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MUNICIPAL
LIQUOR STORE

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**Are Your Employees
Task or Sales Oriented?**

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On The Cover

It is very important store employees actively promote and sell merchandise to customers. The ability of store associates to perform the 'selling' activity will often make the difference between success and failure.

Unfortunately, some managers have lost sight of the real business goal of making money. In many cases, they have lost sight because they are consumed by the realities of managing the store. This is to say that the overwhelming number of tasks to be completed seem to leave no time or energy for selling to the customer.

However, managers must make every effort to ensure the selling activity is going on in their store. This requires a consistent, unrelenting focus on sales and other key productivity indicators.

For more on this subject, see page 7

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MMBA President's Message



Tom Agnes
President

Several years ago at a MMBA conference while examining things that effected our operations, we did a "liabilities and assets" list. Surprisingly employees came up #1 on both sides - essentially saying they do our organizations the greatest benefit and the greatest harm. How could this be?

One thing I have found over the years of working with employees is that you must have a balance between the freedom and control given to staff. If we ran an organization with no control and total freedom for all employees you can imagine how that would turn out.

However on the flip side, if we have too tight of controls and we set a policy for every imaginable situation, we lose the ability for our staff to be creative and think outside strict policy guidelines.

When it comes to what setting a policy ask yourself this question, "Is that something I deal with from the staff in general, or is this something that just one has an issue with?" Deal with individual problems individually, and deal with group problems with policy. Also make sure when you set policies and procedures you act as leader in taking their hand and leading them through what they may consider a maze. Don't push them through.

In addition, allow employees enough room to fail at something. If they do fail, don't take it away from them, use it as a teachable moment and give it back to them until they find the reasons to do it the right way.

Remember the manager with the "Mirror and Window." When things are going well, the good manager looks out the window at his staff and the bad manager looks in the mirror at himself. When things are going badly the good manager looks in the mirror at himself and the bad manager looks out the window at his employees.

Why aren't your employees working?

1. *Do they know why they should do it?*
2. *Do they know how to do it?*
3. *Do they know what they are supposed to do?*
4. *Are they confident your way will work for them?*
5. *Have you asked any questions about how they think it should be done?*
6. *Do they understand the importance and timeliness?*
7. *Is there a reward for doing it?*
8. *Is there a penalty for poor performance?*
9. *Does this person have the skills to do this work?*
10. *Are you asking them to do this task because you cannot do the task?*
11. *Are there enough time and the necessary tools to complete the task?*
12. *Do you check on the progress of the task, or wait until the staff member tells you they are done?*

A while back we offered a book called "Whale Done" in our MMBA magazine that spoke about positive affirmations with staff. This book examined how they would train killer whales to do these incredible tricks and put on the huge shows that drew in hundreds of spectators.

How did they do that? Simple they put them in a tank with a pole, they swim around, when a whale went above the pole the trainers rewarded them, when

they went below the pole they did nothing.

When gruff business manager and family man Wes Kingsley visited SeaWorld, he marveled at the ability of the trainers to get these huge killer whales, among the most feared predators in the ocean, to perform amazing acrobatic leaps and dives.

Later, talking to the chief trainer, he learned their techniques of building trust, accentuating the positive, and redirecting negative behavior -- all of which make these extraordinary performances possible.

Kingsley took a hard look at his own often accusatory management style and recognized how some of his shortcomings as a manager, spouse, and father actually diminish trust and damage relationships. He began to see the difference between "GOTcha" (catching people doing things wrong) and "Whale Done!" (catching people doing things right).

In *Whale Done!*, Ken Blanchard shows how to make accentuating the positive and redirecting the negative the best tools to increase productivity, instead of creating situations that demoralize people. These techniques are remarkably easy to master and can be applied equally well at home, allowing readers to become better parents and more committed spouses in their happier and more successful personal lives.

Remember to try to find that balance between freedom and control. Plus, know that your employees are volunteers and they choose to work there as you do. Don't ever treat them like they are forced to work there.

