AFD seeks higher commissions from Michigan Lottery

The AFD board of directors and executive committee recently decided that it is time to seek an increase in the commissions that the Michigan Lottery pays to its retailers. "As more terminals are issued, it has become more difficult for retailers to break even on the sale of lottery tickets," says Joe Sarafa, AFD president. Sarafa says that since the Lottery introduced the second drawing each day, labor costs have risen, but commissions have not kept pace. With the threat of casinos taking a share of the lottery's lucrative pie, he maintains that now is the time to give retailers an incentive to increase lottery sales.

In a meeting with Lottery Commissioner Don Gilmer, AFD proposed a number of ideas to ignite retailer interest in lottery sales. These included incentives, such as paying a $2,000 commission to retailers that sell a winning ticket over $100,000.

"AFD will need the help of our retail members to convince the Michigan Lottery Commission that now is the time to increase commissions," says Sarafa. "We hope we can count on your cooperation in this important issue.'

INDEPENDENTS' DAY

In July we celebrate our independence as a country. As a play on words, we salute our "independent" supermarkets and convenience stores. July is a good time to look at "revolutionary" ways to fight for market share and win profits.

by Michele MacWilliams, editor

It is generally true that convenience stores and independent grocery stores in our state have seen customer traffic shrink. They are losing market share to drug and gas station chains, foodservice establishments, warehouse clubs and others.

The grocery store industry has been hit hard by consolidation. In fact, from 1987 to 1997, there was more than a 15 percent decline in the number of stores in the U.S. - from 150,000 to 126,000.

The independent store that has managed to survive now has less opportunity to reach its customers, because they now shop less frequently. Many shoppers are stretched for time and therefore make fewer trips to the store.

In order to survive in this competitive market, independent stores must provide the products and services that will retain current customers, bring in new customers and increase average checks. Doing this is not easy and each store has a different customer base, different situation. However, learning more about our customers can help change the way we do business.

Ron Marshall, president and CEO of Nash Finch believes there are three critical success factors to running a retail food store: 1) Convenience, 2) Executional Excellence, and 3) Cost.

Convenience - Beyond location, he says that a store owner should look through its customer's eyes to make the store customer friendly. For an example, Nash Finch is adding child play centers with beepers that the parent can hold while shopping.

Checkout should be prompt. In general, the shopping experience should be easy.

Executional Excellence - The store must be clean every day. The produce department must be stocked and fresh every day. Customer service must be exceptional every day. Customers today care as much about quality as cost.

Cost - This is still a driving force, but most customers will pay a few cents more to shop in a convenient, clean store oriented to their needs.

The key for the independent store owner is to provide the products and services that customers want. How is this accomplished? Each store owner or manager must decide what is right for his or her store. One option to consider is branding - bringing in a branded fast food chain. Beginning on page 4 we explore the advantages and disadvantages of this in-store foodservice concept. Also look on page 6. Here we examine preferences of urban shoppers.
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Commissioners must hear from you
It is extremely important for the Michigan Liquor Control Commission to hear the objections of the current SDD licenses. AFD is asking you to respond NOW, by faxing your comments to the MLCC today. The Lansing fax number is (517) 322-5188. The Farmington Hills office fax is (248) 888-8844. Take time to do this now, before a rule is eliminated that could cause you, and the 4,000 other Michigan SDD retailers, great harm.

FDA inspects for tobacco sales compliance
The Michigan Department of Public Health recently announced two new inspection programs.

The first program enforces the U.S. Food and Drug Administration (FDA) rule which prohibits the sale of cigarettes to minors under 18 years of age. This rule requires checking photo ID of persons under 27 years of age.

Early results show that 89 percent of the stores that were checked did not sell cigarettes to minors. Stores that sold tobacco to minors will soon receive a warning from the FDA and a follow-up visit from a compliance team. Further violations will result in penalties ranging from $250 to $15,000. There may be additional state and local penalties for the same violation.

The second program involves additional random, unannounced inspections in compliance with the federal Synar amendment. This law requires states to have and enforce a law prohibiting sales of tobacco to minors. If more than 20 percent of Michigan tobacco retailers sell cigarettes to minors, the federal government may withhold as much as $23 million dollars of substance abuse funding for Michigan.

Retailers have the legal responsibility to ensure that tobacco products are not sold to minors. Retailers must also verify age by means of photo ID, for anyone younger than 27 years of age.

FDA Food & Beverage Report. July 1990...3
The food service industry (restaurants, cafeterias, etc.) is successfully using branded products to increase sales. According to FoodService Director, a trade publication for the food service industry, one in five establishments now markets food brands weekly.

Over the past three years, the number of specialty soda, coffee, baked goods and cereal/koshs has increased by more than 50 percent - as more brand name manufacturers step up their overall branding programs.

Today, nearly one in three units feature at least one manufacturer brand kiosk - according to the latest FoodService Director study of menu brand trends.

Tracking the gains: Over the past year, branded entree offerings, double-digit, according to a survey of more than 200 customers and generating $3,000 a day. Hunt Wesson opened its second branded kiosk - KC Daze Mexican Grill - at the University of Texas last fall and is currently pulling in 150 to 200 customers and generating $3,000 daily. Earlier, the campus piloted the concept.

Now, specialty product brands are testing the waters. Bernardi's Italian Cafeteria at Morris Brown College in Atlanta currently serves a total of 900 students per meal period.

Why brands work
Today, three of four food service facilities say they're expanding menu-branding activities because their customers believe brands connote quality, and 72 percent say they help maintain and boost patron participation.

In addition, 62 percent report that food and beverage brands increase check averages and overall volume at their restaurants.

How can an independent convenience or grocery store benefit from branding? By bringing a fast food franchise into its walls.

How about a Root Beer Float?
According to Mario Lichtenstein, director of development for A&W restaurants, "the power of the A&W brand to make a profit on beer and wine is time-starved consumers. A&W has a program called Gas & Convenience Restaurant, that offers retailers the opportunity to utilize the power of the A&W brand to maximize the profit potential of their facility.

A complete A&W restaurant that is designed for the confines of a retail food or convenience store can be anywhere from 800 to 1,100 square feet and includes seating, a drive-thru, all fixtures, signage and equipment. Lichtenstein says the total package price for an A&W store within your store is around $90,000.

Subs sell well
Tubby's Sub Shops also have a steadily growing franchise system. Specializing in hot and cold sandwiches and subs, soups, salads and side dishes, Tubby's is unique in that sandwiches are prepared directly in front of customers. A Tubby's franchise is typically open seven days a week and requires two to four employees, with extra personnel at peak periods.

A non-traditional franchise, which is what Tubby's considers a franchise, is a franchise within the confines of another store costs $8,000 in franchise fees, a royalty of 6 percent gross sales and requires an additional 3.5 percent of gross sales for local advertising.

In return, Tubby's Sub Shops provide training and field services, architectural and engineering services, private label products, equipment specifications, help with site selection, marketing and advertising assistance and promotional materials. The estimated range of cost for start-up ranges between $50,000 and $135,000.

Tubby's has 30 years experience. People recognize the Tubby's name and receive a certain amount of comfort from knowing the product. When buying a franchise, whether it's a Tubby's A&W, or any of the other five percent is from increased sales come from hot food and the other five percent is from increased sales on other items. It's hard to make a profit on beer and wine today," he adds.

Speaking of the hot food program he supplies under the Chester Fried Chicken brand, DCI's Bob Leavensworth says, "success depends on the operator, but the secret is in the breading and spaces. Like Tubby's and A&W, DCI provides a complete program for serving up Chester fried chicken - from the breading to packaging and signs - everything but the chicken.

Texaco opens first celebrity-branded outlet
Teaming up with co-branding partners Burger King and Starbucks, Texaco unveiled its first-ever Andretti branded service station in downtown San Francisco. The 37,250-square-foot superstation offers one-stop shopping with an Andretti SpeedMart, 10 fueling points, a Burger King with drive-thru, Starbucks Coffee and a car wash.

The unit has customized graphics and racing theme murals. Inside floors carry a black and white checkered flag theme and the walls contain numerous racing photos, highlighting the careers of Michael and Mario Andretti.

The space is divided into three parts: a convenience store in the center, flanked by Starbucks and Burger King.

There is an opportunity out there to capitalize on the notoriety of branded products. It is time for the independent grocer to take a serious look at the needs of its customer base. Satisfying those needs is critical to business success. After all, if you don't move to capture the lucrative business of the time-starved customers, soon an Andretti SpeedMart will move into a corner near you.
As the convenience store industry continues to examine various foodservice opportunities, dinner seems to be a segment that most consumers aren’t quite ready to experience at a c-store. Convenience Store People (CSP) delved into the subject of consumer attitudes recently with our exclusive focus group research, which is part of a larger look at consumer attitudes toward cross-category purchasing at c-stores. Prince Market Research Inc., Nashville, handled the focus group research.

While consumers were open to purchasing breakfast and lunch items at the c-store, they overwhelmingly backed off the notion of c-stores when it came to dinner. Why?

