

AFPD

# BOTTOM LINE

THE VOICE OF INDEPENDENT RETAILERS • VOL. 23, NO. 8 • AUGUST 2012

## Corner the Market on Convenience

How Ready-Made Food Lures Customers All Day Long



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**Thinking About a Franchise?**

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## Chairman's Message



**Joe BELLINO, Jr.**

AFPD Chairman

# The Money Makers

**W**hen your association's leadership and board made the bold decision to merge food and petroleum markets by joining forces with the Great Lakes Petroleum Retailers and Allied Trades Association in April 2006, we knew it was a good decision—we just didn't know we were trailblazers. Flash forward to 2012, and it's obvious to anyone in the business that gas stations cannot make enough profit by selling gas alone; rather, it is the food and various other convenience items added to their stores over the years that have proven to be the money makers.

Today's convenience stores and gas stations are evolving even more by offering various foodservices and acquiring franchises to drive consumers into their establishments. We know that some of you have franchises, but perhaps many more are thinking about one. Therefore, in this month's issue of *Bottom Line*, we have researched and pulled together a valuable chart that allows you to compare various franchise opportunities in the Midwest and determine which one might be right for you (see "Thinking About a Franchise?" p.12). You'll note that each one requires a different level of financial commitment, training, and profit sharing. We hope you find this

information valuable, as you consider new ways to increase your sales and profitability.

Also in this issue is a feature on food-services available to help your store attract customers all around the clock. Working with one of AFPD's member foodservice providers might be the perfect answer to achieving higher sales without the hefty investment and commitment of obtaining a franchise. Our hope in presenting both of these articles side-by-side is that you will compare the opportunities and determine which looks like the best idea for your business. As always, AFPD staff members (many of whom are experts in the food and petroleum industries) are available to answer questions, bat around ideas, and brainstorm with you on what types of growth opportunities make the most sense for you. I urge you to use our AFPD staff for this purpose—it is, after all, one of your benefits of membership.

With volatile fuel prices and miniscule margins on gas, it's not rocket science to recognize that the stores with staying power will be those who embrace the concept of food and petroleum as a single market. Franchises and food-service are two smart strategies to get you where you want to be. ■■■

**Franchises and foodservice are two smart strategies to get you where you want to be.**



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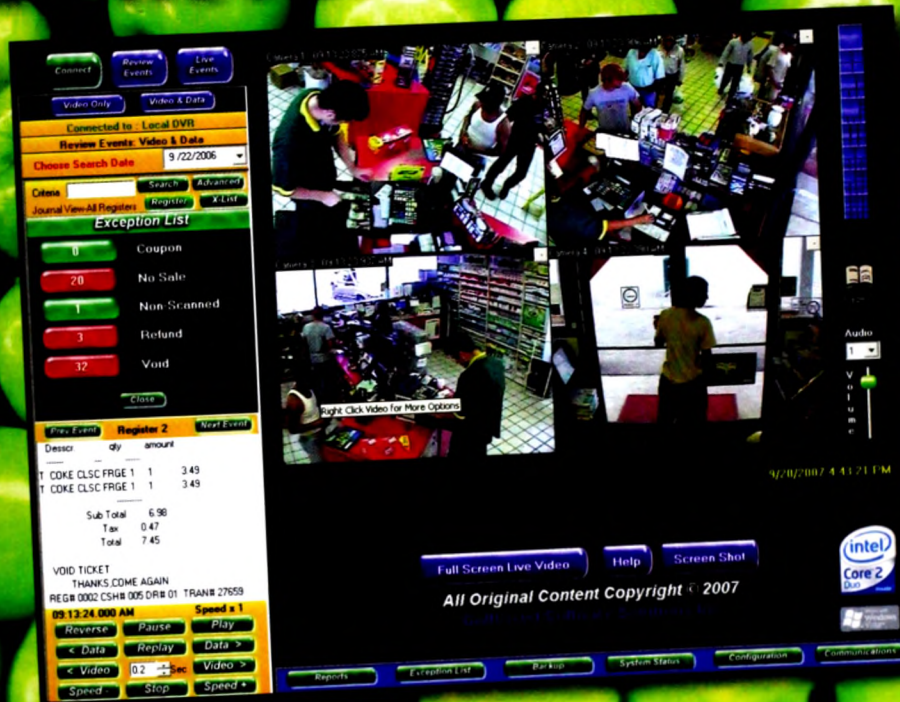
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## Ohio Commercial Activity Tax

AFPD continues to move forward with the initiative to level the playing field regarding the application of the Commercial Activity Tax (CAT) as it applies to petroleum sales in Ohio. The cascading effect of the CAT, applied at each transaction level, puts many retail gas stations at a competitive disadvantage when compared to vertically integrated competition. The vertically integrated stores are not doing anything illegal; it's just a quirk in the law that puts gasoline retailers supplied by jobbers at a competitive disadvantage.

AFPD has testified at multiple meetings and discussed the issue with elected officials and administration personnel, and we are encouraged by the response. The Ohio Legislative Service Commission has drafted language that we have shared with other affected entities and elected officials. After some tweaking, we feel we have language that will amend the CAT to make it fairer to all petroleum retailers, while still providing similar revenue for the state coffers.

We are pressing forward to obtain consideration for an Ohio House Committee hearing in the very near future. At that time, we will be calling upon our members across the state to promote this legislation with their Representative.

An election year is an appropriate time to develop and solidify relationships with the elected officials representing the district where you live and where you have your business. Most elected officials will jump at the opportunity to "press flesh" at your store. Offer to have them serve coffee or pump gas for an hour or two some morning at your store as an opportunity to meet voters.

It's also a good time to make a contribution to the Ohio PAC. Please consider making that contribution a monthly payment, just like a car payment, church donation, or utility bill. It's an investment in the future. You can contribute \$400 annually by budgeting just \$33.33 per month. The PAC Fund enables us to support elected officials who promote our efforts.

## UST Owner/Operator Training Ohio

By August 8, 2012, all owner and operators of underground storage tanks (USTs) and their on-site employees must be certified in the training mandated by the Federal EPA and promulgated by the Ohio Fire Marshal's office. This training assures that the underground storage tank operators possess the necessary knowledge regarding the proper operation of underground storage tank systems.

More than 100 AFPD members attended a half-day Owner/Operator training at the Ohio Fire Marshal's central training facility, took the required test, and were certified as Class A and Class B Owners/Operators. Employees at sites with USTs must be trained as at least Class C Operators, and can be trained in-house by Class A or Class B Operators.

AFPD is now certified to offer UST Owner/Operator Training for Class A and Class B owners and operators, and the first class was conducted in Columbus, Ohio on August 2. Additional classes will be scheduled in other Ohio locations. Watch the weekly e-blast or check the AFPD website ([www.afpdonline.org](http://www.afpdonline.org)) for detailed information.

## Michigan

Owner/Operator training for Michigan is being developed and will be announced through the weekly AFPD e-blast. Check the AFPD website regularly for timely information as these training classes are scheduled and announced.

The training in Michigan is being handled initially by a group formed by AFPD, Michigan Petroleum Association/Michigan Association of Convenience Stores (MPA/MACS), and Michigan Manufactures Association (MMA). Class A and Class B owners and operators must enroll in a four-hour training class, and then register separately for, and pass, a test administered by the International Code Council (ICC). Training class registration is coordinated through the MMA. UST owners and operators in Michigan should access [www.mma-net.org](http://www.mma-net.org) for information about times and locations.

Owner/Operator certification is NOT transferable and there is no reciprocity agreement between the states. Class A and Class B owner/operators must be certified in the state where the underground storage systems are located.





# AFPD Accepting Nominations for 2013 Board of Directors

It is time to exercise your right to help choose AFPD's Board of Directors for 2013. Any voting member of AFPD may be nominated to serve on the Board of Directors.

To be eligible, you must be a member in good standing for no less than the prior 12 months, and you must be nominated in writing on or before Monday, October 1, 2012. All nominations require the support of 10 additional members in good standing or a majority vote by the nominating committee.

The election results will be tallied on Tuesday, December 4, 2012.

A member is able to challenge any incumbent in their own respective category. This year we have elections for the following positions:

- Nine regional directors, of which six must be food and beverage or petroleum retailers, and no more than three shall be suppliers. Applicants for regional directors must have a business in one of the following districts, and positions are subject to the following limitations: Seven Michigan Regional directors and two Southern Regional directors (see map): **two-year term.**

- **Region 1:** Kenneth Atchoo, McK's Wine Shoppe
- **Region 2:** Brian Yaldoo, Hills Fine Wine & Spirits
- **Region 3:** Steve Honorowski, Pepsi Beverages Company
- **Region 4:** Joe Bellino, Jr., Broadway Market
- **Region 5:** Marvin Yono, Alpine Market Place
- **Region 6:** Percy Wells, II, Coca-Cola Refreshments
- **Region 7:** Vacant
- **Region 8:** Paul Elhindi, Lyndhurst Valero
- **Region 9:** Vickie Hobbs, Whitehall Shell

- The three board positions up for re-election for food & beverage retail directors, which may be filled from either Michigan or Ohio: **three-year term.**

- John Denha, 8 Mile Foodland
- Jim Garmo, Shoppers Valley Market
- Jim Nader, Plumb's Markets

- The three board positions up for re-election for petroleum retail directors, which may be filled from Michigan or Ohio: **three-year term.**

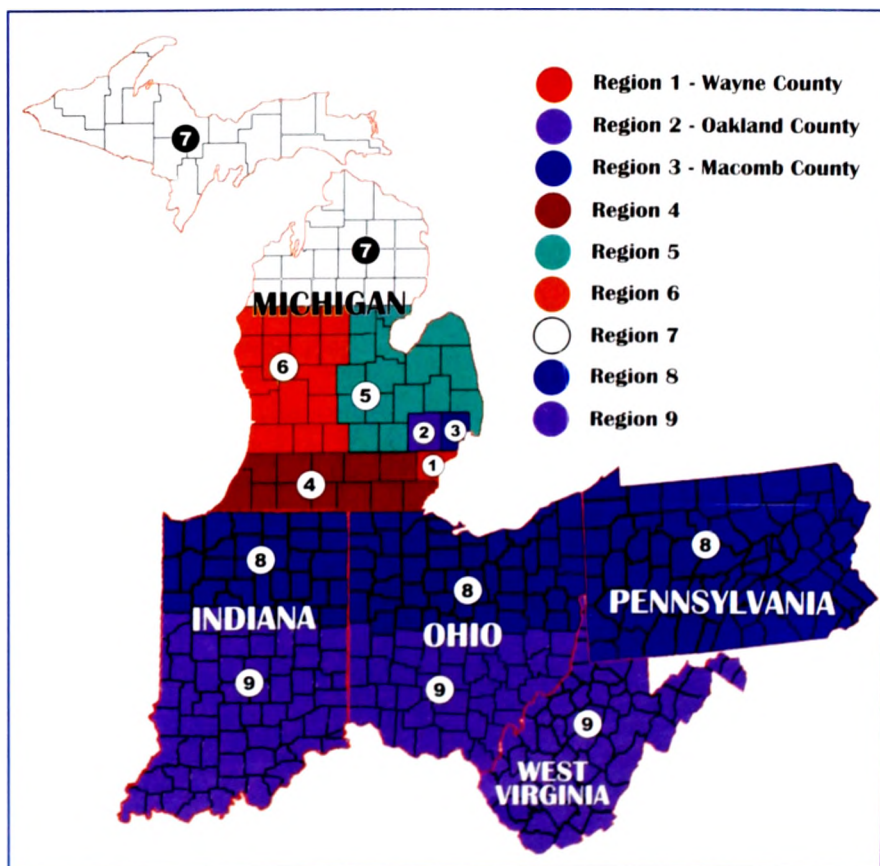
- Dave Freitag, Yorkshire Tire & Auto
- Jim Mandas, Broadway Market & Cafe
- John Abbo, Hartland Mobil

- The two board positions up for re-election for supplier directors, which may be filled from either Michigan or Ohio: **three-year term.**

- Al Chittaro, Faygo Beverages Inc.
- Jason Ishbia, Sherwood Foods

AFPD urges members to nominate candidates who will devote their time to represent the food, beverage, and petroleum industries with professionalism and integrity.

Please send your nominations, with supporting signatures, by October 1, 2012 to the AFPD Nominating Committee, 5779 West Maple Road, West Bloomfield, MI 48322. For more information, contact Auday Arabo at (800) 666-6233 or [aarabo@afpdonline.org](mailto:aarabo@afpdonline.org).





