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## Legislature faces a session focused on new taxes

by Mary Lau, Executive Director, RAN

Now that the elections are over and RAN's members have had a chance to digest the results, it's time to "Let the games begin."

The battle for taxes has begun in earnest, and sides are lining up with very little in common other than, please don't let it be me. Unfortunately, statesmanship has become the victim of personal needs and wants.

As every member of RAN knows, the Governor's Tax Task Force has completed its work and has sent a recommendation to the Governor, who is strongly anchored in a new Gross Receipts Tax on business. While the meetings were interesting, the initial anticipation of nonpartisan statesmanship quickly faded into a trumped-up final product.

After doing an excellent job of restating the deficit figures as presented by the Governor's economists, the task force focused its efforts on a redefined mission statement that ignored the statutory language requiring broadening the sales tax and lowering the rate. From day one, the Washington State model of gross receipts tax was the mantra of the most powerful members of the committee. I'm not sure how they actually got a unanimous vote on a system that has created the nation's highest failure rate for start-up businesses, and as of

today's writing, an unemployment rate of 7.4 percent with a chance of hitting 8 percent by year's end. Could it be fear of political fallout and targeting by the industries that want to change Nevada's tax policy in their favor?

During the last legislative session, the Retail Association of Nevada did not support a gross receipts tax on businesses. We will continue that position through the interim and through the 2003 legislative session. We haven't wavered, and we haven't flinched. It's not appropriate to even pretend that this State has the ability to collect any such tax without creating a bureaucratic nightmare. The tax does not consider profitability, it becomes a costly pyramid that consumers pay for without any knowledge and it doesn't work. Don't ask us—just call businesses in Washington State. And we're not fooled or comforted by the alleged \$350,000 break, figures that can change with governments' desires.

We will support and assist the State in all of the passive revenue generators that were previously voted on at business coalition meetings and which the Taxpayer's Association presented to the Tax Task Force. We will support expansion of the sales tax into com-

[New taxes continued on page 8 ...](#)

## State sales and use tax exemptions

Qualifying businesses and organizations doing business in Nevada can procure exemptions from certain Nevada sales and use taxes. Exemptions have an expiration date, and retailers are responsible for collecting taxes when the exemption expires.

Businesses that are starting up new operations or expanding current operations may qualify for an abatement of Nevada sales and use taxes on their purchases of capital equipment under NRS 360.750. They may also qualify for a deferral of those taxes under NRS 372.397.

Religious, charitable or education organizations also may be exempt from Nevada sales and use taxes under NRS 372.3261.

The Department of Taxation issues an exemption letter to those businesses and religious, charitable or education organiza-

tions that qualify under the above statutes. The qualifying business presents the exemption letter, which is the proof of exemption, to retailers when buying tangible personal property or capital equipment from them.

Religious, charitable or educational organizations may renew their exemptions, at which time the Department will issue them a new exemption letter.

All those affected by these exemptions should keep exemption letters and extension letters on file in case of an audit.

For more information, contact the Department at <http://tax.state.nv.us>, or call your local office.

**Main Office:** 775-687-4820 or 800-992-0900 (in-state toll free)

Reno District Office: 775-688-1295  
Las Vegas District Office: 702-486-2300

**Elko Field Office:** 775-753-1115

## Good news for Together RX participants

Companies participating in Together RX are not violating the Medicaid "best price" policy with the discounts they were offering in the program, says Tom Scully, administrator of the Centers for Medicare and Medicaid Services (CMS).

On October 1, companies had raised the prices they charge to low-income seniors who are enrolled in Together RX to avoid what they thought would be a conflict with the Medicaid best price policy.

The National Association of Chain Drug Stores says that after Scully's announcement, those companies immediately dropped prescription prices for seniors enrolled in the program and are "working to provide refunds to those who paid a higher price" during the confusion.

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## Companies not applying for child care tax credits

Federal income tax credit for company child care centers or subsidizing employee's child care expenses will be available beginning with 2002 taxes. Companies probably won't use the credits, though, says a National Women's Law Center study.

The study found that in 20 states that offer state child care credits, fewer than five companies in 11 of the states applied for the credit. In another five of the states, no companies applied for the credit.

## October sales figures good news for retailers

Recently released October retail sales figures are good news, says the National Retail Federation (NRF). Sales in the GAFS category (general merchandise stores, clothing and clothing accessories stores, furniture and home furnishing stores, electronics and appliances stores, and sporting goods, hobby, book and music stores) rose a solid 1.3 percent seasonally adjusted from September 2002, and 5.7 percent unadjusted year-to-year.