“I don’t trust it,” one person responded. “You only eat there because it’s convenient, not because it is good. You don’t bring it home to your wife and kids.”

Another participant clearly stated, “I would never buy my dinner at a c-store.”

In taking a closer look at the reasons behind avoiding c-stores for dinner, timing seemed to play a role in the decision. A main draw of a c-store is convenience, the participants said. They were in a rush during the day and they could run in, grab something, and run out. At dinnertime, they were less rushed. It was time to relax and wind down after a long day of rushing everywhere. People said they wanted to be home with their families eating a quality home-cooked meal at dinnertime. Most would not even consider eating at a c-store.

Other conclusions from focus groups were more positive. Participants did report that c-stores have potential advantages in selling food solutions compared to quick-service restaurants (QSRs) and grocery stores. Advantages cited included: the ability to get what you want quickly, the ability to get gasoline and other items at the same time you buy food, and the ability to purchase a variety of snacks and beverage items not available at a traditional QSR. Participants also concluded that c-stores have an advantage because they are more conveniently located than grocery stores and some QSRs.

Branded food concepts seemed to help overcome many of the fears and concerns consumers have about buying food at a c-store. Participants trusted the quality of branded food because they were familiar with them and because the companies that produced the food specialized in food.

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Independent grocers that are considering an urban area location may be able to capture a portion of the $85 billion retail market, provided they meet the expectations of consumers in these densely populated areas.

Freshness, cleanliness and quality are the top factors that inner-city shoppers rated as “very important” when selecting a grocery store, according to a recent survey conducted by the Initiative for a Competitive Inner City (ICIC), in partnership with PricewaterhouseCoopers.

“High-quality meat is the most important factor for inner-city shoppers when choosing a store for groceries,” the report said. “Whether seafood, meat or bakery items, freshness matters and cleanliness is of greater importance to the inner-city consumer.” In fact, the survey showed that:

- 89 percent of African-American, 78 percent of Hispanic and 69 percent of Caucasian households rated high-quality meat as “very important” when selecting a supermarket.
- 86 percent of African-American, 75 percent of Hispanic and 66 percent of Caucasian households rated cleanliness as “very important.”
- 61 percent of African-American, 58 percent of Hispanic and 45 percent of Caucasian households rated a fresh food section as “very important.”

Inner-city shoppers also look for friendly, helpful salespeople, convenient locations and store hours, and frequent shopper programs when selecting a supermarket.

One of the most interesting findings in the report, said Ann Habiba, director of research at ICIC, was that store sales were driven not by income, but by density.

“Because inner-cities have more people living in a given area, there are more opportunities for sales,” she said. “Income density translates into higher sales per square foot. Stores with higher sales per square foot were in areas where income density was the highest.”

According to a PricewaterhouseCoopers special report, the retail demand per square mile in Harlem is estimated to be $297, compared to $53 per square mile in the rest of Manhattan. The inner-city area of New York alone has a six-fold-larger demand compared with other areas in the city, the report stated.

In comparing inner-city shoppers with all U.S. consumers, the survey revealed that:

- Inner-city shoppers enjoyed shopping for groceries more (Hispanics, 64 percent; African-Americans, 56 percent; Caucasians, 53 percent; total U.S., 51 percent).

- Inner-city shoppers place more importance on competitive pricing. “Everyday low prices are particularly appealing to the inner-city shopper,” the report said. “With fewer shopping alternatives and more single-adult households in the inner city, economizing on time is just as important as economizing on budget for this shopper.”

- For inner-city Hispanic and African-American households, double and triple coupons are dramatically more important (52 and 48 percent).

- Acceptance of credit cards also is important, regardless of the product being purchased. “Inner-city shoppers favor grocery stores that accept credit cards by large margins.”

- Inner-city shoppers show less store loyalty, but more brand loyalty.

- African-Americans are the most brand-loyal, with a strong affinity for national brands. 60 percent have one brand that they prefer to buy all the time and 69 percent know what brand they will buy before they enter the store.

- Inner-city residents believe that national brands are worth the extra cost; they place less confidence in the value of private-label or generic brands.

- Inner-city households are more inclined to shop at stores with advertised specials or lowest prices (African-Americans, 59 percent; Hispanics, 57 percent).

The survey was conducted with more than 1,200 households in six major inner-city markets—Atlanta, Georgia; Boston, Massachusetts; Chicago, Illinois; Harlem, New York; Miami, Florida and Oakland, California.

Consumer demographics included 42 percent African-American, 31 percent Hispanic and 25 percent Caucasian.

Regardless of the nature of your business...

...Liquor law hassles can be a sobering experience.

The law firm of Abbott, Novick, Quill, Lascola & Younghood P.C. in Detroit is proud to announce that Thomas J. Giachino—a recognized Michigan liquor law expert—has joined the firm. A former Michigan assistant attorney general, Giachino represented the Michigan Liquor Control Commission for 25 years. He is qualified to help companies in metro Detroit deal with Michigan’s regulatory and administrative liquor law hurdles.

When it comes to liquor law regulation, Michigan is one of the toughest states in the country. Bars and restaurants represent only a small fraction of the businesses affected. Airlines, retail department stores, liquor, non-profit organizations, political committees and a broad spectrum of other entities can be shut down for non-compliance.

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101 \FOD & BEVERAGE REPORT November 1999
Typical energy use in a supermarket or grocery operation can be broken down into five basic areas: refrigeration - 40%; HVAC (Heating, Ventilation and Air Conditioning) - 30%; lighting - 15%; bakery - 10%; and miscellaneous energy use - 5%. Reducing the load on your HVAC system can significantly reduce your monthly utility costs.

The recommended temperature for grocery stores and supermarkets is 78°F during business hours in the cooling season and, ideally, air conditioning should be shut off when the building is unoccupied. Higher cooling temperatures are often possible in storage areas and entries while cooler levels may be required in computer rooms. For the most part, you should try to keep the temperature as high as possible during the warmer months while still maintaining comfort for the employees and customers. The illustration below graphically depicts the impact on the cost of cooling by maintaining a temperature other than 78°F. For example, it could cost up to 59% more to cool your store to 72°F instead of 78°F.

If you are able to shut down your cooling system during non-business hours, the energy savings can be substantial (up to 20%). Although your existing thermostat(s) can be reset manually, a programmable thermostat which can perform the temperature resets automatically is a better method. A control of this sort can also start the air conditioning early enough to cool down the building before the first person arrives each day.

Programmable thermostats are available for as little as $100 (installed) but can cost more depending on the options included and your cooling system requirements. If your heating and cooling systems are now controlled by the same thermostat, a programmable unit that can address both heating and cooling temperatures is most cost-effective.

When outdoor temperatures are moderate (below 65°F), air conditioning energy can often be saved by using outdoor air for “free” cooling. Economizer controls allow the introduction of outdoor air to the HVAC system to supplement cooling when conditions are right. The further addition of enthalpy control assures that undesirable humidity from outdoor air is not introduced into the building. If your HVAC system is a rooftop unit, it might be possible to add these and reduce your cooling cost. An HVAC technician can provide more information and determine the savings potential for your facility.

This information provided as a public service by Detroit Edison.

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Working Hard for our Members
Is it time to concentrate on sales productivity?

Information for suppliers and distributors

by Dave Kahle

Sales productivity may be a new concept for many businesses. "Sales" is easy to understand, and "productivity" is pretty clear, but when these two words are combined the combination becomes a bit vague. What exactly is sales productivity, and why should you be concerned about it?

Let's think about productivity for a moment. We understand that the notion refers to the amount of labor it takes to accomplish some task or process. Take a warehouse, for example. It may take one hour of labor to pick, pack and ship a 50-item pick ticket. The ratio of one man-hour per 50 item pick ticket is a measurement of productivity. If a warehouse is going to get more productive, it must find some way to pick that 50-item order in less than an hour.

The business may grow, and the warehouse may pick an ever-increasing number of orders. But, if the warehouse doesn't figure out a way to pick that order in less than one man-hour, it's just getting bigger, not better. The lack of improvement in productivity would be a cause for concern.

The same is true of sales. It may cost you $30.00 in sales costs to acquire $100.00 in gross profit (which, by the way, is a very real possibility). Over time, your sales person may acquire more and more orders and bring in an ever-growing quantity of gross profit dollars. But if he always costs you $30.00 for every $100.00 of gross margin, he's not becoming any more productive. You're getting bigger, but not better, at least in respect to your sales systems.

"OK", you're thinking to yourself. "Why should I care?"

If your market is growing rapidly, and if you’re achieving a comfortable and stable average gross margin, and if you don’t have pressures from any competitive sources, then, hey, don’t worry. You can stop reading this article, and move on to pursuing the other interesting stuff in this publication.

But, if your market is fairly flat, or if you’re concerned about shrinking margins, or if you’re looking over your shoulder at the competition, then sales productivity is a concept you need to bring into your business.

In addition to fending off some of the more frightening threats to your prosperity, there are some real benefits to improving your sales productivity. Take profits for example.