# Franchise Fundamentals

Many store owners have found success through franchises, but those mulling it over will benefit greatly from the experience of those who've gone before them.

By Carla Kalogeridis and Beverly Sturtevant

You own a convenience store or gas station, and you want to take it to the next level. Or maybe you're just looking for a competitive edge. You're thinking about an idea, but you're afraid to say the "f" word out loud—yes, it might be time to consider a franchise.

But boy, that sounds a little scary. How much money will it take to get started? Do you have the room to build out your store? Will the franchise company try to tell you how to run your business? How many more employees will you need? These are all valid questions and deserve your serious consideration.

Check out the chart on the following pages titled, "Thinking About a Franchise?" AFPD Bottom Line has done a lot of the legwork for you. The only thing you need now is some firsthand advice.

## The Challenges

AFPD member Kevin Banham owns four stores with franchises, including two Tim Hortons, one Domino's, and one attached lease-out to Wendy's. He says for the majority of store owners, the most difficult challenge in obtaining approval for a franchise will be space. "Most existing stores are not designed to accommodate a franchise concept," he notes, "and if you are building

a new location, it's important to design with the required space in mind. All of my stores were new buildings, so space for a franchise was included in my business plan."

In addition, Banham says that franchise companies take a close look at where your current store (or proposed store) is located. To obtain a franchise, you must gather the necessary information about your location—including traffic, access, and customer demographics—to convince the franchisor that you qualify as a good potential location for their brand.

Paul Elhindi, an AFPD board member who owns Lyndhurst Valero and several Subways, says retailers need to be prepared to work through the franchise application procedure. "There is a long process that needs to be completed when you select a franchise," he says. "The application is only the start in a series of steps."

But before the application process, Elhindi says a retailer should understand the financial obligation needed to buy the franchise



## How to Pick a Franchise

How do you know which franchise is right for you? Here are some key points to consider.

- 1 Do you like this business?** You'll spend a lot of hours being trained, jumpstarting, and working it, so find a franchise that matches your interests. If you're a vegetarian, a burger business may not be the right fit for you.
- 2 What's the franchise's reputation?** Be sure the company is in good standing within your community, and there are no lawsuits pending from anywhere.
- 3 What do other franchise owners say about it?** Talk to other franchisees about their experiences, but make sure to pick some located outside your area, or they might see you as a potential competitor.
- 4 Do you have a good location for this franchise?** Location is a critical business decision. What are the franchisor's specifications?
- 5 Is your community familiar with this brand?** A nationally recognized brand requires less initial legwork to launch because the name and logo do the marketing.
- 6 How is the business investment structured?** No doubt, buying into a franchise can be expensive—sometimes very expensive. Most franchises require royalty fees and/or a percentage of your profits to cover the advertising the company does on behalf of the brand.
- 7 How much help will you get?** Many franchises will offer their owners some assistance, including allocating or matching funds for marketing, providing marketing materials, and other types of business advice. On the flip side, make sure you know how heavily the franchisor will want to manage your business.
- 8 Do you get to choose any of your franchise's inventory?** Can you select franchise products are the best fit for your community? Can you add in your own inventory as well? Some franchisees are very strict on their inventory guidelines.
- 9 Are there employee training opportunities?** Many franchises require mandatory training. However, if you're going to launch your own, you need to know that up front.
- 10 Will you be OK with the increased time commitment to run the franchise?** If the franchise requires you to spend a lot of time working, are you willing to do that?



Understand how many stores you would be obligated to open, and the amount training you, and possibly your employees, will need to be approved," he adds. And then you make sure the location is approved before going any further."

For Jim Mandas, an AFPD board member who owns Broadway Market & Café with a Subway franchise, the trickiest part is selecting the franchise that fits best with the business you have. "We chose Subway nine years ago as it was gaining popularity, and it's proven to be the right choice," he says. "But the main reason we've been successful is that my son-in-law does such a great job with customer service and with keeping employees. People want to know what to expect, and it's important that they see the same people when they come back. It's that personal touch that really makes the difference."

## From Red to Black

When you do your research, you select a franchise, and the investment, training, and location look like something you can handle. How long will it be before you start to make some of your money back? For these AFPD members, the magic number is one year.

"It will vary by location, but generally, it will take one year before you realize a profit," confirms Banham.

"We broke even the first year, and have increased steadily," says Mandas. Even Elhindi, who built the franchise as part of a significant storewide remodeling plan, was able to see a profit fairly quickly. "In my case, I was remodeling and making an addition to the entire store, and the franchise was part of my plan. Most people need to designate at least 850 square feet to accommodate a franchise. There will be plumbing, electrical, and build-out involved, as well as indoor and outdoor signage.

"I was able to get return on my investment within a year," he continues. "But it depends on the location and operation."

Of course, there are no dependable rules about return on investment. Ask anyone who started a business when the economy tanked a few years ago. This is why many franchise companies require a certain amount of assets or cash up front before they will approve a franchise application. Franchise companies carefully evaluate every application, and most of them will do whatever they can to set you up for success. Going with a well-known brand can help bring you to profitability faster, but as in any business, there are many other factors for success such as location, competition, promotion, and the quality of service.

## Some Advice

These AFPD member franchise owners are happy to share advice with their fellow members.

From Banham: "Thoroughly study your market to answer the question: Where is the void and which franchise would fill it? You must know your clientele, select the right product, and consider any competition in your area."

From Mandas: "If you have a lot of knowledge and experience running a food operation, you might be able to run with your own concept for food service. But if you're new or lack confidence, franchising provides you with all the tools, as well as the A to Z on how to do it successfully."

For Elhindi, the franchise's contribution to his store was definitely worth the investment and the trouble. "True, your customer count will increase because your store becomes a destination," he says, "but my best piece of advice is to do your homework first. Make sure the franchise you want to buy is a national brand and has name recognition. Hire a company to do a study on the location you have in mind."

Most importantly, Elhindi strongly emphasizes the value of understanding the financial and business obligations needed to operate and be profitable. "Make sure you understand what the break-even is for the franchise before you go forward," he says. "And realize that you will need to hire a completely new staff. This is where most people make their mistake—by trying to use existing employees. Run the franchise as a separate business. That is the only way you can be successful and understand whether you are profitable or not." ■

Carla Kalogeridis is editor and Beverly Sturtevant is managing editor of AFPD Bottom Line.

## The Power of a Name

AFPD member Buscemi's Party Shoppe Pizza is a Michigan-based success story that offers retailers a lower-cost opportunity to open a money-making franchise. The story began in 1955 when Detroit Paul A. Buscemi acquired a small party store with very little capital—but a lot of determination. He soon launched the present-day Buscemi fast food line with the inception of his own version of the East Coast hoagie sandwich. As the sandwich caught on, Buscemi directed his efforts toward the creation of home-style pizza. After years of experimentation with dough, sauce, and other ingredients, he perfected what the company says is the most delicious Italian pizza available in the fast food market—anywhere.

After Paul's son Anthony joined the family business, father and son saw that Buscemi's defining characteristics of quality food, the number of successful years in business, and the reputation of their store formed the foundation for a good franchise opportunity. Paul and Tony Buscemi began franchising their business in 1974—the first company to franchise the party store concept in Michigan.

Current owners of a party store, deli, grocery store, supermarket, or gas station can add Buscemi's traditional, authentic Italian food products in their existing location for a significantly lower license and royalty fee than most franchises, says Tony Buscemi, CEO. "Buscemi's is unique," he says, "because we look for existing stores that already have a liquor license and convert them to the Buscemi name for between \$30,000 and \$50,000 total cost. We don't require a huge cash investment or lots of liquid cash because you already have the store, the customers, and the licenses." The process is relatively simple as well, he adds: "Remodel a bit, install new menu boards and signage, and provide uniforms. We even train the team while the store is being remodeled."

By joining the Buscemi's franchise family, the retailer automatically participates in the company's exclusive Vendor Chain Rebate (VCR) program, which receives rebates from certain national beverage, tobacco, wine, advertising, and grocery supply suppliers. And what is Buscemi's looking for in a franchise partner? "The best franchisee for us is a hands-on store owner with a good location and people who will adhere to our quality procedures, especially when it comes to our fresh-daily dough. The most important thing is consistency," Tony Buscemi says.











Interestingly enough, Tony Buscemi says the financial commitment to get started is usually not the biggest challenge for new franchise owners—rather, it's something more emotional, especially if the store has been around a while. "It's hard sometimes to see that name come down," Buscemi says, "but it's usually not long before I hear, 'I'm so glad you made me do that!'"



Three generations of the Buscemi family (l to r): Tony Buscemi, CEO; Paul Buscemi, founder; and Paul Buscemi, vice president of food purchasing and distribution.



# Thinking About a Franchise

FRANCHISE	CONTACT	OPPORTUNITY	FRANCHISE FEE	UPFRONT INVEST.
	<a href="http://www.baskinrobbins.com/franchising">www.baskinrobbins.com/franchising</a>	Largest chain of ice cream specialty stores. More than 1,000 fun flavors.	\$10K - \$25K	\$45K - \$300K
	(517) 482-8145 ext. 115 <a href="http://www.biggby.com/franchising">www.biggby.com/franchising</a>	Seeking units in Michigan and Ohio.	\$30K	\$181.5K - \$1.1M
	<a href="http://www.bk.com/en/us/company-info/franchise/index.html">www.bk.com/en/us/company-info/franchise/index.html</a>	Least expensive of the super-chains. Actively growing presence in non-traditional locations including gas stations and c-stores.	\$50K	\$300K - \$2M
	(586) 296-5560 <a href="mailto:franchiseinfo@originalbuscemi.com">franchiseinfo@originalbuscemi.com</a>	Growth focused on conversion of existing stores in southeastern Michigan holding state alcohol and lottery licenses. Stores can be converted and reopened in as little as 60-90 days.	\$12K	\$36K - \$50K
	<a href="http://www.chick-fil-a.com/Company/Careers-Franchise-Application">www.chick-fil-a.com/Company/Careers-Franchise-Application</a>	Chick-Fil-A accepts about 75 of nearly 20,000 applicants per year. Michigan and Ohio listed as growth areas.	\$5K	\$275 - \$800K
	<a href="http://www.coldstonecreamery.com/franchises/franchise_overview.html">www.coldstonecreamery.com/franchises/franchise_overview.html</a>	Consistently scores number one in its category, according to <i>Entrepreneur</i> magazine.	\$35K	\$294.2K - \$1.1M
	<a href="http://www.dominosbiz.com/Biz-Public-EN/Site+Content/Secondary/Franchise/">www.dominosbiz.com/Biz-Public-EN/Site+Content/Secondary/Franchise/</a>	Non-traditional stores (c-stores, grocers) offer carry-out service. About 90% of franchisees start in Operator-to-Owner program. Seeking multi-store applicants in Ohio.	\$42K	\$96K - \$420K
	(800) 777-9983 <a href="http://www.dunkindonuts.com">www.dunkindonuts.com</a>	Top 5 in all categories of franchises according to <i>Entrepreneur</i> magazine. Stringent criteria for acceptance.	\$40K - \$80K	\$156.8K - \$1.1M for kiosk
	(248) 538-0000 <a href="http://www46.myfranconnect.com/happypizza/leadpage.jsp">www46.myfranconnect.com/happypizza/leadpage.jsp</a>	Happy's Pizza is currently focused on growth in Michigan, Ohio, Indiana, Illinois, and Kentucky.	\$85K 50% discount for veterans	\$337K - \$900K
	<a href="http://www.kfcfranchise.com/">www.kfcfranchise.com/</a>	Looking for candidates who can commit to building three units over 3-5 years. Ohio listed as a key growth area.	\$45K	\$1.3M - \$2.1M












THE VOICE  
OF INDEPENDENT  
RETAILERS

FRANCHISE/ADVERTISING S	TERMS OF AGREEMENT	NET WORTH REQUIRED	LIQUID CASH REQUIRED	FINANCING	TRAINING	ABSENTEE OWNERSHIP ALLOWED
% of gross sales	5 years or duration of lease; renewable once	\$250K	\$125K	Not specified	Not specified	No
% of gross sales	10 years Renewable	\$400K	\$70K	Third party	8+ weeks	Yes
% of gross sales by: 4% of gross sales advertising	20 years No renewal	\$1.5M	\$500K	None	84 days Cost \$2K	Not specified
Fee \$700/month advertising as used	10 years Renewable Can be sold to approved buyer	No requirement	No requirement	Third party	7 days Cost included in franchise fee	Yes
% of gross sales plus of net profit per th plus rent	1 year Automatically renewed	Not specified	Not specified	Yes	Extensive, multi-week	No
Specified	Not specified	\$375K	Minimum \$75K	SBA, Third party	14 days	No
% of gross sales by: 1-4% of gross sales for advertising	10 years 5-year renewal	Not specified	Not specified	None	9 days	No
% of gross sales; = gross sales for advertising	10 years Two 5-year renewals	\$500K	\$250K	Third party	Two people for 24 days	No
Specified	Not specified	\$300K	\$100K	Yes	90-120 days	Not specified
% of gross sales \$ of gross sales for advertising	20 years	\$1.5M	\$750K	Third party	Three people for 8-10 weeks \$3.9K - \$10K	No