"The strong GAFS sales data indicate that the consumer is still alive and well, said Rosalind Wells, chief economist for NRF.

Health and personal care stores showed the strongest results with a 6.7 percent unadjusted gain year-over-year and 0.4 percent seasonally adjusted month-to-month. Clothing and clothing accessories stores were close behind with sales at 5.7 percent unadjusted for the year and 4.0 percent seasonally adjusted month-to-month.

# Internet sales tax proposition goes to states

**N**evada moved one step closer to collecting sales tax on Internet sales last month at a meeting of the Streamlined Sales Tax Implementing States (SSTIS) in Chicago. A coalition of states has been hammering out an agreement since 2000 when the Streamlined Sales Tax Project (SSTP) was created. Thirty-three of the 40 member states and the District of Columbia signed on to the Nov. 12, 2002, agreement.

The SSTP's goal is to establish a uniform definition and maintain a single statewide tax rate for taxable goods and services for the participating states. With over 7000 different state and local tax jurisdictions across the U.S., when Internet sales will actually be taxed is a big question.

Nevada has been a participating member of SSTIS since 2001 when Governor Kenny Guinn signed AB455, a bill authorizing the state's participation in the streamlined sales tax and usage project.

The U.S. General Accounting Office estimates that states lose about \$13 billion each year on untaxed Internet sales. That number could increase to \$45 billion a year by 2006, according to a study conducted by the University of Tennessee in 2001.

The simplified tax agreement signed last month reduces the number of sales tax rates, brings uniformity to definitions of items in the sales tax base, significantly

reduces the paperwork burden on retailers and incorporates new technology to modernize many administrative procedures. "The simplified system will eliminate much of the guesswork for retailers and states in, among other things, determining the taxability of items and which jurisdiction imposes the tax," said R. Bruce Johnson, co-chair of the SSTIS and a member of the Utah Tax commission.

The streamlined sales tax is voluntary and won't take effect until at least 10 states comprising 20 percent of the population of all states that levy sales and use taxes (45 states) amend their laws to implement the program. Participating states must establish uniform definitions for taxable goods and services and maintain a single statewide tax rate for each type of product.

Simplifying tax collection will take more than just creating uniform definitions. Online retailers will need a workable technology to implement any program. To date, there's been one tax software pilot, which involved four states and three technology vendors. The only vendor to actually produce a working system was Taxware. The program was tested with online store O.C. Tanner Co. The system



worked, said Jake Garn, tax manager for O.C. Tanner, but he questioned whether or not it could handle the volume from 45 states.

Real costs for implementing a sales tax collection system haven't been established. Online retailers think it could be substantial for both purchasing the approved technology and handling tax filing for 45 states.

To make the program more attractive, states are considering sharing a portion of collected taxes with participating online retailers.

In 1992, the U.S. Supreme Court, said no to requiring online retailers to collect sales taxes unless they had a physical presence in the state in which the customer was located (*Quick Corp. v. North Dakota*).

In 1998 the federal government passed the Internet Tax Freedom Act, which placed a moratorium on the imposition of any new taxes on Internet activity and Internet access services by state or local governments. The ban is due to expire on Nov. 1, 2003.

# Fat busters looking for culprit

Carrying a few extra pounds? Those hips not fitting into those jeans anymore? If so, you might want to take it easy on the calories, because obesity is the latest cause de jour. If government and litigants get their way, eating a Big Mac and a chocolate bar in public may get the same treatment as smoking.

The White House has declared a war on obesity with Surgeon General David Satcher and Tommy Thompson, Secretary of Health and Human Services (HHS), leading the charge. When the Surgeon General issued its "Call to Action to Prevent and Decrease Overweight and Obesity" in December 2001, Thompson said, "Overweight and obesity are among the most pressing new health challenges we face today." He claims that, "Our modern environment has allowed these conditions to increase at alarming rates..." an assessment ripe for exploitation.

America's weighty are not only becoming a political football, they've got the ambulance chasing attorneys hot on the scene. In July, New York City lawyer Samuel Hirsch filed a class action lawsuit against McDonald's, Wendy's, Burger King and KFC, holding them financially responsible for their customers' eating habits. The suit was filed on behalf of Caesar Barber and nine others, with Barber saying that it was "the

advertisement[s] that got me." Within a day of filing the suit, Hirsch enlisted the help of John Banzhaf, famous for his tobacco litigation.