Suppose your sales force currently costs you 25% of your gross profit dollars. And suppose that you could cut that by 1%, to 24%. What would happen to the money represented by that 1%? It could drop directly to the bottom line, which would not make you unhappy. But, you could use it in other ways. You could afford to take some strategically important business at lower margins, for example. Or, you could use it to fund some new technology improvements in other aspects of your business, or purchase a beginning inventory for some new product line.

The opportunities are endless. The point is, improving sales productivity will free up cash that can be used in a number of critical places.

In an effort to respond to decreasing margins and competitive pressures, you've probably worked on some of the other aspects of your business. You may, for example, have invested significantly in computers. Most progressive distributors are on their second or third generation computer systems to help manage their internal functions.

Why did you buy those computers? Bottom line — to become more

See Sales Productivity page 10

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Sales productivity

Continued from page 9

productive. The competition would have put you out of business by now if you hadn’t.

You may have streamlined your customer service function, tightened up your purchasing and inventory controls, even figured out how to turn your receivables more quickly. All in the cause of becoming more productive - of trying to stay profitable in the face of competitive pressures and shrinking margins.

But, if you’re like most distributors, you haven’t done much to improve your sales productivity. And this in spite of the fact that sales force costs are generally the single largest cost (after cost of goods sold) that your company has. Here’s a simple test to ascertain whether that’s the case in your business.

Ask your controller to revise your P & L statement - just this one time. Instead of lumping all your wages together, have him pull out your sales force wages, salary, commissions, bonuses, etc... and state those separately. Then have him identify expenses you reimburse for the sales force, costs of car allowances, fringes such as 401K, health insurance for the sales force, etc. There are a number of other associated costs, but these should be enough to prove my point. Add up all those costs listed above, and compare it with every other item on your P&L statement. That single category, “sales force costs,” is almost always far and away the largest single cost to your company.

You know that if you’re going to survive in an era of shrinking margins, your business must become more productive. Having worked on improving productivity in other parts of your business, it’s now time to look at that portion which holds the greatest potential for improvements, the largest single cost to our company, the sales force.

Still not convinced? Take the self-assessment included with this article to see if you should be focusing on sales productivity.

At about this time, a question should be bubbling up through your brain cells, just about to pop into consciousness. The question is, “OK, Kahle, so how do I improve the productivity of my sales force?”

The answer to that question is bigger than this article can handle. It encompasses a number of potential initiatives, including reengineering your sales system, fine-tuning your sales compensation plan, building in alternative methods of selling, training and equipping your sales force, recruiting more effective sales people, and instilling processes of continuous improvement. (Send for a free catalogue of tools and resources to help you get a handle on this. Call 800-331-1287; fax 616-451-9412. Email DaCo002@aol.com, or check out www.davekahle.com.)

Here’s a good starting point, however. Begin by measuring your current sales productivity. Create a measurement that my clients affectionately call “Kahle’s Calculation.” It will provide you a simple, easy, fair and accurate measurement of sales productivity that you can use over time to see if you’re making progress. You can use it to accentuate the productivity of each individual sales person, each group or branch, and the entire company.

Here’s how you do it.

See Sales Productivity page 12
Budweiser's been around long enough to learn a few things about what makes a great tasting beer. Like the basic truth that fresh beer tastes better. Which is why Budweiser developed the Born On dating system, so you know your beer is fresh.
Sales productivity

Continued from page 10

1. Pick a period of time. Let’s start with last year.
2. Working with each salesperson’s numbers individually, calculate the total direct cost of that person for that period of time. In other words, add his total W-2 earnings, the cost of matching taxes, any expenses or car allowances, and the cost of fringes like 401-Ks, health insurance, etc. Add it up, and you’ll have a number which accurately describes the cost of that person to the company for that period of time.
3. Now, calculate the total gross profit dollars produced by that person for the same period of time. Compare that number to the costs, and you’ll have a ratio; cost to contribution.
4. Now, reduce that ratio to a percentage by dividing costs by gross margin, and you’ll come to a percentage. That percentage is Kahle’s Kalculation - a simple, fair, accurate measurement of the productivity of that sales person. Because of the way we’ve formulated it, the lower the number, the more productive is the salesperson. So, if you have two sales territories producing about the same dollars of sales, if one salesperson has a Kahle’s Kalculation number of 28%, and the other one has a number of 19%, the 19% salesperson is more productive, and therefore, more profitable to the company.

Now that you’ve calculated this number for every salesperson, combine all the salespeople’s costs and compare that number to the sum of the gross profit produced by them, and you’ll get a composite.

There are other levels and layers to be calculated, but this is a good start. If you’d like to really dig into this concept, call, fax, or email us at the above numbers, and we’ll send you, FREE, a six-page explanation of exactly how to measure sales productivity at every level of your organization. (Ask for “How to Kreate Kahle’s Kalculation.”)

Regardless, this simple first measurement will get you into the mindset of measuring sales productivity, and provide you a necessary first step to begin to make powerful and positive changes within your organization.

Here’s a sales productivity test

Answer the questions in this simple self-assessment, and compare with the answers on page 41.

1. For what percentage of your total costs does the sales force account?
   a. 35 - 50%
   b. 20 - 35%
   c. under 20%
2. How long has it been since you made any significant change in the structure of your sales force (compensation plan, job descriptions) etc.?
   a. haven’t changed anything since my (father, grandfather, uncle) started the business
   b. haven’t changed anything for at least five years
   c. we work on it all the time
3. How would you describe your management of the sales force?
   a. we hire them, and tell them to “go forth and sell a lot”
   b. we talk to them at least once every year
   c. we’re involved in creating goals and discussing strategy with them monthly
   d. we micromanage every account and every deal
4. How are your average gross margins doing?
   a. increasing annually
   b. slipping a little every year
   c. holding up nicely
   d. diving rapidly for the bottom
5. What’s the state of competition in your markets?
   a. new competitors, and new channels of competition
   b. a couple competitors who have been around for years
   c. we’ve got a virtual monopoly
   d. we’re one of 76 suppliers
6. To what extent have you improved productivity in other areas of your business?
   a. what was “productivity” again?
   b. we’re starting to work on it
   c. we’ve made significant improvement in a number of processes
7. After you’ve measured Kahle’s Kalculation, what would a 1% improvement in sales productivity mean to your bottom line?
   a. we’d drop $5,000 - 10,000 to the bottom line
   b. we’d be able to operate profitably at lower margins
   c. we’d drop significant dollars to the bottom line
   d. we’d be so productive, we could afford to take some low margin business to increase our market share

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PROMOTION DATES: JULY 17-24, 1999 (OFFER GOOD IN THE DETROIT AREA ONLY.)
Consumers want convenience, quality, value and service. Supermarkets are finding more ways to give them what they want-refining and expanding offerings to meet their expectations, according to the 1999 edition of Trends in the United States: Consumer Attitudes and the Supermarket. This survey of more than 2,000 shoppers suggests that consumers are more satisfied with their supermarkets and that the industry is well-equipped to handle increasing consumer demands. The findings include:

Shoppers rate their supermarkets high. Overall, shoppers are very satisfied with their primary supermarkets. Four in 10 rate their store a 9 or 10 on a 10-point scale, where 10 is excellent. Those most satisfied include older shoppers (65 and older), those from households earning $15,000 or less and women who work fewer than 20 hours per week. Younger shoppers are the least satisfied; only 28 percent rate their primary store a 9 or 10.

The supermarket share of takeout food holds steady. One in five shoppers (20 percent) purchase prepared meals most often at supermarkets to eat at home. The best customers are from lower-income households (30 percent), one-person households (25 percent) and men (24 percent).

The number of meals purchased at fast-food restaurants is declining steadily. In 1999, this number dropped to 31 percent—from 46 percent in 1994.

Consumers continue to be completely or mostly confident that the food in their supermarket is safe. More than 75 percent of those surveyed indicated that they are confident that the food they buy is safe—more than younger shoppers, aged 18-24, more likely to be confident, and more men than women saying they are mostly or completely confident. When it comes to ensuring that food in the supermarket is safe, 52 percent of shoppers believe that everyone plays a part in food safety.

Supermarkets have increased the number of products and services they provide. The survey showed that more supermarkets accept credit cards for purchase (up five points to 87 percent), offer nutrition and health information for shoppers (up six points to 77 percent) and offer frequent shopper programs (up six points to 50 percent).

Consumers are using services that supermarkets provide more frequently. Shoppers are consulting nutrition and health information from their supermarket more frequently—with 36 percent using it at least once a week. The number of consumers who participate in frequent shopper or savings club programs pretty much every time they shop increased seven points—from 20 percent in 1998 to 27 percent this year.

Supermarkets expand meal solutions offerings. Supermarkets now carry food at various stages of preparation—frozen, value-added and ready-to-eat or ready-to-heat. Well over half of these surveyed purchased pre-cut and cleaned vegetables and salads on a monthly basis; 36 percent, purchasing them at least once a week. Sandwiches, pizza, and rotisserie or fried chicken remain the most popular items—FMI.

