



FOOD & BEVERAGE REPORT

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March 2001

Working hard for our members.

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Legislative Update

Price-tag law may end

Former Michigan Attorney General Frank Kelley, is working with Home Depot USA Inc. on a proposal that could end the now-mandatory process of putting price tags on almost every item sold in Michigan. The company is looking at the use of scanners that customers could use to check prices instead of marking each individual item. Home Depot was fined \$250,000 in 1998 for repeated violations of the item-pricing law. Kelley, in office at the time, was an impassioned advocate for the law. The former attorney general describes his work as improving the law not weakening it.

Michigan retailers have been seeking changes in the law since it's enactment. It is one of the most stringent in the country, and compliance is very costly. Home Depot has as many as a third of its

See Price tags, page 14

What a Ball!



(l to r) AFD Chairman Sam Dallo, Melody Farms' Mike George, Emmet Denha of Shoppers Market and Seagram Americas' Frank Bodi at AFD-2001, A Space Odyssey, the 85th annual trade dinner. Sam Dallo presented the AFD Man of the Year Award to Mike George at the event, which Emmet Denha and Frank Bodi co-chaired. More photos on pages 26 and 28.

Kmart names Fleming as its national grocery supplier

Kmart Corp officially announced it has chosen Fleming Companies, Dallas, to serve as the single grocery wholesaler for its entire national network of 2,100 stores. The 10-year deal is valued at about \$4.5 billion and should boost Fleming's annual distribution revenue to \$17 billion.

Kmart officials told *The Wall Street Journal* that Fleming's centralization over the past two years will bring

significant buying advantages for Kmart, adding that "nobody is going to be able to buy better than us."

Kmart currently operates 104 Super K supercenters, complete with a full line of groceries and perishable items, but its traditional discount store formats all carry smaller selections of food as well. Also, the chain intends to add 12-15 new

See Fleming, page 6

Take the Internet—Wherever You Go

By Wayne White,
President Verizon Wireless,
Michigan Region

Wireless phones aren't just for making and receiving calls any more – the hot new trend is wireless Internet access. This new service allows people with widely available "Web-enabled" wireless phones to access the information they want from the Internet anywhere they travel.

Users of wireless Internet services actually choose the Internet-based information that gets delivered to their phones, such as stock quotes, sports scores, daily news headlines, weather forecasts by city, and their horoscopes; or they can easily navigate through some simple commands to look up traffic updates, movie reviews, flight and restaurant information, or directions. In addition, they can visit popular e-commerce sites and make purchases right from their phones.

Wireless Internet access is available through a handful of major wireless carriers, including Verizon Wireless. Our product, called Mobile Web, allows users to customize everything that

comes over their wireless phone at the www.MyVZW.com web site. The service allows them to send and receive e-mail, check their portfolio, organize their personal information, bookmark their favorite Web sites and read news, sports, or entertainment headlines that interest them.

Just as wireless phones have evolved from being perceived as toys of the jet set to today's must-have accessory, wireless Internet access is more than a tool for high-profile business types. Anyone can benefit from the availability of instant information delivered wherever they go. Here are some examples:

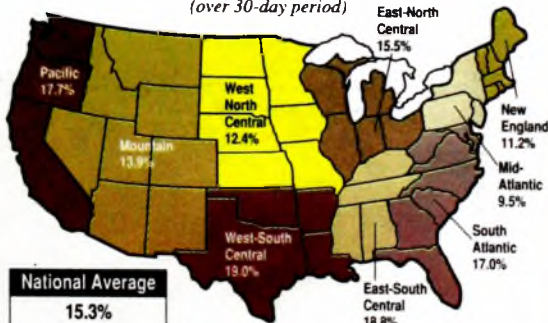
Spontaneous Moviegoer – You're out and about and suddenly want to see a movie. With wireless Internet access, you can read movie reviews, search theater locations and show times.

Savvy Shopper – Avoid lines, overcrowded parking lots, and the stress associated with trips to the mall by shopping from the

See Verizon, page 29

Beer shoppers spend more

Percent of consumers who purchased beer at a c-store
(over 30-day period)

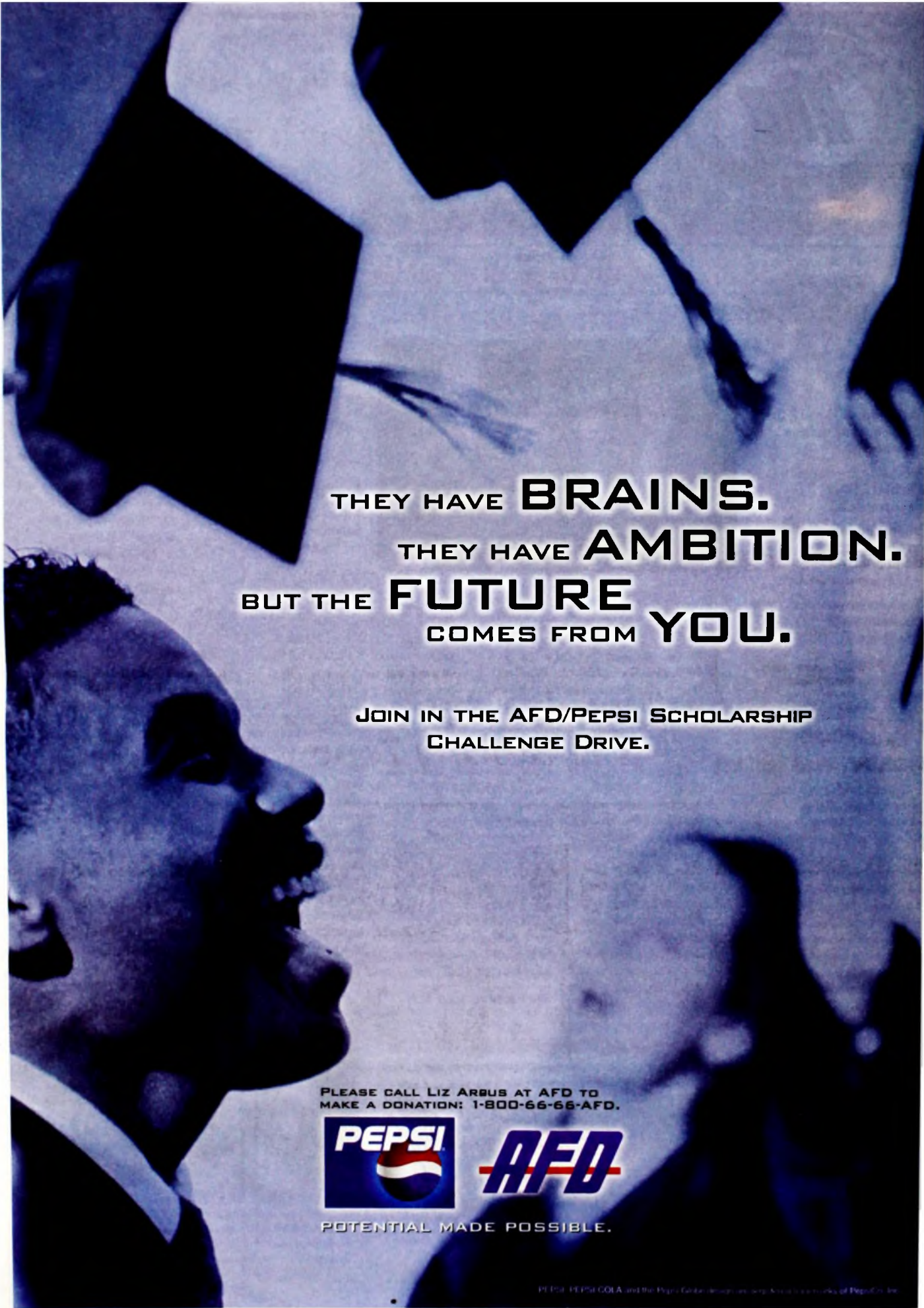


Spin the Wheel with AFD!



Mark your calendar for AFD's 17th Annual Selling Trade Show – Wheel of Fortune. Exhibitor space will sell quickly for this April 30 and May 1, 2001 event at Burton Manor in Livonia. Reserve yours now by calling Ginny Bennett at (248) 557-9600. Retailers should save these dates and watch their mail for show information.

Visit our Web site at: <http://www.cstorecentral.com/afd.htm>



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Chairman's Message

AFD supports President Bush's tax relief efforts



By Sam Dallo

AFD Chairman of the Board

After a careful review, the Associated Food Dealers of Michigan is giving its full support to President George W. Bush's agenda for simplifying the federal tax code.

The tax relief plan includes elements that will benefit all Americans, including those of us in the food industry. The plan includes a tax cut for every family that pays income taxes and replacement of the current five-rate tax structure with four lower brackets: 10%, 15%, 25% and 33%. President Bush's plan also doubles the child tax credit to \$1,000 and reduces the

marriage penalty. Most importantly to AFD members, it includes the elimination of the death tax.

This final element is something we will be watching closely, since it has caused many families in our industry to suffer to the point of nearly losing their business.

Seventy percent of family businesses do not survive the second generation and 87 percent do not survive the third.

Elimination of estate taxes has been a number one legislative priority in our industry for almost a decade. AFD is especially supportive of its elimination because our member businesses need capital to build their organizations and stay competitive with companies that have better access to capital markets.

According to Food Distributors International, one third of small food distributors, manufacturers, processors, farmers and retailers would have to sell or liquidate part of their businesses to pay death taxes. A full 70 percent of family businesses do not survive the second generation, and 87 percent do not survive the third. Elimination of the death tax will make it possible for family businesses to stay intact from one generation to the next.

At a February 6 meeting with several trade association executives and small business owners, President Bush told the group that tax relief is his highest priority for his first year in office. As a businessman himself, the President said he knows small businesses are the source of most new jobs in the country, and the recent downturn in the economy can be reversed by putting money back into the hands of consumers.

It is clear that the President's plan is critical to addressing many of our short- and long-term challenges, including capital for investment in existing and new stores, retaining good employees and family succession planning.

Additional information on President Bush's tax relief plan can be found at www.whitehouse.gov/news.

The Grocery Zone

By David Coverly



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 a 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 Ray Amyot at (248) 557-9600.

NGA & state associations work for independent retailers

By Steve Smith,
Chairman, National Grocers Association

You know there is an old saying that "all politics are local" and I truly believe that.

We must continue to work our grass roots efforts through local and state issues and have them reinstate to the national political arena.

I can tell you from first hand experience nothing is as helpful as giving your congressman or state representatives a tour of your warehouse or backroom to enlighten them as to the impact their decisions will have on hundreds or thousands of jobs.

We at NGA will not be happy until we have at least one active grocer in every congressional district in our country. And we need your help to do this!

As a family owned retailer, and as chairman of NGA, we value your participation in our organization. When it was established in 1982, association executives were given membership status and full voting

representation on the board of directors. Today, Tom Woodsmansee from North Dakota and John Morrison from Missouri – and FIAE's new chairman – are your elected board representatives. Their input is a valuable resource on your behalf.

I encourage you to continue to participate in the National Grocers Association. NGA is always ready, willing, and able to work on issues

Independent grocers operate a wide variety of formats and serve many niches within our industry.

and projects where there is a communality of interest. Over the years, you have provided support and leadership on government relations and industry concerns. Your involvement in bringing delegations to the Public Affairs Committee jointly sponsored by NGA, FDI and FMI, is appreciated. Mark your

calendar now for March 26-27, 2001. Thank you for your commitment!

NGA's mission is to advance the common interest and enhance the mutual understanding and relationships of independently operated food retailers, retailer-owned cooperatives and voluntary wholesaler distributors engaged primarily in the sale and distribution of food and related products as to better serve the consumer.

In fulfilling that mission, NGA represents a wide range of independent operators and wholesalers.

Last year NGA refined the archaic definition for an independent retailer that previously stated you had to have ten stores or less. As a privately owned self-distributing retailer with 87 stores I still consider our company an independent operator and I think most of our competitors would agree with my statement!

The definition of an independent retail grocer has little to do with size, number of retail outlets or the type of retail format of the entity but is more a question of ownership and philosophy of operation.

Independent grocers operate a wide variety of formats and serve many niches within our industry. Most independents are serviced by wholesale distributors while others may be partially or fully self-distributing.

When you think about premier operators in our industry, many independents quickly come to mind whether it's Big Y in New England, Raley's in California and Nevada, Marshes in Indiana or Ukrops in Virginia. Independents are the true entrepreneurs of the grocery industry in large part because of their dedication to their customers, associates and communities.

Not only am I excited by NGA's mission and the constituency we represent, but also I am equally committed to fulfilling NGA's nine keys to success for the grocery industry. They are:

1. Repeat the estate tax.
2. Create a level playing field.
3. Reinvent the supermarket as a lifestyle destination center.
4. Win back center store sales.
5. Recruit the next generation of quality managers and entrepreneurs.
6. Encourage retailers/wholesalers to operate more as a virtual chain.
7. Take full advantage of all

See Independent retailers, page 32

Calendar

March 14
EBT Transition Sessions
Gaylord Holiday Inn
Gaylord

March 15
EBT Transition Sessions
Best Western of Cadillac
Cadillac

April 1 - 3
FMI Pharmacy Conference
Wyndham Anatole
Dallas, Texas
(202) 220-0710

April 30 - May 1
AFD Wheel of Fortune Selling Trade Show
Burton Manor, Livonia
Ginny Bennett
(248) 557-9600

May 6-8
FMI Annual Convention
McCormick Place
Chicago
Dan Reeves
(248) 557-9600

Statement of Ownership

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Consumers double use of electronic payments to buy groceries; report shows cost-control opportunities for retailers

As supermarkets continue to automate and accelerate the checkout process, consumer use of electronic payments has doubled in the past three years to 25 percent, according to a new Activity Based Costing study conducted for the Food Marketing Institute (FMI) by Price Waterhouse Coopers.

