of \$300 per quarter for each employee but asks business to trust that by, oh 2006, it will be reduced. He also wants to triple the cigarette tax, raise the alcohol tax and throw in the slot route operators for good measure. To further complicate the issue, he wants this done now so that the government can begin collecting taxes during the debate on taxes, then let the whole thing sunset on June 30, 2003. I don't see any legislator being naive



enough to vote for this measure, then later try negotiating to vote for the real amount. Here's one scenario—cigarette stamps: triple the tax—issue the stamps—lower the tax—issue the corrected stamps. Oh yeah, depend on it!

### Members of RAN - Take Action Now

Members of RAN, each and every one of you, are very sharp and efficient business people, and like all of us, would just like to concentrate on that business. Unfortunately, this is one issue that needs you to take time away from what you do best, providing for your families and your employees, and do probably what you like to do the least, contact your legislator. Contact your legislator now, tomorrow and next week. Pay close attention to this issue, and keep the legislators informed of what you need to do in order to stay in business.

Don't be lulled into thinking that a gross receipts tax can be made to work or that you can survive it. It can't and you won't. This proposed tax will not hold as suggested. Basically, they haven't even been able to write it to try to make it work. The best example of their scrambling for a workable system is their handling of the Business License Tax. It hasn't been touched for over 10 years, but now they're looking at including sole proprietors.

I know this is a gambling state, but don't gamble that this will be OK. Use the contact list included in this issue on the facing page, page 7, of *Nevada News*, **and write, call and email your legislator.** They want and need to hear from you. You vote for them and support them. Now you need to talk to them.

## 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

You can get up-to-date BDR and bill information at the Legislature's website, [www.leg.nv.us](http://www.leg.nv.us).

## • Seminars •

### **April - 2003**

#### **NACHA Payments 2003**

April 27 - 30, 2003  
Orlando, FL  
Contact: 800-487-9180 or  
[www.nacha.org/conferences/](http://www.nacha.org/conferences/)

#### **nacs.tech 2003**

April 28 - 30, 2003  
Dallas, TX  
Contact: 703-684-3600

### **May - 2003**

#### **The FMI Show Delivers**

May 4 - 6, 2003  
Chicago, IL  
Contact: 202-220-0899 or  
[www.fmidelivers.com](http://www.fmidelivers.com)

### **June - 2003**

#### **PMA Retail Produce Solutions Conference**

June 6 - 9, 2003  
Monterey, CA  
Contact: [www.pma.com](http://www.pma.com) or  
Dianna Garvey at  
[dgarvey@mail.pma.com](mailto:dgarvey@mail.pma.com)

#### **The Retail Produce Solutions Conference**

June 7 - 9, 2003  
Monterey, CA  
Contact: [www.pma.com](http://www.pma.com)

#### **NACDS Marketplace 2003**

June 7 - 10, 2003  
San Diego, CA  
Contact: 703-549-3000 or  
[www.nacds.org](http://www.nacds.org)

### **Abbreviations**

FMI • Food Marketing Institute  
NACDS • National Association of Chain Drug Stores  
NACHA • The Electronic Payments Association  
NACS • National Association of Convenience Stores  
PMA • Produce Marketing Association

# What you need to know if you employ military personnel – the fine points of USERRA

**Employers have certain obligations if they employ military personnel and those employees are activated. The Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) outlines employer responsibilities. Following are some of the basics of the Act.**

## **Who is Covered**

USERRA applies to “persons who perform duty, voluntarily or involuntarily, in the ‘uniformed services,’ which include the Army, Navy, Marine Corps, Air Force, Coast Guard and Public Health Service commissioned corps, as well as the reserve components of each of these services. Federal training or service in the Army National Guard and Air National Guard also gives rise to rights under USERRA.

Uniformed service includes active duty, active duty for training, inactive duty training (such as drills), initial active duty training and funeral honors duty performed by National Guard and reserve members, as well as the period for which a person is absent from a position of employment for the purpose of an examination to determine fitness to perform any such duty.