Dear AFD,

I am writing to thank you for the Associated Food Dealers of Michigan Scholarship. I understand from my professors that AFD's contributions to the Food Marketing Program at Western Michigan University make this scholarship possible.

My plans for the future consist of going into the grocery industry. This support from Associated Food Dealers of Michigan will help immeasurably in the completion of my degree. This is truly a caring industry and I know I made the right choice when I chose to major in Food Marketing.

Sincerely,

Kelly Zeller
A Salute to Gleaners

Gleaners welcomes its second president in 22-year history

Gleaners is one of the largest food distribution networks in the Midwest and the oldest and largest food bank in Michigan. Gleaners distributes more than 15 million pounds of food annually to 300 agencies that provide meals to the hungry in southeastern Michigan.

Having transitioned into his leadership role as president of Gleaners during 1998, Richard A. Loewenstein officially took the helm of the organization January 1st of this year. Rick brings 15 years of food industry experience and a wealth of fresh ideas with which to build upon the solid foundation he inherited at Gleaners. As a fourth-generation family member of the 104-year-old Loewenstein Poultry/Chefs Pride Holiday Food Gifts Company, Rick plans to focus on strengthening and further developing Gleaners’ system of food distribution. A primary goal will be to raise the level of agency participation and develop collaborative programs with other agencies in order to move more food to the hungry throughout southeastern Michigan.

A graduate of Babson College in Massachusetts, Rick received his Bachelor of Science degree in Marketing in 1982. He is the past President of the Cranbrook Alumni Association and was the Alumni Representative to the Cranbrook Board of Governors. Rick also serves as Chairman of the Board of Volunteer Impact, is a member of the Salvation Army’s Advisory Board, as well as several other community boards, and is a graduate of Leadership Detroit XIX.

Rick and his wife Dana, an attorney and community volunteer, have two children, Alex and Jeremy, and are residents of West Bloomfield.

New Taylor Distribution Center opens

In cooperation with the City of Taylor, Gleaners launched the first of several proposed new distribution hubs this month in its efforts to expand emergency food services to the community. The Taylor site, located on Northline Road, will serve Downriver and western Wayne County communities.

With the opening of this new 5,000 square foot distribution center, the number of agencies Gleaners serves in the region immediately increased from the previous 16 to 49. The larger number of agencies served represents a dramatic increase in the scope of service to hungry people in southeastern Michigan. As a result, agencies that sometimes had difficulty in transporting food will no longer have to come to Gleaners’ downtown Detroit warehouse to pick up food. The cost savings resulting from this also means that more dollars can be applied directly toward providing food.

The Taylor Distribution Center represents one of a number of food distribution models being developed as part of a larger program to strengthen Gleaners’ emergency food delivery system. The Food Bank could deliver at least another four million pounds of food to its southeastern Michigan service area each year. The need is there, but the current agency network cannot accommodate an increase of that volume. With the assistance of a three-year, $750,000 grant from Detroit’s McGregor Fund, Gleaners has been provided with the resources to begin to address this problem.

In addition to the Taylor Distribution Center, Gleaners has entered into collaborative partnerships with several other community agencies to establish new hub sites. The Delray United Action Council, headed by Jacqueline Collins and located on Jefferson Avenue in the heart of Delray near Historic Fort Wayne, began working with Gleaners in August and will expand its food program for senior citizens.

Hamtramck Harvest/Greater Detroit Hospital, headed by Jean Gregg and Reverend Sharon Buttry, is located on the Hamtramck-Detroit border and...
Detroit's Tree of Life agency, directed by Reverend Mary Melton, will be expanding its programs with the purchase of a new facility to be opened in April, 1999.

Starfish Family Services, located in Inkster and headed by Ouida Cash, is expanding its facility by 1500 square feet to accommodate expanded emergency food distribution. The addition is expected to open in June, 1999.

As the demand for emergency food assistance grows, Gleaners and its partnership agencies are continuing to explore new ways to meet the challenges of that demand.

New York, the number of grocery handouts and soup kitchen meals rose dramatically between 1987 and 1995, from 13.5 million to slightly more than 21 million. And officials believe the growth has continued.

Here in southeastern Michigan, Gleaners' own statistics show steady growth in the need for emergency food assistance. As the chart below illustrates, this has been the trend since the food bank's inception. Last year, Gleaners distributed more than 15 million pounds of food, and had to refuse another 4 million pounds of food which could have been used, but was beyond the handling capacity of the current system of distribution.

Preliminary indications regarding this trend are that a growing segment of the "working poor", i.e. those who have moved from public assistance to low paying jobs, are moving these figures upward. Gleaners and other agencies are witnessing a dramatic shift in the "social safety net", one whereby Gleaners and other agencies are becoming the social safety net.

Gleaners Harvest...Companies for our community
Last November, Rite Aid, The Stroh Brewery Co., TV-7 and the Detroit Free Press sponsored two special projects to benefit Gleaners Community Food Bank.

On Tuesday, November 17th, a dinner was held at Stroh River Place raising $100,000 to support the distribution of over 2 million meals from Gleaners during the holiday season.

In addition, Rite Aid shoppers and employees purchased paper turkeys for a donation of $1 or more and made financial and food donations to contribute to the special turkey program, raising an additional $100,000 for Gleaners’ holiday project.

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Y2K consumer brochure

The Year 2000 Computer Bug and Supermarket Shopping: What You Should Know, is a black and white, camera-ready, reproducible brochure on Y2K issues and supermarket shopping for use with customers.

Common questions such as stockpiling food, the availability of the essentials (bread, water, milk, medications, etc.), and the industry's compliance efforts, are answered. This handy brochure also explains the nature of the Y2K bug as well as some of the details of what has been done by the industry to ensure compliance.

For a copy of the brochure, please visit FMI's Web site www.fmi.org or contact the Consumer Affairs Department at (202) 429-8239.

Will your community be ready for the Year 2000?

Stressing the importance of preparing at the local level for the transition to the Year 2000 (Y2K), the President's Council on Year 2000 Conversion today launched a nation-wide campaign to promote "Y2K Community Conversations" about readiness for the century date change.

Copies of the toolkit can be ordered through the Council's free information line 1-888-USA-4-Y2K (1-888-872-4925). Local leaders can also call the information line with questions about how to organize and promote Y2K conversations in their communities. A text version of the guidebook is available on the Council's web site at www.y2k.gov.

Three new Michigan wineries to open

Michigan Department of Agriculture Director Dan Wyant announced that three wineries will open in the Traverse City area this summer. The wineries set to open are The Winery at Black Star Farm and Ciccone Vineyards, both in Suttons Bay, and Bel Lago Winery in Cedar. New tasting rooms for existing wineries will also open at Shady Lane Cellars in Sutons Bay, and Peninsula Cellars on Old Mission Peninsula.

A complete list and travel directions to all 23 Michigan wineries is available in the newly-released Michigan Wine Country, a free tabloid publication.

Michigan Wine Country is produced by the Michigan Grape and Wine Industry Council. According to Linda Jones, Program Manager of the council, "By promoting local festivals, publishing the tabloid annually, and maintaining a Web site, we are bringing information about the quality of Michigan wines to the consuming public. To receive a copy call (517) 373-1104, or visit www.michiganwines.com.

Coca-Cola awards 10 with college scholarships

Ten Michigan high school students are part of 251 high school seniors from across the U.S. who will benefit from college scholarships from The Coca-Cola Bottling Company of Michigan and The Coca-Cola Company. Of the ten, three are $20,000 recipients and seven are awarded $4,000.

Michigan students joined 241 other high school seniors in Atlanta to meet with leaders in education, business, government and the arts. Scholars are evaluated on the basis of leadership in their schools and communities, academic achievements and motivation to succeed.

Archbishop Desmond Tutu delivered the keynote address at a banquet held in the students' honor.

The Coca-Cola Scholars Foundation annually awards fifty $20,000 scholarships and two hundred $4,000 scholarships to high school seniors nationwide. In 1999 scholars were chosen from a field of 137,000 applicants. Since its creation in 1986, the Scholars Foundation has helped more than 1,750 students, awarding nearly $15.7 million.

For information contact Lee Scott (517) 322-7402.
Muscular Dystrophy Association shopping for a few more smiles

The Muscular Dystrophy Association (MDA) in partnership with CROSSMARK Sales & Marketing announced the start of their 9th Annual Aisles of Smiles program. As one of the world’s most successful charitable events, Aisles of Smiles offers manufacturers a high-profile way of demonstrating their company’s concern for MDA’s fight against Muscular Dystrophy, a series of more than 40 neuromuscular diseases that destroys smiles as it destroys muscles, cheating those affected who are often children, of the pleasures of life that we take for granted.

CROSSMARK is teaming up with grocers throughout the state to take part in “Aisles of Smiles,” as manufacturers of products agree to donate a portion of each customer’s purchase to MDA.

The contributions, made from sales between August 2 and September 10, 1999, will be made on the 34th Annual Jerry Lewis MDA Labor Day Telethon. The Telethon is carried live by over 200 “Love Network” television stations beginning Sunday evening through Monday evening.