Whether it's popular politics or salivating attorneys, neither seems to be placing the blame on those who freely choose to eat more calories than their bodies can burn. For years now, fast food restaurants and grocery stores have offered consumers nutrition facts along with the food they sell. Even so, fast food victim Barber, who admits that his doctor warned him to cut out fast food after his first coronary, refuses to accept the blame for his eating habits. In September, when Dr. Phil McGraw hosted Hirsch and his clients on the *Dr. Phil Show*, McGraw wasn't buying their excuses saying, "I don't know how many grams of fat are in a Big Mac, but I'd have to be a moron to not know that it's fattening."

Common sense aside, blaming obesity on those who sell food rather than those who consume it is gaining so much momentum that retail groups like the National Association of Convenience Stores (NACS) and the Grocery Manufacturers of America (GMA) are creating campaigns for retailers and spending lobbying dollars on the issue. Gee Devine, director of Marketing and Foodservice Communities with NACS, says, "Now is the time to anticipate questions about this issue and develop your



company's perspectives and comments."

Fat kids are a focus for legislation, and schools are taking the blame. In 2001, Senator Patrick Leahy (D-VT) introduced Senate Bill 745, the *Better Nutrition for School Children Act of 2001*. It would outlaw vending machines dispensing soft drinks and other "bad foods."

According to Dr. Keith-Thomas Ayoob, professor of pediatrics at Albert Einstein College of Medicine in New York City, lack of exercise is a factor, but he doesn't place the blame on schools or fast food restaurants. In fact, he says that "the amount of food children take in hasn't changed much over the years, so something else is happening." He says that something else is "the three N's, Nintendo, Netscape and Nickelodeon. A child who spends his time watching television, playing computer games or surfing the Internet isn't getting any physical activity."

The Surgeon General apparently agrees on the exercise factor. Two

of the “call to action” edicts include requiring physical education for all school grades and recommending at least 30 minutes of moderate physical activity at least five days a week for all age groups.

Based on statistics from 1999, 13 percent of children, 14 percent of adolescents and 61 percent of U.S. adults are overweight. The numbers have President Bush declaring obesity a national epidemic, but not all are convinced. Some point out that in 1998, the National Institutes of Health released new guidelines based on a complicated height-weight calculation to determine a person’s body mass index (BMI). That was bad news for many Americans including Arnold Schwarzenegger, Sylvester Stallone, Harrison Ford, Bruce Willis and Brad Pitt, as overnight, they had become overweight.

Before the new guidelines, a 5-foot-5 woman with a BMI of 27.3, or 164 pounds, and a 6-foot man with a BMI of 27.8, or 205 pounds, were not considered overweight. After the guidelines, either gender with a BMI of 25, 150 pounds for someone 5-foot-5 and 184 pounds for someone 6-foot, was considered overweight. Before the new guidelines were released, 35 percent of the American population were considered fat; after the release, 55 percent of the population became statistically fat.

So what is driving the theory of fat America? David Levitsky, professor of nutrition and psychology at Cornell University, believes that obesity is a serious problem, but questions at what weight obesity starts. “A lot of people make a lot of money on big people,” he says. Pharmaceutical

***“I don’t know how many grams of fat are in a Big Mac, but I’d have to be a moron to not know that it’s fattening.”***

**— Dr. Phil McGraw**

and weight-loss industries have a financial interest in a fatter America that is supported by lower fat criteria. Levitsky notes that such industries fund academic research, and scientific “experts” who developed the new guidelines often act as consultants to drug companies. The fact that fat has been deemed a national epidemic by the White House doesn’t hurt the industry getting rich off those who are now determined to be overweight.

No one denies that true obesity is a health factor in diseases such as diabetes and heart problems, but a study conducted by Harvard nutritionist JoAnn Manson and others had interesting conclusions. It found that coronary disease contributes to the death rate of middle-aged women with BMIs as low as 22, 132 pounds for a 5-foot-5 woman. However, it also found that though the death rate for mildly to moderately overweight women with BMIs between 25 and 29 was higher than thinner women, only 4.5 percent of those women died, and not necessarily from causes linked to weight.