The most comprehensive study to date, *It All Adds Up — An Activity Based Cost Study of Retail Payments* reveals that electronic payments today account for an even higher portion of the dollar volume of grocery transactions at 30.8 percent.

Using the accounting tool known as activity based costing, this new study documents all the expenses associated with each transaction at retail — both direct and indirect, including labor, overhead, bank fees and other costs that do not ordinarily show up on balance sheets.

According to Mark K. Webster, partner, PriceWaterhouseCoopers, "Not surprisingly, the study shows the increasing consumer acceptance of debit and credit cards for retail transactions. One of the advantages of an ABC study such as this one, is the ability to identify underlying cost elements and determine which ones can be successfully controlled. By developing comprehensive benchmark data for the industry, FMI has provided its members with a tool they can use to identify internal opportunities for improvement and to track their progress."

Highlights of the study include:

- The electronic transactions involve online debit cards (12.5 percent), credit and off-line debit cards (11.5 percent), and electronic benefit transfer payments (1.3 percent).

- The use of cash remains the preferred payment method at 39 percent, but that figure is down sharply from 59.3 percent in 1997. In addition, many consumers continue to use checks (33 percent), which account for half the transaction dollar volume (50.6 percent).

- The costliest transactions involve credit and off-line debit cards in which the purchase amount is not immediately deducted from the customer's bank account.

- The typical credit or off-line debit card transaction costs grocers 72 cents, according to the study. This figure is at least twice as high as payments by check (36 cents), online debit cards (34 cents) and food stamp coupons (35 cents). Of that 72 cents, the study found that about 80 percent covers settlement

costs, largely the transaction fees that financial institutions charge retailers.

"There are challenges with technology advances that we must realize as well. For example, the fees for off-line debit transactions can be "outrageously high," said Jacki Snyder, chair of FMI's Electronic Payment Systems Committee and manager of electronic payment systems at SUPERVALU INC. "The fees can be as high as 1.2 percent of the transaction amount, which effectively wipes out the grocer's profit."

Snyder added, "Retailers who want

to examine these increasing operational costs can use this research to better identify the expenses that can be managed and controlled."

Online Debit May Be Best Electronic Payment Method for Industry and Consumers

This study also shows that of the current alternatives," Snyder said, "online debit appears to be the best electronic route for the industry and consumers. This type of transaction is fast and secured by the customer's PIN (personal identification number). The lower costs for on-line debit

allow merchants to control costs for consumers and it offers consumers the benefit of receiving cash back at the point of sale.

Webster of PriceWaterhouseCoopers pointed out, "From a retailer's point of view, one of the key findings of the study is that while debit cards are already cost competitive with checks, many of the key components of debit card costs, such as labor, are directly controllable by the merchant, compared with check costs, which have grown significantly in recent years.

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- Discounts for various home safety and security devices

For more information, call Liz at AFD (248) 557-9600.

Fleming, continued from cover

supercenters this year.

For its part, Fleming said it would open three new distribution centers to absorb the Kmart volume it is not already servicing. Currently, Fleming splits Kmart's grocery wholesaling with Minneapolis-based SUPERVALU, which removed itself from the bidding last month for the entire business. SUPERVALU, the nation's leading wholesaler, accounted for the majority of the Kmart business and enjoys broader distribution than Fleming.

Also of note, industry financier Ronald Burkle said he would purchase an 8.7 percent stake in Fleming for \$50 million. This

announcement follows last month's news that Burkle had acquired a six percent stake of Kmart with another investor and that he has SEC approval to buy up to 15 percent of the retail chain. — *Ideabeat.com*

Imperial Sugar mulls bankruptcy

Imperial Sugar Co., the largest processor and marketer of refined sugar in the U.S., is considering filing for bankruptcy to cope with financial problems attributed to plunging sugar prices. The company's proposed action is due to its failure to make a \$12.2 million interest payment on \$250 million in senior subordinated notes.

Direct mail wine is topic of suit

A Prohibition-era law has been the subject of a lawsuit filed by a Michigan couple. The results of the suit may change the way Michigan wine-enthusiasts' make purchases from out-of-state wineries.

Ray and Eleanor Heald, who write about wine, have joined a dozen other Michigan wine lovers and two small California wineries, to file the lawsuit in March after the couple unsuccessfully petitioned the Michigan Liquor Control Commission for the right to receive samples shipped directly by out-of-state

wineries.

Assistant Attorney General Irene Mead insists that overturning the 70 year old law would "gut Michigan's regulation of alcohol." Others fear that cyber-savvy underage college students will use the Internet for alcohol delivery.

James Tanford disagrees. A law professor representing the Michigan wine lovers says "Minors tend to be scraping a few bucks together on a Friday night to buy a six-pack instead of buying Bordeaux futures."

Online grocer offers delivery to Detroit neighborhood

FreshOnline.net is a national pilot program designed to make it easier for inner-city residents to buy food at a discount. The program was created by the Corporation for Community Economic Development and Information Technology at the University of Michigan. It is owned and operated by residents of the Brewster-Douglass public housing project near Mack and the Chrysler Service Drive in Detroit.

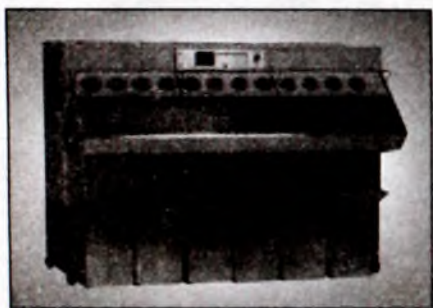
FreshOnline has developed wholesale buying relationships with area grocery and produce distributors. The wholesalers promise to deliver the orders in bulk to the FreshOnline

office within 24 hours.

Customers place their order at the office on one of six Internet-wired computers and pay the cashier with money, food stamps or other government-subsidized food vouchers.

Then FreshOnline employees, all residents of Brewster-Douglass, sort and box up individual orders for customers to pick up. Currently, customers are all from the neighborhood. Eventually, the website will be usable by anyone as long as they pick up their food at the Brewster-Douglass office.

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Federal Child Labor Provisions for grocery stores

Learn the rules for compliance

The Federal child labor provisions were enacted to protect the educational opportunities of minors and prohibit their employment in jobs and under conditions detrimental to their health or well-being.

Employees of a grocery store may be covered by the Fair Labor Standards Act (FLSA) in either of two ways. 1.) Any establishment which is part of an enterprise with an annual dollar volume of sales of at least \$500,000 (exclusive of excise taxes at the retail level that are separately stated) must abide by the Act's requirements. 2.) Any employee of a grocery store, regardless of its sales volume, who is engaged in interstate commerce activities, or any closely related occupation directly essential to such activities, is "covered" on an individual basis in any week in which they are so engaged.

Most grocery stores are subject to, and must comply with, the Federal child labor provisions.

Once youths reach 18 years of age, the Federal child labor provisions no longer apply to their employment.

Under Federal law, youths 16 and 17 years of age may perform any non-hazardous job, for unlimited hours.

The Secretary of Labor has declared 17 Hazardous Occupations Orders (HOs) which restrict the types of jobs and/or industries in which youth under 18 years of age may be employed. The following list includes the most common tasks which occur in grocery stores that are prohibited by one or more HOs.

Workers under 18 years of age generally may not:

- Operate or assist to operate, clean, oil, set up, adjust, or repair certain power-driven meat processing equipment including meat slicers, meat grinders, meat saws, and patty forming machines - even when used to process materials other than meats, such as vegetables or cheese.
- Operate or assist to operate, clean, oil, set up, adjust, or repair certain power-driven bakery machines such as horizontal or vertical dough mixers, dough sheeters/rollers, and combination bread slicing and wrapping machines.
- Drive or serve as an outside-helper on a motor vehicle on a public road; but 17-year-olds who meet certain specific requirements may drive for limited amounts of time as part of their job.
- Operate or unload scrap paper balers or paper box compactors; 16- and 17-year-olds may load such machines under certain specific circumstances.
- Operate certain power-driven

hoists, including forklifts.

In addition, youths 14 and 15 years old may be employed by grocery stores, but only for certain periods of time and only in certain types of jobs.

The employment of 14- and 15-year-olds is limited to:

- outside school hours;
- 3 hours on a school day, 8 hours on a non-school day;
- 18 hours in a school week, 40 hours in a non-school week.

Also, 14- and 15-year-olds may not work before 7 a.m. or after 7 p.m. (except from June 1 through Labor Day when the evening limit is extended to 9 p.m.). The most frequent child labor violations occurring in grocery stores involve minors working too late at night or too many hours on a school day.

Fourteen- and 15-year-olds may generally be employed by grocery stores to perform the following jobs: cashiering; bagging and carrying out

customer orders; cleanup work including the use of vacuum cleaners and floor waxers; and shelf stocking.

Fourteen- and 15-year-olds may not be employed in the following occupations often found in grocery stores:

- All baking and most cooking. These minors may not operate NEICO broilers, pressure cookers, ovens or

See Labor, page 25



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News Notes

Coke, P&G join forces to form new fruit drink company

Coke and Proctor and Gamble have formed a joint venture focused upon developing and marketing "innovative" snacks and fruit-juice based "wellness" drinks globally. Coke and P&G expect the new stand-alone company will enjoy sales of \$4 billion in the first year, and add to the parent companies earnings in the second year.

In addition to newly developed products, the new, unnamed

company will focus on Coke's Minute Maid, Five-Alive and Fruitopia, as well as P&G's Pringles and beverages Sunny Delight and Punica. Coke veteran Don Short will lead the new company as CEO.

U.S., Canada, Mexico inspectors to examine 4,000 cows in Brazil

Health inspectors from Canada, the U.S. and Mexico have traveled to Brazil to check for mad cow disease in 4,000 cows imported from Europe during the past 10 years. The NAFTA

nations banned beef imports from Brazil pending sufficient evidence that the country is free of the disease. *-The Wall Street Journal*

EPA gets C- in regulating food pesticides

The Consumer Union, a nonprofit testing and information organization, has issued a "report card" rating the EPA's progress in enforcing the Food Quality Protection Act, designed to cut exposure of foods to dangerous pesticides. The group gave the EPA a C- for its overall performance in implementing the 1996 law. *-Reuters*

Webvan cuts work force in bid for profitability

Online grocer Webvan has cut 5% of its Atlanta work force and eliminated 80 jobs nationwide in a move aimed at achieving profitability. Webvan's revised business model includes delaying plans to launch service in new cities in favor of striving for profitability in its 10 established markets.

-The Atlanta Journal-Constitution

Employees cash in with Comerica's CompCard

The Feb. 14 launch of Comerica Bank's CompCard could replace the paper paycheck. The plastic card allows the firm's business clients to load the card with money and distribute it to employees in lieu of a check. The cards can be used at any place that accepts MasterCard as well as ATMs, and more money can be added at any time.

-The Detroit Free Press

Software to help convenience stores cut costs, increase profits

A software program created by the convenience store industry helps retailers measure the profitability of individual products by factoring in labor, operating, overhead and inventory costs. By using the new software, one retailer eliminated two detergent brands and increased sales in that category 20%. *-The Wall Street Journal*

Wind Turbine and Photovoltaic Incentives are being offered

Wind Turbine and Photovoltaic (PV) Incentives will be available from the Energy Office of the Department of Consumer & Industry Services for PV and wind systems installed in Michigan during 2001. The incentive is \$3/watt. Maximum incentive payment per applicant will be \$5,000. All Michigan residents, businesses, and institutions are eligible. PV systems must be at least 100 watts and wind systems must be at least 500 watts. A total of \$300,000 is available for incentives which will be paid out on a first-come basis until December 31, 2001 or until funds are exhausted. For further information, call John Trueloff at (517) 241-6224.

Albertsons.com to add recipe

Albertson's, Inc. announced that it will begin integrating the Meals.com online recipe content and meal planning service into its website. The content and functionality will become available to Albertsons.com shoppers over the next two months.

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News Notes

Safeway returns to the golden standard

Safeway is saying goodbye to the greenback this week, making change with one dollar Sacagawea golden coins instead.

Safeway has agreed to help the U.S. Mint distribute the coins, which were introduced last year in boxes of Cheerios, although the stores will continue giving dollar bills to customers who request them, according to *Bloomberg*. According to the *Washington Post*, the Mint hopes to increase consumer acceptance of the dollar coin over the less durable dollar bill.

— *Ideabest.com*

Suits charge retailers promote workers to save on overtime pay

Bloomberg reports that companies like Wal-Mart and Taco Bell are being challenged in court by employees who believe they were given management titles simply so they wouldn't have to be paid for overtime.

In one such suit, 3,000 Taco Bell employees in California are seeking

overtime pay and damages for violating the state's unfair business practices laws. Under California law, an "executive" employee doesn't receive overtime compensation and must spend 50 percent of the time engaged in managerial duties, *Bloomberg* reports.

Other defendants around the country reportedly include Wendy's, and T.J. Maxx. — *Ideabest.com*

Priceline.com shows revenue increase

First, spokesman William Shatner beamed out. Then, founder Jay Walker abandoned ship. But now, Priceline.com may be putting the bad news behind it. The "pay your own price" company had a fourth quarter net loss of \$105 million, or 62 cents a share, compared with losses of \$921.4 million, or \$5.91 a share, a year earlier.

The company's net loss for the year was \$329.5 million, compared with a loss of \$1 billion, for all of 1999. Full year 2000 revenue was

up 156 percent to \$1.24 billion, compared with \$482.4 million reported in 1999. Priceline's revenues rose 35 percent to \$228 million in 2000, compared with \$169 million a year ago. — *Ideabest.com*

Kellogg predicts another transitional year

Kellogg has told investors to expect another transitional year in which the company will see limited top-line growth; however, its pending acquisition of Keebler Foods — expected to close in March — will add significant cash flow. The acquisition is key to Kellogg's planned turnaround. — *Business Week*

McDonald's introduces rotating menu

McDonald's launched New Tastes Menu, a rotating menu of new items, at its U.S. restaurants on Jan. 21 to boost

sluggish sales. Local markets select up to four items from among 40 products not regularly featured nationwide. Selections can be changed every few weeks.