Fifteen manufacturers will contribute a “cents per case” contribution to MDA on total shipments during the program period and promotion allowances for each participating brand. Over the past nine years, Aisles of Smiles has delivered over $800,000 to help Jerry’s kids. Last year they raised $125,000, their goal this year is to raise $140,000.

Retailers can participate by utilizing point-of-sale materials promoting the “Aisles of Smiles” program, which include display cards for participating brands, scannable $1-$3 tear-off donation cards and a six-foot free standing Jerry Lewis display piece. By promoting these participating products, you’ll be helping MDA provide important services to people with neuromuscular disorders in Michigan.

Participating manufacturers include Beatrice Foods (Parkay Spreads and County Line Cheeses), Bush Bros. & Co. (28 oz. Bush’s Baked Beans), Church & Dwight (Arm & Hammer Liquid and Powder detergents and dryer sheets), Florida’s Natural Growers (Florida’s Natural Refrigerated Juices), Gerber Products (Gerber Graduates Baby Food), Kings Hawaiian (Kings Hawaiian Original Bread and Rolls), Lugigino’s (Michelina’s Signature Frozen Entrees), Mann Packing Co. (Mann’s Value Added Broccoli Items), Maruchan (Instant Lunch and Ramen Noodles), McNeil Consumer Products (Benecol Spreads), Mrs. Smith’s Bakeries, Inc. (Mrs. Smith’s Frozen 9" Fruit Pies & Cobblers), Pernod Group of America (Ice Mountain Spring Water), Pillsbury (Jeno’s Frozen Pizzas & Green Giant Frozen Create-A-Meal), Suiza/Morningstar (16 oz. International Delight Flavored Creamers) and The Turkey Store (Turkey Store Ground Turkey and Deli Meats).

For more information, contact Ron Schuler of CROSSMARK at (734) 207-9436.

Association will judge snack awards

A new award will be offered by the The Biscuit and Cracker Distributors Association (BCDA) for new products manufactured by or for its members in the cookie, cracker, cone and snack categories.

An impartial judging will take place at the BCDA’s Annual Meeting in January 2000 in Palm Springs, California.

Judges will be impartial industry experts whose criteria will include:
- unique and new
- quality, taste and flavor
- meeting customer needs (healthy, indulgent, convenient, kosher, etc.)
- repeat purchases - will the consumer buy it again?

For further information about BCDA or the contest call (312) 644-6610.

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Aisles of Smiles Kick-off dinner

CROSSMARK Detroit Division President Tom Waller rallies supporters at CROSSMARK's 1999 MDA Aisles of Smiles dinner meeting.

Michael Nigro, Clinic Director for Children's Hospital, asks MDA local spokes model Latisha Ware how CROSSMARK's Aisles of Smiles has helped her. Also pictured, Mattie Hatton, Latisha's grandmother.

Sounds Explosion

Michigan Lottery Commissioner Don Gilmer addresses the media at Don Coleman Associates Sound Explosion kick-off luncheon at Detroit's Athenaeum Hotel.

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CONTACT YOUR 7 UP REPRESENTATIVE!
Business sizzles for Hanna brothers

by Ginny Bennett

Ed Hanna told me, “You can’t resist my freshly grilled cheese steak subs.” And he was right— it’s one of Ed’s many specialties cooked on a sizzling grill. I’m glad he persisted and fixed me the “sloppy” version, laced with his special sauce. I’ll tell you it was delightful, even as the juices ran down my arm.

B & B Party Store and Sub Shop is located at 5102 Nine Mile (between Mound and Ryan) in Warren. Nearby employees from General Motors and Daimler Chrysler number more than 10,000. Add to that 65 smaller businesses that supply the Big Three and B & B’s customer base swells to over 12,000. Many of these workers find B & B’s take-out items to be irresistible.

Irresistible or not, road construction on Nine Mile from early May to late December, 1998, made access to the store nearly impossible. Keeping customers was difficult as commuters stayed away to avoid traffic tie-ups.

Rather than be defeated by slow sales, Ed and Neil undertook a project to renovate the store and began the application process for a liquor license.

The renovation updated the interior by rearranging coolers and putting in a brand-new counter area. A brightly painted new sign says “Liquor” and is clearly visible on Nine Mile Road. A new green canopy puts a fresh face on the facade.

The brothers waited a long time to get one of the only available liquor licenses in Warren. “Adding liquor has improved sales overall, but the store has been here for 25 years without liquor so,” Ed surmises, “it will take some time before it catches on.”

Getting the license was an arduous process that took about a year. “The city took into consideration our full range of services,” says Ed. “It was easier because we have a full menu of food, check cashing and a full bill payment center. The bill payment center is very popular with seniors in our area. Also helpful is the large-paved parking area for 25 vehicles.”

Easy in-and-out parking also allows lunch-time customers quick access. Ed encourages customers to call ahead so he can have their order ready. General Motors employees only have 20- to 25-minutes for lunch. This is good business for B & B all day long because with so many employees, and factories with three shifts that frequently work seven days a week, someone is always going to lunch.

Ed and Neil also work seven days a week. Their wives work part time. They have two other part-time employees but Ed says that getting any help at all is difficult. The brothers do get some time off, in fact, Ed’s hobby is traveling. Neil says his hobby is working but according to Ed, “If I take a cruise then Neil usually takes a cruise.” It is Ed’s favorite kind of trip.

B & B Party Store and Sub Shop is a family business. Previously the Hannas owned Jane’s Market in Detroit. Ed learned early in life that hard work pays. He began in the retail food business when he was 17. He
Ed serves up pizza and subs—each one made to order.

Workers’ Compensation Coverage exclusively for AFD Members!

The AFD has teamed up with Southfield-based Star Insurance Company to provide workers compensation insurance coverage exclusively for AFD members.

Star is a specialist in designing workers compensation programs for trade groups and associations nationwide.

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For more information about the AFD / Star workers compensation insurance program, please contact Judy or Dan at AFD, (800) 66-66-AFD, or for a prompt quotation, please call Cathy Markatos at Meadowbrook Insurance Group, (800) 482-2726, ext 8221.
Detroit women featured on new hosiery package

Leda Ultra Sheer Pantyhose, a favorite brand of African-American women, has recently undergone an image makeover. IWI Mills of Chicago, manufacturers of the Leda brand hosiery, has introduced a unique new package.

Each package features photos of everyday black women as models. A cross-section of seven Detroit women were chosen. They range in age from 17 to 51, in a variety of skin tones and sizes. Some are working mothers and business women, another a grandmother, one is a student, another a singer, one is a registered nurse practitioner, and another an accounting clerk at Farmer Jack.

The new packaging reflects the recognition by manufacturers of the huge gain in buying power by African-Americans. Targeting African-American women is just smart business, says Gordon Toffler, manufacturer's representative for Leda.

Finding the models was a project of Toffler Marketing Co. Toffler said it wasn't hard to find women who would be great models, it was just hard to coax them to do it. All the women received a year's supply of panty hose and were profiled in a feature article in the Detroit News.

Leda Ultra Sheer pantyhose are contoured for comfort and fit, while accenting dark skin tones. A wide range of shades are available. They are 100 percent nylon, made in the USA and available in seven sizes, from small through EX-Large.

AFD members can order from Standard Dist. or for more information call Gordon Toffler at (810) 263-9110.
UDV - North America

Proud Sponsor of AFD’s 1999 Scholarship Golf Outing

Congratulations Scholarship Winners!
Representative Ruth Johnson is working for the people

by Kathy Blake

Best known for her part in putting nonviolent prisoners to work in Oakland County, State Representative Ruth Johnson is a hard working, common sense style of public servant who can't imagine anyone wanting to sit idle.

A republican, she represents the 46th district which includes the communities of Clarkston, Highland, Ortonville and surrounding areas of northwest Oakland County.

During her ten years as Oakland County Commissioner for District 1, Johnson was instrumental on the Trusty Alternative Work Committee. Her theory is that it is good for the prisoners as well as taxpayers.

"Taxpayers don't have to pay for people to do nothing and the prisoners develop the habit of getting up and having responsibility every day," said Johnson. "The prisoners gain more self worth and when they get out, they're more likely to stay out of prison."

As trusties, nonviolent prisoners with two years or less to serve, work without pay for cities, villages, townships, county parks and recreation areas and nonprofits. The prisoners also do their own laundry and care for a garden, growing some of their own food.

Johnson says this better prepares prisoners for reentering the real world of work and responsibilities than does sitting around watching TV and playing cards.

Johnson served on several other committees and was vice-chair of the commission for six of her 10 years. She sat on the Strategic Planning and Quality Assurance committees and she vice-chaired the Parks and Recreation Commission.

She also chaired the Resident Well Task Force, fighting for safe drinking water. One of Johnson's main concerns is with environmental impact regarding health and water quality.

A lifelong resident of northern Oakland County, Johnson became very concerned when a deal for a hazardous waste site was being slated for her area. "It taught the county so much that I ended up running for commission," says Johnson.