Can suing, taxing, outlawing,

and otherwise demonizing certain foods and vendors as the cause of overweight do anything to stop Americans from eating.....and eating? The nutrition facts have been out for years, and Americans are still filling up the fitness centers. They’re also still filling up on sweets, boosting Krispy Kreme’s sales from \$168 million to \$622 million in the last five years. And they’re still buying Twinkies. Twinkies’ maker, Hostess, reported that 26,000 fried Twinkies were sold at this year’s California State Fair. The old adage, through the lips and to the hips, still holds, but Americans are going for the food.

Even so, food retailers are gearing up for a war that could rival that of the tobacco industry. NACS’ Gee Devine says, “It’s important to keep an eye on this debate because consumer attitudes may reach a tipping point that causes a backlash against sellers of not-so-healthy foods.”

How obese are we? Do we really want our eating habits legislated? Is freedom of choice, at least at the supermarket and restaurants, still important to Americans?

Consumers may be lining up at the fast-food drive-thru’s and pushing their shopping carts down the aisles of your stores filling them with deli meats, candy, chips and soft drinks, but keep an eye on litigation and legislation. The Washington-based watchdog group Consumer Freedom Project is checking attitudes daily and publishing its findings on its website, [www.consumerfreedom.com](http://www.consumerfreedom.com). You can find your BMI at [www.consumerfreedom.com/game\\_fatchart.cfm](http://www.consumerfreedom.com/game_fatchart.cfm).



Randy Rohrback checks embroidery quality.

# Creative Monogram and Print Wear

*new name,  
new owners,  
new location*

If you think that buying a business that's up and running is easier than starting one from scratch, think again says Kim Rohrback, owner with her husband, Randy, of Creative Monogram and Print Wear.

A year ago in September, Randy and Kim bought Creative Monogramming, which at the time was located in the Keystone Shopping Center. Yes, there were regular customers. Yes, it was an established business, having been around for 18 years. Yes, Randy and Kim were ready for hard work. However, just like buying a new business, there was a learning curve, like how to actually do the embroidery monogramming. It was their own business, though, and a learning challenge they were happy to embrace.

After spending 18 years in the meat industry, Randy was ready for a change. "I decided I wanted to get out of something that was perishable. Shirts don't spoil," Randy says with a laugh.

The couple moved their family to Reno and started their search for a business. While Kim worked at the *Reno Gazette-Journal*, Randy researched possible businesses. They worked with a broker, and when Creative Monogramming became available, they bought. Kim says, "This appealed to us. There were elements we could both get involved in, and the business seemed family-friendly."

Going to embroidery from the meat industry may seem like a stretch, but Kim says not really. You use what you know and learn the

rest, she says.

They both know marketing, Kim knows bookkeeping and Randy knows the technical and creative aspects. Together, Kim says, there is a balance. "We work really well together because we have defined lines of responsibility. We respect that, and we respect each other's decisions. We're charitable with each other, and we work hard to preserve that."

They knew absolutely how they wanted to conduct their business. Watch the quality, guarantee the product and satisfy the customers. It may be basic, but businesses fail everyday because they forget the bottom line—the customer.

What they didn't know was embroidery. It wasn't an obstacle, but an opportunity for Randy. He learned from the previous owner who stayed for 30 days after the transition. He learned from the employees who had been doing the work. He read books and magazines. He asked questions. And he ended up "learning a lot more than he thought he'd have to," Kim says, "but he's way above average now." Randy likes the creative part of the business and treats the technology changes like new toys. He says keeping up with the changes in the business is exciting. The end result shows in the work the company produces, by the customers who keep coming back and by the new customers who find them through word-of-mouth.

Even though they haven't done much advertising, their business is increasing quite nicely, Kim says.

One of the suppliers recently told her that their orders are up 40 percent from last year.

They're happy with their steady stream of customers and the variety of work they're asked to do. It makes their market, above all, interesting, Kim says. One of those interesting jobs, monogramming a large badge on the bagpipe cover of a Reno police officer on the honor guard, has netted them other orders from police officers. She says they've also had some good laughs, like when a customer ordered embroidery on a G-string. The hardest part about that, Kim says, was thinking up what to say.

Their main market is small to medium businesses. They'll embroider your name on your company uniforms, or like Reno Mazda KIA, put the company logo on its ball team's shirts. If you need promotional items, like cups, bags, magnets, measuring tapes and more, they have a catalog with hundreds of products to choose from.