# Thinking About a Franchise

FRANCHISE	CONTACT	OPPORTUNITY	FRANCHISE FEE	UPFRONT INVESTMENT
	(630) 623-6196 www.mcdonalds.com	STO locations are shared spaces within fuel stations/convenience stores.	\$22.5K	\$8.3K - \$10K
	www.seattlesbestfranchise.com/ request-info.html	Seattle's Best Coffee is the franchise subsidiary for Starbucks.	\$25K	\$164.5K plus real estate and improvements
	www.franchise.7-eleven.com/ index.php/franchise-process	Franchisee leases or subleases a fully equipped store.	Varies \$50K \$350K plus initial cash payment of \$89K	Varies, but "reasonable"
	www.subway.com/ subwayroot/Own_a_Franchise/default.aspx	Subway ranked number one U.S. franchise by <i>Entrepreneur</i> magazine 13 out of the last 17 years.	\$15K	\$101K - \$150K
	(866) 298-6986 www.yumfranchises.com	Taco Bell ranked No. 1 in its category in 2004-2006 and 2008.	\$45K	\$1.2M - \$1.5M plus real estate
	(614) 791-4200 www.timhortons.com/ us/en/join/franchising_us.html	Self-serve kiosks are leased from Tim Hortons; rent is 8.5% of monthly gross sales. Current expansion plans include Grand Rapids, MI and Youngstown, OH.	\$35K	\$96K - \$100K for kiosk
	(800) 752-0644 www.tubby.com/franchise.php email: bill@tubby.com	Public company based in Clinton Township, Mich.	Gas Station \$7.5K C-Store \$5K	Gas station C-store \$100K - \$150K



## Online Franchise Resources

The process of researching and buying a franchise can be a full-time job. There are many online franchise resources that can be very helpful for individuals considering buying a franchise.

**International Franchise Association.** The International Franchise Association, founded in 1960, is a professional organization of franchisors, licensees, and suppliers. They are dedicated to providing users with a one-stop shopping experience for trusted franchise information.

**IFA University—Free Introduction to Franchising Course.** The International Franchise Association (IFA) offers this FREE, comprehensive





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WALTY/ WERTISING ES	TERMS OF AGREEMENT	NET WORTH REQUIRED	LIQUID CASH REQUIRED	FINANCING	TRAINING	ABSENTEE OWNERSHIP ALLOWED
of gross sales; of gross sales for vertising	10 years	Not specified	\$300,000 non-borrowed, personal resources	None Incentive program for minorities	9-24 months	No
	10 years Renewable	\$250K	\$70K	None Incentive for vets, minorities	Included in start-up fees	No
centage of gross %	Not specified	Excellent credit (700+)	Not specified	Not specified	6 weeks	No
5% weekly	20 years Renewable	\$30K - \$90K	\$80K - \$310K	Third party	2 weeks	No
%	20 years Not renewable Commit to 3 restaurants in 3 years	\$1M	\$360K	None	Not specified	Yes
% of gross sales ekly 4% advertising	10 years Renewable once	Not specified	30% of total capital required	24 months with \$20K down payment	7-8 weeks	No
station \$1.5K store \$1.250K/month	10 years Renewable	\$350K - \$500K	\$75K	Third party	6 weeks at Corp. Store	Yes

online course to help you investigate before investing.  
Franchising is an excellent way to go into business for  
yourself, but not by yourself.

Introduction to Franchising—FranNet & SBA. Learn  
everything you need to know about franchising. FranNet  
and the U.S. Small Business Administration (SBA) have  
put together an online seminar to teach you all about  
franchising, including franchising pitfalls and how to  
choose the right franchise.

Franchise Times Magazine. Franchise Times maga-  
zine provides franchisees and franchisors with reliable

information and resources for building and growing their  
franchise businesses.

**Franchise Attorneys for Franchisees.** If you are a  
franchisee in search of a lawyer, it is suggested you hire  
an attorney that specializes in franchise law.

**NASAA - Franchise Resources.** The North American  
Securities Administrators Association (NASAA) is the  
oldest international organization devoted to investor  
protection. NASAA offers some franchise resources that  
can help you while investigating a franchise.



# Friendly, Neighborhood Foodservice

If a franchise is not right for your business, take advantage of the wildly popular and growing foodservice category.

By Carla Kalogeridis and Beverly Sturtevant

Foodservice is pumping up the convenience store and gas station market, helping these businesses back down from their reliance on meager margins at the pump. In fact, at the recent NACS State of the Industry Summit in Chicago, a new report announced that convenience store same-firm foodservice sales are up 10.8 percent and gross profit up 7.5 percent. In fact, sales of prepared and ready-to-eat foods at retail will reach \$32.45 billion in 2012, according to Packaged Facts.

Adding foodservice to a convenience store is a simpler and less costly way to boost sales than adding a branded franchise. With a much smaller investment and less square footage, retailers can offer customers intriguing, restaurant-quality menu items. And c-stores are perfectly positioned to cater to a new nation of snackers. According to Technomic, a Chicago-based research firm, consumers are growing more accustomed to eating six or more small meals a day, and the majority of consumers (64 percent) already choose c-stores as the ideal destination for a snack.

Although supermarkets still claim the lion's share of the prepared foods retail market at 60 percent, convenience stores still command a respectable 12 percent (and growing) share of ready-to-eat foods, says Packaged Facts. The sweet spot for prepared foods? They often taste better than fast food options and cost less, making them attractive to a range of household incomes. In

addition, the truly savvy c-stores have recognized that millions of consumers are looking for healthier food on the go, and they stand ready to meet that demand with fresh soup and salad bars when impulse or efficiency drive customers to a c-store.

## What's Available?

AFPD has a number of high-quality foodservice providers among its members. S. Abraham and Sons (SAS), for example, is a full-service distributor to convenience retailers. The company has more than 12,000 products and offers help with marketing, promotions, and in-store technology.

Two new programs are capitalizing on the popularity of fresh convenience foods, says Misty Steinhauer, convenience foods manager. The Fresh from the Deli Cooler Program includes four different end-cap cooler programs with attractive "grab & go" graphics. This program provides a vehicle for fresh, better-for-you snacks, says Steinhauer, including hard-boiled eggs, hummus, fresh salsa, yogurts, fruit and veggie cups, and fresh deli sandwiches. The second, the Fruit Ridge Farms Sandwich Program, is a result of SAS teaming up with a local commissary to provide made-to-order, never-frozen subs, wedge sandwiches, deli and garden salads, as well as made-daily cakes and cinnamon rolls.

SAS provides setup and training at the store and offers equipment at all levels of investment. Cooler programs range from \$799 to a rounded, open-air, end-cap model for \$15,000. The company has negotiated with its major vendors to include free product to help offset the cost of equipment. "My best advice is to understand that foodservice takes dedication and time to establish in c-stores," says Steinhauer. "And the most important piece of advice is that waste is your friend, but excessive waste is your enemy."



"Offering hot and cold grab-n-go solutions helps retailers become **destination stops for consumers** looking for quality products to satisfy their needs across the three day-parts."





Liberty USA is another company taking note of the commissary fresh food products more prevalent in convenience stores. As a result, Liberty will be opening its own commissary in September, with a myriad of products to service its retail customer base, hoping to grow its \$50 million annual foodservice sales.

"Offering hot and cold grab-n-go solutions in convenience stores helps retailers become destination stops for consumers looking for quality products to satisfy their needs across the three day-parts," notes Bill Filler, director of business developers for Liberty USA. "By offering both hot and cold grab-n-go, retailers can capture more footprints and attract more female shoppers seeking quality and value."

Foodservice continues to be the fastest growing segment and one of the most profitable categories in the industry, he continues. "We help our customers grow by bringing new concepts and ideas to keep them ahead of their competition," he says. Liberty USA also offers training and education, food preparation, food merchandising, consultation and research development, menu development, product cuttings, and samplings, along with marketing strategies and store surveys.

The investment depends on what the retailer wants to accomplish, Filler explains. Liberty USA offers turnkey foodservice solutions with no franchise or royalty fees. These programs run around \$30,000 with equipment and set-up. The company can also customize a program to meet a retailer's budget and foodservice goals.

Filler also agrees that consistency is key. "You must be consistent in your quality, and keep products full during peak selling times," he advises. "Promotions and cross-merchandising really help boost sales. Also, do not be afraid to sample your products and make sure your employees are doing suggestive selling.

This will go a long way in making your program successful."

Grand Rapids, Michigan is AFPD member H.T. Hackney's top division, serving all of Michigan, northern Indiana, and northern Ohio (see Supplier Spotlight, p. 34). The division supplies more than 1,300 convenience stores and 250 supermarkets, half of which are independents, says Craig Diepenhorst, supermarket sales manager.

"If you want to get into foodservice," Hillman states, "we're just as good as the big guys and more affordable. It's a turnkey service with counters, signage, and ingredients in addition to merchandising support." Grand Rapids' account managers and marketing counselors visit their retailers every week to order inventory and fine-tune merchandising.

"Hackney's foodservice specialists are very involved in helping our customers grow their foodservice sales," adds Ann Chappell, food service manager. "We are very hands on with sampling new products, helping customers with menu pricing, helping them set up new foodservice programs, and ensuring anything new the customer is doing is successful." Hackney offers programs that are a minimal investment to the customer but can get them into a foodservice program within weeks, she says.

For something a little off the beaten path, AFPD member Krispy Krunchy Foods, founded in Louisiana, offers a quick-serve restaurant concept featuring Cajun-style chicken fried in zero trans fat oil, pizza, jambalaya, boudin bites (Cajun rice balls), catfish, honey butter biscuits, and breakfast items. The pre-marinated chicken is delivered to the retailer twice weekly.

The company offers a completely customized program with no royalty fees and is designed to give operators a branded image and offer quality food to customers at a low price.



## Tips for Successful Foodservice

### • On choosing the right program

"To decide whether a foodservice deal is going to help your business, you must understand the demographics of your customer base; choose a program with a quality product; choose a brand that is tested and recognized—one that can overcome your customers' opinion that gas station food is inferior; and be sure the program has a non-compete clause for a certain amount of territory.

"On the other side, any program will want your business to have a minimum gross volume; you have to adhere to the process so your product is consistent with the brand; and you have to be prepared to work hard. It has to be good for everybody." —John Abbo, owner of Hartland Mobil and AFPD board member

### • On choosing the right supplier

"As our main supplier, Liberty USA has helped in many ways. In addition to facilitating ordering, they are great merchandisers. They have associates who are specialists in every aspect of the c-store industry, and we took advantage of their crew to rearrange the store so that items are placed in strategic areas where they are easier to find. Liberty operates as a tight family entity and understands the needs of single-unit clients. I'm saving money and getting good ideas for my business." —Jim Mandas, owner of Broadway Market & Café and AFPD board member

### • On the importance of brand recognition

"Krispy Krunchy had everything I was looking for: a nice menu, jazzy logo, and a quality product. You can't attract new business into your store unless you look and act like the real deal.

"We saw good results in about 30 days. We were bringing in more traffic, increasing volume, adding revenue, and doing it without added labor. We wanted to push away from being just a convenience store to being a destination location where a customer could get everything in one stop, and we are succeeding." —John Abbo, owner of Hartland Mobil and AFPD board member





## Foodservice continues to be the **fastest growing segment** and one of the **most profitable categories** in the industry.

The branded look includes a full graphics package layout, branded paper goods, 20 proprietary branded food items, design, and scale drawings. The program may also be co-branded with existing food programs and use existing onsite equipment. Krispy Krunchy provides complete training and support programs.

"And unlike a franchise, you keep your store's identity and can discontinue the Krispy Krunchy program at any time," says Donna Crawford, Krispy Krunchy marketing partner. New customers get a full week of training, which Crawford says is important because consistency is key. "And once you're up and running, we circle back to see how we can help and retrain if needed." If your store has a kitchen, the investment could be as low as \$12,000-\$15,000; stores without a kitchen are looking at \$50,000-\$70,000.