She was working for Children's Village of Oakland County at the time. "Children's Village is a home for abused, delinquent and neglected children, adjudicated by Oakland County courts. She coordinated services and found that children were receiving as many as four evaluations from different diagnosticians. To benefit the children, she recommended those resources and time be used more wisely and advocated the sharing of information between different departments to cut down on duplication of work.

The desire to streamline bureaucracies to save taxpayers' money, and protect citizens' health and environment is what drove Johnson to run for state representative last fall when her predecessor, Thomas Middleton's term limit expired.

She took the committee assignments of Health Policy, Transportation, and Conservation and Outdoor Recreation.

Representative Johnson is vice chair of the House Education Committee as well. She toured Detroit schools during the legislation that placed Mayor Dennis Archer in charge of the Detroit school district. After viewing the facts, Johnson became convinced that the mayoral takeover was necessary.

"Kids weren't getting an even chance at a good education. One in 10 kids that attend school in Michigan go to Detroit schools," explained Johnson. "That's a large percentage of children and a resulting large amount of tax dollars to use in education. Some Detroit schools are in really poor condition and there is a lack of accountability for building improvements, according to Johnson.

An intern superintendent was selected and the mayor appointed a group of civic leaders. In five years there will be a vote by the people to see if they want an elected school board system reinstated.

Another education issue that Representative Johnson has worked on is statewide scholarship awards for Michigan Educational Assessment Program (M.E.A.P) scholars. This bill passed the House and Senate and at press time was to be signed by the Governor. If signed, 11th graders who achieve qualifying results in the M.E.A.P. tests will receive a $2,500 scholarship which can be used by students for technical training or college. These scholarships are funded by the multi-state tobacco settlement and Michigan will get a portion every year to continue the scholarships.

"It's a help for kids. College is expensive. This gives them a reward," and Johnson adds: "It's also a reward for school districts that are doing good and helps the other schools focus on reading, writing, math and science which are the M.E.A.P guidelines."

Johnson helped pass a bill to reward colleges and universities who keep their tuition increases at or below inflation. The reward will increase funds by 1.5 percent over what they already receive.

On the Health Policy committee, Johnson is helping to determine how to spend some of the tobacco settlement funds. "There are several of us that feel strongly about teen smoking and we have sat down to work on this problem," she said.

"Teen smoking is on the rise and currently 6.7 million per year is being spent in Michigan to reverse that trend," and Johnson is planning to do more using the tobacco settlement money.

Another health issue is a package of bills the committee is working on to improve choice and accessibility to health care coverage for Michigan residents, particularly those with preexisting conditions. The bills would allow patients to switch health plans at any time, without waiting for open enrollment. Patients may run into problems when their provider leaves their health plan network. This legislation allows patients to continue receiving treatment for 90 days, or the duration of treatment for an active condition, when a provider leaves a health plan or the patient's health plan changes.

Johnson plans to look for opportunities to cut taxes and make government more frugal and accountable. She mentioned that government sometimes finds creative ways to tax citizens without calling it a tax, such as license and phone charges.

"I stand vigilant to stop this," she exclaimed.

The threat of a landfill is back in northern Oakland County and she will fight that like she did 15 years ago. While on the commission, she was chair of Aging and Social Services for the Michigan Association of Counties. (MAC) and was a member of MAC's Mental Health committee. Through the years, Johnson has served on the Lake Louise, Tipsico and Lakeview Lake Improvement Boards.

Johnson graduated from Waterford Township High School in 1973. She earned her associate's degree from Oakland Community College, her bachelor's degree from Oakland University and her master's degree from Wayne State University.

Johnson is a member of the Clarkston Chamber of Commerce, Highland Business Association, American Business Women's Association and a charter member of the Holly Area Optimists.

She has been married to Don Nanney, a Clarkston dentist, for 20 years and they own the Clarkston Professional Center, which has several medical offices.

For fun, Representative Johnson likes to ride bicycles, swim, ski, collect coins and cut taxes. Contact her by Email at rjohnson@house.state.mi.us or phone at 1-800-510-RUTH or mail to Rep. Ruth Johnson, P.O. Box 30014, Lansing, MI 48909.
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ALL QUALIFYING ENTRANTS WIN A STYLISH
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CAMPAIGN WILL BE SUPPORTED BY RADIO IN LOCAL
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The latest and greatest holiday items will be displayed and discounted.

The Associated Food Dealers has purchased the MLBA Beverage Journal Holiday Trade Show

Exhibitors will be introducing new products. Be the first to see new promotional products and ideas for the millennium.

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from 5:00 - 10:00 p.m.

**Wednesday, September 22**
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**Burton Manor**
Livonia, Michigan

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Even ice cream can create environmental problems
by Mary Dechow
Public Affairs Director
Spartan Stores, Inc.

A Michigan retailer recently found itself in hot water with the Michigan Department of Environmental Quality (MDEQ) over the disposal of melted ice cream.

Under Part 31 of Michigan's Natural Resources and Environmental Protection Act (NREPA), ice cream is considered a "pollutant" and thus cannot be discharged through a point source to waters of the state without a permit. Violations of this Part can result in penalties of up to $25,000 per day.

A large refrigeration unit at the store had broken down during the night. By the time the problem was discovered, approximately 100 gallons of ice cream had melted and was unsalable. The waste was dumped down an exterior drain, upon the mistaken belief that the drain was tied to the city's wastewater treatment plan. The drain, in fact, led to a creek and was designed for stormwater discharges only. This led to the MDEQ enforcement action and the payment of an unspecified fine.

The MDEQ suggests that store owners can avoid having this incident repeated by doing a number of things:

- Know the discharge location of all drains on your property. As a rule of thumb, all exterior drains will lead to a surface water body and not to a wastewater treatment plant.
- Remember that any kind of waste can be considered a "pollutant" under Michigan's water quality law — even something that seems as innocuous as ice cream. Waste such as ice cream can have a serious impact on aquatic life within the receiving waters and must be disposed of in a sanitary manner.
- The store where the incident happened has posted signs on the exterior doors located near exterior drains to warn personnel not to dispose of waste in the drains. Please post signs in your store back room to avoid creating a similar problem and potential costly penalties. If you'd like a cardboard copy of the sign (8¼" x 11" size), give me a call at (616) 878-2469 or send an e-mail to mary.dechow@spartanstores.com.

Don’t let a firing backfire on you

To avoid being sued for libel, slander and defamation resulting from a termination, here are some Do’s and Don’ts:

- Be certain you have conducted a thorough investigation and have the facts about the reasons for discharge.
- When discussing the termination with others be factual. Do not characterize the circumstances. A statement that "staff turnover in his department was 25 percent over the last year" is better than "he couldn’t get along with anyone."
- Personnel file contents should be limited to factually accurate statements.
- Tell only people who need to know the details/reasons for the discharge.
- Avoid making an example of the fired employee. Even though you believe you have a widespread theft problem, you do not need to tell everyone that you caught a thief stealing. Let the discharge itself do the talking.
- Before you initiate criminal prosecution, be careful about what you turn over to the prosecutor’s office. It should be completely accurate and provable.
- Do not disclose to anyone information that you acquire on a confidential basis. No one needs to know that an employee failed a drug test.
- Understand the impact that disclosure will have on the discharged employee. Do you really want or need to brand someone as having engaged in sexual harassment?
- Remember that juries will sympathize with the employee. The words "company," "employer" and "corporation" are appealing targets when used in records that may one day be disclosed in litigation.

FRIENDS

KNOW WHEN TO SAY WHEN®

CENTRAL DISTRIBUTORS OF BEER, INC.
Michigan welcomes New Jersey to the Big Game!

The Michigan Lottery recently welcomed a new member to the growing Big Game family. New Jersey became the seventh state lottery to join Michigan, Georgia, Illinois, Maryland, Massachusetts and Virginia in the popular multistate lotto game. The New Jersey Lottery adds a population base of approximately eight million, bringing the total population base for Big Game states to more than 55 million. Big Game tickets officially went on sale in New Jersey on May 26.

This is terrific news for our retailers and players! The addition of New Jersey means more lotto excitement with jackpots which should roll higher and quicker.

Although no one can predict how high Big Game jackpots may climb in the coming months, we expect to see a higher average jackpot than in past years.

The New Jersey Lottery is a perfect match for The Big Game because their player base, game lineup, sales and strategy for the future are very closely aligned with those of Michigan and the other Big Game lotteries. This is just one more positive step toward a record year for 1999!

Second-Chance Sweepstakes

The Michigan Lottery’s latest Daily 3 & 4 second-chance promotion, “Sound Explosion,” is in full swing as hundreds of prizes have already been awarded to players across the state.

During the six-week span of the sweepstakes, 150 lucky Michigan Lottery players will win Sony audio and video merchandise prizes each week, including: home entertainment centers, rack stereo systems, shelf stereo systems, and portable compact disc players.

Players enter by sending in two non-winning midday wagers and two non-winning evening wagers for either Daily 3 or Daily 4 drawings conducted between June 21 and July 31, 1999.