I hope these ideas help you with developing and building a stronger staff that can rally around the needs of the organization.

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Are Your Employees Task or Sales Orientated?

By DMS Retail

Most people would agree that it is much more pleasant and rewarding to occupy one's time with activities that we find enjoyable or have a natural talent for than it is to engage in activities that we dislike or have no talent for at all. When faced with a choice of which activity to engage in it stands to reason that an individual will choose the former.

Many people choose careers that they find appealing and, even though they may still be faced with some undesirable tasks, for the most part they enjoy their work and probably strive to be successful. Unfortunately, for some the situation is not so clear cut. They find themselves in careers, or jobs, that they do not find appealing and may not be driven to succeed. A large percentage of retail store employees fit into this group.

With the exception of self-serve retailers - those who have designed their business model around the self-serve concept which does not require sales associates to drive the business - store employees are required to actively promote and sell merchandise to their customers. The ability of store associates to perform the 'selling' activity will often make the difference between success and failure.

As stated above, if it is reasonable to expect people to do well in activities they enjoy, or at least, do not find difficult and unappealing, then it would be reasonable for sales associates who enjoy selling to be more successful, and to make a bigger contribution than those who do not.

For the individual who does not enjoy selling-either because s/he does not have the skills or simply does not want to do it - a position in a retail store may still attract them due to ease of entry. Store Managers should be very wary of this individual.

There are so many tasks to be performed in a retail store that individuals, like the one just described, can easily make themselves quite useful. However, the task oriented associate will not help you succeed unless, of course, you have hired them strictly for the purpose of performing tasks that will allow selling associates more time, freedom and energy to pursue the real goal - sales and revenue generation. The luxury of having sales associates and service/maintenance associates is something few retailers can afford. With wage costs being such a large portion of their expense base, most retailers require associates to generate revenue.

Some retail Store Managers have lost sight of the real business goal. In many cases, they have lost sight because they are consumed by the realities of managing the store. This is to say that the overwhelming number of tasks to be completed seem to leave no time or energy for selling to the customer. Of course, a Manager who allows him/herself to become task driven cannot be allowed to continue in the position and probably does not really want to, truth be told. Again, with the exception of the self-serve retail outlet, Store Managers must make every effort to ensure that the selling activity is going on in their store. This requires a consistent, unrelenting focus on sales and other key productivity indicators.

There are things that can be done, or practiced, by Store Managers in order to keep that focus.

The first, and most important, is to be a sales oriented individual yourself. You must role model excellent selling behaviors at all times. Talk about sales at every opportunity. Approach every conversation with sales top of mind. If you do not see yourself this way, you need to do whatever is necessary to become this way very quickly.

The second is to hire only real 'sales people' - people who enjoy selling and who know how to do it. This may mean that you have to work with them to make sure they perform their share of non-selling duties but this is definitely preferable to hiring task oriented individuals and then attempting to work with them to get them to sell which, by the way, is the sad state many, many Store Managers find themselves in. Hiring task oriented individuals is the least effective way to help the store reach its goals and will, almost certainly, prevent the Store Manager from becoming successful. Hiring sales oriented individuals, on the other hand, will naturally enable the consistent, unrelenting focus on sales to be maintained.

Next, make sure your expectations are crystal clear. If you tell an associate to clean, dust or otherwise maintain a particular space or thing, make it clear that task is to be stopped immediately upon the arrival of a customer. If you don't make it clear, the individual may think that your instruction to perform the task trumps the need to attend to the customer.

It is natural for some people to view everything in terms of the hierarchy they are in. To this type of person the Store Manager is the most important individual and any instruction or direction received from the Manager will be seen to be more important than anything they, themselves, might come up with - serving the customer, for instance. After all, the Store Manager is the person who hired and trained the associate; s/he is the one that reviews performance; s/he is the one making it possible for the associate to earn a living. This is why you need to make it clear that any task or direction coming from you is always secondary to serving a customer. Say it as often as you must just to get that expectation across. The

(continued on next page)

level of success the store achieves depends on it.