Walmart.com acquires Garden.com content

Garden.com has sold its Web site content to Walmart.com and its brand name to the owner of gardening company W. Atlee Burpee & Co. for \$4.4 million. Walmart.com will integrate Garden.com's content into its Wal-Mart retail stores.

Associated Press

StarKist brings back Charlie the Tuna

H.J. Heinz's StarKist is reviving Charlie the Tuna after a decade-long hiatus by launching an ad campaign for its new Tuna in a Pouch on network television. The spots feature Charlie urging StarKist executives to be more innovative and pitching tuna in a pouch. *GMA*



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Representative Michael Bishop believes less government is more



by Kathy Blake

State Representative Michael Bishop (R-45) of northeast Oakland county, believes government should not encroach upon people's lives and livelihood. He introduced a bill for a part-time legislature in Lansing.

"Everyday the government becomes more sophisticated. Government at every level is growing so fast and furious that citizens are becoming overwhelmed by how much overreach every level has on their lives. A part-time legislature would scale back the amount of time legislators spend in Lansing. It would allow them to meet, adjourn and return to their communities, spending more time in their districts," explains Bishop.

Rep. Bishop thinks that a part-time legislature would keep good people interested in filling representative and senator seats since they can keep the door open to their primary professions. A downfall of term limits has been the loss of appeal to qualified candidates who don't want to give up their current permanent job to work at a temporary job for a maximum of six years as a state representative, according to Rep. Bishop.

An interesting note for the 2002 election is that term limits will be up for 26 senators in Lansing. "There might be three representatives in any one of those senate districts vying to fill a senate seat," says Bishop.

Bishop is on the Redistricting and Elections committee which will be redrawing districts due to population shifts.

"It's pretty straightforward because, according to recently enacted Michigan law, we have to

honor existing municipal and county lines as much as possible," says Bishop.

Among his other assignments, the representative was named Chair of the Banking Committee and the Ethics committee. He is Vice-Chair of the Commerce Committee and the Joint Committee on Administrative Rules and he serves on the Energy and Technology and the Campaign Finance Committees and the Appropriations Subcommittee for Consumer and Industry Services.

He is sponsoring a state-wide ethics bill that provides a set of rules for elected officials. This would be the first ever of this kind of bill. "If there's a conflict of interest in private life, they must disclose and recuse themselves from a vote. It would also place thresholds for accepting gifts.

"There's a perception that government is untrustworthy. We need to instill in people a sense of trust in government," says Bishop.

During his first term, he sponsored a bill to limit frivolous lawsuits by

prisoners. He is proud to have instigated this reform in Michigan's judicial system.

"As a lawyer, I see how that affects the judicial system and as a consumer I save tax dollars in halting frivolous lawsuits," says Bishop.

Rep. Bishop is serving his second term in his Oakland county district which includes the cities of Rochester, Lake Orion and Oxford and townships in-between. Bishop's father, Donald Bishop, was a state representative and senator for the same district in the '60s and '70s.

Rep. Mike Bishop is an attorney partner in a law firm, Booth and Patterson, P.C. specializing in business law, contracts and real estate. He is also a real estate broker and owns Freedom Realty, Inc. and Pro Management, Inc.

"I love my law practice. I'll be a better lawyer and real estate agent as a result of my public service," says Bishop.

He started Pro Management in 1994. In this business, he represents sports and entertainment clients. "My

passion has always been sports, so I became involved in promoting athletes," he explains. While a knee injury prevented Mike from pursuing his dream to play football at the University of Michigan, he did the next best thing and became a student recruiter for the football team. He is a 1989 graduate of the college.

Bishop received his Juris Doctorate from the Detroit College of Law in 1993. He studied international law and business at Cambridge University in England and the University of Paris-Sorbonne in France in 1992. He studied Spanish Language and History at the Universidad de Sevilla, in Spain in 1988.

Bishop has been a campaign manager and treasurer for a US Congressional candidate and was a Republican Precinct delegate from 1991-1994. While attending the Detroit College of Law, he worked in Oakland County courts in various capacities such as a judicial clerk.

He is a member of the American Bar Association, as well as the Oakland and Macomb County Bar Associations, and Sports Lawyer Association. He serves on the Municipal Law and Business Law committees of the Oakland County Bar Association.

He was a Republican nominee for the University of Michigan Regents in 1996.

Rep. Bishop enjoys exercising to stay healthy and "keep his mind and body in shape." He and his wife and toddler son live in Rochester. Contact Rep. Bishop at (517) 373-1773, email: mbishop@house.state.mi.us, or write The Honorable Michael Bishop, State Representative, P.O. Box 30014, Lansing, MI 48909-7514.

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FDI urges Congress to reject

Kennedy patients' rights bill

The so-called "Patients' Bill of Rights" just introduced would make it harder for many employers to provide their workers with health care, and would be counter-productive at a time when health care costs are on the rise, Food Distributors International (FDI) warned.

Sponsored by Sen. Edward M. Kennedy (D-MA), the bill purportedly is intended to guarantee patients specific rights in dealing with managed care organizations.

"That's a noble goal," declared FDI President John R. Block. "The problem is the bill doesn't deliver, and it would end up forcing many companies to at least consider reducing or eliminating their health insurance coverage for many workers. How does that help anybody?"

One of the key problems with the bill is that employers would be subjected to new health care lawsuits over circumstances of which they have little or no control.

"A much better solution than

fattening the profits of trial lawyers would be to provide a quick, independent, external review of claims that are denied," Block said. "That would provide patients with needed care faster than waiting for a judge to hear from a bunch of attorneys."

William M. Mercer, Inc., a leading New York-based health care consulting firm, estimates that the cost of employer-sponsored health insurance benefits will increase 11 percent this year, and even more for smaller companies. The Congressional Budget Office's most recent estimate of the Patients Rights bill would be another 4.1 percent added to health care costs.

"It is certainly a worthy objective to protect employees who need health care coverage, and there are some areas within the managed care arena to be addressed," Block said. "But what's the point of passing a bill that will actually lead to more uninsured.

Proposed bill to kill Death Tax

Food Distributors International has urged Congress to approve legislation to repeal the federal estate tax.

"We are extremely pleased that Reps. Jennifer Dunn (R-WA) and John Tanner (D-TN) have introduced a new death tax repeal bill, and are confident that it will be included as part of the tax relief package to be considered by Congress," FDI President John R. Block said.

Block noted that the Congressional Budget Office has increased its budget surplus estimate over the next decade to \$5.6 trillion, and said it is past time to "return some of that revenue to taxpayers, including the millions of small business owners and family farmers who need death tax relief."

Congress passed the legislation by a wide majority last year, but President Clinton vetoed it.

"Now we have a new President

who understands the importance of providing death tax relief, of not penalizing hard-working Americans who have saved and who operate the small businesses that keep this country moving," said Block. "If we can get congressional agreement, I am confident that this battle will be won."

"As things stand, one third of small food distributors, manufacturers, processors and farmers would have to sell or liquidate part of their businesses to pay death taxes," Burke said, noting that 70 percent of family businesses do not survive the second generation, and 87 percent do not survive the third.

"The time has come to drive a nail in the death tax coffin," he said.

Learn about EBT transition at sessions

Michigan EBT transition sessions will be held in March. The basic steps involved in processing EBT transactions will be covered and a Citicorp Services Inc. representative will be available to help you complete your forms and answer any questions you may have to ensure your timely participation in the EBT program.

There will be two sessions in Gaylord on Thursday, March 14. The first at 10 a.m. and the second at 3 p.m. The sessions will be held in the Alpine Room of the Gaylord Holiday Inn located at 833 West Main Street.

There will also be two sessions in Cadillac on Thursday, March 15. The first at 10 a.m. and the second at 3 p.m. The sessions will be held in the King Arts Room of the Best Western of Cadillac located at 5676 E. M-55.

Price tags

Continued from page 1

Michigan employees engaged in pricing.

Chris DeWitt, spokesman for Attorney General Jennifer Granholm's office was among the group who met with Kelly. Although open to hearing any suggestions, DeWitt says she will reject anything that would make it more difficult for consumers to be sure they have been charged the correct price, or that would shift the burden of complying with the law from stores to consumers.

Michigan Liquor Control Commission reports on violations

At a recent Michigan Liquor Control Commission meeting, Sharon Martin, commission aide, reported there were 150 violation hearings conducted in November and 747 violation complaints pending hearing as of December 1, 2000. She said that 232 licensed establishments were fined in November resulting in total fines of \$140,817 and that 21 licensed establishments received license suspensions.

Licensing director, Julie Wendt reported that the Commission is again working with the Department of Treasury regarding placing a stop on renewal of liquor licenses for outstanding state tax payments. She stated that the status of 400 licensees was checked in 2000 resulting in 114 stops on renewal processed and that Treasury has indicated they will request between 1,000-2,000 status checks this year.

Mark Smith, Director of Enforcement Division advised that 1,733 violations were reported from January -November, 2000 compared with 1,642 for the period January-November 1999. He said that 283 controlled buy stops were conducted in November resulting in 84 violations of which 50 clerks requested and checked valid identification prior to the sale.

AFD reminds retailers that MLCC violations are serious business and can cost you your license!

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News Notes

Procter & Gamble case against Amway reopened

A U.S. appeals court has ruled that a 1995 Procter & Gamble lawsuit — thrown out in 1999 — against Amway Corp. employees be reopened. The lawsuit accuses Amway distributors of using the company's voice-mail system to spread false rumors that P&G was associated with the Church of Satan to get people to buy Amway products instead of P&G products.

—*The Cincinnati Enquirer*

Coke keeps its lead in soda market

Coca-Cola Co. kept its market lead in 2000, with a 44.1% share of the soft-drink industry; PepsiCo kept its 31.4% share. Both companies reported sluggish sales due to rising prices. —*The Wall Street Journal*

Budweiser strikes again as "whassup" enters vernacular

The New York Times recently examined Anheuser-Busch's successful "Whassup" beer commercials, noting that as the campaign continues to win numerous awards, the catchphrase has entered the American vernacular and helped sell beer. The Times also examined the extensive research DDB Worldwide, the ad's creative team, conducted to insure the campaign's success. —*The New York Times*

Sweetened drinks linked to childhood obesity

Researchers at Boston Children's Hospital found that an extra soft drink each day increases a child's chance of becoming obese. The study, which tracked 548 children age 11 and 12 for two school years, says the soft drink-obesity link is independent of other factors, such as the food children eat and frequency of physical activity. —*CNN*

Roundy's plans to acquire Copps

Wisconsin-based wholesaler Roundy's Inc. has announced its plans to acquire the family-owned Copps Corporation. Terms of the transaction were not released, but Michael Copps, chairman and chief executive of Copps, said it needed the resources of the larger Roundy's to continue to be competitive in the modern market.

Copps operates 22 retail locations in 15 markets and supplies another 37 independent retailers. Roundy's, Inc. owns and operates 43 stores in Wisconsin, Michigan, Indiana and Ohio and serves over 800 stores in 12 states.

MyWebGrocer.com grows

MyWebGrocer.com added Farm Fresh, the Virginia-based, 35-store retailer, to the roster of companies using its application to provide online grocery shopping for consumers.

Rich Tarrant, CEO of MyWebGrocer.com, said that the service would be made available in all of Farm Fresh's stores and would be up and running by April. Ron Dennis, president of Farm Fresh, noted that while the chain has offered a limited online ordering program, this move would allow it to expand the offering dramatically. MyWebGrocer's

application currently is used by 43 companies in 23 states.

InformLink.com is acquired by ShopEaze

ShopEaze, an e-commerce service provider, has acquired InformLink.com, a promotions-oriented software and service provider. The new service, which will be marketed under the ShopEaze Systems name, is designed to create a more robust coupon and promotion experience on retailer sites using ShopEaze's application. It ties the

appearance of coupons to previous shopping behavior, endeavoring to move the customer "up" in terms of size and price, and then links to like-minded promotions within the same category. The promotion dollars from manufacturers applied to the system are supplemental, and should not cannibalize current brick-and-mortar promotion moneys.

Also interesting about ShopEaze is that it will provide it not only to its own retail customers, but to companies like Webvan, Peapod and Stater Bros. that offer online shopping but don't use the ShopEaze system; in essence, ShopEaze is endeavoring to become a service provider to its own competition.

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Important information on Social Security Numbers

You can protect and guard yourself from identity theft by protecting your Social Security Number. The following tips are provided courtesy of the *Privacy Rights Clearinghouse*.

- Do not carry your Social Security card in your wallet.
- Carry your military identification card in your wallet only when you know you'll need it.
- Do not provide your number to anyone without getting firm assurances about how that information will be protected.
- Ask your employer, insurance

companies and schools not to use your number for identification purposes.

- Do not put your number on personal checks.
- We also suggest that you request the Motor Vehicle Administration not to use your social security number as your driver's license number.

In regards to the issuance of Social Security Numbers, the following is reprinted from the *Bankers' Hotline*.

The first three numbers of a social security number, the "area" numbers, indicate in what state the number was

issued. You'll find these on the chart below. The second set of two numbers of the social security number are called "group numbers." These numbers, by code, indicate what year the number was issued. They will not be the actual year of issue, but rather the number the state was using during a particular year, using assigned odd and even numbers.