I encourage you to continue prominently displaying your “Sound Explosion” point-of-sale promotional items and invite your customers to enter the sweepstakes. These high-quality Sony products will be enjoyed for years to come.

New Instants!

July marks the debut of four sizzling new instant games. The $2 “Wild Card Cash” goes on sale June 28, and offers prizes up to $2,000. The $1 “In The Chips,” available on July 12, will keep players digging for buried treasure with a $4,000 top prize. After July 19, the $2 “Hearts of Gold” will have players pocketing full of cash with a $4,000 top prize. Another $1 game, “Lucky Lady,” debuts on July 26, and offers a red hot $7,000 top prize.

By Commissioner Don Gilmer
FDI honors Piergallini with Herbert Hoover award

Alfred A. Piergallini, president and CEO of Navarits Consumer Health North America was presented with the Herbert Hoover award, the top annual honor of Food Distributors International (FDI).

Chairman Dr. Robert Emmons, Ph.D. presented the award, recognizing Piergallini’s efforts as CEO of Gerber Products Company, a Navarits subsidiary.

In support of FDI’s Hurricane Mitch relief efforts, Gerber contributed 32 container loads of baby food (214,000 cases of product valued at nearly $1.5 million) to Central America.

Piergallini began his food industry business career nearly 30 years ago in a marketing position at Proctor and Gamble and moved on to brand management and then to sales management.

He then went to Beverage Management, Inc. where he progressed to a position as a regional director.

Three years later, he joined Sara Lee Corporation as vice president and general manager, Midwest region, for Shasta Beverages.

After becoming corporate vice president of marketing, he was named president and CEO of Shasta Beverages in 1983.

Piergallini joined the Carnation Company later that year as vice president and general manager of its Friskies Pet Care division.

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FOR SALE—LIQUOR PLUS—High traffic location in the heart of the New Center Area. Upscale liquor, beer, wine & lotto. Full line of groceries plus deli. Very high volume. Serious inquiries please. Ask for Adrian (FedEx) Now at (313) 431-3333.

EQUIPMENT FOR SALE—Check outs, shelving, meat, deli & dairy cases plus 38-door two-zone freezer as well as all walk-in freezer systems. Call Wilson at (248) 582-9938.


GROCERY STORE FOR SALE—One of a kind. Great Birmingham area location with tremendous opportunity. Full line of groceries, meats, produce, liquor, beer & wine. Currently not open evenings, Sundays or holidays. 3,000 sq. ft. walk-up basement. Great Lease. Asking $395,000 plus inventory ($100,000 or less). Volume over $800,000. Call (248) 644-4925 for more information.


PARTY SHOPPE—Beer & wine, grocery, liquor. Frozen Coke, money orders, fax. Store sales $150,000/week. Lottery sales $3,800/week. Business 150,000. 500,000 down. $1,000/month lease. Call (248) 354-5305.

FOR SALE—Bagel & Donut shop. Troy area. (15 Min from Detroit.) All new equipment. Turn key operation. Just walk in and take over the register to start making money today. Asking $40,000. Terms available. Call Foster Realty at (810) 463-1000.


WATERFORD PARTY STORE—Beer, wine, liquor & more. Great location near lakes. All new equipment. Turn key operation. Just walk in and take over the register. Leasing agreement. Lease $40,000/month. Business only. Ask Foster Realty at (810) 463-1000.

FOR SALE—2 each, walk-in coolers, 8' x 20' x 10'. $1,500. 8' x 14'. $3,500. Bernie's Country Store. (91) 582-9500.

LIQUOR STORE/PYRAMID, WILLETOWN—For Sale—Beer, wine & liquor. Lease expiring in 6 years. Business only. Asking $175,000 plus inventory. Call Foster Realty at (810) 463-1000.


ALS PARTY STORE—2,400 sq. ft. Beer, wine & lottery. Lottery sales $5,000/week. Store sales $8,000/week. Asking $70,000 for business plus $120,000 for building. Ask for All at (313) 864-4200.


ESTABLISHED PARTY STORE—Port Huron. MI. Highly operated, high traffic area. SDM. SOD & Lotto. Buyer requesting. Call (810) 251-9305 or 251-9306.

ROCKY'S PARK VIEW PARTY STORE—Beer, wine & grocery plus lots of lottery money. Western Union & check cashing accepted. Same owners for 10 years. Business $90,000. Down $40,000. No competitors. Great location. Great opportunity. Asking $200,000. Serious inquiries only. Call (810) 569-2030.

500 FOOD & BEVERAGE REPORT, JULY 1999
Special Occupational Tax is due July 1

As reported last month in the AFD Food & Beverage Report, the Special Occupational Tax is due July 1. All food retailers selling alcohol are reminded that the special occupational tax is due on July 1, 1999. According to the Federal Bureau of Alcohol, Tobacco and Firearms, the tax must be submitted by all retailers selling liquor, wine and beer products—including wine coolers, beer coolers and mixed drinks. The tax applies to all businesses selling alcohol, including those that package, retail or experience on-site consumption. The annual tax is $250 for retailers and $500 for wholesalers per location.

Coalition to Eliminate the Special Occupational Tax reorganizes

The Coalition to Eliminate the Special Occupational Tax (CESOT) has been reformed. The powerful coalition of beverage and hospitality organizations has joined together to increase Congressional support and work for passage of federal legislation to repeal the special occupational tax on retailers, wholesalers and suppliers and other businesses that serve or sell alcoholic beverages.

The National Association of Beverage Retailers (NABR) originally formed CESOT in 1997 and built great momentum behind legislation by Rep. George Radanovich (R-CA). For this revitalized effort in the 106th Congress, NABR has added members to the Coalition which is working at the grassroots level to mobilize legislation that would eliminate the SOT.

CESOT members agree that the SOT is without purpose and provides the industry with no special service.

In June, the Coalition to Eliminate the Special Occupational Tax met with House Small Business Committee Chairman Jim Talent’s (R-MO) office urging his support to eliminate the SOT. The Coalition asked Talent if he would include the repeal of the SOT in his Small Employer Tax Relief Act of 1999, which he plans to introduce when Congress comes back into session this week. The SOT is an annual tax of $250 per location for all entities who sell alcoholic products.

The Coalition to Eliminate the Special Occupational Tax is comprised of 20 of the nation’s most powerful and effective associations from the alcohol beverage, hospitality, food and other retail industries.

Rebecca Henrich is the new face at AFD

AFD welcomes Rebecca “Becky” Henrich as special events manager. Her responsibilities will include the upcoming AFD/Beverage Journal Holiday Show.

Becky worked previously for American Stitches of Highland as sales director for booth sales and has considerable experience in the production of trade shows and conventions.

Becky has studied business administration at Northeastern School of Commerce and Alpena Community College.

For all your special events needs call Becky at 1-248-557-9600.
Indicators of a counterfeit check transaction

Below is a list of indicators that, alone, do not suggest an individual is attempting to negotiate a counterfeit check. However, the more indicators present the greater the possibility. If two or more indicators are present, greater care should be taken in processing the transaction and a second opinion by a supervisor may be warranted.

Check indicators
• The check does not have at least one perforated edge. Note: In the early days of counterfeiting this was a key indicator, however, with the availability of check writing programs and blank check stock, that indicator is becoming outdated.
• Printing on check is not crisp/clear, particularly company logos
• MICR numbers are different than the standard MICR numbers, are faded and/or are not consistently the same
• MICR line contains blemishes, or does not appear to be straight

Identification indicators
• Picture not squarely cropped
• State identification (ID) card used instead of driver's license
• ID Card/Driver's License looks new or is new
• State's seal is missing from picture or not aligned properly
• Hologram does not appear threedimensional and/or does not appear to move
• Plastic coating, particularly by the picture, appears to have been peeled apart
• Wording on the back of the ID card/Driver's License is blurry or not aligned properly
• Physical description on ID card/Driver's License does not match that of the presenter
• Key portions of the physical description are covered up, blurred and/or altered
• Second identification is not available or adequate to verify the individual's identity

Individual's behavior
• Individual is attempting to cash several payroll checks at once. Note: Most people do not have the luxury of waiting any length of time to cash their payroll checks.
• Individual is attempting to cash several different companies' payroll checks.
• Individual is attempting to cash payroll checks out of the area where the business and/or their residence is located.
• Individual walks into the store with one or more individuals attempting to conduct the same or similar transactions
• Individual attempts to divert the cashier's attention away from the transaction by being overly rude or complimentary, or by hurrying the transaction
• Individual becomes indignant when informed the transaction must be approved by supervisor - FMI

AFD MEMBERS
We want to hear from you!

Did your store recently celebrate an important anniversary? Are you providing a service that is unique?
If you represent a manufacturer or distributor, does your company have an new product, new package for an old product, a new variety of your existing product or any other product-related news? If so, we want to feature your company or its products in this magazine!