When you visit retail stores you will find that most Managers have not been successful at making the expectation clear. Worse still, the Managers may not even have that expectation themselves. That is another story.

Let's assume that a store is staffed by individuals who believe they are sales people who want to sell but who are, in fact, task oriented. It is easy to determine if this is the case simply by observing the activities taking place.

If a customer enters a retail store and associates immediately leave the task they were performing to provide their undivided attention - and this does not mean that they crowd the customers, refusing to let them wander around comfortably, only that they are clearly available to assist should they be needed - then they are sales focused. They will find ways to start building rapport with the customer and will likely progress to other 'selling steps'.

If, on the other hand, they say hello and continue with their task while the customer wanders around their store, they are not sales focused. These employees are expected to sell and they

say they understand that but, as evidenced by their behavior, clearly they prefer to do tasks. They will even seek out more and more tasks rather than have to sell to customers. This is why so many retail stores are not able to provide quality shopping experiences for their customers - the task oriented individuals who may, indeed, be pleasant are not looking after customers...they are avoiding them.

It's very difficult to be a productive sales person if you avoid customers or have as little to do with them as possible. These individuals always have something else to do that absolutely must be done because serving customers leads, or should lead, to selling to customers. If a person does not want to sell then they will try avoidance. In the event they cannot avoid the customer they will likely assist cheerfully and do their 'job'. But not sell.

A good sales person understands that appearing available to the customer is an absolute minimum. It is not good enough to say "let me know if you need anything" and then continue with a task. That would require the customer to 'bother' or 'interrupt' the associate and many people are not comfortable with that. Customers who may not be sure that they are ready to buy may feel that

they should not occupy the associates time. I can't begin to cover all of the possible reasons why a customer would not approach a 'task consumed' individual and it is not necessary to do so. Just suffice it to say that they may not. And, of course, some customers would interrupt the 'task consumed' individual just because.

The point is successful sales people do not allow room for misunderstandings. They are perceived to be available and focused on the customer. Period.

Tasks have to be managed very carefully in retail stores. The work has to be done. The store must be cleaned and well merchandised. Paperwork has to be kept up to date. Stock must be received in a timely manner. The list goes on. All of these tasks are certainly important to the business and contribute a great deal to the success of the store. The Store Manager is responsible for managing in such a way as to allow associates to sell and to perform required tasks. There is no task that can be a top priority during open hours of operation. Building relationships with customers, selling to them, and treating them with the respect they deserve are top priorities during open hours of operation. Nothing else makes sense.