For instance, a number was issued in Texas (454) in 1954 when they were using the number 58; while a number such as 430-27-5555 was issued in Arkansas (430) in the year

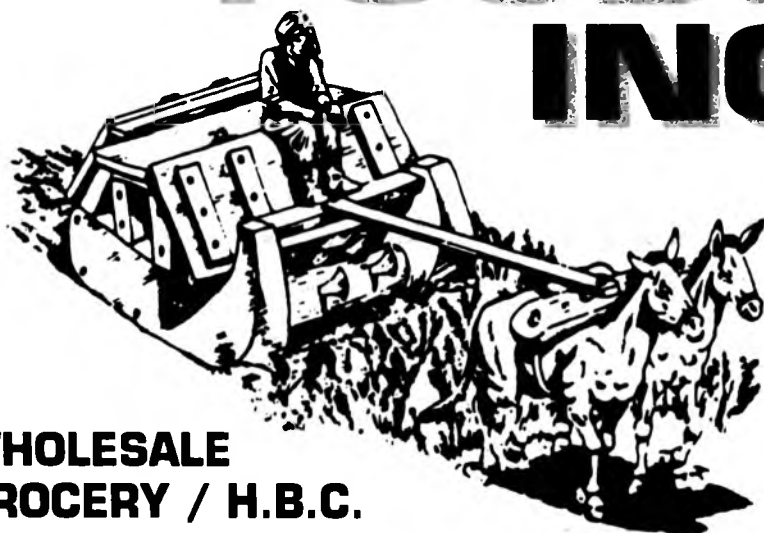
1974 when their assigned group number was 27. The Social Security Administration assigns and maintains the designated group numbers.

You will not be able to determine the year of issue by looking at the number. Keep in mind, however, it will never be 00. The last four numbers are the individual's serial number, and is unique in the combination with the first five numbers. The first three numbers will never be 000. The serial number will never be 0000.

The highest group numbers issued each month, and the complete lists are available to you on the web site run by the Social Security Administration at www.ssa.gov.

The Bankers' Hotline, which provides many useful security tips, also has a website at www.bankersonline.com.

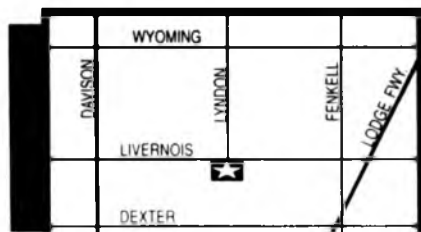
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Winefest 2001: A Wine Odyssey

Winefest 2001: A Wine Odyssey, the 19th annual fund-raising event for the Ann Arbor Art Center, comes to Washtenaw Community College in Ann Arbor at 6 p.m., on April 20 and Mariott at Eagle Crest in Ypsilanti at 6 p.m., on April 21.

Last year, the event raised over \$224,000, and in its 18-year history, Winefest has compiled over \$2.4 million for the Art Center's community programs.

The traditional WineMaker Dinner, hosted by National Honorary Chair Gina Gallo, will be on Friday, April 20, at 7:00pm. Featuring an intimate setting of a five-course gourmet meal, prepared by Chef Paul Cousin of Cousin's Heritage Inn, the menu is designed to compliment the wines chosen by Ms. Gallo. Included at the dinner is also the opportunity for guests to bid on items featured exclusively in the Showcase Preview Auction.

Preceding the auction, guests will be able to attend a Riedel Crystal Seminar and participate in a special wine tasting that will feature Riedel Glassware. In addition, seminar attendees will receive a complimentary set of four Riedel wine glasses.

On Saturday, April 21, not only can guests once again taste a variety of wines, but they can also take part in two silent auctions, followed by a live auction featuring lots ranging from fine wine and wine accoutrements to travel and dinner packages.

For more information, call (734) 994-8004 ext.101, or visit www.winefest.org.

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Their routing software saves manpower, miles, time and resources

By Ginny Bennett

SaTech Logistics, Inc.'s Joe Sadler sees the world of wholesale and retail delivery service as a big puzzle. He is excited to solve the puzzle and help his clients save money or grow by providing better, more effective routing services. Sadler says SaTech can help business develop an entire delivery plan.

"I use computer technology to save company resources if that is most important," says Sadler. "But an even better use of this technology may be the impact it can have on expansion and growth." The direct result of this technology might be changing a route for a dairy truck that would allow it to make more frequent stops, at the same pace and yet save mileage. Or, to reduce the effective territory of a home health care nurse or a copy repair serviceman so that they could meet with more customers without long drives in-between clients. SaTech can help manage a company's field staff, regardless of whether the company picks up or delivers people, wine, milk, food, money or even sod.

A software program called Resources in Motion Management Systems (RIMMS) is responsible for all the excitement. Coupled with technology developed by SaTech, which is headquartered in Bloomfield Hills, Michigan, it typically enables clients to obtain 10-30 percent cost reductions and realize a 4-6 month return on investment when its tools and processes are applied.

Any company that has a pick-up or delivery route, a fleet to schedule or service personnel that needs to meet critical time demands will be the likely beneficiaries of this increased efficiency.

Sadler and his associate, Nate Ustick told of some of their successes



Nate Ustick (left) and Joe Sadler enjoy the challenge presented by SaTech Logistics technology.

that are displayed on the office "Wall of Fame." Testimonials from near and far hang there and attest to the success of SaTech and to the confidence companies have felt while being trained by and serviced by this firm. Word-of-mouth advertising alone has increased their business.

Beaumont Hospital implemented SaTech Logistics in one department and has gone on to provide innovative solutions to a variety of other areas from materials management to home medical equipment to home care. Beaumont's satisfaction has led to SaTech's success in the health care field as Beaumont has proclaimed their enthusiasm for the service to other companies. "We think we can parlay the ideas from service in the health care industry to many of the other industries in Metro Detroit, and beyond. We take a systemic view of the organization and really design a solution that gives the company an advantage."

While this process can contribute to cost savings, both by reducing personnel hours and actual time and

miles of delivery schedules, its purpose is not just to cut the number of people, vehicles or the time it takes to service their route.

The dispatcher or traffic person need not feel threatened by this technology when working with SaTech to design better and faster operations.

This expert employee is actually crucial to the success of the

new system. It is their knowledge that will help SaTech develop a personalized plan. The training has been well accepted as soon as companies see the new possibilities the program allows. The excitement is catching.

Joe Sadler compares it to the pre-computer days of keeping financial records. "It is as different as using a paper and pencil to perform financial tasks the old fashioned way as compared to using a financial program like Excel." A dispatcher with pins on a big city map on the wall, along with a lot of time sheets, used to suffice although it was tedious to make necessary changes and schedules were made up far in advance.

"We have found a way to make this process feel more like a game," Joe explains. If it is possible to accomplish what RIMMS promises and feel like it is a game, why wouldn't people want to try it? Sadler has offered reluctant prospects the option of taking his payment as a percentage of their savings because he is so confident in the success of his program.

One feature of the software is the option to try different solutions with

the input of just one different figure. Hit enter and there is a different answer. Changing one stop or one time can possibly change the outcome. It is relatively easy to "schedule" for an emergency or the inevitable sick employee and redo the route in a matter of seconds. It is a way to make quick changes and the way to try new ideas; it provides the opportunity to say "what if?" Can the company save one person, one truck or meet with one more client? Finding a better solution feels a lot like winning the game.

In an example, Joe told of a dispatcher who saw the difference RIMMS technology could make to his company's situation. Applying the different scenarios, he was able to use the technology to impact his employee's well being in a positive way and at the same time, free up a truck that would allow the company to hire a part-timer to pick up a half a shift, from 5 a.m. to 9 a.m. The full-time employee could then start at 9 a.m. and still maintain his normal eight-hour day. The dispatcher was able to plan more deliveries, keep a truck in service four more hours a day and tighten the route, while the employee got to be with his children and get them off to school in the morning before starting his day. It can be a win-win proposition. "Ninety-nine percent of drivers like it," says Sadler.

SaTech boasts over 250 RIMMS implementations. A company has a choice of buying the software and being trained by SaTech personnel or using SaTech's services and letting them do all the work. Either way, Sadler predicts a four to six month return on investment.

For more information on SaTech Logistics, Inc. call (248) 203-9500.

Five Myths of Field Logistics

By Joseph R. Sadler,
President, SaTech, Inc.

1. My Drivers are best used when focused in an area.

Geography based or "zones" do provide a level of economy and local knowledge. This method, however, does not consider traffic patterns, customer needs, or workload volume. The only geography that really matters is the area around the current point being serviced. Our experience shows that this method, though logical on the surface, adds miles, labor, and expense.

2. My dispatchers and drivers know best.

There are always highly experienced

and knowing drivers and dispatchers. These individuals are the primary experts in day-to-day knowledge of what's happening on the road. The trick is to provide them the tools to use that experience and knowledge to make the bigger and more difficult decisions. Experienced drivers and dispatchers are typically good at adding stops to current routes. However, when looking at 300 stops across 10-20 drivers, the human mind just has a more difficult time.

3. Strait Line Estimates Are Good Enough.

In some circumstances strait-line estimates work fine, such as to go between cities. When operating a fleet in a metropolitan area or mid-sized city, road patterns and local restrictions, such

as no left or right turns have a major impact on route structure planning. In many cases, it might be best to have different drivers service different sides of an intersection. A great example found throughout Michigan is the "Michigan Left." In this case two stops that appear next to each other are potentially a quarter of a mile apart when you consider you need to turn right, do a U-turn and go through the light, just to make a left turn.

4. Outsourcing is cheaper.

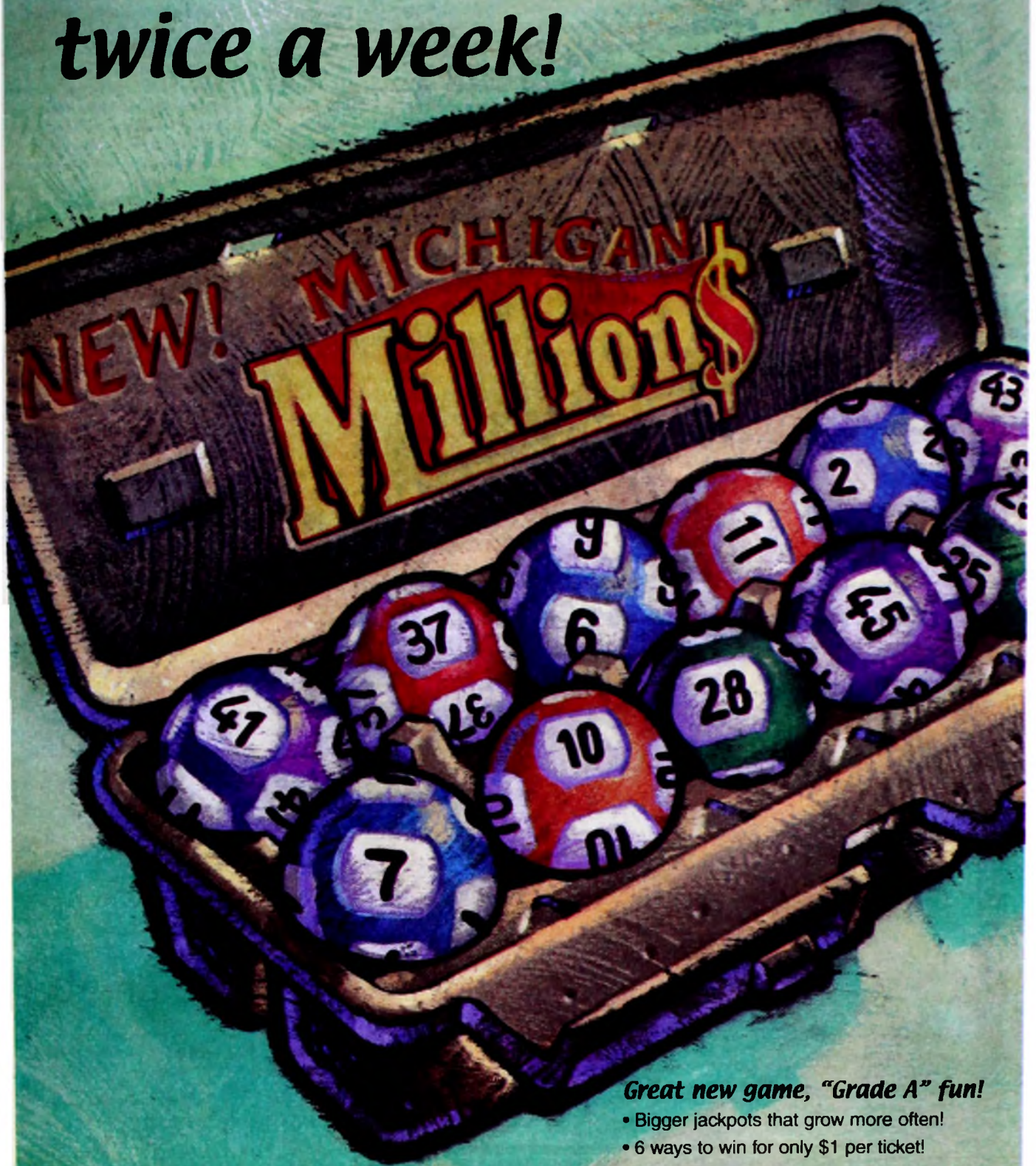
Outside service providers are an excellent resource to provide specialized and overflow services. In most cases, however, the work can be done more cost effectively and provide more flexibility when done with internal resources. A good rule of thumb is to evaluate services

when outsourcing reaches 5-20% of budget, depending on industry. Another item to consider is that you've just handed a relationship building opportunity to an outsider that may not properly represent your company.

5. But UPS only charges \$6.95.

UPS and other parcel companies do a terrific service at a great price - for a single package. When considering the "great price" remember that is a "piece price". If I am delivering supply products to an office building, and I have eight packages to deliver, UPS, or others, might cost around \$50-\$55. Compared to my own driver spending one hour and a half making those same deliveries. My cost might be around \$40. And once again, you may have lost an opportunity to build a relationship with that customer.

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Michigan retailer sells \$107 million winning big game ticket



By Commissioner Don Gilmer

In less than one year, three different Michigan Lottery retailers have sold jackpot-winning Big Game tickets. Mama's Pizzeria & Party Store in Chesterfield Township is the Lottery's most recent lucky retailer, selling a \$107 million jackpot-winning ticket for the January 30, 2001 drawing. The owner of Mama's Pizzeria & Party Store earned a \$2,000 commission on the jackpot-winning Big Game ticket he

sold.