The space required is minimal—as little as 10 feet by 10 feet can get you started, Crawford says—but that won't be the key to your success. "Be prepared to give great customer service by hiring good people," she advises. "You'll have a quality product, but a smiling person on the other end is critical."

### Don't Forget the Drinks

Taylor Freezer of Michigan is an AFPD member that has carried soft serve, shake, and slush machines for more than 66 years. The company has also expanded into ventless cooking for broasting as well as refrigeration equipment and foodservice supplies such as Flavor Burst syrups, cocktail mixes, chicken seasonings, chicken strings, one-step prep for barbeque and hamburgers, wood chips for smokers, and cleaning supplies. The business has grown recently, says president Rick Senica, because of the trend among 18-35 year olds who are eating smaller meals and snacks more frequently, creating greater opportunity for the convenience segment.

"Smoothies and frozen yogurt are making a comeback," he says, "as the healthy dessert concept is catching on, and the ROI on frozen carbonated slush is particularly good. These are good starting categories because the required amount of extra work to maintain and serve them is relatively small compared to some foodservice options. Businesses that are doing it are having success," he adds.

When asked about the investment retailers should be prepared to make, Senica says, "The amount of your investment isn't a number, it's a process. What do you want to serve? What are you trying to accomplish? What is your business plan? What are the

demographics of your area? What is your cash position? How involved do you intend to be?" Programs are custom designed, and leasing and special financing are available.

"When considering a foodservice program, my advice is to get as much information as you can as early in the process as possible from people who can give you real information on what's been successful in businesses like yours," says Senica. "And once you're up and running, keep a sharp eye on the numbers. You need to track the exact food and beverage cost per serving."

AFPD member Lipari Foods' convenience store strategy is focused on creating comprehensive and unique food service programs. "Lipari understands consumers are always looking for on-the-go food options, but also knows consumers don't want to sacrifice quality and taste for convenience," notes Laura Liras, customer insights manager.

Lipari's meal replacement offerings are focused on high-quality fresh foods like sandwiches and hot chicken. The company also carries a wide variety of single-serve bakery and dessert items. New c-store programs are coming soon in soups, salads, roller grill items, pizza, hot meals, cereal, and snacks, says Liras.

Like Taylor Freezer's Senica, Liras says a comprehensive line of hot and cold dispenser beverages, including fresh-fruit smoothies, is a great place to start. Lipari provides everything including products, equipment, marketing, and service. A broad support network of sales representatives, beverage experts, and delivery specialists work with retailers to ensure program success at the store level.

"We know snacking is a key contributor to c-store sales, so we're developing a wide variety of snacking options, with a focus on fresh foods," she notes. "We want to help c-stores attract new consumers looking for fresher offerings as well as give current consumers a wider variety and healthier options."



The investment to get started in a foodservice program varies widely, according to Liras. "The most important thing is to isolate your core shopper," she says. "What type of food do they want? When do they want it?" For example, in a manufacturing area, she says, sandwiches for quick lunches could be a good choice. "Once you know what makes sense for your customers, roll out one or two, do them well, then add to the choices," she advises. "Your investment will also depend on what equipment is needed, as it's important to have the right coolers, unique and eye-catching display cases, and POS information so your customers can see what you're offering."

And don't forget to urge customers to try your foodservice, she says, noting that "it's critical that your customers have a positive first experience, or they will be less likely to try something else." She also points out that one advantage of a foodservice program over a franchise is that if you brand your products correctly with cups and POS and accessories, you can "look like a national-branded program without the high cost." ■■■

*Carla Kalogeridis is editor and Beverly Sturtevant is managing editor of AFPD Bottom Line.*



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**Paul  
CONDINO**

*AFPD Vice President, Government Relations*

## PACs Help Elect Legislators Who Support AFPD Members

**A**FPD's Political Action Committees (PACs) are the 'Voice of Independent Retailers' in the political process in Michigan and Ohio. Only through the collective action of donating to an AFPD PAC can we ensure the election of candidates who support our members and their concerns. By donating to a PAC, you can make a difference.

Under Ohio and Michigan law, persons and organizations are limited in the amount they can contribute to any individual candidate or ballot initiative. However, the AFPD Ohio PAC may receive much larger contributions from a single member. By pooling contributions to the PAC, we can contribute to candidates and issues with greater impact than any one individual is able to do.

### Ohio

In Ohio, nothing is more important to our member retailers than amending the Commercial Activity Tax (CAT). Although unintended, the current CAT hits the independent gas retailer much harder than any other sector of the petroleum business. AFPD has helped write proposed legislation aimed at amending the CAT and leveling the playing field.

We have received strong support from Ohio legislators who will soon be called upon to vote this bill into law. We urge you to be a strong political voice to help elect candidates who will support legislation that treats gas station retailers fairly under the CAT.

### Michigan

In Michigan, protecting the value of our members' liquor licenses by opposing changes in proposed liquor laws and rules is vital. Another critical issue is the development of a plan for comprehensive, curbside recycling as a replacement for requiring retailers to recycle and redeem bottle deposits in their retail stores. A coalition that includes AFPD, elected officials, beverage manufacturers and distributors, the environmental community, and municipal organizations is focused on making curbside recycling a reality.

### How to Contribute

All of these issues require the election of legislators we can trust. That means we must work to keep men and women

who honor the integrity of AFPD's policy statements in office. Join us and make your voice heard today with your donation by personal check or money order (corporate checks cannot be accepted) to the Ohio or Michigan PAC. Keeping our independent retailers in business is first and foremost. Be a difference maker and a voice for independent retailers. Do it today.

For information on contributing to an AFPD PAC, contact Paul Condino (800) 666-6233, cell (248) 514-9603, or via email at [pcondino@afpdonline.org](mailto:pcondino@afpdonline.org). ■■■

AFPD's government relations team recognizes leaders who support the organization's small business members. The team attended Ohio Speaker Batchelder's recent golf scramble event.



(l to r): District 2 Representative Andrew Brenner; OMPCA President Kim Ullman; Ohio Speaker of the House William Batchelder; AFPD Vice Chairman of Government and Legislative Affairs Paul Elhindi; and AFPD Vice President Ohio Ron Milburn





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## Glenn D. WAGGONER

*Pepple & Waggoner, Ltd.  
AFPD Ohio General Counsel*

# Stage II Vapor Recovery to End in Ohio?

**P**etroleum retailers have spent significant dollars over the years to install and maintain Stage II vapor recovery systems on fuel dispensers, in counties where these are required by clean air regulations. But all signs are that the Stage II requirements will not last much longer.

The Environmental Protection Agency (EPA) initiated the Stage II requirements years ago, and Ohio adopted them as part of its State Implementation Plan for Clean Air Act requirements. The details of Stage II compliance are contained in regulations adopted by the Ohio Environmental Protection Agency.

On May 16, 2012, the U.S. EPA issued rules allowing states to petition to be relieved from the Stage II vapor recovery requirements. The rationale is that with more newer-model cars having on-board vapor recovery systems, "Stage II vapor recovery systems have provided significant air quality benefit, but are now becoming less effective."

Ohio EPA is now moving forward to seek the waiver from Stage II requirements. Ohio EPA issued a statement on May

29, 2012, stating that "removal of...Stage II vapor recovery will lessen the regulatory burden on business without adverse impact to Ohio's environment." The agency is proposing to amend its current rules requiring Stage II vapor recovery in designated counties, and intends to submit proposed rules to the General Assembly's Joint Committee on Agency Rules no later than September 1, 2012. Ohio EPA must coordinate with U.S. EPA to assure that how Ohio handles the transition away from Stage II recovery would not diminish air quality.

According to Ohio EPA, possibilities include winding down Stage II over a period of time, or perhaps eliminating the Stage II requirements only for new dispenser installations.

Jim Kavalec of Ohio EPA says the timetable for removal of Stage II requirements is unclear, but it seems unlikely that any final decisions will be effective before 2013. Meanwhile, current regulations remain on the books. Petroleum retailers should expect to remain compliant with Stage II vapor recovery requirements until the rules are actually changed. This subject will require continued monitoring. ■■



## Testimonial



**"AFPD has a large impact on the industry and on my family business. Having input on decision making in Lansing and Washington is essential. We need to be a strong voice of the industry to survive."**

**—Thomas Welch, Hollywood Super Markets, Troy Mich.**

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# Power your business with Less Energy

**Nonprofit Michigan Saves offers financing programs for energy efficient upgrades that can save you money.**

Imagine you own a mid-sized grocery store built in the 1960s. You probably pay about \$100,000 every year for electricity and natural gas or other fuel sources. These costs keep increasing and cutting into your margins. You know you could save by making upgrades to your aging equipment and building, but you've held off because of the time and hassle, the upfront cost, and the uncertainty of the payback. After all, time is money in a small business.

## It Saves to Be Green

Now, with help from AFPD and Michigan Saves, a nonprofit organization dedicated to making energy improvements affordable for homeowners and businesses, there's a special program for businesses in the food industry—grocers, restaurants, convenience stores, and wholesalers. The Michigan Saves financing program for energy efficient upgrades to commercial buildings is available statewide through a local lender, Ervin Leasing, with special incentives for the food industry, including loans up to \$150,000, flexible rates, and terms with a quick return on investment.

Michigan Saves' Business Energy Financing helps your business save energy and money at the same time. And in many cases, the financing can be structured so the monthly payment is offset by the energy savings.

## How to be Cash-Positive

Let's say a mid-size grocery store installs a combination of low-cost energy saving upgrades such as new lighting, ECM motors in refrigeration units, door gaskets, and vertical night covers, and performs regular maintenance on HVAC and refrigeration units. The cost is about \$64,000 (without rebates). This is financed over a five-year term—typically below market rates—with a monthly payment of approximately \$1,270.

In many cases, the utility cost savings offsets this monthly payment. In this example, a 20 percent savings on a \$100,000 annual utility cost is \$20,000 per year, or \$1,667 per month.

Michigan Saves can also



help you access other incentives such as utility rebates and tax incentives, which typically range from 20 to 50 percent of the cost of high-efficiency equipment, roughly \$20,000 in this example. And for a limited time, Michigan Saves offers an additional \$2,000 rebate—in the form of a check directly to you—if you cut your building's energy consumption by 20 percent. (Note: Utility rebates and the Michigan

Saves rebate are subject to funding availability.)

## How to Get Started

First, call (734) 494-2126 or go to [www.michigansaves.org](http://www.michigansaves.org) to let Michigan Saves know you're interested. Michigan Saves can connect you with an authorized contractor, or your own contractor can become authorized. Then, once you and your contractor develop a preliminary scope of work, you'll submit a credit application to Ervin Leasing and get a decision back in one to two days. After you review and sign the financing documents, your contractor installs the upgrades. Finally, Ervin Leasing confirms you've accepted the work and Ervin Leasing pays your contractor directly.

## About Michigan Saves

Michigan Saves was created in 2009 with seed funding from the state of Michigan and offers financing programs for energy efficiency and renewable energy improvements in partnership with lenders. It authorizes and monitors a network of contractors that install energy-saving improvements.

Ervin Leasing, headquartered in Ann Arbor, Michigan, was established in 1978 and is a privately held equipment lease and finance company with a national scope. Ervin Leasing, a subsidiary of Ervin Industries, participates in a variety of industrial, commercial, and business technology markets.

For more information, visit [www.michigansaves.org](http://www.michigansaves.org), or contact Todd O'Grady (734) 494-2126 or via email at [togrady@michigansaves.org](mailto:togrady@michigansaves.org).





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# Orchard Markets: Real People, Real Service

"Orchard Markets, big enough to take care of all of your needs, yet small enough to know you by name," the website says, and it's easy to see that president and sole-owner Gary Gerlach believes in the importance of social media and the Internet, especially for stores catering to plenty of tourists. In addition to an active Facebook page, the company's website features a four-page weekly circular published as a flip-book. And if you're looking for inspiration, there's even a daily recipe that can be emailed or bookmarked.

Gerlach realized his dream of store ownership eight years ago when he had the inside track to pick up two former Roundy's locations, each about 30,000 square feet. His two hometown Orchard Market supermarkets are located just five miles apart in scenic Muskegon County. Spring Lake Village is surrounded on three sides by Spring Lake and the Grand River, and Fruitport sits at the very northern tip of Spring Lake.