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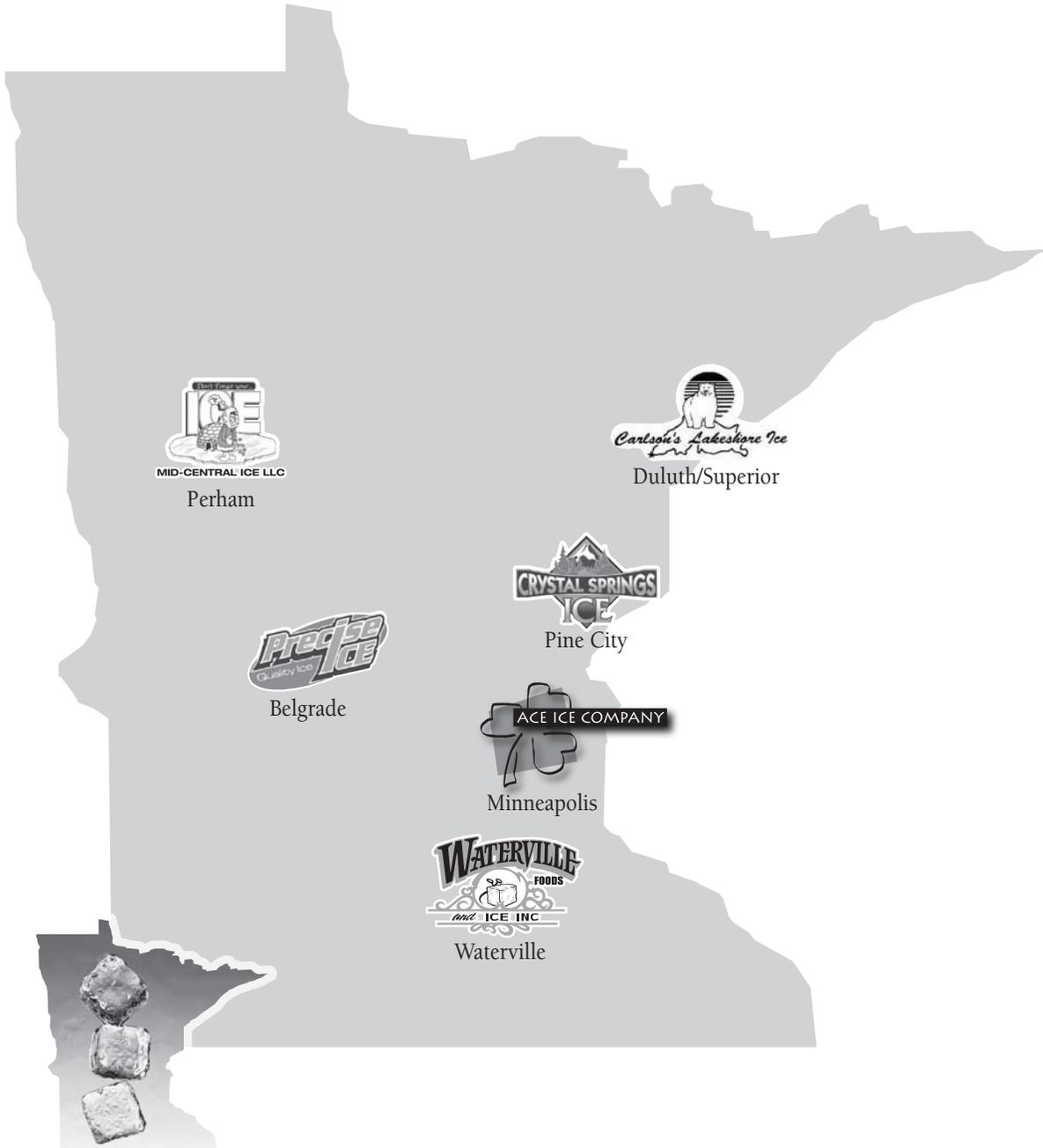
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Kelliher Liquor Looking Forward to May

By the Bemidji Pioneer

With ice fishing coming to a close and regular fishing opener coming next month, the Kelliher Liquor Store, among other area businesses looking at enduring the “down season.”

According to the liquor store’s head bartender Tom Heck, the month of May is something he and the rest of the staff anxiously await.

“Business will be pretty slow until sucker fishing opener on the first of May and then walleye opener the week after,” he said. “With the economy the way it is, business overall is a little slower than it has been in the past.”

To keep business going through these slower months, the liquor store is offering Texas Hold ‘Em tournaments every Thursday evening starting at 7 p.m.

“We started with a regular poker league but the Texas Hold ‘Em worked

better,” Heck said. “We average about 10 people coming in every Thursday.”

Despite the quiet months, the residents of Kelliher can still have a good experience at the Kelliher liquor store.

“I like to make sure the atmosphere is comfortable and enjoyable for everyone,” Heck said. “I really just enjoy interacting with people. It is a different job every day.”

When summer does finally arrive, the liquor store is looking forward to their fourth annual Summer Hummer car show event and barbeque with the hopes of a live band in June, Kelliher Days July 9-10 and DJs throughout the season.

“It is also important for people to know that a percentage of the funds the liquor store brings in goes back into property taxes,” said Heck.