Lottery retailers all across the state saw an increase in sales in January due to the large jackpot. From December 1, 2000 – when The Big Game jackpot started at \$5 million – to January 30, 2001 – when the jackpot reached \$107 million – ticket sales for all seven Big Game states totaled \$180,847,782. Ticket sales in Michigan alone for that period of time were \$37,927,000, making

Michigan the highest ticket seller of all seven Big Game states!

One lucky Michigan resident matched all six numbers in the January 30 drawing to win the entire jackpot. The lucky lady from Chesterfield Township claimed the \$107 million prize on Thursday, February 1 during her appearance at a press conference at Lottery headquarters in Lansing.

I had the honor of presenting Linda Calliea and her husband, Anthony, Michigan's newest multi-millionaires, with their check in front of several members of the statewide media. The winner chose to take her winnings in a one-time, lump-sum payment for \$57,775,399 (before taxes).

This lump-sum payment ranks as the second largest ever in Michigan history! In May 2000, Larry and Nancy Ross of Shelby Township won \$181.5 million — half of a \$363 million Big Game jackpot — and opted for a one-time, lump-sum payment of \$90,302,950 (before taxes).

In addition to the jackpot-winning ticket, four Michigan Lottery retailers sold second-tier prizes of \$150,000 for the January 30 Big Game drawing. The following Michigan Lottery retailers sold \$150,000 winning tickets:

- Mac's Pipe & Liquor Inc. in Lansing
- Ryan Express in Warren
- Hardings Market #397 in Kalamazoo
- Dellys Party Store in Detroit

Congratulations to all of our retailers on increased Big Game ticket sales. Your patience and courtesy with customers is a big reason Lottery players keep coming back. Thank you for a job well done!

Michigan Millions coupons coming soon.

To help kick off Michigan's newest on-line game – Michigan Millions – the Lottery is giving players across the state a chance to cash in on Michigan Millions for free! Beginning March 4, coupons offering one free Michigan Millions easy-pick wager with the purchase of a \$1 Michigan Millions easy-pick wager will be distributed in select home-delivered newspapers all over Michigan. Lottery retailers will get a 12-cent commission for each coupon that is redeemed – that is twice the normal sales commission for a \$1 purchase!

See Lottery, page 29



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Could your employees be a marketing tool?

By Tracye Graves

Tom Feltenstein, founder and chairman of the Palm Beach, Fla.-based Neighborhood Marketing Institute, is giving the phrase "work your way up" new meaning. Feltenstein addressed Outlook Conference 2000 participants on the importance of building their businesses through "foundational marketing."

"Marketing should start from the bottom roots and build upward within the four walls (of a business)," he said. Feltenstein, known as an authority in strategic and neighborhood marketing for the retail and service industries, calls this approach "four-wall marketing."

He listed four key areas inside the four walls of retail operations: people, product, zone merchandising and data capture.

Take people. Feltenstein believes the most important people are the employees, and refers to them as "internal customers." "We don't have a recruiting problem," he said. "We have a retention problem. We're not taking care of the people we have."

He challenged Outlook participants

to make their internal customers their No. 1 priority by implementing programs such as employee-focused, strategic marketing initiatives and recognition programs. He expressed the need to change the employer/employee dynamic to maximize business practices and even encouraged employers to treat their staff like volunteers. "This will stop turnover by 100%," he asserted.

Feltenstein believes the most important people are the employees, and refers to them as "internal customers."

In his latest book *Uncommon Wisdom*, Feltenstein suggests that businesses shift from "transactional stances to relationships." For instance, he suggests employers should move from control to trust when it comes to their employees. "External coercion (such as salary, promotions and tenure) should be replaced with a shared conviction that motivates the entire organization."

Once key, internal organizational goals are achieved, Feltenstein said, these goals should be externalized. To

achieve this, a turn from transactions with customers to a relationship with them is critical. Customers appreciate being regarded as more than a source of revenue. "Once you match the belief in your own services and products with the consumer's eagerness to be treated with respect," he explains in his book, "you'll find that you've entered a different, higher plane of marketing."

The winning product

Product is another critical area of foundational marketing. Feltenstein believes, again, that employees are the invisible product and essentially a business's true win factor. "The human equation and emotional attachment that employees have with customers is invaluable," he said. Tied to that is not only delivering quality service, but also creating hospitality—offering a smile, for example. Something as simple as employees wearing buttons with \$2 bills attached that read, "If I don't smile, you can have this \$2 bill," or "The answer is yes. What's the question?" can drive sales within the four walls of the business, he said. Zone merchandising also is key.

Feltenstein describes four concepts for increasing sales: new customers, repeat purchases, raising check averages and increasing party/group purchases. He explained that convenience store operators should focus on repeat purchases and increasing the total sale per customer, both of which are largely affected by frontline employees.

Feltenstein also stresses marketing to the top line, "where the growth occurs." He said a 2% increase in sales is equivalent to a 10% reduction in expenses, but a 5% increase in customer loyalty increases profit by 25% to 85%.

Data capture is another essential component, according to Feltenstein. Operators should capture the name, address, phone number and birthday of each customer they serve. This information is valuable when creating loyalty programs. To him, point-of-purchase (POP) really means point of persuasion, or getting a consumer to take an action. Marketing is one-to-one, he said.

Feltenstein also is a firm believer

See Tool, page 29

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Highlights of the Governor's 2001 State of the State Address

A special report by Karoub Associates

In his eleventh State of the State message Governor Engler clearly focused the spotlight on high-tech economy as he proposed general tax cuts for high-tech firms. Not far behind were proposals relating to expanding student testing, the slowdown of Michigan's economy,

and previously scheduled tax reductions.

High-tech economy

Governor Engler proposed tax breaks for high-tech businesses creating jobs in the state. This was a clear signal that the state is moving to create incentives to land Covisint, the

e-commerce company created by the auto-makers. The Governor's proposal to eliminate the business tax on high-tech firms is combined with the creation of a "Cybercourt" to protect intellectual property rights.

Education

Governor Engler proposed annual

testing of school children through the eighth grade. This expansion of the state assessment tests is intended to target elementary and middle school students. Additionally, he again proposed lifting the limit of 150 charter schools. The Governor also pointed out that as part of the Teacher Technology Initiative program, classroom teachers across Michigan are receiving laptop computers, training and Internet access administered through the Michigan Virtual University. This \$110 million investment in technology is enhancing the skills of Michigan's classroom teachers and allows Michigan to draw upon the collective knowledge of technology innovators such as Apple.

Supreme court appointments

In an effort to eliminate the acrimony experienced in last November's election, the Governor proposed a constitutional amendment to allow the appointment of Supreme Court Justices. Governor Engler's proposal is to permit gubernatorial appointment of Supreme Court Justices every two years to a single 14-year term. Additionally, the Governor is recommending that the boards of Michigan State University, University of Michigan and Wayne State University be supplemented with seven members appointed by the Governor.

State government

Governor Engler proposed creation of a new Department of History, Arts & Culture. He further proposed the joining of the Michigan State Police and the Department of Military and Veterans Affairs in a new joint headquarters.

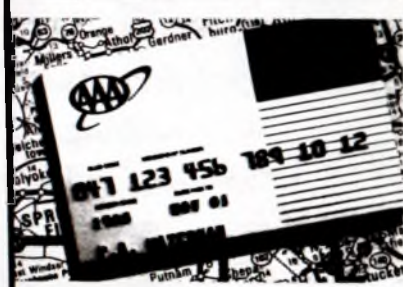
Urban sprawl and the environment

The Governor suggested creation of incentives to preserve open space, farmland, woods and wetlands, and for the construction of subdivisions in smaller areas. He again stressed protecting the Great Lakes against diversion of water and pollution. The Governor cited the new Land Conservation Plat Act crafted by home-builders, realtors and Farm Bureau, amongst others.

Crime and health

Also recommended was the collection of DNA samples from all accused felons and the accessibility to effective pain medication for those who are physically and emotionally ill.

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Labor, continued from page 7

large rotisseries. However, they may cook using grills, griddles, deep-fat fryers, toasters, popcorn poppers, and hot dog rotisseries if the work is in full sight of customers.

- All work involving the loading and unloading of goods to and from trucks.

- All work in a warehouse and all work involving the use of ladders or scaffolding.

- All work in freezers and meat coolers, and most work in the preparation of meats for sale.

- Minors 13 years of age and younger are generally not allowed to work, even with parental permission. However, the FLSA does allow a parent who is the sole-owner of a business to employ his or her child in any occupation other than mining, manufacturing or those declared hazardous by the Secretary of Labor (HOs).

Where to Obtain

Additional Information:

Copies of Wage and Hour publications may be obtained by contacting the nearest office of the Wage and Hour Division listed in most telephone directories under U.S. Government, Department of Labor.

Kmart takes high tech road

As part of its planned \$18 billion information technology budget for next year, Kmart will spend \$200 million for new Internet-enabled cash registers built by IBM.

The new registers will allow clerks to check on prices and order products that are out of stock, cutting the wait time for consumers in line and capturing sales that otherwise might be lost.

The technology budget also provides for hand-held scanners and wireless LANs.

Fleming makes changes, adds supermarkets

Fleming Companies of Dallas, announced that it has been selected to supply 17 U-Save Supermarkets in Florida.

The stores, owned and operated by B&B Corporate Holdings, will be supplied by Fleming's Miami Division. Their procurement volume will be added to Fleming's centralized procurement operation. The stores are currently self-distributing.

In other news from Fleming, the company said it would convert 10 Sentry Supermarkets in the Milwaukee area to a variant of its limited assortment Food4Less format. The Food4Less formats will feature expanded perishables offerings as well as frozen and HBC departments.

Brown & Williamson to launch direct sales to consumers

Adult consumers can now order tobacco products from a catalog. Brown & Williamson Tobacco Corporation announced the formation of a subsidiary company, BWT Direct, LLC. Less-widely distributed brands can be ordered by mail, fax, phone and, in the future, the Internet.

The company's largest selling brands—Kool, Lucky Strike and GPC—will not be available through the program. The available brands are

Carlton, Misty, Capri, Barclay, Tareyton, Raleigh, Belair, Tall and Silva Thins.

The direct-selling program will launch first in California, Kentucky, Florida, Georgia, Michigan, North Carolina, Oregon and Massachusetts, the company said, and will expand to other states later.

BWT Direct will ensure that all federal, state and local excise taxes on the sales will be paid, the company

said, and sales will only be made to customers that the company can verify are 21 years of age or older.

The company said it has employed a database firm to confirm the adult status of customers by verifying information from public records, such as driver's licenses, voter registration and other sources. This will ensure that no one under the legal age can buy without proper identification.

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AFD-2001, A Space Odyssey was a night to remember!

On February 9, AFD members were transported into space for the 85th Annual Trade Dinner and Ball. Over 1,000 industry leaders attended the black-tie event, where Mike George of Melody Farms was honored as AFD's Man of the Year.



Cristine Kotila of Wild Woody's Chill & Grill of Roseville with Maria Lohrmann of Miller.



State Representative Marc Shulman (at the podium) gave the invocation. With him on stage are Sam Dallo, Mike George, Frank Bodi and Emmet Denha.



The Michael J. George family



Emmet Denha, Devon Dallo and Frank Bodi on stage. Devon sang the National Anthem.



Hey Macarena!



Aliens from Planet Korbel served Champagne.



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A special thanks to Trade Dinner Co-Chairs Emmet Denha and Frank Bodi and the Trade Dinner Committee. Also, to Coffee Express for providing the coffee/cappuccino bar.

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(l to r) John and Marilyn Amormino and Phyllis and Frank DeSmet



(l to r) Tom Simaan, Alaa Naimi and Jim Bellanca



The Pepsi people posing for the camera.



Mr. and Mrs. Syd Ross, Ron Sorey, and Mr. and Mrs. Mike Rosch



Dominic & Wendy DeMark, Ronnie Jamil and his sister May McKay



(l to r) Faiez Asmary, Elizabeth Marol, and Colette Elkhouri

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Brothers Sharkey and Mike George



(l to r) Dean Ferris, Tim Schafer, Tom Weber, and James and Edna Wilkerson, all of the Michigan Bureau of the State Lottery



(l to r) Carol George, Selma Yaldoo, Anwar Yaldoo, and Brian Yaldoo



Intrigue entertained

**Lottery,
continued from page 22**

**New Lottery Deputy
Commissioner of Marketing.**

I am pleased to announce that I recently appointed Tom Weber, who has served as the Lottery's instant ticket manager for the past seven years, as the Lottery's new Deputy Commissioner of Marketing. This individual in this position is responsible for the development, marketing and sales of all Michigan Lottery games. Tom Weber has been a valuable part of the Lottery's Marketing Department for many years and I am looking forward to seeing what his creative vision will bring to the Lottery. He fills the vacancy created with the retirement of former Marketing Deputy Commissioner Tom Egan.

New Instants!

The Lottery is excited to debut five instant games in March. Avid card players will love the \$1 "Poker Face" which goes on sale March 5 with a \$6,000 top prize. Also on March 5, customers will be flocking to your stores for a chance to win big with the \$2 "Tripling Red 7s," offering a \$37,000 top prize. Fans of the Battleship board game will be excited on March 19 when the \$3 "Battleship" instant ticket hits counters with an earth-shattering \$50,000 top prize. Finally, the Lottery's latest \$10 offering -- "Viva Las Vegas" -- which features five different playstyles on one ticket and a whopping \$1,000,000 top prize, goes on sale March 26.

**Tool,
Continued from page 23**

that mass media needs are a thing of the past. "Your c-store is your medium, and it's more powerful than any media that can be bought. You are sitting on so much money that hasn't been mined within your four walls. Your employees are your marketing ambassadors," he said.

Feltenstein's remarks confirmed his belief that passion, high energy, fun and positive attitudes are key components for operating an effective business. But for him, the driving force is always action.

Feltenstein holds ongoing seminars on neighborhood marketing and said that only about 15% of his workshop attendees actually incorporate his strategies. Yet he reports that every client that has implemented his marketing strategies has experienced an approximate 20% increase in sales above the industry average each year.