No stranger to the retail industry, Gerlach knew what he was getting into after many years serving eastside Detroit independents as an account manager for Spartan Stores. He says, "Our success at competing with seven area supercenters comes from our dedication to providing easy in/out access, the freshest and highest-quality products, and superior customer service." He also concentrates on bringing in local and Michigan products, and store sales benefit from his involvement in community activities, supporting sport teams, Boy Scouts, and the local schools with programs like Learning for Labels.

Both stores are known for their meats—especially the Angus-Pride® Premium Beef—and their Market Fresh certified ground beef varieties are 100% primal-derived, exceed government standards, and are ground fresh several times daily. "We have an unheard of one-day maximum shelf date, so any package you select is guaranteed fresh," Gerlach says. The stores are also proud of the Orchard Market custom cakes. "You choose the style cake,

filling, icing, design, and message, and our certified cake specialist does the rest," he says.

Tourists and local customers alike stop by for hot and juicy rotisserie chickens, deli-made pizzas, grilled Panini sandwiches, golden fried chicken meals, custom-made deli subs, twice-baked potatoes, burritos, and much more. "Our

deli can take care of your entertaining needs, as well," Gerlach says. "We make party trays and platters, super subs, and fried chicken party packs to order."

The stores feature the Our Family® line of products from Nash Finch backed with a Satisfaction-Plus Guarantee. If they're not satisfied, a customer can return it to the store for a refund plus a free replacement with a like item of the brand of their choice. The Our Family® product line is always expanding, Gerlach says, and features gluten-free and organic products, plus downloadable coupons directly from Orchard Markets' website.

Service is the top priority at Orchard Markets, where they believe that customer service has no beginning and no end—it is continuous, always. "We want to ensure we go the extra mile to exceed our customers' expectations," Gerlach says. "We understand there are many places people can shop," he adds, "and how valuable their time is. So we're proud of our friendly, helpful staff, personalized service, speedy checkouts, and full grocery carryout service."

Gerlach has been an AFPD member since the Roundy's days. "It's a good organization, very community focused," he says. "The biggest benefit is the government relations interface. They lobby for all of us and work for our rights on issues like federal and state taxes," he continues. "AFPD was behind the initiative to spread food stamps out across the month, which has been very helpful, and they are working hard on the bottle recycling issue, which is painful and expensive for retailers to maintain. We couldn't do it alone." ■■■



Orchard Markets aims to meet needs beyond groceries.



Only the freshest products make it to the shelves.





AFPD would like to invite you to our  
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# *The* CANDY LAND *Ball*

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### 6th Annual Ohio Food & Petroleum Trade Show

SAVE  
THE DATE!



# CANDY LAND

Friday, October 5, 2012

Noon - 6:00 pm

Villa Milano

Columbus, Ohio





**M. Scott  
BOWEN**

*Michigan Lottery Commissioner*

## Player's Club Adds Enhancements

**T**he Lottery is excited to offer new ways to promote retailers at the Lottery website, which had more than 3.9 million unique visitors during the 12-month period ending June 30, 2012. That's roughly half of the Michigan population over the age of 18 years old.

### Find Winners Near You

This new tool allows players to search for winning tickets of \$600 or greater sold at any retailer in Michigan. Players can view the selling retailer, the amount of the prize, the game, and other details. To bookmark this new feature, visit [www.michiganlottery.com](http://www.michiganlottery.com) and hover your mouse over the Winners tab; then click on Find Winners Near You.

### Retailer Finder

Millions of website visitors can now search for your business, allowing players to easily see where they can buy Lottery tickets and other necessities. This feature is accessible through a link just above the money tree in the upper left hand corner. Word has it that the retailer finder will be available as a mobile app this fall. Remind your players to join the Lottery's Player's Club to register for winning number alerts, earn points to redeem for prizes, and enter special drawings.

### Mobile Retail Outlet (MRO)

Check out the MRO and meet our Street Team at these

three August events to win Lottery merchandise prizes.

- Michigan International Speedway, Brooklyn — August 17-19
- Warren Birthday Bash, Warren — August 23-26
- Arts, Beats & Eats, Royal Oak — August 31-September 3

### New Instant Ticket

\$500,000 *Emerald Green*™ (\$10) goes on sale August 7, subject to change. Be sure to activate instant game tickets before putting them on sale to ensure winning tickets can be redeemed.

### Instant Tickets Set to Expire

Tickets expiring August 6 include IG 406 *Atari* (\$2); IG 410 *Wild Card* (\$2); IG 417 *Red Hot Valentine* (\$5); IG 418 *Fast \$50s* (\$1); IG 419 *Hold 'Em Poker* (\$5); IG 420 *M&Ms* (\$2); IG 421 *Classic Wild Time* (\$2); IG 426 *Top Dollar* (\$1); and IG 428 *3's A Charm* (\$1). Be sure to tell your customers about the expiration date to ensure prizes they win can be claimed before it becomes invalid.

This summer has been a whirlwind of electrifying promotions and sensational events. We could not have done it successfully without the cooperation of our sensational retailers and extraordinary players—thank you.

For information on all Lottery games, please visit [www.michiganlottery.com](http://www.michiganlottery.com). ■■



The Lottery website had more than  
3.9 million visitors during the  
12-month period ending  
June 30, 2012. That's roughly  
**half of the Michigan  
population over the age  
of 18 years old.**



## You deserve a little credit, too.

Because of your hard work selling Lottery tickets, last year over \$727 million was contributed to the state School Aid Fund — a good thing for our kids. You also helped players take home over \$1.34 billion in prizes, making good things happen for local communities. And because 10,000 local businesses earned over \$200 million in commissions last year, you're making good things happen for yourself. So thanks for all the work you do and all the good things you help make happen for Michigan.

If you feel more than you can afford to lose, you've got a problem. Call 1-800-270-7117 for confidential help.





# Understanding Interchange and Assessment

Interchange occurs when the card payment transaction is passed between the merchant and Chase Paymentech, between Chase Paymentech and the payment brands (such as Visa® and MasterCard®), and between the payment brands and the bank that issued the card. A fee is charged on every transaction you process to cover the cost to issuing banks for offering lines of credit and fraud mitigation. The fee is paid by the payment processor to the issuing bank through the payment brands.

Interchange fees are determined by the payment brands. The rate you pay for a transaction depends on type of card (debit, credit, reward); type of transaction (card-present, card-not-present, phone order, online order); and the merchant's average transaction volume. The fee charged is also tied to the level of risk for that transaction—the lower the risk, the lower the rate. For example, a transaction conducted with a card that is present carries a lower fee than a card-not-present transaction.

In addition to interchange fees, the individual payment brands may charge a separate assessment fee, which covers the operating costs of managing the network.

## We Advocate for You

Chase Paymentech is a founding sponsor of the Merchant Advisory

Group ([www.merchantadvisorygroup.org/](http://www.merchantadvisorygroup.org/)), an organization designed to help merchants have a stronger voice with the payment brands. We've also helped introduce new products and payment options to make purchasing even easier for your customers. To learn more about the ways we advocate for you, visit [www.chasepaymentech.com](http://www.chasepaymentech.com).

## Payment Brands Offer More Information

Understanding interchange rates can be complicated because the payment brands do not have one set rate that applies to every industry or every transaction. Additionally, rates are adjusted throughout the year. To learn more about current interchange rates, visit the payment brands' websites:

**Visa:** [www.usa.visa.com/merchants/operations/interchange\\_rates.html](http://www.usa.visa.com/merchants/operations/interchange_rates.html)

**MasterCard:** [www.mastercard.com/us/merchant/support/interchange\\_rates.html](http://www.mastercard.com/us/merchant/support/interchange_rates.html)

**Discover:** Website not available; please contact Discover at (866) 710-3356

For additional information, contact Account Executive John Wilcox at (888) 464-9902 ext. 70255, [john.wilcox@chasepaymentech.com](mailto:john.wilcox@chasepaymentech.com). ■■■

**In addition to interchange fees, the individual payment brands may charge a separate assessment fee, which covers the operating costs of managing the network.**





# PAYMENT PROCESSOR MAKING YOU PAY TOO MUCH?

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Ever wonder if you're receiving the best overall cost from your payment processor? Let one of our industry specialists show you what you're paying to accept debit and credit cards today and what you could be saving with Chase Paymentech. It only takes a few minutes, and there's no obligation to switch. You've got nothing to lose!

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# UST UNCERTAINTY

## Tank insurer's exit leaves marketers wondering how to comply with EPA regulations.

By Carole Donoghue

With Zurich American Insurance Co. planning to all but abandon the U.S. tank market, what's next for retailers who have to comply with state and federal environmental financial responsibility rules? The answer is likely to be a lot more hassle.

Zurich's decision couldn't have come at a worse time for retailers, given the imminent arrival of E15 and other higher ethanol blends and the slow demise of state tank funds, multiple sources say.

Massachusetts marketer Ed Rachins, a veteran of tank insurance battles, predicts that retailers will find it increasingly difficult to find insurance coverage in coming years, particularly as states set deadlines for the removal of single-walled tanks. "Dealers won't be able to find carriers to write insurance as they start to pull out tanks and find contamination they didn't know they had," he says. Zurich is the latest to leave, but it won't be the last, he believes. "This is just the first of the unintended consequences. Insurers are not going to want to play verbal volleyball about the cause of leaks with all these guys."

Zurich itself blames state insurance regulators for its decision. "We are no longer in a position to offer a stand-alone tank pollution coverage because certain key state insurance regulators would not allow us to charge appropriate rates to sustain insurance," Steven McKay, a spokesperson for the Schaumburg, Ill., insurer told CSP Daily News. "We are still offering tank coverage on a limited basis as part of an overall site pollution coverage for customers who have needs in addition to tanks," he added.

Zurich will not say how much of the tank insurance market it controls, but maintains that its "departure is not likely to make a material impact" on the market. However, according to a June memo from Carolyn Hoskinson, director of the U.S. Environmental Protection Agency's (EPA) Office of Underground Storage Tanks, Zurich "has been one of the major national UST insurance providers over the years."

Several insurance companies have left the tank market in recent years—among them AIG, Reliance, Traveler's, and Liberty Mutual. Some other well-known insurers have curtailed what they will cover. As of January 2012, there were only 13 companies—including Zurich—willing to offer some form of tank insurance, according to EPA.

"Zurich was one of the main go-to companies for tank insurance, especially for marketers operating across state lines," said Jeff

Leiter, a leading environmental lawyer for fuel marketers. "It's going to be what is called a 'hard' market for tank insurance for a while. While it's happened before, in the past we always had the state tank funds to fall back on." But that may no longer be the case.

Under EPA regs, tank owners and operators are required to demonstrate that they are financially able to pay for the cleanup of leaks and spills. They must show that they can cover at minimum a \$1 million remediation bill through insurance or other financial means.



Many states set up tank funds in the 1990s to help marketers pay for cleanup, usually financed by fees imposed on tanks and marketers' per gallon fuel sales. Generally, the funds require marketers to pay a set deductible and were intended to pick up many of the remediation costs. But with budgets stretched to breaking, state lawmakers have been increasingly raiding the funds for cash, leaving some of them almost dry.

Some sources suggest this might be a good time for marketer trade groups to approach EPA about a temporary suspension of financial responsibility rules, or some other kind of regulatory breather for retailers struggling to comply with state or federal requirements.

"Zurich's withdrawal from the market is significant, but I think it is too early to start pushing for changes to the financial responsibility rules," said John Eichberger, vice president of government relations for NACS. "However, NACS will be speaking with the EPA Office of Underground Storage Tanks about this situation to determine specifically what effect it will have and what options are available to ensure tank owners can remain compliant with the requirements."

*See UST Uncertainty, page 39*

**Tank owners and operators are required to demonstrate that they are financially able to pay for the cleanup of leaks and spills.**



**Bruce  
STEVENSON**

*Superintendent, Ohio Department of Commerce, Division of Liquor Control*

## Fiscal 2012: Record Sales and Profits

**F**iscal Year (FY) 2012 was an extraordinary year for the Ohio Division of Liquor Control. We experienced many significant and positive changes in the industry, and achieved record sales and profits. Our accomplishments reflect the Division's renewed mission to modernize operations for improved efficiency, providing exemplary service to customers and stakeholders, and taking a common sense approach to regulations to help Ohio businesses grow and create jobs.

The dollar sales of spirituous liquor reached a record level in FY 2012, totaling \$825 million, an increase of 7 percent and exceeding last year's total by \$54 million. The division's net profit was \$251.4 million, an increase of more than \$14 million.

Part of this achievement is due to our focus on better inventory management and improved customer service to meet the needs of Ohio consumers. Tastes have become more sophisticated, and Ohioans are buying more premium products, including the many new flavored items.