Creative Monogram does personal work, too. The horsy set has horse pads and warming blankets embroidered and competitors have their initials put on their collars. They also work with an artist, turning his work into a digitized format. Both Kim and Randy say it's the variety that makes the business fun and interesting.

"We make it simple for the



customer," Kim says. If you know exactly what design you want on what product, they can do that. If you don't have a clue, they'll work with you until you find just the right thing. Order a lot or a few. No job is too large or too small, Randy says.

Owning your own business means long hours. Right now, they're still recovering from their Labor Day weekend move from Keystone Square to 961 Matley Lane. Not only did they get a new location, they changed their name to Creative Monogram and Print Wear at the same time and had a promotion in November to let everyone know the new name and location.

Kim says, just like a start-up, they figure it will be a good three to five years before everything runs smoothly. Randy still spends evenings and weekends at the shop perfecting designs. Both of them take work home, and they both still lose some sleep thinking about business solutions. It's all worth it, though, Kim says. They're even thinking they might have time to take a vacation next year.

If you want a catalog or want to find out what they can do for you, call Creative Monogram and Print Wear at 775-329-3544, or visit them at 961 Matley Ln.

## • Seminars •

### January - 2003

#### **FMI Midwinter Executive Conference**

January 12 - 14, 2003

Boca Raton, FL

Contact: 202-452-8444/[www.fmi.org](http://www.fmi.org)

#### **IMRA Leadership Forum**

January 19 - 22, 2003

Naples, FL

Contact: Jenny Keehan, 703-841-2300

### February - 2003

#### **FMI MARKETCNICS®**

February 23 - 25, 2003

Dallas, TX

Contact: 202-452-8444/[www.fmi.org](http://www.fmi.org)

#### **IMRA 2003 Logistics Conference**

February 16 - 19, 2003

Orlando, FL

Contact: 703-841-2300

#### **NACS Leadership Assembly**

February 24 - 27, 2003

Naples, FL

Contact: 703-684-3600

### March - 2003

#### **FMI Distribution Conference**

March 16 - 19, 2003

Palm Springs, CA

Contact: 202-452-8444/[fmi@fmi.org](mailto:fmi@fmi.org)

### April - 2003

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

April 28 - 30, 2003

Dallas, TX

Contact: 703-684-3600

### June - 2003

#### **NACDS Marketplace 2003**

June 7 - 10, 2003

San Diego, CA

Contact: 703-549-3000/[www.nacds.org](http://www.nacds.org)

### Abbreviations

*FMI • Food Marketing Institute*

*IMRA • International Mass Retail Assoc.*

*NACS • National Association of Convenience Stores*

*NACDS • National Association of Chain Drug Stores*

## Managing people

*The people around you have a tremendous impact on your ability to manage time productively. Take a look at your sales team and ask some pointed questions about each member.*

- How much confidence do you have in his/her professional abilities?

If someone's skills aren't up to par, you'll have to spend more of your time watching and checking the person's work.

- How well does the person recognize your time constraints? The more your employees know about how much time your responsibilities require, the better they'll be able to help you save time.

- How well do you feel you've communicated your requirements and goals to this team member?

Again, you need to explain your role and responsibilities in detail. Let your employees know explicitly what you're trying to accomplish in your job.

- How well do you believe you have communicated the

- value of your time to this person?

Don't expect employees to read your mind; they may not understand what your tasks contribute to the bottom line and to their own continued success.

- How well do you value the other person's time?

Set the right example. Don't waste anyone else's time, and he or she will get the message that time is a valuable resource that no one should throw away frivolously.

- How much feedback have you given this person on his/her assistance with your time needs?

For instance, your employee may think he or she is saving you time by not keeping you informed of problems. Include time-related issues in your conversations with team members.

*Adapted from "Creating your time management team," by Cassy Venters, in the **Creating Quality** newsletter.*

*From: **Sales Management Report**, 800.878.5331, [www.ragan.com](http://www.ragan.com).*

### **A survey that asked, "Why do you attend holiday parties?" found:**

*82 % do so to spend time with friends, family & coworkers.*

*30% attend because of obligations to friends, family and coworkers.*

*30% attend because it's tradition.*

*13% attend because of the free food and booze.*

*4% have nothing better to do.*

*Source: "Quick Bites" by Sam Geist. (800-567-1861)*

## New taxes

*continued from page 1*

mercial services. If the State needs to create a "services tax" to do this, OK by us. The system is largely in place in our Tax Department; however, we also support upgrading the Department's equipment and giving them the staff to do their job. There are more measures that we support, but let's face it, we'll get plenty of testimony time during the 2003 Legislative Session.