USERRA covers all employees except those serving in positions where there is “no reasonable expectation that employment will continue indefinitely or for a significant period.” USERRA applies to virtually all U.S. employers, regardless of size.

## **Basic Provisions/Requirements**

The pre-service employer must reemploy service members returning from a period of service in the uniformed services if those service members meet five criteria:

- The person must have held a civilian job;
- The person must have given notice to the employer that he or she was leaving the job for service in the uniformed services, unless giving

notice was precluded by military necessity or otherwise impossible or unreasonable;

- The period of service must not have exceeded five years;
- The person must not have been released from service under dishonorable or other punitive conditions; and
- The person must have reported back to the civilian job in a timely manner or have submitted a timely application for reemployment.

USERRA establishes a five-year cumulative total on military service with a single employer, with certain exceptions allowed for situations such as call-ups during emergencies, reserve drills and annually scheduled active duty for training.

USERRA also allows an employee to complete an initial period of active duty that exceeds five years (e.g., enlistees in the Navy’s nuclear power program are required to serve six years).

## **Employee Rights**

Under USERRA, restoration rights are based on the duration of military service rather than the type of military duty performed (e.g., active duty for training or inactive duty), except for fitness-for-service examinations. The time limits for returning to work are as follows:

- Less than 31 days service: By the beginning of the first regularly scheduled work period after the end of the calendar day of duty, plus time required to return home safely and an eight-hour rest period. If this is impossible or unreasonable, then as soon as possible.
- 31 to 180 days: The employee

must apply for reemployment no later than 14 days after completion of military service. If this is impossible or unreasonable through no fault of the employee, then as soon as possible.

- 181 days or more: The employee must apply for reemployment no later than 90 days after completion of military service.
- Service-connected injury or illness: Reporting or application deadlines are extended for up to two years for persons who are hospitalized or convalescing.

USERRA guarantees pension plan benefits that accrued during military service, regardless of whether the plan is a defined benefit plan or a defined contribution plan. Also, USERRA provides health benefits continuation for service members and their families during military service for up to 18 months. In addition, USERRA prohibits employment discrimination against a person on the basis of past military service, current military obligation or an intent to serve.

A court may order an employer to compensate a prevailing claimant for lost wages or benefits.

## **Compliance Assistance**

Veterans’ Employment and Training Service (VETS) has published a fact sheet (OASVET 97-3) about USERRA. This and other publications or answers to questions about USERRA are available from the local VETS office. Go to [www.dol.gov/vets](http://www.dol.gov/vets) to find a non-technical USERRA User Guide in pdf format.

# The seven deadly business sins

By Sanford Kahn

*We're all sinners, at least in the business sense, and it's hard not to be a business sinner today. In our current pell-mell state of rushing about putting out "business fires," it would be beyond the capacity of mere mortals not to make one or more of the so-called business sins. Knowledge of these seven great business sins will not make you perfect, but they can help you be a better business manager. These seven great sins are:*

## **1. Worshipping high profit margins**

If you maximize your profit margins, you'll also maximize your competition. High profits mean your competition will lower their costs just to beat you out. Rather than have the highest profit margin, go after market share.

## **2. Pricing a product or service on what the market will bear**

Maximizing the price of a product or service based on what people will pay will not increase your market share. Find your niche, stay in it, and price your product or service to bring in more clients and customers.

## **3. Using cost-driven vs. price-driven pricing**

Cost-driven is taking in all your costs and adding a profit margin on what you sell. Price-driven is coming up with a price that will cause your product or service to move. It's usually a lower price, but with that comes less competition. If you get a handle on costs, become price-driven and get the market share. You'll beat out the competition every time!

## **4. Financially starving the opportunities & feeding the problems**

Because business owners often have trouble focusing on more than one concern, they often put capital into old problems rather than putting it towards new opportunities. Old problems keep you stagnant whereas new opportunities are potentials for growth and can bring in much-needed revenue.