According the the city of Kelliher’s

website, the liquor store is seeking early era photos of logging around the Kelliher area. The pictures will be framed and displayed on the walls of the liquor store. They are also looking to borrow old saws, saw blades, etc. to display on the walls. The pictures will be scanned and returned to their owners. Contact the liquor store at 647-9757, Kelliher City Hall at 647-8470 or visit <http://kelliher.govoffice.com> for more information.

“We are looking for people to donate memorabilia to decorate the inside a little better,” Heck said. “We would include their name under the item or photo they donate.”

Uniform / Clothing Allowances

By the Minnesota State Auditor

Some local government employees may be eligible for the reimbursement of expenses under a uniform or clothing allowance authorized by an employment contract or a personnel policy.

Federal law has long distinguished between non-deductible personal clothing and deductible work clothing. For employees who wear uniforms, the cost of the uniform is deductible only if the uniform is (1) specifically required as a condition of employment, and (2) not of a type adaptable to general usage as ordinary clothing. If non-deductible clothing is reimbursed, the expenditure is income, and must be included on the employee’s W-2 (Wage and Tax Statement).

Local units of government should have a system in place to ensure those items that are taxable according to federal regulations are clearly identified so proper taxes can be withheld and reported.

The IRS has posted information regarding uniform/clothing allowances online. For example, the IRS document “Taxable Fringe Benefit Guide” covers these issues on pages 62-63, and can be found by going to: http://www.irs.gov/pub/irstege/fringe_benefit_fslg.pdf.

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Nielsen Describes the "New Normal"

February 8, 2010

While there are recent signs that the U.S. economy has righted itself and is on a path to recovery, the road ahead faces significant headwinds that will make a true reversal protracted. And as economic pressures continue to impact consumers' buying habits into a "New Normal," retailers' alcohol beverage categories will be similarly shaped to take advantage of some opportunities and address shoppers' newfound frugality, according to the quarterly The Nielsen Co.'s Economic Advisor Beverage Alcohol Webinar.

A recent presentation by Danny Brager and Nick Lake, both vice president and group client directors for The Nielsen Co., focused on current economic indicators and the impact of those figures on consumer behavior, and how it shapes beer, wine and spirits purchases.

"Consumer confidence is back from the steepest falls," said Brager. "It's up and down every other day, but it's not to where it would be in a good economy" in the 90 percent range. The economy also tops the list of consumer concerns, with job security and work/life balance filling out the top three.

Additionally, while job losses aren't as bad as previous months, the U.S. has to create 200,000-250,000 jobs each month to truly recover, he noted.

According to the Nielsen experts, the recession's bottom was reached in March and April 2009, but improvements have been very weak.

"The Great Recession may have ended, but a human recessions continues," Brager said. "The U.S. mindset is still very much recession-based." He added the nation has the lowest confidence indices compared to the other 50 countries polled, and 90 percent of Americans believe we are in a recession.

As such, consumers have taken actions to compensate, he said, explaining consumers "totally stayed on sidelines" for the last part of '08, and only tepidly spent in '09, with consumers currently "on the playing field, but not on the starting team."

For example, consumers are taking fewer shopping trips compared to last year. Consumer panelists for the Nielsen Co. report making 1.5 percent fewer trips than the prior year, and shopping baskets are smaller -- the year-over-year percent change for spend per trip is in the negative territory, due to falling retail prices, more promotions and less discretionary spending.

For the retail food channel, this means consumers are cutting back on out-of-home dining. A recent Nielsen study found 57 percent of consumers polled said they were visiting casual dining less often, and 55 percent said they were eating dinner at home more often.

In the off-premise segment, shopper behavior differs by channel, but overall, one-stop shops and discounters -- such as grocery, club, super center and dollar channels -- are all gaining retail shopping trips, as others are losing them, including c-stores, which saw trips fall between 5 percent and 9.9 percent, according to Nielsen figures.

"Consumers are looking for deals," said Lake. "Beginning in late 2008, this trend has been on a steady climb up. Regardless of household income, consumers are looking to save money, and retailers and suppliers are offering more promotional activity than ever." This is evident in pricing data, as the fourth quarter of 2009 was the fifth consecutive period of negative prices, he said.