One positive indicator for Ohio's economy is that Ohioans are again patronizing restaurants and entertainment businesses. After decreasing three of the past four years, wholesale purchases by retail permit holders such as restaurants, bars, and clubs experienced a significant increase of more than 5 percent. Total wholesale sales reached \$252 million, exceeding last year by \$13.4 million.

Another positive is that dollar sales grew at a higher rate than consumption. A total of 11.7 million gallons of spirituous liquor was sold, an increase of about 4 percent over the previous year. While our dollar sales were at an all-time high, consumption is still less than during the 1980s.

FY 2012 saw significant improvements to Ohio's liquor regulations spearheaded by Ohio's Common Sense Initiative. The Division continues to play a key role in helping businesses understand and implement these changes. As a



result, Ohio businesses will be more competitive. Here are some of the highlights:

- **Micro-distilleries (A-3a Permit).** Restrictions on the number of licenses for spirituous liquor manufacturers that produce less than 10,000 gallons per year were eliminated. Micro-distilleries can now offer visitors a taste of their products, and sell limited quantities for carryout. Many of the new manufacturers are local businesses operated by Ohio artisans who are passionate about their craft and want to share it with niche audiences looking for unique, quality products. Some prefer to use locally-sourced agricultural ingredients in their products, creating a secondary market for local growers.
- **Craft breweries (A-1 Permit).** Small craft breweries no longer need an additional and expensive permit to sell their products by the glass at their facility. Draft beer can be sold for carryout in "growlers" (a one-gallon reusable glass container) by grocery and convenience stores that hold permits to sell tasting samples.
- **Contract liquor agencies.** Many contract liquor agencies can host events offering limited tasting samples of spirituous liquor, providing a venue for manufacturers to introduce new products to customers in a safe, controlled environment.
- **Permit transfers.** Businesses designated as economic development projects can more easily obtain retail licenses with the elimination of restrictions on permit transfers.

By taking a fresh look at regulations and our operations, Ohio is an example of what government can do to affect positive change and improve the economic future for its stakeholders. We look forward to working with JobsOhio as the state's liquor profits are used to bring jobs to Ohio. Business-friendly regulations, managing alcohol consumption with safety in mind, and our commitment to excellent customer service will keep Ohio moving in the right direction. ■■■



# H.T. Hackney: Value and Growth

"Change is good when it's done well," say Bill Hillman and Craig Diepenhorst of H.T. Hackney. Hillman, now general manager at the Grand Rapids division of H.T. Hackney has been on the supply side for 35 years, and Supermarket Sales Manager Craig Diepenhorst has watched the company evolve over his 28-year career.

One thing that hasn't changed is Hackney's mission to provide superior customer service and competitively priced merchandise. Hackney services more than 20,000 retail customers with more than 25,000 products in 30 warehouses across nine states. Grand Rapids—the company's top division—serves all of Michigan, northern Indiana, and northern Ohio.

"Grand Rapids supplies more than 1,300 convenience stores and 250 supermarkets, half of which are independents," says Diepenhorst. While the company specializes in candy and spices at the supermarket level, it does everything – dairy, beverages, grocery, produce, packaged meats, ice cream, deli and food service, and general merchandise—plus many seasonal specialties like holiday candy and grilling packages for summer within convenience stores.

Hackney has a long list of exclusive products and services from Great American deli, Neuro-Fuel energy drinks, and Mountain Forest water to branded programs for chicken, pizza, and sandwiches. "If you want to get into food service," Hillman states, "We're just as good as the big guys and more affordable." It's a turnkey service, too, Diepenhorst points out, with counters, signage, and ingredients in addition to merchandising support to make it happen.

Hillman is enthusiastic about Hackney's "huge selection of candy – all the brand names," and Diepenhorst adds that they go out of their way to find new vendors like Angry Birds, Rips Whips, and Coldstone peg candy. "We purchase so much candy on a weekly basis, it positions us well with regards to manufacturers' minimums," Diepenhorst says. "That affords us the luxury to entertain almost anything



based on our company-wide volume, and that translates into unique offerings with uncompromised pricing."

What sets the company apart is its commitment to go "over the top to make our customers happy," according to Hillman. "That's due to our passion and desire to see our customers flourish," agrees Diepenhorst. Grand Rapids' 50 well-trained

account managers and marketing counselors visit their

retailers every week to order and fine-tune merchandising. "We're in there with our 40-60 page promotional book presenting new items and monthly deals," he continues. "We also check product(s) for freshness, condense inventory, and make a point of incorporating new and exciting items." In addition, they revamp their departments in supermarkets annually, or more often, depending on the number of new items, and do a full annual reset for c-store customers.

"Don't forget our 99 percent fill rate," Hillman points out. "We go out of our way to ensure that you receive what was ordered, when it was ordered, and in one piece."

Hackney has had record growth in 2009, 2010, and 2011, Hillman says. The Grand Rapids division is up to about 1600 deliveries every week all over the territory. "It's because we

listen to our customers, and make every attempt to exceed their expectations," he explains. "Our new business is a result of people switching. We typically go in, execute well, build relationships, and gradually take over—because we offer value and can back that up with increased sales."

Both men agree that the Grand Rapids division benefits from its AFPD membership. "Taking part in AFPD events like the trade show and annual dinner gives us opportunities to contact both current and potential customers, and most importantly – thank them for their valuable business," Hillman says. ■

**PRODUCTS  
PROGRAMS & PEOPLE**  
*We deliver all your  
Supermarket &  
Convenience  
needs!*

**Our new business is a result of people switching. We typically go in, execute well, build relationships—because we offer value, and can back that up with increased sales.**



# WE DELIVER!



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**Coast to Coast and North to South - We Have You Covered!**

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or e-mail;  
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THE VOICE OF INDEPENDENT RETAILERS

## ***PUBLIC ACT 166 (SB 331)***

Public Act 166 of 2011 a.k.a. AFPD's bill (SB 331), which was introduced by Senator Joe Hune in 2011, passed in both chambers, and signed into law by Michigan Governor Rick Snyder, levels the playing field for our industry. Since 1973 off-premises retailers that have paid 1.85% more in liquor taxes than bars and restaurants for the same bottle of alcohol.

**As of October 1, 2012 and thanks to AFPD, that has now changed!**

Savings table with 1.85% tax elimination



ANNUAL PURCHASES	ANNUAL SAVINGS
\$100,000	\$1,850
\$200,000	\$3,700
\$300,000	\$5,550
\$400,000	\$7,400
\$500,000	\$9,250
\$600,000	\$11,100
\$700,000	\$12,950
\$800,000	\$14,800
\$900,000	\$16,650
\$1,000,000	\$18,500

*Another reason why it pays to be an AFPD member!*

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# Safety Program Parameters from RiskControl360°

Implementation of an integrated safety management system can reduce and control injury rates and related expenses. Here are the key parameters of an effective safety management system:

- **Written safety and health policy.** The policy should be signed by a top company official and express the employer's commitment to workplace safety and health. It should include responsibilities for managers, supervisors, team leaders, and employees. New hires should receive a copy to reinforce that safety is a priority, and the policy should be posted in common areas and/or included with a paycheck once a year to ensure all employees are aware of the company's focus on safety.
- **Visible senior management leadership.** It should be apparent to everyone in the company that safety is an organizational value. Senior management should attend training sessions and conduct safety audits in their departments, and could also conduct accident investigations and participate in new hire safety orientation. By taking the lead, management ensures that safety is an organizational value.
- **Employee involvement and recognition.** It is easier to prevent injuries if a company understands when and why employees are at risk. It is important to involve and recognize the workforce. Safety committees are a good option, but are not effective for all workplaces. Another way to involve employees is with risk surveys. For instance, if fire prevention is a concern, ask employees to use an inspection card to identify missing extinguishers, inappropriate storage containers, or potential ignition sources. Recognize employees who identify target hazards to encourage employee involvement and fresh ideas.
- **Safety communication.** Communication is the key to success, so additional communication may be required. For instance, communication regarding whether or not important safety activities, including timely reporting of injuries and management attendance at training sessions, are being performed will ensure the activities are actually performed.
- **Orientation and training.** The need to make newly hired employees productive requires that safety orientation be performed quickly, but employees are often put to work without proper knowledge of safe work rules or the risks they face.

Orientation should be documented, job-specific, and focused on job-specific hazards. If employees sign off on a job-specific safety orientation form, they can be held accountable for following the safe

work practices requirements. Annual or refresher training can be made more effective by developing a training matrix identifying all training by topic and by job title. A safety professional should assist in determining the right topics for specific job titles.

- **Documented safe work practices.** Employees must have a clear understanding of how to accomplish their job requirements safely. Identify, document, and distribute general and job-specific safe work practices via employee newsletters, posters, or bulletin boards to serve as a resource for the employee and a friendly reminder that safety is an organizational priority.
- **Safety program coordination.** Appoint an individual to coordinate and execute the organization's safety program. This individual should be continuously research and learn the latest in safety, bring information back to the organization, work with other employees to improve the program, and be the point of contact for all employee safety concerns or suggestions.
- **Early return to work.** It is important to bring injured workers back in a productive capacity as quickly as medically appropriate, but without exceeding injured worker restrictions provided by the employee's physician. Combined with other cost-containment measures such as wage continuation, an early return to work reduces the cost of both the claim and the premium. An injured worker should know that the company is concerned about their recovery. Keep in regular contact, discuss alternate jobs with the injured employee, and always communicate return-to-work offers via certified mail.
- **Internal program verification.** Performance must be compared against goals at least annually. Most organizations measure incidents and/or lost work days with a goal of decreasing both compared to the prior year. While these measures are essential to showing improvement, it's also important to set goals for—and measure—program activities such as audits completed or safety committee meetings attended. Lastly, the workforce's buy-in to the program is an absolute necessity, and informal discussions and formal surveys should be used to determine buy-in.
- **OSHA programs and training.** OSHA requires both written programs and OSHA training for employers. Requirements vary based on business, so it's a good idea to have a safety professional assess your day-to-day operations. This will satisfy OSHA requirements and will also strengthen your safety program and reduce injuries.

Questions? Contact RiskControl360° at (877) 360-3608 or [info@riskcontrol360.com](mailto:info@riskcontrol360.com). ■■■



It should be apparent to everyone in the company that safety is an **organizational value.**



**Ed  
WEGLARZ**  
*Executive Vice President, Petroleum*

## Trust, But Verify

**S**ome of you old-timers or political hacks will know I confiscated that headline from a speech by President Ronald Reagan. He said, "Trust, but verify!"

As small, independent business folks, I suggest you follow this philosophy: Comply, but acknowledge that you are David in a David-and-Goliath scenario.

The retail (and wholesale) gasoline marketplace is gravitating toward a Wild, Wild West playing field. In an analogy to football, when the little guy has the ball, there are seven referees on the field. But when the big guy has the ball, only three referees are on the field. So a lot of penalty plays go unnoticed.

Your supplier might seem like your best friend, but the relationship is only a stepping stone to their next conquest. Remember, you are in a business relationship, and an opportunity to exploit a situation will trump loyalty in the oil business.

Carefully review each clause of any supply or lease agreement and seek legal counsel. The terms and condi-

tions will be enforced upon you by the big guy, but you cannot afford the legal fees to force compliance by the big guys. Always have Plan B ready in the back of your mind for that time when a supplier violates the legal, ethical, or traditional values that have ruled the industry in the past.

If you want to be treated as a professional, act like a professional. Keep notes of meetings and phone calls with supplier employees. It only takes a few minutes to jot down the highlights of a meeting. What did they agree to, and what did you agree to? Make notes of visits supplier employees make to your store, and what was said to whom. Especially note any visits made when you were not at your store. Exactly what was said to your employees? Remember, you have rights as an independent business person.

This process is appropriate for encounters, meetings, negotiations, and discussions with any and all suppliers. You'll gain a higher level of respect from your suppliers using this strategy. ■■■

When the little guy has the ball, there are seven referees on the field. But when the big guy has the ball, only three referees are on the field.

**So a lot of penalty plays go unnoticed.**



### UST Uncertainty *Continued from page 32*

Marketers could ask Zurich to sell them a "discovery tail"—a policy that allows them to submit a claim within a set period of time after their current policy expires. "Policy holders are offered a tail, but other insurers are actively working to insure these customers and most just purchase the insurance from another insurer," said McKay.

In the meantime, there are some other alternatives that marketers can look at. Federal and state rules will allow marketers to use a letter-of-credit, a corporate guarantee, or some other mechanism to show financial responsibility. Marketers could also create a risk

insurance pool for themselves, although that option failed when it was offered several years ago by McLean, Va.-based The Planning Corp., which was eventually forced to liquidate, sources say.