## **5. Planning your business future in an economic vacuum**

Many business owners are unaware of what's going on in the economy because of the day-to-day activities of running a business. This causes them to react to changes instead of planning for them. Seeing beyond the forest will help you prosper in the turbulent economy!

## **6. Neglecting the top line (sales)**

Unless your sales and revenue are growing, your bottom line will eventually shrink. Just being a good money and production manager is not enough. You must be a good marketing manager to bring in more business, referrals, and sales.

## **7. Straying from your core business**

Don't go into a business that you know nothing about. It's foolish to branch out if your second business doesn't increase your sales significantly and add to your bottom line. Unless you maintain a certain rate of return on your investment capital, you may wind up losing both.

*Sanford Kahn is a Business Author/ Speaker. For more information on his programs, please see his web page at [www.businessspeaker.biz](http://www.businessspeaker.biz), call at 562/434-4695 or email at [santford16@yahoo.com](mailto:santford16@yahoo.com).*

## Use recognition to improve retention – and profits

How can you boost your bottom line with low-cost employee recognition efforts? Ask Tricon Global Restaurants, parent company of Pizza Hut, Taco Bell and KFC.

To ensure workers scattered among nearly 30,000 locations know they're appreciated, Tricon created CHAMPS, a program that encourages employees to applaud each other.

All Tricon restaurant workers carry CHAMPS cards that feature a lapel sticker and room for a handwritten note. When one employee sees another exhibiting positive behavior in a key area—cleanliness, hospitality, accuracy, maintenance, product or speed—the employee notes it on the CHAMPS card and gives it to the other worker. That worker then dons the lapel sticker and gives the card to the manager for inclusion in a weekly drawing. The worker whose card is drawn receives a "Priceless Reward"—anything from movie tickets to having the manager wash the employee's car.

How important are such efforts? Since implementing CHAMPS, Tricon has improved retention in a high-turnover industry and achieved record net-income increases, which wouldn't have been possible without the commitment of the motivated employees.

Adapted from "They Do Recognition Right," by Adrian Gostick, in ACA News.

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The NRS governing self insured groups requires notifying members of all new members to the Group. New members for NRNSIG as of March 10, 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 or NCNSIG, please see information below.

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Pahrump Texaco Xpress Lube  
Rebel Party Rentals  
Reno Tahoe Open Foundation  
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Sparky's 4 - Sports Bar & Grill

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.

**MEMBERSHIP INFORMATION**

Find out more about RAN's self insured groups by calling Willie Kerschner at 775-720-8125 or the RAN office at 775-882-1700 or 800-690-5959. Don't forget our website, [www.RANNV.org](http://www.RANNV.org).

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## The Psychology of Giving Up

Researcher discovers two reasons managers give up on improvement efforts.

Why is it that many managers and supervisors reach out for the help that new management practices will offer them only to change their minds, believing they've made a mistake? They do this even when overwhelming evidence from other businesses testifies that new practices work. They do this even though experts in the field urge them to stay the course and give new practices a chance. They do this even when colleagues in their own companies offer a positive example of the benefits of new practices.

Why does this happen? What leads people to believe they have made a mistake when they try new management practices?

This is an important question, and it exposes an important problem. Failed improvement efforts litter the histories of businesses of all sizes, and proven improvement approaches are simply ignored. If managers and supervisors could be more patient with new practices, then the businesses they manage would be more successful.

Nelson Repenning of MIT is interested in these questions, and he recently took advantage of two improvement projects within a single large company to explore them. One of these improvement efforts was successful, but the other was abandoned. After interviewing scores of managers, supervisors and employees involved in these projects, Repenning gained an understanding of this abandonment problem. Here's the best of what he learned.

Most managers believe that the quickest way to correct problems is to increase employee effort. Increased effort produces more work, they reason, and accomplishing more work will satisfy most prob-

lems. "A kick in the pants," they will tell you, fixes a multitude of ills. Of course it also comes with undetected costs that often do damage, but the tactic of applying pressure to increase employee effort remains an attractive option as new practices are introduced.