"Consumers are desperately seeking value, but it's a label that describes what they want, not just a low price,

but quality," Brager said, adding consumers are also making a prioritization to their needs vs. their wants.

"While [consumers] move and migrate towards need and practicality, beer wine and spirits fall within that description," explained Lake.

Meanwhile, off-premise retailers are looking to enhance the in-store shopping experience by analyzing assortments to create the right product mix by category and across the store. This is causing SKU reductions and improved merchandising with clean floor policies and fewer displays, which is resulting in enhanced margins from better inventory management less overhead and reduced costs, Lake said.

"This is happening across all classes of trade, from the convenience store channel to mass club stores," he said.

Beer, Wine and Spirits

Within the alcohol beverage category, the number of wine and spirits items handled in stores has been flat for the last few years, but there have been shifts in the vodka segment, and wine has seen a shift toward the \$9-\$15 bottle segment. And the average retailer added 11 beer items last year, most of which have been on the higher end -- crafts and domestic super premiums -- while rationalizing the flavored malt beverage segment.

For the beer category, growth is coming from the craft segment's import and super premium areas, along with the below-premium segment, which is seeing consumers flock to it from premium light beers, according to Lake.

Within imported beer, which makes up 16 percent of beer's volume, a bright spot was Belgian beer, which was up almost 13 percent, on a relatively small

base, he said. Meanwhile, imported beer's largest segment, Mexican beer, was down 3 percent for the year.

And looking at pack size, consumers are gravitating toward big and small packages, with growth being seen in 30-packs -- to satisfy consumer's desire for more value per serving -- and four-packs -- as consumers experiment with craft offerings.

There was a positive jump for flavored malt beverages in convenience stores, with a 4.6-percent increase in the latest 12 weeks, which was driven by product innovation, Lake said. However, the segment saw declines in all other off-premise retail channels.

Spirits saw "tremendous growth" with

flavored vodka, rum and Irish whiskey as bright spots.

Across all channels of retail tracked by Nielsen wine was up 2.9 percent in dollar sales for 2009.

The strongest wine price point for off-premise retailers in 2009 was \$3-\$6 on a 750-mililiter bottle equivalized basis. Another strong segment is \$9-\$15, while the \$20 and up section was seeing a steeper decline, but has stabilized in the fourth quarter 2009. For pack sizes, consumers' emphasis on value is providing growth for 5- and 3-liter box wines.

Future Predictions

The Nielsen analysts forecast GDP

settling in the 3 percent range for 2010, while a "jobless recovery" will see unemployment stay elevated in the double digits in 2011 and not return to the 4 percent to 6 percent range until the middle of the decade, Brager said, noting this will dampen consumption. For 2010, Americans will feel slightly better and the equity markets will perform better. However, Brager was unconvinced there will be drastic improvement.

"Consumer spending adjustments will continue whether by choice or necessity, at least until into next year," he said. "It will be a slow road to recovery, consumers have recalibrated. Restraint is the new normal, value is the new priority. Consumers are satisfied with their experience at lower price points."

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People walk how they drive - they keep to the right. Not only does signage need to reflect this, it really needs to work at all angles.

Shelves and racks work better at an angle too - you don't see road signs at 90 degrees of the road.

That goes for packaging too! It's usually designed to work face on; people rarely look at it that way at first. Packaging needs to work for every conceivable angle!

In addition, useful to try and create a pinball effect in a store. People should always be able to see somewhere else they want to visit. That means going in store, looking at the natural sight lines and interrupting them.

There are other practical things to think about too. When people walk down an aisle and pick up what they want **THEY WALK BACK THE WAY THEY CAME.** The most popular gear should be where the most people will have to walk the most distance.