RAN also has no qualms about raising revenues that exceed today's needs. Let's be real, though. When the business community puts up more money—I'm not even going to debate the "pay your fair share" song created for public sale—then they should get results, like better services, better-educated students with accountability by teachers and administrations, and bureaucratic improvement in use of funds, i.e. results oriented with outcomes commensurate with funding.

As members of the Retail Association, you should be aware that gaming associated unions are already starting their campaign supporting a gross receipts tax. Also, many association executives and boards are coming under personal attack if they voice their opinion too loudly, so if you have any doubts or questions, just give RAN a call. Many of you have called the office and volunteered assistance and offered to testify during session. Thank you for your support, and rest assured, we will be calling you.

To find the work of the Task Force, go to [www.appliedanalysis.com](http://www.appliedanalysis.com). The button for the task force is in the upper right hand corner.

## Government Agencies get low scores on security

Fourteen of 24 government agencies flunked their cyber-security tests last month, says a report from the House Government Reform subcommittee on government efficiency, while one increased its score. The Social Security Administration pushed its grade to a B-minus, a full point up from last year's C-minus. However, all the agencies had "significant weaknesses," says the General Accounting Office (GAO), who reviewed the agencies for the Reform subcommittee.

Robert F. Dacey, director of information of security issues at the GAO and the report's author, played down the security alarm saying that although the "results leave no doubt that serious, pervasive weaknesses persist," the report doesn't necessarily mean that cyber-security is getting worse. "They are more likely to indicate that information security weaknesses are becoming more fully understood—an important step toward addressing the overall problem."

The Department of Transportation received the poorest score, earning 28 points out of a possible 100. It blamed its poor score on the fact that for the last 18 months, it hasn't had a chief information officer.

James B. Lockhart, deputy commissioner of the Social Security Administration, says their high score is the result of routinely focusing on cyber-security issues at executive meetings.

Richard Pethia, of the CERT Coordination Center, says software designers have to take some of the blame. "We continue to see the same types of vulnerabilities in newer versions of products that we saw in earlier versions," he says.

### **Agency scores:**

Labor Department - C-plus; Nuclear Regulatory Commission - C; Commerce Department and NASA - D-plus; Education Department and General Services Administration - D; Environmental Protection Agency, National Science Foundation and Department of Health and Human Services - D-minus.

Receiving Fs were the Departments of Agriculture, Defense, Energy, Housing and Urban Development, Interior, Justice, State, Transportation, Treasury and Veterans Administration; and the U.S. Agency for International Development, the Federal Emergency Management Agency, Office of Personnel Management and the Small Business Administration.

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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 November 21, 2002, 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.

### NRNSIG

California Closets  
Cherokee Blind & Door  
Gloriously Clean  
T & T Stores LLC  
Two Bohn LLC

**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.

**NCNSIG** members should contact Joseph Burgess at CHSI, PO Box 33250, Reno, NV 89533, indicating the member and the reason(s) for the negative vote.

### Membership Information

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

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Take advantage of the low rates available exclusively to Retail Association of Nevada members. Call Tim Jensen, 1-800-234-7800 ext. 3053, or email [tim.jensen@globalpay.com](mailto:tim.jensen@globalpay.com)



# The social costs of seeking help

*New research reveals two ways to reduce social costs for people seeking help*

Imagine stepping on a scale in the morning and having your weight flash up on a billboard outside your house. Imagine having it sent via E-mail to everyone you know. That would certainly discourage your extra helpings of mashed potatoes. It would also discourage you from stepping on your scale.

Researchers call the embarrassment of public disclosure "social cost," and it was the subject of a study conducted by Fiona Lee from the University of Michigan.

Social costs are important to a business because they interfere with people learning new skills they need to do their jobs, and this happens more often than most of us would like to admit.

Ms. Lee found a large hospital that changed the way medical prescriptions were written. They threw away all the prescription pads doctors had used for generations and only accepted computer written prescriptions.

The change eliminated mistakes because of illegible handwriting, and it allowed doctors and nurses to see at a glance all of the prescriptions a patient was already taking. The system automatically warned doctors of dangerous drug interactions and even offered alternate suggestions. But everyone who used the new system had to operate the hospital's computers.

Lee spent a couple of years watching this conversion and observed the effects of social costs.