He asked the question: If there are three frogs sitting on a lily pad and one of them decides to jump, how many frogs are left?

The answer is three. Deciding to do something and actually doing it are two different things. When it all is said and done, action is what counts.

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Verizon, continued from cover

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This past holiday season, many consumers used their wireless phones to comparison shop. Not only did this add fun to shopping, by giving consumers newfound bargaining power, but it also provided valuable information about the product itself and competitive pricing.

This is an emerging technology of which the wireless industry has only scratched the surface. According to the International Data Group, by the

end of 2002, there will be more wireless subscribers capable of Internet access than wired Internet users.

With wireless industry analysts at The Yankee Group predicting that there will be 48 million wireless Web users by 2002, growing to 204 million by 2005, wireless Internet access is clearly a growing trend. Like cell phones, wireless Internet access is destined to become a part of everyday life for millions of users around the world.

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If You Build It (Properly), They Will Come

By Tracye Graves

Why are some convenience store retailers basking in foodservice heaven while others are trapped in a nightmare of labor crunches, increased competition and decreased margins? The question for retailers today isn't whether or not to add a

foodservice program. As a vital component of the convenience store industry with tremendous growth potential, that's a no-brainer. What gets tricky is deciding on the best foodservice program for your operation. For some, franchise quick-service restaurants (QSRs) are a possible

solution.

That's what Hooper Quick Stop Inc., Brownsville, Tenn., determined. The company decided to add a franchise to its c-store because excessive spoilage and over-portioning of its proprietary fried chicken offering were driving

food costs through the roof. "We had good volume, but we never hit our targeted food cost," said David Hooper Jr., president.

Hooper had a handle on his market. He knew what consumers in the market wanted and he knew what wasn't available: fish. In fact, there was no seafood of any kind in Brownsville, according to Hooper, but there was obvious demand. "When I'd go to the Long John Silver's in Jackson, I'd always see people from Brownsville there," he said. That's when adding the franchise at his convenience store site seemed like the natural decision.

Knowing your market needs is a good start, but it's just the beginning of a list of factors to consider before launching a franchise.

Location, location, location

"Ask yourself if you have high visibility," said Dean Dirks, director of operations for West Star of Olympia, Washington. "If you're on an interstate location or in a rural or smaller town where you're the only player, you're probably going to succeed," he said.

Survey the site. Does it have a strong presence? You should commit to having the biggest vehicle possible, according to Dirks. "I see a million convenience store locations that have branded foodservice and you barely know it's there. Get people to notice you from the road; it gives the site instant credibility because the customer's perception is that this is being run by restaurant professionals and not the convenience store."

Being on the main by-pass in Brownsville, directly across the street from a Wal-Mart, made Hooper Quick Stop a prime location to add a franchise. "We attract many out of town visitors and tourists," Hooper said. The store also benefits from the traffic Wal-Mart generates. "This is exactly where you'd want to be."

Finally, a drive-thru is critical. Hooper expanded its location to meet Long John Silver's drive-thru requirement. "It just makes good sales sense," said Van Ingram, director of franchise sales. According to Dirks, a drive-thru generates 20% to 45% of successful QSR sales.

Partner for success

Choose the best partnership for you. West Star is only interested in franchise agreements, according to Dirks. "Licensees tend to not have many rights," he said. For example, if you're a licensee and you develop a site during the period of a five-year contract and your restaurant is doing

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well, the licensor has the option of building a traditional restaurant across the street at the end of your contract, according to Dirks. Perfectly legal, but it's something you should know up front and base your decision upon. "Make sure that you are a franchisee with franchisee rights and mile restrictions," Dirks stressed. Investing in a lawyer to review your agreements is money well spent.

Review royalty structures

According to Dirks, agreements usually stipulate that franchisees are required to pay royalties plus an advertising fee. "With larger, national branded partners, the fee isn't as much of an issue because its ads are run in most markets daily." But if you're entering an agreement with a regional branded partner, you may be investing in advertising dollars for ads that you'll never see in your market, Dirks said.

If you have a freeway location, your money is best spent on signage, he added. He suggested negotiating that your investment be spent on local advertising. Amortize freeway signage over the course of your agreement as an advertising cost, he urged.

Looking good on paper

"The old saying, 'if you can't make money on paper, you surely won't make money in the restaurant,' holds true today more than ever," said Dirks. He believes that preparing a "proforma," an itemized list of sales, labor, controllable and uncontrollable expenses associated with the franchise, is one of the best tools to determine if a business is right for you. Some of the key points included in a proforma used by West Star include:

• Calculate your projected sales.

It's important to drive your sales numbers based on customer counts of the store. West Star data shows that a store with a customer count of 1,000 per day will do QSR volume at \$1 for every customer. For example, if you have a store with a customer count of 1,250 per day, you should do \$1,250 a day in QSR sales. If you can't do \$25,000 a month in sales, according to Dirks, you should not be in the QSR business. "Twenty-five thousand dollars is kind of the magic number among people in the foodservice industry," he said. "If you don't have a thousand customers walking through the door each day, don't put in a branded foodservice program because you're not going to drive enough business to support the sales and make a profit."

• Prepare for high labor costs.

When Hooper Quick Stop was operating its proprietary offering, it staffed 10 to 12 employees. When the company decided to launch a franchise, it had to add an additional 21 part-time and full-time employees. "Labor is the killer of QSRs," said Dirks. "It is our experience that you

have to have a dedicated manager who is on salary to make a franchise successful." He suggests loading labor costs into the proforma first. Next, ask the franchisees on your list for actual schedules and choose ones with similar volume to your projection. Understand that you can't assume that a franchisee in Bowling Green, Ky., will run the same labor cost as one in Brownsville, Tenn. Everything from wage rates to operating hours will be different. You can only make your best projection.

• Control your "controllables."

According to Dirks, every item that is a cost needs to be associated to the QSR. "Basically ask yourself the

question, 'If I was selling pallets of coke in this space would I have this cost?'" This section includes everything from advertising, office space and utilities to bank charges, bad debts and personal property tax. Once again, get the profit and loss statements from other franchisees and analyze their costs.

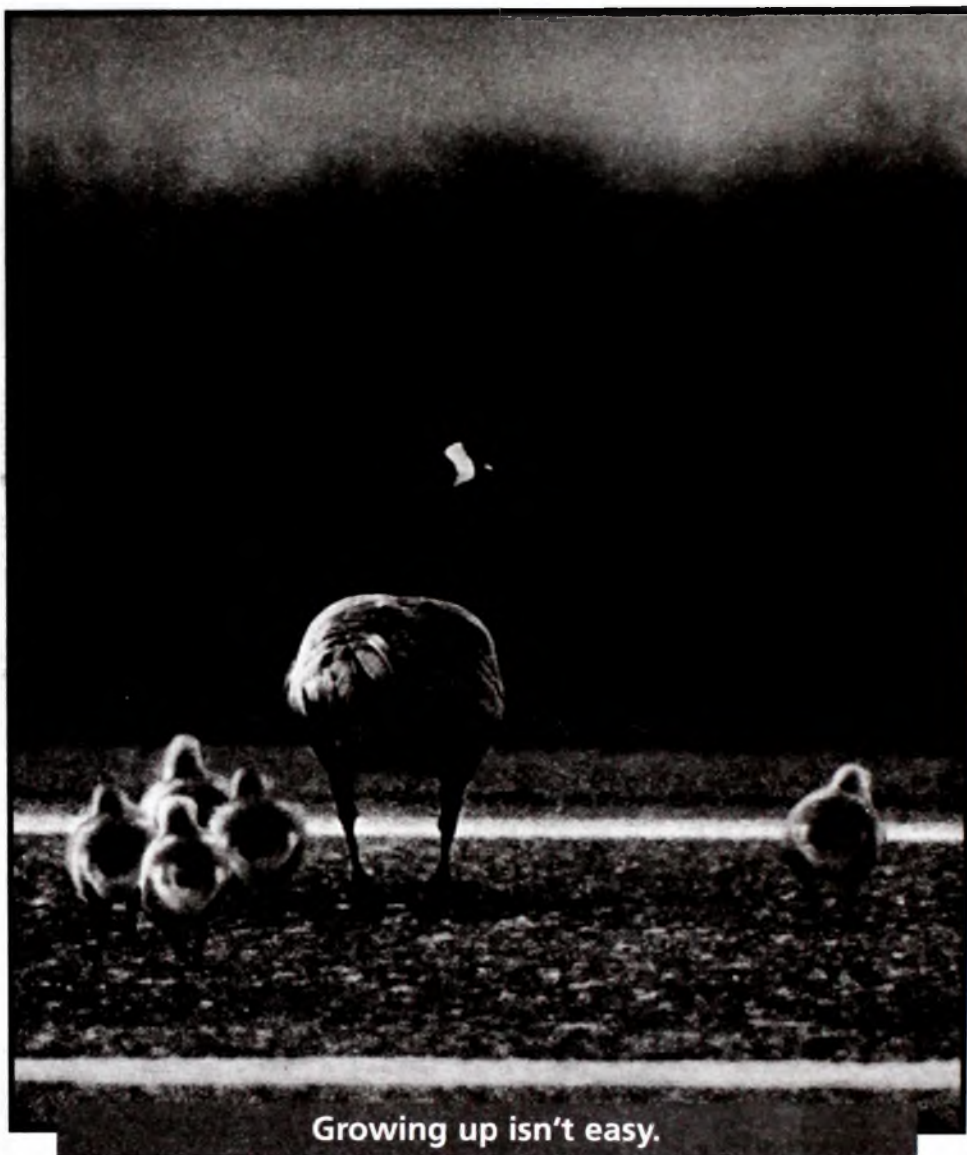
• **Thoroughly consider your "uncontrollables."** Your company will have to make some strategic decisions, said Dirks. For example, are you going to charge rent to the QSR or not? This section of the proforma should include rent, depreciation, royalties, licenses, etc.

Finally, after plugging in all of your numbers, if you're not showing at

least an 8% profit, don't go into this business, says Dirks. "Your money is better off sitting in the bank."

Hooper Quick Stop banked on the Long John Silver's franchise and is getting a phenomenal return on its investment. Launched on Halloween, the franchise scared up more than \$15,000 in sales during the first three days. The company's opening week sales for that unit boasted more than \$30,000.

"We quickly figured out that with the franchise we could double our food sales, plus our gasoline and inside sales are up," said Hooper. "After paying the franchise fee, we're still ahead of where we were before." -CSP



Growing up isn't easy.

Growing up in a complicated world isn't easy. And it's even more complicated for adolescents.

It's a time when kids don't always follow the advice of grownups. A time when they especially need self-confidence, self-esteem, and strong judgement and decision-making

skills to help them make good choices.

Supporting positive youth development programs that can help youth improve these skills is just one of the ways in which Philip Morris USA is working to help kids make better choices as they grow up



PHILIP MORRIS USA

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Independent retailers Continued from page 4

available technology.

8. Create new synergies that achieve more competitive economies of scale.

9. Develop access to competitive growth capital.

Let me explain two of NGA's public policy priorities.

The first is the repeal of the estate tax. NGA's #1 priority is the elimination of the death tax that does substantial harm to families, business owners, their companies, their employees, their communities and the economy as a whole. The Congressional Joint Economic

Committee has concluded that the estate tax is extremely punitive—with marginal tax rates that range from 37% to almost 60%. The study found that the death tax rate has reduced the stock of capital in the economy by almost \$50 billion. This discourages savings and investments and leads to the dissolution of family-owned businesses.

Make no bones about it, I know first hand that the death tax is an anti-family business tax that causes many families to face the prospect of selling, going out of business, and denying the next generation of entrepreneurs the opportunity to take the risks and reap the rewards that this industry offers.

My sisters and I are in the 13th year of what I call the "governments easy payment plan." That capital could have been put to work building stores and creating jobs. It is extremely difficult to compete with public companies when you must recapitalize your company every generation.

In the 106th Congress, with your help, estate tax repeal passed twice and was vetoed twice by President Clinton. By only a few votes, the House failed to override the President's veto. I encourage you to continue fighting for repeal of the death tax.

Regarding the creation of a level playing field, NGA has actively communicated during the past year our

concerns about the impact of increased market concentration that is created by mergers and acquisitions. We have also urged the FTC to enforce the Robinson-Patman Act so that prices, terms, deals and allowances are made available on an equitable basis to all competing customers of manufacturers. NGA's campaign to defend and promote diversified food distribution systems that will better serve consumers than an overly concentrated one has stressed the following points:

1. Independent retailers should be given a greater opportunity to acquire stores that become available as result of an FTC divestiture order.

2. Wholesalers can ill afford to lose sales when an independent retailer commits to sell, the wholesalers should have a greater opportunity or preference to acquire the retail company in order to preserve volume.

3. The FTC's enforcement policy on mergers and acquisitions should address the competitive impact of creating power buyers that can demand and receive preferential treatment that is not available to their competitors.

4. The Robinson-Patman Act was enacted to preserve a level playing field between buyers and sellers. At a minimum, the law on the books should serve as a deterrent against unfair and illegal behavior. Unfortunately, the lack of enforcement has helped accelerate the rush to bigness in a business environment in which sheer size influences buyer/seller decisions. Excessive demands by power buyers for special pricing, allowances, terms, packaging, and services are unfair and illegal. The FTC should enforce the Robinson-Patman Act on a consistent, uniform timely basis.

5. Artificial class-of-trade distinctions should be eliminated. The clubs, supercenters, traditional WalMarts and Kmarts, and drugstores compete directly with independents and should not be afforded a class-of-trade advantage.

Independent retailers are not asking for protection from our government, only fairness and the ability to succeed or fail on our own merits.

There is one thing that I would tell any independent grocers, invest in your state grocers association in money and time. While I realize there are other fine organizations out there that represent businesses, the broader the umbrella the more diluted the message. As a grocer, I can tell you we very much have issues specific to us.