The AFD Food & Beverage Report will print new product releases as space permits. The service is free to AFD members. Each month we also write feature stories about our members' businesses. If you would like to see your name on the pages of the AFD Food & Beverage Report, call Tom or Ray Amyot at (248) 557-9600.
North American Group carries ATMs and vending into the 21st century

by Kathy Blake

The future looks bright for retailers through the use of Automated Teller Machines (ATMs) according to Phil Toth, President of North American Interstate, Inc. (NAI). The company along with its sister companies, distributes ATMs, vending machines, vending products, ice machines, pay phones and amusements such as pool tables.

By providing an ATM on premise, retailers can boost their sales. "A customer will spend an average of 15 percent more if they use the ATM," says Toth. Customers appreciate the convenience and safety of having an ATM in the store. "People feel safer using an ATM in a store rather than an empty bank parking lot," Toth remarked.

The future of ATMs is limitless, as "a gateway to the Internet," according to Toth and NAI has introduced the Chameleon, a cross-over ATM to the Detroit market. This machine allows customers to purchase movie tickets, sport tickets or even flowers electronically by using a Chameleon terminal.

The possibilities for marketing through ATMs are abundant, says Toth. On-screen advertising during transactions could generate product or location awareness and actual couponing on the back of transaction receipts could result in impulse purchases. Through the ATM gateway, customers will be able to access information they need about weather, entertainment and sporting events starting times, stocks, maps, and even their personal Email.

The ATM gateway will most likely break down the resistance by consumers for inputting credit card information on the Internet. People have been sliding their debit and credit cards into ATMs for years without having to worry about security. Toth believes people will accept ATMs more readily for purchasing over the Internet.

"We're looking at $300 billion projected for Internet sales nationally, by the year 2002," Toth says.

Distributing ATMs is only one part of North American Group. NAI was started by Toth and William Mirch, vice president, in 1972 as a vending machine distribution company. The two men had been working for a distributor that was bought out and decided to pair up and start a new company. NAI evolved into a cooperative service vending and distribution company. The company added amusement equipment such as juke boxes, pool tables and dart board games. In the mid '80s, the company began supplying coin-operated telephones and branched into ATMs in the '90s.

The North American Group consists of NAI, Resource Pay Phones, Inc. (RPI), North American Interstate Communications, Inc (NAIC), Professional Vending, Inc. (PV1), American Vending Sales, Inc (AVS) and Omne Financial, Inc (PV1). The headquarters is located at 3000 W. Eleven Mile Road in Berkley in a building that was newly constructed a year ago. The old building at the same location was torn down along with a house behind it that was purchased with the intention of expanding. The new building is large and modern and features a showroom, warehouse and in-house service department with 4 or 5 technicians as well as 10 outside field technicians on staff at a time.

Next door is American Vending Sales which supplies vending products.

With over 100 employees, North American has approximately 9,300 customers throughout Michigan, Ohio, Indiana and Wisconsin. "We have the vending and ice machines for most hotels and motels in Michigan and the vending for all of the Horizon outlet malls in the United States," according to Rick Barry, vice president of sales. Some of the North American Group's clients are very large and some are very small, from The United States Postal Service to Frank's Party Store. However, the majority of North American's accounts are small to mid-size locations in southeastern Michigan around Detroit.

The mainstay of the North American Group is still the vending business, especially cooperative service vending. NAI leases vending machines to clients allowing them to run their own vending program and keep the profits to use as they wish, such as sponsoring a company baseball league.

"We go out to the customer and show them the profit in vending. We train an individual in the company to stock their machines. They have all the profits that are generated above and beyond the cost of the program," explains Barry. The profit margin is 50 percent and NAI supplies state-of-the-art equipment. The equipment is leased with an option to buy and according to Barry, maintains the 100 percent tax deductible status. The company offers leasing and purchasing options through sister company, Omne for all the equipment they supply.

Customer service is very important to North American. Barry recalls, "Six to eight years ago, we decided we needed to be number one in service." As a result, the company focused on being accessible to customers.

One way North American accomplishes this is with Telesrac, a tracking system for service trucks. This allows the dispatcher to keep track of the location of all service trucks statewide to within 150 feet. When a customer is in need of service, the dispatcher knows which driver is closest and can type a message that displays on the driver's screen. The tracking system even shows a map with directions for the shortest route to the pickup, delivery or job site.

"In one instance, a customer called for service and as soon as they hung up the phone, a service person showed up at their door. They were amazed," said Barry.

Keeping customers happy is North American's priority. The company plans to continue to keep this priority and stay on the cutting edge of technology into the 21st century.
Good Old Fashioned Ice Cream still tops in frozen desserts

Customers have made regular ice cream the largest sales category in the 1998 overall $11 billion frozen desserts market, accounting for 35 percent of total market sales according to the The Market for Ice Cream and other Frozen Desserts, a FIND/SVP brand report from Kalorama Information, the market research publishing company.

Customers also chose vanilla as the most popular flavor of ice cream, accounting for 25.9 percent of total volume of all ice cream sold in food stores.

Fat outdistances nonfat products
Eighty-three percent of total gallonage of frozen desserts sold through food stores is still of regular fat ice cream. In contrast, about 12 percent is reduced/light/low fat, and about 5 percent is nonfat.

Furthermore, volume sales of regular fat ice cream increased almost 6 percent in 1997, while reduced and nonfat gallonage either declined or stayed flat.

Smoothies gain in popularity
Smoothies are the rage in the foodservice end of the market, with most dessert chains— including Baskin-Robbins, Dairy Queen, TCBY, and Yogen Fruz—offering them. Snapple (a division of Triarc) and Welch Foods, Inc (Concord, MA) have introduced store Smoothie products in 1998.

Dreyer’s surpasses Unilever
The ice cream success story of the year was certainly Dreyer’s, which surpassed Unilever for the first time in 1997, to become the leading branded ice cream marketer. With sales of more than $524 million, Dreyer’s market share rose to almost 16 percent.

In second place, Unilever had sales of $489 million, for a market share of nearly 15 percent.

To order the report, call 1-800-298-5699 or visit the web site: www.findsvp.com

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**About Dave Kahle, The Growth Coach:**

Dave Kahle is a consultant and speaker who specializes in helping distributors and their suppliers grow their sales and their people. He's acquired his message through real world experience. As a salesperson, Dave has been the number one salesperson in the nation for two different companies in two distinct industries.

As a general manager of a division of a larger company, Dave directed that company’s growth from $10,000 in monthly sales to over $200,000 in just 38 months.

Dave annually presents over 75 seminars and training programs designed to help people grow their sales and their people. He’s the author of the book, How To Excel at Distributor Sales, and serves on the editorial advisory boards of two Simon & Schuster newsletters, Strategic Sales Management and Professional Selling.

For more information, or to contact the author, contact the DaCo Corporation, 14 Ionia SW, Suite 220 Grand Rapids, MI 49503 (616) 341-1377, fax (616) 451-9412, Info@DaveKahle.com, www.DaveKahle.com

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Please join CROSSMARK for our 10th annual "Aisles Of Smiles" promotion

Each participating manufacturer will contribute to the Muscular Dystrophy Association a "CENTS PER CASE" amount on total shipments, for Michigan & the Toledo, Ohio marketing area, during the program:

August 2, 1999 through September 10, 1999

Please support Muscular Dystrophy & "Jerry’s Kids" by participating with ads & displays and identifying the following promoted products with "Aisles of Smiles" point-of-sale materials.

PLEASE FEATURE & DISPLAY THESE PRODUCTS ... HELP JERRY’S KIDS

- Arm & Hammer Liquid Detergents - 100 oz.
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- Arm & Hammer Dryer Sheets 100 ct.
- Benecol Dressings - 8 oz.
- Benecol Refrigerated Spreads - 5.9 oz.
- Bush’s Baked Beans - 28 oz.
- County Line Cheeses - IWS - Chunk Shredded - String
- Florida’s Natural Premium Orange & Grapefruit Juices - 64 oz.
- Gerber Graduates Baby Food - Full Line
- Ice Mountain Spring Water - 6 pk. 1 Gal.
  6 pk. Sport Bottle
- International Delight Refrigerated Flavored Creamers - 32 oz.
- Jeno’s Frozen Pizzas - 6.8-7 oz.
- Kings Hawaiian Hawaiian Bread - 16 oz.
- Kings Hawaiian Hawaiian Rolls - 12 oz.
- Mann’s Produce Value Added Broccoli Items - 8-16 oz.
- Maruchan Instant Lunch - 2.25 oz.
- Maruchan Ramen Noodles - 3 oz.
- Michelina’s Signature Frozen Entrees - 9-11 oz.
- Mrs. Smith’s 9” Frozen Pies - 37 oz.
- Mrs. Smith’s Frozen Cobbler - 32 oz.
- Parkay Spreads - Quarters Tub - Sleeve - Spray - Squeeze
- Turkey Store Deli Meats - Premium Seasoned Oven Roasted - Smoked - Cured
- Turkey Store Lean Ground Turkey

Contact your CROSSMARK sales representative for program details & appropriate point-of-sale materials.