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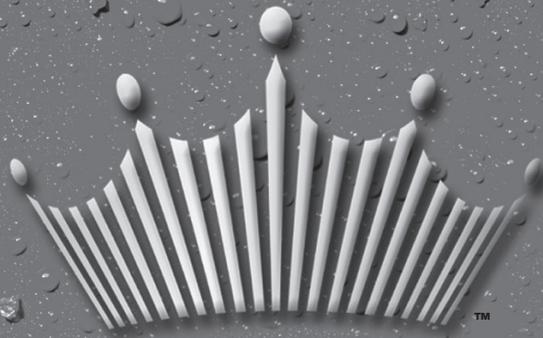
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Leveling the Playing Field

By Tom Shay

Imagine the game in which the batter takes a swing at a pitch and drives a hit over the shortstop's head and between the center and left fielders. He rounds first, heads for second, and dives into second base as the shortstop receives the throw from the outfielder. The umpire, with a good look at the play, quickly raises his hand, extends three fingers and shouts, "third down".

Wait a minute! Are we not playing baseball here? What is the umpire saying? We can all agree that this is not the game that we all knew, for apparently there are a new set of rules. Sometimes, it appears there are no rules anymore in the retail world. Considering the intense competition, along with margins having eroded in the past 15 years, you might question your motives for being a part of the industry.

"The competition is just too great", is a statement frequently spoken by business owners. "I can't compete because they buy better than I do", is another similar statement. And many of the comments of this nature are true. The mass merchants can do many things that the independent cannot do.

However, there is plenty of room for a retailer not only to survive, but to thrive in the extremely competitive market today and into the next generation. There is an opportunity for the independent retailer that the mass merchants cannot take advantage of. This opportunity is not a secret; it is just a detail that the majority of independent retailers do not utilize. "Nobody else does it. Why should we?" That is the secret. Doing things that nobody else does. What if every person that walked into your store was met by someone that greeted them by name and shook their hand?

There is one mass merchant known for having a retired or handicapped person sitting at the front door waiting to greet a customer. But what are your chances of finding a knowledgeable person on their sales floor? Does every person in your business that comes into contact with the customer know the basics of the product you are selling? If not, then what advantage do you have over the mass merchant?

In small business as a whole, we as retailers have listened too much to the advertising of the mass merchants. They continue to promote price, and they have to because it is the main advantage that they have. **Yet, according to a study of 20,000 shoppers conducted by Dr. Richard Feinberg of Purdue University, price is not one of the main concerns of shoppers.** It can become the main concern when both the mass merchant and the independent retailer fail to pay attention to the top five important issues.

Those five issues are:

1. *Have in stock what the customer wants*
2. *Value the customer's time*
3. *Sell value*
4. *Have excellent visual merchandising*
5. *Have professional help*

The first customer requirement is that you have what they are looking for. When we examine a business, we rank inventory according to how fast it will sell. The "A" items sell the most frequently, and the "E" items sell much slower. Too many businesses give as much time and effort to the "E" items as they do the "A" items. This is where you have an inventory imbalance.

The second concern of your customers is that you value their time. This may be your need to have enough sales people available at peak hours, or that you are stocking related items. As far as the customer is concerned, if he has to go to the mass merchant to get an accessory, he might as well look at all their merchandise.

The third concern of your customer can be shown in a simple equation. Everything that everybody buys and sells utilizes this equation. **It is: QUALITY plus SERVICE plus INFORMATION plus PRICE equals VALUE.** If your item sells for more you have to be able to explain the value in the item.

Having excellent visual merchandising is the fourth concern. Our customers are telling us there is no appeal of a business that has a dirty floor, dirty windows and lights that are burnt out. The fifth and final concern is having professional help. Surely, this is one area where the mass merchant should be no competition for you. The customer, no matter how experienced, has questions. It becomes the responsibility of your salesperson to engage the customer in a conversation so that he or she feels comfortable enough to respond.

Notice that price did not make it into the top five of Dr. Feinberg's list. But in the absence of these five needs being properly addressed, the customers default to price. I think you should take the time and make the effort to invest in the opportunities that you have that the mass merchant does not have. You need to; it is third down. Remember?

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