One Southeast marketer set up a special trust fund in the 1990s to meet the \$1 million coverage requirement. Under the terms of the trust, approved by state regulators, the money can be used only for environmental purposes. But the state allows him to sweep the account periodically to collect interest earned over and above the \$1 million in the fund, and he can liquidate it if he decides to sell his business. ■■■

*Carol Donoghue is a writer for CSPNet.com (www.cspnet.com). Reprinted with permission.*





**Andy  
DELONEY**

*Chairman, Michigan Liquor Control Commission*

## Snyder Fills MLCC Commission Slots

**G**ov. Rick Snyder has appointed Edward Clemente (Lincoln Park) and Dennis Olshove (Warren) and reappointed Edward Gaffney (Grosse Pointe Farms) to the Michigan Liquor Control Commission (MLCC).

The five-member panel, housed within the Michigan Department of Licensing and Regulatory Affairs, is responsible for managing the beer, wine, distilled spirits, and mixed spirit drink industries in Michigan. This includes licensing products and establishments, as well as enforcing the state's liquor laws.

"These individuals bring extensive public service experience to the commission," said Snyder. "I am confident they will effectively support the commission in overseeing Michigan's alcoholic beverage industries and protecting consumers and the general public."

**Edward Clemente** is president of the Energy Innovation Business Council, which provides support for alternative energy programs. He served in the Michigan House of Representatives from 2004-2010 representing parts of southern Wayne County. Prior to holding public office, Clemente worked as vice president of economic development, director of business development, chief operating officer, and director of government affairs for the Southern Wayne County Chamber of Commerce. He earned a bachelor's degree in public administration from Ferris State University, a bachelor's degree in social studies from Michigan State University, and a master's degree in organizational leadership from Siena Heights University. Clemente, a Democrat, replaces Colleen Pobur.

**Dennis Olshove** retired in 2010 after serving eight years as a Michigan State Senator, representing much of Macomb County. Previously, he served as Macomb County Commissioner, Michigan State Representative, and as an administrative assistant in the office of State Rep. Curtis Hertel. In 2009, Olshove received the Michigan State Medical Society Legislative Leadership Award. He holds a bachelor's degree in communications from Michigan State University. Olshove,



a Democrat, replaces Donald Weatherspoon, who resigned following his appointment as emergency manager for Muskegon Heights Public Schools.

Gaffney, a Republican, was appointed to the MLCC in 2009 and currently serves as a hearing commissioner. Previously, he served as a Michigan State Representative representing the 1st House district. Gaffney was on the city council for the city of Grosse Pointe Farms from 1997-1999, and served as mayor from 1999-2003.

He also held the positions of director of the Michigan Center for Truck Safety and director of regional government affairs for the American Automobile Manufacturers Association. He received a bachelor's degree in history from Eastern Connecticut State University, a master's degree in history from Michigan State University, a master of law degree from Wayne State University, and a law degree from Thomas M. Cooley Law School.

Gaffney and Clemente will serve four-year terms that expire June 12, 2016, and Olshove will serve the remainder of a term that expires June 12, 2014. Their appointments are subject to the advice and consent of the Senate.

### Spirit Prices Changing October 1, 2012

The next effective date for price changes is October 1, 2012. The prices in the July 29, 2012 book will be effective for two months instead of the normal three-month period. This is to comply with the effective date of Public Act 166 of 2011, which repealed the specific tax equal to 1.85 percent of the retail selling price of spirits sold for consumption off the premises. (*Editor's note: AFPD's bill (SB 331), which was introduced by Senator Joe Hune last year and sign into law by Governor Snyder, supported members who are off-premises retailers that have paid 1.85 percent more in liquor taxes than it costs bars and restaurants since 1973.*) In addition to the mandated tax change, the methodology used to compute base prices, on-and off-premises prices, and minimum shelf prices have been revised. ■■■

**"These individuals bring extensive public service experience to the commission. They will effectively support the commission in overseeing Michigan's alcoholic beverage industries and protecting consumers and the general public." —Gov. Snyder**

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# New Play Streets Address Childhood Obesity Crisis

The Partnership for a Healthier America (PHA), which is working with the private sector and PHA Honorary Chair First Lady Michelle Obama to end the childhood obesity crisis, says the Blue Cross and Blue Shield Association (BCBSA) has joined its efforts to help make communities across America healthier. Over the next year, BCBSA will support the creation of 40 new Play Streets—roads closed to traffic and open to the community to encourage physical activity. Play Streets offer a high-impact way to encourage more physical activity, particularly in neighborhoods that lack open space.

“Every day, local officials like these are changing our children’s lives and helping them learn and grow and fulfill every last bit of their potential. And thanks to their commitments, our cities, towns, and counties will be able to do even more,” says First Lady Michelle Obama. “We still have a long way to go to solve this problem. But if leaders like these keep coming to the table and we all keep working together, then I am confident that we can give all our children the happy, healthy futures they so richly deserve.”

PHA and BCBSA are inviting cities and towns across the United States to apply for funding that will support local efforts to get kids and communities out and active by creating at least four Play Streets per locality. PHA’s Play Streets program is flexible, allowing localities to tailor the program to their needs and resources. Cities can close one to two blocks at a time, partner with farmers’ markets or parks to maximize space, or close many miles of streets. Already, several cities and towns across the country—from San Francisco to Fort Worth to Chicago—have successfully launched their own Play Streets.

“One area of specific focus for all Blue Cross and Blue Shield companies is the health and wellness of children and reversing the trend of childhood obesity,” says Scott P. Serota, BCBSA



president and CEO. “It is going to take a collaborative effort to make a difference in this growing epidemic and the Blues are looking forward to working alongside PHA, city officials, and local community partners to organize and successfully launch Play Streets events across the country.”

Ten recipients will receive funds, technical assistance, and marketing support from PHA and BCBSA for Play Street events in their communities. Winning cities will be chosen based on their ongoing commitment to increasing physical activity among kids, health education and programming, sustainability

of the program, and community development.


“For a number of reasons, most kids do not get the recommended 60 minutes a day of physical activity,” says PHA CEO Lawrence A. Soler. “Lack of safe places to play, limited access to playgrounds or parks, and busy schedules are just a few of the reasons kids aren’t as active as they used to be. As a leader in the health insurance industry, BCBSA understands that ending the childhood obesity epidemic is going to take work from all of us, at all levels—including addressing the challenges that lay before us in a creative manner.”

The Play Streets program is one solution to the low-activity lifestyles hurting America’s youth. Participating cities have seen an immediate impact. In New York City, 64 percent of kids using Play Streets reported that if not for the local Play Street, they would have been engaged in a sedentary activity; 71 percent reported that they walked to the Play Street, an added benefit. The same survey also pointed to the promise that Play Streets holds for local economic development, as area businesses reported that foot traffic around the Play Streets increased.

The Play Streets Request For Proposal is available at [www.ahealthieramerica.org/playstreetsRFP](http://www.ahealthieramerica.org/playstreetsRFP). RFP submissions are due on August 29, 2012. ■■■



**Lack of safe places to play, limited access to playgrounds or parks, and busy schedules are just a few of the reasons kids aren’t as active as they used to be.**



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Clean Fuels Ohio	(614) 884-7336
Local Business Network	(248) 620-6320

## ATM

American Communications of Ohio	(614) 855-7790
ATM International Services	(313) 350-4678
ATM of America, Inc.	(248) 932-5400
Elite Bank Card ATM's	(248) 594-3322


## BAKED GOODS DISTRIBUTORS

Great Lakes Baking Co	(313) 865-6360
Hearth Ovens Bakers by Masons Bakery	(313) 636-0401
Hostess Brands	(248) 588-3954
Michigan Baking Co - Hearth Oven Bakers	(313) 875-7246
Vinna Wholesale Bakery	(313) 834-8800

## BANKING, INVESTING & CONSULTING

 **1 Source Capital Commercial Financing**

1-888-447-7892

 **Lincoln Financial Group Advisors** (248) 948-5124

AXA Advisors	(313) 712-5300
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Flagstar Bank	1-800-945-7700
Huntington Bank	(248) 626-3970
Louis J. Peters - Financing, Debt Negotiation, Turnaround	(586) 206-9942

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Eastown Distributors	(313) 867-6900
Frankenmuth Brewery	(989) 262-8300
Great Lakes Beverage	(313) 865-3900
Michigan Brewing/American Badass Beer	(517) 521-3600
MillerCoors	(248) 789-5831
O K Distributors	(269) 983-7469
Powers Distributing Company	(248) 393-3700

## BOOKKEEPING/ACCOUNTING CPA

Alkamano & Associates	(248) 865-8500
Garmo & Co. PC	(248) 672-4105
Marcoin/EK Williams & Co	(614) 837-7928
Samona & Boogren, PC	(248) 565-8907
Shimoun, Yaldo, Kashat & Associates, PC	(248) 851-7900
UHY-US	(248) 355-1040

## BUSINESS COMMUNICATIONS

 **\*Comcast** (248) 343-9348

Clear Rate Communications (248) 556-4537

## CELLULAR PHONES & MOBILE MARKETING

 **Mousetrap Group** (248) 547-2800

Sprint Communications (248) 943-3998

## CHECK CASHING SYSTEMS

Secure Check Cashing (248) 548-3020


## CHICKEN SUPPLIERS

Krispy Krunchy Chicken	(248) 821-1721
Taylor Freezer	(734) 525-2535

## CHIPS, SNACKS & CANDY

Anthony-Thomas Candy Co.	(614) 274-8405
Better Made Snack Foods	(313) 925-4774
Beyond Chocolate	(586) 838-7540
Frito-Lay, Inc.	1-800-359-5914
Kar's Nut Products Company	(248) 588-1903
Motown Snacks (Jays, Cape Cod, Tom's, Archway, Stella D'oro)	(313) 931-3205
Uncle Ray's Potato Chips	1-800-800-3286

## COFFEE DISTRIBUTORS

 **\*Folgers** (717) 468-2515

## CREDIT CARD PROCESSING

 **Chase Paymentech** 1-866-428-4966

First Data Independent Sales 1-877-519-6006

## C-STORE & TOBACCO DISTRIBUTORS


 **\*\*Liberty USA** (412) 461-2700


Bull Dog Wholesale	1-877-666-3226
Capital Sales Company	(248) 542-4400
H.T. Hackney-Grand Rapids	1-800-874-5550
Martin Snyder Product Sales Company	(313) 272-4900
S. Abraham & Sons	(616) 453-6358
United Custom Distribution	(248) 356-7300

## DISPLAYS, KIOSKS & FIXTURES

Detroit Store Fixtures	(313) 341-3255
Rainbow Hi Tech	(313) 794-7355
Sitto Signs	(248) 399-0111

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 **\*DTE Your Energy Savings** 1-866-796-0512

 **\*DTE Energy Supply (OH, PA & IL)** (734) 887-2176

AmeriFirst Energy (Gene Dickow)	(248) 521-5000
DTE Energy	1-800-477-4747
Energy Wise America	(249) 910-6138
Murray Lighting Company	(313) 341-0416
Vantaura Energy Services	(616) 366-8535
Walker-Miller Energy Services	(313) 366-8535

## FOOD EQUIPMENT & MACHINERY

Culinary Products (989) 754-2457

## FOOD RESCUE

Forgotten Harvest	(248) 967-1500
Gleaners Community Food Bank	(313) 923-3535


## FRANCHISING OPPORTUNITIES

Buscoemi Enterprises, Inc.	(586) 296-5560
Kasapis Brothers/Ram's Horn Restaurants	(248) 350-3430
Tubby's Sub Shops, Inc.	1-800-497-6640

## GASOLINE WHOLESALERS

Atlas Oil Company	1-800-878-2000
Central Ohio Petroleum Marketers	(614) 889-1000
CFX Management	(937) 426-6000
Countywide Petroleum/Citgo Petroleum	(440) 237-4400
Gilligan Oil Co. of Columbus, Inc.	1-800-355-5300
High Pointe Oil Company	(248) 474-0000
Motor City Oil Co.	(313) 892-3000
Obie Oil, Inc.	(937) 275-9999
Oscar W. Larson Co.	(248) 620-0000
Superior Petroleum Equipment	(614) 539-1200
The Anderson's Inc. (E-85)	(419) 891-6400