The payoff for new practices, in contrast, is often delayed. For example, if you teach employees to analyze their own production problems and give them time to run experiments, you may prevent defects in future production, but you also reduce the useful work they accomplish in the present. Initially, output falls, and with it, profits, deadlines, and hopes for the new practices.

Pressuring employees to increase effort results in immediate gains and delayed penalties. With new management practices, you get immediate penalties and delayed gains. Repenning found that the longer the delay in rewards for new practices, the greater the likelihood that they would be abandoned long before any rewards could be realized.

Repenning says new practices also are abandoned because, to be successful, they require the cooperation of employees. Unfortunately, in many cases, our employees are uncooperative, but he believes it's a problem we've created for ourselves.

Repenning found that the more a work group is pushed, the more likely employees will refuse to cooperate with an improvement effort. The added pressure to produce interacts with measurement and control practices, resulting in undesirable consequences.

The common tactic of increasing pressure forces employees to make choices about how they'll spend their time. If the added work associated

### New Management Practices Mistakes

Why do managers and supervisors abandon promising new management practices? Two reasons:

- 1) They produce immediate penalties and delayed rewards.
- 2) Employees refuse to cooperate because there is no consideration for new workloads.

If we can find ways to work with these problems, we'll have greater success with new practices.

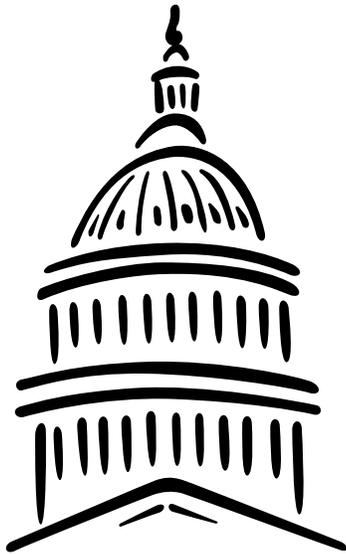
with new management practices is actually more than can be accomplished, employees will choose to perform their existing work that produces the results we measure. They'll cut corners, lie, defer maintenance, learn ways of fooling us, put off solving problems that aren't yet a crisis, take risks and work around requirements to save time. And they do this to produce the results that we are measuring.

We say we want our employees' cooperation, but we measure their output without consideration for the lag between implementing the new management practices and operating with it at full efficiency. If our performance measurement practices don't change, including the performance standards and the rewards and penalties that relate to these standards, we don't give new management practices a fair chance.

Reference: Repenning, Nelson P., and John D. Serman (2002) "Capability Traps and Self-Confirming Attribution Errors in the Dynamics of Process Improvement." *Administrative Science Quarterly*, 47, 265-295.

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*Washington  
Watch*



### **Country of Origin Labeling Changes-**

Changes in the Federal Agricultural Marketing Act take effect after Sept. 30, 2004. Retailers should prepare now.

The mandate, part of the 2002 Farm Bill, requires retailers to inform customers about the country of origin of all "covered commodities," including fresh and frozen fruits and vegetables, peanuts, seafood, and beef, pork and lamb. Violating the mandate after Sept. 30, 2004, could result in penalties of up to \$10,000 per violation.

The U.S. Department of Agriculture (USDA) will issue regulations to implement the mandatory program by 2004. The USDA has guidelines for a voluntary country-of-origin labeling program, which reflect the agency's interpretation of the law and provide retailers a tool to prepare for the

2004 mandate.

Retailers will be required to inform customers at the point of sale of the country of origin of the covered commodity, as well as whether fish products were wild-caught or farm-raised. The law permits the use of labels, stamps, placards or other clear and visible signs on the commodity or its package, display, holding unit or bin at the final point of sale to consumers. The guidelines also impose significant record-keeping requirements on the retail community.

The USDA is accepting comments on the guidelines until April 9 when the agency will begin to draft proposed rules for the 2004 mandatory notice.

Source: The Kentucky Retailer, January 2003

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