Again, I want to thank you for your support and reinforce my commitment, as well as NGA's to our state associations.

The Public Affairs Assembly

The Future Is Now Make a Difference

Cosponsored by Food Distributors International, Food Marketing Institute and the National Grocers Association

This has truly been one of the closest and most important elections in history. No one in America will ever again question the value of their vote. The House and Senate are more narrowly divided now than anytime since the 1950s. This gives us a great responsibility and opportunity to meet in Washington and work with both parties so that they understand and support us on key industry issues. Join us in March to get to know your new members of Congress and build on those relationships you've already established. Your participation at the 2001 Public Affairs Assembly can make a difference.

Last year, nearly 300 food industry executives met with both Democratic and Republican lawmakers to promote and protect our interests. Those visits helped the industry win a huge victory in the battle to repeal the estate tax and in the fight to stop the ergonomics regulation. Following the 2000 Public Affairs Assembly, Congress sent the Death Tax Elimination Act to the White House with overwhelming bipartisan support. Then, the Senate followed the House's lead and approved language that would prevent OSHA from finalizing its ergonomics rule.

This year, let's keep up the momentum and build on those achievements. Estate tax relief, health care reform and many other important industry issues will be in play. Don't miss your opportunity to help shape legislation. Come to Washington and unite with other industry executives to help lawmakers understand your concerns.



March 26 & 27, 2001

The Grand Hyatt

Washington, DC

Classifieds

FOR SALE—Ice Cream Maker and Pizza Oven. Call Patrick at (810) 725-2076.

FOR SALE: HAZEL PARK—Well established small supermarket, about 6,000 sq. ft. Same owners for over 35 years. Money maker—easy to run. Call Tony for details, (248) 543-2018.

FOR SALE—12,000 sq. ft. supermarket located in pleasant thumb town. Remodel done in 1996. SDD. SDM license. Possible easy terms—MUST SELL (517) 879-7055 after 5:00 p.m.

CLARE—Profitable second generation Convenience store including real estate, business opportunity, equipment and fixtures. The inventory, which is valued at approximately \$40,000, can be purchased separately. The store features groceries, fresh meat, tobacco, liquor, lotto, hunting and fishing licenses, ATM, LP fill, general supplies, party & specialty items and homemade pizza. The store has provided a good income for many years with remaining growth potential. Living quarters on site for owner or rental income. Seller will consider offers of cash, conventional financing or possible seller financing terms. \$239,000; qualified buyers contact Wayne Terpening, Re/Max brookside, 415 N. McEwan St., P.O. Box 415, Clare, MI 48619-0415. Toll free (888) 473-5442.

SHOWCASES FOR SALE—3 foot to 6 foot and 3 foot to 4 foot. Call Neil at (248) 252-4674.

www.lottery-watchdog—take control of your instant lottery sales.

EQUIPMENT FOR SALE. Call Patrick—(810) 725-2076.

KITCHEN HOOD FIRE SYSTEMS AND EXTINGUISHERS—Low discount pricing to all AFD members. New installs, remodel, inspections, recharging and testing. Also servicing auto paint booths and gas stations. All brands: **Ansul, Pyrochem, Range Guard**. Servicing Southeastern Michigan 24/7. Call alan Ross at GALLAGHER FIRE EQUIPMENT—800-452-1540.

FOR SALE—5,000 sq. ft. store with Liquor, Beer, Wine and Lottery. Serious buyers only please. Call (313) 331-0777.

SDD/SDM LIQUOR LICENSES NOW AVAILABLE—One in City of Livonia, One in City of Riverview. Must Sell! Call (248) 548-2900, x3033.

MEAT & DELI BUSINESS IN SANDUSKY, MI—Well established business opportunity includes equipment, inventory and real estate. Cute, 2-bedroom home w/full basement adjacent to business. \$129,000 for business and \$188,000 for business & house. Call Shirley, (810) 387-2502, Century 21 First Choice.

PARTY STORE FOR SALE—Beer, wine, Lottery, deli and grocery. Located on Dequindre Road in Warren. Call Sam at (810) 756-4010.

FOR SALE—Party Store in Warren. Excellent location! Good business with GREAT income. Call Sam or Mike at (810) 751-6440.

MICHIGAN EMPLOYERS—Need employees? Reach quality job candidates with a creative recruitment ad in **THE EMPLOYMENT GUIDE**—Michigan's largest employment advertising paper. Call Brian Greenlee at 800-752-8926, ext. 230.

FOR SALE—Liquor, deli, pizza, Brighton area. High volume corner! Business & property available. Contact George at (313) 460-9194.

ESTABLISHED NEWER PARTY STORE—Port Huron, MI. 6,000 plus sq. ft. liquor, beer, wine. Large Lotto sales. First class—6 year old equipment and building. Excellent location and clientele. Contact Bob Greene, II, Moak Real Estate, Inc. (810) 985-9515 for more info.

SPECIALTY WINE SHOP FOR SALE—SW Michigan location, SDD, SDM and Lotto. \$1.6mm revenues. \$100M+ cash flow. Owners retiring. Great opportunity with strong potential for growth. \$275,000+ inventory. The Stratford Company (Broker) 616-385-4101.

MID-MICHIGAN—Convenience store with gasoline, 3,350 sq. ft. of space and 1,070+/- sq. ft. three bedroom ranch home. Centrally located between three separate lakes in year-round resort area. Steel building, dura seal roof, new 24-ft. nine-door walk-in cooler, new 12 x 8 walk-in freezer, kitchen, live bait room, beer & wine license, liquor license, fish and game agent, lottery agent. All fixtures and equipment included with sale. Call Harrison Realty at 517-539-2261. Price \$395,000.00 plus inventory.

TWO ICE CREAM DIPPING MERCHANDISERS—Master Built. One 8' (16 flavor), one 4' (8 flavor) Stainless steel top, white exterior body. Excellent condition. 8', \$900, 4', \$500, or both for \$1,250. Also, one Leer 6' upright, single door Ice Merchandiser, \$300. Call (517) 723-5500 and ask for Dave.

FOR SALE—Major specialty food market located in Ann Arbor, MI. 9600 sq. ft. building can be purchased or leased (734) 975-8883.

AFD on the Scene

The Greektown Casino Grand Opening

(l to r) Rufie Ayar, Raad Kathawa, Tom Celani, Chris Zebari and Sam Yono all decked out and having a great time at the Greektown Casino grand opening.



AFD Workers Compensation Insurance “Why Except Anything But The Best?”

The Associated Food Dealers offers competitive Workers Compensation Insurance rates to improve your bottom line. Recently AFD transitioned it's self-insured program to a fully insured group. As you are aware, as a business owner, the state requires you to have Workers Compensation Insurance that covers your employees' medical expenses and lost wages if they're hurt on the job.



*** Industry Experience:** You belong to an association that understands your business needs.

*** Knowledge:** We understand your business and are able to offer discounts based on your safety record and claims experience.

*** Customer Service:** Quick response time to all your questions and concerns.

*** Loss Prevention Program:** AFD can save you money with loss prevention programs which reduce injuries and your employees' time loss at work.

*** Finances:** AFD's Insurance Carrier holds an "A" Insurer Financial Strength rating from Standard & Poor's.

*** Businesses:** The AFD Program has the ability to insure a variety of businesses types.

As a special bonus, AFD will pay you \$50 for letting us quote your Workers Compensation Insurance. Simply call or ask your agent to call us at (248) 557-9600. Quotes can be available within 48 hours.



SUPPORT THESE AFD SUPPLIER MEMBERS

AUTHORIZED LIQUOR AGENTS:

General Wine & Liquor	(248) 852-3918
National Wine & Spirits	(888) 697-6424
	(888) 642-4697
Encore Group/ Trans-Con, Co.	(888) 440-0200

BAKERIES:

Ackroyd's Scotch Bakery & Sausage	(313) 532-1181
Archway Cookies	(616) 962-6205
Awrey Bakeries, Inc.	(313) 522-1100
Dolly Madison Bakery	(517) 796-0843
Interstate Brands Corp.	(313) 591-4132
Koeplinger Bakeries, Inc.	(248) 967-2020
Metz/Taystee Oven Fresh Bakery	(734) 946-4865
S & M Biscuit Dist. (Stella D'Oro)	(810) 757-4457
Taystee Bakeries	(248) 476-0201

BANKS:

KPN Technologies (ATMs)	(800) 513-4581
Michigan National Bank	1-800-225-5662
North American Interstate	(248) 543-1666
Peoples State Bank	(248) 548-2900

BEVERAGES:

Absopure Water Co.	1-800-334-1064
Ak Wa Water	(248) 627-3747
Allied Domecq Spirits USA	(248) 948-8913
American Beverage Marketers	(913) 451-8311
American Bottling	(313) 937-3500
Anheuser-Busch Co.	(800) 414-2283
Arcadia Brewing Co.	(616) 963-9520
Bacardi Imports, Inc.	(248) 476-6400
Bellino Quality Beverages, Inc.	(734) 947-0920
Brown-Forman Beverage Co.	(734) 433-9989
Central Distributors	(313) 946-6250
Coca-Cola Bottlers of MI	

Auburn Hills	(248) 373-2653
Detroit	(313) 825-2700
Madison Heights	(248) 585-1248
Van Buren	(734) 397-2700
Port Huron	(810) 982-8501

Coffee Express	(734) 459-4900
Coors Brewing Co.	(313) 412-5318
E & J Gallo Winery	(248) 647-0010
Eastown Distributors	(313) 867-6900
Faygo Beverages, Inc.	(313) 925-1600
Garden Foods	(313) 584-2800
Global Interactive Technology	(517) 681-2729
General Wine & Liquor Corp.	(313) 867-0521
Gourmet International, Inc.	(800) 875-5557
Great Lakes Beverage	(313) 865-3900
Hubert Distributors, Inc.	(248) 858-2340
Intrastate Distributing	(313) 892-3000
J. Lewis Cooper Co.	(313) 278-5400
Jim Beam Brands	(248) 471-2280
Josulete Wines, Inc.	(313) 538-5609
L & L Wine World	(248) 588-9200
Leelanau Wine Dist.	(231) 386-5201

Michigan Grape & Wine Industry Council	(517) 373-1104
Miller Brewing Company	(414) 259-9444
National Wine & Spirits	(888) 697-6424
	(888) 642-4697
NAYA, USA	(248) 788-3253
O.J. Distributing, Inc.	(313) 533-9991
Oak Distributing Company	(248) 674-3171
Pabst Brewing Co.	1-800-935-6533

Pepsi-Cola Bottling Group	
- Detroit	1-800-368-9945
- Howell	1-800-878-8239
- Pontiac	(248) 334-3512
Petitpre, Inc.	(810) 468-1402
Red Bull North America	(248) 229-3460
Seagram Americas	(248) 553-9933
Seven-Up of Detroit	(313) 937-3500
South Beach Beverage Co.	(234) 223-9451
Southcorp Wines North America	(248) 795-8938
Tri-County Beverage	(248) 584-7100
UDV-North America	1-800-462-6504
United States Beverage	(630) 904-6028
Vineyards Fine Wines	(734) 284-5800
Viviano Wine Importers, Inc.	(313) 883-1600

BROKERS/REPRESENTATIVES:

Acosta-PMI	(248) 737-7100
Bob Arnold & Associates	(248) 646-0578
CrossMark	(734) 207-7900
The Greeson Company	(248) 305-6100
Hanson & Associates, Inc.	(248) 354-5339
International Sales Group, Inc.	(810) 754-5662
J.B. Novak & Associates	(810) 752-6453
James K. Tamakian Company	(248) 424-8500
Marketing Specialist, Inc.	(248) 626-8300
S & D Marketing	(248) 661-8109

CANDY & TOBACCO:

American Vending Sales	(248) 541-5000
Brown & Williamson Tobacco	(248) 350-3391
Philip Morris USA	(313) 591-5500
R.J. Reynolds	(248) 475-5600

CATERING/HALLS:

Emerald Food Service	(248) 546-2700
Farmington Hills Manor	(248) 888-8000

Karen's Kafe at North Valley	(248) 855-8777
Nutrition Services	(517) 782-7244
Penna's of Sterling	(810) 978-3880
Southfield Manor	(248) 352-9020
St. Mary's Cultural Center	(313) 421-9220
Tina's Catering	(810) 949-2280

DAIRY PRODUCTS:

Golden Valley Dairy	(248) 399-3120
Melody Farms Dairy Company	(734) 525-4000
Pointe Dairy Services, Inc.	(248) 589-7700
Stroh's Ice Cream	(313) 568-5106
Superior Dairy Inc.	(248) 656-1523
Tom Davis & Sons Dairy	(248) 399-6300

EGGS & POULTRY:

Linwood Egg Company	(248) 524-9550
Montgomery Egg	(517) 296-4411

FISH & SEAFOOD:

Seafood International/Salasnek, Inc.	(313) 368-2500
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FRESH PRODUCE:

Aunt Mid Produce Co.	(313) 843-0840
Sunnyside Produce	(313) 259-8947

ICE PRODUCTS:

Midwest Ice Co.	(313) 868-8800
Party Time Ice Co.	(800) 327-2920

INSECT CONTROL:

Tri-County Pest Control	(810) 296-7590
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INSURANCE:

Blue Cross/Blue Shield	1-800-486-2365
Capital Insurance Group	(248) 354-6110
Gadaleto, Ramsby & Assoc.	(517) 351-4900
Frank McBride Jr., Inc.	(810) 445-2300
L. Bourdeau Insurance Services, Inc.	(248) 855-6690
Meadowbrook Insurance	(248) 358-1100
North Pointe Insurance	(248) 358-1171
Rocky Husaynu & Associates	(248) 988-8888

LOGISTICS PLANNING

LaTech Logistics, Inc.	(248) 203-9500
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MANUFACTURERS:

Anthony's Pizza	(810) 731-7541
Bosco's Pizza Co.	(248) 616-3450
Eden Foods	(517) 456-7424
Home Style Foods, Inc.	(313) 874-3250
Jaeggi Hillsdale Country Cheese	(517) 368-5990
Kraft General Foods	(248) 488-2979
Monitor (Big Chief) Sugar	(517) 686-0161
Nabisco, Inc.	(248) 478-1350
Old Orchard Brands	(616) 887-1745
Pack 'Em Enterprises	(313) 931-7000
Philip Morris USA	(616) 554-0220
Red Pelican Food Products	(313) 921-2500
Singer Extract Laboratory	(313) 345-5880
Strauss Brothers Co.	(313) 832-1600

MEAT PRODUCERS/PACKERS:

Alexander & Hornung	(313) 921-8036
Bar S Foods	(248) 414-3857
Burdick Packing Co.	(616) 962-5111
Gainor's Meat Packing	(517) 269-8161
Hartig Meats	(313) 832-2080
Hygrade Food Products	(248) 355-1100
Kowalski Sausage Company	(313) 873-8200
Metro Packing	(313) 894-4369
Nagel Meat Processing Co.	(517) 568-5035
Pack 'Em Enterprises	(313) 931-7000
Pelkie Meat Processing	(906) 353-7479
Potok Packing Co.	(313) 893-4228
Strauss Brothers Co.	(313) 832-1600
Wolverine Packing Company	(313) 568-1900

MEDIA:

The Beverage Journal	1-800-292-2896
Booth Newspapers	(734) 994-6983
Detroit Free Press	(313) 222-6400
Detroit News	(313) 222-2000
Detroit Newspaper Agency	(313) 222-2325
The Employment Guide	(800) 752-8926, x230
Michigan Front Page	(313) 870-1940
Michigan Chronicle	(313) 963-5522
WDFN-AM 1130	(313) 259-4323
WDIV-TV4	(313) 222-0643
WWWV-AM/FM	(313) 259-4323

NON-FOOD DISTRIBUTORS:

Potter Marketing	(810) 263-9110
POTATO CHIPS/NUTS/SNACKS:	
Better Made Potato Chips	(313) 925-4774
Detroit Popcorn Company	1-800-642-2676
Frito-Lay, Inc.	1-800-359-5914
Germack Pistachio Co.	(313) 393-2000
Grandma Shearer's Potato Chips	(313) 522-3580
Jay's Foods	(800) 752-5309
Kar Nut Products Company	(248) 541-7870
Nikhlas Distributors (Cabana)	(313) 571-2447
Pioneer Snacks	(248) 862-1990
Rocky Peanut	(313) 871-5100
Variety Foods, Inc.	(810) 268-4900
Vitner Snacks	(810) 365-5555

PROMOTION/ADVERTISING:

Enterprise Marketing	(616) 531-2221
Huron Web Offset Printing	(519) 845-3961
J.R. Marketing & Promotions	(810) 296-2246
JDA, Inc.	(313) 393-7835
Market Advantage	(248) 351-4296
PJM Graphics	(313) 535-6400
Promotions Unlimited 2000	(248) 557-4713
Stanley's Advertising & Dist.	(313) 961-7177
Stephen's Nu-Ad, Inc.	(810) 777-6823

RESTAURANTS:

Copper Canyon Brewery	(248) 223-1700
The Golden Mushroom	(248) 559-4230
Palace Gardens	(810) 743-6420

SERVICES:

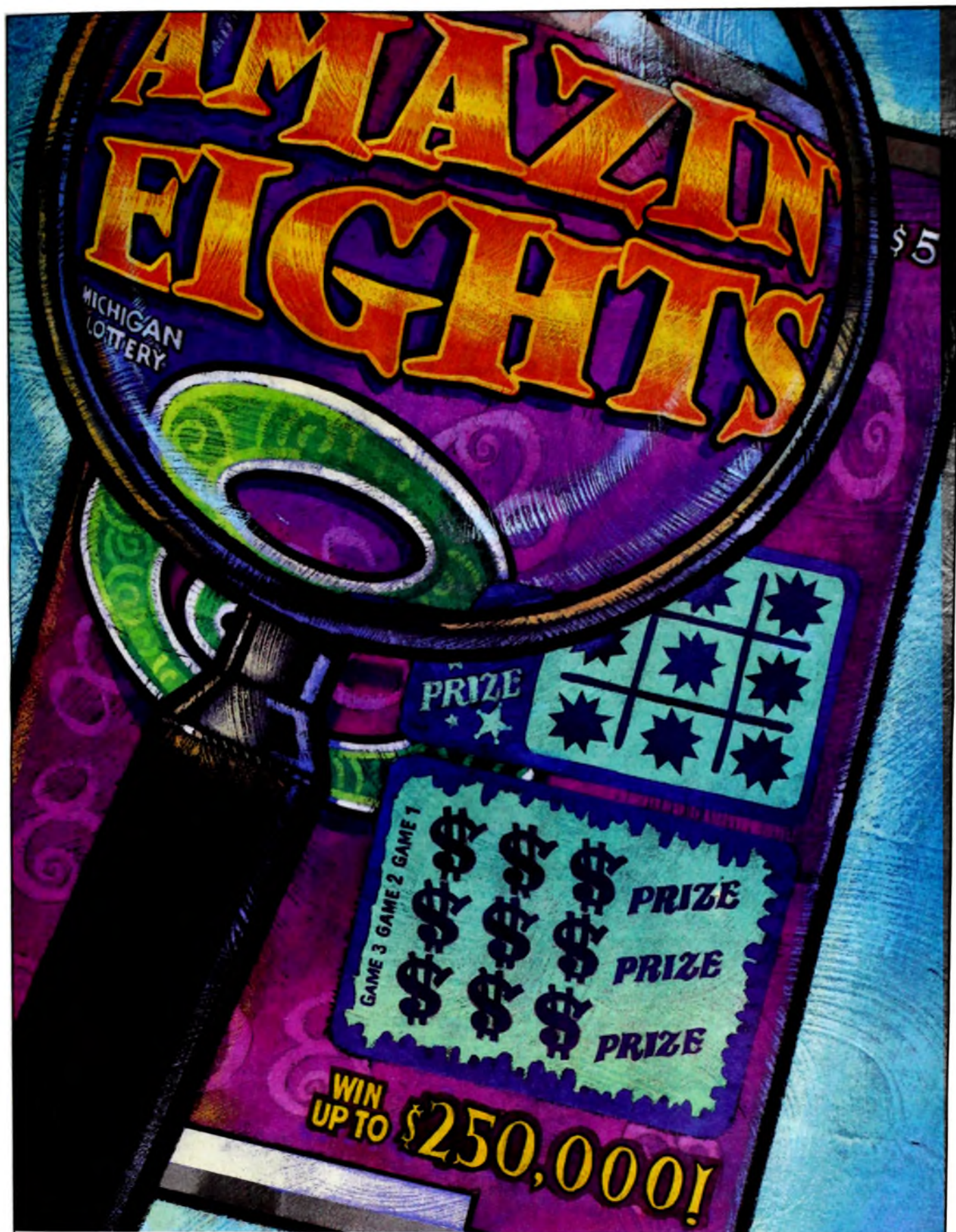
AAA Michigan	(313) 336-0536
A & R Delivery	(810) 638-5395
Abbott, Nicholson, Quilter, Eshaki & Youngblood	(313) 566-2500
Action Inventory Services	(810) 573-2550
ADT Security Services, Inc.	(248) 583-2400
AirPage Prep & Talk Cellular	(248) 547-7777
American Mailers	(313) 842-4000
Ameritech Pay Phone Services	1-800-809-0878
AMT Telecom Group	(248) 862-2000
Andrews Brothers Inc.	
- Detroit Produce Terminal	(313) 841-7400
Ann Klempner Red Carpet Keim	(734) 741-1262
AON Risk Services	(248) 359-6080
Automated Collection Systems	(248) 354-5012
Bellanca, Beattie, DeLisle	(313) 882-1100
Binn & Binn Investment Co.	(248) 540-7350
C. Roy & Sons	(810) 387-3975
Canteen Services	(616) 785-2180
Catera, Inc.	(517) 546-8217
Cellular One—Traverse City	(231) 922-9400
Central Alarm Signal	(313) 864-8900
Check Alert	(231) 775-3473
Checkcare Systems	(313) 263-3556
Cherry Marketing Institute	(517) 669-4264
Consolidated Vendors Corp.	(231) 739-2202
Container Recovery System	(517) 229-2929
Cornelius Systems	(248) 545-5558
CPS/I/Q Solutions	(313) 259-0000
Credit Card Center	(248) 476-2221
Dean Nadeem Ankouny, JD	
- Attorney At Law	(810) 296-3967
Deford Distributing	(517) 872-4018
Detroit Edison Company	(313) 237-9225
Economy Wholesale	(313) 922-0001
The Employment Guide	(800) 752-8926, x230
Eskye Com, Inc.	(317) 632-3870
Financial & Marketing Ent.	(248) 541-6744
Follmer, Rudzewicz & Co., CPA	(248) 355-1040
Frank Smith Re/Max in the Hills	(248) 646-5000
Garmo & Co., CPA	(248) 737-9933
Goh's Inventory Service	(248) 353-5033
Great Lakes Data Systems	(248) 356-4100
Great Lakes News	(313) 359-1001
Grocery Street.Com	(248) 901-1530
Guardian Alarm	(248) 423-1000
J & B Financial Products LLC	(734) 420-5077
Jerome Urcheck, CPA	(248) 357-2400, x257
Karoub Associates	(517) 482-5000
L. Bourdeau Insurance Services, Inc.	(248) 855-6690
Law Offices-Garmo & Garmo	(248) 552-0500
Market Pros	(248) 349-6438
Meier Mate	(800) 843-6283
Metro Media Associates	(248) 625-0700
Michigan Bankard Services	(517) 323-6017
Nationwide Communications	(248) 208-3200
NexTel Communications	(248) 213-3100
Nordic Electric, L.L.C.	(734) 973-7700
North American Interstate	(248) 543-1666
O'Riley Realty & Investments	(248) 689-8844
Paul Meyer Real Estate	(248) 398-7285
PaineWebber	(248) 737-5422
Payment Authority, The	(248) 879-2222
Prudential Securities, Inc.	(248) 932-4480
Quality Inventory Services	(810) 771-9526
Retail Accounting Service	(313) 368-8235
REA Marketing	(517) 386-9666
Safe & Secure Investigations, Inc.	(248) 425-4775
Sagemark Consulting, Inc.	(248) 948-5124
Sal S. Shimoun, CPA	(248) 593-5100
Salim Abraham, Broker	(248) 349-1474
Security Express	(248) 304-1900
Smokeless Tobacco Council, Inc.	(202) 452-1252
Southfield Funeral Home	(248) 569-8080
Staver & Souve, PC	(734) 374-1900
Harold T. Stulberg, R.E. Broker	
- 24 Hours	(248) 351-4368
T.D. Rowe Corp.	(248) 280-4400
Telecheck Michigan, Inc.	(248) 354-5000
Travelers Express/Money Gram	(248) 584-0644
Venzon Wireless	(248) 763-1563
	or (517) 896-7000
Western Union	(248) 887-1702
Western Union Financial Services	(248) 888-7423
Whitely's Concessions	(313) 278-5207

STORE SUPPLIES/EQUIPMENT:

Belmont Paper & Bag Supply	(313) 491-6530
Brehm Broaster Sales	(517) 427-5858
Cost Savings & Reduction Specialists	(561) 398-9396
Culinary Products	(517) 754-2457
DCI Food Equipment	(313) 369-1666
Envipco	(248) 471-4770
Ernie's Refrigeration	(517) 847-3961
Hobart Corporation	(734) 697-3070
Kansmacker	(517) 374-8807
Lauer's Cash Register	(313) 294-2600
Martin Snyder Product Sales	(313) 272-4900
MSI/BOCAR Store Fixtures	(248) 399-2050
National Food Equipment & Supplies	(248) 960-7292
North American Interstate	(248) 543-1666
Olender Equipment	(734) 458-8850
Oreck Floor Care Centers	(810) 415-6600
Sarkozi-Hollymatic Equipment	(313) 381-5773
Serv-Tech Cash Registers	(800) 866-3368
Swanson Commercial Food Equipment Services	(800) 762-8277
Taylor Freezer	(313) 525-2535
TOMRA Michigan	1-800-610-4866
United Marketing Assoc.	(734) 261-5380
Wadie Makhyah Produce Specialist	(248) 706-9572

WHOLESALE/FOOD DISTRIBUTORS:

AK WA Water Co.	(248) 627-4737
Capital Distributors	(313) 369-2137
Central Foods	(313) 933-2600
Chase Farms Frozen Food Process	(248) 733-3337
Consumer Egg Packing Co.	(313) 871-5095
CS & T Wholesalers	(248) 582-0865
EBY-Brown, Co.	1-800-532-9276
Elegance Distributors	(517) 663-8152
Epstein Distributing Co.	(248) 646-3508
Fairway Packing Co.	(313) 832-2710
Family Packing Distributors	(248) 738-5631
	or (313) 873-3999
Fleming Company	(330) 879-5681



Upon closer inspection, amazin'!

Commissions are likely to be magnified too!

With over \$1 million in total retailer commissions, 30¢ earned on each ticket sold and top prizes of \$250,000, make sure you have plenty of these tickets in stock. Amazin' Eights is the exciting new \$5 instant game that can pass the most scrupulous examination!



Does your private label offer customers a Double- Your-Money-Back Guarantee?



Consumers reach for quality Spartan brand products over 4.5 million times a week - a brand that offers them over 2,000 ways to save. While Spartan brand has enjoyed extensive consumer popularity and acceptance for over 45 years, it now carries a double-your-money-back guarantee! This instills even greater consumer confidence in Spartan brand products. And with Spartan retailers marketing Spartan brand at a higher gross and lower shelf price than national brands, they strengthen profits, enjoy a competitive advantage and build store and brand loyalty. Isn't it time you switched your private label to Spartan brand?

Take Advantage of Our Strengths.



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