## GREETING CARDS

 **Leanin' Tree** 1-800-556-7819 ext. 411

## GROCERY WHOLESALERS & DISTRIBUTORS

Burnette Foods, Inc.	(231) 284-8100
Cateraid, Inc.	(517) 546-8000
Central Grocers	(815) 553-8888
Complimentary Foods	(734) 545-3100
D&B Grocers Wholesale	(734) 513-1715
Exclusive Wholesale World	(248) 398-1000
General Wholesale	(248) 355-0000
George Enterprises, Inc.	(248) 851-6800
Great North Foods	(989) 356-2200
International Wholesale	(248) 353-8800
Jerusalem Foods	(313) 846-1100
Kap's Wholesale Food Services	(313) 832-2200
Nash Finch Company	(989) 746-0900
Spartan Stores, Inc.	(616) 878-2200
SUPERVALU	(937) 374-7600
Value Wholesale Distributors	(248) 967-2900

## HOTELS, CONVENTION CENTERS & BANQUET HALLS

A & M Hospitality Services	(586) 757-6000
Farmington Hills Manor	(248) 888-8000
Hampton Inn - Commerce	(248) 863-3000
Hampton Inn - Shelby	(248) 624-8000
Holiday Inn Express - Commerce	(248) 624-8000
Petrucello's	(248) 879-1000
Shenandoah Country Club	(248) 863-6000
Suburban Collection Showplace	(248) 348-5000

## ICE CREAM SUPPLIERS

 **Nestle DSD** 1-800-328-3397 ext. 1400

 **\*Prairie Farms Ice Cream Program (Large Format)** 1-800-399-6970 ext. 200

Pars Ice Cream Company, Inc. (313) 291-1000

## ICE PRODUCTS

Arctic Glacier, Inc.	1-800-327-2500
Home City Ice	1-800-759-4400
Taylor Ice Co.	(313) 286-8500
U.S. Ice Corp.	(313) 862-3300






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**\* Indicates supplier only available in Michigan**


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 North Pointe Insurance.....	1-800-229-6742
 **CareWorks.....	1-800-837-3200 ext. 7188
 **Cox Specialty Markets (North Pointe) (Underground Storage Tanks).....	1-800-648-0357
eachtree Insurance.....	(734) 452-9199
rown & Brown Insurance.....	(586) 446-3663
lobe Midwest/Adjusters International.....	1-800-445-1554
real Northern Insurance Agency.....	(248) 856-9000
late Farm Insurance (Agent Dawn Shaouni).....	(248) 879-8901
thomas-Fanner-Woods Agency, Inc.....	(614) 481-4300
STU Lyndall Insurance.....	(440) 247-3750



## INSURANCE SERVICES: HEALTH & LIFE

 **BCBS of Michigan.....	1-800-666-6233
ew York Life Insurance Company.....	(248) 352-1343
rc Care Plus, Inc.....	(313) 267-0300
oddy Husaynu & Associates.....	(248) 851-2227

## INVENTORY SERVICES

angel Inventory.....	(586) 718-4695
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## LEGAL SERVICES

 *Bellanca, Beattie, DeLisle.....	(313) 882-1100
 **Pepple & Waggoner, Ltd.....	(216) 520-0088
ummings, McClorey, Davis & Aho, PLC.....	(734) 261-2400
anna & Associates.....	(248) 265-4100
lles & Elias, PC.....	(248) 865-8400
lmer & Phillips, LLP.....	(858) 597-9611
litz Schram, PC.....	(248) 335-5000
appaya Law, PC.....	(248) 626-6800
Attorneys & Counselors.....	(586) 493-4427
ane, Alton & Horst.....	(614) 228-6885
aw Offices of Kassab & Arabo, PLLC.....	(248) 865-7227
leban, Orow, Mekani, Shailal & Hindo, PC.....	(248) 223-9830
rope & Waggoner, Ltd.....	(216) 520-0088
rm, Kocakes, Silver & Gadd, PC.....	(734) 354-8600

## LOTTERY

Tech Corporation.....	(517) 272-3302
Michigan Lottery.....	(517) 335-5648
Michigan Lottery.....	1-800-589-6446



## MAGAZINE & TRADE PUBLICATIONS

etroit Free Press.....	(313) 222-6400
etroit News.....	(313) 222-2000
etroit News Magazine Distributors.....	(586) 978-7986
Michigan Chronicle.....	(313) 963-5522

## MEAT & DELI DISTRIBUTORS

A United Meat.....	(313) 867-3937
Porton Control Meats.....	(419) 358-2926
ity & Sons.....	(810) 387-3975
ity Fresh Foods.....	(313) 295-6300
par Foods.....	(586) 447-3500
dist Wholesale Meats.....	(313) 831-8126
Harwood Foods Distributors.....	(313) 659-7300
Peers Food Corp.....	(586) 727-3535
Phoenix Packing Company.....	(313) 259-7500


## MILK, DAIRY & CHEESE PRODUCTS

 *Prairie Farms Dairy Co.....	(248) 399-6300
 **Dairymens.....	(216) 214-7342
Country Fresh.....	1-800-748-0480


## MISCELLANEOUS

SureGrip Floor Safety Solution.....	(850) 264-8537
Validator.....	(386) 308-2543
Z Coil Comfort Side.....	(313) 407-4976

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 MoneyGram International.....	MI (517) 292-1434
.....	OH (614) 878-7172
Western Union.....	(734) 206-2605

## OFFICE SUPPLIES & PRODUCTS

 Staples.....	1-800-693-9900 ext. 584
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## PIZZA SUPPLIERS

Hunt Brothers Pizza.....	(615) 259-2629
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## POINT OF SALE

BMC - Business Machines Specialist.....	(517) 485-1732
Caretek (Security, Credit Card, Point of Sale and more!).....	1-866-593-6100
Silk Route Global.....	(248) 854-3409

## PRINTING, PUBLISHING & SIGNAGE

Fisher Printing.....	(708) 598-1500
International Outdoor.....	(248) 489-8989
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Proforma Commerce Solutions.....	(313) 207-7909
Walt Kempksi Graphics.....	(586) 775-7528

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Ace Produce.....	(248) 798-3634
Jemd Farms.....	(734) 992-2043
Tom Macen & Son, Inc.....	(313) 568-0557

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Judeh Tax Appeal Team.....	(313) 277-1986
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Phoenix Refrigeration.....	(248) 344-2980
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JAYD Tags.....	(248) 730-2403
Saxon Inc.....	(248) 398-2000

## SODA POP, WATER, JUICES & OTHER BEVERAGES

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 **Buckeye Distributing (AriZona).....	(440) 526-6668
 *Intrastate Distributors (Snapple).....	(313) 892-3000
 Monster Energy Company.....	(586) 566-6460
 Nestle Waters Supermarket Program.....	(734) 513-1715
7UP Bottling Group.....	(313) 937-3500
Absopure Water Co.....	1-800-334-1064
Coca-Cola Refreshments.....	Auburn Hills (248) 373-2653
.....	Belleville (734) 397-2700
.....	Metro Detroit (313) 868-2008
.....	Port Huron (810) 982-8501
Coca-Cola Refreshments - Cleveland.....	(216) 690-2653
Faygo Beverages, Inc.....	(313) 925-1600
Garden Food Distributors.....	(313) 584-2800
Pepsi Beverages Company.....	Detroit 1-800-368-9945
.....	Howell 1-800-878-8239
.....	Pontiac (248) 334-3512
RL Lipton Distributing.....	(216) 475-4150

## SPECIALTY FOODS

Cousin Mary Jane.....	(586) 995-4153
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## TOBACCO COMPANIES & PRODUCTS

Altria Client Services.....	(513) 831-5510
Beamer Co. (Hookah's & supplies).....	(248) 592-1210
Nat Sherman.....	(201) 735-9000
R J Reynolds.....	(336) 741-0727
S & E Distributor, Inc. (e-cigarettes).....	(248) 755-8926
Westside Vapor (e-cigarettes).....	(614) 402-0754

## WASTE DISPOSAL & RECYCLING

National Management Systems.....	(586) 771-0700
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Beam Global.....	(248) 471-2280
Constellation Brands.....	(248) 349-5164
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Heaven Hill Distilleries.....	1-800-348-1783
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Treasury Wine Estates.....	(734) 667-3515

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National Wine & Spirits.....	1-888-697-6424
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**\* Indicates supplier only available in Michigan**

**\*\* Indicates supplier only available in Ohio**



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**AFPD works closely with these associations:**



## Calendar



—September 25 and 26, 2012—

### **AFPD "Deal or No Deal"**

### **Holiday Food & Beverage Trade Show**

Suburban Collection Showplace,

Novi, MI

—October 4, 2012—

### **2nd Annual AFPD Ohio Trade Dinner**

Villa Milano, Columbus, OH

—October 5, 2012—

### **6th Annual AFPD Ohio Food & Petroleum Trade Show**

Villa Milano, Columbus, OH

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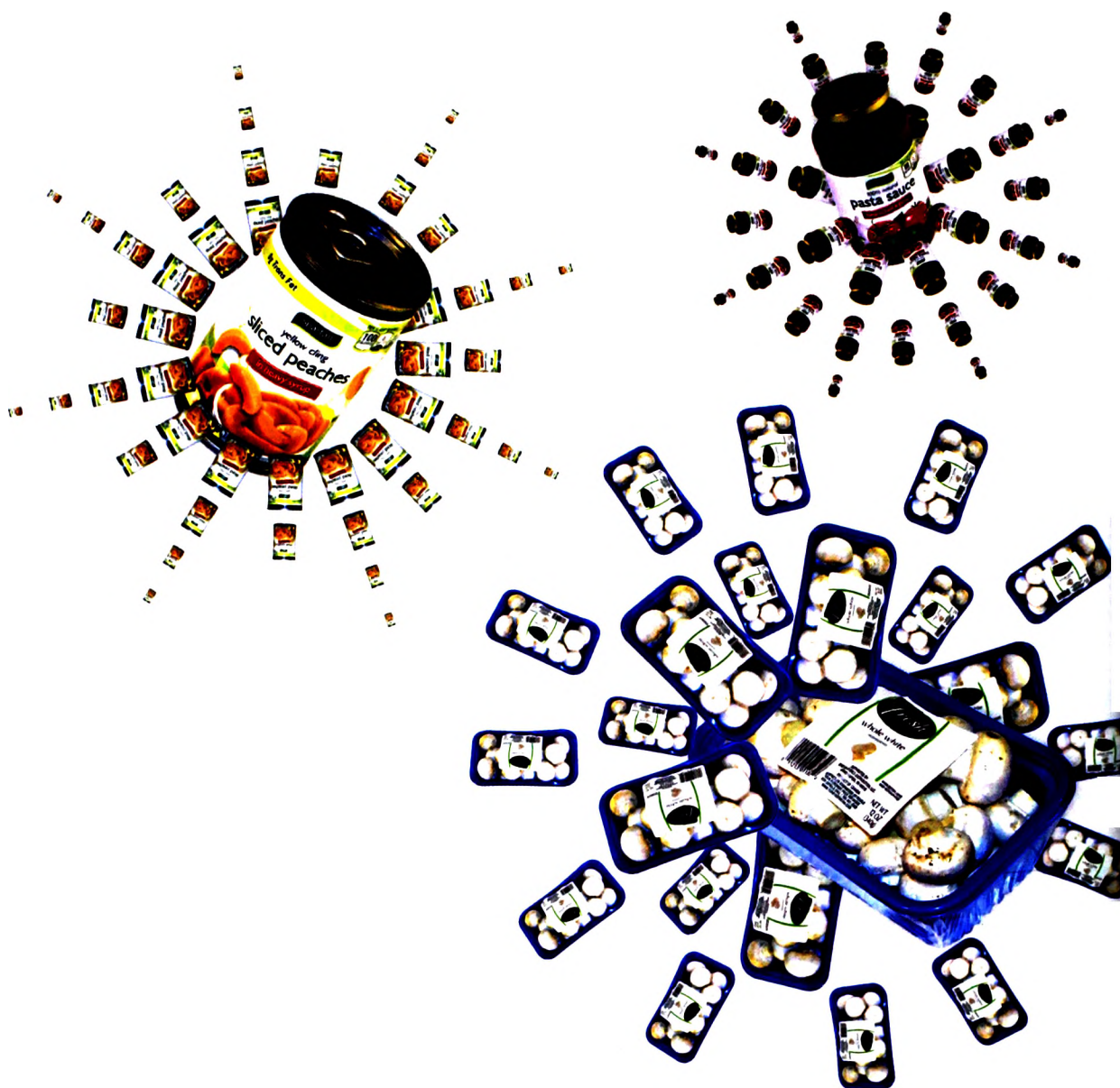
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