Any woman who has sat in a car watching a male driver avoid

asking for directions when he's lost won't be surprised to learn that the men in this hospital avoided asking for help with the new computer system. Lee found two reasons to explain it.

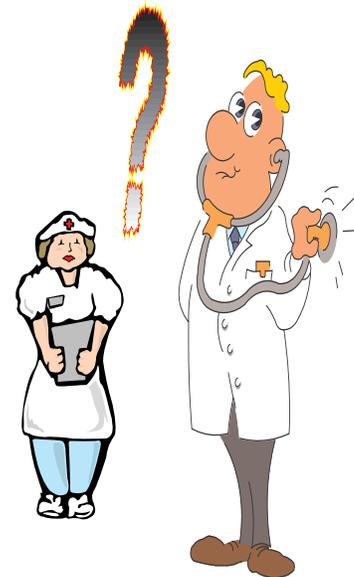
First, by asking for help, the men were forced to acknowledge their own incompetence to another person, which made them feel inferior to others who did know how to use the system. Second, seeking help forced the men to acknowledge their dependence on the people who knew the system.

Differences in rank and status further complicated the problem. High status doctors avoided asking lower status nurses for help, and low status people avoided asking high status people. Only peers proved to be safe targets for help. Doctors asked other doctors and nurses asked other nurses.

Lee also found both men and women avoided seeking help when the task was central to their jobs. In this hospital, if writing prescriptions and monitoring medications was central, people avoided asking for help and either pretended to know and made mistakes or left tasks uncompleted.

Finally, Lee found that seeking help increased when the task became routine. That seems like a contradiction of the last finding, but it does offer the basis for a cure.

If social costs are prohibitive, people will avoid seeking help, even if the task is central to their jobs. The cure is to make the task routine and to make sure peers are



available to provide help when asked.

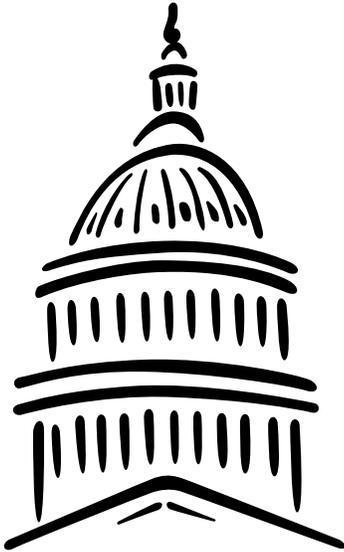
In this hospital the prescription ordering process became routine after it had been in place for a year, and it was then that help-seeking increased. Unfortunately, by then the computer support staff had reduced their hours and were no longer available.

Exposing weakness has social costs—it hurts, and people avoid pain. Yet seeking help is important for people at all levels of our firms. Lee's research calls attention to this problem and offers two ways to reduce the social costs: make sure peers are knowledgeable and available to answer questions and offer help, and find ways to increase repetition so novel tasks quickly become routine.

*Reference: Lee, Fiona (2002) "The Social Costs of Seeking Help." **The Journal of Applied Behavioral Science**, 38 (1), 17-35. C 2002 Management Resource*

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*Washington  
Watch*



**It doesn't pay to fool mother nature**—After failing to report that its bioengineered corn mixed it up with its soybean crop, ProdiGene could face fines of up to \$500,000 for contamination of the U.S. food supply.

The trouble started when ProdiGene planted a crop of soybeans on land on which it had grown bioengineered corn the previous year. Apparently the corn didn't know it wasn't supposed to reseed in that field. USDA inspectors did know, though, and told the company of the problem. ProdiGene ignored the roaming corn and harvested it along with the soybeans. Now the government is sitting on 500,000 bushels of soybeans, which will likely be destroyed. ProdiGene may have

shaken up a hornet's nest, though.

ProdiGene is one of several companies creating bioengineered pharmaceuticals in plants. Regulations exist that are supposed to protect the food supply, but that may not be enough. Jan Rissler, with the biotech industry for the Union of Concerned Scientists, says stronger regulations won't have much effect if companies can't be trusted to take even the most basic confinement measures.

The Grocery Manufacturers of America (GMA) wants the practice stopped altogether.

Spokeswoman Stephanie Child, says, "This is an egregious error. They didn't just risk their crop and their research and their integrity, they risked the integrity of the U.S. food supply."

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#### **Retail Association of Nevada**

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